

City of Kodiak Regular Council Meeting Agenda for October 25, 2012
7:30 p.m., at 710 Mill Bay Road, Assembly Chambers (Room 232)

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

- II. Previous Minutes**
 - Approval of Minutes of the October 11, 2012, Regular Council Meeting1

- III. Persons to Be Heard**
 - a. Proclamation: Extra Mile Day8
 - b. Public Comments (limited to 3 minutes) (486-3231)

- IV. Unfinished Business**
 - a. None

- V. New Business**
 - a. First Reading, Ordinance No. 1301, Establishing Supplemental Appropriation No. 2 to the Budget for the Fiscal Year Commencing on the First Day of July 2011 and Ending on the Thirtieth Day of June 2012, and Repealing Ordinance No. 1296.....14
 - b. Resolution No. 2012–33, Adopting the FY2014 Prioritized State Capital Improvements Program List.....20
 - c. Acceptance of Compensation and Classification Report.....26
 - d. Authorization of a Professional Services Contract for Biosolid Management, Project No. 7517.....56

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

- VII. Mayor’s Comments**

- VIII. Council Comments**

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

- X. Adjournment**

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MINUTES OF THE REGULAR COUNCIL MEETING
OF THE CITY OF KODIAK
HELD THURSDAY, OCTOBER 11, 2012
IN THE BOROUGH ASSEMBLY CHAMBERS

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

Mayor Pat Branson called the meeting to order at 7:30 p.m. Councilmembers Randall C. Bishop, Charles E. Davidson, Terry J. Haines, Mark-Anthony G. Vizcocho, and John B. Whiddon were present and constituted a quorum. Councilmember Gabriel T. Saravia was absent. City Manager Aimée Kniazowski, City Clerk Debra L. Marlar, and Deputy Clerk Matthew Gandel were also present.

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

II. PREVIOUS MINUTES

Councilmember Whiddon MOVED to approve the minutes of the September 27, 2012, regular meeting as presented.

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

III. PERSONS TO BE HEARD

a. Proclamation: Filipino American History Month

Councilmember Vizcocho read the proclamation, which urges all citizens to celebrate the rich history and contributions of Filipino Americans in Kodiak.

Mayor Branson presented the proclamation to Mary Guilas-Hawver, President of the Filipino American Association of Kodiak, who said it was a great honor to accept the proclamation and thanked the Council on behalf of the entire Filipino American community.

b. Public Comments

None

IV. UNFINISHED BUSINESS

None

V. NEW BUSINESS

a. Resolution No. 2012-32, Accepting a Construction Grant From the Alaska Department of Environmental Conservation for Aleutian Homes Water And Sewer Replacement Project, Phase V, Project No 10-03/7026.

Mayor Branson read Resolution No. 2012–32 by title. The City started working on a phased utility replacement of the water and sewer utilities in the Aleutian Homes Subdivision starting in 2005. The Aleutian Homes Subdivision was built in the early 1950s, and much of the water and sewer system is left from that original construction. The City has continued efforts to acquire Alaska Municipal Matching Grant funds in order to keep this critical utility upgrade ongoing and reduce impacts to rate payers. This Department of Environmental Conservation grant offer is for \$1.3 million for construction of a segment of the overall Phase V project.

Councilmember Haines MOVED to adopt Resolution No. 2012–32.

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

b. Authorization of Change Order No. 1 to the Shelikof Street Pedestrian Improvements, Phase I, Project 10-04/8016 to Include Mission Road Retaining Wall Repair, Project No. 13-03/5029

This project will replace a failing wooden retaining wall in the area of 910 Mission Road, which was constructed about 35 years ago. City staff has monitored the condition of the wall for several years in the hope that it could be replaced with the rebuild of Mission Road. The wall started to fall during the winter of 2011. The project was presented to Council as part of the FY2013 budget and approved for funding. The project was advertised and bids were scheduled to be opened on August 28, 2012, but no bids were received. This failed wall is in urgent need of repair, so staff contacted three local contractors who had attended the pre-bid meeting to ask if there would be interest in submitting a proposal. Brechan Enterprises was the only contractor to submit a proposal to replace the retaining wall. Due to the urgency of the repair, the fact that no bid was received, and because staff was able to obtain a proposal from Brechan Enterprises (the same contractor awarded the Shelikof Street Pedestrian Improvements, Phase I project), staff recommends Council award the project to Brechan Enterprises as a change order to the Shelikof Street Pedestrian Improvements, Phase I, Project No. 10-04/8016 in the amount of \$170,000.

Councilmember Davidson MOVED to authorize Change Order No. 1 to the Shelikof Street Pedestrian Improvements, Phase I project, Project No. 10-04/8016, to include Mission Road Retaining Wall Repair, Project No. 13-03/5029 in the amount of \$170,000, with funds appropriated from the Street Improvement Fund, Project No. 13-03/5029.

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

c. Authorization of Change Order No. 5 to Baranof Park Improvement Project, Project No. 12-05/9001

Change Order No. 5 is intended to be the final change order related to 2012 construction activities with Ohno Construction for the Baranof Park Improvement Project. It represents several additions for work items not previously anticipated and several credits for work that was completed more efficiently or with a reduced scope. The majority of the cost additions represent work com-

pleted by subcontractors and increased costs for shipping of materials for improvements that were authorized over the course of construction.

Councilmember Vizcocho MOVED to authorize Change Order No. 5 to the Baranof Park Improvement Project to Ohno Construction in the amount of \$39,931.15, with funds coming from the Parks and Recreation Capital Improvement Fund, Baranof Park Improvements, Project No. 12-05/9001.

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

d. Certification of Election

The City of Kodiak held a regular election October 2, 2012, and voters cast ballots for two three-year City Council positions and voted on Proposition No. 1. The Canvass Board met October 10, 2012, to tally the votes of the admissible questioned and absentee ballots, together with votes counted on election night. The final results of the October 2, 2012, Municipal City election were:

City Council—Two Three-Year Terms	
Gabriel Saravia.....	276
Mark-Anthony Vizcocho	226
Rich Walker	250
Write-Ins	12
Proposition No. 1	
Yes	315
No.....	65

Of the 3,647 registered City voters, 483 cast eligible City ballots, for a 13.2 percent voter turnout, which is 8 percent lower than last year.

Councilmember Haines MOVED to certify the results of the October 2, 2012, regular election and declare Gabriel Saravia and Rich Walker elected to the City Council for three-year terms and that Proposition No. 1 passed.

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

VI. STAFF REPORTS

a. City Manager

Manager Kniazowski thanked Councilmember Vizcocho for his service to the community and wished him well. She welcomed Councilmember-elect Rich Walker to the Council and said she was looking forward to working with him. She said she had been spending a lot of time working on the details of a composting contract for biosolid waste and had an upcoming meeting with the Department of Environmental Conservation in Anchorage to discuss the City’s permit application. She said work on the Compensation and Classification Study was progressing, and she was

finalizing job descriptions and looking at what changes to the Personnel Rules and Regulations would be required. She said the agenda items from the cancelled October 9, 2012, work session would be added to the agenda for the October 23, 2012, work session. She reminded Council of the capital projects tour scheduled for October 20, 2012.

b. City Clerk

City Clerk Marlar thanked Councilmember Vizcocho for his service and also thanked all the election workers and Canvass Board members for their assistance during the election. She welcomed Councilmember-elect Walker to the Council and congratulated Councilmember Saravia on his reelection. She also informed the public of the next scheduled Council work session, regular meeting, and joint work session.

VII. MAYOR'S COMMENTS

Mayor Branson said she attended a recent meeting of the North Pacific Fishery Management Council (NPFMC) with Kodiak Island Borough Mayor Jerome Selby to present Kodiak's position on bycatch management for groundfish fishers in the Gulf of Alaska. The position was developed through the Fisheries Work Group, and she said their testimony was well received by the NPFMC. She thanked the members of the Fisheries Work Group and Fisheries Analyst Denby Lloyd for their hard work. She thanked Councilmember Vizcocho for his efforts on the Council, and encouraged him to run for office in the future. She congratulated Councilmember Saravia and Councilmember-elect Walker, and said she looked forward to working with them.

VIII. COUNCIL COMMENTS

Councilmember Vizcocho congratulated the Filipino American community on the proclamation of Filipino American History Month. He congratulated Councilmember Saravia and Councilmember-elect Walker on their election. He thanked the Mayor, Council, and City staff for their assistance during his time on the Council.

Councilmember Haines thanked Councilmember Vizcocho for his service and said it was a pleasure to serve with him. He said the low voter turnout was disappointing and encouraged people to exercise their right to vote. He said testimony at the NPFMC meeting was successful because of the work done by the Fisheries Work Group and the collaboration between the City of Kodiak and the Kodiak Island Borough, and he encouraged people to attend the Fisheries Work Group meetings and stay involved in the process. He said he was looking forward to working with Councilmember Saravia and Councilmember-elect Walker.

Councilmember Davidson thanked Councilmember Vizcocho for his service to the community. He said he was looking forward to working with Councilmember Saravia and Councilmember-elect Walker.

Councilmember Whiddon thanked Councilmember Vizcocho for his work on the Council. He said the testimony at NPFMC meeting had been extremely successful, and said it was the first time in recent memory that Kodiak had reached consensus on a fisheries issue. He said it was critical that the Fisheries Work Group continue to stay involved in fisheries issues in order to support and protect Kodiak's economy. He said the Filipino American community was a valua-

ble asset to the community and he was proud to recognize Filipino American History Month. He congratulated Councilmember Saravia and Councilmember-elect Walker.

Councilmember Bishop thanked Councilmember Vizcocho for his service and congratulated Councilmember Saravia and Councilmember-elect Walker. He said he was disappointed in the low voter turnout, and encouraged everyone to exercise their right to vote.

IX. AUDIENCE COMMENTS

None

X. PRESENTATION TO OUTGOING COUNCILMEMBER

Mayor Branson presented outgoing Councilmember Mark-Anthony G. Vizcocho with a token of the City's appreciation for his service.

XI. OATH OF OFFICE TO RE-ELECTED/NEWLY ELECTED OFFICIALS

Kodiak City Code 2.28.080 requires elected officials to take and subscribe to the Oath of Office. The City Clerk administered the Oath of Office to Rich Walker and announced that Gabriel Saravia would be administered the Oath of Office the following day at 2 p.m. in the Clerk's Office.

XII. ADJOURNMENT

Councilmember Davidson MOVED to adjourn the meeting.

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

The meeting adjourned at 8:14 p.m.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

Minutes Approved:

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PERSONS TO BE HEARD

MEMORANDUM TO COUNCIL

Date: October 25, 2012

Agenda Item: III.a. **Proclamation: Declaring Extra Mile Day**

SUMMARY: This proclamation urges citizens to go the extra mile to maximize their personal contribution to their individual ambitions, family, friends, and the community.

ATTACHMENTS:

Attachment A: Proclamation: Declaring Extra Mile Day

Attachment B: Proclamation request from the Extra Mile America Foundation

PROCLAMATION

Declaring Extra Mile Day

WHEREAS, the City of Kodiak acknowledges that a special vibrancy exists within the entire community when its individual citizens collectively “go the extra mile” in personal effort, volunteerism, and service; and

WHEREAS, the City of Kodiak encourages its citizens to maximize their personal contribution to the community by giving of themselves wholeheartedly and with total effort, commitment, and conviction to their individual ambitions, family, friends, and community; and

WHEREAS, the City of Kodiak chooses to shine a light on and celebrate individuals and organizations within its community who “go the extra mile” in order to make a difference and lift up fellow members of their community; and

WHEREAS, the City of Kodiak acknowledges the mission of the Extra Mile America Foundation to create 300 Extra Mile cities in America and is proud to support “Extra Mile Day” on November 1, 2012.

NOW THEREFORE, I, Pat Branson, Mayor of the City of Kodiak, do hereby proclaim November 1, 2012, to be Extra Mile Day. I urge each individual in the community to take time on this day to not only “go the extra mile” in his or her own life, but to also acknowledge all those around who are inspirational in their efforts and commitment to make their organizations, families, community, country, or world a better place.

Dated this 25th day of October 2012.

City of Kodiak

Pat Branson, Mayor

Marlar, Debra

From: Christine Ott [extramileamericafoundation@yahoo.com]
Sent: Sunday, July 29, 2012 2:33 PM
To: Marlar, Debra
Cc: Marlar, Debra
Subject: Extra Mile Day Proclamation

Dear Mayor Branson,

My name is Christine with the Extra Mile America Foundation (<http://www.extramileamerica.org/>), a nonprofit organization that empowers individuals and organizations to “go the extra mile” in order to create positive change in their individual communities.

Last year, 228 cities chose to go the extra mile and declare **November 1** as **Extra Mile Day ...a day to acknowledge the power we each have to create positive change in our families, organizations, and communities**. I am writing to request that Kodiak declare November 1 as Extra Mile Day.

By declaring November 1, 2012, “Extra Mile Day,” your city chooses to be a part of a nationwide movement of Mayors and City Councils that are **recognizing people and organizations in the local community who are going the extra mile**.

In 2012, we are expecting to reach over 300 cities in all 50 states with our joint “go the extra mile” message. Participation by cities ranges from a simple declaration to more elaborate events honoring key extra-mile citizens of the community.

For your convenience, we’ve posted sample proclamation wording on our website: <http://www.extramileamerica.org/extra-mile-day>. Scroll down and select “click to see the Extra Mile Day 2012 proclamation.”

Additionally, we would love to highlight a quote from you about what “going the extra mile” means to you personally. Pictures are located at the bottom of our home page (<http://www.extramileamerica.org/>) and quotes are listed under the “media” tab. See what other mayors have already said at <http://www.extramileamerica.org/extra-mile-america-videos>.

If you have any questions, please contact me at Christine@ExtraMileAmerica.org or [916-410-7835](tel:916-410-7835).

Thank you for your consideration!

Christine

Christine Ott
Christine@ExtraMileAmerica.org
[916-410-7835](tel:916-410-7835)

About the Extra Mile America Foundation
(<http://www.extramileamerica.org/>)...

- The idea for **Extra Mile Day** started in **2009** when **Shawn Anderson** created the **Extra Mile America Tour, a cross-country bicycle tour and inspirational outreach event**. As he peddled from San Francisco to Boston, Shawn met over 200 people in pre-arranged interviews who had been identified as *"going the extra mile"* in overcoming a major life defeat or in achieving victory in chasing a passionate dream. After the tour, Shawn personally gave away \$10,000 to individuals whose stories he found particularly inspiring with the hope of motivating them to continue to go the extra mile.

- The media momentum and overwhelming support across the country that the Extra Mile America Tour received inspired the creation of the Extra Mile America Foundation, a 501(c)(3) nonprofit organization that encourages positive attitude and action by empowering individuals, organizations, and cities to *"go the extra mile."* (<http://www.extramileamerica.org/>

- From 2009 to the present, the Extra Mile America Foundation has led the charge in making Extra Mile Day a national event. The Extra Mile Day growth has evolved exponentially. **In 2009, 23 cities** participated. **In 2010, 116 cities**. And **in 2011, 228 cities** representing all 50 states declared November 1 *"Extra Mile Day."* You can see a list and a map of **all 2011 "Extra Mile"** cities at <http://www.extramileamerica.org/extra-mile-day>. Scroll down and select "click to see the 228 cities that declared Extra Mile Day in 2011."

Christine Ott
Director of Media and Public Outreach
916-410-7835
Christine@ExtraMileAmerica.org

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NEW BUSINESS

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Council Members
From: Aimée Kniaziowski, City Manager *AK*
Thru: Mary Munk, Finance Director *MM*
Date: October 25, 2012

Agenda Item: V.a. **First Reading, Ordinance No. 1301, Establishing Supplemental Appropriation No. 2 to the Budget for the Fiscal Year Commencing on the First Day of July 2011 and Ending on the Thirtieth Day of June 2012, and Repealing Ordinance No. 1296.**

SUMMARY: It is customary for the City Council to approve at least one supplemental budget annually to authorize the adjustments of current revenues and expenses. These adjustments are for the operating funds, as well as additions to project funds for grant revenues received and additional expenditures needed that were not known at the time the original budget was adopted. The Supplemental Appropriation No. 2 to the FY2012 budget totaled \$165,086 identified in Ordinance No. 1296. Ordinance No. 1296 contained minor errors, which must be corrected by adopting a new ordinance. Ordinance No. 1301 corrects the errors. Staff recommends Council pass Ordinance No. 1301 in the first reading.

PREVIOUS COUNCIL ACTION:

- On April 26, 2012, Council adopted Ordinance No. 1296 for the Fiscal Year 2012 budget, which adjusted the budget by \$165,086, for a total FY2012 budget of \$58,091,024 commencing on the first day of July 2011 and ending on the thirtieth day of June 2012. This ordinance contained errors of the budget beginning and ending dates and an error in the general fund revenues with the total being \$2,358,764, instead of the correct amount of \$2,356,764.

DISCUSSION: The adoption of the budget by the City Council puts the budget into effect for the budget year July 1 through June 30. Amendments to the budget can occur anytime during the fiscal year through a supplemental budget ordinance, which is introduced as an ordinance at one Council meeting and adopted at the next regular or special meeting. Short timeframes in preparing supplemental ordinances contributed to the errors in Ordinance No. 1296. The errors included the budget beginning and ending dates and an error in the general fund revenues with the total being \$2,358,764 instead of the correct amount of \$2,356,764. There are no new appropriations in this ordinance. An ordinance is required to move funds, to add permanent personnel, to grant unscheduled salary increases or to correct errors in previous ordinances.

ALTERNATIVES: None

FINANCIAL IMPLICATIONS: There are no financial impacts to adopting this ordinance. The total Fiscal Year 2012 budget remains at \$58,091,024.

LEGAL: The Kodiak City Charter and Kodiak City Code grant Council the authority to make appropriations and adopt and amend budgets as required. Due to the errors found in Ordinance No. 1296, the City Attorney said corrections must be made by ordinance.

STAFF RECOMMENDATION: Staff recommends Council pass Ordinance No. 1301, Supplemental Appropriation No. 2 with corrections to the budget for the fiscal year commencing on the first day of July 2011 and ending on the thirtieth day of June 2012 in the first reading and move the ordinance to second reading and public hearing at the next regular or special Council meeting.

CITY MANAGER'S COMMENTS: Supplemental No. 2 to the FY2012 budget was approved by Ordinance No. 1296. It contained \$165,086 in adjustments to departmental expenses, added the Community Development Software application to the Building Inspection Division of the Public Works Department, and transferred funds to initiate the Vehicle and Equipment Replacement Fund approved in January by the City Council. Ordinance No. 1296 contained several minor errors, including the budget beginning and ending dates and an error in the general fund revenues, with the total being \$2,358,764 instead of the correct amount of \$2,356,764. The City attorney said staff was not able to correct the errors in Ordinance No. 1296, but that a new ordinance to correct the errors was needed. I support staff's recommendation that Council pass Ordinance No. 1301 in the first reading and move to the second reading and public hearing at the next regular or special Council meeting.

ATTACHMENTS:

Attachment A: Ordinance No. 1301

PROPOSED MOTION:

Move to pass Ordinance No. 1301 in the first reading and advance to second reading and public hearing at the next regular or special Council meeting.

**CITY OF KODIAK
ORDINANCE NUMBER 1301**

AN ORDINANCE OF THE COUNCIL OF THE CITY OF KODIAK ESTABLISHING SUPPLEMENTAL APPROPRIATION NO. 2 TO THE BUDGET FOR THE FISCAL YEAR COMMENCING ON THE FIRST DAY OF JULY 2011 AND ENDING ON THE THIRTIETH DAY OF JUNE 2012, AND REPEALING ORDINANCE NUMBER 1296

WHEREAS, on April 26, 2012, the Council adopted Ordinance Number 1296, establishing Supplemental Appropriation No. 2 to the budget for the fiscal year commencing July 1, 2011 and ending June 30, 2012; and

WHEREAS, to correct errors in Ordinance Number 1296, it is necessary to replace Ordinance Number 1296 with this ordinance.

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

Section 1: The following estimated revenues and expenditures are hereby appropriated for the corporate purposes and objects of the City of Kodiak for fiscal year 2012.

	GENERAL FUND		
	Amended Budget	Supplemental #2	Revised Budget
Anticipated Revenues:			
Sales Tax	\$ 9,337,650	\$ -	\$ 9,337,650
PERS Relief	564,880	-	564,880
State Revenue Sharing	534,300	-	534,300
Fish Tax - Dept of Revenue	1,123,200	-	1,123,200
State Grants	54,500	1,836	56,336
Federal Grants	71,700	-	71,700
Police Protective Custody	3,000	-	3,000
Vehicle Replacement	-	21,850	21,850
Use of Fund Balance	4,138,770	(2,380,450)	1,758,320
All Other Revenues	4,334,818	-	4,334,818
Total Amended Revenues	<u>\$ 20,162,818</u>	<u>\$ (2,356,764)</u>	<u>\$ 17,806,054</u>
Planned Expenditures:			
Legislative	\$ 255,640	\$ -	\$ 255,640
Legal	80,000	-	80,000
Executive	329,780	-	329,780
Emergency Preparedness	56,500	-	56,500
City Clerk	411,200	-	411,200
Finance	1,323,780	-	1,323,780
Police	6,047,895	38,900	6,086,795
Fire	1,823,980	-	1,823,980
Public Works	2,748,903	80,650	2,829,553
Engineering	255,820	-	255,820
Parks & Recreation	1,207,000	-	1,207,000
Library	843,120	1,836	844,956
Non-Departmental	713,700	-	713,700
Transfers	4,065,500	(2,478,150)	1,587,350
Total Amended Expenditures	<u>\$ 20,162,818</u>	<u>\$ (2,356,764)</u>	<u>\$ 17,806,054</u>

SPECIAL REVENUE FUNDS

	Amended Budget	Supplemental #2	Revised Budget
Anticipated Revenues:			
Tourism Development	\$ 142,860	\$ -	\$ 142,860
KFDA	60,050	-	60,050
City Enhancement	500,000	2,500,000	3,000,000
Total Amended Revenues	\$ 702,910	\$ 2,500,000	\$ 3,202,910
Planned Expenditures:			
Tourism Development	\$ 142,860	\$ -	\$ 142,860
KFDA	60,050	-	60,050
City Enhancement	500,000	2,500,000	3,000,000
Total Amended Expenditures	\$ 702,910	\$ 2,500,000	\$ 3,202,910

CAPITAL PROJECTS

	Amended Budget	Supplemental #2	Revised Budget
Anticipated Revenues:			
300 General Capital Projects	\$ 1,457,230	\$ -	\$ 1,457,230
315 Vehicle Replacement Capital	\$ -	\$ 21,850	21,850
301 Street Improvements	1,802,000	-	1,802,000
302 Building Improvements	9,400,000	-	9,400,000
305 Water Capital Fund	628,645	-	628,645
306 Sewer Capital Fund	1,325,000	-	1,325,000
307 Cargo Development Fund	2,778,000	-	2,778,000
308 Harbor Development	-	-	-
309 Parks & Recreation Fund	3,074,000	-	3,074,000
Total Amended Revenues	\$ 20,464,875	\$ 21,850	\$ 20,486,725
Planned Expenditures:			
300 General Capital Projects	\$ 1,457,230	\$ -	\$ 1,457,230
315 Vehicle Replacement Capital	-	21,850	21,850
301 Street Improvements	1,802,000	-	1,802,000
302 Building Improvements	9,400,000	-	9,400,000
305 Water Capital Fund	628,645	-	628,645
306 Sewer Capital Fund	1,325,000	-	1,325,000
307 Cargo Development Fund	2,778,000	-	2,778,000
308 Harbor Development	-	-	-
309 Parks & Recreation Fund	3,074,000	-	3,074,000
Total Amended Expenditures	\$ 20,464,875	\$ 21,850	\$ 20,486,725

ENTERPRISE FUNDS

	Amended Budget	Supplemental #2	Revised Budget
Anticipated Revenues:			
Cargo Fund 500	\$ 1,112,672	\$ -	\$ 1,112,672
Harbor Fund 510	4,250,214	-	\$ 4,250,214
Boat Yard/Lift 512	1,355,042	-	\$ 1,355,042
Electric Fund 515	660,913	-	\$ 660,913
Water Fund 550	3,468,573	-	\$ 3,468,573
Sewer Fund 570	4,305,610	-	\$ 4,305,610
Trident Basin Fund 580	348,811	-	\$ 348,811
E-911 Services	73,800	-	\$ 73,800
Total Amended Revenues	\$ 15,575,635	\$ -	\$ 15,575,635

Enterprise Funds Continued

Planned Expenditures:			
Cargo Fund 500	\$ 1,112,672	\$ -	\$ 1,112,672
Harbor Fund 510	4,250,214	-	\$ 4,250,214
Boat Yard/Lift 512	1,355,042	-	\$ 1,355,042
Electric Fund 515	660,913	-	\$ 660,913
Water Fund 550	3,468,573	-	\$ 3,468,573
Sewer Fund 570	4,305,610	-	\$ 4,305,610
Trident Basin Fund 580	348,811	-	\$ 348,811
E-911 Services	73,800	-	\$ 73,800
Total Amended Expenditures	<u>\$ 15,575,635</u>	<u>\$ -</u>	<u>\$ 15,575,635</u>

INTERNAL SERVICE FUND

	Amended Budget	Supplemental #2	Revised Budget
Anticipated Revenues:			
Self Insurance Fund	\$ 1,019,700	\$ -	\$ 1,019,700
Total Amended Revenues	<u>\$ 1,019,700</u>	<u>\$ -</u>	<u>\$ 1,019,700</u>
Planned Expenditures:			
Self Insurance Fund	\$ 1,019,700	\$ -	\$ 1,019,700
Total Amended Expenditures	<u>\$ 1,019,700</u>	<u>\$ -</u>	<u>\$ 1,019,700</u>
Total Revenues	\$ 57,925,938	\$ 165,086	\$ 58,091,024
Total Expenditures	\$ 57,925,938	\$ 165,086	\$ 58,091,024

Section 2: Ordinance Number 1296 is repealed.

Section 3: This ordinance shall be in full force and effect from and after its passage as required by law.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

First Reading: _____, 2012
 Second Reading: _____, 2012
 Effective Date: _____, 2012

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MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Aimée Kniaziowski, City Manager 

Date: October 25, 2012

Agenda Item: V.b. **Resolution No. 2012-33, Adopting the FY2014 Prioritized State Capital Improvements Program List**

SUMMARY: Each year the City Council adopts a resolution identifying the City's top funding priorities for capital improvement projects important to the maintenance or improvement of the City's infrastructure. This year's proposed list identifies and prioritizes four projects, which is the same number of projects as included in the final FY2013 request list. The FY2014 list includes an upgrade to the Monashka pumphouse, funding to replace the failing E911 system, funding for Phase 3 of the ongoing Shelikof pedestrian improvement project, and funding assistance for a new fire engine. Based on discussions at the September 11, 2012, work session, the Council's facility tour on October 20, 2012, and the discussion and concurrence at the October 23, 2012, work session, staff recommends Council adopt Resolution No. 2012-33.

PREVIOUS COUNCIL ACTION: The City Council adopts a resolution annually that identifies the City's prioritized capital improvement projects and funding requests to the state.

- Council adopted a revised FY2013 State CIP request list identified in Resolution No. 2012-02 on January 12, 2012.
- Council reviewed and discussed the proposed working list of FY2014 capital needs at the September 11, 2012, work session.
- Council took a facilities tour on October 20, 2012, to help understand the City's projects and infrastructure needs.
- Council reviewed and discussed the proposed FY2014 list at the October 23, 2012, work session and indicated support for the four project list.

DISCUSSION: The City's recommended number one priority is a request for \$5.7 million in state funding to make necessary upgrades to the Monashka pumphouse. This is a key piece of City infrastructure and is the only facility available to pump the community's potable water from the Monashka Reservoir through the distribution system. The pumphouse pumps an average of 4.7 million gallons per day but will produce up to 10 million gallons per day during peak fish processing seasons. The pumphouse was constructed in the early 1970s, and only limited changes have been made to the system since it was built. The two story concrete building houses an electrical room and four pumps of 1940s vintage for which parts are no longer made. The building is experiencing separation of wall panel connections and floor and roof systems. Some repairs to the old pumps require specialty machining,

which is costly, since parts are no longer made. The electrical system and pump motor starts are inadequate and out-of-date. The City has been working to identify the scope of the upgrades needed to this critical facility since 2009 and has spent just under \$600,000 on the project to date, with total project upgrades estimated at \$6.3 million.

The second project is a request for state funding assistance of \$350,000 to replace the enhanced 911 (E911) system, which services the Kodiak area, including areas outside the City's corporate boundaries. The City completed a study in 2009 that advised replacement of the system. The study indicated that basic upgrades with future expansion capabilities will cost at least \$350,000. The current system is currently being analyzed due to unexpected failures. The system has been operable, but experiences frequent errors, and replacement parts and service/maintenance agreements are no longer available due to the age of the system (over 25 years). The City's Information Technology staff is researching the purchase of needed components, only available on eBay. The City has not been able to afford the full replacement costs or find grant funding to help offset the replacement costs.

The third priority is a request for \$5 million from the state through the cruise ship excise tax fund or direct legislative appropriation to continue planned pedestrian and parking improvements along Shelikof Street from Pier II to downtown. This project was started in 2009 with the use of cruise ship funds, and Phase 2 of this project, construction of a sidewalk and other improvements, including lighting and parking, is scheduled to be completed in 2013. The City has begun initial plans for Phase 3 of the project to provide pedestrian improvements further along Shelikof Street from Jack Hinkle Way to Marine Way by rehabilitating the sidewalk and associated tasks, putting in amenities such as landscaping, benches, and signage, and, most importantly, the addition of new off-street parking along the harbor side of the street. Once completed, this project will provide benefits to both cruise ship passengers and local residents and businesses. This project is a carryover request from the FY2013 request list, which was not funded.

The fourth priority is also a carryover request from the City's FY2013 request list, \$400,000 to replace the City's 26-year-old fire engine. Engine 3 has exceeded its recommended 20-year replacement schedule and was recently decommissioned due to an electrical fire while sitting unused in the fire station. Before decommissioning it was out of service for the past year with multiple problems with the fire pump, chassis, cab, and motor. When it was operational, Engine 3 was used as a "third out" response vehicle and would move up in a response category if the first and/or second response vehicles were out of service. The City needs this third engine response capability within the City limits and in response to local Mutual Aid agreements. The Fire Chief's attempts to find grant or other types of funding have not been successful, and staff recommends this project be included in the City's FY2014 project request list.

Once adopted, Resolution No. 2012-33 will be submitted to the Kodiak legislative delegation, the Alaska State Legislature, the City's lobbyist, the Governor, and the Borough. These projects are not the

only capital projects that the City will pursue in the next year, but are ones the City hopes will attract State funding because of their significance to the community and the State.

ALTERNATIVES: Council may adopt Resolution No. 2012–33 as submitted, reprioritize, or amend the resolution by adding or removing projects.

FINANCIAL IMPLICATIONS: None. All grant funding received from the State helps Kodiak improve infrastructure and reduce costs to the City. Once again, staff believes a shorter list keeps the City focused on its main priorities and will improve Kodiak’s chance to receive state funding for those key projects.

CITY MANAGER’S RECOMMENDATION AND COMMENTS: We reviewed the list of projects I proposed at the September 11, 2012, work session, visited some of the project sites on October 20, 2012, and reviewed and discussed this list again at the October 23, 2012, work session. Council agreed to the four projects listed with an emphasis placed on funding for the Monashka pumphouse upgrades. Once again this year, I recommend we keep our list short and focused on our main infrastructure needs, because this is an election year which may result in some reorganization in the legislature. It may also be wise to promote a short list if state revenues change or become uncertain. I recommend Council approve Resolution No. 2012–33 with funding for Monashka pumphouse as the City’s number one priority. Also, each year our Kodiak legislators come to discuss the upcoming session, and I will work to invite them to come after the elections and before the new session begins in January 2013. Our state lobbyist, Ray Gillespie, will also come to Kodiak to discuss the City’s list and the upcoming session in November 2012.

ATTACHMENTS:

Attachment A: Resolution No. 2012–33

PROPOSED MOTION:

Move to adopt Resolution No. 2012–33.

**CITY OF KODIAK
RESOLUTION NUMBER 2012-33**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK ADOPTING
AN FY2014 STATE CAPITAL IMPROVEMENTS PROGRAM LIST**

WHEREAS, the City of Kodiak uses a Capital Improvements Program planning process to identify the capital improvement project needs of the community; and

WHEREAS, this identification and planning process plays a vital role in directing the City's administration and is utilized as a long-range planning and policy setting tool for City infrastructure maintenance and enhancement; and

WHEREAS, the City of Kodiak is committed to paying its way to the greatest extent possible, but the cost of some of the City's capital project needs are greater than the resources available locally; and

WHEREAS, the Kodiak City Council has identified and prioritized capital improvement projects for submission to the Alaska State Legislature and Governor for funding consideration due to their significance and/or magnitude.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, that the following infrastructure replacement/improvement projects are considered of primary importance and are hereby adopted as the City of Kodiak's FY2014 State capital improvement project list:

1. Monashka Pumphouse Upgrades

Funding Request: \$5,700,000

The Monashka pumphouse provides almost the entire water supply for the City of Kodiak's public water system, averaging 4.73 million gallons per day but can produce as much as 10 million gallons per day during peak fish processing seasons. The pumphouse was constructed in the early 1970s, and only limited changes have been made to the system since it was built. The two-story concrete building houses an electrical room and four pumps of 1940s vintage for which parts are no longer made. The building is experiencing separation of wall panel connections and floor and roof systems. Some repairs to the old pumps require specialty machining, which is costly since parts are no longer made. The electrical system and pump motor starts are inadequate and out-of-date. The City has been working to identify the scope of the upgrades needed to this critical facility since 2009. The total project upgrades are estimated to be \$6.3 million. So far, the City has utilized \$595,000 for the feasibility and design of the needed upgrades. The City of Kodiak is requesting State funding assistance for completed design and replacement/upgrades of this facility in the amount \$5,700,000.

2. E911 Replacement Equipment:

Funding Request: \$350,000

The City completed its new public safety building in 2010. One of the important aspects of the new facility is to continue to provide area-wide dispatch services and enhanced 911 (E911) service to the Kodiak area, including areas outside the City’s corporate boundaries. The City completed a study in 2009, which advised replacement of the system. The study indicated that basic upgrades with future expansion capabilities will cost at least \$350,000. The current system is experiencing unexpected failures, and replacement parts and service/maintenance agreements are no longer available due to the age of the system. The City has been unable to afford the full replacement costs or find grant funding to help offset the replacement costs. The City of Kodiak is requesting State funding assistance in the amount of \$350,000 to assist with the upgrade of this important public safety tool.

**3. Phase 3 Shelikof Street Pedestrian Improvements
Bulkhead Parking Area**

Funding Request: \$1,500,000

In 2009, the City identified the need for pedestrian improvements from Pier II to downtown Kodiak to more safely accommodate cruise ship passengers and to improve facilities for local residents and businesses that use the pier, street, and access to the City’s adjacent 250 slip boat harbor. Phase 2 of this project, construction of an ADA accessible sidewalk, improved lighting and parking, and utility relocates is under construction and scheduled to be completed in 2013. The City is planning Phase 3 of the project, to construct a 30 space bulkhead parking area on the south side of Shelikof Street adjacent to St. Paul Harbor. This phase meets the goals of this pedestrian improvement project. The roadway area adjacent to the proposed bulkhead parking is very congested. Due to lack of adequate parking, vehicles block walkways and access areas adjacent to the businesses, forcing pedestrian into the roadway. Construction of additional off-road parking will direct pedestrian traffic out of the congested roadway. The net increase in parking will benefit harbor users and retail businesses along Shelikof Street. It will provide improved pedestrian access from Marine Way to the fish processors in the immediate area. Associated tasks for this phase of the project include geotechnical investigation, design, permitting, mapping, construction, improved lighting, and utility relocates. The project will have additional phases for future completion including sidewalk, roadway and landscape improvements, a walking trail along the harbor breakwater, and a cruise ship visitor’s shelter. The City of Kodiak is requesting State funding assistance for planning, permitting, design, and construction in the amount of \$1,500,000 to complete Phase 3 of the project.

4. Fire Apparatus Replacement

Funding Request: \$400,000

The City of Kodiak must replace its aging Fire Engine 3, a 1986 E-One Cyclone Pumper that was purchased in 1986. Engine 3 has exceeded its recommended replacement schedule of 20 years and was recently decommissioned due to an electrical fire while sitting unused in the fire station. Before decommissioning, it was out of service for the past year with multiple problems with the fire pump, chassis, cab, and motor. When operational, Engine 3 was used as a “third out” response vehicle and would move up in a response category if the first and/or second response vehicles were out of service. The City of Kodiak needs this third engine response capability within the City limits and in response to local Mutual Aid agreements.

The estimated cost to replace this engine is \$450,000, an amount that exceeds the City's resources. The City of Kodiak is requesting state funding assistance in the amount of \$400,000 with the remainder of the funds coming from local appropriations.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

Adopted:

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Aimée Kniaziowski, City Manager 

Date: October 25, 2012

Agenda Item: V.c. Acceptance of Compensation and Classification Report

SUMMARY: The City began the classification and compensation project in the spring of 2011. Staff worked closely with Fox Lawson & Associates (FLA) to complete the two key phases of the project, the classification phase and the compensation phase. Council and staff received multiple updates during the course of the project, and now the findings and report are ready to present. The written report itself will be presented to Council at this meeting, and Council should be quite familiar with the main findings because of the updates they've received. The main points of the report will show that the City agreed to a new classification method, a new job description format, a new pay scale anchored to the 50th percentile of the market, and a range of methods by which the City would switch to the recommended pay scale. Staff recommends Council accept the classification and compensation report by motion at this meeting. Staff will then come back to Council with the required Personnel Rules & Regulations (PR&R) amendments and the best implementation plan for final approval and implementation.

PREVIOUS COUNCIL ACTION:

- The classification and compensation study, Project No. 4030, was included in the FY2011 General Fund capital budget.
- Council authorized a contract with Fox Lawson & Associates (FLA) to perform a comprehensive classification and compensation study in February 2011.
- Council has received at least four project updates from FLA, the last one in September 2012.

DISCUSSION: The City's job descriptions were reviewed and classified in the late 1990s, and the pay plan was updated in 2003. Since that time the services provided by the City have not changed much. However, some positions were eliminated and duties combined, some new positions were created, and job duties shifted, as they do over time. Employees expressed their frustration with the existing classification system and the pay scales, which they believed were not competitive. Their dissatisfaction was reflected, in part, by the efforts to unionize in 2009 and again in 2010.

Staff and Council agreed that a comprehensive classification and compensation study of all City positions should be undertaken. The project was included in the FY2011 budget, a Request for Proposals was issued in December 2010, and the City received fourteen proposals. Based on staff's recommendation, Council approved a contract with FLA in February 2011.

Classification Phase:

FLA began work in March of last year starting with the classification phase. This phase determined the relative value of jobs within the City. It also provided a way to combine internal equity with the market value of like jobs, and it became the basis for the recommended salary structure that was presented to Council in January and September of this year.

FLA reviewed all City job descriptions, organizational charts, and the PR&R. They met with employees and issued position description questionnaires (PDQs), which all employees filled out. The PDQs were evaluated by management and turned in to FLA. The PDQ information was used to develop the new job descriptions based on the essential functions of each existing position. In the meantime, the City's management team reviewed several types of classification systems such as market pricing, whole job ranking, point factor (what the City has been using since the 1990s), scored questionnaires, and decision banding. The decision banding method (DBM) was selected as the most flexible and easiest to use and maintain, and that decision was shared with the City Council. Once the DBM method was selected, all regular full- and part-time employees in existing job descriptions were placed in the appropriate classifications. This process took multiple meetings and teleconferences to review and discuss with the project team, the management team, and the employees.

Compensation Phase:

FLA and management staff began to work on the compensation phase of the project as soon as the majority of City jobs were placed in the new DBM classifications. During this phase, the Council agreed to anchor the pay for City jobs to the 50th percentile of the market as a sustainable way to keep up with changes in the market. FLA used many sources to conduct its market analysis of current City pay compared to public sector jobs of a similar nature in Alaska and the Lower 48. The results, which were shared with Council, showed that overall, the average of all City base salaries lag the market by approximately 11%. The results trended across all job levels in the City. FLA also prepared recommended policies to manage and maintain the new classification and compensation systems, which will require amendments to the PR&R.

The City's use and pay for temporary employees is in need of major adjustment. The study will address the need to develop and classify job descriptions based on the DBM method, if needed, and pay the temporary employees at the minimum hourly rate of the new pay scale.

FLA also conducted a set of 15 jobs which were super-benchmarked to determine how the City's total compensation compared to that of the market. Those results show that the City's total compensation is slightly below the market median, but the cost of medical coverage exceeds the market average. While this type of comparison is good to review, it was done in this study only for informational purposes. Staff and FLA recommend that the City implement the new classification and salary structure that reflects the current market, with an analysis of the benefit package be done by specialists at another time.

Final Presentation:

This study is now complete. Lori Messer with FLA will provide bound copies of the final report to Council and summarize the findings, which have been laid out in general in this memo. As mentioned, before the recommendations can be put in place, the PR&R will need to be amended to allow the City to implement the classification and pay systems.

Once the report is presented, FLA will work with staff for a specific time period to allow employees who don't agree with the new DBM classifications to appeal the placement. The appeals process will be laid out by FLA. This is a separate service that was not covered in the original contract agreement and will require a contract amendment.

Staff recommends Council accept the FLA report by motion.

ALTERNATIVES:

1. Council may accept the Fox Lawson and Associates compensation and classification report, which is recommended, because the report is consistent with stated Council goals to evaluate the City's classification system and compare the existing pay scale to the current market conditions.
2. Council may also delay acceptance or reject the report, which is not recommended, because of the time and effort that has gone into the study and final report and would have a negative effect on employee morale.

FINANCIAL IMPLICATIONS: None at this time. The Council should accept the report and indicate that they intend to implement the recommended classification system and new pay scale. Staff will then return with a recommended implementation scenario and the amendments to the PR&R that will put the necessary changes in place.

CITY MANAGER'S COMMENTS: A comprehensive classification and compensation study requires time, commitment of City resources, and the expertise of a professional firm. This has been a long process, in part due to the complexity of the process, the lack of staff to assist with much of the behind-the-scenes work required, and in part due to the multiple demands on my time. However, I believe we have a thorough study, have received solid advice and information, and can implement the new systems with confidence that they meet the original goals of the project and provide us with a clean new baseline that will be useful for many years. I recommend Council accept this report by motion. I will bring back the necessary amendments to the PR&R and an implementation timeline and cost to Council within the next few months.

ATTACHMENTS:

Attachment A: FLA Council presentation, September 8, 2012

Attachment B: FLA written report will be distributed at the meeting

PROPOSED MOTION:

Move to accept the Fox Lawson and Associates' report on the classification and compensation study conducted for the City of Kodiak, with the recommended classification system and recommended pay scale to be implemented via an Ordinance at a future meeting, amending the City's Personnel Rules and Regulations.



Gallagher Benefit Services, Inc.
t h i n k i n g a h e a d



City of Kodiak, AK

www.foxlawson.com

2011 Classification and Compensation Study (Council Presentation)



Fox Lawson & Associates
a Division of Gallagher Benefit Services, Inc.
Compensation and Human Resources Specialists

PROJECT OVERVIEW

Phased Approach Utilized

1. Classification Study
2. Job Evaluation – ‘DBM’ Analysis
3. Market Study
4. Cost Analysis
5. Policy Recommendations

WHY A CLASS AND COMP STUDY?

Current systems are in need of updating

- Job descriptions and titles are inconsistent with the types and levels of work being performed
- Career paths are not obvious
- Concerns over internal equity
- No connection to market compensation

PROJECT CONSIDERATIONS

Recommendations provide a framework

- Work in progress
- Based on the best available information
- System will need to be reviewed and modified over time
- Managers and employees share responsibility

1 – CLASSIFICATION STUDY

Conducted job analysis

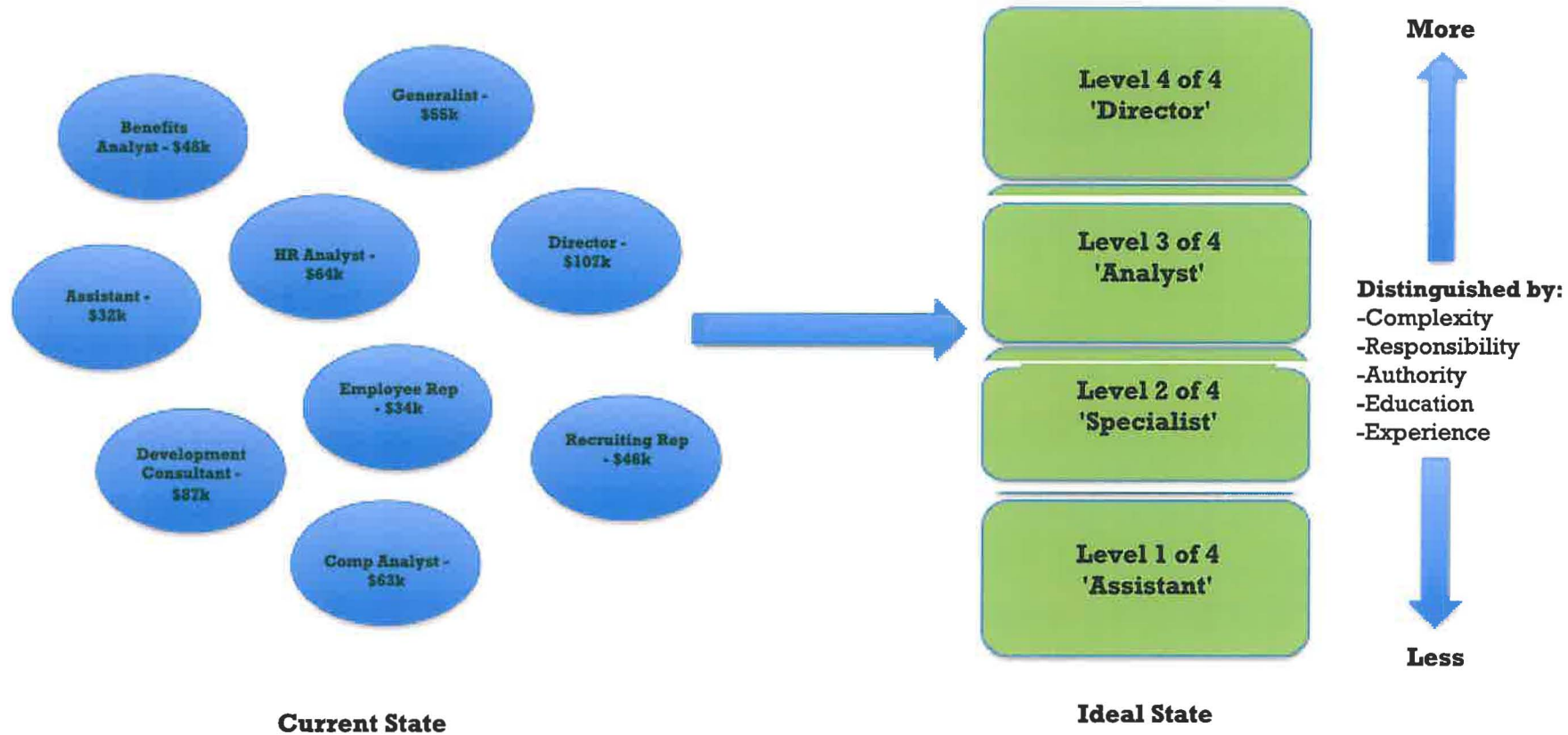
- Employees completed Position Description Questionnaires (PDQs)
- Organizational charts and employee data reviewed
- Occupational Panel and interviews

New classification structure developed:

- Focus on broader definitions of work
- Maintain critical distinction between administrative, technical, professional and managerial functions
- 18 job series (a.k.a. job families); 50 classifications

(illustrative example of job family development provided on the following slide)

1 – CLASSIFICATION STUDY - CONCEPT



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1 – CLASSIFICATION STUDY

Review of employee occupational panel results
and PDQs

Employee's allocated to new positions based on
approved structure:

- Allocations validated by City management

1 – CLASSIFICATION STUDY

CITY OF KODIAK, AK

CLASS SPECIFICATION TITLE: ADMINISTRATIVE SPECIALIST

BAND	GRADE	SUBGRADE	RISK STATUS
B	2	2	Non-Exempt

CLASS SUMMARY:
 This is the third of four levels in the Administrative Support series. Incumbents are responsible for performing advanced administrative duties in support of a department, director or specialized program that could include: assisting with the implementation of department goals, objectives, strategies, and policies; administering contracts; assisting with bidding and/or procurement procedures; planning and coordinating the work of lower level support staff; overseeing the scheduling of regular and special events; conducting a variety of administrative projects and research; and maintaining significant customer, contractor and vendor relationships.

The Administrative Specialist is distinguished from the Administrative Assistant in that it provides support for a department, and assists with the implementation of operational policies and procedures requiring a broad working knowledge of City policy and procedures.

TYPICAL CLASS ESSENTIAL DUTIES: (These duties are a representative sample; position assignments may vary.)		FRE-QUENCY	BAND/ GRADE
1.	Performs a variety of administrative activities, which may include: making travel arrangements; scheduling and coordinating meetings and/or events; transcribing meeting minutes; maintaining and updating the department website; and managing supervisor's and/or departmental calendar.	Daily 40%	A1
2.	Assists with the implementation of department goals, objectives, strategies, and policies which may include: performing a variety of administrative projects and research; overseeing the scheduling of regular and special events; administering contracts; and assisting with bidding and/or procurement procedures.	Weekly 35%	B2
3.	May prioritize and assign work to lower level staff; monitors the performance of lower level staff.	Daily 15%	B2
4.	May maintain significant customer, contractor and vendor relationship by responding to inquiries, coordinating projects, or performing related duties.	Weekly 10%	B2
5.	Performs other duties of a similar nature or level.	As Required	N/B

TRAINING AND EXPERIENCE (positions in this class typically require):
 Associate's degree or two-year technical certificate and three or more years of administrative support experience; or, an equivalent combination of education and experience sufficient to successfully perform the essential duties of the job such as those listed above.

LICENSING REQUIREMENTS (positions in this class typically require):
 Licensing Requirements:
 • None

CITY OF KODIAK, AK

CLASS SPECIFICATION TITLE: ADMINISTRATIVE SPECIALIST

KNOWLEDGE (position requirements at entry):
 Knowledge of:

- Modern office procedures, methods, and equipment;
- Filing and recordkeeping practices;
- Customer service principles;
- English language, grammar, and punctuation;
- Basic accounting principles;
- Computers and related software applications.

SKILLS (position requirements at entry):
 Skill in:

- Utilizing modern office equipment;
- Providing customer service;
- Proofreading and editing documents;
- Preparing reports and forms;
- Performing basic accounting calculations;
- Reviewing, assembling, and organizing data and information;
- Using a computer and related software applications;
- Prioritizing and assigning work;
- Communication, interpersonal skills as applied to interaction with subordinates, coworkers, supervisor, the general public, etc. sufficient to exchange or convey information and to give and receive work direction.

PHYSICAL REQUIREMENTS:
 Positions in this class typically require: reaching, standing, walking, fingering, grasping, feeling, talking, hearing, seeing and repetitive motions.

Sedentary Work: Exerting up to 10 pounds of force occasionally and/or a negligible amount of force frequently or constantly to lift, carry, push, pull or otherwise move objects, including the human body. Sedentary work involves sitting most of the time. Jobs are sedentary if walking and standing are required only occasionally and all other sedentary criteria are met.

NOTE:
 The above job description is intended to represent only the key areas of responsibilities; specific position assignments will vary depending on the business needs of the department.

CLASSIFICATION HISTORY:
 Draft prepared by Fox Lawson & Associates a Division of Gallagher Benefit Services, Inc. (CMC)
 Date: (08/2012)

2 – JOB EVALUATION

What is it?

- A methodology used to determine the relative value of jobs within the City
- A tool for blending internal equity with market parity
- The foundation of a salary structure

Many approaches available

- Market pricing (market study discussed later)
- Whole job ranking
- Point factor
- Scored Questionnaires
- Decision Banding

2 – JOB EVALUATION

Decision Band Method™ (DBM) of Evaluation

- Fair, objective and easy to use

Three-step process ensures fair and equitable salaries

- The value of a job should reflect the importance of the job to the City
- The importance of a job is directly related to the decision-making requirements of the job
- Decision-making is common to all jobs
- Decision-making is measurable

DBM STRUCTURE (Full Potential)

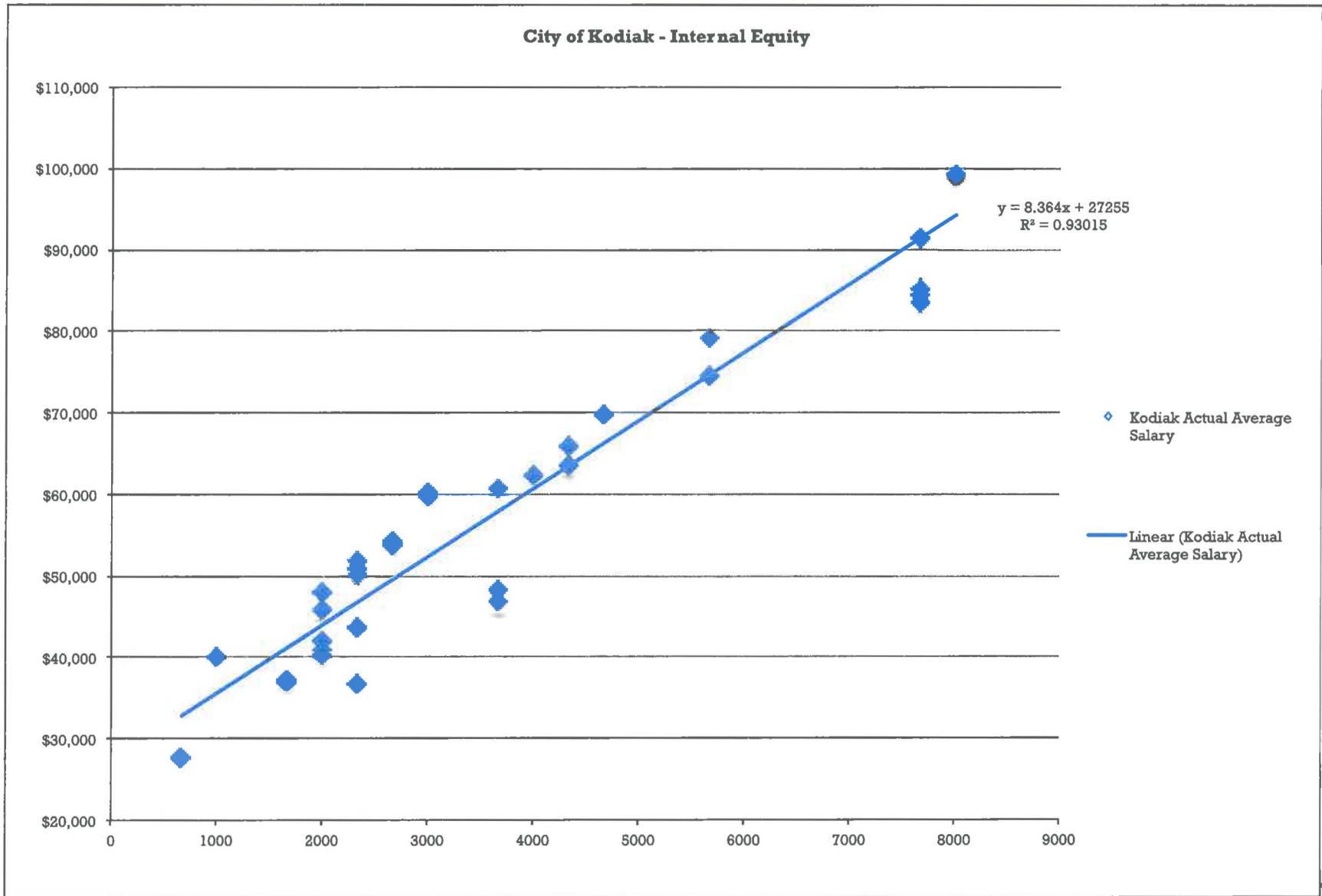
Step 1 - BAND

Step 2 - GRADE

Step 3 - SUBGRADE

F - Policy	11 - Coordinating	2(5)
	10 - Non-coordinating	1(4)
E - Programming	9 - Coordinating	3
	8 - Non-coordinating	2
D - Interpretive	7 - Coordinating	1
	6 - Non-coordinating	2(5)
C - Process	5 - Coordinating	1(4)
	4 - Non-coordinating	3
B - Operational	3 - Coordinating	2
	2 - Non-coordinating	1
A - Defined	1 - Non-coordinating	2(5)
	0 - Non-coordinating	1(4)

2 – DRAFT JOB EVALUATION RESULTS



2 – DRAFT JOB EVALUATION RESULTS

Strong correlation between DBM ratings and current salaries:

- R-Squared (adjusted) = 93%
- Validates job evaluation results
- Strong foundation for market study

3 – MARKET STUDY

Salary data examined from a variety of published and local data sources:

- AK Municipal League (Homer, Juneau, Kenai, Sitka, Kodiak Borough, etc.)
- Towers Watson
- Mercer
- Stanton
- Records and Information Management
- Employer's Association

Data collection allowed us to:

- Determine competitiveness of current salaries
- Develop a new salary structure

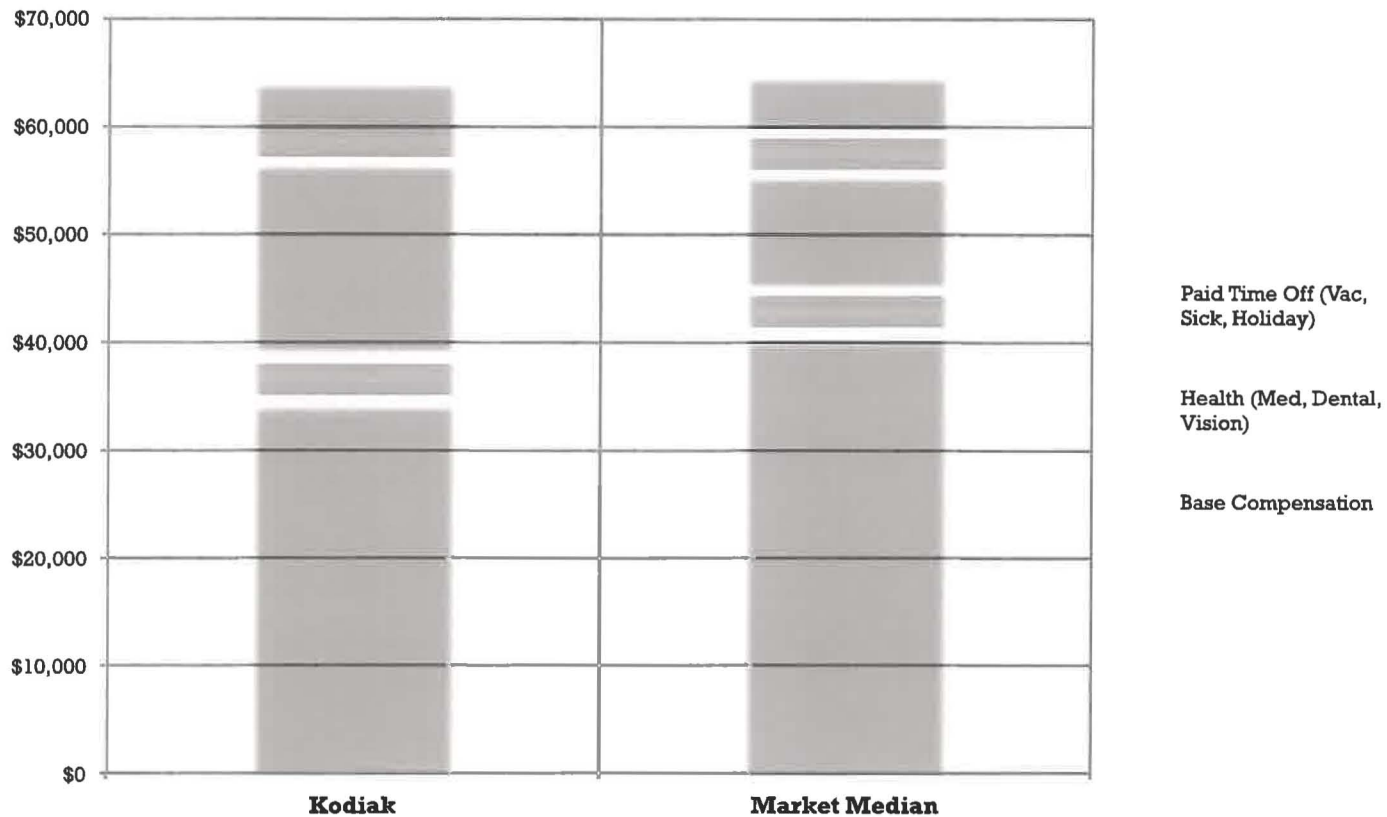
3 – MARKET STUDY

Market pricing conducted for 37 benchmark jobs:

- 70% job content match rule
- Representative of all job levels and functions
- Identifies the market 50th (median) salaries
- Representative of similarly situated Cities and public sector organizations
- Geographically adjusted to approximate the Kodiak, AK labor market
- ‘Super benchmarking’ used to determine total compensation values (i.e. salary + benefits + PTO)

3 – MARKET STUDY - EXAMPLE

Kodiak Total Compensation Analysis
Benchmark Title: Administrative Assistant



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3 – MARKET STUDY - RESULTS

Overall, base salaries are in the second quartile of the competitive labor market

- 11.5% below the market 50th percentile
- Trend appears consistent across all job levels
- Comparisons do vary by individual job

Overall, total compensation is slightly below the market median

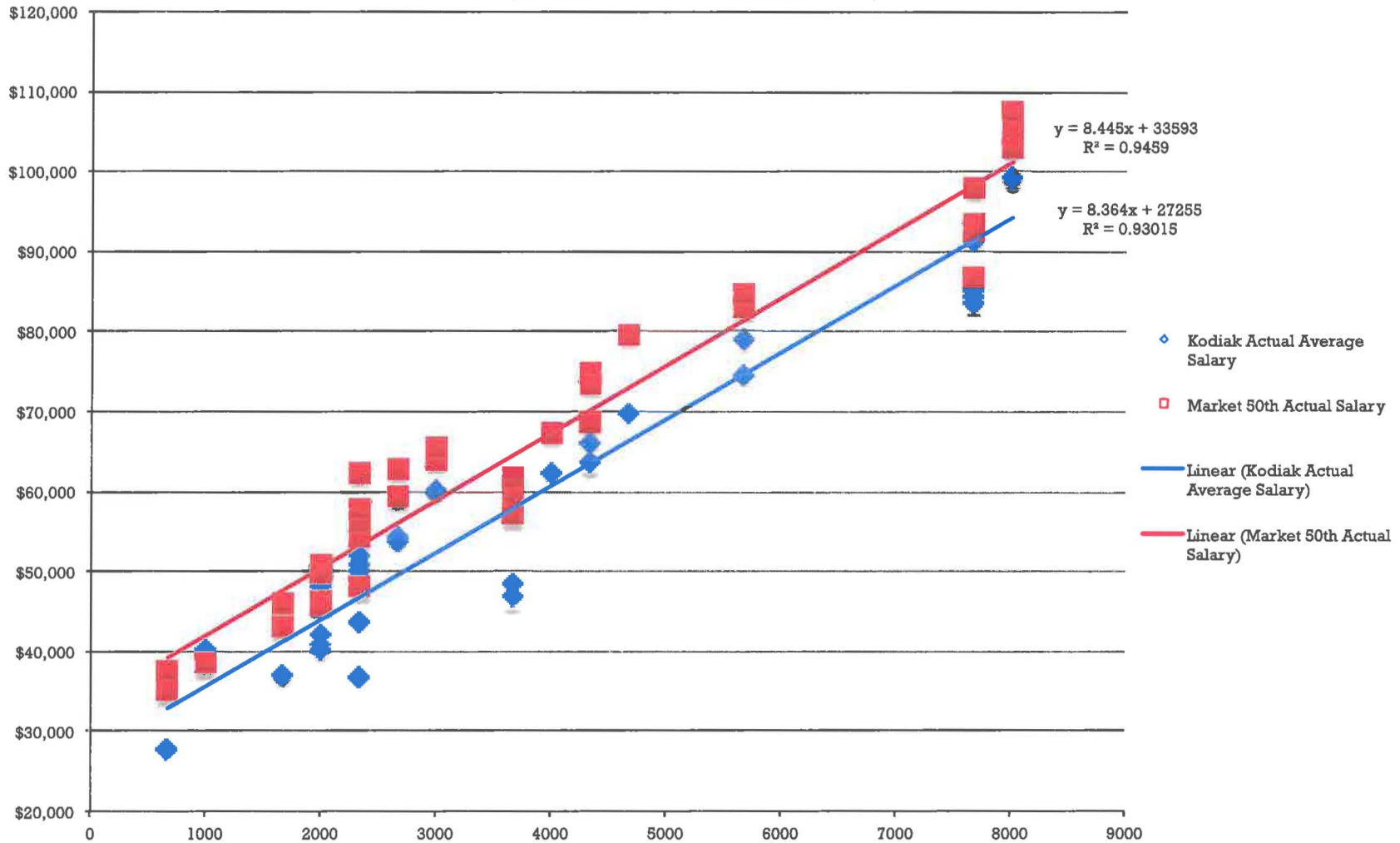
- 3.2% below the market 50th percentile
- Cost of medical coverage exceeds market average; closes some of the income gap

Graphical summaries provided on following pages

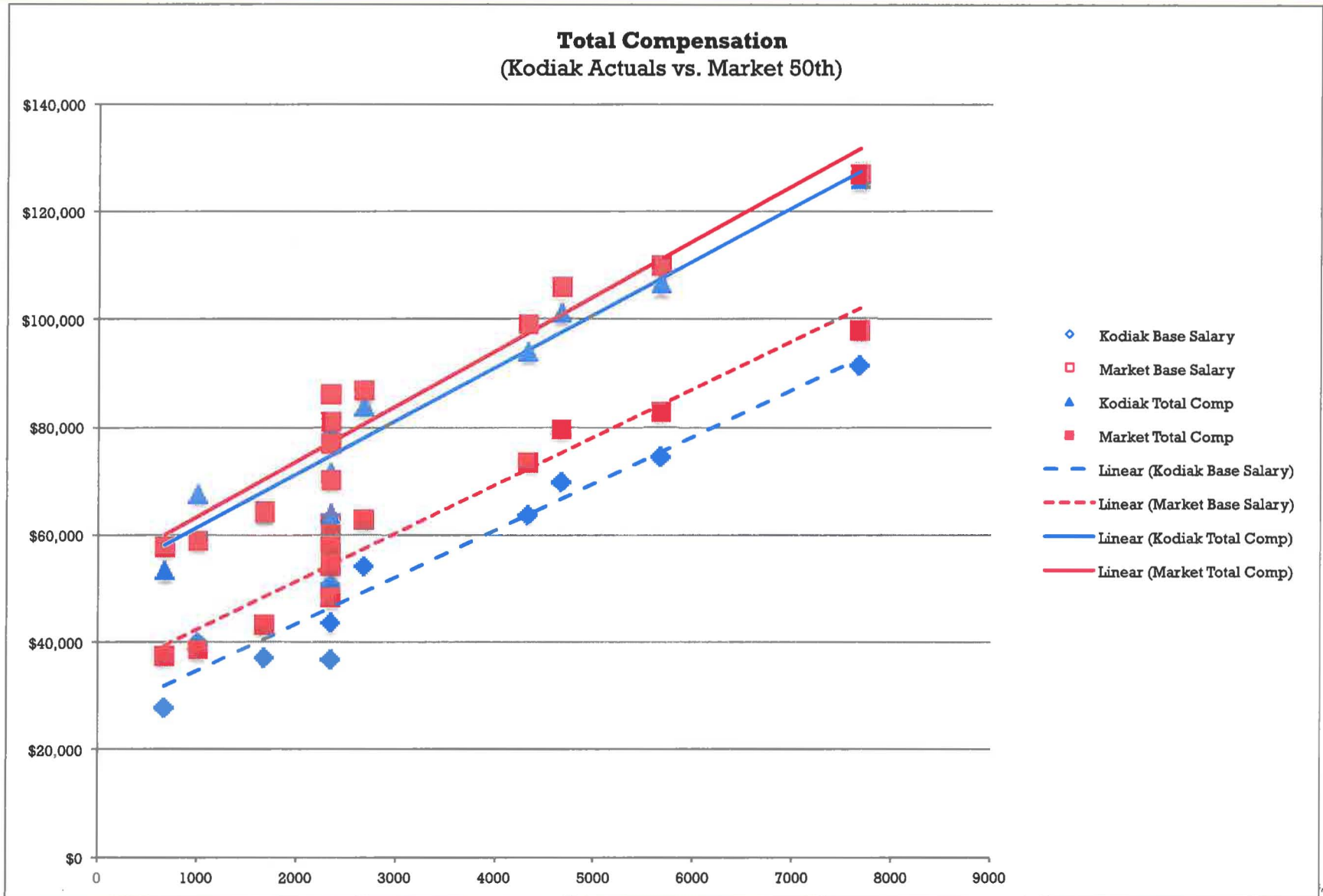
- High statistical validity (R-squared value 95%)
- Strong foundation for salary structure

3 – MARKET STUDY - RESULTS

Step II - Market Salary Analysis
(Kodiak Actuals vs. Market 50th)

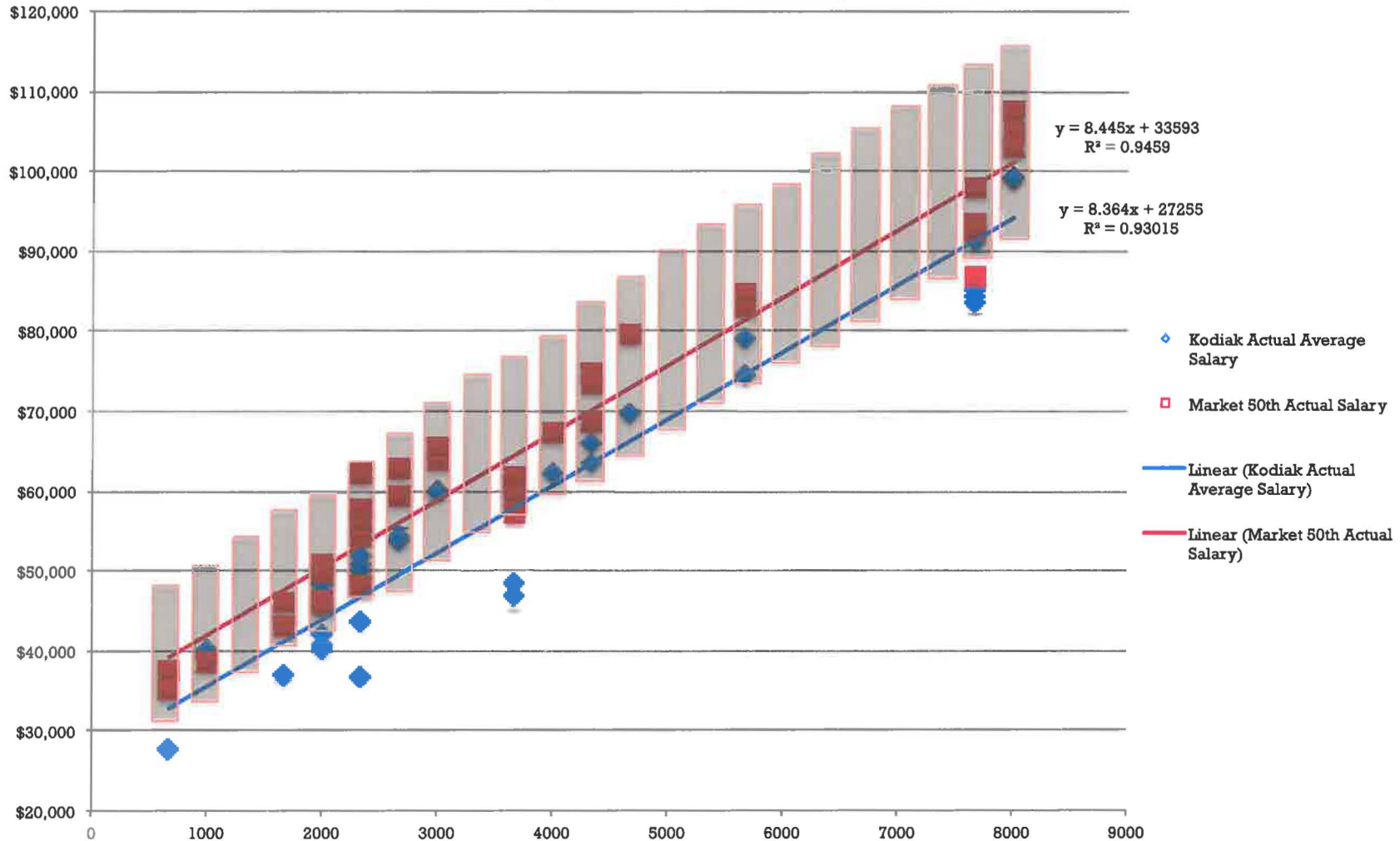


3 – MARKET STUDY - RESULTS



3 – MARKET STUDY

Step III - Salary Structure Development (Anchored to Market 50th)



3 – MARKET STUDY

Step IV - Proposed Salary Structure

Anchored to Market 50th

DBM	Minimum	Midpoint	Maximum	Range Spread
A11	\$31,411	\$39,264	\$47,116	50%
A12	\$33,658	\$42,072	\$50,486	50%
A13	\$35,904	\$44,880	\$53,856	50%
B21	\$38,157	\$47,697	\$57,236	50%
B22	\$40,404	\$50,505	\$60,606	50%
B23	\$42,650	\$53,313	\$63,976	50%
B24/B31	\$44,904	\$56,130	\$67,355	50%
B25/B32	\$47,150	\$58,938	\$70,725	50%
C41	\$51,650	\$64,562	\$77,475	50%
C42	\$53,896	\$67,371	\$80,845	50%
C43	\$56,143	\$70,179	\$84,215	50%
C44/C51	\$58,396	\$72,995	\$87,594	50%
C45/C52	\$60,643	\$75,804	\$90,964	50%
D61	\$65,143	\$81,428	\$97,714	50%
D62	\$67,389	\$84,236	\$101,084	50%
D63	\$69,636	\$87,045	\$104,453	50%
E81	\$78,635	\$98,294	\$117,953	50%
E82	\$80,882	\$101,102	\$121,323	50%
E83	\$83,128	\$103,910	\$124,692	50%

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4 – COST ANALYSIS

Implementation

- Ensures all employees are at least to the minimum of the new ranges
- No decrease for ‘red circled’ employees; lump-sum option
- Other options may be considered depending on funding

5 – POLICIES AND GUIDELINES (TBD)

Recommendations in development to ensure:

- On-going maintenance of the system
- Appropriate personnel actions
 - Appeals process for initial implementation
 - Reclassification process for ongoing changes (short PDQ)
- Fair treatment of employees

NEXT STEPS

Council Actions

- Accept written study by motion
- Approval of classification structure
- Approval of compensation structure
- Implementation funding
- Amendments to PR&R to support new system

SUMMARY

Questions?

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MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Aimée Kniazowski, City Manager *AK*
Thru: Mark Kozak, Public Works Director and Glenn Melvin, City Engineer *MK for GM*
Date: October 25, 2012

Agenda Item: V.d. Authorization of a Professional Services Contract for Biosolid Management, Project No. 7517

SUMMARY: The City has been evaluating potential long-term disposal options for biosolids produced by the City's wastewater treatment plant since 2008. A sludge disposal study and a composting pilot project were completed between 2008 and 2010. City staff has been in discussion with Peter Olsen of Quayanna Development Corporation (QDC) since September 2010, following completion of the composting pilot project. In June of 2012, the Kodiak Island Borough formally notified the City that, within six months, they would no longer be able to accept biosolids for a period of time that ranged from roughly six months up to two years. Staff has continued discussions with the Borough over the operational timeline that affects biosolid disposal as well as discussions with QDC to avoid an extremely serious situation with no plan or place for the disposal of biosolids. Based on ongoing discussions with QDC and the recent meeting with the Alaska Department of Environmental Conservation (ADEC) about the QDC permit application for the composting facility, staff recommends Council authorize the five-year agreement with QDC for the purpose of biosolid disposal.

PREVIOUS COUNCIL ACTION: In January 2008, the City Council approved a sludge study for the purpose of finding solutions for biosolid disposal. The City and the Kodiak Island Borough staff had met in previous years to discuss the operational problems the Borough was having because the landfill was nearing capacity. At the time the Borough estimated that, by May 2008, they would only be able to accept roughly one half of the weekly biosolid quantity produced by the City's wastewater treatment facility. At the City's request, CH2MHill helped the Borough modify the fill plan, and the City was able to have time to continue to explore other disposal options.

At the August 26, 2008, work session two CH2MHill engineers presented a project update of the sludge disposal study. A major part of the presentation centered around composting, because it appeared to be the most cost effective disposal solution.

At the October 23, 2008, Council meeting, Council approved a pilot composting test program, which was finalized and presented in April 2010. The pilot composting project produced compost from biosolids that exceeded Class A composting standards set by the U.S. Environmental Protection Agency

(EPA). Follow up presentations were made to keep the Council up-to-date on disposal options and progress toward a solution.

Quayanna Development Corporation Executive Director Peter Olsen did a presentation to the City Council at the January, 24, 2012, work session. In February, the City Council authorized the City Manager to sign a Memorandum of Understanding with QDC to work toward a mutually beneficial agreement to turn boiler-solids into compost at a facility which he would own and operate (Attachment C).

At the July, 10, 2012, work session, Council authorized the City Manager to begin working on a contract with QDC for a long-term agreement to dispose of City biosolids. The City Manager also prepared a letter for QDC that stated the City's commitment to the public-private partnership, and the intent to have QDC compost biosolids by the Borough's December 15, 2012, deadline (Attachment D).

DISCUSSION: The City has been working with QDC since January 2012 to develop an agreement to accept biosolids produced at the Kodiak wastewater treatment plant and turn the biosolids into a Class A composted product suitable for unrestricted use, which the City was able to demonstrate could be done in the 2009-2010 pilot project with CH2MHill.

1. QDC identified a site to process the biosolids and the woody material needed to mix with the biosolids to produce compost. Peter Olsen is in final discussions with both the land owner and one of the local Native corporations to supply woody material from logging operations.
2. QDC anticipated being ready to start composting biosolids by late October or early November 2012 if the City Council would approve the five-year agreement. Several meetings have been held to finalize the language in the five-year agreement with the outcome that QDC will process the full quantity of biosolids produced by the community annually. The agreement which is acceptable to both parties in Attachment A.
3. In early September 2012, the City asked CH2MHill to help Peter Olsen complete and review the ADEC permit to facilitate approval and issuance of a permit to ADEC. The City also met with Borough officials to request consideration of an extension of the December 15th cut-off date (Attachment B). The Borough was unable to offer assistance due to the constraints at the landfill because of the expansion activity.
4. QDC completed the composting permit application in early October and submitted it to ADEC on October 10, 2012.
5. Staff met with ADEC in Anchorage on October 16, 2012, to request ADEC's help in expediting QDC's permit review and to help the City work toward an acceptable and safe interim solution to biosolid stockpiling until the permit is issued. ADEC regulators agreed to do their best to facilitate review and indicated they would work with the City to approve an interim stockpiling method and location, since the permit may not be ready by the Borough's December 15, 2012, deadline.

6. Because the Borough cannot extend their December deadline, City staff is working for options to stockpile biosolids for an interim period until QDC gets the permit and can accept biosolid delivery.

The City has continued to examine other possible disposal options in the event an agreement could not be reached with QDC or if QDC is not able or ready to accept biosolids. Staff has researched the following options, which would all be much more costly than disposal by composting.

Monofill: According to ADEC, the City would be required to apply for a permit for a single use landfill known as a monofill. This option would take substantial time and available land is extremely limited. Staff did not go into detail and cost estimating, because ADEC indicated this is not a short term solution.

Sludge Dryer: Staff requested help from CH2MHill to evaluate potential options for drying sludge. Portable dryers could be leased and shipped to Kodiak. A suitable location, the acquisition of permits, and extremely high fuel consumption make this possible solution extremely costly. The system staff researched would reduce 1,000 pounds of biosolids into 200 pounds of a very dry product (10% moisture). Staff had to make assumptions in estimating the costs; however, staff believes the costs would exceed \$200,000 over a four-month period, not including personnel costs. This option would take a full time operator working ten hours a day to keep up with biosolid productions.

Shipping Off Island: Staff examined the option of shipping biosolids to a facility in the Lower 48. No other Alaska communities use this method and did not pursue this option due to the need for appropriate shipping containers and other shipping related considerations.

Incineration: Staff revisited incineration as an alternative and, because of the size of our existing plant and biosolid production levels, incineration simply is not an alternative that's affordable or reasonable. The community does not produce enough biosolids to keep a continuous operation going, land availability is an issue, and permitting would be extremely difficult if not impossible for the production levels of the City's plant.

Stockpiling: Staff is actively looking into stockpiling biosolids in the short term until QDC receives their permit and can accept the waste. The City has a very limited amount of land, especially land that is zoned for this type of activity. We will make inquiries to the Coast Guard to see if they would be willing to approve a suitable location for stockpiling, since the City accepts USCG biosolids, as well as residents using the sewage system inside and outside the City, and those who use sewage holding tanks. Staff will also work closely with ADEC and the Borough Community Development Department to examine the suitability of an area of Gibson Cove, if the USCG cannot help. The City owns this land, which is zoned industrial, as well. The stockpiling process would involve creating a fenced area with a lined pit for biosolids and a cover system to control odor and prevent water infiltration. This is the interim solution that staff will be focused on while QDC's permit is being reviewed and approved. ADEC was very willing to work with the City to facilitate approval of an interim stockpiling solution.

ALTERNATIVES:

1. Authorize the approval of the five-year agreement with QDC as described in the memo, which is staff's recommendation. This is consistent with the stated goal, supports an important public-private partnership, and is a very environmentally friendly solution.
2. Do not authorize the agreement with QDC, which is not recommended. Staff has worked on this project and the terms of the agreement since January and must have an acceptable and safe plan in place for disposal of the community's biosolids. QDC also needs this agreement to support efforts with the other required contracts and to ensure all required machinery and equipment will be in place and able to function to process compost.

FINANCIAL IMPLICATIONS: In FY2011, the City's biosolid disposal costs at the Borough landfill totaled \$252,833.50. In FY2012, the City paid \$276,597.60 to the Borough in disposal costs. The wastewater treatment plant hauls seven to nine totes a week to the landfill and estimates that it takes roughly 30 minutes round trip in order to dump a tote, with City trucking costs at \$95.00/hour. QDC is proposing a five-year contract with annual fixed rate fees at \$332,250 per year. This is based on roughly 3,100 cubic yards of biosolids, which is above the current production rate. The extra cubic yards will allow continued growth. The City will increase trucking costs with an estimated time of 1.5 hours round trip to the Middle Bay composting site. Staff is also looking at larger totes that fit the current truck lift system, which would increase to a 12-cubic-yard tote and thus reduce the number of actual trips per week to five or possibly six.

The long term agreed price gives the City a stable cost to work with while disposal costs at the landfill have increased from around 3 cents per pound in 2007 to 6.25 cents per pound in 2012. So, this stable rate needs to be considered in the long term, as future rates are set at the landfill.

When the City Council adopted new water and sewer rates in October 2011, sewer rates were only increased for one year knowing that until the solution for disposal of biosolids was completed, we would not be able to calculate the longer term rate impact to all users of the wastewater treatment plant (WWTP). The entire community is affected by this, including the USCG and all road system septic systems, since both use the WWTP for processing of waste.

A mid-year budget adjustment will be required, since the City's disposal budget was based on previous years, because the cost increase was not known at the time the budget was developed. Once the agreement is in place, staff will work to complete the sewer rate study and project rates out over the next five years.

LEGAL: The City is required to follow all applicable federal environmental rules and regulations established by the EPA as well as ADEC requirements for the disposal of biosolids to ensure environmental safety. In addition, the City Attorney assisted in the development and reviews of the agreement.

STAFF RECOMMENDATION: Staff recommends Council authorize a five-year professional service agreement with Quayanna Development Corporation in the amount of \$332,250 annually.

CITY MANAGER'S COMMENTS: This project has been a challenge, but I'm relieved that we have brought it to this critical point. I recommend Council authorize the agreement as negotiated for the five-year term, with a fixed annual disposal rate of \$332,250. This is more expensive than our current disposal costs, but that option will no longer exist after December 15, 2012, and when compared to doing a disposal method ourselves, this is the most cost effective and environmentally friendly method. Peter Olsen brings resources to the biosolid disposal problem we, as a City, simply don't have. This contract is less expensive than if we would compost biosolids ourselves. We do not have land or personnel to do a project like this, we would have difficulty in obtaining the needed composting amendments (wood source) like we did during the pilot project, and we don't have the capability to market compost once it's been created.

We are hard at work to develop an interim solution to stockpile the biosolids while QDC's permit is being reviewed and approved. That will require more staff time and some additional costs once a stockpiling site is identified and approved. In the meantime, authorization to approve this agreement is a critical step to solving a large and complex community-wide problem.

ATTACHMENTS:

- Attachment A: Five year agreement between the City of Kodiak and QDC
- Attachment B: Borough Notice of Biosolid Disposal Termination, dated June 5, 2012
- Attachment C: MOU with QDC dated February 2012
- Attachment D: Letter of intent to QDC to enter into a formal agreement for the disposal of biosolids, dated July 11, 2012

PROPOSED MOTION:

Move to authorize a five-year agreement, Contract No. 205796, with Quayanna Development Corporation with annual disposal payments of \$332,250, with funds coming from the Sewer Utility Enterprise Fund, Sewer Service Charges account and authorize the City Manager to execute the necessary paperwork.

**CITY OF KODIAK
COMPOSTING AGREEMENT
CONTRACT NO. 205796**

This Agreement ("Agreement") is entered into this ____ day of October, 2012 (the "Effective Date"), by and between the City of Kodiak, an Alaska municipal corporation (the "City") and Quayanna Development Corporation, an Alaska corporation ("QDC").

RECITALS

WHEREAS, the City owns and operates a wastewater treatment facility as part of its sanitary sewer utility; and

WHEREAS, periodically bio-solids must be removed from the City's wastewater treatment facility and disposed of; and

WHEREAS, the City has disposed of the bio-solids by delivering them to the Kodiak Island Borough landfill, but the Borough will no longer accept bio-solids at its landfill after December 15, 2012; and

WHEREAS, QDC has offered to accept the bio-solids from the City for composting under the terms and conditions in this agreement; and

WHEREAS, QDC is qualified to provide the services specified in this Agreement and, subject to the terms and conditions set forth in this Agreement, QDC desires to provide such services;

WHEREAS, composting the bio-solids is a waste utilization process that will benefit the public health and welfare and the environment by reducing the volume of material that is disposed of in the Borough landfill and allowing the reuse of this material when converted to compost.

NOW THEREFORE, in consideration of the premises and the mutual covenants contained herein, the City and QDC hereby agree as follows:

AGREEMENT

1.0 Definitions. In this Agreement:

"ADEC" means the Alaska Department of Environmental Conservation.

"Bio-solids" means 'sewage sludge' as defined in 40 C.F.R. §503.9(w) which have less than the Maximum Allowable Amounts of Arsenic, Cadmium, Chromium, Copper, Lead, Mercury Molybdenum, Nickel, Selenium, and Zinc as defined in the EPA Part 503 regulations pertaining to bio-solids pollutant limits, and can be composted using the Aerated Static Pile System to produce a Class A compost with an unrestricted status.

"City" means the City of Kodiak, an Alaska municipal corporation.

"Commencement Date" means the first day of the first month that begins after the date as of which QDC gives Notice to the City that QDC is ready to receive and compost Bio-solids at the Site.

"Notice" means notice given in the manner prescribed in Section 24.

"Operational Plan" means the plan approved by ADEC under which QDC will receive and compost Bio-solids at the Site. Upon ADEC approval of the plan, it shall be attached to this Agreement and incorporated by reference herein.

"QDC" means Quayanna Development Corporation, an Alaska corporation

"Site" means real property located within 25 road miles of the City's Wastewater Treatment facility, and designated by QDC from time to time and approved by ADEC and other regulatory authorities for the composting of Bio-solids under this Agreement.

2.0 Scope of Work.

2.1. Upon the execution of this Agreement, QDC shall proceed with due diligence to acquire all governmental permits required to provide its services under this Agreement. Without limiting the generality of the foregoing, QDC shall obtain an ADEC permit to operate a composting facility at the Site no later than December 15th, 2012. Commencing no later than December 15, 2012 QDC shall have obtained all governmental permits required for it to receive and compost Bio-solids as provided in this section. QDC shall give written Notice to the City promptly if at any time it expects not to be able to obtain a required permit on or before December 15, 2012. In the event QDC is unable to obtain all required permits and approvals in a timely manner, this agreement shall terminate automatically without penalty or other liability of any kind to either party.

2.2. On and after the Commencement Date, the City will make weekly deliveries of Bio-solids to the Site for composting, subject to the testing requirements in this subsection. Before the first delivery of Bio-solids under this Agreement, the first delivery in each of the next four calendar quarters, and the first delivery in each following year, the City shall test the Bio-solids for pollutants and report the results of the test to QDC. The City shall not deliver any Bio-solids which test results show to exceed the limit for any pollutant that appears in Table H under 18 AAC 60.510.

2.3 Under the terms of this Agreement QDC agrees to annually receive up to 3,500 cubic yards of Bio-solids from the City. The quantity of Bio-solids in each weekly delivery shall not generally exceed seventy five (75) cubic yards. Delivery of the Bio-solids to QDC at the Site will be complete when City employees or contractors have deposited the Bio-solids at the location on the Site designated by a QDC employee.

2.4 Upon the delivery of Bio-solids to the Site, title to the Bio-solids shall transfer from the City to QDC without further action on the part of either party. QDC will receive the delivered Bio-solids in "as is condition, and without warranty of the City of any kind, express or implied, except that the Bio-solids do not exceed the limit for any pollutant that appears in Table H under 18 AAC 60.510.

2.5 QDC shall receive and compost in accordance with its Operational Plan all Bio-solids delivered by the City to the Site in accordance with Section 2.3.

2.6 The Operational Plan shall provide for the storage on the Site of Bio-solids awaiting composting, in quantities sufficient to allow the City to make deliveries of Bio-solids in accordance with Section 2.3 in spite of any interruption in the composting process.

2.7 QDC shall conduct all of its operations at the Site in a safe and sanitary manner, in accordance with all requirements of the Operational Plan. QDC shall keep the Site free from trash, litter and debris. QDC shall conduct its operations at the Site in a manner that does not subject persons or property located outside the boundaries of the Site to excessive odor, noise, vibration or dust. QDC shall not permit any conditions on the Site to exist that constitute a nuisance.

3.0 Term of Agreement

Unless earlier terminated as provided for in Section 8.0, this Agreement shall take effect on the Effective Date and continue in effect for a period of five (5) years after the Commencement Date.

4.0 Contract Price

4.1 The City shall pay QDC an annual fee of three hundred thirty two thousand two hundred fifty dollars (\$332,250) for the services that QDC performs under this Agreement. The annual fee shall be payable as provided in Sections 4.2 and 4.3.

4.2 On the Effective Date, the City shall pay QDC the sum of sixty six thousand four hundred fifty dollars (\$66,450). On the Commencement Date, and on the first day of the next eleven (11) months, the City shall pay QDC the sum of twenty two thousand one hundred fifty dollars (\$22,150).

4.3 Commencing on the first anniversary of the Commencement Date, and on the first day of each month during the remainder of the term of this Agreement, the City shall pay QDC the sum of twenty seven thousand six hundred eighty seven and 50/100 dollars (\$27,687.50).

5.0 Project Manager and City Representative

5.1 QDC shall designate in a Notice to the City a single individual to act as the project manager (the "Project Manager"). The Project Manager shall ensure QDC's compliance with, and shall coordinate appropriate schedules in connection with, QDC's obligations hereunder. QDC may change the individual designated hereunder by providing the City with advance Notice designating the new individual authorized to act as the Project Manager.

5.2 The City shall designate in a Notice to QDC a single individual to act as the City's authorized representative for purposes of this Agreement (the "City Representative"). Such individual (a) must be authorized to act on the City's behalf with respect to all matters relating to this Agreement; (b) shall ensure the City's compliance with its responsibilities under this Agreement; and (c) shall coordinate appropriate schedules in connection with QDC's services under this Agreement. The City may change the

individual designated hereunder by providing QOC with advance Notice designating the new individual authorized to act as the City Representative.

6.0 Changes

6.1 The scope and schedule of services provided under this Agreement may be changed from time to time by a written change order (a "Change Order") mutually agreed upon and signed by duly authorized representatives of each of the parties. Changes causing a modification to the Contract Price not exceeding \$15,000 are subject to approval on behalf of the City by the City Manager. Changes causing a modification to the Contract Price exceeding \$15,000 are subject to approval on behalf of the City by its City Council.

6.2 Upon receipt of a written request from QDC, in the event federal health care legislation creates a large enough financial impact on QDC so as to impact the ability to continue this contract, the City may agree to reopen discussions on select provisions of this contract.

7.0 Informal Dispute Resolution

7.1 The parties to this Agreement shall exercise their best efforts to negotiate and settle promptly any dispute that may arise with respect to this Agreement in accordance with the provisions set forth in this Section 7.0.

7.2 If either party (the "Disputing Party") disputes any provision of this Agreement, or the interpretation thereof, or any conduct by the other party under this Agreement, that party shall bring the matter to the attention of the other party at the earliest possible time in order to resolve such dispute.

7.3 If such dispute is not resolved by the employees responsible for the subject matter of the dispute within ten (10) business days, the Disputing Party shall deliver to the first level of representatives below a written statement (a "Dispute Notice") describing the dispute in detail, including any time commitment and any fees or other costs involved.

7.4 Receipt by the first level of representatives of a Dispute Notice shall commence a time period within which the respective representatives must exercise their best efforts to resolve the dispute. If the respective representatives cannot resolve the dispute within the given time period, the dispute shall be escalated to the next higher level of representatives in the sequence as set forth below. If the parties are unable to resolve the dispute in accordance with the escalation procedures set forth below, the parties may assert their rights under this Agreement.

Escalation Timetable (Business Days)	QDC Representative	City Representative
0 to 5 th	Project Manager	City Representative
6th to 10 th	Executive Director	City Manager

7.5 Notwithstanding the fact that the parties may be attempting to resolve a dispute in accordance with the informal dispute resolution procedures set forth in Section 7.0, the parties shall continue without delay to perform all their respective responsibilities under this Agreement that are not affected by the dispute.

7.6 Notwithstanding the foregoing, either party may, before or during the exercise of the informal dispute resolution procedures set forth in Section 7.0, apply to a court having jurisdiction for a temporary restraining order or preliminary injunction where such relief is necessary to protect its interests pending completion of such informal dispute resolution procedures.

7.7 The foregoing provisions relating to Informal Dispute Resolution are aspirational in nature. They are not intended to be treated as administrative remedies which must be completed or exhausted as a prerequisite to the filing of a lawsuit nor shall a failure or alleged failure to invoke or comply with them be regarded as a waiver of any rights or remedies otherwise available to a party to this agreement.

8.0 Termination

8.1 This Agreement may be terminated with at least 180 days written notice by either party.

8.2 Termination for Default. Subject to completion of the dispute resolution procedures set forth in Section 7.0, in the event that either party hereto materially defaults in the performance of any of its obligations hereunder, the other party may, at its option, terminate this Agreement by providing the defaulting party thirty (30) days' prior written Notice of termination, which notice shall identify and describe with specificity the basis for such termination. If, prior to the expiration of such notice period, the defaulting party cures such default to the satisfaction of the non-defaulting party (as evidenced by written Notice delivered by the non-defaulting party), termination shall not take place.

8.3 Termination Without Cause. The City may terminate this Agreement without cause by providing QDC at least thirty (30) days' prior written Notice of termination.

9.0 Consequences of Termination.

9.1 Upon termination of this Agreement for whatever reason, QDC shall be under no further obligation to provide services hereunder.

9.2 In the event of termination by the City for convenience under Section 8.3 hereof, the City shall cause payments to be made to QDC within thirty (30) days after the effective date of termination for all costs and expenses incurred prior to the effective date of the termination. The City shall pay QDC an early termination fee sum according to the following:

If termination occurs in calendar year: 2012, then City will pay QDC \$440,000
2013, then City will pay QDC \$367,000
2014, then City will pay QDC \$285,000
2015, then City will pay QDC \$215,000
2016, then City will pay QDC \$140,000
2017, then City will pay QDC \$70,000

9.3 All provisions of this Agreement that by their nature would reasonably be expected to continue after the termination of this Agreement shall survive the termination of this Agreement.

10.0 Indemnification and Insurance

10.1 QDC agrees to protect, defend, indemnify, and save the City, its agents, officials, employees, or any firm, company, organization, or individual to whom the City may be contracted, harmless from and against any and all claims, demands, actions, and causes of action of which QDC is given prompt notification and over which QDC is given control to resolve (the "Indemnified Matters), which may arise on account of illness, disease, loss of property, services, wages, death or personal injuries resulting from QDC's negligence or intentional misconduct in the performance of the services hereunder. QDC agrees to further indemnify the City for all reasonable expenses and attorney's fees incurred by the City in connection with the Indemnified Matters. Notwithstanding the foregoing, in no event shall "Indemnified Matters" be interpreted as including, nor shall QDC have any obligation to indemnify or hold the City harmless from, any claims, demands, actions, causes of action or other costs or damages to the extent the same arise out of or are attributable to the sole negligence or fault of the City, its agents or employees, or to the strict liability of the same.

10.2 QDC shall procure and maintain in effect during the term of this Agreement the following insurance coverages with an insurance company or companies authorized to do business in the State of Alaska:

10.2.1 Workers' Compensation and Employers Liability insurance in accordance with the laws of the State of Alaska.

10.2.2 Comprehensive General Liability and Broad Form Comprehensive General Liability or Commercial General Liability including bodily injury, personal injury, and property damage in the amount of a combined single limit of One Million Dollars (\$1,000,000), each occurrence, and Two Million Dollars (\$2,000,000) in aggregate limit.

10.2.3 Comprehensive Auto Liability including bodily injury, personal injury and property damage in the amount of a combined single limit of One Million Dollars (\$1,000,000). Coverage must include all motor vehicles utilized by QDC in connection with its performance of the services hereunder.

The City shall be named as an additional insured under the policies of Comprehensive General Liability and Comprehensive Auto Liability insurance. Each of the insurance policies required above shall include a waiver of subrogation against the City. Thirty (30) days prior written notice will be given to the City in the event of any material change in or cancellation of any required insurance policy.

10.3 QDC shall give prompt written notice to the City of all known losses, damages, or injuries to any person or to property of the City or third persons that may be in any way related to the services being provided hereunder or for which a claim might be made against the City. QDC shall promptly report to the City all such claims that QDC has noticed, whether related to matters insured or uninsured. No settlement or payment for any claim for loss, injury or damage or other matter as to which the City may be charged with an obligation to make any payment or reimbursement shall be made by QDC without the prior written approval of the City.

11.0 Non-Discrimination

QDC agrees that in performing its tasks under this Agreement, it shall not discriminate against any worker, employee, or applicant, or any member of the public, because of age, race, sex, creed, color, religion, or national origin, nor otherwise commit an unfair employment practice in violation of any state or federal law.

12.0 Conflict of Interest

QDC warrants that, to the best of its knowledge and belief, no person except bona fide employees, agents, consultants or representatives of QDC or any of its subcontractors has been employed or retained to solicit or secure this Agreement

13.0 Independent Contractor Status

The City and QDC are independent contractors under this Agreement, and nothing herein shall be construed to create a partnership, joint venture, or agency relationship between the parties hereto. Neither party shall have any authority to enter into agreements of any kind on behalf of the other and shall have no power or authority to bind or obligate the other in any manner to any third party. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever. Each party hereto represents that it is acting on its own behalf and is not acting as an agent for or on behalf of any third party.

14.0 Assignment

Neither party hereto may assign its rights or obligations under this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld; provided, however, that QDC may assign this Agreement to its successor in connection with a sale of its business without obtaining consent of any party. Subject to the foregoing, each and every covenant, term, provision and agreement contained in this Agreement shall be binding upon and inure to the benefit of the parties' permitted successors, executors, representatives, administrators and assigns.

15.0 Third Party Beneficiaries

This Agreement is entered into for the sole benefit of the City and QDC and, where permitted above, their permitted successors, executors, representatives, administrators and assigns. Nothing in this Agreement shall be construed as giving any benefits, rights, remedies or claims to any other person,

firm, corporation or other entity, including without limitation the general public or any member thereof, or to authorize anyone not a party to this Agreement to maintain a suit for personal injuries, property damage, or any other relief in law or equity in connection with this Agreement.

16.0 Governing Law

All questions concerning the validity, operation, interpretation, construction and enforcement of any terms, covenants or conditions of this Agreement shall in all respects be governed by and determined in accordance with the laws of the State of Alaska without giving effect to the choice of law principles thereof.

17.0 Venue

All legal proceedings brought in connection with this Agreement may be brought in the trial courts for the State of Alaska at Kodiak, Alaska. Each party hereby agrees to submit to the personal jurisdiction of those courts for any lawsuits filed there against such party arising under or in connection with this Agreement.

18.0 Advice of Counsel

Each party hereto has been afforded the opportunity to consult with counsel of its choice before entering into this Agreement.

19.0 Amendment

No amendment or other modification of this Agreement shall be valid unless pursuant to a written instrument referencing this Agreement signed by duly authorized representatives of each of the parties hereto.

20.0 Waiver

In order to be effective, any waiver of any right, benefit or power hereunder must be in writing and signed by an authorized representative of the party against whom enforcement of such waiver would be sought, it being intended that the conduct or failure to act of either party shall imply no waiver. Neither party shall by mere lapse of time without giving notice or taking other action hereunder be deemed to have waived any breach by the other party of any of the provisions of this Agreement. No waiver of any right, benefit or power hereunder on a specific occasion shall be applicable to any facts or circumstances other than the facts and circumstances specifically addressed by such waiver or to any future events, even if such future events involve facts and circumstances substantially similar to those specifically addressed by such waiver. No waiver of any right, benefit or power hereunder shall constitute, or be deemed to constitute, a waiver of any other right, benefit or power hereunder. Unless otherwise specifically set forth herein, neither party shall be required to give notice to the other party, or to any other third party, to enforce strict adherence to all terms of this Agreement.

21.0 Force Majeure

Neither party will be liable for any failure or delay in the performance of its obligations under this Agreement (and the failure or delay will not be deemed a default of this Agreement or grounds for termination) if both of the following conditions are satisfied: (1) the failure or delay could not have been prevented by reasonable precautions, and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, work-around plans, or other means; and (2) the failure or delay is caused, directly or indirectly, by reason of fire or other casualty or accident; strikes or labor disputes; inability to procure raw materials, equipment, power or supplies; war, terrorism or other violence; any law, order, proclamation, regulation, ordinance, demand, or requirement of any governmental agency or intergovernmental body other than a party hereto; or any other act or condition beyond the reasonable control of the non-performing party. Upon the occurrence of an event which satisfies both of the above conditions (a "Force Majeure Event"), the non-performing party will be excused from any further performance of those obligations under this Agreement affected by the Force Majeure Event for as long as (a) the Force Majeure Event continues; and (b) the non-performing party continues to use commercially reasonable efforts to recommence performance whenever and to whatever extent possible without delay. Upon the occurrence of a Force Majeure Event, the non-performing party will immediately notify the other party by telephone (to be confirmed by written notice within two (2) business days of the failure or delay) of the occurrence of a Force Majeure Event and will describe in reasonable detail the nature of the Force Majeure Event.

22.0 Severability

If any provision of this Agreement shall for any reason be held to be invalid, illegal, unenforceable, or in conflict with any law of a federal, state, or local government having jurisdiction over this Agreement, such provision shall be construed so as to make it enforceable to the greatest extent permitted, such provision shall remain in effect to the greatest extent permitted and the remaining provisions of this Agreement shall remain in full force and effect.

23.0 Entire Agreement

This Agreement sets forth the final, complete and exclusive agreement and understanding between QDC and the City relating to the subject matter hereof and supersedes all other communications between the parties (oral or written) relating to the subject matter hereof. No affirmation, representation or warranty relating to the subject matter hereof by any employee, agent or other representative of a party shall bind the party or be enforceable by the other party unless specifically set forth in this Agreement.

24.0 Notices

All notices, requests, demands, or other communications required or permitted to be given hereunder must be in writing and must be addressed to the parties at their respective addresses set forth below and shall be deemed to have been duly given when (a) delivered in person; (b) sent by email transmission indicating receipt at the email address where sent, (c) one (1) business day after being deposited with a reputable overnight air courier service; or (d) three (3) business days after being deposited with the United States Postal Service, for delivery by certified or registered mail, postage pre-

paid and return receipt requested. All notices and other communications regarding default or termination of this Agreement shall be delivered by hand or sent by certified mail, postage pre-paid and return receipt requested. Either party may from time to time change the notice address set forth below by delivering notice to the other party in accordance with this section setting forth the new address and the date on which it will become effective.

If to QDC:
Quayanna Development Corporation
Attention: Executive Director
11801 Middle Bay Drive
Kodiak, Alaska 99615
plarc@alaska.net

If to the City:
City of Kodiak
Attention: City Manager
710 Mill Bay Road
Kodiak, Alaska 99615
akniaziowski@city.kodiak.ak.us

25.0 Construction

The paragraph and section headings used in this Agreement or in any exhibit hereto are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content or intent of this Agreement. Any term referencing time, days or period for performance shall be deemed calendar days and not business days, unless otherwise expressly provided herein.

26.0 Counterparts

This Agreement may be signed in two or more counterparts, each of which shall constitute an original, and all of which together shall constitute one and the same document.

IN WITNESS WHEREOF, the parties have hereunto set their hands as set forth below.

City of Kodiak

Quayanna Development Corporation

By: _____
Aimée Kniaziowski
City Manager

By: _____
Peter J. Olsen
Executive Director



Kodiak Island Borough

Office of the Borough Manager

710 Mill Bay Road
Kodiak, Alaska 99615
Phone (907) 486-9300
email: rgifford@kodiakak.us



June 5, 2012

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

Re: Biosolid Disposal at KIB Landfill

Dear Ms. Kniaziowski:

Thank you for attending our meeting of June 1, 2012 to discuss issues related to the Borough challenges related to sludge placement in the landfill. As the landfill nears its permitted capacity, it becomes problematic to accept sludge. The landfill has experienced increased volumes of sludge recently causing a backlog. This condition creates operational difficulties at the active face of the landfill. The city has indicated that it has not yet fully developed alternative disposal options for biosolids.

As the Borough transitions its municipal solid waste (MSW) disposal operations to the soon to be constructed expansion cell, we anticipate a period of one year when the Borough will be unable to accept any sludge. In accordance with the MOA between the City of Kodiak and Kodiak Island Borough dated 8-14-07, consider this the required six month notification that the Borough will be unable to accept sewage sludge at the landfill after December 15, 2012. In the interest of cooperation, the Borough agrees to work around the operational challenges and accept the increased volumes of sludge experienced recently.

If the Borough can be of any assistance in your efforts to develop alternative options for disposal of sewage sludge, please contact Woody Koning, Director Engineering & Facilities at 486-9343.

Sincerely,
KODIAK ISLAND BOROUGH


Rick Gifford
Borough Manager

RG:ljw
Cc: Woody Koning, Director Engineering & Facilities

MEMORANDUM OF UNDERSTANDING
BETWEEN
QUAYANNA DEVELOPMENT CORPORATION
AND THE
CITY OF KODIAK

This MEMORANDUM OF UNDERSTANDING is hereby made and entered into by and between the CITY OF KODIAK, hereinafter referred to as CITY and QUAYANNA DEVELOPMENT CORPORATION, hereinafter referred to as QDC.

A. PURPOSE:

The purpose of this MOU is to continue to develop and expand a framework of cooperation between CITY and QDC to develop a composting program that processes bio-solids produced from the City of Kodiak Sewage Treatment Plant.

B. CITY SHALL:

- I. Collaborate with QDC to develop a mutually acceptable contract terms between the CITY and QDC for a long term bio-solid composting program.
- II. Provide information and data to QDC regarding bio-solid production and chemical/physical composition statistics that the CITY has on file.
- III. Cooperate with and support efforts for QDC to secure grant funding that will support the development and operation of a composting program.

C. QDC SHALL:

- I. Endeavor to offer contract composting services to the CITY.
- II. Secure long terms sources of woody biomass and other suitable composting mediums for the purpose of composting bio-solids produced at the CITY Sewage Treatment Plant.
- III. Secure real estate property rights that will allow composting of Sewage Treatment Plant bio-solids.

D. IT IS MUTUALLY UNDERSTOOD AND AGREED BY AND BETWEEN THE PARTIES THAT:

1. NEW PROJECT. Composting of sewage treatment plant bio-solids is a proven method to process bio-solids. The process is new to Kodiak however, and no composting infrastructure currently exists. A commercial composting project will have to be assembled from scratch.

2. RATES. It is the intent of QDC to provide contract composting services to the CITY at reasonable rates. QDC's ability to offer reasonable rates is significantly influenced by the property and woody biomass costs QDC will experience. Both QDC and CITY understand that high composting rates may result in the project to become uneconomical to implement.
3. SIMILAR INCENTIVES. QDC and CITY recognize that both parties have an incentive to share data and other information that may help the project proceed on an economical basis.
4. TERMINATION. Either party, upon thirty (30) days written notice, may terminate the agreement in whole, or in part, at any time before the date of expiration.
5. PRINCIPAL CONTACTS. The principal contacts for this instrument are:

CITY:

Ms. Aimee Kniazowski, City Manager
City of Kodiak
710 Mill Bay Road, Room 219
Kodiak, Alaska 99615

QDC:

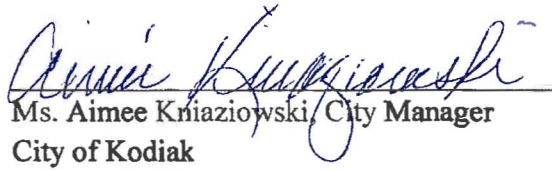
Peter J. Olsen, Executive Director
11801 Middle Bay Drive
Kodiak, Alaska 99615

6. NON-BINDING DOCUMENT. This agreement is neither a legally binding nor a funds obligation document. Each party shall be fiscally responsible for their own portion work performed under the MOU.
7. LIABILITIES. It is understood that neither party to this Memorandum of Understanding is the agent of the other and neither is liable for the wrongful acts or negligence of the other. Each party shall be responsible for its negligent acts or omissions and those of its officers, employees, agents or students (if applicable), howsoever caused, to the extent allowed by their respective state laws.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the last written date below.

FOR CITY:

Date: 2/3/2012


Ms. Aimee Kriaziowski, City Manager
City of Kodiak

FOR QDC:

Date: 2/7/2012


Peter J. Olsen, Executive Director
Quayana Development Corporation



Office of the City Manager

710 Mill Bay Road, Room 219, Kodiak, Alaska 99615

July 11, 2012

Mr. Peter Olsen
 Quayanna Development Corporation
 11801 Middle Bay Drive
 Kodiak, AK 99615

Re: Pending Contract with the City of Kodiak

Dear Mr. Olsen:

This letter is to confirm the City's intent to enter into a formal agreement with your company to receive biosolids from the City's wastewater treatment plant to convert into compost.

I know you know the history of the City's need for a satisfactory biosolid disposal plan. However, you may also want to share the information with your associates who play key roles in making this project come together within our very limited timeframe.

The community's biosolids have been processed at the wastewater treatment plant and disposed of in the Kodiak Island Borough landfill. The Borough notified the City on several occasions that the landfill may not be able to continue to accept biosolids due to the expansion project and that the City might have to make other arrangements for disposal. In response to that information, the City did a study of biosolid disposal methods in 2008. The preferred option identified in that study was composting as a means to dispose of the biosolids and in 2009 undertook a pilot project to test the feasibility of composting biosolids. The pilot program was successful and produced high-quality compost, defined as exceeding EPA regulatory requirements of Class A biosolids product and suitable for unrestricted use. Due to the current expansion project at the landfill, the Borough recently notified the City it will no longer accept biosolids at the landfill after December 15, 2012, which gives the City very little time to have a plan in place.

Knowing composting is a viable alternative method of disposal, the City has been working with you to develop a public-private partnership to allow your company to accept biosolids for conversion to compost prior to the Borough's deadline of December 15th. At this point we are finalizing a formal contract between the City and your company and have agreed to provide you with a professional review of your Department of Environmental Conservation (DEC) permit application. City staff will also arrange a pre-permit meeting in Anchorage with DEC regulators once your permit application is ready to submit for review and approval.

Telephone (907) 486-8640 / Fax (907) 486-8600
akniaziowski@city.kodiak.ak.us

Letter to Peter Olson Re. Pending Composting Contract
July 11, 2012
Page 2

As mentioned above, it is critical for the City to have an approved and permitted plan in place to meet the Borough's timeline. The City Council voiced their support to formalize the pending contract at their work session on July 10th, and they are aware that I will bring the final contract to them for approval at their regular meeting on August 9, 2012.

Please feel free to share this information with your business partners and associates so they know the City is committed to working with you for a disposal plan that is beneficial to all parties and to the community of Kodiak. Please let me know if you need more information from me.

Sincerely,
CITY OF KODIAK


Aimée Kniaziowski
City Manager

Cc: Mark Kozak, Public Works Director
Glenn Melvin, City Engineer