

City of Kodiak Special Council Meeting Agenda for June 21, 2012
7:30 p.m., at 710 Mill Bay Road, Borough Conference Room (Room 121)

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

- II. Public Comments**

- III. Unfinished Business**
 - a. Second Reading and Public Hearing, 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 20132

- IV. New Business**
 - a. Resolution No. 2012–15, Authorizing the Issuance of a Permit to the American Legion Post 17 for Use of Public Property in Conjunction With Fourth of July Celebrations.....20
 - b. Resolution No. 2012–16, Adopting the 2012 Comprehensive Economic Development Strategy22
 - c. Authorization of FY2013 Marketing and Tourism Development Agreement With the Kodiak Island Convention and Visitors Bureau82

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

- VI. Mayor’s Comments**

- VII. Council Comments**

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


- IX. Adjournment**

(This page left intentionally blank.)

UNFINISHED BUSINESS

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

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

Date: June 21, 2012

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

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

Council discussed the FY2013 draft budget and directed staff to make additional reductions at the May 8 work session. Ordinance No. 1298 was introduced for first reading at the May 24 regular meeting, and the ordinance reflects the additional budget reductions. Council discussed the budget again at the May 29 and June 12 work sessions. Staff recommends Council pass Ordinance No. 1298 in the second reading following the public hearing.

PREVIOUS COUNCIL ACTION:

- Prior to the start of each fiscal year, the City Council adopts the City's operating and capital budget by ordinance.
- Adopted Resolution No. 2012-04, establishing budget goals for FY2013, on February 23, 2012.
- Received the draft FY2013 budget presentation at work session on May 5, 2012.
- Discussed the budget and directed staff to make further reductions to the draft FY2013 budget at the May 8, 2012 work session.
- Introduced Ordinance No. 1298 for first reading on May 24, 2012, which included additional budget reductions.
- Discussed the budget at the May 29 and June 12, 2012 work sessions.

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

and programs, public library, and general administrative functions (municipal recordkeeping and financial management).

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

Council requested further FY2013 budget reductions at the May 8 work session. Staff identified and incorporated further reductions to operating expenses (Attachment C) which are included in the ordinance. Council reviewed and discussed the budget at first reading of Ordinance 1298 on May 24 and discussed it again at the work sessions on May 29 and June 12, 2012.

Combined Revenues and Expenses for All Funds

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

Operating Budget

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

General Fund

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

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

Fund Balance

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

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

Personnel

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

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

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

Enterprise Funds

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

The Boat Yard/Boat Lift enterprise fund reflects a 1% reduction in revenues for FY2013. The revenues are based on actual operations and projected vessel lifts scheduled for the coming year. Per Council's FY2013 budget goal, the Boat Yard/Boat Lift Fund will reach a breakeven point by the third full year of operation in FY2015, including adequate revenues to meet debt payments. The business plan and marketing campaign for services will continue to be refined to capture maximum revenues.

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

Enhancement Fund

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

Capital Projects

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

ALTERNATIVES:

1. Adopt Ordinance No. 1298 in the second reading after the public hearing. This is staff's recommendation.
2. Council may also amend Ordinance No. 1298 to reflect their desired changes.

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

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

STAFF RECOMMENDATION: Staff recommends Council adopt Ordinance No. 1298 in the second reading at this meeting.

CITY MANAGER'S COMMENTS: This has been a challenging budget year, but we've produced a budget that is consistent with Council's budget directions from January through May and reflects a 7% reduction from the current FY2012 budget. We've met Council's FY2013 budget goals and made reductions that keep service levels intact, per Council direction. We have identified a limited number of capital projects funded through transfers from the various funds and grants.

The preparation of this document and the presentations, reviews, and discussions of the FY2013 budget over five meetings since its introduction on May 5, 2012, reflect a great deal of work by staff, including a thorough assessment of operational and community needs necessary to create this annual financial plan. As always, I want to thank the management staff for their commitment in meeting Council's goals and for their fiscal responsibility, not just in preparation of this draft budget, but on an ongoing basis. I would like to especially thank Finance Director Mary Munk for her assistance throughout the process. She is a key partner in making the budget process work as it should.

ATTACHMENTS:

Attachment A: Ordinance No. 1298

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

Attachment C: Annual Operating Budget Adjustments

PROPOSED MOTION:

Move to adopt Ordinance No. 1298.

**CITY OF KODIAK
ORDINANCE NUMBER 1298**

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

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

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

FY2013 BUDGET SUMMARY

GENERAL FUND

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

General Fund Continued

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

SPECIAL REVENUE FUND

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

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

CAPITAL PROJECTS FUND

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

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

ENTERPRISE FUNDS

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

Enterprise Funds Continued

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

INTERNAL SERVICE FUNDS

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

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

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

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

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

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

First Reading: May 24, 2012
Second Reading:
Effective Date:

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

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

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

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

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

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, that the following budget goals will be used in the development of the City of Kodiak's FY2013 budget:

Personnel Goals

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

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

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

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

General Fund

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

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

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

Enterprise Funds

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

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

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

Enterprise Funds will complete rate studies every five years and present them to the City Council for implementation. In FY2013, Harbor, Cargo, and Sewer rate studies will be conducted.

Operating Expenses

General Fund operating (non-personnel) expenses for FY2013 will be at a level consistent with FY2012. Required increases will be justified to the City Manager in writing and presented by department heads to the City Council for final consideration during budget presentations.

A detailed review of all categories of operating (non-personnel) expenses for all departments and funds categories will be conducted for FY2013 to identify and implement budget reductions.

Required increases to departmental level operating (non-Personnel) expenses in the General Fund will be justified to the Manager in writing and presented by department heads to the City Council during budget presentations.

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

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

Community Support

The total amount available to fund non-profit requests will continue to follow the Council established level of funding which is based on 1% of General Fund revenues.

Capital

The City Manager and management staff will finalize a formal five-year capital improvement plan (CIP) that will identify, prioritize, and plan funding for capital and major maintenance projects, and the City Council will adopt and utilize the planning document. Once complete, the capital budget will link to, and flow from, the multi-year capital improvement plan.

Debt Service

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

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

Quality of Life

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

Economic Development

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



CITY OF KODIAK

Get Mause

 MAYOR

ATTEST:

Diane Mander

 CITY CLERK

Adopted: February 23, 2012

City of Kodiak

Annual Budget by Organization Report

July 1, 2012 - June 30, 2013

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

Annual Budget by Organization Report

July 1, 2012 - June 30, 2013

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

Annual Budget by Organization Report

July 1, 2012 - June 30, 2013

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

Annual Budget by Organization Report

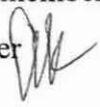
July 1, 2012 - June 30, 2013

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

NEW BUSINESS

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Aimée Kniaziowski, City Manager 

Date: June 21, 2012

Agenda Item: IV.a. **Resolution No. 2012–15, Authorizing the Issuance of a Permit to the American Legion Post 17 for Use of Public Property in Conjunction With Fourth of July Celebrations**

SUMMARY: Resolution No. 2012–15 permits American Legion Post 17 to close and use City streets for its annual Fourth of July parade. Street closures for the parade will take place on Wednesday, July 4, 2012, from 11 a.m. to 12:30 p.m. for the St. Paul Harbor spit, Marine Way, and Center Avenue. Rezanof Drive will also be closed as part of the parade route, but the American Legion will receive a separate authorization from the State Department of Transportation (DOT) since that is a state roadway.

PREVIOUS COUNCIL ACTION: The Council approves parade permit requests from the American Legion on an annual basis.

DISCUSSION: For several years, the American Legion has coordinated a Fourth of July parade in Kodiak. The Council has traditionally adopted a resolution to authorize street closures to accommodate the parade and related activities. The American Legion has been working with State DOT to obtain a permit to close Rezanof because it is a state roadway which the City does not have the authority to close. The organizers will coordinate with the City Manager, Kodiak Police Department, and the DOT in the event the parade must be postponed due to inclement weather.

ALTERNATIVES:

1. Adopt Resolution No. 2012–15, which is staff's recommendation.
2. Do not adopt Resolution No. 2012–15, which would result in cancellation of the parade.

STAFF RECOMMENDATION: Staff recommends Council adopt Resolution No. 2012–15.

CITY MANAGER'S COMMENTS: The entire community looks forward to celebrating the Fourth of July holiday and parade. I support this year's request to issue a permit to the American Legion Post 17 to organize the Fourth of July parade, which requires City street closures covered under this resolution and the closure of Rezanof Drive, which requires a State of Alaska DOT permit. I recommend Council approve their request by adopting Resolution No. 2012–15.

ATTACHMENT:

Attachment A: Resolution No. 2012–15

PROPOSED MOTION:

Move to adopt Resolution No. 2012–15.

**CITY OF KODIAK
RESOLUTION NUMBER 2012-15**

A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK AUTHORIZING THE ISSUANCE OF A PERMIT TO THE AMERICAN LEGION POST 17 FOR USE OF PUBLIC PROPERTY IN CONJUNCTION WITH FOURTH OF JULY CELEBRATIONS

WHEREAS, the American Legion Post 17 is a local nonprofit organization that annually manages the Fourth of July parade; and

WHEREAS, the Fourth of July parade has a proud tradition of family fun and encourages widespread participation and involvement from Kodiak citizens of all ages; and

WHEREAS, the Fourth of July parade is planned for Wednesday, July 4, 2012, beginning at 11 a.m.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, that a permit be issued, with the permit fee waived, to the American Legion Post 17 for use of City public property for the Fourth of July parade on the condition that the American Legion Post 17 agrees to comply with the stipulations as provided in City Code Sections 5.04.050(d) and 5.04.060.

BE IT FURTHER RESOLVED that the Council hereby authorizes City street closures/traffic control for the Fourth of July Parade on Wednesday, July 4, 2012, from 11 a.m. until 12:30 p.m. for the St. Paul Harbor spit, Marine Way, and Center Ave. Traffic control is also authorized for Rezanof Drive, under the condition that the American Legion Post 17 obtains authorization from the State Department of Transportation to close Rezanof Drive for the parade.

BE IT FURTHER RESOLVED that if the State of Alaska Department of Transportation grants authority to close Rezanof Drive, the parade shall begin at the St. Paul Harbor spit; turning left onto Marine Way; turning right onto Rezanof Drive, turning right onto Center Avenue; turning right onto Marine Way; and ending at the St. Paul Harbor spit.

BE IT FURTHER RESOLVED that in the event the parade is postponed due to inclement weather and must be rescheduled, or if the State of Alaska Department of Transportation does not grant authority for the closure of Rezanof Drive, the Council authorizes necessary changes and additional City road closures be coordinated through the City Manager and the Kodiak Police Department.

CITY OF KODIAK


MAYOR

ATTEST:

CITY CLERK

Adopted:

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Aimée Kniaziowski, City Manager 
Date: June 21, 2012

Agenda Item: IV.b. Resolution No. 2012–16, Adopting the 2012 Comprehensive Economic Development Strategy

SUMMARY: The Kodiak Chamber of Commerce has a contract with both the City of Kodiak and the Kodiak Island Borough to provide economic development planning and leadership. Part of the Chamber’s responsibility under the contract is the preparation of a Comprehensive Economic Development Strategy (CEDS) for the City and Borough. Resolution No. 2012–16 documents the City’s approval of the 2012 Kodiak Comprehensive Economic Development Strategy.

PREVIOUS COUNCIL ACTION: For at least the past eleven years the Council has passed a resolution adopting the current-year Kodiak Comprehensive Economic Development Strategy.

DISCUSSION: As the recognized economic development organization in the Kodiak region, the Kodiak Chamber of Commerce is available to assist the City and other Kodiak Island communities in the planning and development of strategies and activities that enhance Kodiak’s economic growth and business development. The CEDS formalizes the strategy for the next fiscal year. The CEDS Committee met and finalized the 2012 CEDS report on May 17. The Chamber of Commerce will submit the approved CEDS report to the U.S. Economic Development Administration (EDA), and our local and regional organizations will use the report when applying for grant and assistance programs available through EDA and other federal and state programs.

ALTERNATIVES:

1. Adopt Resolution No. 2012–16, which is staff’s recommendation because it promotes a plan for economic development in Kodiak and supports grant writing activities in Kodiak.
2. Fail to adopt Resolution No. 2012–16, which is not recommended as it would prevent the Chamber from submitting this document to the US EDA and would impact local grant applications.

STAFF RECOMMENDATION: Staff recommends Council adopt Resolution No. 2012–16.

CITY MANAGER’S COMMENTS: Each year Council approves and accepts the CEDS document, prepared by the Kodiak Chamber of Commerce CEDS committee, by resolution. The CEDS committee, of which I’m a member, met on May 17 to review and finalize the 2012 CEDS plan. I recommend Council approve the updated plan by adopting Resolution 2012–16.

ATTACHMENTS:

Attachment A: Resolution No. 2012–16
Attachment B: 2012 Kodiak Comprehensive Economic Development Strategy

JUNE 21, 2012
Agenda Item IV.b., Memo, Page 1 of 2

PROPOSED MOTION:

Move to adopt Resolution No. 2012-16.

**CITY OF KODIAK
RESOLUTION NUMBER 2012-16**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK ADOPTING THE
2012 COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY**

WHEREAS, the Kodiak Chamber of Commerce has entered into a contract with the City of Kodiak and the Kodiak Island Borough to provide economic development planning and leadership for the City of Kodiak and other communities of Kodiak Island; and

WHEREAS, the Kodiak Chamber of Commerce has established an Economic Development Committee to develop and review a Comprehensive Economic Development Strategy; and

WHEREAS, the Kodiak Chamber of Commerce is the recognized economic development organization on Kodiak Island; and

WHEREAS, the Kodiak Chamber of Commerce will assist the communities of Kodiak Island in the planning and development of strategies and activities that those communities find necessary to successfully engage in pursuing desired economic growth and business development, which is compatible with local needs and lifestyles; and

WHEREAS, the Kodiak Chamber of Commerce believes that Kodiak should become a regional hub in Southwest Alaska; and

WHEREAS, the Kodiak Chamber of Commerce is actively pursuing opportunities to work with other communities in the Southwest region and has worked cooperatively with the Southwest Alaska Municipal Conference; and

WHEREAS, the adoption of the Comprehensive Economic Development Strategy is the first step in the process of taking advantage of the many grant and assistance programs available through the U.S. Department of Commerce Economic Development Administration.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, that the 2012 Comprehensive Economic Development Strategy is adopted as recommended by the Kodiak Region Economic Development Committee.

BE IT FURTHER RESOLVED that the 2012 Comprehensive Economic Development Strategy be submitted to the U.S. Economic Development Administration for their review and adoption.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

Adopted:

Kodiak Region
Comprehensive
Economic
Development
Strategy

May
2012

Prepared By: Kodiak Chamber of Commerce www.kodiak.org
Funded in part by: City of Kodiak and Kodiak Island Borough

TABLE OF CONTENTS

I.	Introduction	4
II.	Summary	6
III.	The Area and Its Economy	7
	A. Background Information	7
	Historical Perspective of Kodiak’s Economy	7
	General Description of the Area	8
	B. Natural Resources	16
	C. Environmental Issues	19
	D. Political Geography	25
	E. Population and Labor Force	27
	F. Economy	31
	G. Infrastructure and Services	33
	H. Planning and Economic Development Activities	42
IV.	Evaluation	42
	A. Fisheries	43
	B. Visitor Industry	44
	C. Kodiak Island Communities Economic Development	46
	D. Overall Economic Growth and Expansion	46
	E. Protection of Cultural Properties	46
V.	Goals & Objectives and Implementation Strategy	48
VI.	Performance Evaluation	53
VII.	Appendix: Community Development Projects	54

TABLE OF FIGURES

I.	Kodiak Island Map	15
II.	2010 Fisheries Harvest.....	16
III.	Population Ethnic Composition	28
IV.	Ethnic Composition of the Unemployed.....	29
V.	Occupational Categories of the Unemployed	29
VI.	2011 Unemployment Rate by Month	30
VII.	2011 Labor Force and Employment	30
VIII.	Average Annual Unemployment Rate.....	31
IX.	2011 Ex-Vessel Value in Millions.....	32
X.	Kodiak Employment by Industry	32

TABLE OF TABLES

I.	The CEDS Committee.....	5
II.	Characteristics of the Unemployed	27
III.	Kodiak Employment by Industry	33
IV.	Kodiak Island Borough Outlying Community Services.....	42
V.	Community Development Projects.....	54

INTRODUCTION

THE PURPOSE OF THE COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDS)

A Comprehensive Economic Development Strategy (CEDS) is the result of a process designed to guide the economic growth of an area. It helps to coordinate the efforts of individuals, organizations and private industry concerned with economic and community development. This CEDS document is readily accessible to Kodiak Island communities and can be used to receive federal funding. Funding and support for the preparation of this CEDS document has provided by the City of Kodiak and Kodiak Island Borough.

MISSION

The Mission Statement of the Kodiak Chamber of Commerce CEDS Committee is to help develop strong economies and healthy communities by providing leadership and information to increase Kodiak Island's economic position.

ORGANIZATION & MANAGEMENT – THE CEDS COMMITTEE

The Kodiak Chamber of Commerce (KCC), having been contracted by the City of Kodiak and the Kodiak Island Borough to provide specific economic development activities, has assembled a Comprehensive Economic Development Strategy Committee. The Committee consists of twenty-five members, all of who are residents of the Kodiak Island Borough and represent a cross section of the socioeconomic structure of the community.

MEMBER	TYPE OF REPRESENTATION/ INTEREST	ETHNICITY	GENDER
Mark Anderson, CEDS Chairman First National Bank Alaska	Banking	White	Male
Trevor Brown, Executive Director Kodiak Chamber of Commerce	Non-profit Economic Development	White	Male
Lale Gurer, Econ Development Specialist Kodiak Chamber of Commerce	Non-profit Economic Development	White	Female
Rick Gifford, Manager Kodiak Island Borough	Government	White	Male
Steve Andresen, Mayor City of Port Lions	Government	White	Male
Linda Getz City of Ouzinkie	Government	White	Female
James Johnson, Mayor City of Larsen Bay	Government	AK Native	Male
Rick Berns, Mayor City of Old Harbor	Government	White	Male
Linda Amodo City of Akhiok	Government	AK Native	Female
Alicia Reft Karluk Tribal Council	Government	AK Native	Female
Jerome Selby, Mayor Kodiak Island Borough	Government	White	Male
Pat Branson, Mayor City of Kodiak	Government	White	Female
Janet Buckingham, Executive Director Kodiak Island Convention & Visitors Bureau	Non-Profit Tourism	White	Female
Charles Bona ERA Aviation	Transportation	White	Male
Jimmy Ng Providence Kodiak Island Medical Center	Healthcare	Asian	Male
Rick Lindholm Kodiak Island Housing Authority	Non-profit	White	Male
Matt Moir Alaska Pacific Seafoods	Commercial Fishing	White	Male
Darron Scott Kodiak Electric Association	Utility	White	Male
Jeff Stephan United Fisherman's Marketing Association	Commercial Fishing	White	Male
Frank Peterson Sun'-aq Tribe	Native Non-Profit	AK Native	Male
John Durham Kodiak College	Education	White	Male
Jackie Craft Kodiak Area Native Association	Native Non-profit	White	Female
Quentin Fong UAF Fisheries Technology Center	Education	Asian	Male
Greg Deal Wells Fargo Bank	Banking	White	Male
Aimee Kniazowski, Manager City of Kodiak	Government	White	Female

SUMMARY

Background

The island group known as the Kodiak Island Archipelago is located in the Gulf of Alaska and encompasses roughly 6,559.8 square miles of land. By itself, Kodiak Island is 3,588 square miles making it the second largest island in the United States. The Kodiak Island Borough includes the entire archipelago and the Shelikof Strait shore-side lands of Katmai National Park. The Island of Kodiak consists primarily of mountainous terrain, with most peaks ranging between 2,000 and 4,000 feet. The uplands are drained by relatively short, swift, and clear mountain streams.

The population of the Kodiak Island Borough, according to the Department of Labor 2011 population number is 13,870. The highest concentration of residents is in the City of Kodiak and the road-connected vicinity surrounding the city. The remainder of the population is distributed among the six remote Native communities around the island.

Economy

The economy of Kodiak is predominantly resource-based, depending on fish harvesting and seafood processing as its largest basic industry. The seafood processing industry provides 20% of the employment in Kodiak. The fish harvesting sector, which is not covered by the state mandatory unemployment security tax (making employment statistics unavailable), represents an estimated 8% of Kodiak's employment. This figure is based on the number of fishing permits held in the Kodiak area and crew factors predicated on the fishery and type of gear used.

The timber industry is another resource-based segment of Kodiak's economy. Almost all of the timber is located on Afognak Island, the second largest island in the archipelago. With the economic downturn in Asia, the primary market for Kodiak timber, there has been a steady decline in exports of lumber. During 2011, the harvesters of this private timber paid a severance tax of over \$32 thousand to the Kodiak Island Borough.

Other significant sectors of the economy are government, tourism and the aerospace industry. Government (not including the U.S. Coast Guard) constitutes 19% of the Kodiak economy by employment. The Coast Guard alone accounts for 16% of Kodiak's employment. The visitor industry in Kodiak continues to grow and generated estimated revenue of over \$29 million in FY 2011.

The Kodiak Launch Complex (KLC) is the nation's first launch facility not located on federal property and is positioned to meet the challenges and define Alaska's future role in a highly competitive launch industry. The KLC celebrated its first mission November 15, 1998. To date, 15 successful missions have been launched. In 2009 the Alaska Aerospace Development Corporation (AADC) formally changed its name to the Alaska Aerospace Corporation (AAC). The economic impacts of AAC's operations and projects in FY 2010 supported 44 local businesses. The total direct, indirect and included local impacts to Kodiak's regional economy alone amounted to \$6.3 million, generating 59 local jobs with \$3.7 million in local payments for wage and salaries. AAC's expenditures for goods and services, including subcontractor services, generated about \$4.6 million in direct payments to businesses operating in Kodiak. This spending was distributed

among 44 local businesses and increased business activities in 25 different industries or sectors in the Kodiak regional economy. These sectors include construction, retail, various professional and technical services, computer design, wholesale trade, and a variety of hospitality and leisure sectors. In terms of employment, AAC supports 29 Kodiak-based full time equivalent jobs and paid about \$2.2 million in wages. The KLC attracted just fewer than 660 visits to Kodiak (255 mission and 404 non-mission). The mission related visits contributed approximately \$101,200 in sales for hotels, restaurants, and other retail service sectors, while non-mission visits contributed \$163,700. The direct, indirect, and included spending for mission and non-mission related visits contributed \$347,800 in business sales and \$128,900 in wages for the local economy. The AAC is currently working on an expansion project to build a launch pad so the KLC would be able launch medium weight rockets up to 12,000 pounds. The future expansion of the KLC is a significant upgrade for the spaceport, which currently can only launch light rockets up to 4,000 pound.

Issues

The major economic development issue faced by the area is the need for diversification, both in seafood harvesting/processing and in the economy in general. Unemployment in Kodiak is highly volatile, ranging from less than 5.5% to a little over 12% in 2011, due to the seasonal nature of the fishing industry. Most of the fish products exported from Kodiak are only minimally processed (usually only headed and gutted). Bringing stability to the seafood processing industry by diversifying into additional areas of value-added (secondary) processing, while at the same time diversifying the economy as a whole, is therefore a major economic development goal for Kodiak Island.

Economic development in the remote outlying communities is also an important issue. Most of the communities have aging infrastructure that need upgrading to achieve economic growth. Comprehensive and coordinated planning with the city governments, tribal councils, and area Native associations and corporations will be necessary to overcome these obstacles. The communities have access to the natural resources of the island and the sea, providing an opportunity for economic development in the fish harvesting, seafood processing, and visitor industries as infrastructure constraints are overcome.

THE AREA AND ITS ECONOMY

Background Information

Historical Perspective of Kodiak's Economy

Since the early 1800s, Kodiak's economy has been based primarily on the fishing industry. The advent of Russian occupation, with the introduction of salt, paved the way for commercial salmon harvesting. The first salmon cannery was built on the Karluk spit in 1882 to take advantage of the huge sockeye runs. By 1889, 5 canneries were operating on the mouth of the Karluk River. Between 1887 and 1928 records indicate that the sockeye harvest ranged between 1,004,500 (1887) to 4,826,200 fish (1901). Intense competition led to the expansion of commercial fishing into other species of salmon. From 1984 to 1999 the average ex-vessel value of the salmon harvest has been \$88.3 million. A record harvest of 39 million salmon occurred during 1993 in the Kodiak Management Area (KMA). Kodiak's highly productive salmon industry is due in part to the fact that there are over 800 salmon streams in the KMA.

Before 1950, most Kodiak processing facilities were devoted to salmon. In 1950, 60,000 pounds of king crab were landed and processing capacity was added by building new plants and expanding older ones. The king crab fishery became a major force in Kodiak's economy from 1950 to 1959 as the catch increased from 60,000 to 21 million pounds. In 1968 the City of Kodiak became the largest fishing port in the United States in terms of ex-vessel value. In the late 1960s and the early 1970s when harvest levels began to fall, several processors made the decision to relocate to Unalaska and Dutch Harbor to be closer to the crab supply. This diverted part of the Bering Sea and Aleutian Island harvest away from Kodiak. The 1982/83 season king crab harvest of 8.7 million pounds was the lowest in 24 years, followed by a closure of the fishery by the Department of Fish and Game due to poor stock condition. In 2004, 873,235 pounds of King Crab was landed at the Port of Kodiak.

The 1950s also marked the beginning of the Kodiak Shrimp fishery, with a harvest of 31,886 pounds in 1958. The fishery grew rapidly to an annual catch of 10 to 12 million pounds in the early 1960s. The fishery slowed when shore plants and the fishing fleet were badly damaged by the 1964 earthquake and tidal wave, but then grew rapidly to a peak of 82.2 million pounds in 1971. As Kodiak shrimp catches declined in the late 1970s, much of the vessel effort shifted into the Chignik and South Peninsula areas until those areas demonstrated similar declines in the late 1970s. In 2002, less than 3,000 pounds of shrimp was landed at the Port of Kodiak.

As the rate of return for Kodiak processing plants declined due to increased competition for resources and over-harvesting, major efforts were made to develop the groundfish fishery. Throughout the 1980s, 1990s, and 2000s the ex-vessel value of the groundfish landings in Kodiak increased from \$528,000 to over \$64 million, making this one of Kodiak's most valuable fisheries.

Fish processing has provided from ten to nearly forty percent of the total industrial payroll in Kodiak since 1980. Those sectors of the Kodiak economy not directly engaged in fishing consist largely of support services for the fishing industry, or of enterprises that support the people who engage in fishing activities or its support.

Today, fish harvesting and seafood processing still dominate the employment opportunity in Kodiak. Together, these two industries provided a combined 28% of total employment in Kodiak for 2010.

General Description of the Area

The Kodiak Island Archipelago is located in the Gulf of Alaska about 30 miles across Shelikof Strait, and 252 air miles southwest of Anchorage. The island group is approximately 177 miles long and 67 miles across, extending from the Barren Islands on the north, to Chirikof Island and the Semidi Islands group on the south. The Archipelago encompasses roughly 6,559.8 square miles of land, no point of which is more than 15 miles from the sea. Kodiak Island's 3,588 square miles make it the second largest island in the United States (only the island of Hawaii is larger). The second largest island of the archipelago is Afognak, located north of Kodiak Island. The Kodiak Island Borough includes the entire archipelago and the Shelikof Strait shore-side lands of Katmai National Park. Kodiak Island consists primarily of mountainous terrain, with the ridge of the mountains running northeast-southwest. Although several peaks are greater than 4,000 feet, most range between 2,000 and 4,000 feet. About 40 small cirque glaciers (none greater than 2 miles) are evident along the main divide. Numerous hanging valleys feed into the main canyons radiating from the central divide. The uplands are drained by relatively short, swift and clear mountain streams.

The Barren Islands to the north of Shuyak Island are primarily rocky scapes. Tugidak Island on the south is relatively flat and supports extensive areas of wet and moist tundra. The outlying islands south of the Trinity Islands are lower in elevation than Kodiak Island and support more limited vegetation growth.

From Shuyak Island to northeastern Kodiak Island, stands of Sitka spruce dominate land from shore to the treeline. These stands extend south to a general northwest-southeast dividing line running from Kupreanof Peninsula to Cape Chiniak. Southwest Kodiak Island is relatively flat and supports extensive areas of wet and moist tundra.

Exposed bedrock and shallow soils prevail along the 2500-mile rugged coastline. Northwest Kodiak shows effects of glaciation, with long, narrow fjords and U-shaped valleys. These lie perpendicular to the mountains and the geologic fault lines. Rivers typically enter at the heads of the fjords and are backed by extensive flat lands. The east and southeast coasts of the Archipelago are characterized by shorter, wider estuarine embayments. Southwest Kodiak Island and the Trinity Islands tend toward long, continuous shorelines with few bays. Most of the sandy beaches occur on the west coast of Kodiak Island and the Trinity Islands.

Specific geographic features within the Kodiak Island Borough include: offshore areas; estuaries; lagoons; wetlands and tidelands; rocky islands and sea-cliffs; exposed high-energy coasts; rivers, streams, and lakes; and important upland areas.

Offshore Areas: Offshore areas include submerged lands and waters beyond mean lower low water to the limit of Kodiak Island Borough. Because of the extensive estuarine system of the Borough, offshore areas are those outside the headlands of the estuaries. Living resources are abundant in the Borough's offshore area. Dominant fauna include shellfish, finfish, marine mammals, and marine birds. Kelp and other macroalgal beds provide habitat for sea otters, spawning herring, and juvenile fish.

They are important feeding areas for waterfowl and marine birds, and provide valuable primary production exported as algal drift, which is assimilated elsewhere in the marine ecosystem.

Estuaries: In the borough, most nearshore marine waters are designated as estuarine because of their extensive dilution by fresh water. Estuarine areas are considered to extend from headland to headland of bays, inlets, and fjords. Well-developed delta systems, apparently dominated by tidal action, lie at the head of most Kodiak fjords. Kodiak estuarine areas are highly productive. The complexity of the submarine topography and sediments and good algae growth, including extensive kelp beds, provide basic nutrients and diverse habitat to support herbivore and carnivore populations. In addition, many marine finfish and shellfish utilize the estuarine areas during larval and juvenile stages of development.

Lagoons: Lagoons are most prevalent in the south and southwestern portions of the Archipelago. Unlike other estuarine systems of the Islands, lagoons included in this habitat are shallow and tend to have sandy or flat shorelines.

Wetlands and Tideflats: The presence of coastal tidelands surrounding the Kodiak Archipelago is relatively low; however, the actual amount of habitat varies by region. Kodiak and Afognak Islands have very limited tideflat wetland complexes. Extensive tideflat-wetland complexes usually occur only at the heads of bays or around lagoons on these islands. In addition to these saltwater habitats, large inland wetlands occur in the Karluk River and Ayakulik River drainages in southwestern Kodiak. In sharp contrast to the availability of these habitat types on Kodiak and Afognak Islands, shorelines around the Trinity Islands contain extensive tideflats, and most of the Tugidak Island mainland is wetland habitat. Tideflat-wetland complexes provide valuable habitat for birds and marine mammals, particularly when used in combination with adjacent waters. In addition, the tideflat areas, especially those that are composed of sandy beaches, provide habitat for abundant clam and polychaete populations.

Rocky Islands and Seacliffs: Rocky islands generally have rock or cliff-lined shorelines. Occasionally rocky islands have tundra-vegetated interiors or areas along their coasts that are fairly level. This habitat category applies to most of the offshore islands. Along the coast of the major islands, however, this habitat type is limited to those shores with vertical cliffs. Offshore rocky islands and seacliffs are particularly important to marine mammals and marine birds as haulout and nesting sites. Many of these sites are along the east coast of Kodiak Island in the vicinity of Chiniak and Ugak Bays. The remaining sites are distributed around the archipelago and along the shoreline on the west side of Shelikof Strait.

Exposed High-Energy Coasts: Exposed bedrock shores comprise approximately 50 percent of Kodiak and Afognak Islands, and a large percentage of the Alaska Peninsula coastline on the west side of Shelikof Strait. Almost 90 percent of the Barren Islands are exposed bedrock. Exposed bedrock shores usually have moderate to steep gradients. Exposed high-energy coasts provide habitat for a variety of marine littoral-zone flora and fauna, which in turn are used by important fish and wildlife resources. In addition, high-energy coasts provide feeding and nesting habitat for bird species and a food source and resting habitat for marine mammals.

Rivers, Streams, and Lakes: The largest lakes and longest rivers within the Borough are located in southwest Kodiak Island. Major southwest lakes include Karluk, Frazer, Red, Akalura, and South Olga lakes. Other important lake systems on Kodiak Island, such as Spiridon, Little River, Uganik, Terror, Buskin, and Lake Rose Tead, are significantly smaller. Small pothole and high mountain lakes are also prevalent. Pothole lakes are generally found along the Upper Ayakulik River, between Olga Bay and the ocean, at the mid-reach of the Karluk River, on the Lower Aliulik Peninsula, and throughout Tugidak Island. Pothole lakes are also prevalent in the north and northeast sections of Afognak Island and on Shuyak Island. Major lakes on Afognak Island include: Selief Lake, Afognak Lake, Big and Little Kitoi Lakes, Pauls, Laura, and Gretchen Lakes, Portage Lake, Little Waterfall Lake, Hidden Lake, and Upper and Lower Melina Lakes. Due to the steep topography of the Aleutian Range mountains on the west side of Shelikof Strait, there are few lakes located in that area of the Kodiak Island Borough. With the exception of the Ayakulik and Karluk rivers in southwest Kodiak Island, rivers in the archipelago tend to be short and steep, often originating in small mountain lakes or small glaciers. Rivers, streams, and lakes provide critical aquatic habitat for resident and anadromous fish populations. In addition, they support summer and winter activities of bird and mammal populations, particularly waterfowl, bear, beaver, and land otters. Rivers and streams are the conduit for the freshwater component of estuarine systems, and serve as a valuable link between upland and marine environments.

Uplands: The archipelago uplands can be subdivided into four general areas based primarily on vegetative and terrain features. These areas are; (1) north of Kodiak Island, (2) the major portion of Kodiak Island, (3) southwest of Kodiak Island, lower Aliulik Peninsula, and the Trinity Islands, and (4) the Alaska Peninsula coastline west of Shelikof Strait. The first category, characterized by well-developed stands of mature Sitka spruce, includes Shuyak, Afognak, Raspberry, Whale, Spruce, and Marmot Islands.

The major portion of Kodiak Island forms the second category of uplands. Upland habitat distributions are closely related to differences in elevation. At very high elevations, unconsolidated material is generally absent. Below the peaks, mountainous areas have typical alpine vegetation. Steep mountains below 3,000 feet have dense shrub and ground cover. Lower slopes and valley floors are covered by sand and gravel of glacial origin, valley alluvium, alluvial fans, talus deposits, and ash from the 1912 eruption of Mt. Katmai. Cottonwood and occasionally Kenai birch are common stands along the lower reaches of major drainages.

The third region includes southwest Kodiak Island and the Trinity Islands. This region escaped glaciation and is vegetatively and topographically different from the rest of the Kodiak Archipelago. Plants are uniquely similar to species found in the Alaskan Arctic and unlike those found elsewhere in the Archipelago. The area is characterized by extensive moist and wet tundra surrounded by rounded low hills.

The upland terrain along the west side of Shelikof Strait is dominated by the northeast-southwest trending mountains of the Aleutian Range. The short, steep-gradient drainages to the Gulf of Alaska are generally situated in steep valleys with cottonwood stands along the stream courses. At higher elevations, the vegetation is characteristic alpine tundra and bare rock and soil.

Land Use and Ownership:

Borough Lands - The Kodiak Island Borough owns roughly 56,500 acres of land within the Borough. Most of this land was originally obtained and selected under municipal entitlement from the State of Alaska; the configurations of other parcels are the result of land trades with the State and occasional tax foreclosures. The majority of Borough land is located on Raspberry Island; Ugak Bay and Hidden Basin also include numerous pockets that total a sizeable portion of Borough land acreage. Lease and disposal of Borough lands are subject to review by the Planning and Zoning Commission and approval by the Borough Assembly. The Kodiak Island Borough zoning ordinance contains 18 zoning districts: Watershed (W); Wildlife Habitat (WH), Natural Use Lands (NU); Conservation (C); Rural Development (RD); Rural Residential (RR); Rural Residential One (RR1); Rural Residential Two (RR2); Single Family Residential (R1); Two Family Residential (R2); Multi-Family Residential (R3); Business (B); Rural Neighborhood Commercial (RNC); Urban Neighborhood Commercial (UNC); Retail Business (RB); Light Industrial (LI); Industrial (I); and Public Use Lands (PL). Three special use codes are used for mobile homes, zero lot line residential and single residential occupancy (SRO). Recreational land use includes 11 borough parks totaling 60 acres in size.

State Lands - The most significant State lands in the Borough are the vast tidelands. The State also owns a significant amount of upland area in the Borough. Most State uplands are in the northeast part of the Borough near the City of Kodiak, south around Ugak Bay to Dangerous Cape, northeast Afognak Island and Shuyak Island. The Division of State Parks within the Alaska Department of Natural Resources (DNR) manages all state parkland in the Borough. A few areas have had management authority transferred to other State agencies. In 2004/05 DNR completed the Area plan for Alaska State Lands that provided a land use policy for all state lands not assigned to a specific agency. The Alaska Department of Transportation and Public Facilities manage roads and airport facilities, the Alaska Department of Fish and Game (ADF&G) manages the Tugidak Island Critical Habitat Area and the Division of State Parks within DNR manages state parklands. State parks accessible by road include: Fort Abercrombie, Buskin River and Pasagshak State Recreation Sites. Most of Shuyak Island and a large portion of northeast Afognak Island are undeveloped state parks accessible only by water or air. In total, 5 state parks throughout Kodiak Island comprise 96,228 acres.

Federal Lands - Much of the Borough contains land managed by federal authorities. The major federal landowner in the Borough is the U.S. Fish and Wildlife Service (USFWS). USFWS manages the Kodiak National Wildlife Refuge (KNWR), which comprises 1.8 million acres of the archipelago, the Becharof and Alaska Peninsula National Wildlife Refuge (APNWR), and the Alaska Maritime National Wildlife Refuge (AMNWR). The USFWS is the largest single landowner in the Borough. The Borough boundary on the west, across Shelikof Strait, includes a portion of Katmai National Park managed by the Department of the Interior, National Park Service. The refuges are managed primarily for wildlife, yet allow a wide variety of recreational and commercial uses that do not interfere with the primary purpose of each refuge.

The U.S. Coast Guard (USCG), Department of Homeland Security, manages several important facilities on Kodiak Island. The U.S. Coast Guard base Kodiak, which is

located near the Kodiak urban area, contains over 21,000 acres. The base complex provides infrastructure to support several Coast Guard Cutters, Air Station Kodiak, Integrated Support Command Kodiak, Communications Station Kodiak, Loran Station Kodiak, Electronic Support Unit Kodiak, North Pacific Fisheries Training Center, Marine Safety Detachment Kodiak, plus several other Coast Guard detachments. The U.S. Navy SEAL (Sea, Air, and Land Special Operations) Cold Weather Training Detachment is housed on the base facilities at Spruce Cape. Other tenants located on the main complex include the Federal Aviation Administration, National Oceanic and Atmospheric Administration, the National Weather Service, and the National Marine Fisheries Service. The US Coast Guard base contains a full range of facilities and land uses usually associated with a major urban area, including recreational, residential, institutional, and commercial. The uses of land on the base and other federal facilities are generally exempt from local regulation. However, the uses are subject to federal requirements such as the National Environmental Policy Act (NEPA) and other environmental laws such as the Clean Air Act, Clean Water Act, and Resource Conservation and Recovery Act.

A portion of the scattered small rural parcels in the Borough are federal trust lands. Except for Native Allotments and Federal Townsite lots, no other federal trust lands, such as Indian reservations, exist in the Borough. These parcels are held in trust by the federal government in the name of the owner. The activities on the parcel and any transfer of title must be approved by the Bureau of Indian Affairs (BIA). Since they are federal trust lands, the parcels are exempt from most local and state regulations, as well as taxation, until ownership is transferred. Federal environmental laws such as NEPA and the Clean Air and Water Acts do apply.

Private Lands - The greatest growth among land ownership categories in the Borough has been privately held lands. Most of the lands selected by the Native regional corporation, Koniag, and the village corporations have been transferred for management or patented to the corporations. Over 675,000 acres of land have been transferred to these private corporations. This amounts to about 14 percent of the total land mass of the Borough. Much of this acreage, such as that on Afognak Island, was selected for timber resources or other development potential. However, some of this acreage was selected from within Wildlife Refuges and contains areas with high habitat values for fish and wildlife. The surface estate to former Wildlife Refuge lands is subject to regulation to ensure its protection in a manner compatible with the management objectives of the Wildlife Refuges and the subsurface estate (mineral rights) to such land was retained by the federal government. Except for lands previously part of a Wildlife Refuge, the subsurface estate of all Native lands is owned by Koniag, Inc.

Population and Urban Centers:

The total 2011 population of the Kodiak Island Borough is 13,870. Following are descriptions of the major population areas:

The **City of Kodiak** is located near the northeastern tip of Kodiak Island. The city is 45 minutes by air from Anchorage and just over 3 hours flight time from Seattle. The Alaska State Ferries, the M/V Tustumena and M/V Kennicott, connect Kodiak with Port Lions and the communities of the Kenai Peninsula. The Kodiak State Airport has three paved runways of various lengths with FAA tower services. Kodiak also features a

municipal airport with a 2,883 foot paved runway. There are floatplane facilities at Lilly Lake, St. Paul Harbor, and Trident Basin on Near Island. The city is served by two airlines conducting a total of 7 flights daily between Anchorage and Kodiak. Kodiak is also served by two all-cargo carriers and one scheduled intra-island carrier. The Port of Kodiak Municipal Harbor, owned by the City of Kodiak, is home to Alaska's largest fishing fleet, having a total of 650 slips. The City of Kodiak has 6,312 residents. The surrounding road-connected residential areas are Chiniak, Monashka Bay, Service District 1, the U.S. Coast Guard base, and Women's Bay. The combined population of these areas is approximately 6,701.

In addition to the City of Kodiak and vicinity, other population concentrations include the six Native communities found in the archipelago:

Ouzinkie is located on the southwest shore of Spruce Island which lies just off the northeast end of Kodiak Island in the Gulf of Alaska. The community of Ouzinkie is 10 air miles north of the City of Kodiak, and 247 air miles southwest of Anchorage. Spruce Island is characterized by swampy areas, volcanic and sedimentary rock, and an abundance of tall spruce trees. Ouzinkie was founded in the early 1800s by the Russian American Company as the site of a retirement community. The current estimated population of Ouzinkie is 178.

M/V Lazy Bay, an Intra-Kodiak Island marine cargo vessel, delivers freight on demand from Kodiak. The state of Alaska's 2,500-foot gravel runway is maintained by the City. There is no crosswind runway or tower service. Island Air Service makes scheduled passenger and mail trips to Ouzinkie. Charter service between the City of Kodiak and Ouzinkie is also available from several charter air services.

Port Lions is located near the mouth of Kizhuyak Bay on the north end of Kodiak Island near Whale Island the City of Kodiak and the Shelikof Strait. The City of Kodiak is 19 air miles to the southwest, with Anchorage 247 air miles to the southwest. The mountainous terrain is covered with Sitka spruce, cottonwood, birch, alder and willow trees. Port Lions was established following the partial destruction of Afognak Village, on Afognak Island, by a tsunami in the good Friday Earthquake of 1964. Approximately 204 people live in Port Lions.

From March through September, the State of Alaska's M/V Tustumena ferry stops at Port Lions. The 2,600-foot State-owned gravel airstrip can accommodate small twin-engine aircraft. There is no crosswind runway or tower service. Island Air Service and Servant Air provide mail and passenger service. Charter air service between Port Lions and the City of Kodiak is also available. Float planes can land at the harbor. The 8 miles of gravel-surfaced roads are maintained by the City of Port Lions.

Larsen Bay is located near the junction of Larsen Bay and Uyak Bay fjords on the northwest coast of Kodiak Island. Larsen Bay is 60 miles southwest of the City of Kodiak, and 283 miles southwest of Anchorage. Larsen Bay is situated in a valley between tree and shrub covered hills and mountains. The village of Larsen Bay has been an Alutiiq village for centuries. Russian fur traders brought trade to the area during the mid-1700s. A commercial fish cannery was first established in Larsen Bay in 1912. There are approximately 89 residents of the village. During the summer months the village of Larsen Bay more than doubles in population as commercial fishing gets

underway. Summer and fall are also characterized by an influx of tourists seeking to go sport-fishing, bear viewing, deer and waterfowl hunting, and sight-seeing.

M/V Lazy Bay makes trips from Kodiak upon request and Coastal Transportation has two scheduled stops a year. The State of Alaska's 2,500-foot gravel runway has no crosswind runway or tower services. Regular passenger and mail services are provided by Island Air Service. The community is also served daily by several air services from Kodiak. Floatplanes land in the bay near the community. The 3.5 miles of gravel roadway are maintained by the City of Larsen Bay.

Karluk is located on the northwest side of Kodiak Island facing the Shelikof Strait. Karluk is 67 air miles southwest of the City of Kodiak, and 301 air miles southwest of Anchorage. The terrain of the area is characterized by low-lying mountains laced with rivers and streams. The Karluk River runs through the community and features all five species of salmon. In 1786, a permanent community was established as a Russian trading post. In the early 1900s Karluk was a major salmon producing community with several canneries processing millions of fish. A prominent feature in the community is the Karluk Russian Orthodox Church, a historical landmark. There are about 37 people residing in Karluk.

The State of Alaska's 1,700-foot runway can accommodate a Cessna 208 caravan. There is no crosswind runway or control tower. Island Air Service provides regular passenger service. There is about one mile of gravel road in the community.

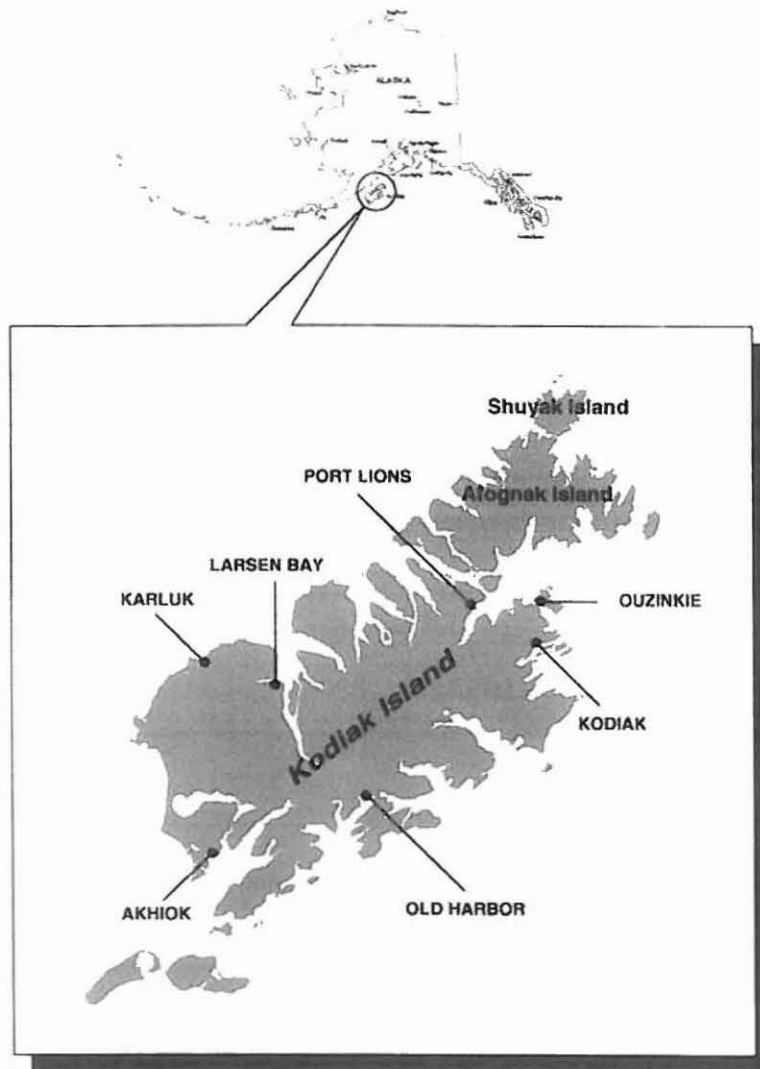
Akhiok is situated on the west side of Alitak Bay between Kemp Bay and Moser Bay on the south end of Kodiak Island. It is about 98 air miles southwest of Kodiak City. The local shoreline is characterized by narrow rocky beaches with a gradual incline up to surrounding uplands. The terrain around Akhiok is low hills and tundra like valleys and flat land. The village site was established in 1881. The tsunami of 1964 destroyed the village of Kaguyak, just to the east of Akhiok, and all the Kaguyak villagers were relocated to Akhiok. There are about 82 people living in this strong Orthodox faith-based community. Residents of the community are predominantly Aleut with a small number of Caucasian and Filipino. The serene, beautiful village is home to an abundance of animal life including the Sitka black tail deer, five species of salmon and many other salt water fish species; all of which sustain the subsistence lifestyle of the majority of Akhiok residents. Currently, twenty-two Alutiiq dancers, ranging in age from 2 years to adulthood perform for visitors and across the state of Alaska.

Access to Akhiok is by water or air. Island Air Service provides daily service from Kodiak to Akhiok. Charter flights are also available from other island-based carriers. The State of Alaska operates a 3,120-foot runway south of the town. There is no crosswind runway or tower service. The facility can be used by wheeled general aviation and amphibious float-planes.

Old Harbor is located on the southeast side of Kodiak Island in Sitkalidak Strait off the Gulf of Alaska. The community is about 50 miles southwest of Kodiak and 300 miles southwest of Anchorage. The Alutiiq people settled Old Harbor more than 7,000 years ago. The community is the site of the first Russian colony in Alaska. There are about 208 people living in Old Harbor. Old Harbor is the site of a historic Russian Orthodox Church. Old Harbor's economy is based on commercial fishing. Tourism is also a growing part of the economy.

M/V Lazy Bay offers service between Kodiak and Old Harbor. The State of Alaska owns and operates the 2,800-foot runway that can accommodate twin otter aircraft. No flight tower or crosswind runway is available. Island Air Service and Servant Air provide regular passenger and mail service to Old Harbor. The village is also served by several charter air services on a daily basis from the City of Kodiak.

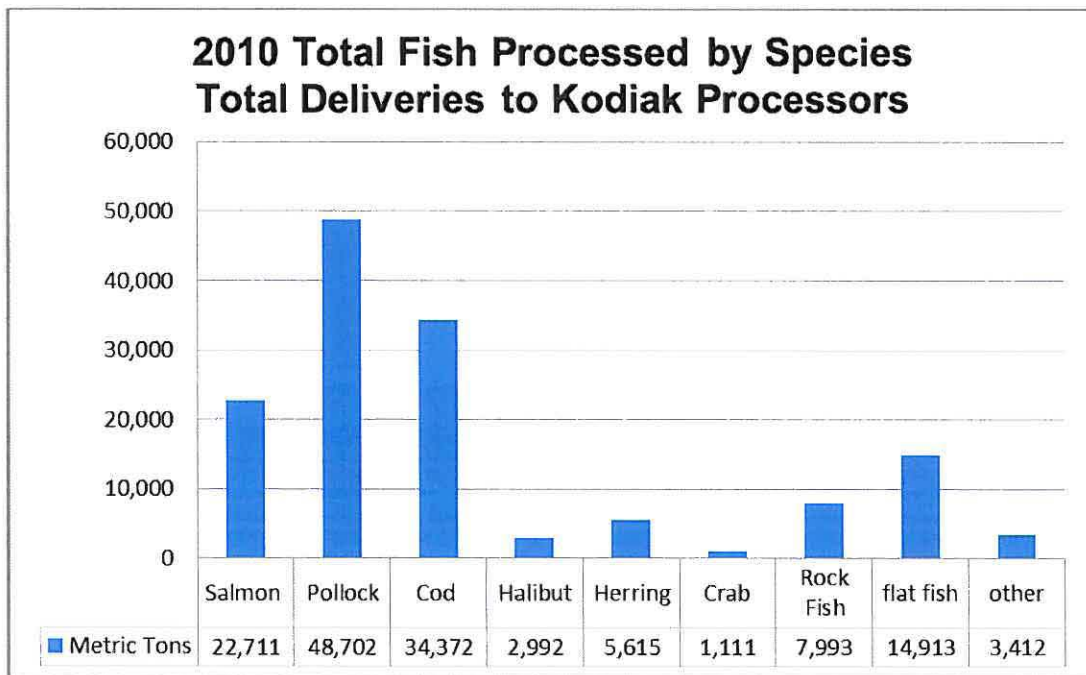
Remainder of Borough. Remote areas of the borough, including Kazakof Bay on Afognak Island (the site of two logging camps), have a total population of approximately 300 people.



Natural Resources

Fisheries

The most important natural resources to the economy of Kodiak are the fisheries. Fish stocks harvested and brought into Kodiak for processing are found in the Gulf of Alaska, the Aleutian Islands, and the Bering Sea. The quantity of retained catch brought into the Kodiak Island Borough for processing during 2010 is indicated in the graph below.



Timber

The forest products industry is a declining segment of the Kodiak economy. The Sitka spruce forested area of the Borough continues to expand from its initial occurrence on the northern islands toward both the South and West. Due to the nature of the relatively young emerging stands, the initial open-grown trees have less natural pruning and subsequently exhibit more knots than would similar trees in mature stands or second growth stands with higher volumes per acre. The stands now in place are relatively short in comparison to the more highly developed stands of Southeast Alaska—130 feet as compared to 200 feet in total height. Second growth stands that develop with natural regeneration following clear-cutting will produce more recoverable volume per acre and higher sawlog grades in a shorter period of time than the present stands contain. Approximately two-thirds of the timber recovered from the existing stands is grade 2 or better sawlog material while the remainder is grades 3 and 4 sawlogs. In FY2011, the private timber harvesters paid a severance tax of \$32,000 to the Kodiak Island Borough. One forest products company operates within the Kodiak Island Borough, at Danger Bay. Another company A1 Timber Consultant a Chehalis, Washington based company currently operates out of the Chiniak area. Through the end of 2010 A1 has requested permits to harvest at least 16.5 million board feet of timber. A1's logging operation is

difficult to predict due to the uncertainty of the market. The reason for the decreased production is due to the decreased prices in Asia for our timber.

Outer Continental Shelf

The Kodiak Island Borough contains portions of sedimentary petroleum provinces or basins within the Cook Inlet Planning Area for Oil and Gas Lease 149. Three petroleum-exploration geologic plays are recognized in the sale area. A geologic play is a group of geologically related prospects with a similar hydrocarbon source, reservoir, and trapping mechanism. Only portions of two of these plays, the Mesozoic Structural Play, and the Mesozoic Stratigraphic Play, fall within the boundaries of the Kodiak Island Borough. The Mesozoic Structural Play covers most of the sale area, extending from the northeastern limit of the sale area in Cook Inlet into the northeastern portion of the Shelikof Strait in the Kodiak Island Borough. The Mesozoic Stratigraphic Play is best developed in the central and southern parts of the sale area, running the entire length of the Shelikof Strait and encompassing the northeastern half of the Strait as well as the shore-side lands of the Alaska Peninsula.

The ultimate potential for the base case in the entire sale area (not all of which is located within the boundaries of the Kodiak Island Borough) is estimated to be 500 million barrels. The high side potential is estimated to be 1.2 million barrels. Resource estimates for only those portions of the Sale Area located within the Kodiak Island Borough are not available.

Metallic Minerals

Kodiak Island Borough contains two regional metal provinces—areas characterized by a distinct association or anomalous concentrations of metals. These provinces are also characterized by the potential for mineral development and concentrations of mining claim activity.

The two metal provinces occupy the northwest half of the Borough. The province that extends along the northwest coast of the Borough is rated high for the occurrence of chromium and copper. The second province, which extends from near the northwest coast to the middle of the Borough is not rated high. The major commodities are gold and copper; the minor commodities are lead, zinc, silver, and tungsten.

Exploration for minerals in the Borough has been sporadic and limited to areas of easy access. Nearly all the mineral claims and areas of related activity are located near water passages. The interior portions of the islands are relatively unexplored. It has been estimated that less than 20 percent of the Borough has been adequately prospected. Although no commercial metallic deposits have been discovered in the Archipelago, the potential is present in the form of adequate intrusive units and widespread host rocks. Historically, gold has been the major commodity found in the Borough, in both placer and lode deposits.

Metallic mineral resource development has occurred in the past on a small scale, but at present there are no commercial-scale mining activities.

Placer Deposits. Placer deposits occur along beaches and are believed to be the result of wave and current action on the tills and gravels that form the sea cliffs along portions of the northern and western coasts. A direct geologic relationship between the placer gold and the gravels and tills has not been established since gold has not been found in

these sediments. The ultimate source of the placer gold is probably quartz veins in the slates and graywacks of the interior part of the island. The probability of offshore placer gold deposits is considered low.

Placer operations have generally been small-scale and worked from time to time. It has been estimated that \$150,000 worth of gold was recovered from the beach sands in the early twentieth century. Very minor quantities of platinum and chromite were recovered with the placer gold. Magnetite and pyrite have also been recovered from placer deposits.

Lode Deposits. Lode gold prospects, mainly in quartz veins, occur throughout the Borough. The gold lode deposits are associated with the quartz intrusives and with dikes and sills that are probably related at depth to the intrusives. The host rocks are generally slates and graywacks.

The lode deposits were discovered in the late 1800s, and have been sporadically explored and worked since then. Lode mining took place mostly before World War I and to a lesser extent until about 1935. None of the attempts to mine lodes has been commercially successful—with the possible exception of the Amok Claim at Uyak Bay. Several other gold lodes were prospected in the Uyak Bay area around the turn of the century. Some gold was probably taken out of these lodes by their discoverers, but there is no recorded production, and after minor development, they were abandoned. Assays on lode of the east shore of Uganik Passage showed high gold tenor, and a small mill was installed on the property in 1935. There is no recorded production.

Scheelite (tungsten ore) was found disseminated as fine grains and veinlets in quartzitic zones in graywacke on Chalet Mountain near the head of Anton Larsen Bay. Investigations on this ore in the late 1950s concluded that these deposits are not commercial. A copper prospect located on the northwestern side of Sitkalidak Island was examined in the late 1930s and early 1940s. At the time, the deposit was not considered commercial. Lode occurrences of other commodities, such as silver, lead, and zinc, have been reported. The occurrence of placer deposits of chromite and platinum suggests the presence of lode deposits along the northwest coast.

Nonmetallic Minerals

Thin beds of coal have been reported in Tertiary sediments in the eastern part of Kodiak and on Sitkinak Island. None of the coal exposed in surface outcrops has sufficient reserves to be considered commercial. A large sand and gravel deposit is located on one of the Trinity Islands.

Shakmanof Cove Prospect: A granite deposit located at Kizhuyak Point which is accessible via Shakmanof Cove near the village of Ouzinkie has long been looked at as a significant hard rock source for Kodiak Island and other statewide needs. The area's surface rights are owned by Ouzinkie Native Corporation and subsurface rights are owned by Koniag Incorporated. Test results reveal a very strong, blocky and competent Granite rock. Taken together, the field investigation and laboratory analyses indicate that the Shackmanof granite is suitable for the following marketable rock products:

- All Grades of riprap (DOT&PF highways and airports specifications) from Class I through IV (smallest to largest)
- Shore protection rock products (US Army Corps of Engineers)

- Armor stone (DOT&PF airport spec)
- Gradations of crushed aggregate including base course; surface course; aggregate for asphalt concrete pavement, concrete, cover coat and surface treatment, filter blanket and subbase (DOT&PF highway and airport specs)
- Selected material types A, B, and C
- Porous backfill
- Gabion backfill

Additional markets for the Shakmanof granite may include many other construction products based on high quality aggregate (soil cement, emulsified asphalt treated base course, etc.), and possibly architectural products such as granite facing, flooring, slabs, etc.

Environmental Issues

Endangered and Threatened Species

Endangered or threatened species that occur in the Kodiak Island Borough, or may enter the area with varying frequency, include the following:

Fin Whale (endangered): The North Pacific fin whale population, protected from commercial harvest by the IWC since 1976, currently lies between 14,620 and 18,630 individuals, less than half the estimated pre-exploitation population. In Alaska, some whales spend the summer feeding over the continental shelf in the Gulf of Alaska, including portions of lower Cook Inlet, Shelikof Strait, outer banks of the Kodiak archipelago, and along the Alaska Peninsula. Fall migration occurs from September to November with some fin whales consistently wintering in the Kodiak Island area, primarily observed in bays and inshore waters from northwestern to southwestern Kodiak Island and possibly the Gulf of Alaska; however, most of the North Pacific population is believed to winter far offshore at latitudes from central California to Baja California. Northward migrating fin whales enter the Gulf of Alaska from March to June, and peak occurrence in the Kodiak Island-northern Gulf of Alaska area is reached by May.

Humpback Whale (endangered): The North Pacific humpback whale population, estimated to number 7,000 individuals, remains greatly depleted from pre-commercial whaling levels of about 15,000. Humpbacks were protected from commercial harvest by the IWC in 1966. Small numbers of humpbacks have been observed in bays of western and northwestern Kodiak Island. The limited data available suggest that waters along the south side of the Alaska Peninsula to the eastern Aleutians may be of particular importance to summering humpbacks. Substantial numbers of humpbacks have been sighted between the Kenai Peninsula and Afognak Island, with summer feeding aggregations occurring in Marmot Bay and Northeast Afognak Island. In the Barren Islands, as many as 50 individuals have been sighted simultaneously, with at least 100 present in local areas. Humpbacks are estimated to be present in this area from mid-May until late August or September.

Sei Whale (endangered): The North Pacific sei whale population is estimated at 9,110 individuals; a definite trend for this species since its protection by the IWC in 1976 is not evident. Sei whales are found offshore in the Gulf of Alaska and south of the Aleutian

Islands in summer, with numbers peaking in May and June. Southward migration begins in August or September.

Beluga Whale (threatened): Beluga whales in Cook Inlet have been listed as threatened under the Marine Mammal Protection Act (MMPA). Over-harvesting by native subsistence hunters has been identified as the cause for the steep population decline over the past decade. However, the MMPA listing, as well as a measure passed by Senator Stevens in Congress, has given the National Marine Fisheries Service the tools that it needs to regulate the native subsistence hunt. As a result, hunters have been limited to a small annual take, as compared to the 80 or more whales they were harvesting annually. The population has now begun to recover with the latest survey showing 435 whales, compared to 350 whales in 1998.

Steller Sea Lion (threatened): The total adult/juvenile (nonpup) Steller (northern) sea lion population in Alaska was estimated to have been 28,658 animals in 1998 and declining, especially in the area from the central Aleutian Islands to at least the Kenai Peninsula in the Gulf of Alaska where a decrease of 66 percent since 1989 has occurred. An estimated 12,299 sea lions occupied the Gulf of Alaska (excluding southeast Alaska) in 1998. A number of sites rather evenly distributed around the Kodiak archipelago have been historically recognized as areas of sea lion concentration. The range of sea lion concentrations extends from the Barren Islands south to Chirikof Island and the Semidi Islands, and to the Alaska Peninsula shoreline on the west side of Shelikof Strait between Katmai Bay and Hallo Bay. Among them are the most important sea lion rookeries in the Gulf of Alaska including Sugarloaf Island, Marmot Island, and Chirikof Island. It is believed that sea lions use these sites year round with fewer present in winter.

Aleutian Canada Goose: Current breeding range of the Aleutian Canada goose includes several islands in the central and western Aleutians, and Kiliktagik and Anowik Island in the Semidi Islands south of the Alaska Peninsula. Peak counts on the wintering areas (California, Oregon) suggest the current population is about 37,000 individuals. The Aleutian Canada Goose was reclassified from endangered to threatened status as of 1991. Due to the cooperative efforts of state, federal, private and international partners the Aleutian Canada Goose is on the verge of a dramatic recovery and will soon be removed from the list of threatened species under the Endangered Species Act.

Steller Eider (threatened): In March 2000 the US Fish and Wildlife Service proposed to designate approximately 17,000 square miles of land and 8,440 square miles of marine waters as critical habitat for the Alaska-breeding population of Steller's eider, a threatened sea duck. There are three populations of Steller's eider. Two breed in Russia and one breeds in Alaska. Only the Alaska-breeding population is listed as threatened. The historical population size and distribution of Alaska-breeding Steller's eider are not well known, but biologists suspect both the population's breeding range and abundance have decreased significantly due to unknown causes. They estimate a few hundred to a few thousand birds now occupy the North Slope breeding grounds.

Harbor Seal: Harbor seals are the prominent nearshore seal. Known areas of harbor seal haulout concentrations include the Barren Islands; the west shoreline of Shuyak Island; protected bays on the north and west shores of Afognak Island; bays and rocky promontories in Alitak Bay; the Trinity Islands; Chirikof Island and the Semidi Islands;

Wide Bay; Puale Bay; Kukak Bay; and the Kiukpalik Islands. Despite the fact that harbor seals do not generally congregate in dense colonies, more than 125 sites that contain high density seal populations have been identified around the Borough. Outstanding among these sites is Tugidak Island, historically one of the largest pupping season concentrations in the world. Between the mid-70s and 1990 the population of harbor seals in the Tugidak Island area declined approximately 90%. In 1996, the mean count of harbor seals within the Kodiak Archipelago was estimated at 4,437. Scientists have not been able to identify the specific cause of the harbor seal population decline at Tugidak, but harbor seal populations have been observed to be in a severe decline throughout nearly all their areas of distribution in Alaska with the exception of Southeast Alaska.

Although not listed as endangered or threatened, the harbor seal could possibly be soon designated as a "depleted species" under the Marine Mammal Protection Act.

Northern Sea Otters (threatened): In November 2000 the US Fish and Wildlife Service published a notice in the Federal Register designating northern sea otters in the Aleutian Islands as candidates for protection under the Endangered Species Act. Because the Aleutians have long been considered a stronghold for the species, their severe decline over the past decade is a cause for concern. Recent data collected by both the Fish & Wildlife Service and the U.S. Geological Survey show that the sea otter population in the Aleutians has declined by 70% in the past 8 years. As few as 6,000 otters may remain in the entire Aleutian chain, down from a 1980s population estimate of between 50,000 and 100,000 animals. Biologists speculate that the cause of the decline may be due to increased predation by killer whales.

Cultural/Historic Sites

Character of Cultural Properties: People have lived in the Kodiak Archipelago for more than 7,500 years. The first islanders were Native Alaskans - the ancestors of the contemporary Alutiiq people. Well equipped for life in a maritime environment, they settled Kodiak's coast to harvest the wealth of local marine mammals and birds, fish and shellfish. In the late 18th century, the resources that had sustained the Alutiiq for millennia began attracting a diversity of colonists. Russian fur traders came to the region to harvest sea otters, and they were followed by a succession of American, Scandinavian and Asian entrepreneurs who contributed to the development of the modern fishing and canning industries, and participated in the military build up that accompanied the World War II era.

Evidence of this long cultural heritage is preserved in an abundance of cultural properties; archaeological sites and historic buildings. The Alaska Heritage Resources Survey (AHRs), the state maintained compendium of archaeological sites - records more than 1,000 sites for the region. This represents roughly 4% of all of Alaska's cultural properties in an area that covers less than 0.5% of the state's total land mass. This wealth of known sites reflects Kodiak's climate, high population densities and the region's history of archaeological research. Large prehistoric populations produced numerous sites that have resisted decay in the region's cool, wet environment and a number of these sites have been documented by scientists. Importantly, these sites represent only a portion of the past settlements preserved on the landscape. Each year

archaeologists add to the regional site inventory as unsurveyed areas are investigated and as sites are uncovered by erosion and development.

The sites of the Kodiak region represent a diversity of activities. Prehistoric deposits include ancient coastal villages, stream-side camps, burial caves, stone fishing weirs, petroglyphs pecked into cliff faces, ridge-top cairns, stone quarries, and ancient trails. In addition to the stone tools commonly found in prehistoric settlements, many of Kodiak's sites also contain shell, bone, antler, and ivory objects. A rare few hold spectacular assemblages of wood and fiber artifacts. Many are also rich with architectural features, including house foundations, tent rings, hearths, clay-lined storage pits, slate boxes, and burials. This well preserved record documents thousands of years of continuous settlement and chronicles the adaptation of Native societies to the region's productive marine environment.

Historic sites also provide an invaluable view of the past. From the Russian Orthodox churches found in Kodiak communities to the remains of sea otter hunting artels and historic cemeteries, nineteenth century salmon hatcheries and cannery buildings, and World War II era concrete bunkers, there is a wealth of material evidence documenting the intensive, multi-cultural forces that combined to create modern Kodiak. These sites occur both as archaeological deposits (e.g. buried deposits, building foundations, etc.) as well as contemporary features in the Kodiak community (e.g. standing structures, maintained cemeteries, etc.).

This extensive archaeological record holds extremely valuable information about Kodiak's human history, particularly the period preceding European colonization for which there are no written records. Each site contains a unique piece of the archipelago's cultural history that is not preserved in any other place. Unfortunately, many of these sites continue to be damaged by natural and human forces. Erosion, site vandalism, and land development are the most common sources of disturbance. Erosion is a particularly wide spread problem. Winter storms, meandering rivers, and earthquakes remodel Kodiak's shoreline, causing coastal sites to slough into the ocean. Although illegal, recreational digging and artifact collecting have long been popular activities and continue to contribute to the destruction of sites. By removing objects from sites and disturbing their layers, vandals substantially decrease the information that scientists can recover.

Oil spills are another potential source of site damage, through the direct deposition of oil, or through secondary oil transport by winds, storm tides, ground water migration, and the movement of birds and animals. One major injury caused by oil contamination is the inability to radiocarbon date contaminated materials. Additionally, increased access to remote coastal areas by cleanup crews can increase knowledge of site locations and accelerate site vandalism.

National Register of Historic Places Sites in the Kodiak Archipelago: Seven of the roughly 1,000 sites listed on the AHRS for the Kodiak Archipelago are also listed on the National Register of Historic Places - the federal compendium of cultural significant properties. These sites, which largely reflect Kodiak's historic era, are summarized below. It is important to note that a very large proportion of the remaining sites listed on the AHRS may also be eligible for inclusion in the National Register. While the seven sites described are clearly important to Kodiak's history, they represent a tiny fraction of

the region's significant cultural resources. They are simply those that have been through the lengthy nomination process. Other sites will undoubtedly be added to the list.

The Russian Kiln Site (049-KOD-207): Located on Long Island off the east shore of Kodiak Island, this is one of the few historic sites associated with brick making, which was a subsidiary industry of the Russian American Company. The 3000 to 6000 bricks that were produced annually were used as ballast in the company's ships, in the construction of stoves to heat employee quarters, and in bathhouses. This site is considered to be significant for its contribution to the industrial history of Alaska. Subsistence caused by the 1964 earthquake has contributed to site erosion, scattering brick debris along the shore below the site.

The Erskine House (049-KOD-123): The Erskine House is located on Marine Way in downtown Kodiak. This building is the only standing structure in Kodiak associated with the Russian American Company and the Alaska Commercial Company, the two commercial enterprises that were controlling factors in the early administration of Alaska. Local tradition indicates the building was erected by Alexander Baranof about 1792-3 as an office and fur warehouse. The building was constructed in a typical Russian-American style with rough-hewn square logs and a hipped roof. Numerous alterations have been made to the building, which is now being used as the Kodiak Historical Society's Baranov Museum.

Fort Abercrombie State Historic Site (049-KOD-137): Situated approximately five miles north of the City of Kodiak, the remains of this World War II era fort are representative of North Pacific coast defense installations. The site is strategically located atop a high headland, and commands a view of the surrounding straits and bays. Dense stands of mature Sitka spruce provide a natural camouflage for the fort. The area was withdrawn as a military reservation in 1941 but remained operational until 1945. The fort was named in honor of Lieutenant William H. Abercrombie, a noted Alaskan explorer of the late nineteenth century. Although Fort Abercrombie was never engaged in battle, its ruins are remnants of a time when foreign invasion was anticipated on American soil. The remains of the fort include concrete beds for gun emplacements, fragments of exploded armaments, cavernous magazines, and building foundations. The site is presently open to the public primarily for day-use activities.

The Three Saints Site (049-KOD-124): Located on the southeastern shore of Kodiak Island on the western shore of Three Saints Bay, this multi-component site contains a prehistoric occupation dating from 0-900 A.D., followed by a historic occupation beginning in the 1700s. Excavation and analysis of the prehistoric site provided the basis for the definition of the Three Saints Bay Phase of the Kachemak Bay Tradition - a prehistoric era dating from roughly 2,400 to 800 years ago. Investigation of the historic component illustrates the site's connection to the Russian era. In 1784 the first Russian colony in America was established at Three Saints Bay and for eight years the colony served as the headquarters of the Shelikhov-Golikof Fur Company. The colony consisted of numerous log buildings including dwellings, bunkhouses, warehouses, commissary, barns, storage buildings, smithy, carpentry shop, and ropewalk. All of the buildings were destroyed as the result of subsistence resulting from earthquakes, and there are no surface remains today.

Holy Resurrection Orthodox Church (049-KOD-195): This 50 year-old church is the most distinguished architectural feature of the Kodiak skyline. The frame building is laid out on an apsidal-transept plan and covered with white shingles. All the windows are center pointed. A single extended church tower at the front is capped with the traditional Orthodox onion dome, painted blue. A second onion dome and supporting hexagonal tower surmount the medium gable transept roof. A detached bell tower and several graves marked with marble monuments are also on the site.

A church built between 1843 and 1867 originally occupied the site until it was destroyed by fire in 1943. The existing structure was erected in 1945. Only the detached bell tower is believed to have survived from the earlier church. Icons and religious objects, some dating from the early nineteenth century, adorn the interior. One icon, that of the Holy Resurrection (date 1793), was brought by Saint Herman (then Monk Herman) from Russia with the original party of Orthodox missionaries in 1794. The church is still used for Orthodox services.

American Cemetery (049-KOD-132): Other than the surroundings and the settling and shifting of pits, mounds, markers, and headstones; the expected attrition of age, the American Cemetery physically appeared much as it did when abandoned in 1940 for fifty years. The cemetery originated as a military cemetery to serve Fort Kodiak. This fort and military post was established with the American occupation of Alaska (Russian America) immediately after the purchase of the Territory.

Five of the soldiers from the original fort are known to be buried there. Their names are listed in the National Archives, Old Military Records. In addition to these men, there exist two graves of Unknown Soldiers, and many local residents from 1868 to 1940, including G. G. Holt, the first white man to cross Chilkoot Pass.

The Cemetery continued to be used by the Village and then the City of Kodiak until 1940. In 1990, the Alaska Societies of the Daughters of the American Colonists and the Daughters of the American Revolution renovated the site.

Middle Bay Brick Kiln (049-KOD-011): This site, located on the southeastern shoreline of Middle Bay, holds the remains of a colonial Russian brick kiln. Test excavations uncovered a portion of a brick platform, remnants of two brick walls, and a small standing brick arch. The site has been affected by erosion, and by recreational brick collecting.

The standing arch may have been one of a number of features constructed to (a) support the kiln floor and (b) house the kiln fires. Kilns similar to this one continue to be used in the Near East. Brick kilns having arches for firing purposes were certainly being used in seventeenth century England. Such kilns allowed the hot air to circulate upward among the green bricks stacked within the kiln, the bricks being “baked” or “fired” in the process. While the documentary search did not uncover any references to Russian kilns, it is quite possible that brick firing techniques used in Western Europe would have been used in European Russia, and subsequently Russian America, as well.

The structural remains uncovered at the KOD-011 represent an important subsidiary industry of Russian America. These features currently suggest that the site may have been the location of a type of kiln in general use for thousands of years, a type that might have been feasible for use by Russian colonists in America. The KOD-011 site

has enormous potential for increasing our understanding of Russian colonial brick making operations in the Western Hemisphere.

Marine Archaeology: In addition to the archaeological sites on land, the continental shelf surrounding Kodiak also has the potential to hold important underwater sites. Eustatic sea-level changes since deglaciation have caused the region's coastline to vary dramatically. At the lower sea levels early residents may have occupied lands that are presently submerged, leaving valuable archaeological evidence on the sea floor. Additionally, the region may contain shipwrecks of historic importance.

Note: Cultural/Historic Site portion of this document contributed by Dr. Sven Haakanson, Jr. and Amy Steffian, Alutiiq Museum and Archaeological Repository, Kodiak.

Political Geography

Kodiak was incorporated as a first class city in 1940. It is a home-rule city with a city manager/council form of government. There are six members on the city council, plus the mayor. There are eight departments in the municipality. They include: public works, finance, city engineering, parks & recreation, library, fire department, police department, and cargo dock/boat harbor. The Kodiak Island Borough was incorporated on September 24, 1963 as a second class borough with an elected Mayor and Assembly/Manager form of government. Since that time the borough has been ruled by either a Mayor form of government or more recently a Manager form of government. By Alaska State Statute, the Kodiak Island Borough is responsible for four area-wide powers encompassing all of the Kodiak Island Borough: 1) Planning and Zoning, 2) Assessment and Taxation, 3) Education, and 4) Health (restricted to hospital and mental health services only). Non-area wide powers held by the Borough are: 1) Solid Waste Collection and Disposal, 2) Animal Control, 3) Parks and Recreation, 4) Economic Development, and 5) Special Service Districts for Roads, Water, Sewer, and Fire Protection. The KIB has 15 recreational facilities spread over 223 acres, and a boat launch located at Anton Larsen. The City of Kodiak and the Kodiak Island Borough provide joint animal control and facilities, and building inspection services. Real and property taxes are administered through the Kodiak Island Borough.

The presence of the State of Alaska in Kodiak is primarily in the form of the Department of Fish and Game. Their role is to manage and regulate the fisheries in the region. Other State agencies in Kodiak are: Health and Social Services, Employment Center, Legislative Information, District Attorney, Public Defender, Vocational Rehabilitation, Department of Corrections, Adult Probation & Parole, Environmental Conservation, Alaska State Court System, National Guard, SW District Parks Division, Department of Transportation & Public Facilities, University of Alaska, Anchorage/Kodiak College, and the University of Alaska, Fairbanks (UAF) School of Fisheries and the Ocean Sciences, Kodiak Seafood and Marine Science Center (aka Fishery Industrial Technology Center).

The federal agencies with the largest exposure in Kodiak are the Coast Guard and the National Oceanic and Atmospheric Administration (NOAA). NOAA divisions include the National Weather Service, National Ocean Survey, and National Marine Fisheries Service. The agency also performs duties related to the maritime environment, such as coastal zone management and marine mammal protection. Also located in Kodiak, but

with a more limited presence, are the Federal Aviation Administration (FAA), the United States Forest Service, and the United States Postal Service.

The Native organizations that serve the Kodiak Island region are the Kodiak Area Native Association (KANA), Koniag, Inc., Natives of Kodiak, Inc., Leisnoi, Inc., Afognak Native Corporation, Ouzinkie Native Corporation, Akhiok-Kaguyak, Inc., Shoonaq' Tribe of Kodiak, and Old Harbor Native Corporation. KANA, a non-profit organization that was formed in 1966, provides direct social services such as health promotion, advocacy, community development planning, education, and manpower to Natives in its coverage area through grants primarily from the state and federal governments.

Koniag, Inc. is the Regional Corporation formed after the passage of the Alaska Native Claims Settlement Act (ANCSA). Koniag's primary purpose is to manage the assets received pursuant to ANCSA.

Ouzinkie was incorporated as a second class city in 1967. The seven members of the Ouzinkie City Council are elected to three-year staggered terms. The Mayor is elected from, and by, the City Council to a one-year term. Key city positions include the Mayor, City Clerk, and Utilities Clerk. The seven-member Ouzinkie Tribal Council meets on the third Wednesday of each month. The Council serves as the tribal government and addresses issues concerning Alaska Native members of the community. The Native Village of Ouzinkie is a federally recognized tribe.

The City of Port Lions is a second class city within the Kodiak Island Borough and the state of Alaska. It was incorporated in 1966. The seven-member City Council is elected to staggered, three-year terms of office. The mayor is elected to a one-year term by the City Council. The Native Village of Port Lions is a federally recognized Tribe. The seven-member Port Lions Tribal Council is elected to three-year staggered terms of office by the Tribal membership. The Native Village of Port Lions administers a number of federal and state-funded programs and contracts. Key community individuals include the City Mayor, City Clerk, Village Public Safety Officer, Port Lions Tribal Council President, Tribal Administrator, CHA & CHR, Harbormaster, Roads Foreman, Water Plant Operator and Head Teacher.

Larsen Bay incorporated as a second class city in 1974. The seven members of the Larsen Bay City Council are elected to three-year staggered terms. The mayor is a member of the City Council, and is elected by the membership of the City Council to a one-year term. The seven-member Larsen Bay Tribal Council serves as the tribal government for Alaska Native residents of Larsen Bay. Issues of concern to the tribal government include health care, social services, and tribal operations.

Karluk is an unincorporated village within the Kodiak Island Borough. The village is governed by a seven-member Indian Reorganization Act (IRA) tribal council. Council members are elected to three-year staggered terms. Key positions within the IRA Council are the Village Clerk and Water/Sewer Operator.

The City of Akhiok was incorporated in 1974 and is a second class city within the Kodiak Island Borough system. Akhiok has a seven-member city council from which the mayor and other officers are selected. The Tribal Council is recognized by the Bureau of Indian Affairs as the official tribal governing body of the community of Akhiok, and is eligible to administer a variety of federal programs, including local health care,

employment assistance and other social services. The Tribal Council assigns its federal contracting authority to the Kodiak Area Native Association (KANA) by resolution. KANA in turn, administers the programs and provides the services. Tribal Council members are elected according to an adopted constitution and bylaws. Elections are held at the same time as local municipal elections.

Old Harbor was incorporated as a second class city in 1966. The seven City Council members are elected to three-year staggered terms. The mayor is elected from, and by, the membership of the Council. Old Harbor is a federally recognized tribe that has a seven member Tribal Council elected to the three-year staggered terms. The Tribe provides a variety of programs to assist in the health and wellness of the community. The City Council, Tribal Council and Old Harbor NATIVE Corporation work cooperatively to accomplish community goals.

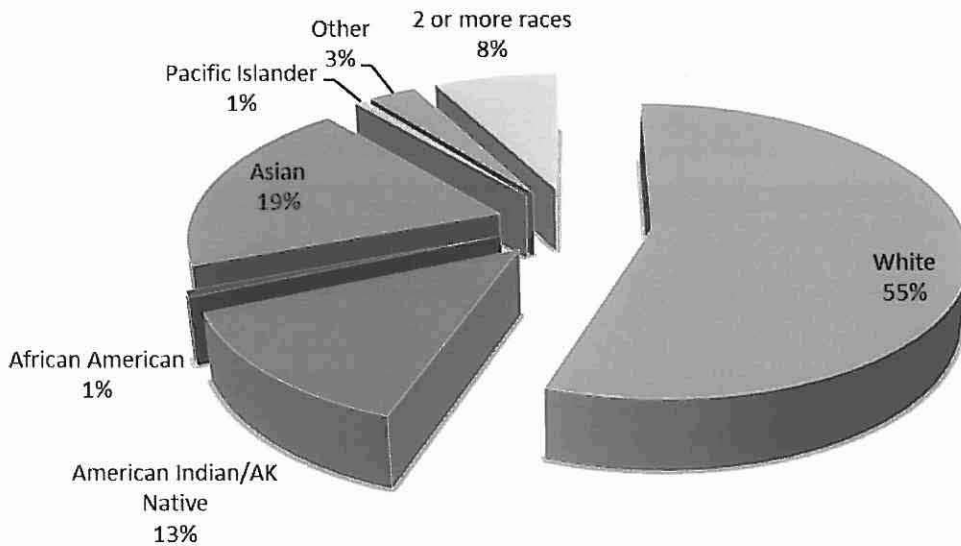
Population and Labor Force

In 2011, estimated population of Kodiak Island Borough is 13,870. Compared to the estimated 1985 population, we show zero population growth. Population peaked to slightly less than 15,000 in 1995. The decline in population may be due to the use of a new method of estimating population. Based on 2010 Census data, the median age of Kodiak's population is 32.5 years. Males comprise 53% of the population and females 47%. 20.7% of adults 25 years of age and older hold a Bachelor Degree or higher; 87.7% of adult 25 and older have a high school diploma or higher. The median household income is \$62,574. The per capita income in dollars adjusted to inflation in 2009 was \$26,862. The size of Kodiak Island Borough's non-agricultural labor force is 6,681. The average annual unemployment rate in 2011 was 7.0 %.

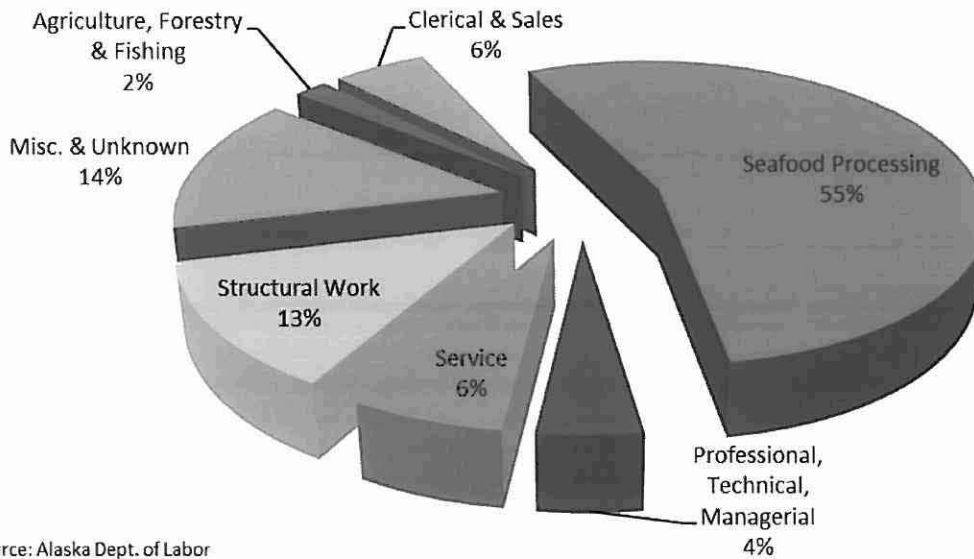
Characteristics of the Unemployed - 2011

	Number	Percent
Sex: Male	882.....	57.0%
Female.....	666.....	43.0%
Total	1,498.....	100%
Age:		
Less than 21	17.....	1.1%
21-24	96.....	6.2%
25-34	296.....	19.1%
35-44	293.....	18.9%
45-54	393.....	25.4%
55-64	326.....	21.1%
65+	127.....	8.2%
Number of Dependents:		
0.....	962.....	62.1%
1.....	256.....	16.5%
2.....	177.....	11.4%
3+	153.....	9.9%
Ethnic Background:		
Alaska Native/Am. Indian	205.....	13.2%
Asian & Pacific Islander	892.....	57.6%
Black	11.....	0.7%
Hispanic	151.....	9.8%
White.....	282.....	18.2%
Other.....	7	0.5%
Occupation:		
Agri., Fishing, & Forestry.....	26.....	1.7%
Benchwork	1.....	0.0%
Clerical & Sales	75.....	4.8%
Machine Trades.....	27.....	1.7%
Seafood Processing	841.....	54.3%
Prof., Tech., & Managerial	66.....	4.3%
Service.....	95.....	6.1%
Structural Work.....	181.....	11.7%
Miscellaneous & Unknown.....	237.....	15.3%

Racial Composition Kodiak Island Borough - 2010

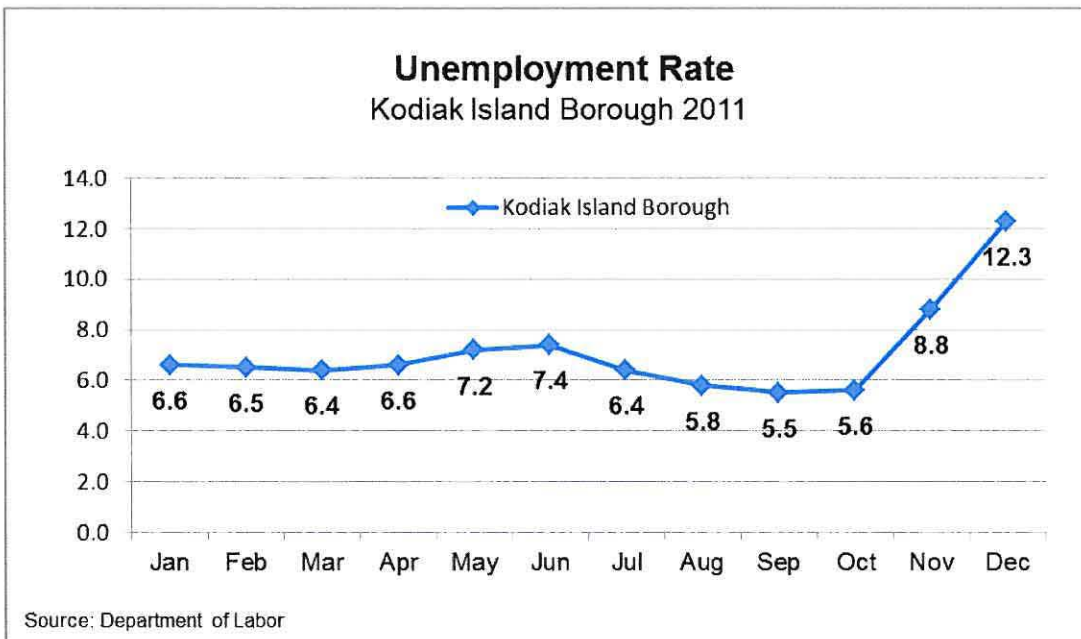
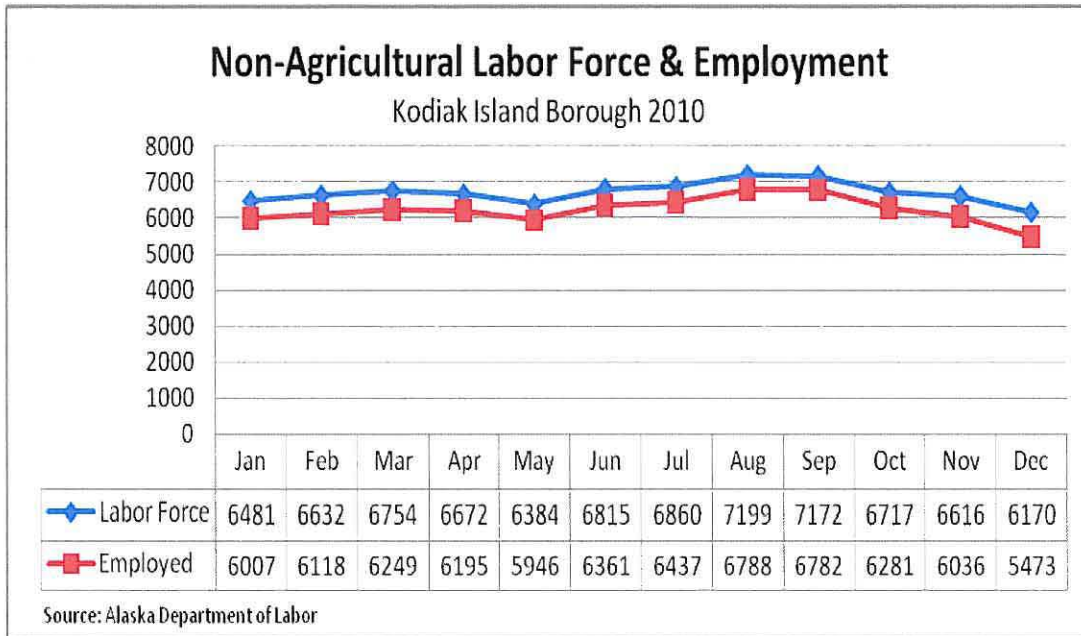


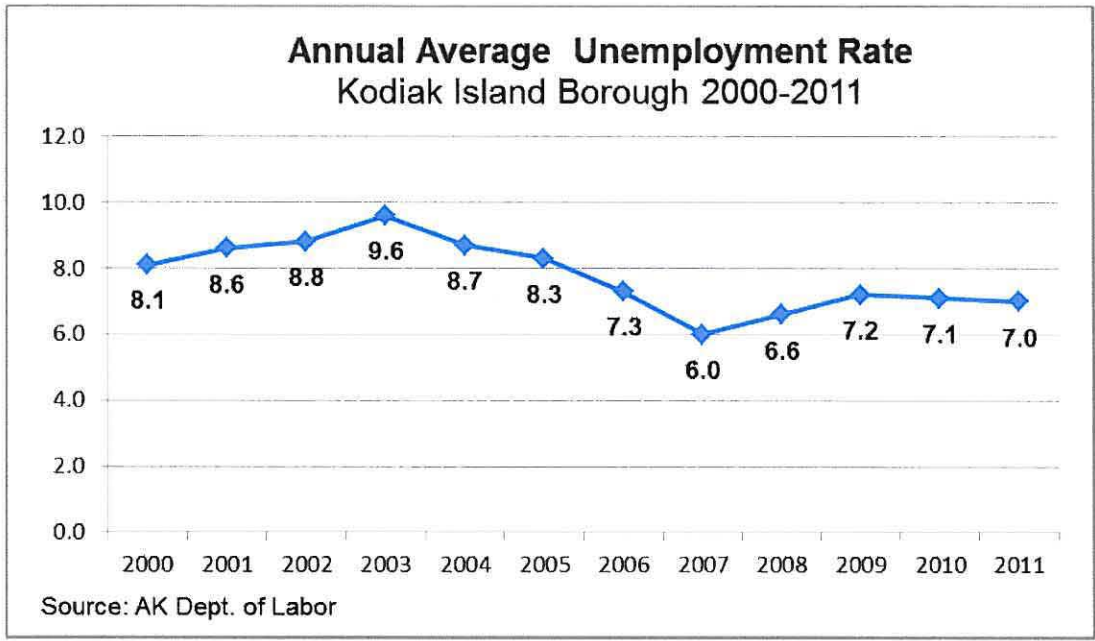
Occupational Categories of the Unemployed Kodiak Island Borough 2011



Under the Census Bureau’s classification system, “Hispanic Origin” is not a separate race, but a measure of “ethnicity. According to the 2010 Census Bureau estimate the percent of people with “Hispanic Origin” is 7.9%.

The average annual unemployment rate in the Kodiak Island Borough for 2011 was 7.0 percent, remaining almost the same as 2010 unemployment rate of 7.1 percent. Because of seasonal fluctuations in the fishing industry, this rate changes dramatically throughout the year. In 2011, the unemployment rate was highest in December at 11.3 percent and lowest in September at 5.4 percent.





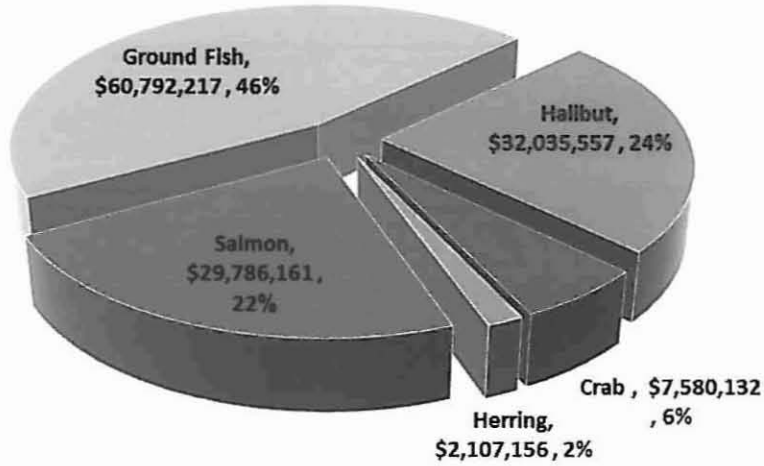
Economy

Commercial fishing has long been the primary economic activity of Kodiak. Based on the 2011 Department of Labor study, total estimated fishing workforce was 3,360 (789 active permit holders, 2571 estimated crew) who contributed Kodiak's fish harvesting sector in 2010. Total gross earning was \$118 million for fish harvesting. The shore-based seafood processing industry employed approximately 1,598 people and has a combined payroll of over \$68 million in 2010. Salmon, ground fish, crab, halibut, and herring are all important to the economy. Salmon has traditionally been the mainstay of Kodiak's fishing fleet, with 61% of the Kodiak limited entry salmon permits owned by local residents (11% of these reside in the outlying villages of Old Harbor, Ouzinkie, Port Lions, Larsen Bay, and Akhiok). From 1977 to 1985, salmon ranked first among the major fisheries in both average value and weight landed.

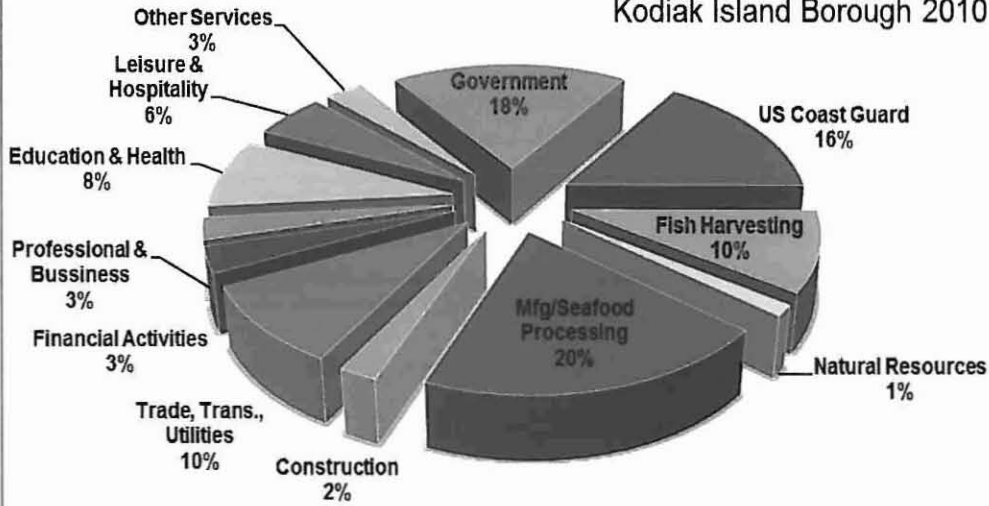
The harvesting sector of the Kodiak commercial fisheries industry was extensively transformed between 1975 and 1984. The value of the Kodiak fisheries increased from 1975 to 1981 as a result of crab prices but declined as stocks fell. Fisherman responded by diversifying into tanner crab, halibut, sablefish, and ground fish. Ground fish are becoming one of Kodiak's most valuable fisheries; therefore firms have diversified by producing quality ground fish products. In 2010, ground fish accounted for 44% of the total ex-vessel value while salmon was 22%.

Commercial fishing provides revenue to the Kodiak Island Borough through a severance tax. The fish tax revenues collected during the borough's fiscal years 2011, 2010 and 2009 were \$828,039, \$1,336,075 and \$1,369,087, respectively.

Ex-vessel value Port of Kodiak 2010



Employment By Industry Kodiak Island Borough 2010



Source Alaska Department of Labor and Workforce Development.

Kodiak Employment by Industry, 2003 - 2010								
	2003	2004	2005	2006	2007	2008	2009	2010
Total Industries†	5,240	5,503	5,381	5,553	5,616	5,803	5,961	6,104
Agri., Forest.& Fish.	90	122	118	78	29	86	97	106
Construction	183	185	166	148	166	178	173	171
Manufacturing	1,153	1,383	1,375	1,464	1,435	1,514	1,544	1,606
Processing	1,147	1,376	1,368	1,458	1,428	1,507	1,539	1,598
Trans., Trans., & Util.	826	826	814	823	792	801	785	794
Trans.	222	208	195	211	200	218	220	211
Wholesale	N/A	N/A	43	43	35	32	N/A	N/A
Retail	517	535	541	535	520	516	495	500
Information	70	72	70	68	72	69	66	62
Prof & Business	178	157	135	147	202	224	232	218
Educ & Health	373	540	463	547	578	585	664	692
Leisure & Hospitality	502	462	468	438	411	418	441	453
Other Services	380	232	243	250	253	236	238	243
Government	1,303	1,330	1,339	1,361	1,456	1,463	1,475	1,498
Federal	233	243	241	239	342	344	347	343
State	258	265	277	273	273	268	274	287
Local	812	822	821	849	841	851	854	868

Source: Alaska Department of Labor, Research & Analysis

† Source: U.S. Coast Guard (U.S. Coast Guard employment for 2011 is 1,335 persons)

‡ Excludes U.S. Coast Guard employment and fish harvesting employment

Those sectors of the Kodiak economy not directly engaged in the fishing/processing industries consist largely of support services for the fishing industry, or of enterprises that support the people who engage in fishing activities or its support. Other large sectors of the Kodiak economy are government and the U.S. Coast Guard, providing a combined 34% of the employment opportunity in the borough in 2010.

Infrastructure and Services

City of Kodiak

Housing: According to the Kodiak Island Borough Population and Housing Analysis, there are an estimated 3,700 housing units in the Kodiak urban area (including mobile homes and Coast Guard base housing). The average number of persons per household is estimated to be 2.97.

Marine Facilities:

The City of Kodiak provides public dock facilities. Municipal marine facilities include:

Pier I/Ferry Dock: 204' x 28'

Use: mooring, loading, and unloading.

Services: water, bulk fuel

Pier II/City Dock: 950' x 64'

Depth 38 feet at MLLW and tides range approximately 10'.

Use: loading/unloading of commercial freight and fishing gear.

Services: bulk fuel, water, covered warehouse, 20 & 90 cranes and forklifts.

Pier III/Container Terminal: 490' x 64' (880' Bollard to Bollard).

Depth 38 feet at MLLW

Use: container services for general cargo.

Services: water, 30 long ton Gantry crane.

Small vessel moorage includes two small boat harbors with 650 stalls (maximum vessel length is 150') and mooring buoys in St. Paul and St. Herman Harbors. Ship & boat repair services are available through local boatyards that can accommodate vessels up to 150 tons. Outdoor dry storage is also available.

Marine Travel Lift:

The City of Kodiak has constructed a 660-ton travel lift on Near Island that began operations in October of 2009. Kodiak's Marine Travel lift is the largest mobile boat hoist north of San Diego. Kodiak has built an "open yard" so that you can do your own work or hire vendors and contractors to work for you in the new, state-of-the-art boatyard. The Kodiak Boatyard is designed to provide a safe and environmentally sound place to haulout and work. The wash down pad is heated for winter work, there is an EPA approved storm water system, the wash water is filtered and recycled, tarps are required under every boat so no contaminants get into the soil or water, and plenty of electricity is available to each vessel. All registered vendors also carry the required certificates and liabilities to complete the project.

The Marine Travel lifts Specifications

Height:	63 feet
Width:	60 feet
Weight:	800,000 pounds
Horsepower:	600

Marine Travel lifts operating capacity

Lift Capacity:	660 tons (1,320,000 pounds, 600 metric tons)
Beam:	42 feet
Length:	180 feet

Water and Sewer: The City of Kodiak is the supplier of water and sewer services in the city and to Kodiak Island Borough Service District 1, providing water and sewer service to 920 units adjacent to the city. Outlying residents rely on private wells and septic systems. The water source is the Monashka Reservoir. The water rate for commercial users is based on metered usage; for residential users, the rate is \$39.14 per month (inside city limits) and \$46.96 for residential users outside the city limits. The sewer rate for commercial users is \$59.82/month/unit (inside city limits) and \$71.70/month/unit (outside city limits) and the residential rate is \$62.81 per month (inside city limits) and \$75.29 for residential users outside the city limits. Total sewer capacity is 4.7 million gallons per day.

Fuel Distribution: Home and business heating fuel deliveries are made by Petro Marine Services and North Pacific Fuel. Marine fuels are available from Petro Marine and North Pacific Fuel. Aviation fuel is available from Petro Marine. Bulk sales of automobile fuels are made by Petro Marine and North Pacific Fuel.

Health Care: Providence Kodiak Island Medical Center is owned by the Kodiak Island Borough and operated under a lease-management agreement by Providence Health System of Alaska. In June of 2010, the Providence Kodiak Island Medical Center received renewed accreditation from the Joint Commission on Accreditation of Healthcare Organizations (JCAHO). The mental health center, Providence Kodiak Island Counseling Center, offers counseling for all age groups, family and couples' therapy, mental health clinicians in the schools, case management for chronically mentally ill, medication management and outpatient chemical dependency treatment. Community health care providers include physicians, chiropractors, dentists, optometrists, pharmacists, registered nurses, public health care nurses, physician assistants, respiratory, speech and physical therapists. The Kodiak Area Native Association contracts with the Alaska Area Native Health Service and Indian Health Service to provide health care services to Native Americans in Kodiak and outlying villages. The Kodiak Community Health Center began operations in January 2004 and has grown rapidly in response to the high level of community need. Their comprehensive, state-of-the-art health center is staffed with six MD's and Physician Assistants as well as a full staff of experienced and caring Medical Assistants. There are three privately owned clinics in Kodiak. These are Kodiak Island Medical Association (KIMA), Kodiak Island Ambulatory Clinic and Arctic Physical Therapy.

Education: The Kodiak Island Borough School District had a 2011-2012 student enrollment of 2,679 in grades K-12. There are 2,514 students in schools on the road system, and 165 students in village schools. The district has schools in the villages: Port Lions, Ouzinkie, Larsen Bay, Akhiok, Chiniak, Karluk and Old Harbor. In and near the City of Kodiak there are four elementary, one junior high, and one senior high school. The Elementary Schools serve grades K-6; Junior High, grades 7-8; and High School, grades 9-12.

Kodiak College: Kodiak College is located 250 miles Southwest of Anchorage in a 44 acre greenbelt of old growth forest near the center of the city of Kodiak. Kodiak College is a comprehensive 2 year community college campus of the University of Alaska Anchorage, and with the addition of new distance delivered courses, has nearly doubled enrollment since 2004. The college serves the island's residents whom live in the city of Kodiak or in seven rural villages on the island, along with USCG enlisted and their dependents. Kodiak offers more than 30 occupational endorsements and industry certificates in high demand workforce career and technical areas as well as AA transfer degrees AAS, AAST and BA degrees in nine academic areas. The college has over 1,000 students, most of whom work part or full time in addition to taking classes.

Public Safety/Fire Protection: The City of Kodiak and Alaska State Troopers provide police protection for the island residents. Fire protection is provided by the City of Kodiak, Bayside Fire Department, and Women's Bay Fire Department. The Coast Guard Support Center provides fire protection for Support Center facilities and the State Airport, which is located on Coast Guard Property. The City firefighters are also certified Emergency Medical Technicians.

Transportation: Trucking services are provided by Alaska Transfer and Storage, Horizon Lines, Kodiak Transfer, Carlile Transport, and Pacific Alaska Freightways (Southern Alaska Forwarding). Cargo Carriers are Horizon Lines, American President Lines, and Samson Tug & Barge. The Alaska State Ferries, M/V Tustumena and the M/V Kennicott, connect the City of Kodiak with Port Lions, communities along the Aleutian chain and communities on the Kenai Peninsula. ERA Aviation and Alaska Airlines provide regular scheduled service to Anchorage. Grant Aviation now offers scheduled weekly flights between Kodiak and Homer. Island Air and Servant Air provide scheduled air taxi flights to the outlying communities. Charter services are also available. The Kodiak State Airport has three paved runways: 7,500, 5,400 and 5,000 feet, with FAA contract tower services. Municipal Airport, located less than a mile from downtown Kodiak, has a 2,500' paved runway. Although uncontrolled, the control tower at Kodiak State Airport provides traffic advisories.

Communications: Alaska Communication Systems (ACS) provides communications equipment and services to homes and businesses in the community. Long distance service for the area is provided by AT&T Alascom and General Communications, Inc. (GCI). Internet service is provided by AT&T Alascom, GCI, and ACS.

Electric Service: Services are provided by the Kodiak Electric Association, a member-owned co-op. Rates are as follows:

Residential User—

Customer charge	\$7.50/month
All KWH	0.1380

Commercial User—

Customer charge	\$15.00/month
First 300 KWH	0.1498
Over 300 KWH	0.1285

Large Power User—

Customer charge	\$50.00/month
Demand charge	\$5.67/KW
First 20,000 KWH	0.127
Over 20,000 KWH	0.1138

Seafood Processor Rate—

Customer charge	\$50.00
All KWH	0.1323

Wind Power Generation: The Kodiak Electric Association, Inc. (KEA) has installed a wind power generation plant, of 4.5 Megawatts, on Pillar Mountain. The cost of the project is \$21.5 million dollars and KEA secured a \$12 million dollar tax-exempt bond. The project has also received \$4 million dollars in state grants. 2011 fuel savings is nearly 900,000 gallons of diesel fuel, at \$3.50 would amount to over \$3 million dollars (or \$3,067,334). The ecological impact would amount to a reduction of 155 tons of NOx and 8,945 tons of Green House Gases (GHG). In 2011, KEA's renewable power energy generation portfolio of wind power from Pillar Mountain and water from Terror Lake combined to produce 84.3% of Kodiak's power. By September 2012, three new wind turbines on Pillar Mountain will be installed west of the existing three turbines.

These new units will double the wind capacity on KEA's electric grid. KEA will also add a third turbine by summer 2013 in order to gain better efficiency and capacity from Terror Lake. This will increase the Terror Lake output by 50%.

Karluk

Housing: There are 21 housing units in Karluk.

Marine Facilities: There are no marine facilities in Karluk. A community dock is being planned. The Karluk IRA Tribal Council recently purchased a Landing Craft.

Electric Service: The Alutiiq Power and Fuel Company operates a 50-kilowatt (KW) generator. Rates for both commercial and residential customers are \$0.60 per kilowatt-hour (KWH). The electric company participates in the State of Alaska Power Cost Equalization program.

Water: Water to all residences is supplied by a nearby mountain stream. The community has 50,000 gallons of water storage capacity, resulting in an adequate supply at all times. There is a \$10 charge for water service.

Sewage: Residential and commercial consumers are charged \$10 per month. The entire community is served by the system.

Solid Waste Disposal: There is no refuse collection service available in Karluk. Karluk residents have free use of the Karluk landfill. The school organizes aluminum can recycling drives.

Public Safety: Public safety and fire protection services are provided by the Alaska State Troopers only when requested or if something happens that requires emergency assistance.

Fuel Distribution: The Alutiiq Power and Fuel Company distributes fuel to residents. Deliveries are received in the village two to three times a year depending on demand. Diesel fuel storage is 50,000 gallons. Gasoline is shipped to the village and stored in a 50,000 gallon above ground tank.

Health Services: The Indian Health Service (IHS)-supported clinic is staffed by two trained Community Health Aides (CHA). Limited medication is available at the clinic. Other health care providers travel to Karluk every two months. The VPSO and CHA have received EMT training. The closest hospital facility is located in Kodiak.

Education: The Karluk School is operated by the Kodiak Island Borough School District. Seventeen students are taught by two full-time teachers.

Ouzinkie

Housing: There are 88 housing units in Ouzinkie. The average number per household is 3.4 persons.

Marine Facilities: The privately-owned marine facility includes a 470' x 12' wooden dock and an unloading area on the beach. The charge for marine storage is \$7/month and the commercial rate for crane service is \$10/hour. Plans for a new 3-acre dock facility are on-going.

Electric Service: The 487 KVA electric generation system services the entire community with sufficient power available for new businesses. Commercial and residential rates are \$.34 - \$.41 per kilowatt-hour. The State of Alaska Power Cost Equalization program subsidizes part of customer's monthly charges for service.

Water/Sewer: The community is supplied with water from Mahoona Lake. The commercial rate for water and sewer is \$75/month and the residential rate is \$35/mo.; senior citizens are charged \$20/month.

Solid Waste Disposal: The City collects garbage for disposal in the 10-acre landfill. The monthly fee is \$12.50 commercial, \$10.00/mo residential, and \$5.00/mo seniors.

Fire Protection: Fire protection services are provided by the local volunteer fire department.

Fuel Storage: Fuel is delivered to the 80,000 gallon capacity bulk fuel storage facility three times a year. Four new double-walled 20,000 gallon storage tanks have been installed. There is no gas facility in the community. The Ouzinkie Native Corporation charges \$4.78 per gallon for diesel fuel, propane - \$154.50/100 pounds.

Health Services: The one-bed Ouzinkie Clinic is staffed by a Community Health Aide (CHA), Community Health Practitioner (CHP), and a Community Health Representative (CHR). A doctor from the Indian Health Service (IHS) visits Ouzinkie monthly. An IHS dentist treats patients once a year and a State Public Health Nurse travels to the community quarterly. Medication is available through the Kodiak Area Native Association (KANA). Tele-medicine service is also provided through KANA. There are no lab or x-ray facilities in Ouzinkie. The nearest hospital is in Kodiak. Medical emergencies are handled by the CHA, and Coast Guard, with ambulance service available.

Education: The Ouzinkie School is operated by the Kodiak Island Borough. Average enrollment, in grades K-12, is 44 students. Five full-time certified teachers provide instruction, making the student-teacher ratio 9:1. Pre-school programs are offered to three and four-year-olds. Kodiak Community College offers various courses in Ouzinkie throughout the year. The Ouzinkie Native Corporation offers scholarships to shareholders.

Transportation: The City recently completed a dock that is capable of supporting the M/V Tustumena. The Alaska Marine Highway system has added Ouzinkie to its schedule as a whistle stop. Reservations should be made in 24 hours in advance. An intra-Kodiak Island marine cargo vessel delivers freight on demand from Kodiak. The Ouzinkie boat harbor currently accommodates 6 boats and 20 skiffs and small crafts. There is regularly scheduled air passenger and mail service to Ouzinkie as well as charter services available.

Larsen Bay

Housing: There are 70 housing units in Larsen Bay. The Kodiak Island Housing Authority constructed three new rental units during the summer of 2001. There are 5 lodges in the community of Larsen Bay and 2 Bed & Breakfasts.

Marine Facilities: The marine facilities are provided by Icicle Seafoods and include a 400-foot dock, marine storage, crane service, and an unloading area on the beach.

There are two areas outside of KSP for unloading for landing barges. The dock is not a municipal dock; it is privately owned, it is old, with restricted access. A new boat harbor with road access was completed in 2003.

Electric Service: Larsen Bay's 475 KW mini hydroelectric facility has ample power available for business development. Hydroelectric power is supplemented by diesel-generated electricity. Residential and commercial customers are charged \$.40 per kilowatt hour (KWH). The State of Alaska Power Cost Equalization program subsidizes rates at \$.19 per KWH up to 500 hours per month.

Water/Sewer: Water is supplied by a well near the community. There is a 283,000-gallon water storage capacity. Larsen Bay experiences no periods of water shortfall. Septic tanks hold waste solids and liquid waste flows through an outfall line into the bay. Residential and commercial rates for water and sewer service are \$45 per month.

Solid Waste Disposal: The State-permitted landfill is 13,000 square feet in size and the landfill is near capacity. The City of Larsen Bay maintains the landfill and provides weekly garbage pickup service for \$5 per month. In 2005, an electric fence was installed around the landfill site.

Public Safety/Fire Protection: A Village Public Safety Officer (VPSO) provides public safety service to the community and supervises activities of the volunteer fire department.

Fuel Storage: Fuel is delivered to Larsen Bay two to three times a year. The City of Larsen Bay is the local fuel distributor. Fuel storage capacity is 150,000 gallons for diesel and 20,000 gallons for gasoline. Up to 2,000 pounds of propane can be stored. Fuel costs are: diesel \$6.02/gal., gasoline \$5.75/gal., propane \$2.05/lb. A new tank farm was constructed in 2005.

Health Services: The two-bed Indian Health Service (IHS) clinic is staffed by a Community Health Aide (CHA) who visits the community one week a month. The clinic has no lab, pharmacy, or x-ray facilities. These services are available at the Kodiak Island Hospital in Kodiak. Other IHS medical personnel visit Larsen Bay one to two times each year. Emergency medical services are provided by the CHA or the U.S. Coast Guard out of Kodiak.

Education: The Larsen Bay School is part of the Kodiak Island Borough School District. Sixteen students in grades K-12 are taught by 2 full-time teachers. Preschool classes are offered for three to five-year-old children. Vocational training is offered by the Kodiak Area Native Association (KANA).

Postal Service: Construction of a new post office was completed in November 2004.

Akhiok

Housing: There are 27 housing units in Akhiok.

Electric Service: The community operates its own electrical system with electricity provided by the City of Akhiok. Electricity is generated by oil. Rates are subsidized through the Power Cost Equalization program.

Water/Sewer: Well water is the primary system source for the community operated water system. Water is filtered and chlorinated before distribution through the central piped water system. A community operated piped sewage collection system is installed. A community septic tank collection and treatment system is used. A sewage pumping truck is available. Resident charge for water/sewer/garbage is \$15 per month.

Fuel Distribution: Heating fuel (bulk fuel) is available. Known bulk fuel tank farms include: City (8 @ 110,000 gals.); Ward Cove Packing (223,300); Ward Cove Packing/Alitak (238,300).

Education: The Akhiok School is part of the Kodiak Island Borough School District. In 2011 school year, 20 students were enrolled in grades K-12. The school staff consists of 2 full-time teachers. The combination elementary and high school building was constructed in 1982. This building contains an elementary education room, secondary education room, classroom/library, gymnasium, kitchen, shop and storerooms. The facility is available for community use during selected non-school hours.

Health Services: A one-story 768 square foot clinic building was constructed in 1986. The facility was occupied in October 1986. In 2009, a new clinic was built, which houses a dental office, a behavioral health aide, has an exam room, morgue, pharmacy, and waiting room, and living quarters for visiting doctors. A community health aide supplemented by visits from a Kodiak Area Native Association staff physician staffs the clinic.

Solid Waste Disposal: The landfill operated by the City of Akhiok is located east of the town, northeast of the Russian Orthodox Church and on church-owned property. Pickup services are not provided.

Public Safety: A Village Public Safety Officer (VPSO) provides public safety service to the community.

Old Harbor

Housing: There are 98 housing units in Old Harbor.

Marine Facilities: The boat harbor has a 32 moorage spaces and 7 skiff moorages. There is a boat launching area and a loading deck, also a marine storage area. The city dock is 50 x 150 feet with additional 75 feet of dolphins on both ends that makes it 300 feet of docking space.

Electric Service: The Alaska Village Electric Co-op (AVEC) provides electricity to Old Harbor using a 75 KW generator. Residential and commercial customers are charged \$.63 per kilowatt-hour plus a fuel surcharge. The State of Alaska Power Cost Equalization program subsidizes the cost of electricity at \$.4259 per kilowatt-hour up to 750 KWH each month. Limited power is available for new business development.

Water/Sewer: Water is supplied by ground stream well. All residences and facilities are connected to the public water and sewer system. Water storage capacity is 283,000 gallons and 1,400 square feet water treatment facility that includes a backwash base, septic tank and drain field. Commercial water and sewer rates are \$108.00/month and residential rates are \$40.00/month.

Solid Waste Disposal: A MOA between Tribal Environment Program and City of Old Harbor together work co-operatively at land-fill. There is a \$5.00/month charge for community members. No collection services.

Public Safety/Fire Protection: The City of Old Harbor provides Public Safety Protection services to the community through the Old Harbor Public Safety Program and the Old Harbor Volunteer Department. A village Safety Office (VPSO), in cooperation between the City of Old Harbor, the Old Harbor Tribal Council, the Kodiak Area Native Association and the Alaska State Troopers, is stationed within the community to perform the duties of police, fire Emergency Medical Services and Search and Rescue.

The City of Old Harbor currently has and Alaska State-Registered Fire Department, a trained HAZMAT Emergency Response Team, and established Incident Command System (ICS) to oversee all major emergency responses within the community and external local and federal partner organizations to assist in mitigation, community education and response.

Fuel Distribution: The City of Old Harbor /Fuel Service distributes fuel in the community. Bulk fuel shipments arrive about five times during a year. Diesel fuel (#1) is sold for \$6.50 per gallon and # 2 diesel is %6.40 per gallon. Diesel and gasoline storage capacity is 66,000 gallons.

Health Services: The Indian Health Service (IHS)-s with Kodiak Area Native Association (KANA) supported clinic is staffed by a Clinic Manager, Community Health Practitioner (CHP) and Behavioral Health Aide (BHA). Kana-Medical Providers visits the village six times a year. Behavioral health makes two visits a month. KANA-Dental Team makes a visit two times a year.

Education: The Old Harbor School is part of the Kodiak Island Borough School District. Thirty-eight students in grades K-12 are provided instruction by 6 full-time certified teachers and three teacher aides. Kodiak Community College offers GED and college courses with the assistance of a college lesion in the village.

Port Lions

Housing: There are approximately 113 housing units in Port Lions.

Marine Facilities: The small boat harbor was newly constructed in 2012 using Federal EDA and State of Alaska Ports & Harbors Funding. Phase 1 of a two Phase project boasts heavy duty timber floats, led pedestal lighting and electricity. The facility has moorage for 30-24 ft. vessels, 30-40 ft. stalls, 9-60ft. stalls, 2-63 ft. stalls, and transient moorage for vessel up to 110.ft.The City Dock and Ferry Terminal is schedule to be replaced in 2013. Currently, the 16,000 ft² Dock receives the Alaska State Ferry M/V Tustumena approximately 7 times per month. The ferry connects Port Lions with the City of Kodiak and mainland Alaska via Homer. Fuel barges and commercial fishing vessels also use this facility.

Electric Service: Electric power is supplied by the 20-megawatt Terror Lake Hydroelectric facility operated by the Kodiak Electric Association. Ample power is available for new development. Back-up diesel generator power is available if required. Rates are the same as those charged for the City of Kodiak.

Water: A Water Dam reservoir supplies the community with water. Rates for water service are \$45.50 residential, \$34.11 senior, \$72.92 to \$136.53 commercial per month for residential consumption, and \$32 to \$150 per month for commercial per month.

Sewage: The city provides primary sewage treatment. Residential users are charged \$18.20 residential, \$13.64 senior, \$29.16 to \$58.85 commercial each month.

Solid Waste Disposal: The 10,000 cubic-yard landfill is operated by the City of Port Lions. Weekly garbage pickup service is \$8.03 residential, \$4.01 senior, \$29.43 to \$58.85 for commercial users.

Public Safety/Fire Protection: Two Village Public Safety Officers (VPSO's) are stationed in Port Lions. One is permanent, and one is an "at large" VPSO who fills in for the other Kodiak Island VPSO's. The public Safety building houses the VPSO office and a small holding facility as well as act as the Fire Station. A 1981 model "Attack Cat" pumper truck serves as the fire truck, and a code-red fire suppression unit is also used. The community also has oil spill response equipment housed in a connex close to the bulk fuel storage area.

Fuel Storage: Kizhuyak Oil Sales is the fuel company in Port Lions, and is a subsidiary of the Native Village of Port Lions. They receive shipments approximately 3 times per year. Fuel storage capacity is : #1 diesel 3,000 gallons, #2 diesel 30,000 gallons, gasoline 30,000 gallons. The City of Port Lions delivers fuel to residents at a rate of .25¢/gallon for seniors and .35¢/gallon for all other residents.

Health Services: The Port Lions Health Clinic was newly built in 2008. It is fully equipped with dental offices and exam rooms. Staff consists of 2 to 3 Community Health Practitioners (CHP's) who are KANA employees. An Ambulance owned and maintained by the City of Port Lions is available. KANA doctors visit bi-monthly and KANA dentists visit 2 to 3 times per year.

Education: The Port Lions School is part of the Kodiak Island Borough School District. 40 students enrolled in grades K-12. School staff includes 5 full-time certified teachers. Pre-school classes are offered for children ages three to five. Kodiak College offers various courses for college credit in Port Lions throughout the year.

Library: The Jessie Wakefield Memorial Library offers free internet and in 2012 will have video conferencing available to residents.

Kodiak Island Borough Outlying Community Services

	Akhiok	Karluk	Larsen Bay	Old Harbor	Ouzinkie	Port Lions
Population	82	37	89	208	178	204
Air Strip	Yes	Yes	Yes	Yes	Yes	Yes
AK Marine Hwy Service	No	No	No	No	Yes	Yes
Community Hall	Yes	Yes	Yes	Yes	Yes	Yes
Community Septic	Yes	Yes	Yes	Yes	Yes	Yes
Community Store	No	No	No	Yes	No	No
Electric Service	Yes	Yes	Yes	Yes	Yes	Yes
Library	Yes	Yes	Yes	Yes	Yes	Yes

Medical Clinic	Yes	Yes	Yes	Yes	Yes	Yes
Municipal Boat Harbor	No	No	Yes	Yes	Yes	Yes
Municipal Water	Yes	Yes	Yes	Yes	Yes	Yes
Public Safety Officer	Yes	Yes	Yes	Yes	Yes	Yes
Scheduled Air Service	Yes	Yes	Yes	Yes	Yes	Yes
School	Yes	Yes	Yes	Yes	Yes	Yes
Seafood Processing	No	No	Yes	Yes	No	No
Second Class City	Yes	No	Yes	Yes	Yes	Yes
Telephone Service	Yes	Yes	Yes	Yes	Yes	Yes
Tribal Council	Yes	Yes	Yes	Yes	Yes	Yes
U.S. Post Office	Yes	Yes	Yes	Yes	Yes	Yes
Visitor Lodging	Yes	Yes	Yes	Yes	Yes	Yes

Planning and Economic Development Activities

The Kodiak Chamber of Commerce has been contracted by the City of Kodiak and The Kodiak Island Borough to undertake specific economic development activities on an island-wide basis. These activities include: organizing an economic development committee, providing a full-time staff member for the committee, preparation of the area's Comprehensive Economic Development Strategy (CEDS) and the implementation of the action plans and development strategies described therein. Copies of these contracts are included in the Appendix.

EVALUATION

The CEDS Committee has identified several assets and liabilities of the area as they pertain to economic development. These are described below as they apply to specific areas of potential economic development:

Fisheries

Assets and Opportunities. Kodiak's strong seafood processing labor force has been identified as one of its biggest assets. Due to the high levels of unemployment in the seafood processing industry during off-season periods, value-added, or secondary, processing of seafood products presents one of Kodiak's biggest opportunities in economic development. Currently, a significant amount of the fish product exported from Kodiak is minimally processed (usually only headed and gutted). Additional value-added seafood processing in Kodiak would provide employment for the existing labor force during otherwise slow periods when large numbers of workers are typically laid off. The implementation of the Individual Fishing Quotas (IFQ's), changed the halibut and black cod fisheries from "derby-style" fisheries in which large volumes of fish are delivered to the shore-based processing plants in very short time periods, to more evenly paced fisheries in which fish product deliveries are spread out over time, giving processing plants more time to add value to the product through secondary processing. Proposed rationalization of the fishing industry in the Gulf of Alaska would ensure

coastal communities a steady stream of "fresh" fish over an extended period of time. Small boat fishers would not be disadvantaged due to inclement weather and by-catch would be reduced. Getting fish out in the "fresh" form, rather than fast frozen adds value to the product and may encourage the development of more "custom-processing" facilities.

Several opportunities also exist for economic development in the seafood processing industry by achieving total utilization of fish products, so that every part of the fish is used with nothing discarded. Fish oil extraction and fishmeal production, from previously discarded fish parts are only two examples of this. In addition to increased profits and employment, the opportunity to minimize regulatory constraints on the shore-based processing industry will develop as the volume of discharge is reduced. Similarly, achieving total utilization of by-catch species, currently being thrown overboard, presents another opportunity for economic development.

Harvesting and processing under-utilized species, such as the arrow tooth flounder (one of the most abundant ground fish species available in the waters harvested by Kodiak's fishing fleet) presents additional opportunities for economic growth and job creation in Kodiak.

Kodiak Island is situated in the middle of one of the world's richest fishing grounds. Additionally, there are approximately 800 streams within the Kodiak Management Area (KMA) in which salmon migration or spawning has been documented. Supplemental production of salmon includes two hatcheries located in the KMA. Both hatcheries, Kitoi Bay and Pillar Creek, are operated by the Kodiak Regional Aquaculture Association (KRAA). The combined incubation of these two hatcheries is 263,000,000 eggs. The fish harvesting/production potential for Kodiak is therefore excellent.

Another asset identified by the economic development committee is the Kodiak State Airport. The airport is centrally located in Southwest Alaska and has year-round access to an ice-free port. The Kodiak State Airport has the opportunity to become a trans-shipment point for fresh fish products. As Kodiak State Airport evolves into a regional hub for the Southwest portion of the state, the opportunity for a reduction in shipping and freight rates can be realized. This will serve to benefit all sectors of the economy.

Finally, several opportunities resulting from increased research into fisheries sciences can be realized, such as greater support for the seafood processing sector, increased levels of processing, and subsequently, increased employment in the industry. Increased research into the fisheries encourages greater investment by fisheries-related businesses. This entices more scientists and researchers to use facilities available in Kodiak, like the Fishery Industrial Technology Center and the Kodiak Fisheries Research Facility, as a base for study. Kodiak has become a national fisheries "research hub" with research being conducted in shellfish, ground fish, sustainable fisheries, domestic observer program, marine mammals, fisheries management, sport fishing, and wildlife conservation.

Liabilities and Constraints. Several liabilities will have to be overcome for value-added seafood processing to develop to its full potential in Kodiak. First, the traditional distribution patterns of headed and gutted fish product to Puget Sound and Japan will be hard to break. Secondly, a lack of a cold storage facility means there is no place to

store fish products until there is time to add value to them. One of the biggest obstacles to having a cold storage facility is the cost of electricity, which is approximately three times the cost of power in Seattle. A feasibility study on the use of waste heat to generate electricity in a standalone cold storage facility was recently conducted. The recommendation of the study was a centralized storage facility is not feasible, given the facility would not be utilized by the fish processing plants as most have their own cold storage facilities. However, there is a clear need for lower cost refrigeration and information on new electrical generation technologies has been made available to the fish processors. Another liability is the high shipping cost to import processing materials (packaging, breeding, etc.), and to export finished seafood products.

Open access to the halibut and black cod fisheries ended in 1995 with the implementation of the Individual Fishing Quota (IFQ) system of management. Quotas—shares of catch—are issued only to those who owned or leased vessels that fished for halibut between 1988 and 1990. Implementation of the IFQ system in the Gulf of Alaska has resulted in fleet consolidation. In 1995 at the start of the program, 4,829 fishermen were issued halibut quota shares and 1,054 were issued sablefish shares. At the end of 2007, 3,002 halibut and 857 sablefish quota share owners remained, condensing ownership in the combined fishery by 34 percent. A similar program was instituted in 2005 for the Bering Sea and Aleutian Island (BSAI) crab fisheries. In 2003 the BSAI crab fishery had 252 boats registered for king crab, 22 for golden crab and 192 for snow crab. By 2007 the BSAI fleet had downsized to just 74 boats for red king, 5 for golden king and 76 for snow crab. Fewer boats means less crewmen positions available for local residents.*

Visitor Industry

Assets and Opportunities. A "visitor" is typically perceived as a pleasure seeker, but for economic development purposes a "visitor" is defined as "a person who comes to spend time with or stay with others or in a place....for business, for social pleasure, for sightseeing, etc." One of the Kodiak visitor industry's biggest assets is the large amount of easily accessible public lands available for recreational use, such as hiking, sightseeing, fishing, and camping. In addition, Kodiak still offers visitors a uniqueness of character that other Alaskan communities are losing as they evolve into a mass-market destination. This has been identified as an opportunity for Kodiak to attract visitors as other Alaskan destinations reach saturation. Another asset is the local ownership of tourism-related businesses. Kodiak is also benefiting from the long-term effects of increased media exposure on a national and international level. Film projects such as National Geographic's "Island of the Giant Bears," Discovery Channel's features on the US Coast Guard Search and Rescue teams and Kodiak's diverse fishing industry, plus the Food Network's feature on "Cooking in Alaska" all serve to generate interest in Kodiak Island. The Hollywood adventure film "The Guardian" featured the United States Coast Guard Base stationed in Kodiak. Travel writers have featured Kodiak in many national and international publications. As eco-travel and soft adventure travel become increasingly popular, Kodiak is becoming a sought after travel destination. Infrastructure development to increase the meeting and convention capacity will create additional markets to be tapped. The opening of the Kodiak National Wildlife Refuge Visitor Center in the downtown museum district in 2007 is expected to add visitor traffic to the downtown area. While the visitor industry in Kodiak

has great potential for long term growth, it is viewed as the "weak sister" in the local economy.

Liabilities and Constraints. From a revenue-producing standpoint, visitor consumption of scenic beauty may not always generate quantifiable income, although expenditures to view this beauty may be considerable. Kodiak's share of the state's visitor market is relatively low, and historic patterns of growth have not kept pace with statewide rates. Because of the high level of local ownership of tourism-related businesses, these businesses tend to be undercapitalized while Kodiak's destination marketing program remains under-funded. Kodiak is also hindered by a lack of sufficient tourism-related infrastructure necessary to handle a large influx of visitors, such as dedicated docking for cruise ships and charter boats, motor coaches, banquet facilities, public restrooms, etc. Small gains are being made to update or alleviate these problems, for example improvements to Pier II now allow small and large cruise ship to dock and several motor coaches are now on island. The lack of facilities to accommodate groups greater than 150 persons has deterred the attraction of large meetings and conventions to the community. However, it's this lack of mass-market appeal that is one of Kodiak's strengths in the adventure/eco-travel market. Tourism related businesses are beginning to explore this market in depth. Finally, being a non-road-connected island, Kodiak is more difficult and costly to reach than other visitor destinations within the state. There is the perception by travelers that Kodiak is difficult to access because of poor weather conditions. In fact, 95% of scheduled commercial operations are completed annually. However, the lack of runway lights, navigation aids and poorly configured runways does create difficulties accessing the outlying communities in marginal weather.

Kodiak Island Communities Economic Development

Assets and Opportunities. The off-road communities are located in close proximity to fish resources, particularly salmon, giving them ample access to fresh product. Likewise, being remote, the communities are also very close to the natural resources that attract many of the island's tourists, providing an opportunity to share in the island's visitor industry. Archaeological sites located near the communities also present the opportunity for "ancestral heritage tourism". One example is the "Dig Afognak" program—visitors live in a working archaeological field camp located on Afognak Island and assist in artifact digs with a professional archaeological team. Opportunities also exist for the communities to benefit from small-scale cottage industry-level production of Native crafts or other goods.

Liabilities and Constraints. Most of the off-road communities have aging infrastructure. Limited access to certain resources, for example, water for seafood processing, hinder economic development as well. Another obstacle to growth is the limited amount of human resources and job skills available in these communities. Poor weather conditions often reduce the ability of the communities to communicate with other communities and impose heavy restrictions on air and sea transportation linkages to the communities, none of which are road-connected to any other island community. With the exception of Port Lions, which is on the same power grid as the City of Kodiak, power costs are relatively very high in all of Kodiak's outlying communities. Land use issues between the Kodiak National Wildlife Refuge and the communities also exist that could impede economic growth. Similarly, prehistoric archaeological sites located near

the communities, a potential asset for tourism, may be a potential liability to economic development projects involving construction or other activities/uses inconsistent with the ancestral heritage and/or archaeological value of the site.

Overall Economic Growth and Expansion

A significant constraint, not limited to any one category of economic development within the Kodiak Island Borough, is the issue of high land values. Prices for privately owned land within the borough are relatively high due to topographical constraints and the availability of utilities. The Kodiak Island Borough has 4,800,000 acres within its boundaries. In 2001, federally held land was 3,400,000 acres, Native Corporations; 675,000 acres, State; 639,000 acres, local government; 70,000 acres, and private land; 16,000 acres. Development costs, due to the remoteness of the island, limit opportunities for the development of new industries and the expansion of existing ones.

Protection of Cultural Properties

There are many activities associated with economic development that have the potential to impact Kodiak's archaeological sites. The ground disturbance associated with the construction of new facilities - buildings, docks, roads, etc. has the potential to irreparably harm buried deposits. Similarly, the expansion of human access to remote areas may increase site vandalism, or promote site erosion through the development of trails, camps, boat launches, etc. As such, the effects of any development activity on local sites must be carefully considered and, where possible mitigated, to preserve Kodiak's cultural resources and the irreplaceable information they contain.

Usually, the protection of cultural properties is the responsibility of the landowners. Under Alaska law, archaeological sites are considered part of surface estate, and therefore belong to the owner of the land on which they occur. On public lands (e.g. Kodiak National Wildlife Refuge, US Coast Guard Reservation, Alaska State Parks) sites are protected by state and federal laws, most notably Section 106 of the National Historic Preservation Act of 1966 and its implementing regulations (36 CFR part 800). Under this law, any development project with the potential to disturb an archaeological deposit (known or unknown) must follow a well defined program of consultation with archaeologists and/or historians to avoid and/or mitigate negative impacts to significant cultural properties. This law is extended to projects on private lands when they involve federal or state dollars (e.g. grants, legislative appropriation) or federal or state permits (e.g. an Army Core of Engineers wetlands permit). When correctly implemented, this process preserves cultural resources without impeding development. As such, archaeological consultation should be part of the early stages of planning and budgeting for any economic development that will involve ground disturbing activities or has the possibility of promoting site disturbance.

As the majority of Kodiak's cultural properties also reflect the heritage of the Alutiiq people, consultation with the Native community over the treatment of heritage sites is also imperative. Such consultation ensures that the community whose history the sites reflect are centrally involved in decisions regarding their care. Consultation should be the goal of every development project with the potential to impact cultural properties reflecting Native heritage. This consultation is required by the Native American Graves Protection and Repatriation Act (NAGPRA) - a federal law - whenever human remains

are present, regardless of land ownership. As many of Kodiak's prehistoric sites contain human remains, such consultation is both respectful and appropriate at the outset of any development project involving ground-disturbing activities. Establishing an agreement for the proper course of action should human remains be discovered saves time and money in the long run, and creates an atmosphere of mutual respect. The Alutiiq Museum and Archaeological Repository, a non-profit cultural organization governed by representatives of Kodiak's eight Alutiiq corporations, is an appropriate place to begin consultation. The museum maintains a staff of professional archaeologists familiar with the consultation process and the laws that govern the treatment of both archaeological sites and the remains of Native people.

GOALS & OBJECTIVES & IMPLEMENTATION STRATEGY

Goal: *Promote economic growth and diversification of the commercial fishing industry within the Kodiak Region.*

Objective: Increase value-added processing in Kodiak Region.

Strategy: Work with industry to increase value-added seafood processing in Kodiak.

Action: Work with all interested parties to determine the industry's needs to facilitate increased value-added processing in Kodiak.

Action: Determine what kinds of value-added processing are viable to Kodiak plants based on fish species delivered, shipping costs, and available equipment and infrastructure.

Action: Work with quality assurance groups to ensure consistent high quality seafood products.

Action: Work with industry to ensure that product quality is maintained between shipment and delivery.

Strategy: Seek long term reduction in utility and transportation costs.

Action: Study opportunities to reduce electrical rates through diversified power supplies, increased conservation strategies, alternative sources of power, and fuel cooperatives.

Action: Work with freight providers to identify opportunities to reduce transportation costs through cooperative freight services.

Objective: Maximize the economic benefit of the fisheries resources in the Kodiak Region.

Strategy: Maximize utilization of the fisheries by increasing by-product and by-catch utilization, and increasing the harvest of underutilized species.

Action: Advocate the research efforts of the University of Alaska Fishery Industrial Technology Center (FITC) and the National Marine Fisheries Service located in the Kodiak Fisheries Research Center.

Strategy: Seek modifications to fishery management plans to ensure benefit to coastal communities.

Action: Promote and engage fisheries management agencies to ensure socioeconomic impacts are addressed prior to decision making.

Strategy: Address environmental concerns through scientifically sound fishing strategies.

Action: Provide support for increasing the research efforts of the University of Alaska Fishery Industrial Technology Center (FITC) and the National Marine Fisheries Service located in the Kodiak Fisheries Research Center.

Strategy: Increase research efforts to ensure viable fisheries in the Kodiak Area.

Action: Support local agencies in their search for funding and grants.

Action: Support the local Fisheries Oceanic Research Board activities.

Objective: **Maximize economic growth and productivity for all sectors of the fishing industry.**

Strategy: Evaluate opportunities and alternatives to the traditional system of marketing fish.

Action: Provide support to the Kodiak Branding and Marketing Committee in their efforts to determine direct marketing opportunities.

Action: Seek funding through State and Federal resources for seafood marketing projects.

Strategy: Recognize subsistence, sport, charter, and commercial uses as important entities in our local fisheries.

Action: Monitor local issues that may create conflict and work with the various user groups to reach resource based solutions.

Goal: ***Transform the Visitor Industry into a significant component of Kodiak's Regional economy.***

Objective: **Facilitate product development in Kodiak's visitor industry in order to increase visitor satisfaction and market desirability.**

Strategy: Work with private enterprise and government entities to encourage the development of products to accommodate a growing visitor industry.

Action: Work with Kodiak Island Convention and Visitors Bureau to develop an on-going market research program.

Action: Work with Kodiak Island Convention and Visitors Bureau to provide customer service training for local businesses.

Objective: **Develop a comprehensive market research plan.**

Strategy: Develop a process to increase understanding of visitor expectations and buying habits.

Action: Develop strategy to conduct market research on a tri-annual basis.

Objective: **Develop a comprehensive marketing plan.**

Strategy: To increase visitations by all visitor types.

Action: Coordinate marketing efforts with on-going events such as Crab Festival, Comfish Alaska and Whalefest.

Action: Utilize comprehensive market research to identify visitor buying habits and motivators.

Action: Utilize market research to develop strategies for niche marketing programs.

Objective: **Assist in the development of infrastructure for borough-wide visitor industry.**

Strategy: Work with private enterprise and government entities to encourage development of infrastructure to accommodate a growing visitor industry.

Action: Develop an inventory of existing infrastructure.

Action: Identify infrastructure requirements from market research.

Action: Utilize market research to determine meeting and convention needs.

Objective: **Maintain the community planning process specific to Kodiak tourism development.**

Strategy: Provide assistance to the Kodiak Island Convention and Visitors Bureau in the development of a community planning process.

Action: Work with interested parties to develop a stakeholder group to include, but not limited to, government agencies, residents and tourism-related businesses.

Action: Assist in organization of community meetings to determine degree and type of tourism development desired.

Strategy: Help in efforts to increase the profitability of the cruise industry on Kodiak's economy.

Action: Work with the Kodiak Island Convention and Visitors Bureau in retention and expansion of the cruise industry and support businesses.

Goal: *Diversify the overall economy of Kodiak Region.*

Objective: Encourage business investment and foreign commerce in Kodiak by providing businesses with regulatory facilities for conducting international trade activities.

Strategy: Coordinate efforts to utilize the recently activated Foreign Trade Zone (FTZ) in Kodiak.

Action: Facilitate communication between the FTZ site owners/managers and potential users as necessary.

Objective: Support the efforts of the Alaska Aerospace Development Corporation's (AADC) development of the Kodiak Launch Complex (KLC).

Strategy: Encourage the local business community to provide goods and services to the KLC.

Action: Serve as a liaison between the KLC and the local business community.

Objective: Assist in the economic development of the off-road communities of Kodiak Island.

Strategy: Assist in achieving economic goals and objectives for each of the outlying communities on Kodiak Island.

Action: Continue working with representatives from Koniag, Inc. Village Corporations, Kodiak Area Native Association (KANA), Village Tribal Councils, Kodiak Island Housing Authority, Kodiak College and local governments in planning community-based economic development.

Action: Pursue expanded freight and passenger service options to outlying communities.

Action: Pursue improved communications access to outlying communities via fiber optic cable and broadband satellite communications

Action: Continue to work with Koniag, Inc., Kodiak College and KANA to determine training needs and provide business training for residents living in outlying communities.

Action: Coordinate and Provide assistance on the village goals of the KANA Comprehensive Economic Development Strategy (CEDS).

Objective: Encourage and facilitate small business development on Kodiak Island.

- Strategy:** Function as a single-source repository of regional economic data for use by local businesses and prospective new businesses.
- Action:** Publish an Economic Indicators Report for Kodiak Island.
- Action:** Update the Kodiak Chamber of Commerce/Kodiak Island Convention and Visitors Bureau website to be used as a source of information to attract new businesses and visitors to the area.
- Action:** Update the Kodiak Community Profile for use in marketing Kodiak to persons and businesses interested in relocating to the area.
- Action:** Update the Kodiak Chamber of Commerce multimedia presentation to reflect the current status of the region's business climate in order to attract new businesses to the area.
- Strategy:** Support local government entities in their efforts to develop infrastructure.
- Action:** Assist local government entities with their efforts to secure funding for capital improvement projects (see Appendix: Community Development Projects).
- Objective:** **Encourage retention of capital within the Kodiak economy through growth and development of Kodiak-based businesses.**
- Strategy:** Identify services and retail gaps within the Kodiak economy and publish that information to current and potential business owners.
- Action:** Help identify major leaks in Kodiak's economy and publicize the results
- Action:** Assist with research on business solutions developed in other, comparable communities.
- Strategy:** Publicize benefits and economic impacts of local business activity and local spending.
- Objective:** **Support an ongoing community-based dialog on Kodiak's economic future.**
- Strategy:** Help local government facilitate an economic visioning /planning process for Kodiak.
- Action:** Provide assistance in researching other communities' economic visioning/planning processes for appropriate models.
- Action:** Provide assistance in the development and implementation of an economic visioning/planning process.
- Objective:** **Encourage and assist in the development of improved communications systems on Kodiak Island.**
- Strategy:** Study alternative communications systems on Kodiak Island.

Action: Explore provision of improved telecommunications systems to the outlying communities on Kodiak Island.

Objective: **Encourage and assist in the development of improved health and nursing care facilities on Kodiak Island.**

Strategy: Work with local healthcare organizations and Kodiak Island Borough in their efforts to expand and upgrade medical facilities.

Action: Support the Long-term Care Facility project.

Goal: ***Protection of Cultural Properties.***

Objective: **Consider/mitigate the effects of development activity on local sites to preserve Kodiak's cultural resources.**

Strategy: Coordinate efforts to reduce impact to archaeological sites and the remains of Native people.

Action: Facilitate communication between potential developers and the Alutiiq Museum and Archaeological Repository as necessary.

Strategy: Assist local museums and organization in the preservation of the community's cultural assets.

Action: Provide assistance in the development of a Kodiak Maritime/Fisheries Museum.

Performance Evaluation

Performance evaluation is an important component of the economic development process. Most simply, it gauges the organization's effectiveness in meeting its goals. To be effective, performance evaluation should be conducted on an ongoing basis and the results used to adjust or redirect organizational efforts.

This Comprehensive Economic Development Strategy (CEDS) identifies four primary goals that give overall direction to the economic development efforts of the Kodiak CEDS Committee. Under each goal are a number of objectives that articulate specific types of activity that support CEDS goals. Finally, the CEDS identifies a menu of strategies that may be employed to achieve each objective. The annual work plan of the Kodiak CEDS Committee will identify the specific activities to be undertaken and the performance measures by which their success will be evaluated.

The Kodiak CEDS Committee will prepare its annual report and performance evaluation consistent with the requirements of EDA. Annual reports will include reporting and quantifying its progress towards achieving CEDS goals and will consider the following values:

- The extent to which the Annual Work Plan is consistent with identified CEDS goals.
- The extent to which the Annual Work Plan is consistent with CEDS objectives.
- The extent to which the organization is meeting the performance measures specified in the Annual Work Plan.

COMMUNITY DEVELOPMENT PROJECTS
By Community


Community	Year	Priority Projects	Estimated Cost	
Kodiak Island Borough	2012	Landfill Lateral Expansion	\$13,650,000	
	2012	Kodiak High School Voc/Ed Renovation	\$80,800,000	
	2012	Service Area Paving	\$5,000,000	
	2012	Road Access to Ice Free Water near Anton Larsen Bay	\$14,000,000	
	2012	Pedestrian/Bike Trail -: Kodiak City Limits to USCG Base Entrance	\$11,700,000	
	2012	Traffic Safety Lighting from the City of Kodiak to the USCG Base, Planning and Design	\$15,000,000	
	2012	Fire Protection No 1 Emergency Generator	\$45,000	
	2012	Mill Bay Beach Access and Recreation Upgrade	\$163,000	
	2012	Womens Bay Playground Upgrades	\$100,000	
	2012	Engineering and Design for East Elementary Traffic Flow Improvements	\$815,000	
	2012	Peterson Elementary School Parking Lot Paving	\$1,690,000	
	2012	Landfill Wastewater Treatment	\$13,650,000	
	2012	Kodiak Pedestrian Pathways, Phase 1B	\$12,000,000	
			Total	\$168,613,000
	Akhiok	2012	Planning & Designing for Water Treatment Plant	\$50,000
2012		Planning & Designing for New Water Tank and Dist. Lines	\$50,000	
2012		Planning & Designing for Sewer System	\$50,000	
2012		Planning & Designing for New Landfill	\$50,000	
2012		Erosion Control/New Water-break	\$50,000	
2012		New Playground Equipment	\$50,000	
2012		Garage Building Rehabilitation	\$50,000	
			Total	\$400,000
Karluk	2012	Community Development Plan	\$50,000	
	2012	Planning and Designing for alternative energy	\$60,000	
	2012	Planning and Design village water-treatment plant and	\$375,000	

		installation	
	2012	Planning and designing for water tank and distribution lines and replacement	\$300,000
	2012	Upgrade of Sewer System	\$150,000
		Total	\$935,000
Kodiak	2012	Pre- Design Costs for Pier 3 Replacement	\$250,000
	2012	Harbor Entrance Channels Rubble Removal-St. Paul Harbor	\$2,000,000
	2012	E911 Replacement Equipment	\$200,000
	2012	Planning, Permitting and Design Costs for Pier 3 Replacement	\$2,500,000
	2012	Phase 3 Pedestrian Improvements Pier 2 to Downtown	\$5,000,000
	2012	Phase 2 Baranof Park Improvements	\$1,750,000
	2012	Fire Apparatus Replacement	\$400,000
		Total	\$12,100,000
Larsen Bay	2012	Deep-water Dock/Moorage for Fuel Delivery	\$550,000
	2012	Replacement Aggregate for Road System	\$500,000
	2012	Upgrade and Deepen Water Reservoir and Dam	\$1,250,000
	2012	Upgrade City/Senior/Teen Center Municipal Building	\$750,000
	2012	Replace Machine Shop Building/Garage	\$650,000
	2012	Install Street Lights and Replace Underground Lines	\$300,000
		Total	\$4,000,000
Old Harbor	2012	Hydroelectric Power Project	\$6,000,000
	2012	Airport Improvements	\$14,000,000
	2012	Dumpster Truck/Swap Loader/Bear Proof Dumpsters	\$85,000
	2012	Water Distribution Improvement	\$18,000
	2012	City Shop	\$120,000
	2012	Emergency Response Skiff With Outboard Motor and Trailer	\$75,000
	2012	Fish Cleaning Float/Gut Barge	\$30,000
		Total	\$20,328,000
Ouzinkie	2012	Hydroelectric Power System& Dam Replacement	\$4,250,000
	2012	Dock/Industrial Area Construction & Development	\$3,044,000
	2012	Water Transmission Lines	\$3,782,000
	2012	Electrical Infrastructure Upgrade	\$600,000
	2012	Equipment Upgrades	\$325,000
	2012	Community Roads Replacement	\$3,600,000
	2012	Alternative Energy Projects	\$250,000

	2012	Municipal Building	\$1,400,000
	2012	Heavy Equipment Storage Building/Shop	\$250,000
	2012	Fire Hall Roof Replacement	\$10,000
	2012	Fire Hall Furnace Replacement	\$7,500
	2012	Electrical Update to Boat Harbor	\$20,000
	2012	Tourism Development	\$892,500
		Total	\$18,431,000
Port Lions	2012	Public Ferry Dock Facility	\$2,000,000
	2012	Small Boat Harbor Replacement, Phase II	\$4,000,000
	2012	Water Reservoir Repair/Replacement	\$2,000,000
	2012	City Maintenance Building Replacement	\$200,000
	2012	Heavy Equipment	\$250,000
	2012	Native Village of Port Lions Building	\$7,000,000
	2012	New Subdivision Development	\$800,000
	2012	Harbor Water Main	\$1,000,000
	2012	Rock Screen and Conveyor	\$100,000
	2012	Municipal Building Repair	\$750,000
	2012	Roads Upgrade	\$1,200,000
		Total	\$18,625,000

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Aimée Kniaziowski, City Manager 

Date: June 21, 2012

Agenda Item: **IV.c. Authorization of FY2013 Destination Marketing and Tourism Development Program Agreement With the Kodiak Island Convention and Visitors Bureau**

SUMMARY: Council has authorized agreements with the Kodiak Island Convention and Visitors Bureau (KICVB) to provide marketing and tourism outreach for Kodiak since FY2009. It is time to renew the agreement for FY2013. KICVB is requesting the City provide \$100,000 to fund the FY2013 contract, the same amount as FY2012. Staff recommends Council authorize the City Manager to sign the FY2013 Destination Marketing and Tourism Development Program Agreement with the KICVB.

PREVIOUS COUNCIL ACTION:

- July 22, 2010, Council authorized the FY2011 Destination Marketing and Tourism Development Program Agreement in the amount of \$90,000.
- June 23, 2011, Council authorized the FY2012 Destination Marketing and Tourism Development Program Agreement in the amount of \$100,000.
- May 22 and June 12, 2012, Council heard presentations from KICVB regarding the services provided through the program and the requested funding for FY2013.
- The City's FY2013 operating budget (Ordinance No. 1298) reflects the \$100,000 requested by the KICVB.

DISCUSSION: The City has participated in a community-based tourism development program managed by the Kodiak Island Convention and Visitors Bureau for many years. Funding support from the City of Kodiak and the Kodiak Island Borough has been used to establish a marketing and tourism development program that benefits the City of Kodiak and the Kodiak region.

The City and the Borough agree that economic development and diversification are important aspects of a sustainable economy for Kodiak. Tourism is an important aspect of that diversification, and KICVB has worked to expand and promote tourism in the region. KICVB has been successful in promoting Kodiak to vacationers and travelers alike. Again this year, KICVB is requesting \$100,000 to provide the contracted services.

Janet Buckingham, the Executive Director of the KICVB, made a presentation at the May 22, 2012, work session. She discussed the work accomplished by the KICVB and outlined the focus for the upcoming fiscal year. She returned to answer questions about the KICVB and the FY2013 funding request at the June 12, 2012, work session.

The FY2013 operating budget reflects a \$100,000 contract amount with KICVB. Revenues in the Tourism Fund are expected to be sufficient to support the requested contract amount.

ALTERNATIVES:

1. Authorize the FY2013 Destination Marketing and Tourism Development Program Agreement with KICVB for \$100,000.
2. Council may also amend the agreement to reflect a different FY2013 funding allocation.

FINANCIAL IMPLICATIONS: The FY2013 budget reflects an expenditure of \$100,000 for this contracted service in the Tourism Development Fund.

STAFF RECOMMENDATION: Staff recommends Council approve the FY2013 Destination Marketing and Tourism Development Program Agreement with the Kodiak Island Convention and Visitors Bureau in the amount determined by Council, with funds coming from the Tourism Development Fund.

CITY MANAGER'S COMMENTS: The City realizes that economic development and diversification are keys to a sustainable economy for Kodiak. Council identified economic development as one of its budget goals for FY2013. With financial support from the Borough and the City, the KICVB has worked to promote Kodiak as a tourist destination. KICVB requested and received a funding increase last year to upgrade and replace their computer system and to offset rising operating costs in order to promote Kodiak as a visitor and business meeting destination. The KICVB requests Council to fund the agreement at the \$100,000 level again in FY2013 because operating costs continue to increase. If Council prefers to amend the contract amount, they can move to do so and the FY2013 operating budget will be amended in a future budget amendment to reflect the revised amount.

ATTACHMENTS:

- Attachment A: Destination Marketing and Tourism Development Program Agreement, 2012–2013
- Attachment B: FY13 funding letter of request from KICVB, dated March 19, 2012

PROPOSED MOTION:

Move to authorize the FY2013 Destination Marketing and Tourism Development Program Agreement with the Kodiak Island Convention and Visitors Bureau in the amount of \$100,000, with funds coming from the Special Revenue Funds, Tourism Development Fund, Tourism, Administration, Contributions account.

**DESTINATION MARKETING AND
TOURISM DEVELOPMENT PROGRAM
AGREEMENT NO. 203480**

THIS AGREEMENT is entered into by and between the City of Kodiak, Alaska, (City) and the Kodiak Island Convention and Visitors Bureau (Bureau) for the purpose of setting forth the terms and conditions pursuant to which the Bureau will be contracted to provide destination marketing and tourism development activities for the City of Kodiak.

Section 1. INTENT OF AGREEMENT. The Bureau is hereby contracted to provide a Board of Directors, which will serve as a policy making body for the Bureau and will employ a minimum of one full time equivalent employee (FTE) to focus on destination marketing and tourism development for the City of Kodiak.

Section 2. SCOPE OF WORK. The Bureau's executive director (ED) will be hired by and work at the direction of the Board of Directors and the (ED) will hire and manage necessary staff to carry out the following tasks:

- a. Produce marketing materials, including the Discover Kodiak Visitor Guide.
- b. Provide information about the City of Kodiak to the traveling public.
- c. Maintain and staff the Kodiak Visitor Center.
- d. Keep the City Council and community at large informed about the results of the Bureau's marketing efforts and the state of the local tourism industry.
- e. Work with the Alaska Travel Industry Association (ATIA) and other statewide tourism marketing organizations to ensure that the City of Kodiak is represented in their ongoing national and international marketing programs.
- f. Continue development of the kodiak.org website to improve its usability and visibility to visitors, potential businesses, and residents.
- g. Work with the City of Kodiak to determine the role tourism does and can play in the community's economy.
- h. Participate in the Comprehensive Economic Development Strategy committee to foster an understanding of the tourism industry and opportunities and challenges facing the industry.
- i. Work with the Kodiak Chamber of Commerce to transform the visitor industry into a significant component of the City of Kodiak's economy.
- j. Work with the Kodiak Chamber of Commerce, the Kodiak Island Borough School District, Kodiak College, Kodiak Native organizations, and others to encourage entrepreneurship and assist small business development in the tourism industry.
- k. Explore new employment and business opportunities related to the Kodiak tourism industry.
- l. Develop a travel press kit, to be available on the kodiak.org website, with a broader distribution plan for the kit to a variety of travel media.
- m. Work with the airline industry and the Alaska Marine Highway System to maintain and improve access for visitors to Kodiak.
- n. Attend travel trade show to promote Kodiak to travel agents and consumers.
- o. Expand advertising and marketing specific to the Kodiak Convention Center.

A minimum of four KICVB Board of Directors meetings will be held during the term of this Agreement for the purpose of maintaining Board input and guiding the efforts of the Bureau. A report of all marketing activities of the Bureau will be submitted to the City Manager quarterly and a report will be submitted/presented to the Kodiak City Council annually.

Section 3. TERM. This agreement will remain in effect July 1, 2012, through June 30, 2013, unless earlier terminated. Either party shall have the right to terminate the agreement without penalty upon one month's written notice to the other.

Section 4. COMPENSATION. As compensation for all services rendered under this agreement, contractor shall be paid \$100,000 by the City of Kodiak. Said compensation shall be paid in equal installments of \$25,000 on the second Friday of July and October 2012, and January and April 2013.

IN WITNESS WHEREOF the parties have executed this Agreement on this ____ day of _____, 2012.

CITY OF KODIAK

KODIAK ISLAND CONVENTION
& VISITORS BUREAU

Aimée Kniazowski, City Manager

Janet Buckingham, KICVB Director

Attest:

City Clerk



MAR 2012
 Received
 City of Kodiak

March 19, 2012

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

Dear Aimee:

Through the ongoing assistance of the City of Kodiak, the Kodiak Island Convention & Visitors Bureau (KICVB) continues to develop and maintain tourism marketing programs that benefit the City and its businesses. On behalf of the KICVB Board of Directors and members, we respectfully request \$100,000 for FY 2013, which is flat funding from the previous year.

The Kodiak Visitor Guide continues to be one of our largest marketing projects. The 62-page magazine dazzles potential visitors to the island and is the envy of CVB's statewide. This year, requests for the visitor guide have increased 30 percent over the same time last year. While we have an excellent online version of the visitor guide, many people continue to want a paper version to share with family and friends. Fulfillment costs continue to soar as postage and fuel prices increase. We send most of our guides via affordable bulk mail, but there are many overseas inquiries as well as those who need them mailed first class.

This year the KICVB expanded our reach at trade shows. We attended the AARP Life @50+ Event in Los Angeles, the Alaska Media Road Show, which reaches more than two dozen journalists, filmmakers and photographers, the International Sportsman's Expo in Salt Lake City, and the Great Alaska Sportsman's Show in Anchorage. Additionally, we purchased brochure distribution at the Dallas Morning News Travel & Adventure Show, the Los Angeles Travel & Adventure Show, The New York Times Travel Show and the Northwest Sportshow. The adventure shows in particular had record attendance. The big news this year was a presence at the ITB Berlin Travel and Consumer Trade Show. Kodiak's representative was a German-speaking Kodiak resident who could truly reach out to attendants at the show.

The other big news is the development of a new website and the sole acquisition of Kodiak.org. The Chamber and KICVB will be separating our sites and data base information to better serve each of our members. Trevor and I have been working

Kodiak Island Convention & Visitors Bureau
 100 Marine Way, Kodiak, Alaska 99615 907-486-4782 FAX 907-486-6545
<http://www.kodiak.org> e-mail: visit@kodiak.org

together on this project and anticipate new sites will be launched in September of 2012. This is a massive undertaking but we are confident the results will be worth the hard work.

2012 promises to be a very busy year as far as conventions and conferences in Kodiak. Inquiries for meetings in Kodiak have easily quadrupled in the past two years and the KICVB works diligently to assist with housing needs, registration packets, retail coupons, airline travel discounts and other convention needs. Of course, we work very closely with the Harbor Convention Center and other meeting facilities to coordinate main events and breakout sessions. During peak season visits, we arrange for post-and pre-meeting activities and encourage attendees to stay a day or come early for their meetings.

The KICVB continues to be a community partner in the Alaska Travel Industry Association. This partnership allows us to participate in statewide marketing and public relations programs. This is one of the most successful tools for Kodiak and the KICVB as the ATIA's marketing budget for Alaska far surpasses that of the small CVB's around the region. In 2010 I was elected to the ATIA Board of Directors. This ensures Kodiak stays high profile at the state level. We have been very active in helping to pass legislation that will increase the tourism marketing budget statewide. Governor Parnell has included 16 million in his budget for 2013 plus the ATIA brings 2.7 million to the table, which gives us a more competitive tourism marketing budget.

The KICVB Chocolate Lover's Fling and Art Auction is in its fourth year. This is our major fundraiser, but our main purpose is to offer a fun community event. Our participating artists receive 30 percent of the proceeds from their art. There is a small revenue stream for the KICVB from this event.

Additional information will be provided to you and the city council in a separate packet. The KICVB staff and our board of directors look forward to the coming year with optimism and enthusiasm. Again, thank you for the continued support of the City of Kodiak.

Sincerely,



Janet Buckingham
Executive Director