

City of Kodiak Regular Council Meeting Agenda for June 14, 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 24, 2012, Regular Council Meeting.....	1
III. Persons to Be Heard	
a. Proclamation: Filipino American Heritage Month	6
b. Public Comments (limited to 3 minutes) (486-3231)	
IV. Unfinished Business	
a. Continued 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	10
V. New Business	
a. Authorization of Contract Extension With Rise Alaska for Construction Management Services for New Library, Project No. 6012.....	38
b. Authorization of Amendment No. 2 to the Professional Services Contract With Cornerstone General Contractors, Inc. for Foundation Construction for New Library, Project No. 6012	42
c. Authorization of Change Order No. 2 to Baranof Park Improvement Project, Project No. 12-05/9001	50
d. Authorization of FY2013 Community Jails Contract.....	58
e. Authorization of Animal Shelter Operation Contract With the Humane Society of Kodiak.....	72
f. Authorization to Purchase Public Works Vehicle From CH2M HILL.....	84
g. Authorization of Bid Award for FY2013 Sodium Chloride	96
h. Authorization of Bid Award for FY2013 Petroleum Products	104
VI. Staff Reports	
a. City Manager	
b. City Clerk	
VII. Mayor's Comments	
VIII. Council Comments	
IX. Audience Comments (limited to 3 minutes) (486-3231)	
X. Adjournment	

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**MINUTES OF THE REGULAR COUNCIL MEETING
 OF THE CITY OF KODIAK
 HELD THURSDAY, MAY 24, 2012
 IN THE BOROUGH ASSEMBLY CHAMBERS**

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

Mayor Pat Branson called the meeting to order at 7:30 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 May 10, 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: Safe Boating Week

Mayor Branson read the proclamation, which urges residents who boat to wear Coast Guard-approved personal flotation devices and to practice safe boating habits.

Mayor Branson presented the proclamation to Mark Nymeyer and Drew Herman, who thanked the Mayor and Council for recognizing the importance of boating safety and reminded the public of the programs the Coast Guard Auxiliary has to promote safe boating.

b. Public Comments

Patty Holmes, representing the Kodiak Public Library Association (KPLA), thanked the Mayor and Councilmembers who had attended the groundbreaking ceremony for the new library. She said it was a great celebration attended by people young and old. She said KPLA appreciated the continued support from the Council and the community.

Sarah Thayer, via telephone, encouraged the Council to decrease expenses by cutting employee costs, capital projects, and vehicle purchases.

IV. UNFINISHED BUSINESS

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 2013**

Mayor Branson read Ordinance No. 1298 by title. 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.

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

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

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 Sale

Mayor Branson read Resolution No. 2012-14 by title. 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.

Councilmember Whiddon MOVED to adopt Resolution No. 2012-14.

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

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

On April 12, 2012, Council authorized Cornerstone General Contractors, Inc. to proceed with pre-construction services for the New Library project. 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 for the entire library project. Amendment 1 to the contract would authorize Cornerstone to proceed with civil site work construction and jobsite setup.

Councilmember Haines MOVED 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.

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

VI. STAFF REPORTS

a. City Manager

Manager Kniazowski reported her recent trip to Washington D.C. with Mayor Branson and meetings they had with Senator Lisa Murkowski, Senator Mark Begich, Representative Don Young, and representatives from the Interior Department, National Oceanographic and Atmospheric Administration, and the United States Army Corps of Engineers. She said the meetings gave her an opportunity to promote projects important to the City, and said it had been a very successful and encouraging trip. She said she had attended the groundbreaking ceremony for the new library and said it was well attended and had been a wonderful experience. She encouraged everyone to have fun at Crab Fest.

b. City Clerk

City Clerk Marlar informed the public of the next scheduled work session on May 29, 2012, work session on June 12, 2012, regular meeting on June 14, 2012, joint work session on June 19, 2012, and special meeting on June 21, 2012.

VII. MAYOR'S COMMENTS

Mayor Branson said her trip to Washington D.C. with Manager Kniazowski to meet with federal government representatives had been very positive. She congratulated the Kodiak High School (KHS) Class of 2012. She said the library groundbreaking was a wonderful event with a great turnout. She thanked Department Heads for their commitment during the budget process. She wished everyone a happy Memorial Day weekend.

VIII. COUNCIL COMMENTS

Councilmember Davidson reminded the public to drive carefully now that school is out. He congratulated the KHS Class of 2012. He reminded everyone about the Veterans of Foreign Wars memorial service at the City Cemetery, and wished everyone a happy Memorial Day and Crab Fest.

Councilmember Whiddon thanked the Department Heads for their extra effort and dedication trying to trim down the budget. He said the Council's goal was to create a sustainable budget that would help Kodiak be in a better position year after year, and he was confident they would reach that goal.

Councilmember Haines thanked the Coast Guard Auxiliary for their efforts to make boating safer. He thanked the public for their thoughtful input and thanked City staff for their hard work during the budget process. He said he was disappointed to see the amendment sponsored by Senator Murkowski to label engineered salmon fail in the United States Senate.

Councilmember Saravia said he had enjoyed attending the groundbreaking ceremony for the new library and thanked the Kodiak Public Library Association for their hard work advancing the project. He thanked the Department Heads for their efforts to meet the Council’s budget goals and keep the same level of services available for the public. He encouraged everyone to have fun at Crab Fest.

Councilmember Vizcocho said the groundbreaking for the new library had been a great success. He thanked the Department Heads and the City Manager for their efforts during the budget process. He congratulated the KHS Class of 2012 and encouraged everyone to drive carefully and watch out for children.

Councilmember Bishop encouraged the public to take a break and enjoy Crab Fest and reminded everyone to drive safely and watch out for children.

IX. AUDIENCE COMMENTS

None.

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 8:31 p.m.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

Minutes Approved:

PERSONS TO BE HEARD

MEMORANDUM TO COUNCIL

Date: June 14, 2012

Agenda Item: III.a. **Proclamation: Filipino American Heritage Month**

SUMMARY: This proclamation recognizes Filipino Americans for their vital contributions to our community and urges citizens to participate in festivities celebrating the rich heritage and traditions of the Philippine Islands.

ATTACHMENTS:

Attachment A: Proclamation

PROCLAMATION

Declaring Filipino American Heritage Month

WHEREAS, the City of Kodiak is made up of a wonderful mosaic of culturally diverse people; and

WHEREAS, Filipino Americans have enriched our city through their vital contributions to the economic, social, political, and cultural quality of life in the community; and

WHEREAS, June 12, 2012, marks the 114th anniversary of the declaration of Philippine independence; and

WHEREAS, this momentous occasion provides an opportunity for all Filipino Americans to share their cultural heritage with people of all races, ethnicities, and nationalities; and

WHEREAS, local observances will include a potluck, a traditional church service, basketball and cultural games, a talent show, ball room dancing, a public lecture, a summer intensive program, and a community archive event.

NOW, THEREFORE, I, Pat Branson, Mayor of the City of Kodiak, do hereby proclaim June 2012, as

Filipino American Heritage Month

in Kodiak and urge all citizens to participate in the festivities celebrating the rich heritage and traditions of the Philippine Islands.

Presented this 14th day of June 2012

City of Kodiak


Pat Branson, Mayor

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UNFINISHED BUSINESS

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Aimée Kniaziowski, City Manager 

Date: June 14, 2012

Agenda Item: V.a. Continued 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

SUMMARY: Council and staff have discussed how to bridge growing annual revenue shortfalls of \$3-\$4 million since early 2011. The City has been using varying amounts of fund balance to cover the gap between revenues and increased operating 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 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 1297 was introduced at the April 26, 2012, meeting, and the second reading and public hearing was postponed from the May 10 regular meeting to the June 14, 2012, meeting to allow for more discussion and response to public comments. Ordinance 1297 amends KCC 3.08 and reflects the direction of Council discussion in January.

PREVIOUS COUNCIL ACTION:

- 1956, Council initiated a 2% sales tax.
- Sales tax rate was increased to 3% in 1961, to 5% in 1969, and 6% in 1993.
- 2004, Council raised the sales tax cap from \$500 to \$750 on eligible purchases.
- January 2011 annual planning meeting and again on July 26, 2011, Council discussed possible options to raise revenues.
- January 14, 2012, Council held a special planning meeting to discuss financial preconditions necessary to develop a five-year capital improvement plan/asset management plan to care for the

existing infrastructure and resources and to plan for the future. Council reviewed multiple scenarios, which led to the establishment of policy to increase revenues.

- April 24, 2012, Council reviewed the outcome of the January planning meeting and introduced the plan to increase revenues.
- April 26, 2012, Council approved Ordinance 1297 in the first reading and advanced to second reading.
- May 8, 2012, staff presented City revenue options and answered questions received from the public about Ordinance 1297.
- May 10, 2012, Council postponed action on Ordinance 1297 and continued the second reading and public hearing until June 14, 2012.
- May 29, 2012, Council discussed possible amendments to Ordinance 1297 and other sections of the City Code.
- June 12, 2012, Council held further discussions on the ordinance at the work session.

DISCUSSION: The City's General Fund revenues have remained relatively stable over the years and are used to pay for government services like police, fire, finance, library, parks and recreation, public works, administrative functions, and other primary governmental functions. The major source of revenue in the General Fund is the local sales tax, which makes up approximately 54% of the fund revenues. The next largest source comes from various state revenue sources and contributes about 12% of General Fund revenues. This source is unpredictable, and the City has no control over revenue received from these external sources. Property taxes make up only 5% of the General Fund revenues. The City's mill rate has been set at 2% since 1985, and while the tax is predictable, it provides only minimal revenues to the General Fund.

The City has not increased its primary source of revenue, sales tax, in almost 20 years, but the cost of doing business for the City has risen dramatically since 1993 as it has for local residents and businesses. The adjusted CPI has risen over 50% since 1993, meaning the City pays that much more for services, supplies, personnel costs, and equipment now than in 1993. It costs more to maintain, repair, upgrade or replace important infrastructure like roads, buildings, airports, utility systems, parks, and docks. It costs more to meet unfunded state and federal mandates like the UV treatment plant and the wastewater discharge permits and regulatory requirements like OSHA, EPA stormwater treatment and prevention plans, and spill prevention plans and systems.

The City is conservative in developing operating budgets every year to contain and absorb as many cost increases as possible. However, it simply costs more to operate and manage the City than it receives in revenues each year. Rather than increase revenues or reduce services, the City has deferred action and has been using fund balance to offset cost increases and meet matching grant requirements and operating and capital needs since at least 2007. The General Fund fund balance is being relied on to balance the budget each year and is not being replenished because revenues remain static. Revenue decisions cannot continue to be deferred because the fund balance continues to diminish, and the City is required to maintain adequate operating reserves. The City cannot continue to use up the fund balance and still meet

reserve requirements of between 2-6 months of operating funds and have adequate funds available to make necessary budget adjustments to cover unexpected cost increases, make emergency repairs, and meet governmental mandates and regulatory requirements.

Starting in January of 2011, the Council began to discuss the need to increase revenues and reviewed options for doing so. Staff identified a series of revenue options for Council and presented them at a meeting in July 2011. Council wanted to discuss revenue generating options further and asked staff to identify sources and scenarios to bridge the annual revenue shortfalls of between \$3 and \$4 million.

The Council held a planning session in January 2012 to identify what financial preconditions would be necessary to develop a five-year capital improvement plan/asset management plan to care for the existing infrastructure and resources and to plan for the future. Council identified the goal of maintaining Kodiak as a viable community with a solid future. This discussion resulted in Council's policy decision to increase revenues to cover current costs and meet current needs, to avoid the use of fund balance to balance the budget each year, and to take steps to replenish the fund balance before it fell below the required operational reserves. The most effective way to meet current needs and cover the large annual shortfalls without using fund balance requires an increase in the sales tax and increasing or eliminating the sales tax cap. After reviewing several revenue scenarios, Council decided to move forward with an increase of 1% to the sales tax and an increase to the sales tax cap to \$3,500, which is estimated to generate an additional \$3 million per year.

Staff worked with the City Attorney to draft the proposed amendments to sections of KCC 3.08 as follows:

- An amendment to Section 3.08.010 (b) is proposed to increase the sales tax to seven percent for all sales, rentals, and services within the City, except for transient room rentals.
- The tax table in Section 3.08.010 is amended to reflect the proposed 1% sales tax increase.
- Section 3.08.120 (a) is amended to reflect an increase in the sales tax cap from \$750 to \$3,500.

This ordinance was introduced and discussed at length at the April 24 and April 26 Council meetings.

Council reviewed and discussed the ordinance and the need to increase revenues several more times. On May 8 staff presented an overview of the City's revenue sources, services delivered to the community, the cumulative impact of cost increases to operational budgets, the need for additional revenues and/or identification of specific service or program level cuts. The May 8 presentation also addressed some of the concerns and recommendations made by the public about City operations and the proposed tax changes.

The ordinance was introduced for second reading and public hearing at the May 10 regular Council meeting. Council voted to postpone action on the ordinance and made a motion to continue the second reading and public hearing until the June 14 regular meeting due to the amount of public input received at the May 8 and May 10 meetings. The postponement allowed Council to discuss the issue again at a

special work session on May 29 and provided another opportunity to discuss the ordinance and respond to concerns and comments raised by the public.

Council held the special work session on May 29 where they received more public comment on the ordinance and discussed various amendment scenarios, including increasing the sales tax to 7% and retaining the existing sales tax cap. They also discussed items that would require an amendment to the Kodiak City Code on issues covering sales tax reporting and various changes to the senior sales tax exemption. Several options were discussed, but no consensus was reached. Council said they would submit their proposed changes to the Clerk by June 1 so the Clerk could get direction from the City attorney on how to proceed with possible amendments to the existing ordinance or introduction of additional ordinances.

Staff worked with the City attorney who explained in order for Ordinance 1297 to be adopted at the June 14 meeting, the Council could make amendments that would keep the proposed sales tax and sales tax cap as identified in Ordinance 1297, amend to maintain the existing sales tax and cap, lower the sales tax and cap, or lower one or the other. Due to Open Meetings Act requirements, other suggested changes, such as changes to the sales tax reporting procedures, should be introduced and advertised in a separate ordinance.

Council reviewed and discussed Ordinance 1297 at the June 12 work session and again at the June 14 regular meeting where final action is slated to take place.

ALTERNATIVES:

1. Adopt Ordinance 1297 in the continued second reading following public hearing, which is staff's recommendation. This is consistent with the direction given to staff at the January 14 planning meeting, and it meets the financial needs of the City as discussed over the course of several years and many recent meetings.
2. Amend the ordinance, which could result in shortfalls in revenues and continued reliance on fund balance.
3. Postpone the ordinance to provide time for more analysis and/or service or program reductions as identified by Council.
4. Do nothing, which is not recommended, because it does not address rising costs and prevents Council from reaching its long-term goals. This alternative will result in reduced services to offset continuing cost increases.

FINANCIAL IMPLICATIONS: If the ordinance is adopted as it was introduced and becomes effective, the City estimates it can generate about \$3 million per year, which would cover all or most of the annual shortfall and no longer require reliance on the fund balance to balance the budget. This allows the City to meet its current obligations and allow the fund balance to grow again for the first time in many years. Depending on what they are, amendments could reduce the amount of revenue available in FY13 and beyond, requiring the continued use of fund balance and/or for Council to select future program or service reductions.

LEGAL: The City Attorney discussed the required actions necessary to introduce the code changes and prepared the ordinance. Additional changes to the City Code, such as those having to do with quarterly sales tax reporting and senior sales tax exemptions, if agreed upon by a majority of the Council, would be introduced as a separate ordinance, with discussion scheduled in July.

STAFF RECOMMENDATION: Staff recommends Council adopt the ordinance as introduced and as identified in this memo and in the presentations made over the past six-week period, which will ensure the City can continue to meet its fiscal obligations, protect and restore the fund balance, and continue to deliver the services the community expects.

CITY MANAGER'S COMMENTS: I recognize that raising taxes is a challenge for the City and the community. However, steps have to be taken to bridge the gap in what it costs to run the City versus what is received in revenues. The need to address the shortfall has been discussed many times since 2007 and with increasing frequency since 2011. Council held a vigorous discussion at their January 2012 planning meeting and decided to set a policy to ensure Kodiak has a solid future by increasing revenues to meet cost increases and thereby protect the fund balance. I support adoption of the ordinance, which reflects Council's original direction to increase the sales tax and the sales tax cap. If this version passes, I will continue to work with staff to remain fiscally accountable and to improve our planning process to implement best practices for a community of our size and complexity.

I realize Council has received a great deal of public comment and criticism over the course of the six most recent meetings and, as a result, may wish to revisit their original plan formulated in January. Any changes to Ordinance 1297 must be specific to either the sales tax or the sales tax cap as mentioned above. If consensus is reached on the other changes, staff will work with the attorney to prepare a separate ordinance specific to the appropriate sections of the City Code. Additional work sessions and meetings can be planned to work through other tax-related issues, and discussions can continue on how to make up operational shortfalls in FY2013 and beyond.

ATTACHMENTS:

- Attachment A: Ordinance 1297
- Attachment B: City's five-year revenue projections
- Attachment C: Revenue increase calculations

PROPOSED MOTION:

Clerk's Note: The motion to adopt Ordinance No. 1297 is already on the floor for continued discussion and vote. Do not make the motion to adopt again. You may make relevant amendments. Amendments previously discussed will be included in a separate memo, based on discussion at the June 12 work session.

**CITY OF KODIAK
ORDINANCE NUMBER 1297**

AN ORDINANCE 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

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

Section 1: Subsection (b) of Kodiak City Code 3.08.010, Levy of sales tax, is hereby amended to read as follows:

(b) A sales tax of ~~six (6)~~ **seven (7)** percent of the sales price or charge is levied on all sales, rentals, and services made within the city, other than rentals of transient rooms.

Section 2: Subsection (b) of Kodiak City Code 3.08.110, Tax schedule, is hereby amended to read as follows:

(b) The amount of tax to be added to the purchase price, rental, or service charge, other than rentals of transient rooms, shall be determined in accordance with the following schedule:

Charge	Tax
Under 9 8 cents	None
\$.09-.08 through \$.24-.21	\$.01
.25-.22 through .41-.35	.02
.42-.36 through .58-.49	.03
.59-.50 through .74-.64	.04
.75-.65 through .91-.78	.05
.92-.79 through 1.08-.92	.06
1.09-.93 through 1.24-1.07	.07
1.25-1.08 through 1.41-1.21	.08
1.42-1.22 through 1.58-1.35	.09
1.59-1.36 through 1.74-1.49	.10
1.75-1.50 through 1.91-1.64	.11
1.92-1.65 through 2.08-1.78	.12
Over \$ 2.09 1.78 Continue on same scale.	

Section 3: Subsection (a) of Kodiak City Code 3.08.120, Maximum taxable sale, is hereby amended to read as follows:

(a) If the sales price of an item or items or the charge for rental of any property or performance of any service exceeds **three thousand five** ~~seven~~ hundred ~~fifty~~ dollars for a single transaction, that portion of the price or charge in excess of **three thousand five** ~~seven~~ hundred ~~fifty~~ dollars shall be exempt from the tax levied by this chapter.

Section 4: This ordinance shall be effective one month after its final passage and publication in accordance with Kodiak Charter Section 2-13.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

First Reading: April 24, 2012
Second Reading: May 10, 2012 (postponed)
Continued Second Reading:
Effective Date:

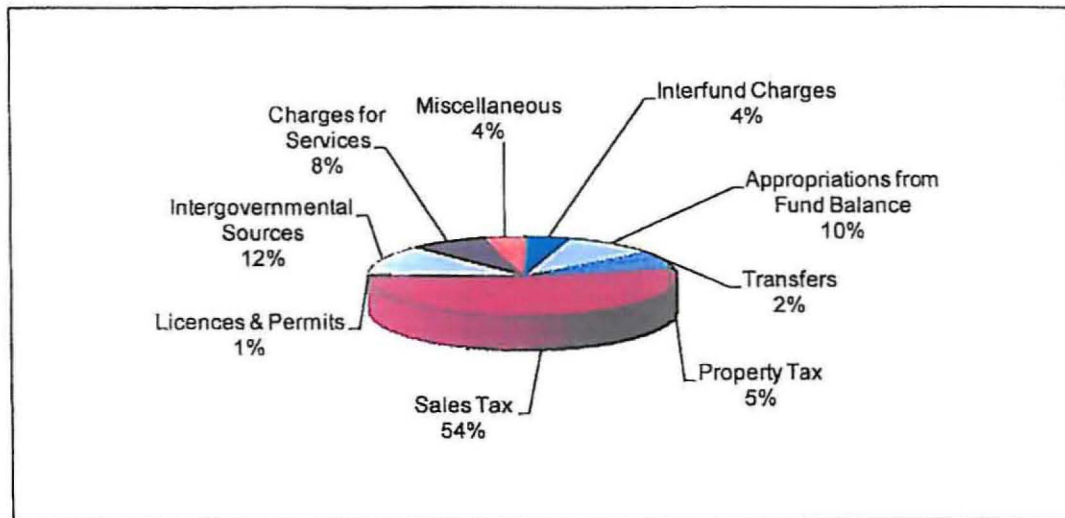
Fiscal Year 2013- 2016 Revenue & Expense Forecast

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

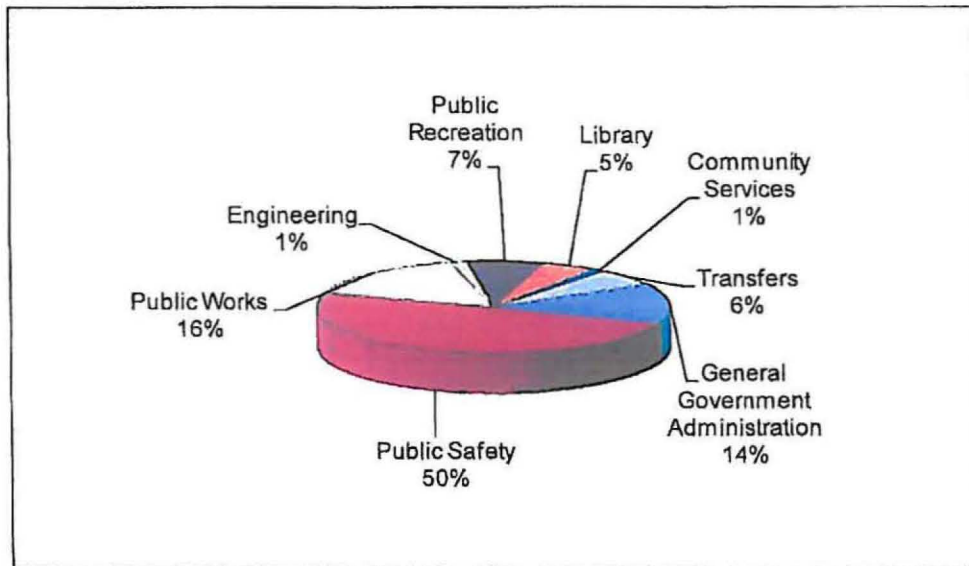
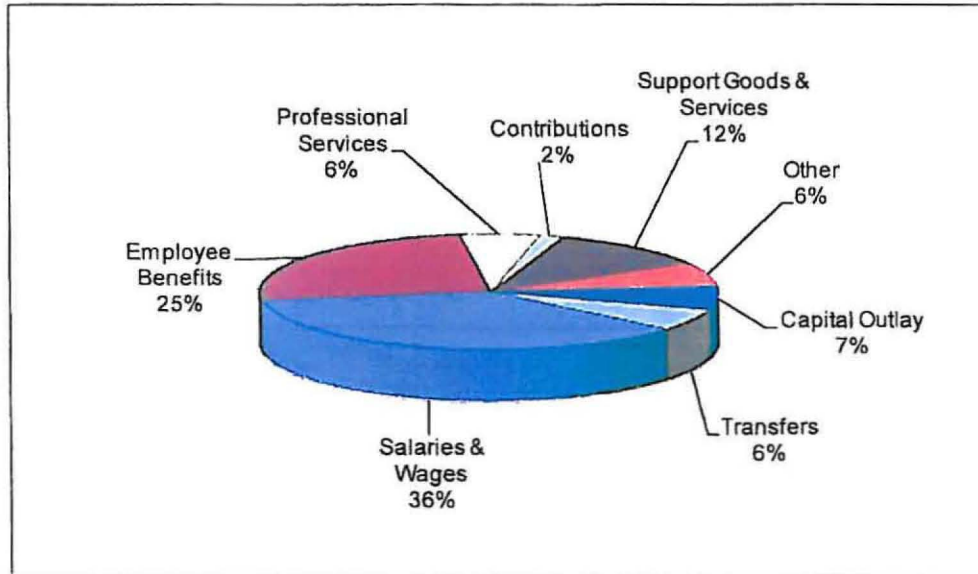


Figure 3: General Fund - FY 2012 Budgeted Expenditures by Account Classification



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.

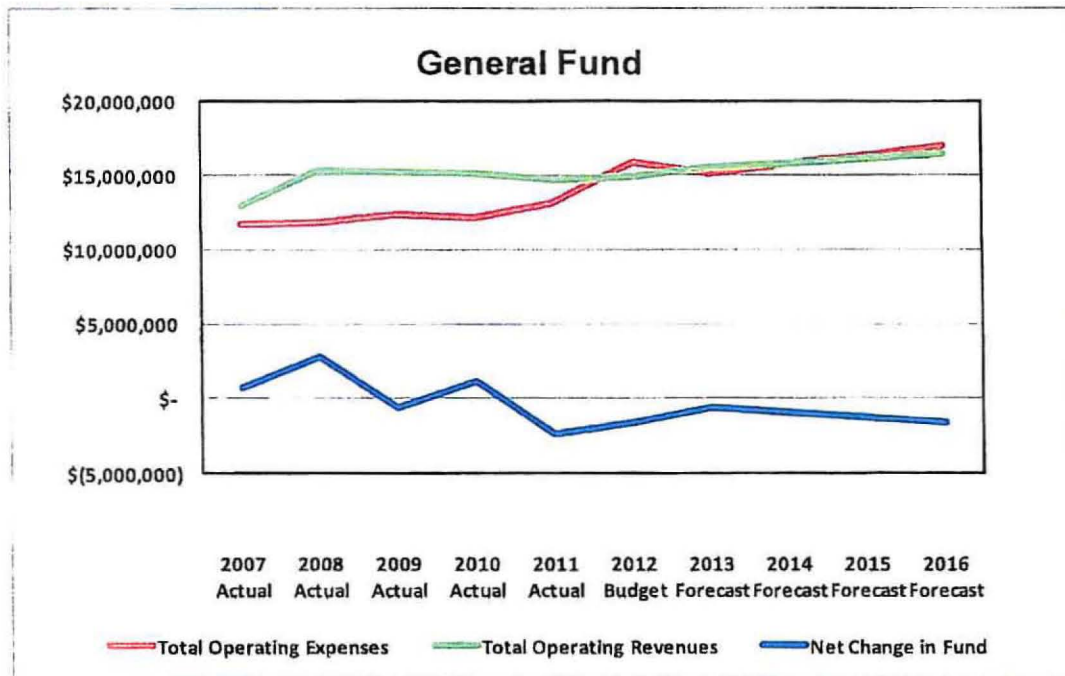
Public Utility Services – Includes electric, fuel oil, garbage, and any other utilities.

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	288,423	503,800	616,316	608,568	600,819	583,071
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

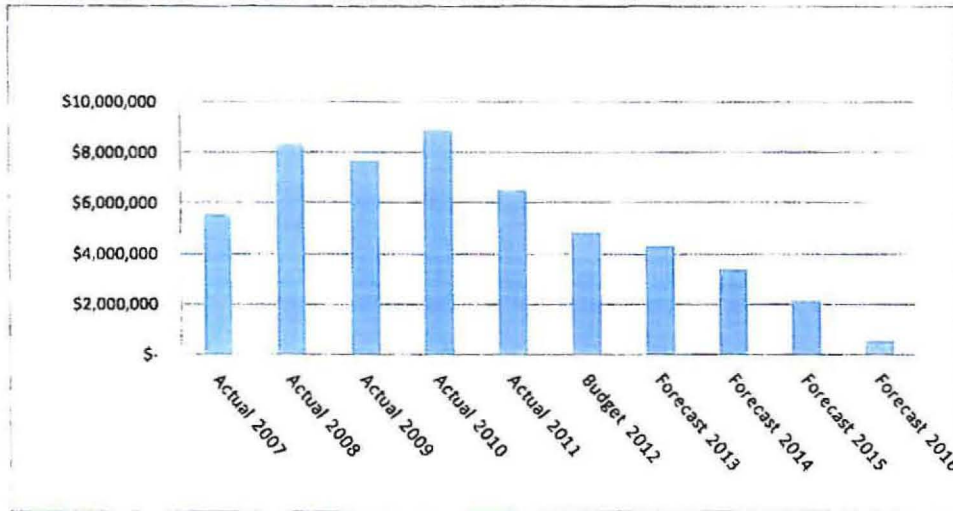
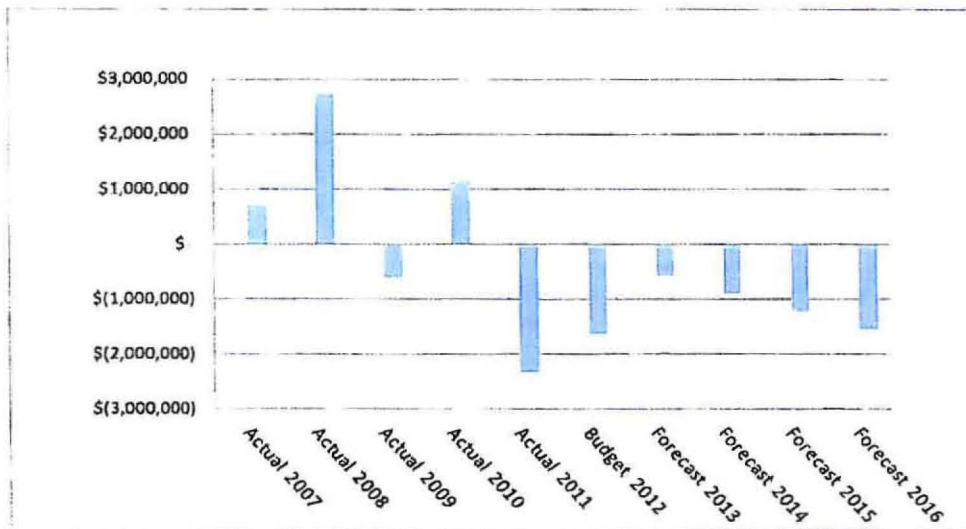


Figure 6: General Fund – Change in Fund Balance each Fiscal Year



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:

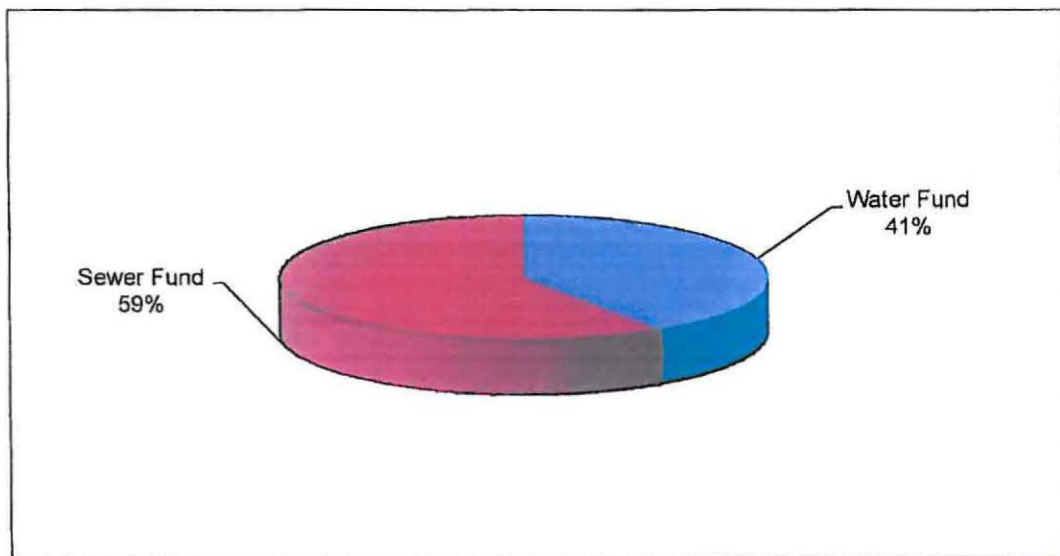
Water Utility Fund

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

Sewer Utility Fund

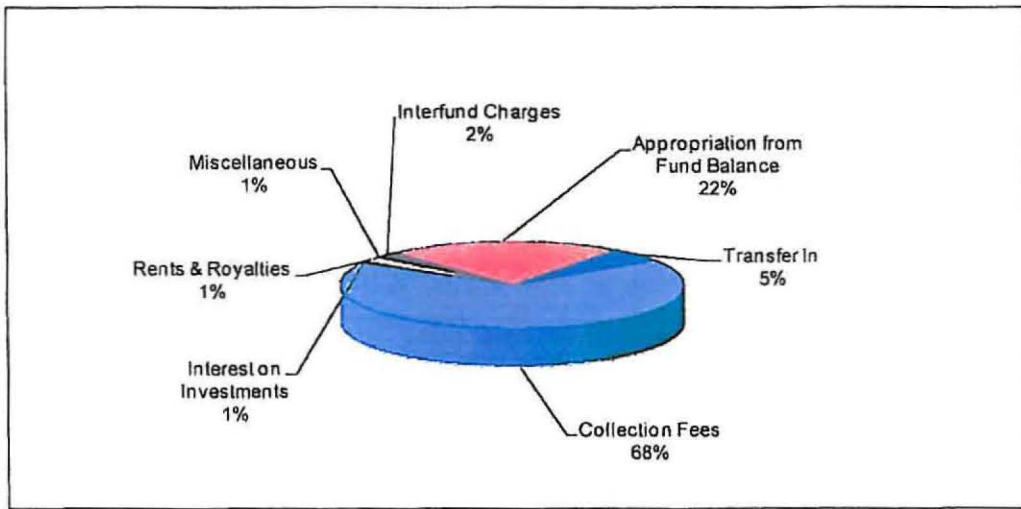
This fund accounts for all activity of the city owned and operated sewer utility.

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



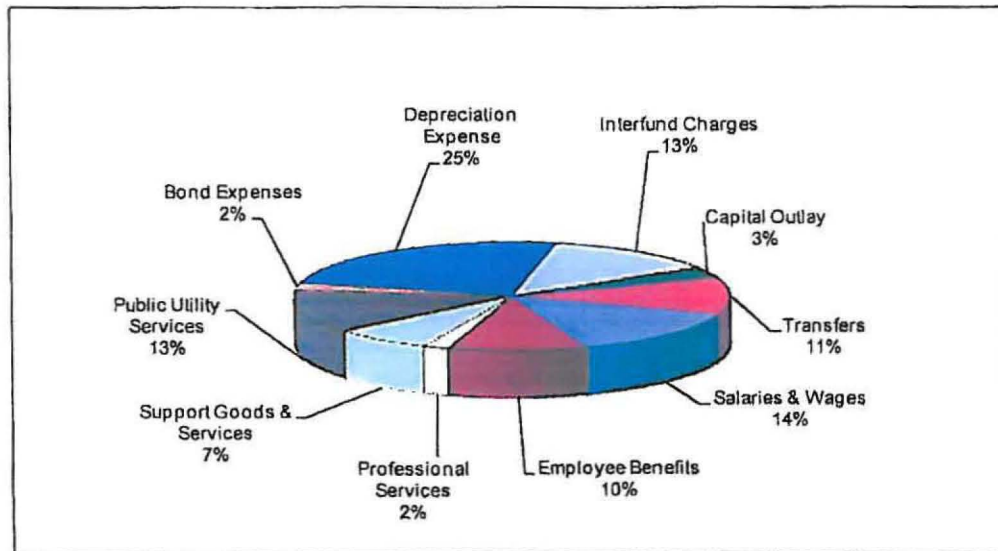
The Sewer Fund generates 59% of total revenues and the Water Fund generates 41% (Fig.7). The Water and Sewer Funds are responsible for maintaining the City's aging infrastructure while keeping rates to residents reasonable.

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



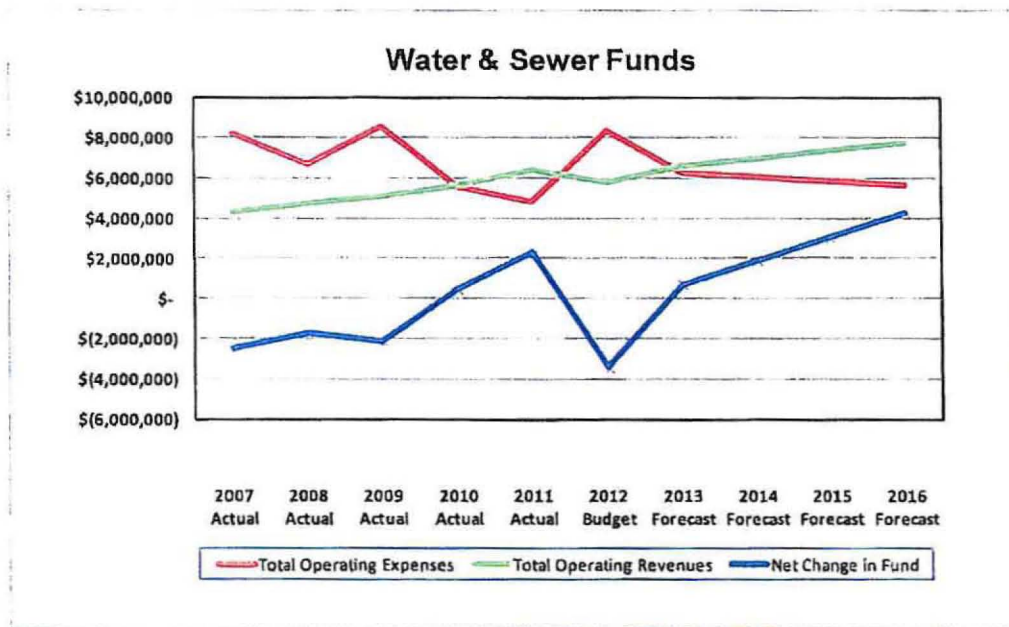
The main source of revenue is collection of fees for services at 68% (Fig.8) of total revenues. The Water and Sewer Funds use Fund Balance to make transfers to capital project funds and for operations.

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	Fiscal Year	Residential Rate	% Increase
2006	25.30		2006	32.20	
2007	25.30	0%	2007	38.02	18%
2008	26.82	6%	2008	42.93	13%
2009	28.43	6%	2009	48.39	13%
2010	30.13	6%	2010	54.55	13%
2011	34.95	16%	2011	59.82	10%
2012	39.14	12%	2012	62.81	5%
2013	43.84	12%	2013	62.81	0%
2014	47.35	8%	2014	62.81	0%
2015	51.14	8%	2015	62.81	0%
2016	55.23	8%	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	(66,301)	(541,162)	(996,023)
Depreciation	1,702,103	1,768,848	1,772,088	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	13,898	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	40,997,629	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

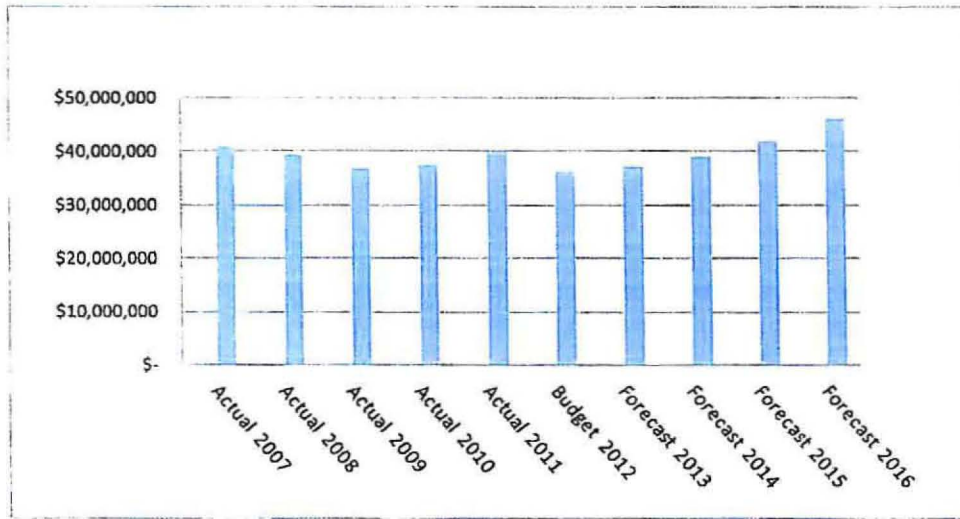
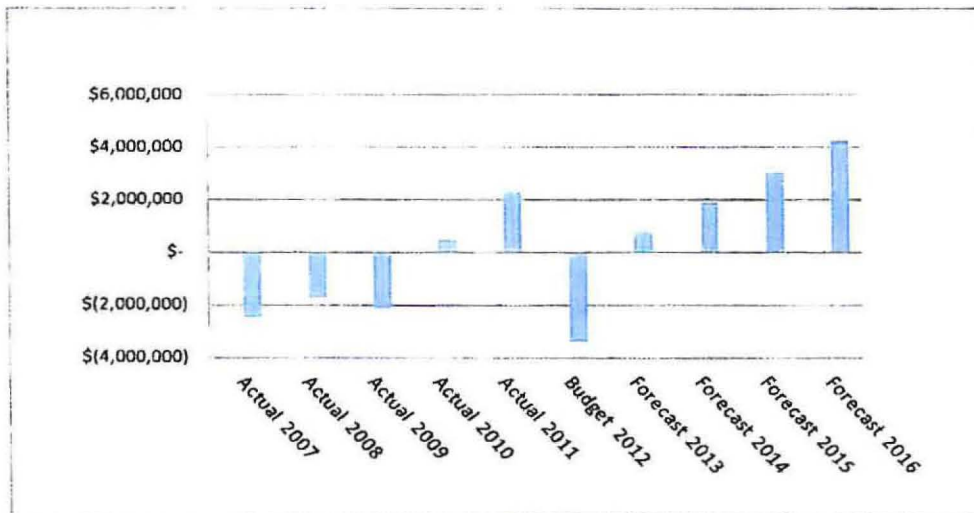


Figure 12: General Fund – Change in Fund Balance each Fiscal Year



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.

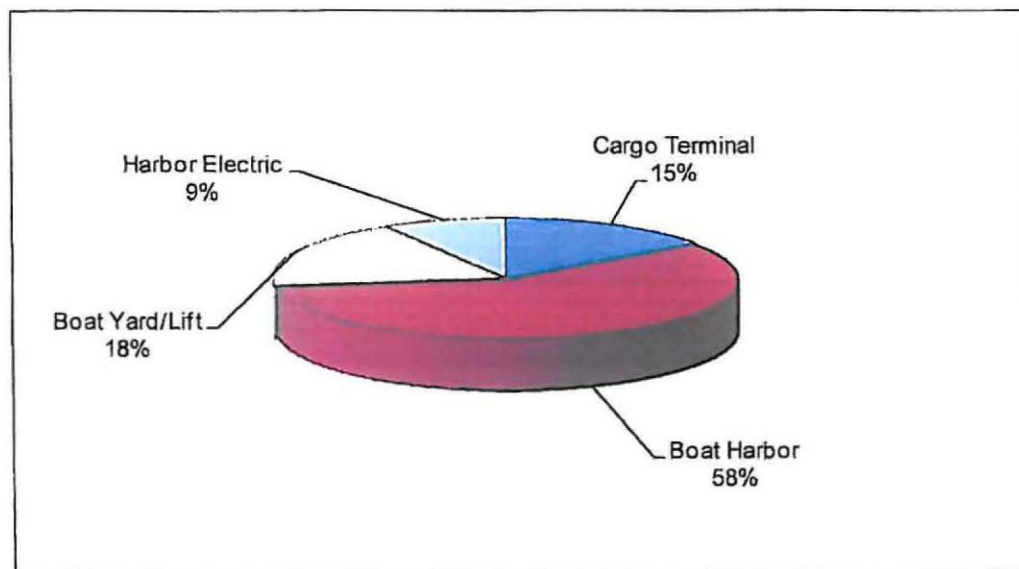
Boatyard/ Vessel Lift Fund

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

Harbor Electric Fund

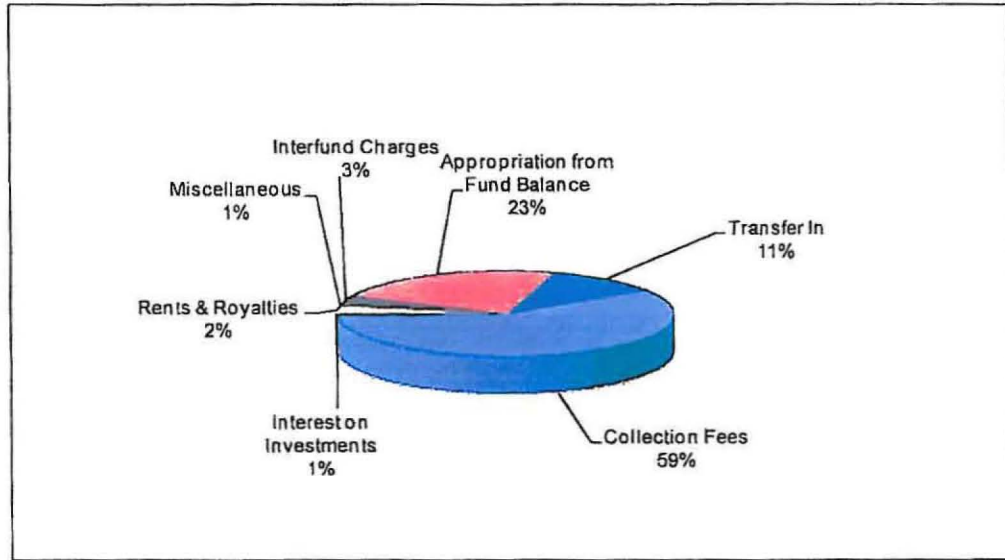
This fund accounts for the use of electrical power for the Boat Harbor, which is city owned and operated and includes two harbors.

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



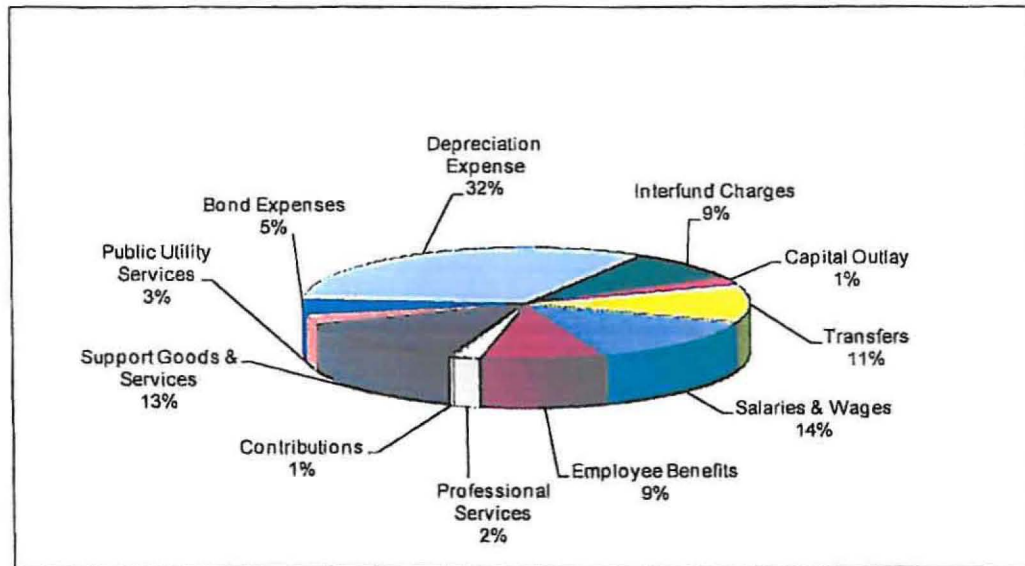
The Cargo Fund generates 15% of total revenues, the Harbor Fund 58% (Fig. 13), the Boat Yard/Lift 18% and the Harbor Electric Fund 9%. The Harbor Funds are responsible for maintaining the City's Harbors while keeping rates to the fishing fleet reasonable.

Figure 14: Harbor Funds - FY 2012 Budgeted Revenues



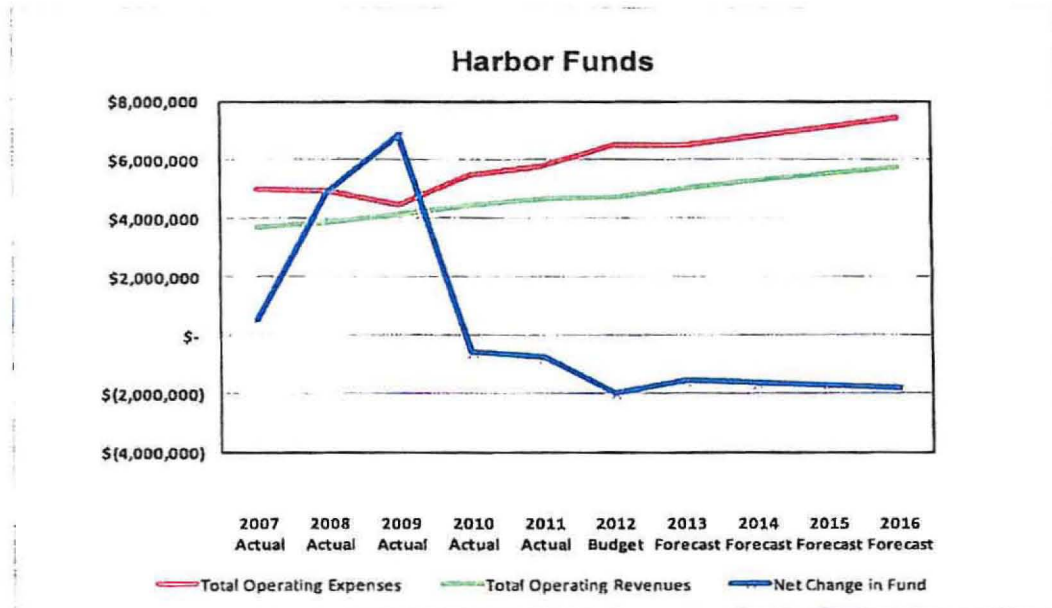
The main source of revenues is collection of fees for services or 59% (Fig.14), of total revenues. The Harbor Funds use Fund Balance to make transfers to capital project funds and for operations.

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	1,539,885	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	845,784	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

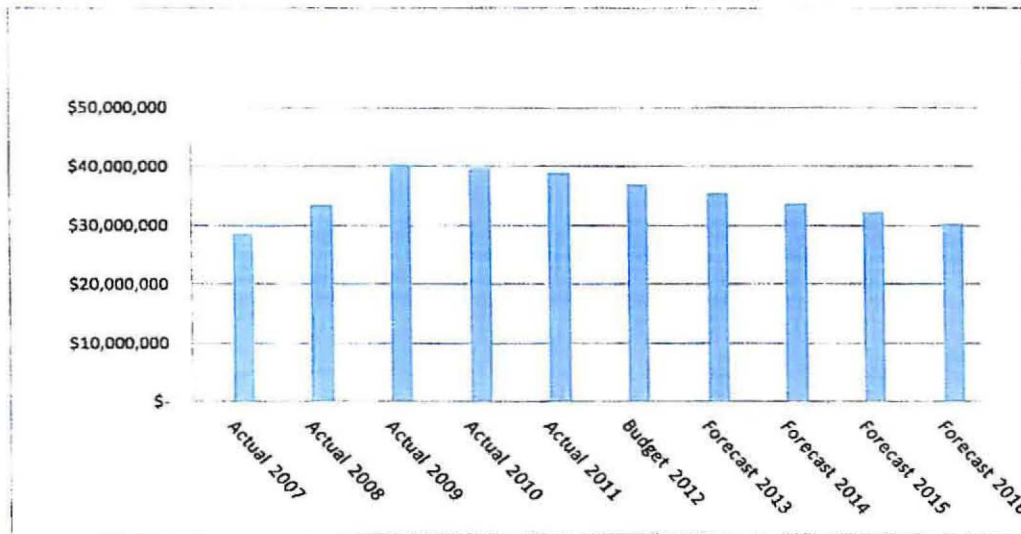
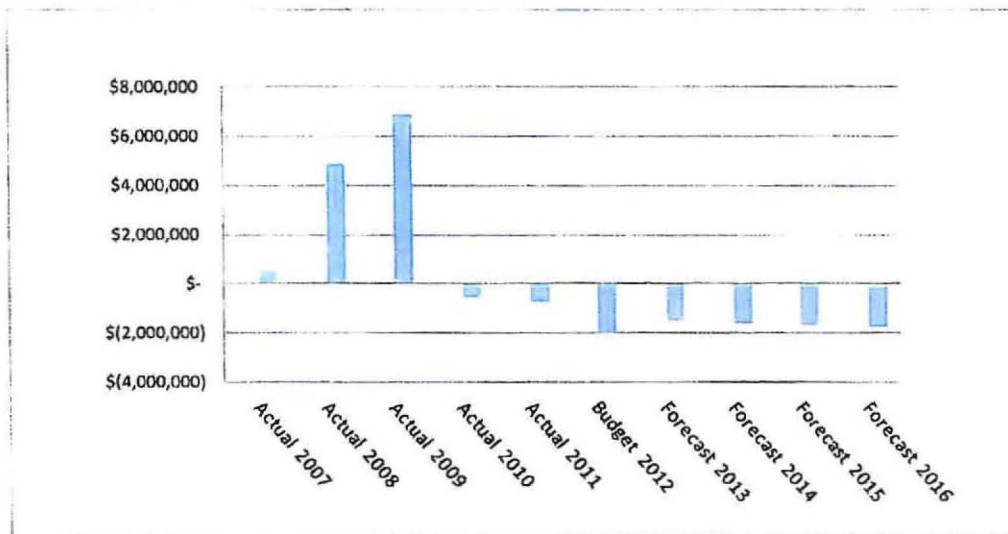
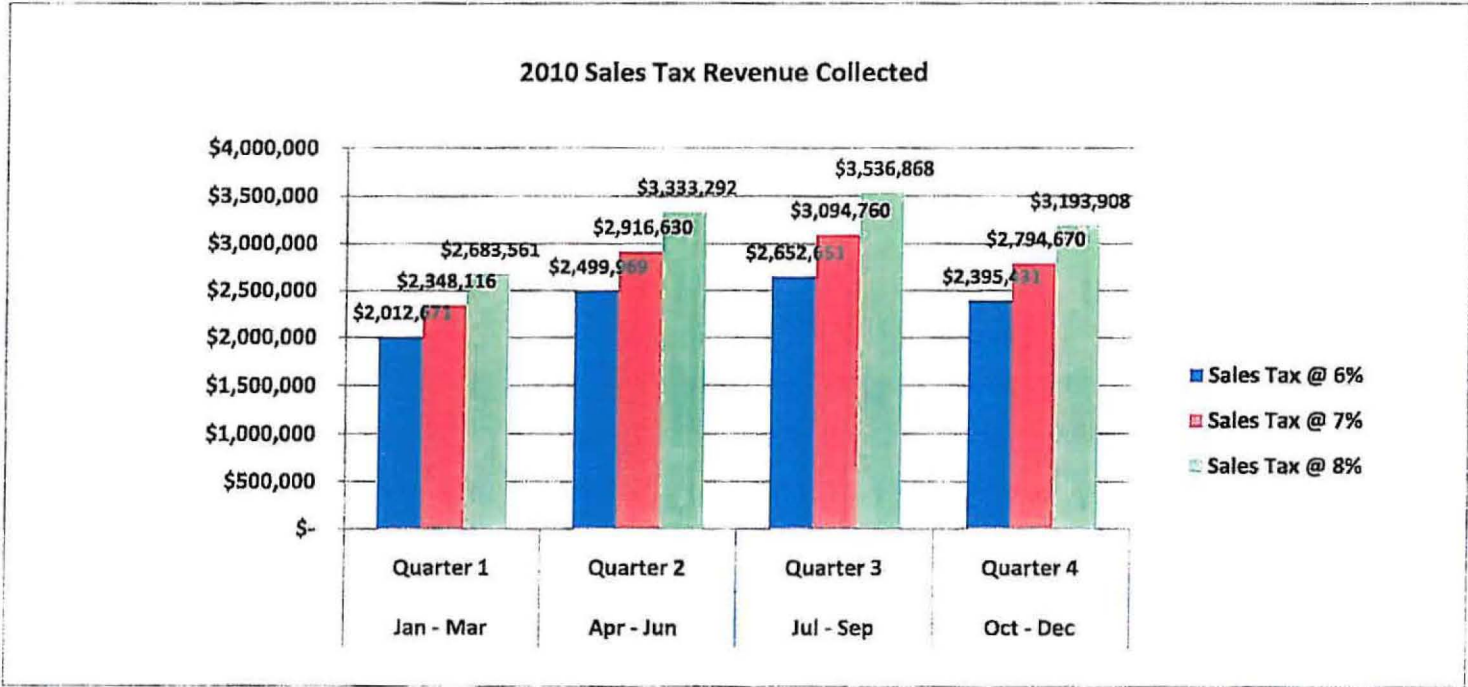


Figure 18: Harbor Funds – Change in Fund Balance each Fiscal Year

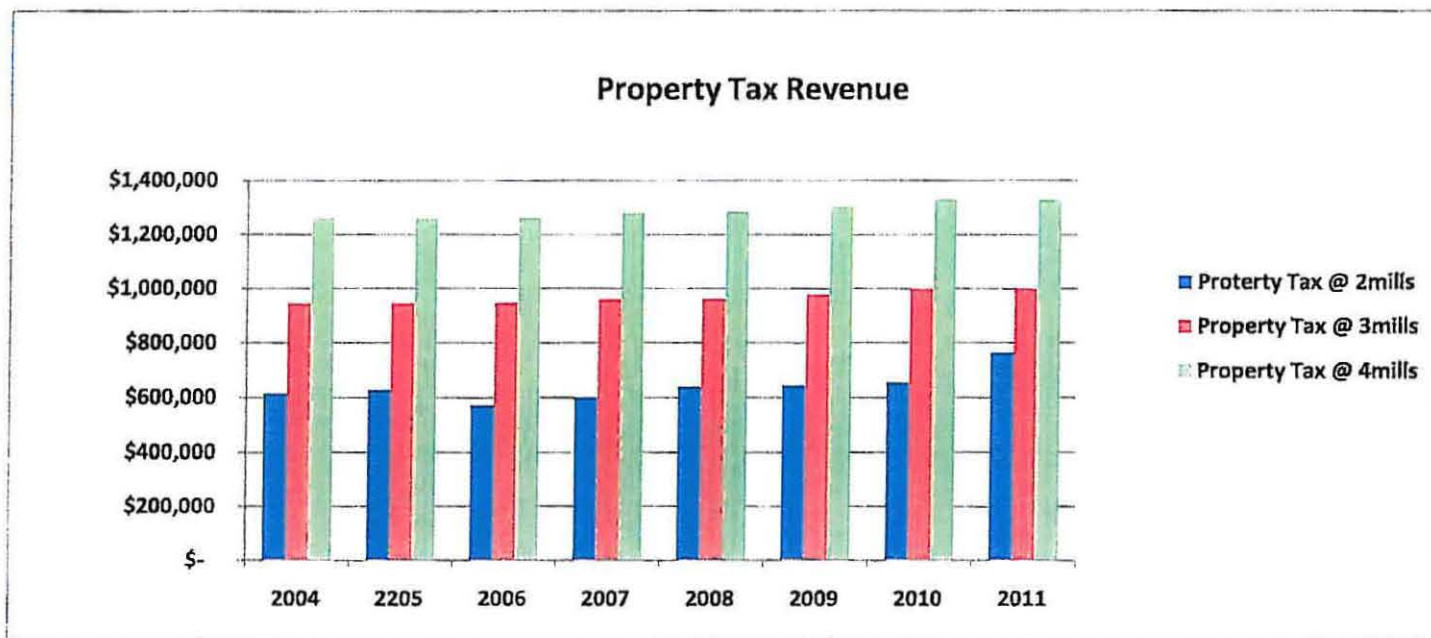


Business Types	Current - 2010			Scenario Template		
	Tax @ 6.0% Tax Cap \$750			Tax @ XX% Tax Cap \$X,XXX		
	Total Receipts	Rate	Sales Tax Revenue	Total Receipts	Rate	Sales Tax Revenue
Retail Sales	\$ 293,591,984	6.0%	\$ 17,615,519	\$ 293,591,984	7.0%	\$ 20,551,439
Services	\$ 85,267,748	6.0%	\$ 5,116,065	\$ 85,267,748	7.0%	\$ 5,968,742
Real Estate Rentals	\$ 9,287,109	6.0%	\$ 557,227	\$ 9,287,109	7.0%	\$ 650,098
Rentals	\$ 4,194,725	6.0%	\$ 251,684	\$ 4,194,725	7.0%	\$ 293,631
Other	\$ 9,069,873	6.0%	\$ 544,192	\$ 9,069,873	7.0%	\$ 634,891
Total Receipts	\$401,411,439		\$ 24,084,686	\$ 401,411,439		\$ 28,098,801
Deductions						
Senior Citizens	\$ 7,955,338			\$ 7,955,338		
Government	\$ 65,495,796			\$ 65,495,796		
Whole Sale/Retail	\$ 27,810,776			\$ 27,810,776		
Contractors	\$ 8,949,074			\$ 8,949,074		
Sales Tax Included	\$ 757,026			\$ 757,026		
Amount Over Cap	\$ 72,010,547	\$750		\$ 50,000,000	\$3,500	
Other Deductions	\$ 57,657,617			\$ 57,657,617		
Total Reduction of Receipts	\$240,636,173	6.0%	\$ 14,438,170	\$ 218,625,625	7.0%	\$ 15,303,794
Taxable Receipts	\$160,775,266	6.0%		\$ 182,785,814	7.0%	
Sales Tax Generated			\$ 9,646,516			\$ 12,795,007
Additional Revenue Generated			\$ -			\$ 3,148,490.96
Maximum Tax Paid	\$ 750	6.0%	\$ 45.00	\$ 3,500	7.0%	\$ 245.00
Sales Tax Per Capita			\$ 1,456			\$ 1,931
Red indicates undocumented estimate						

2010 Sales Tax Rates							
		Total Receipts	Total Deductions	Taxable Receipts	Sales Tax @ 6%	Sales Tax @ 7%	Sales Tax @ 8%
Jan - Mar	Quarter 1	\$ 87,000,526	\$ 53,456,016	\$ 33,544,510	\$ 2,012,671	\$ 2,348,116	\$ 2,683,561
Apr - Jun	Quarter 2	\$ 111,196,543	\$ 69,530,398	\$ 41,666,145	\$ 2,499,969	\$ 2,916,630	\$ 3,333,292
Jul - Sep	Quarter 3	\$ 109,130,949	\$ 64,920,098	\$ 44,210,851	\$ 2,652,651	\$ 3,094,760	\$ 3,536,868
Oct - Dec	Quarter 4	\$ 92,754,147	\$ 52,830,294	\$ 39,923,852	\$ 2,395,431	\$ 2,794,670	\$ 3,193,908
	Total	\$ 400,082,165	\$ 240,736,806	\$ 159,345,358	\$ 9,560,722	\$ 11,154,175	\$ 12,747,629




Property Tax								
	2004	2205	2006	2007	2008	2009	2010	2011
Proterty Tax @ 2mills	\$ 616,172	\$ 628,516	\$ 573,763	\$ 599,261	\$ 640,435	\$ 644,857	\$ 656,852	\$ 765,539
Property Tax @ 3mills	\$ 947,304	\$ 945,488	\$ 948,776	\$ 960,771	\$ 964,190	\$ 978,944	\$ 997,975	\$ 997,975
Property Tax @ 4mills	\$ 1,263,073	\$ 1,260,650	\$ 1,265,034	\$ 1,281,028	\$ 1,285,586	\$ 1,305,259	\$ 1,330,633	\$ 1,330,633
Taxable Assessed Value	\$315,768,131	\$ 315,162,532	\$ 316,258,532	\$ 320,256,932	\$ 321,396,532	\$326,314,738	\$332,658,365	\$ 332,658,365



Property Tax								
	2004	2205	2006	2007	2008	2009	2010	2011
1 mill Increase	\$ 315,768	\$ 315,163	\$ 316,259	\$ 320,257	\$ 321,397	\$ 326,315	\$ 332,658	\$ 332,658
Taxable Assessed Value	\$315,768,131	\$ 315,162,532	\$ 316,258,532	\$ 320,256,932	\$ 321,396,532	\$326,314,738	\$332,658,365	\$ 332,658,365

NEW BUSINESS

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Aimée Kniaziowski, City Manager 
Date: June 14, 2012

Agenda Item: V.a. **Authorization of Contract Extension With Rise Alaska for Construction Management Services for New Library, Project No. 6012**

SUMMARY: The new library project is transitioning from the final design phase to construction as site work and foundation work get underway this month. As the project moves into this critical phase, the City needs to secure a contract extension with RISE Alaska for construction management services. Staff requested a proposal from Roe Sturgulewski, which he submitted on a time and materials basis in an amount not-to-exceed \$222,683. Staff recommends Council authorize this contract extension for construction management services with RISE Alaska with tasks and costs as identified in the attached service fee estimate.

PREVIOUS COUNCIL ACTION: Council authorized a professional services contract with RISE Alaska for design phase project management services on July 28, 2011.

DISCUSSION: The City selected Roe Sturgulewski and his firm RISE Alaska to manage the new library project during the design phase back in the summer of 2011. The services provided by Mr. Sturgulewski and his staff this past year have been critical to keeping the project moving forward on schedule and within budget.

Now that the construction phase is ready to begin, the City and RISE need to extend the contract to include construction management services. RISE submitted the proposal that outlines the tasks and costs for services during this next stage of the project, based on a project completion date of July 15, 2013. Some of the tasks the project manager will be responsible for include: project schedule and budget management; preparation and presentation of status reports as requested by the Manager; facilitation of weekly construction and owner meetings; oversight and management of change orders; administration of the architect and contractor contracts; coordination of special inspections; management of O&M manual review and approvals; and completion of project close-out (see Attachment A).

ALTERNATIVES:

1. Authorize the contract extension for construction management services, which is staff's recommendation, because the services are critical to successful completion of the project, and Roe Sturgulewski will continue to provide the City with professional guidance and function as the owner's representative through the construction phase.
2. Do not approve the contract. This is not recommended because good project management is the key to a successful project that can be brought in on schedule and within budget, and City staff needs professional assistance with these tasks.

FINANCIAL IMPLICATIONS: The project budget currently contains over \$10 million, which is more than adequate to fund this service contract. In addition, the Kodiak Public Library Association (KPLA) fundraising efforts continue with over \$500,000 raised. The City also expects to hear by the end of June if the City's Rasmuson Tier 2 grant proposal will be accepted with a potential award of up to \$500,000.

STAFF RECOMMENDATION: Staff recommends Council approve a contract extension with RISE Alaska for construction management services on a time-and-materials basis in an amount not to exceed \$222,683, with funds coming from the Building Improvement Fund, New Library Construction Project, Project No. 6012.

CITY MANAGER'S COMMENTS: I have been very pleased with the project management services provided by Roe Sturgulewski and his staff thus far on the library project. Roe has seen to it that the project continues on schedule and within budget. He is attentive to detail, diligent in managing multiple project responsibilities, is always responsive to the City's needs and interests, and works exceptionally well with various groups involved in the project from City staff to KPLA and the Library Building Committee to the architects and now to the contractor. These services and tasks are important for the success of our project, and I recommend Council authorize the contract extension for construction management services as described.

ATTACHMENTS:

Attachment A: RISE Alaska proposal for construction management services for new library project, dated April 30, 2012.

PROPOSED MOTION:

Move to authorize a contract extension with RISE Alaska for construction management services for the new library project in an amount not to exceed \$222,683, with funds coming from the Building Improvement Fund, New Library Construction Project, Project No. 6012.



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Program Management
Project Management
Construction Consulting
Strategic Planning

April 30, 2012

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

Subject: Kodiak Public Library - Construction Management Services Fee Estimate

RISE is pleased to provide the City of Kodiak a proposal for professional construction management services for the new Kodiak Public Library. We are proud to continue working on this important community project.

Scope of Work

I will continue to serve as the project manager for the Kodiak Public Library project and will remain the key point of contact. Cricket Gartrell will assist with construction administration activities including some site observations during construction.

RISE will facilitate and lead weekly contractor/owner/designer coordination meetings; administer Architect and Contractor contracts; coordinate Special Inspection Services; assist with processing ASI's, RFPs, RFIs and Change Orders; conduct punch-listing; manage O&M manual review/approval; assist with FF&E coordination; and provide project-close-out services

Proposed Fee

Attached is a fee estimate for these work tasks. We propose a Time and Expenses (T&E) allowance for these construction management services with a not-to-exceed (NTE) amount of \$222,683. With this approach, the project would be billed only for services rendered and expenses incurred.

This proposal is based on the following project information:

- Completion of construction services by July 15, 2013 (15 months).
- Services to be performed on a T&E basis, not-to-exceed \$222,683 without prior authorization.
- Reimbursable expenses to include: travel, lodging, meals, printing, and other miscellaneous expenditures. We have assumed a mix of one and two-day trips.
- Proposed fee includes \$19,163 for reimbursable expenses which includes a 5% mark-up.

We appreciate the opportunity to continue working with you to deliver this important project for the City of Kodiak. I am pleased to provide additional information and answer any questions you may have. Please call any time at 276-8095. If you concur with the above scope and fee, please sign this letter of agreement and return to me.

Sincerely,

Roe Sturgulewski
President
RISE Alaska, LLC

Attachments: Fee Estimate

Aimee Kniaziowski, City Manager

Date




FEE ESTIMATE

Construction Management Services																	
Name	Billing Rate (\$/HR)	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Total
Roe Sturgulewski, Project Manager	\$165.00	60	50	50	50	50	50	50	50	50	50	50	50	50	50	30	\$122,100
Cricket Gartrell, Assistant Project Manager	\$118.00		50	50	50	50	50	50	50	50	50	50	50	50	50	40	\$81,420
Total Labor Hours		60	100	100	100	100	100	100	100	100	100	100	100	100	100	70	\$203,520
Reimbursables																	
Travel to Kodiak (26 trips estimated \$625 per trip)																	\$16,250
Printing and Miscellaneous Expenses																	\$2,000
5% markup																	\$913
Total Expenses																	\$19,163
TOTAL COST ESTIMATE																	\$222,683

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Aimée Kniaziowski, City Manager 

Date: June 14, 2012

Agenda Item: V.b. **Authorization of Amendment No. 2 to the Professional Services Contract With Cornerstone General Contractors, Inc. for Foundation Construction for New Library, Project No. 6012**

SUMMARY: The City Council authorized contract amendment No. 1 to Cornerstone General Contractors, Inc. to do civil site work and utility installation on the new library site on May 24, 2012. The next phase of construction is to install the building foundation. The City's project manager worked with the architectural firm and the contractor to reconcile the scope and construction budget to ensure the construction costs were in alignment prior to bringing the next construction package forward. City staff, the library building committee, and the project manager reviewed the cost estimates and list of reductions/modifications on May 30. Staff, the building committee members, and the project manager support award of the foundation package, now that the updated construction cost estimates fall within the project construction budget. Therefore, staff recommends Council authorize amendment No. 2 to the Cornerstone contract for foundation construction of the new library for the guaranteed maximum price (GMP) amount of \$333,155.

PREVIOUS COUNCIL ACTION:

- January 26, 2012, Council authorized support for the CMc construction delivery method as recommended by staff and the building.
- April 12, 2012, Council authorized a contract with Cornerstone General Contractors, Inc. for CMc pre-construction services for the New Library project.
- May 24, 2012, Council authorized contract amendment No. 1 to Cornerstone General Contractors, Inc. for civil site work.

DISCUSSION: As identified above, in January 2012 the City Council supported the use of the Construction Manager/General Contractor (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 for its projects, the CMc method 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.

Cornerstone General Contractors, Inc. was selected to be the City's CMc for the project in April and issued a professional services contract for pre-construction services. The contract provided for construction work to be added through separate approval processes in phases, such as site work, utility

work, foundation, and structure. The next contract package issued to Cornerstone was for civil site work on May 24, 2012.

The City's project manager worked with the architectural firm and the contractor to reconcile the project scope and construction budget to ensure the construction costs were in alignment prior to bringing the next construction package forward. The project manager worked first to reconcile the Cornerstone and HMS third party estimates. After this process, the difference between the two estimates was reduced from over \$500,000 to approximately \$105,000. The project manager then worked with the design and construction team to identify additional cost savings that met the existing construction budget of \$8 million. This process resulted in a list of 15 items identified for elimination or modification, and MRV is integrating the changes into the design documents.

The building committee and City staff met with the project manager on May 30 to review the process used to reach agreement on cost estimates and to discuss the items that were removed or modified to meet budget. Knowing the process was successful and would not result in changes to the building footprint, the group unanimously supported moving forward with award of the foundation package (see Attachment B).

Amendment No. 2, which is supported by the building committee, City staff, and the project manager, covers the building foundation package for the guaranteed maximum price amount of \$333,155. Project manager, Roe Sturgulewski, reports that the project remains on schedule and expects onsite construction work to begin mid-month, right after the storm water prevention plan is filed with the state.

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 structural and exterior closure elements required for building dry-in, which is expected to be introduced for Council approval in July.

ALTERNATIVES:

1. Authorize Amendment No. 2 to Cornerstone General Contractors, Inc. for the foundation construction 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 contract amendment No. 2 at this time, which is not recommended because it would delay construction and increase construction costs due to weather and price escalation. This option is inconsistent with 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 amount of \$333,155.

STAFF RECOMMENDATION: Staff recommends Council authorize Amendment No. 2 to the professional services contract with Cornerstone General Contractors, Inc. for foundation construction of the new library for the guaranteed maximum price of \$333,155, with funds coming from the Building Improvement Fund, New Library Project, Project No. 6012.

CITY MANAGER'S COMMENTS: The approval of Amendment No. 2 to the Cornerstone contract is another step that moves the library project toward completion on the original timeline. Cornerstone will continue to work closely with our project manager, City staff, and our architectural and engineering firms and the project manager to complete the site work and utility installation and move to the foundation work for the new building. Once Council authorizes this amendment, the contractor will begin preparation to lay the building foundation. 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. I support the recommendation of our project manager and the building committee and ask Council to authorize Amendment No. 2 with Cornerstone General Contractors, Inc.

ATTACHMENTS:

- Attachment A: RISE Alaska recommendation memo, dated June 1, 2012
- Attachment B: Building Committee recommendation memo, dated June 5, 2012
- Attachment C: Revenue and expense project budget, dated May 8, 2012

PROPOSED MOTION:

Move to authorize Amendment No. 2 to the professional services contract with Cornerstone General Contractors, Inc. for foundation construction of the new library for the guaranteed maximum price amount of \$333,155, with funds coming from the Building Improvement Fund, New Library Project, Project No. 6012.



Memorandum

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TO: Aimee Kniaziowski
FROM: Roe Sturgulewski
DATE: June 1, 2012
RE: Kodiak Public Library – Cornerstone CMc Contract
 Amendment #2 Foundation Construction
 Recommendation for Award

This memo is to recommend award of Amendment #2 for foundation construction for the Kodiak Public Library CMc Contract with Cornerstone General Contractors in the Guaranteed Maximum Price (GMP) amount of \$333,155. The Council awarded the initial CMc pre-construction services portion of the contract to Cornerstone General Contractors on April 12, 2012 and the site civil construction on May 24, 2012.

The library scope and construction budget have been brought into alignment since the May 15, 2012 RISE recommendation for award of the site civil construction GMP. A two-step process was employed. The first effort was to reconcile the Cornerstone and HMS third party owner estimates. The difference in the cost estimates after reconciliation was about \$105K (\$8.412M (HMS) vs. \$8.517M (Cornerstone)). The next step was to identify cost savings to bring the Cornerstone estimated construction cost to below the \$8M construction bid target. Cost reduction options were solicited from a number of the project stakeholders. Ultimately 15 items with an estimated savings of \$523K were identified for elimination or modification. MRV is integrating these changes into the design documents.

Cornerstone is in the process of submitting the bonds and other prerequisites required for the City to execute the civil site work amendment. It is anticipated this contracting will be completed by early next week. The storm water pollution prevention plan is expected to be filed next week with onsite construction starting in about mid-June.

The project remains on schedule and budget with Construction 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.

It's anticipated the next interim GMP will be presented at the July 12, 2012 Council meeting and that it will include the superstructure and other work required for building enclosure. MRV anticipates completion of the final construction documents in August 2012 and the 100% GMP will be based on those documents.

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

June 5, 2012

Aimee Kniazowski
City Manager
City of Kodiak
710 Mill Bay Road
Kodiak, Alaska 99615

Aimee:

The Kodiak Library Building Committee met on May 30th to consider foundation construction.

The committee had met in mid-May to consider site and foundation construction. Cost estimates from MRV/HMS and Cornerstone General Contractors were reviewed; at that time the two estimates were not aligned and while one was within budget, the other was not. The Building Committee recommended proceeding with site construction; however, action on the foundation construction was delayed until the end of the month, to ensure that cost-estimates were aligned and within budget before proceeding with the foundation.

After HMS and Cornerstone reconciled their cost estimates, estimates were \$8.4 - 8.5 million, respectively. As this was approximately \$0.5 higher than budgeted, Building Committee members, RISE, MRV, and Cornerstone suggested a number of ways to reduce costs, and a list of 15 practical reductions or modifications was created by the design/construction team.

On May 30th Building Committee members reviewed the cost estimates and the list 15 of reductions & modifications necessary to bring the cost within budget. Committee members present unanimously supported proceeding with foundation construction.

Paul Converse

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

Mark Anderson
Melissa Borton
Pat Branson
Paul Converse
Doug Hogen
Sara Thomas

Also participating, via telephone, were:

Glenn Melvin, City Engineer
Roe Sturgulewski, RISE Alaska



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>



**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 Totaling \$735,185

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MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Aimée Kniazowski, City Manager 
Thru: Glenn Melyin, City Engineer and Ian Fulp, Parks and Recreation Director
Date: June 14, 2012  

Agenda Item: V.c. Authorization of Change Order No. 2 to Baranof Park Improvement Project, Project No. 12-05/9001

SUMMARY: Renovation of Baranof Park has been an ongoing effort for many years. Phase I of the project, which included the track and football field, was bid in February. The work identified for Phase II of the project was included in the bid as additive alternates to be awarded contingent upon additional funds being made available through the FY2013 state legislative grant process. Council awarded the bid to Ohno Construction in April of 2012. The Governor approved the state budget in May, and the City received news that the capital budget included funding for Phase II of the park project. The City received special permission from the State Department of Community and Regional Affairs to proceed with the award of the Phase II work prior to finalization of the formal grant paperwork (see Attachment C). This permission results in cost efficiencies and savings, a better quality end product, and the ability to include the baseball infield this summer. Staff and the project engineer recommend Council approve Change Order No. 2 to Ohno Construction in the amount of \$1,576,094.

PREVIOUS COUNCIL ACTION:

- October 14, 2004, accepted a state grant for \$100,000 for the design and engineering of the refurbishment/replacement of the track and field at Baranof Park.
- August 25, 2005, Council authorized a contract with DA Hogan for conceptual design for improvements to Baranof Park track and field.
- October 25, 2007, Council authorized a design contract with DA Hogan for engineering and construction design services for Baranof Park improvements that included replacement of the rubberized track, a synthetic surface for the football field, and a synthetic surface on the baseball field.
- January 13, 2011, adopted Resolution No. 2011-02 listing the phased Baranof Park project as the City's third capital project priority for state funding.
- August 25, 2011, adopted Resolution No. 2011-08, accepting a \$2 million state grant for Phase I of the Baranof Park project.
- February 2, 2012, adopted Ordinance No. 1295, establishing a supplemental appropriation to the budget, which included \$500,000 for Phase I of the Baranof Park field improvement project.
- April 12, 2012, authorized the bid award for Baranof Park Phase I Improvements to Ohno Construction for \$2,996,811.

DISCUSSION: The project bid for Phase I included replacement of the track and the football field. All Phase II items were included as additive alternates to be awarded if the City received the requested

FY2013 funds from the state legislature. The construction bid was awarded to Ohno Construction for \$2,996,811 in April following negotiations that reduced their initial bid price to meet the City's existing \$3 million budget.

The City received news in mid-May that the Governor signed the state's FY2013 budget, which included a grant of \$3.65 million to complete Phase II of the park improvements. This grant amount is \$1.9 million more than the City requested, but reflected the Legislature's intent to provide the funding to complete all needed renovations.

The project team identified opportunities to improve efficiencies and work quality and to reduce costs if work could begin on Phase II elements as soon as possible. The team also recommended the items removed from the Phase I project during negotiations with the contractor be reinstated since full funding would be available with the state's FY2013 grant award.

The Manager held discussions with the City attorney and the grant administrators with the State's Division of Community & Regional Affairs (the department that manages and audits state grants made to communities) to analyze the risks involved in starting work prior to execution of the FY2013 state grant after July 1, 2012. The attorney agreed that the change in circumstances allowed the City to reinstate removed work and proceed with the additive alternates, providing the state would agree to allow the work to begin early and the Council authorized the work. The City Manager received special permission from the State Department of Community and Regional Affairs to proceed with work on Phase II prior to finalization of the formal grant paperwork and receive reimbursement from the FY2013 grant once the grant agreement has been executed (see Attachment C).

Change Order No. 2 consists of the following tasks described in detail in Attachment A:

Items originally included in the Phase I base bid and removed by negotiation with the contractor to reduce the bid to less than \$3,000,000 to allow award of Phase I:

- Furnish and Install Football Goal Posts
- Furnish and Install Asphalt Paving
- Furnish and Install Soccer Goals and Anchors

Items that were Additive Alternates in the Phase I bid to be awarded contingent upon receipt of additional state funds:

- Additive Alternate No. 1, Add "Bear" logo in place of "K" logo
- Additive Alternate No. 2, Add "Full Pour Rubberized Track Surfacing System"
- Additive Alternate No. 3, Construct synthetic turf system in West "D" Zone.
- Additive Alternate No. 4, Construct synthetic turf system in East "D" Zone
- Additive Alternate No. 5, Add "Full Pour Rubberized Surface System" in East "D" Zone
- Additive Alternate No. 6, Add "Sand Catcher" long jump landing area
- Additive Alternate No. 7, Reconstruct baseball infield area to Synthetic Turf System

Additional items required for Phase Two construction:

- Change Order Proposal No. 1, Repair asphalt surface at track due to frost heaving
- Change Order Proposal No. 2, Additional storm water pollution protection plan expense required
- Change Order Proposal No. 3, Finish grading of soils placed at Woody Way Park

ALTERNATIVES:

1. Authorize Change Order No. 2 to Ohno Construction, which is staff's recommendation. See comments above.
2. Do not award the change order to Ohno, which is not recommended because it would cause a delay in the completion of the project and would result in additional costs and a final product of lesser quality.

FINANCIAL IMPLICATIONS: The Baranof Park project work has been phased to provide time for the City to secure adequate funds to do the work. The City will soon have access to the FY2013 state grant in the amount of \$3.65 million for reimbursement of eligible costs for the project. Total available funds for all phases of this project will total approximately \$6.75 million. This funding is adequate to cover the designed improvements for each phase.

LEGAL: The City attorney was consulted on reinstatement of items removed from the bid package during Phase I negotiations with the contractor and the timing of authorizing the Phase II work via change order. He indicated that the City could proceed with the award as recommended by the project team if the state would give permission to begin work on Phase II components prior to execution of the FY2013 grant agreement. The attorney has also been involved in the project, reviewed documents, and provided ongoing project advice to staff.

STAFF RECOMMENDATION: Staff recommends Council authorize Change Order No. 2 for the Baranof Park Improvement Project to Ohno Construction in the amount of \$1,576,094, with funds coming from the Parks and Recreation Capital Improvement fund, Baranof Park Improvements, Project No. 12-05/9001.

CITY MANAGER'S COMMENTS: This project has been on the City's list of facilities needing improvements for many years. In 2010, I asked staff to re-scope and phase the project to improve the chances of receiving outside funding. Staff identified the most logical phasing sequence for the project. During FY2012, we were able to budget \$3 million for Phase I of the project (track replacement and football field and artificial turf installed on the football field) and awarded the bid for Phase I construction with those funds. Now that construction is underway and we've received word that we can reinstate items removed from Phase I, begin the Phase II work, and be able to seek reimbursement from the FY2013 state grant, I support the project team's recommendation that Council approve the change order so we can maximize efforts and minimize costs.

As mentioned above, we will receive \$1.9 million more than requested in the FY2013 grant. These additional funds will give us the opportunity to work on upgrades and/or replacements to complete all phases of the park improvements. There is a great deal of interest in spending the funds among the user groups. However, I want the additional funds used wisely and appropriately. City staff and the project team will be working with the design engineer and designated community and school district representatives to identify and review needs in preparation for future Council approval.

ATTACHMENTS:

- Attachment A: Project Change Order No. 2
- Attachment B: DA Hogan and Associates, Inc. Change Order No. 2 letter of summary, dated June 4, 2012
- Attachment C: E-mail from Jolene Julian with DCRA, dated June 1, 2012

PROPOSED MOTION: Move to authorize Change Order No. 2 to the Baranof Park Improvement Project to Ohno Construction in the amount of \$1,576,094, with funds coming from the Parks and Recreation Capital Improvement Fund, Baranof Park Improvements, Project No. 12-05/9001.

JUNE 14, 2012
Agenda Item V.c. Memo Page 4 of 4



**CITY OF KODIAK
CHANGE ORDER**

CHANGE ORDER NO.: (2)

DATE: June 4, 2012

NAME OF PROJECT: Baranof Park Community Sports Fields and Track Renovation

PROJECT NO.: PN 12-05/9001

CONTRACTOR: Ohno Construction Co.

The following changes are hereby made to the CONTRACT DOCUMENTS:

1. Furnish and Install Football Goal Posts	\$12,908
2. Furnish and Install Asphalt Paving	\$25,000
3. Furnish and Install Soccer Goals and Anchors	\$7,141
4. Additive Alternate #1	\$2,500
5. Additive Alternate #2	\$68,703
6. Additive Alternate #3	\$239,319
7. Additive Alternate #4	\$379,556
8. Additive Alternate #5	\$20,066
9. Additive Alternate #6	\$33,649
10. Additive Alternate #7	\$737,252
11. Change Order Proposal #1	\$15,000
12. Change Order Proposal #2	\$20,000
13. Change Order Proposal #3	\$15,000

Justification: See Attached

Original CONTRACT PRICE: _____ \$2,996,811.00

The CONTRACT PRICE from prior CHANGE ORDERS: _____ \$3,011,811.00

The CONTRACT PRICE due to this CHANGE ORDER will increase: _____ \$1,576,094

The new CONTRACT PRICE including this CHANGE ORDER: _____ \$4,587,905

Additional Calendar Days Requested for this Change Order: _____ 45

Original Contract Completion Date: _____ 8/23/12

Revised Contract Completion Date: _____ 10/7/12

June 4, 2012

City of Kodiak
Public Works
2410 Mill Bay Road
Kodiak AK 99615



Attn: Glenn Melvin, City Engineer

Re: Baranof Park Community Fields and Track Improvements
Change Order No.2

The following is a summary for the changes to the scope of work for the project:

1. Post Bid Addendum #2, Item 8
Furnish and Install Football Goal Posts.

New goal posts were removed from the project to meet original budget. Upon removal of the existing goal posts, they were confirmed to be in poor condition and cannot be re-used.

Total addition is \$12, 908.00

2. Post Bid Addendum #2, Item 3
Furnish and Install Asphalt Paving.

Asphalt pavement was removed from the project to meet the original budget. Asphalt pavement will be installed at maintenance access, and complete pedestrian pathway connections to adjacent walkways and surfaces. Asphalt pavement will provide a handicap accessible pathway to the track and minimize tracking of debris on to the track and field surfaces.

Total addition is \$25,000.00

3. Post Bid Addendum #2, Item 7
Furnish and Install Football Soccer Goals and Anchors.

New portable soccer goals designed for use on synthetic turf were removed from the project to meet original budget.

Total addition is \$7,141.00

4. Additive Alternate #1
Delete mid field "K" logo in synthetic turf and install "Bear" logo in synthetic turf.

Additive alternate represents preferred graphic logo at mid field for new field surface and represents award of an additive alternate bid item as provided for in the bidding documents.

Total addition is \$2,500.00

5. Additive Alternate #2

Delete sandwich rubberized track surfacing system and replace with full pour rubberized track surfacing system, including markings for all base bid areas.

Additive alternate represents preferred rubberized surfacing surface, providing a more durable surface and represents award of an additive alternate bid item as provided for in the bidding documents.

Total addition is \$68,703.00

6. Additive Alternate #3

Complete installation of synthetic turf in west "D" Zone, between track and west end of base bid synthetic turf field.

Additive alternate represents preferred configuration of field, eliminating natural grass surface in lieu of all weather synthetic turf surface. Work includes excavation, drainage backfill with permeable aggregate materials and installation of synthetic turf surface. This represents award of an additive alternate bid item as provided for in the bidding documents.

Total addition is \$239,319.00

7. Additive Alternate #4

Complete installation of sandwich system rubberized track surfacing throughout east "D" Zone, between track and east end of base bid synthetic turf field.

Additive alternate represents preferred configuration of field event areas eliminating natural grass surface in lieu of all weather rubberized surface. Work includes excavation, drainage backfill with non frost susceptible backfill, asphalt pavement and installation of rubberized surfacing. This represents award of an additive alternate bid item as provided for in the bidding documents.

Total addition is \$379,556.00

8. Additive Alternate #5

Delete sandwich rubberized surfacing system in "D" Zone included in Additive Alternate #4 and replace with full pour rubberized track surfacing system, including markings.

Additive alternate represents preferred rubberized surfacing surface, providing a more durable surface and represents award of an additive alternate bid item as provided for in the bidding documents. Cost represents the difference between the sandwich system and the full pour surface.

Total addition is \$20,066.00

9. Additive Alternate #6

Delete base bid long jump pit landing areas and furnish and install "Sand Catcher" long jump landing area system.

Additive alternate represents preferred configuration for long jump pits, allowing for containment of sand during events, and provides covers for long jump pit landing area during non track events.

Total addition is \$33,649.00

10. Additive Alternate #7

Reconstruct baseball field infield area, converting field surface to vertically drained synthetic turf.

Additive alternate represents preferred configuration of baseball infield, eliminating natural soil surface in lieu of all weather synthetic turf surface. Work includes excavation, drainage backfill with permeable aggregate materials and installation of synthetic turf surface. Work also includes revisions to fencing, new foul poles, and reconstruction of the pitcher's mound. This represents award of an additive alternate bid item as provided for in the bidding documents and with work accelerated, allows for all bid work to be completed in the 2012 construction season.

Total addition is \$737, 252.00

11. Change Order Proposal #1

Repair asphalt surface at track due to frost heaving.

Work includes removal and replacement of approximately 2,000 SF asphalt paving in excess of that previously indicated on the contract documents, as well as repair of areas with additional rubberized surfacing that are not within required tolerance, but cannot be repaired with asphalt pavement.

Total addition is \$15,000.00

12. Change Order Proposal #2

Anticipated additional SWPPP expense. (Storm water, pollution, protection plan).

SWPPP allowance was reduced to \$25,000 as a result of bid negotiations; however SWPPP efforts are completed on a time and expenses basis. The change represents additional funding should it be required at soil disposal sites and on the Baranof Park site. Work will be completed on a time and expenses basis.

Total addition is \$20,000.00

13. Change Order Proposal #3

Finish grade disturbed soil areas at Woody Way Park as a result of soil disposal activities.

Work includes an allowance for finish grading of disturbed surface at Woody Way Park. The site was used as a disposal site for excavated material from the field areas. A condition of use of the site for disposal of materials from Kodiak Island Borough was to finish grade and existing soil pile and retain areas previously used for parking. An approximate 2 acre addition of usable park and field space will be the result of the added value of soil disposal and restoration at the Woody Way Site.

Total addition is \$15,000.00

Please do not hesitate to contact me should you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Robert Harding", with a stylized flourish at the end.

Robert Harding
D.A. Hogan & Associates, Inc.

Kniaziowski, Aimee


From: Julian, Jolene M (CED) [jolene.julian@alaska.gov]
Sent: Friday, June 01, 2012 10:29 AM
To: Kniaziowski, Aimee
Cc: Ruby, Scott (CED); Davis, Jill E (CED)
Subject: City of Kodiak Baranof Park Improvements

Hi Aimee.

This email serves as approval for the City of Kodiak to begin work on phase II components of the Baranof Park Improvements now and seek reimbursement from the FY 13 appropriation once the grant agreement has been executed. It has been determined that because the City of Kodiak has been approved for funding by the Legislature for Phase I and Phase II of this project it is approved to proceed into phase II prior to July 1, 2012. This determination was made by Director, Scott Ruby and is specific to this particular project. I have copied the Grants Section Manager as well as the Director on this email. Please let me know if you need any other information. You can expect to receive the FY13 grant award letter in the mail next week. Thanks Aimee.

Jolene Julian, Grant Administrator III
State of Alaska
Commerce, Community & Economic Development
Division of Community and Regional Affairs
P.O. Box 110809 Juneau, AK 99811
☎ 907.465.4758 or 907.465.5867
jolene.julian@alaska.gov

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Aimée Kniazowski, City Manager
Thru: TC Kamai, Chief of Police 
Date: June 14, 2012

Agenda Item: V.d. Authorization of FY2013 Community Jails Contract

SUMMARY: The Alaska Department of Corrections (DOC) is proposing a continuation of the professional services contract with the City to provide short-term community jail confinement of persons held in custody for violations of state law. Staff is recommending the approval of the FY2013 Professional Services Contract for Community Jail Service in the amount of \$1,133,993.

PREVIOUS COUNCIL ACTION: The Council has reviewed and approved similar contracts with DOC for community jail service. The most recent was the FY2012 Community Jails contract approved at a regular meeting on July 28, 2011.

DISCUSSION: The DOC has contracted with the City of Kodiak for many years to operate the 16-bed, 10-day hold Kodiak Jail. Almost from the beginning, City staff has negotiated with the DOC to increase the base contract amount so that funding was commensurate with the actual costs to operate the jail facility. Over the years DOC has conceded and increased the base contract amount, but never to a level that the City's expense for operating the jail was offset completely.

The new Kodiak jail, a 22-bed, 30-day hold facility, opened in February 2011. The base contract amount to operate the new jail that year was \$793,335. Staff has continued to work with DOC to obtain full funding for jail operations. In April 2012, DOC approved a request to increase the base contract amount by \$340,658, to a new total of \$1,133,993. This base contract amount was retroactive to FY2012, and carries forward into FY2013.

DOC is proposing a continuation of the professional services agreement with the City to provide short-term community jail confinement of persons held for violations of state law. They propose a revised base contract amount for FY2013 of \$1,133,993. Staff recommends this contract be authorized.

ALTERNATIVES:

1. Authorize this contract. Staff recommends the Council authorize the City Manager to enter into a professional services contract with the Alaska Department of Corrections to provide short-term community jail confinement. If authorized, things remain status quo, and the City's burden to cover jail operational expenses will be minimal. Quality of life, health and safety will be preserved.

2. Do not authorize the contract. Staff does not recommend this alternative. If this contract for professional services is not authorized, the City will be required to lodge its own prisoners at its own expense. The DOC will have to seek another contractor to provide these services in Kodiak. Ownership and access to the Kodiak Jail may be in dispute. Local quality of life, health, and safety would likely be negatively impacted.

FINANCIAL IMPLICATIONS: The City estimates jail expenses to be \$1,162,733 in FY2013. The base contract amount offered by DOC in FY2013 is \$1,133,993. Staff does not perceive the authorization of this contract for professional services to have a negative financial impact on the City.

STAFF RECOMMENDATION: Staff recommends Council approve the FY2013 professional services contract for community jail services with the DOC in the amount of \$1,133,993, and authorize the City Manager to sign the contract on behalf of the City.

CITY MANAGER'S COMMENTS: I recommend that Council approve the FY2013 professional services contract for community jail service with the Alaska Department of Corrections. Revenues received under this contract offset our costs to operate the jail. Staff is committed to examining all of its expenses for jail operations to ensure that the jail is being operated in the safest, most economical way possible. Staff will also continue to work with DOC to maintain and, if necessary, increase the base contract to cover the maximum amount of operational expenses for jail operations.

ATTACHMENTS:

Attachment A: FY2013 Contract for Professional Services for Community Jail Service

ROPOSED MOTION:

Move to approve the FY2013 professional services contract for community jail service with the Alaska Department of Corrections in the amount of \$1,133,993, and authorize the City Manager to sign the contract on behalf of the City.

STANDARD AGREEMENT FORM FOR PROFESSIONAL SERVICES

1. Agency Contract Number 2031006	2. ASPS Number	3. Financial Coding 20665500-15905-76900007-73076	4. Agency Assigned Encumbrance 2031006
5. Vendor Number CIK84916	6. Project/Case Number Community Jail: Kodiak		7. Alaska Business License Number not applicable
This contract is between the State of Alaska,			
8. Department of Corrections		Division Probation and Parole	hereafter the State, and
9. Contractor City of Kodiak, Police Department			hereafter the Contractor
Mailing Address 217 Mill Bay Road	Street or P.O. Box	City Kodiak	State AK ZIP+4 99615
10. ARTICLE 1. Appendices: Appendices referred to in this contract and attached to it are considered part of it.			
ARTICLE 2. Performance of Service:			
2.1 Appendix A (General Provisions), Articles 1 through 14, governs the performance of services under this contract.			
2.2 Appendix B sets forth the liability and insurance provisions of this contract. See Appendix C for indemnity and insurance related language.			
2.3 Appendix C sets forth the services to be performed by the contractor.			
ARTICLE 3. Period of Performance: The period of performance for this contract begins <u>July 1, 2012</u> , and ends <u>June 30, 2013</u> .			
ARTICLE 4. Considerations:			
4.1 In full consideration of the contractor's performance under this contract, the State shall pay the contractor a sum not to exceed \$ 1,133,993.00 in accordance with the provisions of Appendix D.			
4.2 When billing the State, the contractor shall refer to the Authority Number or the Agency Contract Number and send the billing to:			
11. Department of Corrections		Attention: Division of Administrative Services, Accounting	
Mailing Address PO Box 112000, Juneau, AK 99811-2000		Attention: Devra Hayes (ph. 907-465-3478)	
12. CONTRACTOR		14. CERTIFICATION: I certify that the facts herein and on supporting documents are correct, that this voucher constitutes a legal charge against funds and appropriations cited, that sufficient funds are encumbered to pay this obligation, or that there is a sufficient balance in the appropriation cited to cover this obligation. I am aware that to knowingly make or allow false entries or alterations on a public record, or knowingly destroy, mutilate, suppress, conceal, remove or otherwise impair the verity, legibility or availability of a public record constitutes tampering with public records punishable under AS 11.56.815-.820. Other disciplinary action may be taken up to and including dismissal.	
Name of Firm City of Kodiak			
Signature of Authorized Representative	Date		
Typed or Printed Name of Authorized Representative Aimee Kniazowski			
Title City Manager (ph. 907-486-8000; fax 907-486-8023)			
13. CONTRACTING AGENCY		Signature of Head of Contracting Agency or Designee	Date
Department/Division Corrections / Probation and Parole	Date		
Signature of Project Director		Typed or Printed Name John Schauwecker	
Typed or Printed Name of Project Director Ron Taylor		Title Procurement Manager CPPB, C.P.M.	
Title Director, Probation and Parole (ph. 907-269-7367)		Dept. of Corrections Juneau Procurement Officer (907-465-3399)	

NOTICE: This contract has no effect until signed by the head of contracting agency or designee.

**APPENDIX A
GENERAL PROVISIONS**

Article 1. Definitions.

- 1.1 In this contract and appendices, "Project Director" or "Agency Head" or "Procurement Officer" means the person who signs this contract on behalf of the Requesting Agency and includes a successor or authorized representative.
- 1.2 "State Contracting Agency" means the department for which this contract is to be performed and for which the Commissioner or Authorized Designee acted in a signing this contract.

Article 2. Inspection and Reports.

- 2.1 The department may inspect, in the manner and at reasonable times it considers appropriate, all the contractor's facilities and activities under this contract.
- 2.2 The contractor shall make progress and other reports in the manner and at the times the department reasonably requires.

Article 3. Disputes.

- 3.1 Any dispute concerning a question of fact arising under this contract which is not disposed of by mutual agreement shall be decided in accordance with AS 36.30.620-632.

Article 4. Equal Employment Opportunity.

- 4.1 The contractor may not discriminate against any employee or applicant for employment because of race, religion, color, national origin, or because of age, disability, sex, marital status, changes in marital status, pregnancy or parenthood when the reasonable demands of the position(s) do not require distinction on the basis of age, disability, sex, marital status, changes in marital status, pregnancy, or parenthood. The contractor shall take affirmative action to insure that the applicants are considered for employment and that employees are treated during employment without unlawful regard to their race, color, religion, national origin, ancestry, disability, age, sex, marital status, changes in marital status, pregnancy or parenthood. This action must include, but need not be limited to, the following: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training including apprenticeship. The contractor shall post in conspicuous places, available to employees and applicants for employment, notices setting out the provisions of this paragraph.
- 4.2 The contractor shall state, in all solicitations or advertisements for employees to work on State of Alaska contract jobs, that it is an equal opportunity employer and that all qualified applicants will receive consideration for employment without regard to race, religion, color, national origin, age, disability, sex, marital status, changes in marital status, pregnancy or parenthood.
- 4.3 The contractor shall send to each labor union or representative of workers with which the contractor has a collective bargaining agreement or other contract or understanding a notice advising the labor union or workers' compensation representative of the contractor's commitments under this article and post copies of the notice in conspicuous places available to all employees and applicants for employment.
- 4.4 The contractor shall include the provisions of this article in every contract, and shall require the inclusion of these provisions in every contract entered into by any of its subcontractors, so that those provisions will be binding upon each subcontractor. For the purpose of including those provisions in any contract or subcontract, as required by this contract, "contractor" and "subcontractor" may be changed to reflect appropriately the name or designation of the parties of the contract or subcontract.
- 4.5 The contractor shall cooperate fully with State efforts which seek to deal with the problem of unlawful discrimination, and with all other State efforts to guarantee fair employment practices under this contract, and promptly comply with all requests and directions from the State Commission for Human Rights or any of its officers or agents relating to prevention of discriminatory employment practices.
- 4.6 Full cooperation in paragraph 4.5 includes, but is not limited to, being a witness in any proceeding involving questions of unlawful discrimination if that is requested by any official or agency of the State of Alaska; permitting employees of the contractor to be witnesses or complainants in any proceeding involving questions of unlawful discrimination, if that is requested by any official or agency of the State of Alaska; participating in meetings; submitting periodic reports on the equal employment aspects of present and future employment; assisting inspection of the contractor's facilities; and promptly complying with all State directives considered essential by any office or agency of the State of Alaska to insure compliance with all federal and State laws, regulations, and policies pertaining to the prevention of discriminatory employment practices.
- 4.7 Failure to perform under this article constitutes a material breach of the contract.

Article 5. Termination.

The Project Director, by written notice, may terminate this contract, in whole or in part, when it is in the best interest of the State. The State is liable only for payment in accordance with the payment provisions of this contract for services rendered before the effective date of termination.

Article 6. No Assignment or Delegation.

The contractor may not assign or delegate this contract, or any part of it, or any right to any of the money to be paid under it, except with the written consent of the Project Director and the Agency Head.

Article 7. No Additional Work or Material.

No claim for additional services, not specifically provided in this contract, performed or furnished by the contractor, will be allowed, nor may the contractor do any work or furnish any material not covered by the contract unless the work or material is ordered in writing by the Project Director and approved by the Agency Head.

Article 8. Independent Contractor.

The contractor and any agents and employees of the contractor act in an independent capacity and are not officers or employees or agents of the State in the performance of this contract.

Article 9. Payment of Taxes.

As a condition of performance of this contract, the contractor shall pay all federal, State, and local taxes incurred by the contractor and shall require their payment by any Subcontractor or any other persons in the performance of this contract. Satisfactory performance of this paragraph is a condition precedent to payment by the State under this contract.

Article 10. Ownership of Documents.

All designs, drawings, specifications, notes, artwork, and other work developed in the performance of this agreement are produced for hire and remain the sole property of the State of Alaska and may be used by the State for any other purpose without additional compensation to the contractor. The contractor agrees not to assert any rights and not to establish any claim under the design patent or copyright laws. The contractor, for a period of three years after final payment under this contract, agrees to furnish and provide access to all retained materials at the request of the Project Director. Unless otherwise directed by the Project Director, the contractor may retain copies of all the materials.

Article 11. Governing Law.

This contract is governed by the laws of the State of Alaska. All actions concerning this contract shall be brought in the Superior Court of the State of Alaska.

Article 12. Conflicting Provisions.

Unless specifically amended and approved by the Department of Law the General Provisions of this contract supersede any provisions in other appendices.

Article 13. Officials Not to Benefit.

Contractor must comply with all applicable federal or State laws regulating ethical conduct of public officers and employees.

Article 14. Covenant Against Contingent Fees.

The contractor warrants that no person or agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee except employees or agencies maintained by the contractor for the purpose of securing business. For the breach or violation of this warranty, the State may terminate this contract without liability or in its discretion deduct from the contract price or consideration the full amount of the commission, percentage, brokerage or contingent fee.

BACK 02-093 (04/01/03)

**ALASKA DEPARTMENT OF CORRECTIONS
CONTRACT FOR COMMUNITY JAILS SERVICES
July 1, 2012 through June 30, 2013**

**Appendix C
General Terms**

Parties

The parties to this contract are the Alaska Department of Corrections, and the Borough/City of Kodiak, herein referred to as the "Borough/City".

1. Services

Provide short-term community jail confinement of persons held under **State** law.

This is a contract for the Borough/City to operate a jail facility and hold prisoners in accordance with this contract and The Standards for Jail Operations adopted by the Governor's Task Force on Community Jails (November 18, 1994 edition), hereafter referred to as "The Standards".

The Standards and the final report of the Governor's Task Force are attached as Appendix E to this contract. As adopted by the Governor's Task Force, and as explained in the Document, Chapter 13, sec. 13.05 of Appendix E, these standards were not, and are not, intended to be used in any legal proceeding to establish a "duty of care", or evidence of a legal duty to any person or entity. Rather, these standards were and are intended:

- a. as a statement of professional goals to be achieved;
- b. to promote recognition of needed improvements, both as to facilities and operations;
- c. to promote efficiency; and
- d. to encourage professionalism in the operations of Alaska jails.

As used in this contract, "community jail administrator" has the meaning given in Chapter 13 of The Standards.

As used in this contract, "prisoner" has the meaning given in AS 33.30.901(12), and specifically excludes persons detained under authority of AS 47. This contract allows the Borough/City to hold persons detained under AS 47 in its jail facility, however the Department is authorized to, and will not, compensate the Borough/City for any direct or indirect costs related as AS 47 detainees, including medical or transportation costs.

2. Sole Agreement

This contract is the sole agreement between the parties relating to jail services. There are no other agreements, express or implied. This contract represents the Department's sole obligation for payment for the care and custody of prisoners held at the Kodiak Community Jail participating in the Community Jails Program during the term of the contract. It is the intention of the parties that no other sums will be billed to or owed by the Department for jail services.

3. Effective Date/Termination/Amendments

This contract is effective **July 1, 2012** and continues in force through **June 30, 2013** except that it may be terminated by either party upon ninety (90) days written notice from the terminating party. Contract amendments can be incorporated through appendices or attachments mutually agreed upon and signed by both parties.

4. Responsibilities of the parties

General Responsibilities of the Borough/City

The Borough/City Shall

- a. Operate a facility for the care and confinement of prisoners in accordance with this contract and with goals set out in The Standards, including any additions or deletions to The Standards by the Commissioner of Corrections following notice to all community jail administrators and an opportunity to comment.
- b. Comply with the U.S. Civil Rights Act of 1964, as amended (P.L. 88-35-42 USC secs. 2000e-2 and 2000e-3) and Federal regulations implementing the act in the hiring and treatment of its employees and will not subject any prisoner to discrimination on the grounds of race, creed, color, religion, national origin, sex.
- c. Permit reasonable visitation for prisoners as set out in The Standards. A record or log of all prisoner visitors will be kept indicating date, time and identity of each visitor.
- d. Protect prisoner property by taking proper precautions and providing the necessary policies and procedures to protect the property from loss or destruction.
- e. Not accept a prisoner into the facility under this contract if the person is unconscious or in immediate need of medical attention, and shall not be entitled to reimbursement for immediate medical services provided to such a person. The Borough/City shall provide necessary medical care for prisoners accepted into the facility under this contract, and shall be entitled to reimbursement by the Department for the cost of such care, per Section C6 of this contract.
- f. Immediately notify the Department of Corrections, the nearest post of the Alaska State Troopers, and any police agencies in the general vicinity of the jail facility if a prisoner escapes or leaves the premises of the facility without authority. The Borough/City shall make every reasonable effort to return the prisoner to the facility without cost to the Department of Corrections, as long as there are reasonable grounds to believe the prisoner is within the Borough/City limits.
- g. Adopt and enforce rules concerning smoking by prisoners and staff consistent with State statutes and regulations, keeping in mind the health and welfare of all prisoners and staff personnel.
- h. Maintain prisoner records showing the prisoner's time served, the date and time the prisoner was booked in, the date and time of changes to custody, notations about the prisoner's institutional adjustment, and records of medical and dental treatment. These prisoner records must be in a prisoner's file when they are transferred from the community jail facility to another state correctional facility.

- i. Immediately, but, in no event more than 24 hours following receipt of notice, report to the Department of Corrections all claims concerning the jail facility that could foreseeably affect the legal liability of either party to this contract and cooperate with the Department of Corrections in the defense and/or settlement of the claim.
- j. Purchase and maintain in force at all times during the performance of services under this agreement the policies of insurance listed in the contract. Where specific limits are shown, it is understood that they shall be the minimum acceptable limits. If the Borough's/City's policy contains higher limits, the State shall be entitled to coverage to the extent of such higher limits.
- k. Provide current certificates of insurance to the Department of Corrections prior to the performance of services under this contract and shall provide for a 30-day prior notice of cancellation, non-renewal or material change to any insurance policy. Failure to furnish satisfactory evidence of insurance or lapse of the policy is a material breach and grounds for termination of the Borough/City's services.
- l. Provide and maintain Worker's Compensation Insurance as required by AS 23.30.045 for all employees engaged in work under this contract. The Borough/City shall be responsible for insuring that any subcontractor who directly or indirectly provides services under this contract will maintain Worker's Compensation Insurance. Coverage must include all states in which employees are engaging in work and must include employer's liability protection of not less than \$100,000.00 per person and \$100,000.00 per occurrence.
- m. Provide and maintain comprehensive general liability insurance, with a combined single limit per occurrence of not less than \$1,000,000.00 covering activities associated with or arising out of this contract, to include jail keeper's legal liability coverage. The State shall be added as an additional insured under such policies. The Borough/City shall be solely responsible for the payment of claims or losses to the extent they fall within the deductible amount of such insurance. This insurance shall be primary to any other insurance or self insurance carried by the State.
- n. Provide and maintain comprehensive automobile liability insurance, covering all owned, hired and non-owned vehicles used during the provision of services under this contract with coverage limits not less than \$100,000.00 per person, \$300,000.00 per occurrence bodily injury and \$50,000.00 property damage.
- o. The community jail must use an accounting system that records all expenditures on an ongoing basis and must provide a record of these expenditures to the oversight agency on a quarterly basis in a format prescribed by the oversight agency.
- p. The community jail must prepare and present an annual budget request that reflects the necessary resources required for facility operations. Budget requests will be prepared in the manner and detail prescribed by the oversight agency. The annual budget request will include a staffing plan showing in detail staff assignments and the number of full and part-time positions.
- q. Annual budget request for fiscal year 2013 is due to the Department's state community jail administrator on October 15, 2012.

- r. Annual budget request for fiscal year 2014 is due to the state community jail administrator on October 1, 2012 for inclusion in the annual Department of Corrections' fiscal year 2014 operating appropriations request.
- s. By October 1, 2012, the community jail administrator must provide their request for the fiscal year 2014 capital project request. Failure to meet this deadline may result in no capital project request for fiscal year 2014.
- t. Quarterly financial reports are due to the state community jail administrator on the following dates:
 - July – September 2012 – quarterly and year-to-date financial statement due on October 31, 2012
 - October – December 2012 – quarterly and year-to-date financial statement due on January 31, 2013
 - January – March 2013 – quarterly and year-to-date financial statement due on April 30, 2013
 - April – June 2013 – quarterly financial and year-to-date financial statement due on July 31, 2013
- u. Provide a monthly accounting of prisoner statistics by the 15th day of the month following the monthly period covered on forms provided by the Department of Corrections. The forms shall include specific information on each prisoner housed during the reporting period to include the prisoner's name, the number of man-days, the charge or reason for incarceration, the dates of incarceration, the arresting agency and other information as requested on the forms.

"Man-day" indicates a prisoner was confined for more than four (4) hours in one twenty-four hour calendar day. If a prisoner had been confined for less than or equal to (4) hours in one calendar day, the accounting shall indicate one-half man-day.
- v. Not operate furlough or release programs for pre-sentenced prisoners held, unless ordered by a court. The Borough/City shall not permit a furlough or release for any sentenced prisoners without the consent of the Department of Corrections.
- w. Community Jails accessing the Agency's Alaska Corrections Offender Management System (ACOMS) will require all jail personnel using the ACOMS System to undergo a DOC security check. The Community Jail Administrator will submit the following information for each person accessing the ACOMS System for security review by DOC:
 - (1) Full name
 - (2) Residence address
 - (3) Telephone
 - (4) Date of birth
 - (5) Valid drivers license and state of issue, or other photo identification

(6) Social Security number

The Jail Administrator, with assistance from the Community Jail Coordinator, will develop Policy and Procedures for monitoring jail staff to ensure system security, confidentiality and the use of the ACOMS System only for Community Jail business. The Jail Administrator will immediately notify the Community Jail Coordinator if jail staff with access to the ACOMS System leave their employment.

Community Jails will be responsible for ongoing telecommunications costs such as line charges, connection fees and internet service provider fees, etc.

5. General Responsibilities of the Department of Corrections

The Department of Corrections shall:

- a. Reimburse the Borough/City for necessary medical care under section C6 of this Contract.
- b. Not be responsible for the management of local jail facility prisoner population. It is the policy of the Department of Corrections to detain and confine only prisoners from the normally serviced region of the respective facilities. However, in the case of an emergency or for necessary population or security management purposes, prisoners may be transferred from other areas of the State.
- c. The Contractor shall indemnify, hold harmless, and defend the contracting agency from and against any claim of, or liability for error, omission or negligent act of the Contractor under this agreement. The Contractor shall not be required to indemnify the contracting agency for a claim of, or liability for, the independent negligence of the contracting agency. If there is a claim of, or liability for, the joint negligent error or omission of the Contractor and the independent negligence of the Contracting agency, the indemnification and hold harmless obligation shall be apportioned on a comparative fault basis. "Contractor" and "Contracting agency", as used within this and the following article, include the employees, agents and other contractors who are directly responsible, respectively, to each. The term "independent negligence" is negligence other than in the Contracting agency's selection, administration, monitoring, or controlling of the Contractor and in approving or accepting the Contractor's work.
- d. Be permitted to inspect, at all reasonable times, any facility used by the Borough/City to house prisoners that are confined, in order to determine if that facility is complying with The Standards and with this agreement.
- e. Provide on-going technical assistance and training for community jails requesting access to the ACOMS System. The Department of Corrections will conduct security checks, with information provided by the Jail Administrator, for all jail staff requesting access to the ACOMS System. All related telecommunications charges (such as telephone company lines fees or tolls and internet service provider fees, or special charges for initial line installation) will be the responsibility of the community jail.

6. Medical and Dental Care and Reimbursement

The Borough/City shall:

- a. Provide necessary medical care to prisoners accepted into the community jail facility under this contract. Prisoners who require medical attention are to be provided treatment as soon as possible, taking into consideration the nature of the illness or injury. If medical care is provided outside of the jail facility, the community jail administrator shall provide transport to the off-site medical facility and necessary security as required by paragraph 7a of this contract.

As used in this contract, "necessary medical care" has the meaning given in Chapter 13 of The Standards. If requirements of this definition are otherwise met, the following are included within the term "necessary medical care" and subject to reimbursement:

- (1) psychological or psychiatric care; and
- (2) dental care to:
 - i. control bleeding;
 - ii. relieve pain;
 - iii. eliminate acute infection;
 - iv. prevent pulp decay and imminent loss of teeth through operative procedures; and
 - v. treat injuries to teeth or repair supporting dental structures, caused by accident or injury.
- b. Maintain control of and dispense medicines to prisoners in compliance with The Standards and directions specified by a physician or other qualified health care provider, and take reasonable steps to guard against misuse or overdose of medicines by prisoners.
- c. Adopt emergency medical procedures and make available telephone numbers for medical, psychiatric, or other health services, so that staff will have ready access to such information.
- d. Obtain approval from the Department before incurring liability for medical care which reimbursement is sought, except in the case of emergency care that must be provided to the prisoner before approval from the Department of Corrections can be obtained. The Borough/City shall make a reasonable effort to obtain approval from the Department of Corrections and shall promptly, but in no event later than the next working business day, notify the Department of Corrections of any emergency for which medical care was provided before such approval could be obtained. Approval from the Department of Corrections will not be unreasonably withheld. To obtain approval Borough/City staff should contact the Department of Corrections Central Office during normal working hours Monday through Friday 8:00am to 4:30pm at (907) 269-7300, after hours, weekends and holidays contact the Anchorage Correctional Complex Medical Unit at (907) 269-4233.
- e. Be entitled to reimbursement from the Department of Corrections for expenses of necessary medical care provided under paragraph 6a and approved under paragraph 6d. In applying for reimbursement, the Borough/City must follow the

procedure set out in paragraph 6f. The Borough/City will not be entitled to reimbursement for the hiring of emergency guards or other medically related security costs, or for medical care for persons

- (1) held under the authority of AS 47,
- (2) accepted into the facility while unconscious or in immediate need of medical attention,
- (3) receiving medical services for elective, cosmetic or other medical services that are not necessary medical care, or

Medical services provided to prisoners who have been properly accepted into the Borough/City jail facilities under this contract shall not, however, be challenged by the Department merely because they were rendered immediately or shortly after the prisoner was accepted.

f. Request reimbursement by submitting to the Department of Corrections a properly certified accounting containing:

- (1) a copy of the medical bill with the prisoner's name and a description of the services rendered,
- (2) a copy of the monthly booking form showing the prisoner's date and time of booking, and
- (3) a copy of the medical payment request form.

The community jail administrator will make reasonable effort and take appropriate steps to assure that the Department of Corrections is billed only for necessary and required medical services beyond the payment limits of the prisoner or any insurance carrier or other third-party payer.

7. Transfers and Transportation of Prisoners

The parties agree that:

- a. The Borough/City shall provide transportation and supervision for medical care provided within local boundaries as required by paragraph 6(a). Supervision must be adequate to prevent escapes, prevent inappropriate contact with others, prevent possession of contraband and provide security for the prisoner and the public.
- b. The Borough/City shall immediately notify the Department to request that a prisoner be transferred from the facility to one outside of local boundaries because;
 - (1) a court has ordered the transportation;
 - (2) the prisoner has been incarcerated in the facility for 30 consecutive days, unless a court has ordered that the prisoner remain in the facility or the prisoner has signed a written waiver requesting to remain in the facility; or

(3) the community jail administrator believes a transfer is necessary for security or population management reasons.

- c. The Borough/City shall continue to hold prisoners, notwithstanding the existence of grounds for a transfer, until the Department arranges transportation for the prisoner.
- d. The City shall, when the prisoner leaves the facility, furnish the transporting officer with the prisoner's file described in paragraph 4h of this agreement.

8. Electronic Monitoring

The Borough/City has the option to use electronic monitoring. If the Borough/City is interested in electronic monitoring, please contact DOC to coordinate a memorandum of agreement and utilization of the DOC BI, Inc. Electronic Monitoring contract.

**ALASKA DEPARTMENT OF CORRECTIONS
CONTRACT FOR COMMUNITY JAIL SERVICES
July 1, 2012 through June 30, 2013**

**Appendix D
Payment Provisions**


1. The total contract amount for the City of Kodiak is **\$1,133,993.00** for the period from **July 1, 2012 through June 30, 2013** and represents the total payment due. 22 Beds
2. It is specifically agreed by the parties that the Department of Corrections is not funded for and will not provide annual in-service training as set out in Section 10.01 of The Standards, unless funding is provided by the Alaska Legislature or the City.
3. The City shall be prohibited from utilizing funds received under this contract for any purpose other than operation of community jail facility. Any funds received by the City under this contract that are utilized for purposes other than those authorized by this contract shall be reimbursed to the State and deposited to the general fund.

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Appendix List:

- A General Provisions
- ~~B Indemnity and Insurance~~ See Appendix C for indemnity and insurance related language
- C General Terms
- D Payment Provisions
- E State of Alaska, Community Jails Program: Standards for Jail Operation
As produced and adopted by the Governor's Task Force on Community Jails,
November 1994

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Aimée Kniaziowski, City Manager 
Date: June 14, 2012

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

SUMMARY: The City of Kodiak has contracted with the Humane Society of Kodiak for the operation of the City animal shelter since 1995. The FY2013-2014 contract reflects slight rate increases for both years of the proposed agreement. The FY2013 operating budget also reflects a contract rate of \$105,000. Staff supports the work the Humane Society does for the City and community and recommends Council authorize the two-year contract with the Humane Society of Kodiak.

PREVIOUS COUNCIL ACTION:

- Council has reviewed and approved multiple service contracts with the Humane Society since 1995
- Council authorized the most recent contract for FY2011-FY2012 on July 22, 2010
- Humane Society representatives made a presentation on the services provided and the FY2013-2014 funding request to the Council at the April 24, 2012 work session

BACKGROUND: The Kodiak Island Borough participated in funding operations at the animal shelter for many years through contracts with the City, which also covered the provision of animal control services outside the City boundaries. The Borough discontinued funding and contract support for that program in FY2012 and do not have plans to reinstate it due to budget concerns.

DISCUSSION: The City and the Humane Society have been partners in providing a successful animal shelter for the past eighteen years. The Council authorizes two-year agreements for the operation of the shelter, the last of which will expire on June 30, 2012. The term of this proposed contract is once more for a two-year term. The FY2013 budget includes funding for the contract at \$105,000. The proposed agreement reflects a \$3,288 increase for FY2013 to cover increased costs and to address staff salaries. The proposed cost for FY2014 is \$108,000.

Staff met with the Humane Society board president and shelter manager in early April to review their contract and requested two-year budget. City staff recognized the effort the Society puts into looking for supplementary funding, including active local fundraising efforts. Staff also understands the need for incremental funding increases and supports the proposed increases.

ALTERNATIVES:

- Approve the proposed two-year contract as requested, which is staff's recommendation.
- Amend the agreement, which is not recommended

JUNE 14, 2012
Agenda Item V.e., Memo, Page 1 of 2

- Do not approve a contract, which is not recommended.

FINANCIAL IMPLICATIONS: The FY2013 KPD budget section for animal control services reflects the \$105,000 requested.

STAFF RECOMMENDATION: Staff recommends Council approve the attached two-year contract, ending June 30, 2014, with the Humane Society of Kodiak for the operation of the Kodiak Animal Shelter, in the amount of \$105,000 for FY2013 and \$108,000 for FY2014, with funds coming from the General Fund, Police Department, Animal Control account.

CITY MANAGER'S COMMENTS: The City is fortunate to have a viable and active nonprofit organization run the animal shelter. The shelter enjoys wide community support. Costs would be much higher if City employees staffed the shelter. I support the Humane Society's request for a renewed two-year agreement and support their requested increases over the term of the agreement. I recommend Council authorize the two-year agreement.

ATTACHMENTS:

- Attachment A: Humane Society FY2013-FY2014 Budget proposal and narrative for shelter Operations
- Attachment B: Draft FY2013-2014 contract between the Humane Society of Kodiak and the City

PROPOSED MOTION:

Move to authorize a two-year Animal Shelter Operation contract, ending June 30, 2014, with the Humane Society of Kodiak in the amount of \$105,000 for FY2013 and \$108,000 for FY2014, with funds coming from the General Fund, Police Department, Animal Control account.

HUMANE SOCIETY OF KODIAK
FY2013 AND FY2014 BUDGET NARRATIVE
Kodiak Animal Shelter Operations

Payroll - The shelter currently operates under the direction of (1) FT Manager and (1) FT Assistant Manager. Additional employees include (3) two part-time Shelter Assistant positions, whose hours range from 10 -25 per week and primary responsibilities are the health and welfare of the animals in residence at the Shelter. This level of staffing is the bare minimum necessary in to ensure that the shelter operations run efficiently and the shelter itself is a safe and healthy environment for both the animals and the public.

Payroll Taxes - The current rate of payroll taxes is 11% of personnel expenses. The taxes include, but are not limited to, all required federal payroll taxes and state unemployment. The budget reflects the 13% payroll tax based on budgeted personnel expenses.

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

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

Euthanasia - Incineration and related veterinary expenses - Increased costs, combined with increased numbers, necessitate this request.

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

Building Maintenance - This category includes any emergency situation, i.e. water line break on the washing machine, broken windows, vandalism which would have to be repaired immediately, etc.

Electricity - The cost of electricity has increased substantially, no matter how much we attempt to conserve energy.

Garbage Service - We have historically minimized the usage of the on-site dumpster in order to avoid excessive costs, which were not factored in to prior year budgets.

Heating Fuel - Self explanatory. We have, historically, kept the thermostat at a barely functional level for staff. We do not propose a tropical environment, but would want staff comfortable.

Telephone/Internet - Phone service and internet costs have increased on a yearly basis, which has not been factored in to previous years requests.

Insurance (Workmen's Comp and General Liability) Workers Compensation is at an approximate rate of 9.45% per \$100 in payroll expenses. General Liability insurance is on average \$1200 per year.

Kodiak Animal Shelter Yearly Operational Budget FY13

EXPENSES	July	August	September	October	November	December	January	February	March	April	May	June	Total
Personnel:													
Shelter Manager \$	2,774.00	2,774.00	2,774.00	2,774.00	2,774.00	2,774.00	2,774.00	2,774.00	2,774.00	2,774.00	2,774.00	2,774.00	33,288.00
Shelter Assistant I \$	1,695.00	1,695.00	1,695.00	1,695.00	1,695.00	1,695.00	1,695.00	1,695.00	1,695.00	1,695.00	1,695.00	1,695.00	20,340.00
Shelter Assistant II \$	1,365.00	1,365.00	1,365.00	1,365.00	1,365.00	1,365.00	1,365.00	1,365.00	1,365.00	1,365.00	1,365.00	1,365.00	16,380.00
Shelter Technician I \$	1,365.00	1,365.00	1,365.00	1,365.00	1,365.00	1,365.00	1,365.00	1,365.00	1,365.00	1,365.00	1,365.00	1,365.00	16,380.00
													\$ 0.00
Shelter Technician III \$	369.00	369.00	369.00	369.00	369.00	369.00	369.00	369.00	369.00	369.00	369.00	369.00	4,428.00
Payroll Total \$	7,568.00	7,568.00	7,568.00	7,568.00	7,568.00	7,568.00	7,568.00	7,568.00	7,568.00	7,568.00	7,568.00	7,568.00	90,816.00
Payroll Taxes 11% \$	805.20	805.20	805.20	805.20	805.20	805.20	805.20	805.20	805.20	805.20	805.20	805.20	9,662.40
Personnel Total \$	8,373.20	8,373.20	8,373.20	8,373.20	8,373.20	8,373.20	8,373.20	8,373.20	8,373.20	8,373.20	8,373.20	8,373.20	100,478.40
Facilities													
Electricity \$	310.00	310.00	310.00	310.00	310.00	310.00	310.00	310.00	310.00	310.00	310.00	310.00	3,720.00
Heating Fuel \$	417.00	417.00	417.00	417.00	417.00	417.00	417.00	417.00	417.00	417.00	417.00	417.00	5,000.00
Garbage Services \$	210.00	210.00	210.00	210.00	210.00	210.00	210.00	210.00	210.00	210.00	210.00	210.00	2,520.00
Telephone/Internet \$	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	720.00
Office/Cleaning Supplies \$	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	3,600.00
Maintenance \$	250.00	0.00	0.00	250.00	0.00	0.00	250.00	0.00	0.00	250.00	0.00	0.00	1,000.00
Total Facilities \$	1,547.00	1,297.00	1,297.00	1,547.00	1,297.00	1,297.00	1,547.00	1,297.00	1,297.00	1,547.00	1,297.00	1,293.00	16,560.00
Euthanasia													
Incineration \$	233.00	233.00	233.00	233.00	233.00	233.00	233.00	233.00	233.00	233.00	233.00	233.00	2,800.00
Vet Services \$	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	700.00
Total Euthanasia \$	291.00	291.00	291.00	291.00	291.00	291.00	291.00	291.00	291.00	291.00	291.00	291.00	3,500.00
Education & Training													
Employee Training			500.00						500.00				1,000.00
Community Education			250.00						250.00				500.00
Total Training			750.00						750.00				1,500.00
Insurance													
General Liability \$	1,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,000.00
Workers Comp \$	5,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,000.00
Total Insurance \$	6,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,000.00
Total Expenses \$	18,211.20	9,961.20	10,711.20	10,211.20	9,961.20	9,961.20	10,211.20	9,961.20	10,713.20	10,213.20	9,963.20	9,959.20	128,038.40
INCOME													
City of Kodiak \$	8,750.00	8,750.00	8,750.00	8,750.00	8,750.00	8,750.00	8,750.00	8,750.00	8,750.00	8,750.00	8,750.00	8,750.00	105,000.00
Adoption Fees \$	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	15,000.00
Animal Drop-off Fees \$	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	1,800.00
Kennel Fees \$	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	900.00
HSK Donations \$	4,627.80		354.30						356.30				5,338.40
Total Income \$	14,852.80	10,225.00	10,579.30	10,225.00	10,225.00	10,225.00	10,225.00	10,225.00	10,581.30	10,225.00	10,225.00	10,225.00	128,038.40

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Kodiak Animal Shelter Yearly Operational Budget FY14

EXPENSES	July	August	September	October	November	December	January	February	March	April	May	June	Total
Personnel:													
Shelter Manager \$	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	31,200.00
Director Assistant I \$	1,768.00	1,768.00	1,768.00	1,768.00	1,768.00	1,768.00	1,768.00	1,768.00	1,768.00	1,768.00	1,768.00	1,768.00	21,216.00
Shelter Assistant II \$	1,517.00	1,517.00	1,517.00	1,517.00	1,517.00	1,517.00	1,517.00	1,517.00	1,517.00	1,517.00	1,517.00	1,517.00	18,204.00
Shelter Technician I \$	1,517.00	1,517.00	1,517.00	1,517.00	1,517.00	1,517.00	1,517.00	1,517.00	1,517.00	1,517.00	1,517.00	1,517.00	18,204.00
Shelter Technician II \$	390.00	390.00	390.00	390.00	390.00	390.00	390.00	390.00	390.00	390.00	390.00	390.00	4,680.00
Payroll Total \$	7,792.00	7,792.00	7,792.00	7,792.00	7,792.00	7,792.00	7,792.00	7,792.00	7,792.00	7,792.00	7,792.00	7,792.00	93,504.00
Property Taxes 11% \$	858.00	858.00	858.00	858.00	858.00	858.00	858.00	858.00	858.00	858.00	858.00	858.00	10,298.00
Personnel Total \$	8,650.00	8,650.00	8,650.00	8,650.00	8,650.00	8,650.00	8,650.00	8,650.00	8,650.00	8,650.00	8,650.00	8,650.00	103,800.00
Facilities													
Electricity \$	310.00	310.00	310.00	310.00	310.00	310.00	310.00	310.00	310.00	310.00	310.00	310.00	3,720.00
Heating Fuel \$	417.00	417.00	417.00	417.00	417.00	417.00	417.00	417.00	417.00	417.00	417.00	417.00	5,004.00
Storage Services \$	210.00	210.00	210.00	210.00	210.00	210.00	210.00	210.00	210.00	210.00	210.00	210.00	2,520.00
Telephone/Internet \$	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	720.00
Cleaning Supplies \$	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	3,600.00
Maintenance \$	250.00	0.00	0.00	250.00	0.00	0.00	0.00	0.00	0.00	250.00	0.00	0.00	1,000.00
Total Facilities \$	1,547.00	1,297.00	1,297.00	1,547.00	1,297.00	1,297.00	1,547.00	1,297.00	1,297.00	1,547.00	1,297.00	1,297.00	16,564.00
Euthanasia													
Incineration \$	233.00	233.00	233.00	233.00	233.00	233.00	233.00	233.00	234.00	234.00	234.00	234.00	2,800.00
Vet Services \$	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	59.00	59.00	59.00	59.00	700.00
Total Euthanasia \$	291.00	291.00	291.00	291.00	291.00	291.00	291.00	291.00	293.00	293.00	293.00	293.00	3,500.00
Educations & Training													
Employee Training \$			500.00						500.00				1,000.00
Community Education \$			250.00						250.00				500.00
Total Training \$			750.00						750.00				1,500.00
Insurance													
General Liability \$	1,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,000.00
Workers Comp \$	5,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,000.00
Total Insurance \$	6,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,000.00
Total Expenses \$	16,488.00	10,238.00	10,986.00	10,488.00	10,238.00	10,238.00	10,488.00	10,238.00	10,990.00	10,490.00	10,240.00	10,240.00	131,364.00
INCOME													
City of Kodiak \$	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	108,000.00
Adoption Fees \$	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00	13,200.00
Drop-off Fees \$	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	1,800.00
Kennel Fees \$	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	900.00
HSK Donation \$	6,163.00	0.00	145.00	163.00	0.00	0.00	163.00	0.00	665.00	165.00	0.00	0.00	7,464.00
Total Income \$	16,488.00	10,325.00	10,470.00	10,488.00	10,325.00	10,325.00	10,488.00	10,325.00	10,990.00	10,490.00	10,325.00	10,325.00	131,364.00

DRAFT
CITY OF KODIAK
CONTRACT NO. _____
ANIMAL SHELTER SERVICES

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

ARTICLE I

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

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

2. Term of Contract. This contract will be effective from July 1, 2012, and continue in force until June 30, 2014, except that, in addition to the termination provisions in Section 6 (Insurance), it may be terminated by either party upon thirty (30) days written notification to the other. This Contract may also be amended by written agreement of the parties.

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

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

5. Contractor Qualified and Responsible for Personnel. (a) The Contractor represents it has, or will secure at its own expense, all personnel required to perform this Contract in a timely and proper manner. Such personnel shall not be employees or have any contractual relationship

with the City, and the City shall have no responsibility or liability whatsoever to any of said persons, or for the acts or omissions of any said persons.

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

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

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

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

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

(d) Notice of Cancellation Required. Ten (10) days Notice of Cancellation or Change, Non-Renewal, Reduction and/or Materials Change shall be sent to: City Clerk, 710 Mill Bay Road, Room 220, Kodiak AK 99615.

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

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

One (1) copy of Certificate of Public Liability Insurance

(f) Continuation of Coverage. If the above coverage expires during the term of this Contract, Contractor shall deliver renewal certificates and/or policies to the City of Kodiak at least ten (10) days prior to the expiration date. Contractor shall not commence with operations under this Contract until they have obtained the coverage required under the terms of this Contract. All coverage shall be with insurance carriers licensed and admitted to do business in the State of Alaska. All coverage shall be with carriers acceptable to the City of Kodiak. If Contractor fails to comply with the insurance requirements of this Contract, the City of Kodiak may terminate the Contract on ten (10) days written notice. Contractor covenants to maintain all insurance policies required in this Contract for the period of time in which a person may commence a civil action as prescribed by the applicable statute of limitations. The coverage required by this Contract shall cover all claims arising in connection with Contractor's use under this Contract, whether or not asserted during the term of this Contract and even though judicial proceedings may not be commenced until after this Contract expires.

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

directly or indirectly provides services under this Contract.

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

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

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

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

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

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

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

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

(g) Entire Agreement. This Contract sets forth all the terms, conditions, and agreements of the parties and supersedes any previous understandings or agreements regarding the Animal Shelter whether oral or written. No modification or amendment of this Contract is effective unless in writing and signed by both the parties.

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

ARTICLE II

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

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

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

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

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

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

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

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

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

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

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

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

(c) Animals which are not reclaimed by owners within seventy-two hours after compliance with the provisions of KCC 7.04.118(a) or any other applicable provisions of law governing

notification to the owner or custodian and are deemed suitable for adoption will become available for adoption to responsible persons.

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

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

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

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

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

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

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

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

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

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

ARTICLE III

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

1. Assistance to Contractor's Agents. The ACO will provide assistance to the Contractor's agents upon the agent's request. Upon receiving a request for assistance, the ACO will evaluate the priority of the agent's request and respond in accordance with the terms of this contract, the policies and procedures of the City of Kodiak and the Kodiak Police Department, as time and other duties permit.

2. Amount of Contract, Method and Computation of Payment.

(a) The City shall pay the Contractor \$105,000 for FY2013 and \$108,000 for FY2014.

(b) The City shall pay the Contractor in equal quarterly installments, in advance.

(c) The Contractor shall be required to provide and pay for all consumable supplies and equipment, including but not limited to, food, cat litter, body bags, leashes, cleaning materials, paper, and medicines. The Contractor shall pay for veterinary care, and all utilities, with the exception of sewer and water services.

(d) The City shall provide the facility, license forms, dog license tags, and one telephone line.

IN WITNESS WHEREOF, the parties hereto have hereunder set their hands this ____ day of _____ 2012.

CITY OF KODIAK
710 Mill Bay Road
Kodiak, AK 99615

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

Aimée Kniaziowski, City Manager

Karen Yashin, President

Attest:

Witness:

Debra L. Marlar, City Clerk

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MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Aimée Kniazowski, City Manager *AK*
Thru: Mark Kozak, Public Works Director *MK*
Date: June 14, 2012

Agenda Item: V.f. **Authorization to Purchase Public Works Vehicle from CH2M HILL**

SUMMARY: CH2M HILL provided a vehicle for their onsite project representative as part of the professional service contract for project management with CH2M HILL for the UV disinfection facility. The City discussed options for this vehicle with CH2M HILL and the State Grant and Loan group and determined what cost of the vehicle would be grant reimbursable. We were able to get substantial grant support that allowed CH2M HILL to purchase a new vehicle with the intention that the City would purchase it at the end of the project. The project representative is no longer on site, and CH2M HILL is ready to turn the vehicle over to the City. The Public Works Director recommends Council authorize the purchase of this 2010 F-150 super cab pickup from CH2M HILL for Public Works in the amount of \$13,866.

PREVIOUS COUNCIL ACTION:

- In January 2011 the City Council approved a professional service contract with CH2M HILL for the UV Disinfection Facility. As part of the contract, CH2M HILL was to provide a vehicle for their onsite project representative.
- May 8, 2012, Public Works Director Mark Kozak made a presentation to Council at the work session requesting the purchase of this vehicle, which would result in a substantial savings over a new vehicle.

DISCUSSION: When CH2M HILL did project management on the Wastewater Treatment plant upgrade project, they provided their onsite project representative with a new vehicle that the City helped to spec out. When the project was complete, the City was to purchase this vehicle from CH2M HILL at a greatly reduced cost, since the project paid for its use. Having done this in the past, staff discussed this possibility with CH2M HILL, since Public Works already had a vehicle budgeted for replacement in FY2012. At the City's request, the Alaska Department of Environmental Conservation (ADEC) grant department evaluated the cost of a leased vehicle, rented vehicle, purchase of a new vehicle, or use of an older CH2M HILL fleet vehicle.

With support of the ADEC grant, CH2M HILL was able to purchase a new vehicle for basically the same monthly rate as a leased vehicle. The grant covered 70% of the monthly cost with the project loan

covering the remaining 30%. With the project completed, CH2M HILL can sell the vehicle to the City for the remaining cost on the vehicle. Calculations showed that the cost to the City at the end of 16 months would be \$12,866. The construction portion of the project has been successful and finished ahead of schedule, so the City's cost to purchase the vehicle from CH2M HILL is \$13,866.

The Public Works Department often needs a vehicle with a seating capacity greater than three seats. After discussion, staff felt CH2M HILL could purchase a pickup with an extended cab that could safely carry four adults or more. The City's intent is to have the building inspectors use this vehicle, and when occasional seating is needed, it can be used by others within the Public Works Department.

Public Works budgeted for a replacement pickup for the building inspectors in FY 2011. When the UV project started, the department deferred the purchase and planned to replace it with the pickup from the UV project when the project was completed. The UV project straddled fiscal years so the department budgeted the purchase in FY2012 Water Utility Enterprise Fund, machinery and equipment line item.

Staff used this process to meet the project needs and for the City to get the most out of the project funding and vehicle replacement savings.

Attached is the equipment evaluation by the Public Works shop recommending replacement of building department pickup.

ALTERNATIVES: Public Works staff evaluated multiple options to make good use of the project funding and save the City some cost in replacing a fleet vehicle. This worked well when it was done as part of the wastewater treatment plant project, and with ADEC grant support has provided some cost saving to the City. Council may:

1. Authorize the purchase of the CH2M HILL vehicle at the reduced rate, which is staff's recommendation, because it will provide Public Works with a needed fleet vehicle and will do so at half the cost of a new vehicle.
2. Do not authorize this purchase, which is not recommended, because it would eliminate the cost savings and the opportunity for the City to apply the ADEC project reimbursement to the purchase of this almost new vehicle now that the project is completed.

FINANCIAL IMPLICATIONS: The FY2012 Water Utility budget contains \$26,000 for the replacement cost of a new fleet vehicle, which is sufficient to make this purchase.

STAFF RECOMMENDATION: Staff recommends that Council approve the purchase of this 2010 F-150 super cab in the amount of \$13,866, with the funds coming from the water utility account machinery and equipment account number 550.560.360.470.126.

CITY MANAGER'S COMMENTS: I support Mark's recommendation to authorize the purchase of this almost new Ford F150 super cab pickup truck purchased by CH2M HILL for use on the UV plant construction project. The City will receive an almost new vehicle, paid in part through ADEC grant reimbursements, at a substantial cost savings. I appreciate Mark's research and continuing attempts to save money.

ATTACHMENTS:

- Attachment A: CH2M HILL UV Project vehicle purchase agreement
- Attachment B: ADEC vehicle purchase approval
- Attachment C: DPW mechanic evaluation of PU No.8
- Attachment D: CIP replacement vehicle nomination form

PROPOSED MOTION:

Move to authorize the purchase of the 2010 Ford F150 pickup truck from CH2M HILL for \$13,866, with funds coming from the Water Utility Fund, machinery and equipment account.



STANDARD AGREEMENT FOR PROFESSIONAL SERVICES

CH2M HILL'S OFFICE ADDRESS: 949 E 36th Ave, Suite 500 Anchorage, AK 99508

CH2M HILL'S PROJECT NO.: 417947

PROJECT NAME: Agreement regarding Grant Eligibility of the Project Vehicle Purchase for the Kodiak UV Disinfection Facility Construction Phase Services Project

CLIENT: City of Kodiak

CLIENT'S ADDRESS: 2410 Mill Bay Road Kodiak, AK 99615

CLIENT requests and authorizes CH2M HILL Engineers, INC. (hereinafter "CH2M HILL") to perform the following Services:

Scope of Services

On January 14, 2011, the CLIENT fully executed an Agreement with CH2M HILL for a project generally described as "Kodiak UV Disinfection Facility Construction Phase Services". Within that Agreement, the parties agreed to the budget associated with reimbursement to CH2M HILL by the Client for the purchase by CH2M HILL on behalf of the Client of a project vehicle described as a 2010 Ford F150 4x4 from Kodiak Motors, to be used by CH2M HILL's full-time Resident Project Representative for the duration of the project.

The purpose of this separate, related Agreement is solely for the CLIENT's use in submitting the project vehicle charges as eligible for grant funding.

Attached is the detailed cost table showing monthly reimbursement fees from the Client to CH2M HILL for costs associated with the purchase of the project vehicle, inclusive of the purchase price, sales tax, title, registration, licensing, financing, insurance and fleet administration costs. The invoice from Kodiak Motors is also attached.

CH2M HILL will bill the Client \$1,225/month plus the contractual expense markup as shown in the attached detailed cost table. Additional amounts for monthly usage expenses such as gas, oil, and routine maintenance will be billed to the CLIENT and are not shown in the attached detailed cost table.

Compensation

There is no additional Compensation by CLIENT to CH2M HILL associated with this Agreement. The purpose of this Agreement is solely for the CLIENT's use in submitting the project vehicle as eligible for grant funding. The budget for costs associated with the purchase and usage of the project vehicle were included in the Agreement between the CLIENT and CH2M HILL fully executed on January 14, 2011 for a project generally described as "Kodiak UV Disinfection Facility Construction Phase Services".

Schedule

N/A

Other Terms

Nothing in this Agreement shall nullify or void the Agreement between the CLIENT and CH2M HILL that was fully executed on January 14, 2011 for a project generally described as "Kodiak UV Disinfection Facility Construction Phase Services".

Services covered by this AGREEMENT will be performed in accordance with the Provisions and any attachments or schedules. This AGREEMENT supersedes all prior agreements and understandings and may only be changed by written amendment executed by both parties.

CLIENT:

Signature: Mark Kozak

Name (printed): MARK KOZAK

Title: PW Director

Date: 3/23/11

CH2M HILL Engineers, INC.:

Signature: Floyd Dameron

Name (printed): Floyd Dameron P.E.

Title: IP & Senior Project Manager

Date: 3/23/2011

PROVISIONS

1. Authorization to Proceed

Execution of this AGREEMENT by CLIENT will be authorization for CH2M HILL to proceed with the Services, unless otherwise provided for in this AGREEMENT.

2. Cost Opinions

Any cost opinions or Project economic evaluations provided by CH2M HILL will be on a basis of experience and judgment, but, since CH2M HILL has no control over market conditions or bidding procedures, CH2M HILL cannot warrant that bids, ultimate construction cost, or Project economics will not vary from these opinions.

3. Standard of Care

The standard of care applicable to CH2M HILL's services will be the degree of skill and diligence normally employed by professional engineers or consultants performing the same or similar services at the time CH2M HILL's services are performed. CH2M HILL will re-perform any services not meeting this standard without additional compensation.

4. Termination

This AGREEMENT may be terminated for convenience on 30 days written notice or if either party fails substantially to perform through no fault of the other and does not commence correction of such nonperformance within 5 days of written notice and diligently complete the correction thereafter. On termination, CH2M HILL will be paid for all authorized work performed up to the termination date plus termination expenses, such as, but not limited to, reassignment of personnel, subcontract termination costs, and related closeout costs.

5. Payment to CH2M HILL

Monthly invoices will be issued by CH2M HILL for all Services performed under this AGREEMENT. CLIENT shall pay each invoice within 30 days. Interest at a rate of 1-1/2 percent per month will be charged on all past-due amounts.

In the event of a disputed billing, only that disputed portion will be withheld from payment, and the undisputed portion will be paid. CLIENT will exercise reasonableness in disputing any bill or portion thereof. No interest will accrue on any disputed portion of the billing until mutually resolved.

6. Limitation of Liability

CH2M HILL's liability for CLIENT's damages will, in the aggregate, not exceed \$100,000. This Provision takes precedence over any conflicting Provision of this AGREEMENT or any document incorporated into it or referenced by it. In no event shall CH2M HILL, its affiliated corporations, officers, employees, or any of its subcontractors be liable for any incidental, indirect, special, punitive, economic or consequential damages, including but not limited to loss of revenue or profits, suffered or incurred by CLIENT or any of its agents, including other contractors engaged at the project site, as a result of this Agreement or CH2M HILL's performance or non-performance of services pursuant to this Agreement.

Limitations of liability provided herein will apply whether CH2M HILL's liability arises under breach of contract or warranty; tort, including negligence; strict liability; statutory liability; or any other cause of action, and shall include CH2M HILL's officers, affiliated corporations, employees, and subcontractors.

7. Severability and Survival

If any of the provisions contained in this AGREEMENT are held illegal, invalid or unenforceable, the other provisions shall remain in full effect. Limitations of liability shall survive termination of this AGREEMENT for any cause.

8. No Third Party Beneficiaries

This AGREEMENT gives no rights or benefits to anyone other than CLIENT and CH2M HILL and has no third party beneficiaries except as provided in Provision 10.

9. Materials and Samples

Any items, substances, materials, or samples removed from the Project site for testing, analysis, or other evaluation will be returned to the Project site unless agreed to otherwise. CLIENT recognizes and agrees that CH2M HILL is acting as a bailee and at no time assumes title to said items, substances, materials, or samples. CLIENT recognizes that CH2M HILL assumes no risk and/or liability for a waste or hazardous waste site originated by other than CH2M HILL.

10. Assignments

Neither party shall have the power to or will assign any of the duties or rights or any claim arising out of or related to this AGREEMENT, whether arising in tort, contract or otherwise, without the written consent of the other party. Any unauthorized assignment is void and unenforceable.

11. Integration

This AGREEMENT incorporates all previous communications and negotiations and constitutes the entire agreement of the parties. If CLIENT issues a Purchase Order in conjunction with performance of the Services, general or standard terms and conditions on the Purchase Order do not apply to this AGREEMENT.

12. Force Majeure

If performance of the Services is affected by causes beyond CH2M HILL's reasonable control, project schedule and compensation shall be equitably adjusted.

13. Dispute Resolution

The parties will use their best efforts to resolve amicably any dispute, including use of alternative dispute resolution options.

14. Changes

CLIENT may make or approve changes within the general Scope of Services in this AGREEMENT. If such changes affect CH2M HILL's cost of or time required for performance of the services, an equitable adjustment will be made through an amendment to this AGREEMENT.

UV DISINFECTION PROJECT VEHICLE SUMMARY TABLE

CH2MHILL

City of Kodiak UV Disinfection Project –New Vehicle Purchase by CH2M HILL for Resident Project Representative – City to Purchase Vehicle at End of Project at Buy Out Amount
 Vehicle Ford F150 4x4 VIN# 1FTFX1EV2AKE55793
 Capital Cost \$28,866.00 From Kodiak Motors
 Deprec months 29
 CH2M HILL Project Manager: Floyd Damron, P.E.
 City of Kodiak Project Manager: Mark Kozak, Public Works Director
 Monthly vehicle operating and maintenance costs to be billed directly to the project

No.	Date	Monthly Depreciation	Insurance, Financing Fleet Admin	Monthly Rate	Expense Markup	Monthly Billing	City Buy-Out Amount
1	Mar-11	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$27,866.00
2	Apr-11	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$26,866.00
3	May-11	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$25,866.00
4	Jun-11	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$24,866.00
5	Jul-11	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$23,866.00
6	Aug-11	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$22,866.00
7	Sep-11	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$21,866.00
8	Oct-11	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$20,866.00
9	Nov-11	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$19,866.00
10	Dec-11	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$18,866.00
11	Jan-12	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$17,866.00
12	Feb-12	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$16,866.00
13	Mar-12	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$15,866.00
14	Apr-12	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$14,866.00
15	May-12	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$13,866.00
16	Jun-12	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$12,866.00
17	Jul-12	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$11,866.00
18	Aug-12	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$10,866.00
19	Sep-12	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$9,866.00
20	Oct-12	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$8,866.00
21	Nov-12	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$7,866.00
22	Dec-12	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$6,866.00
23	Jan-13	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$5,866.00
24	Feb-13	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$4,866.00
25	Mar-13	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$3,866.00
26	Apr-13	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$2,866.00
27	May-13	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$1,866.00
28	Jun-13	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$866.00
29	Jul-13	\$866.00	\$225.00	\$1,091.00	\$109.10	\$1,200.10	\$0.00
		\$28,866.00					

STATE OF ALASKA

DEPT. OF ENVIRONMENTAL CONSERVATION
DIVISION OF WATER
MUNICIPAL GRANTS & LOANS PROGRAM

SEAN PARNELL, GOVERNOR

555 Cordova Street, 4th floor
Anchorage, AK 99501-2617
Phone: (907) 269-7502
Fax: (907) 269-7509
www.dec.state.ak.us

March 31, 2011

Attachment: B

Mr. Mark Kozak
Public Works Director
City of Kodiak
2410 Mill Bay Road
Kodiak, AK 99615

RE: Inspection Vehicle Usage Rate & CH2M Hill Agreement - Approval

Kodiak – UV Water Treatment Facility
ADWF Loan No. 503061
Kodiak – UV Secondary Water Treatment Facility
ADEC Grant No. 50337

Dear Mr. Kozak:

I have reviewed the inspection vehicle usage rate for the UV Water Treatment project, and have determined a reimbursement rate of \$1,225 per month eligible under the subject grant and loan. The vehicle is a gas powered Ford F-150 ½ ton 4X4 Supercab that will be purchased by Ch2M Hill and leased to the City of Kodiak at a monthly rate of \$1,347.50. The leased costs include depreciation, insurance, financing and expense mark up. In addition to the vehicle lease cost (without the \$122.50 expense mark up), direct operation and maintenance costs (O & M) costs associated with use of the vehicle will be eligible.

As part of my usage rate review, the vehicle costs from a number of local vendors and Equipment Watch (an online equipment rental rate website) were compared, with the following monthly quotes obtained:

- Avis Rent-A-Car (Kodiak) - \$1,690.00 (Winter rate) & \$2,190.00 (Summer Rate)
- CH2MHill (Purchase/Lease Agreement) – \$1,347.50
- Kodiak Motors, Inc. (Kodiak) - \$1,285.70
- Equipment Watch (Alaska) - \$981.93
- Budget Rent-A-Car (Kodiak) – no trucks available to rent
- Rent-A-Heap (Kodiak) – no trucks available to rent

The January 14, 2011 Lease Agreement between the City of Kodiak and CH2MHill augments the existing construction management services agreement and details the vehicle purchase and lease details of \$1,347.50 per month under the *Vehicle Summary Table*. A vehicle usage rate of \$1,225 per month, along with O & M costs, was found eligible for loan participation. The ineligible difference in lease expenses, and the purchase cost of the vehicle at the end of this project are not eligible for reimbursement and will be paid for by the City.

Capital Outlay Request

City of Kodiak



Department: Public Works Maintenance Shop, Gerald Pherson
Division: Public Works, Building Department
Priority:

Request: F-150 1/2 ton PU 4x4 1FTZF1821WNB52981

Estimated Cost:

Trade-In Public Works # 8

**Justification and/or
Comments**

Public Works #8 has approximately 67,000 miles on the odometer. . It has been used by the building department since new.

The inner supports and sheet metal for bed has rusted through and the interior of the bed is starting to rust through also. The rear frame has severe rust issues and the cab had the rockers replaced in 2011. The steering and suspension have items that are worn. The engine transmission and interior are in fair condition

The mechanical parts of this vehicle are in fair condition. The rusting of the body and frame are the major issues for this vehicle. The bed is easily moved around without the support of the tailgate. I recommend Public Works #8 be replaced this fiscal year.



**CITY OF KODIAK
CITY OF KODIAK
FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM
VEHICLE / EQUIPMENT REPLACEMENT NOMINATION
1 of 2 pages**

Costs are estimated at (check one)
 Less than \$10,000
 Greater than \$10,000

The Following Signatures are required:
 Vehicle Maint. Supervisor _____
 Department Head: _____
 City Manger: _____

This purchase is requested to be funded in Fiscal Year	Fiscal Year :
Prepared by: Mark Kozak	Date: 4/20/2012
Department: Public Works	
Nomination Name:	

REQUEST NEW UNIT DESCRIPTION (ATTACH PRICE QUOTES, DESCRIPTIONS, AND PHOTOS FROM THREE VENDORS)	
Unit ID Number # 8	
Year – Make – Model 1998, Ford 150 4X4	
Engine Size – Fuel Type V-6, Gas	
Current Mileage 67,000	
Body Condition Fair	
License Plate No. XXY-709	
VIN or Serial Number 1FTZF1821WNB52981	

FUNCTION: WRITE A BRIEF SUMMARY OF HOW THIS UNIT HAS BEEN USED AND HOW OFTEN.

This vehicle was purchased as part of the construction management contract during the WWTP upgrade. The construction manager used the vehicle for roughly 1 ½ years and when the project was completed the City purchased the vehicle. The Shop Supervisor used the vehicle for several years and then it was moved to the Building Department. The Building Official uses the vehicle on a daily bases for inspection throughout the entire road system including Chiniak and Pasagshak.

JUSTIFICATION: WRITE A BRIEF SUMMARY OF WHY THIS UNTI IS BEING REPLACED. INCLUDE ITEMS SUCH AS HISTORY, CONDITION ASSESSMENT, COSTS, USES, PUBLIC WORKS EVALUATION REPORT, ETC.

I have included the evaluation completed by the Public Works shop and put together by the Shop Supervisor. The vehicle has numerous structural pieces on the bed and frame that are in poor condition do to rust. This vehicle was funded for replacement in the FY 2011 budget. Since we had the UV project going and we knew the vehicle the onsite project representative was using would be available at the end of the project we did not replace the vehicle at that time and were able to do some repair work to keep using it for another year.

CITY OF KODIAK
FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM
VEHICLE / EQUIPMENT REPLACEMENT NOMINATION
2 of 2 pages

Proposed Dispositions of Replaced Unit as Determined by Vehicle Maintenance Division (check one):

- To General Fleet
- To Surplus Sale

REQUEST NEW UNIT DESCRIPTION (ATTACH PRICE QUOTES, DESCRIPTIONS, AND PHOTOS FROM THREE VENDORS)	
Year – Make - Model	2010, Ford Super Cap F-150 4X4
Engine Size – Fuel Type	V-8, Gas
Number of Doors	4 doors
Seating Capacity	Six Adults
Specialty Items	N/A
Color , Police Package, Tires, Transmission, Etc.	Silver

REQUESTED NEW UNIT COSTS	
Basic Equipment Costs	\$
Specialty Equipment Cost	\$
Shipping Costs	\$
Total Costs	\$13,866.00

OPERATIONAL COSTS:

Attach a detailed spreadsheet describing the last five years' annual costs to operate this unit, including fuel consumption, maintenance materials, AND maintenance labor.

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Aimée Kniazowski, City Manager *AK*
Thru: Mark Kozak, Public Works Director *MK*
Date: June 14, 2012

Agenda Item: V.g. Authorization of Bid Award for FY2013 Sodium Chloride

SUMMARY: Each year Public Works orders deicing salt to mix with ¼ inch rock chips for winter deicing and traction control on City streets and parking lots. The quantity of product requested is based on the remaining stock on hand and the previous winter's consumption. Last winter was a very difficult winter of cold and snow; however, salt use was consistent with that of previous winters. Based on this, the bid quantity for FY2013 was 275 tons, the same quantity as the last two years. Three bids were received at the bid opening on May 11, 2012. Staff recommends Council authorize the award of the FY2013 sodium chloride supply to the low bidder, Round Butte Products, in the amount of \$88,411.40.

PREVIOUS COUNCIL ACTION: The Public Works Department solicits bids for the City's winter sodium chloride supplies each spring. Each year the City Council approves the salt bid award in the late spring prior to the start of the new fiscal year.

BACKGROUND: In 1997, the Council approved the building of a salt storage building at the Public Works yard. This allowed the City to mix the salt with ¼ inch rock chips and store the mixture for winter use. The salt and chips are mixed in a rough 50/50 mixture based on weight. By mixing, Public Works staff has been able to reduce the amount of salt used in the winter, resulting in cost savings for winter deicing. Public Works has made further cost reductions by distributing the mix at stop signs, on hills, and at intersections rather than along the entire length of a street or road. However, using the mixture of salt and chips increases maintenance costs for street sweeping and storm drainage cleaning in the spring. Public Works continues to monitor the cost effectiveness of the 50/50 mixture to ensure overall savings. Because the amount of pavement the City is responsible for has increased, the amount of funds expended on deicing and traction control has seen a corresponding increase.

DISCUSSION: After evaluating the quantity of salt/chip mixture in storage and the small stock of remaining salt on hand, Public Works issued the FY2013 bid for 275 tons. In FY2012 the bid price was \$320/ton for salt; in FY2013 the cost is \$321.50/ton.

Three bids were received at the bid opening on May 11, 2012, for our winter salt supply. They are listed in the table below.

Bidder	Amount
Round Butte Products 36510 SE 13 th Street Washougal, WA 98671	\$88,411.40
Brenntag Pacific PO Box 770952 Eagle River, AK 99577	\$104,500.00
Univar 590 East 100 th Ave Anchorage, Alaska 99515	\$131,793.75

ALTERNATIVES:

1. Authorize the bid award for road salt to the lowest bidder, Round Butte Products, which is the recommended option.
2. Do not authorize the bid award, which is not recommended, because it could impact the level of service currently provided.

FINANCIAL IMPLICATIONS: The annual supply of road salt is budgeted in the Public Works Department Street supplies account. This year’s bid from Round Butte was almost the same as last year and significantly lower than the next two bidders.

STAFF RECOMMENDATION: Staff recommends Council authorize the award of the FY2013 winter sodium chloride supply to Round Butte Products, as the low bidder, in the amount of \$88,411.40, with funds coming from the General Fund, Public Works Department, Street Supplies account.

CITY MANAGER’S COMMENTS: The Public Works staff continues their efforts to control costs associated with the purchase and use of road salt. Although the cost of road salt increased a bit from last year, I wasn’t surprised since commodities continue to increase in price. I support staff’s recommendation that Council award the FY2013 sodium chloride bid to Round Butte Products as the low bidder.

ATTACHMENTS:

- Attachment A: Round Butte Products salt bid No. 520
- Attachment B: Brenntag Pacific, Inc salt bid No. 520
- Attachment C: Univar salt bid No. 520

PROPOSED MOTION:

Move to authorize the FY2013 sodium chloride bid to Round Butte Products in the amount of \$88,411.40, with funds coming from the FY2013 Public Works Department, Street Supplies account.

Invitation to Bid-520

April 20, 2012

BID FORM

TO: Aimée Kniazowski, City Manager
 City of Kodiak
 710 Mill Bay Road, Room #219
 PO Box 1397
 Kodiak AK 99615

Any exceptions to the published bid specifications must be listed by item.

In compliance with your Invitation to bid for Bid No. 520 for Sodium Chloride FY 2013 dated April 20, 2012, the undersigned hereby proposes to provide the following:

Item	Bid amount
1. 275 Tons of Sodium Chloride	1,88,411.40
2. If the City requires additional quantity over the 275 ton, will Vendor guarantee the same unit cost per ton through June 30, 2013 As stated in item number above? Yes _____ No <u> </u>	

If no, please explain:

Yes, but additional Fuel surcharges may
apply.

Type of packaging (circle): A or (B)

Same bags and liners as 2011

(Turn in Page 5 & 6 in as part of your bid)

Invitation to Bid-520

April 20, 2012


Liability Copies of Business License and City Sales Tax Registration enclosed.

Bid price valid for 45 days.

Terms Net 30 Dated 5/3/2012
after delivery

Submitted by:

Dated: 5/3/2012


Signature
John Williams

Round Bute Products
Business Name

Owner
Title

36510 SE 13th St
Address

360 835-0538
Telephone

Washougal WA 98671
City, State, Zip

Invitation to Bid-520

April 20, 2012

BID FORM

TO: Aimée Kniaziowski, City Manager
City of Kodiak
710 Mill Bay Road, Room #219
PO Box 1397
Kodiak AK 99615

Any exceptions to the published bid specifications must be listed by item.

In compliance with your Invitation to bid for Bid No. 520 for Sodium Chloride FY 2013 dated April 20, 2012, the undersigned hereby proposes to provide the following:

Item	Bid amount
1. 275 Tons of Sodium Chloride	1,104,500 ⁰⁰
2. If the City requires additional quantity over the 275 ton, will Vendor guarantee the same unit cost per ton through June 30, 2013 As stated in item number above? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	

If no, please explain:

If purchased in 17 each / 2400# bag orders
as a minimum.

Type of packaging (circle): A or **(B)**

2400# SSX

(Turn in Page 5 & 6 in as part of your bid)

Invitation to Bid-520

April 20, 2012

Liability Copies of Business License and City Sales Tax Registration enclosed.

Bid price valid for 30 days.

Terms 430 Dated 5-7-12

Submitted by:

Dated: 5-7-12


Signature

Brenntag Pacific
Business Name

Acct Mgr
Title

PO Box 770952
Address

907-244-0423
Telephone

ER AL 99577
City, State, Zip

Invitation to Bid-520

April 20, 2012

BID FORM

TO: Aimée Kniazowski, City Manager
City of Kodiak
710 Mill Bay Road, Room #219
PO Box 1397
Kodiak AK 99615

Any exceptions to the published bid specifications must be listed by item.

In compliance with your Invitation to bid for Bid No. 520 for Sodium Chloride FY 2013 dated April 20, 2012, the undersigned hereby proposes to provide the following:

Item	Bid amount
1. 275 Tons of Sodium Chloride	1. <u>479.25/ton</u>
2. If the City requires additional quantity over the 275 ton, will Vendor guarantee the same unit cost per ton through June 30, 2013 As stated in item number above? Yes <u>X</u> No _____	
If no, please explain:	

Type of packaging (circle): A or B

SAME BAG ONLY 2400 lbs / BAG.

(Turn in Page 5 & 6 in as part of your bid)

Invitation to Bid-520

April 20, 2012

Liability Copies of Business License and City Sales Tax Registration enclosed.

Bid price valid for 90 days.

Terms NET 30 Dated 5/9/2012



Submitted by: Dated: 5/9/2012

Kelly Timell UNEMA USA
Signature Business Name

ACCOUNT MANAGER 590 E. 100th
Title Address

907-365-7411 ANCHORAGE, AK 99515
Telephone City, State, Zip

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Aimée Kniazowski, City Manager 
Thru: Mark Kozak, Public Works Director 
Date: June 14, 2012

Agenda Item: V.h. Authorization of Bid Award for FY2013 Petroleum Products

SUMMARY: Each year the Public Works Department issues bids for the City’s petroleum products. On May 11, 2012, bids were opened for petroleum products for FY2013. Two bids were received. North Pacific Fuel was the lowest bidder for equipment diesel fuel and No.1 and No. 2 heating oil. Petro Marine Services was the low bidder for gasoline. Staff recommends Council authorize the bid award for the purchase of petroleum products to the low bidders of each company that submitted the lowest bid.

PREVIOUS COUNCIL ACTION: Annually the City Council awards the petroleum products bid to the lowest bidder.

BACKGROUND: This bid provides all the City’s fuel needs for FY2013. This includes the City’s heating fuel, equipment diesel, and gasoline. The bid price fluctuates throughout the year as fuel costs move up and down.

DISCUSSION: Petroleum product bids were opened on May 11, 2012. The bids received are summarized in the following table:

BIDDER	DIESEL Ultra low sulfur	GASOLINE	HEATING FUEL No. 2	HEATING FUEL No. 1
Petro Marine Service 104 Marine Way Kodiak, Alaska 99615	\$3.95	\$3.82	\$3.95	\$4.10
North Pacific Fuel P.O. Box 1487 Kodiak, Alaska 99615	\$3.945	\$3.92	\$3.945	\$4.075

◆ Ultra Low Sulfur Diesel to North Pacific Fuel @ \$3.945 per gallon.

- ◆ Gasoline to Petro Marine Service @ \$3.82 per gallon.
- ◆ Heating fuel No. 2 to North Pacific Fuel @ \$3.945 per gallon.
- ◆ Heating fuel No. 1 to North Pacific Fuel @ \$4.075 per gallon.

(Heating fuel No. 1 is needed for blending purposes during cold weather and is awarded to the vendor who is selected to provide heating fuel products.)

ALTERNATIVES:

- 1) Authorize the award of the FY2013 bid to North Pacific Fuel for ultra low sulfur diesel and No. 1 and No. 2 heating oil, and award the gasoline bid to Petro Marine Services.
- 2) Do not authorize the award of the petroleum bids, which is not recommended, because it would not allow City crews to maintain daily operations and services to the public.

FINANCIAL IMPLICATIONS: Fuel and oil costs are an operational expense. The costs are included in the appropriate departments' FY2013 operating budgets. Public Works tracks fuel use by vehicle or piece of equipment and submits a monthly report to the Finance Department. Each department is charged for the fuel used, and these funds are returned to the appropriate account.

STAFF RECOMMENDATION: Staff recommends Council authorize the award of the City's petroleum products bid for FY2013 to North Pacific Fuel for equipment fuel and No. 1 and No. 2 heating oil and to Petro Marine Fuel for gasoline, as identified in the table.

CITY MANAGER'S COMMENTS: The award of the fuel bids is done annually, with bids normally awarded to the lowest bidder for the needed products. This year we received bids from both local suppliers, and again the cost for each type of product is much higher than last year's bid. We need the fuel products for operations, so I support staff's recommendation to award the FY13 petroleum products to both suppliers as identified above.

ATTACHMENTS:

Attachment A: Petro Marine Service bid

Attachment B: North Pacific Fuel bid

PROPOSED MOTION:

Move to award the FY2013 petroleum products bids as follows: ultra low sulfur diesel @ \$3.945 per gallon, heating fuel No. 1 @ \$4.075 per gallon, heating fuel No. 2 @ \$3.945 per gallon to North Pacific Fuel and gasoline @ \$3.82 per gallon to Petro Marine Services.

Invitation to Bid-519

April 20, 2012

BID FORM

TO: Aimée Kniazowski, City Manager
 City of Kodiak
 710 Mill Bay Road, Room #219
 PO Box 1397
 Kodiak AK 99615

Any exceptions to the published bid specifications must be listed by item.

In compliance with your Invitation to bid for Bid No. 519 for Petroleum Products FY 2013 dated April 20, 2012, the undersigned hereby proposes to provide the following:

Item	Bid amount
1. <u>ULTRA</u> Low Sulphur Diesel Fuel #2 – Estimated 30,000 gallons delivered to the Fire Hall Generator, Public Works Equipment Tank, Pillar Creek Pump Station, Monashka Pump Station, Spruce Cape Lift Station, Mill Bay Lift Station, Father Herman Lift Station, Lift Station #5-Metrokin.	\$ <u>3.95</u> (per gallon)
2. Unleaded Gasoline – Estimated 40,000 gallons Public Works Equipment Tank.	\$ <u>3.82</u> (per gallon)
3. Heating #2 – Estimated 90,000 gallons delivered to Barn, Kodiak Police Dept-New and old Building, Kodiak Fire Dept, Public Works Dept, Baranof Park Office Bldg, Baranof Museum, Teen Center, Holmes Johnson Memorial Library, St. Paul Harbormaster Building, St. Paul Harbor Public Restroom Facility, St. Herman Harbormaster Bldg, Wastewater Treatment Plant, Baranof Park Ice-Rink.	\$ <u>3.95</u> (per gallon)
4. Heating Fuel #1 – This will be needed for blending purposes for cold weather conditions, and will be awarded to the vendor who is selected to provide heating fuel products.	\$ <u>4.10</u> (per gallon)

The bid will be awarded on an individual basis for each of the above items.

(Turn in Page 5 & 6 in as part of your bid)

Invitation to Bid-519


April 20, 2012

Liability Copies of Business License and City Sales Tax Registration enclosed.

Bid price valid for 10 days.

Terms 30 days Dated 5-10-12

Submitted by: Dated: 5-10-12


Signature

Harbor Enterprises dba Petro Marine Services
Business Name

Plant Manager - Kodiak
Title

104 E. Marine Way
Address

(907) 486-3421
Telephone

Kodiak AK 99615
City, State, Zip

Invitation to Bid-519

April 20, 2012

BID FORM

TO: Aimée Kniazowski, City Manager
 City of Kodiak
 710 Mill Bay Road, Room #219
 PO Box 1397
 Kodiak AK 99615

Any exceptions to the published bid specifications must be listed by item.

In compliance with your Invitation to bid for Bid No. 519 for Petroleum Products FY 2013 dated April 20, 2012, the undersigned hereby proposes to provide the following:

Item	Bid amount
1. Low Sulphur Diesel Fuel #2 – Estimated 30,000 gallons delivered to the Fire Hall Generator, Public Works Equipment Tank, Pillar Creek Pump Station, Monashka Pump Station, Spruce Cape Lift Station, Mill Bay Lift Station, Father Herman Lift Station, Lift Station #5-Metrokin.	\$ <u>3.945</u> (per gallon)
2. Unleaded Gasoline – Estimated 40,000 gallons Public Works Equipment Tank.	\$ <u>3.92</u> (per gallon)
3. Heating #2 – Estimated 90,000 gallons delivered to Barn, Kodiak Police Dept-New and old Building, Kodiak Fire Dept, Public Works Dept, Baranof Park Office Bldg, Baranof Museum, Teen Center, Holmes Johnson Memorial Library, St. Paul Harbormaster Building, St. Paul Harbor Public Restroom Facility, St. Herman Harbormaster Bldg, Wastewater Treatment Plant, Baranof Park Ice-Rink.	\$ <u>3.945</u> (per gallon)
4. Heating Fuel #1 – This will be needed for blending purposes for cold weather conditions, and will be awarded to the vendor who is selected to provide heating fuel products.	\$ <u>4.075</u> (per gallon)

The bid will be awarded on an individual basis for each of the above items.

(Turn in Page 5 & 6 in as part of your bid)

Invitation to Bid-519

April 20, 2012

Liability Copies of Business License and City Sales Tax Registration enclosed.

Bid price valid for _____ days.

Terms net-30 Dated 5/11/12
Bid price valid until a change in NPF
plant posted pricing.

Submitted by: _____ Dated: 5/11/12

Patricia Gabon North Pacific Fuel
Signature Business Name

Terminal Mgr. 715 Shellkof St.
Title Address

486-3245 Kodiak AK 99615
Telephone City, State, Zip