

KODIAK CITY COUNCIL

WORK SESSION AGENDA

Tuesday, February 26, 2013

Kodiak Island Borough Conference Room

7:30 p.m.

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

Discussion Items

1. Public Comments (limited to 3 minutes)
2. Pier III Project Update (Roe Sturgulewski)1
3. Review of Parks and Recreation Advisory Board Prioritized Project List
 - a. Manager's Memo3
 - b. Ian Fulp's Priority List for Baranof Park Improvements5
 - c. Parks & Recreation Advisory Committee Draft Minutes, September 6, 20126
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 - a. Manager's Memo41
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 - c. Long-term Debt Sources and Payments44
 - d. Boatyard Business Plan, Revised January 201245
6. Chamber of Commerce Request for Community Market Permit (Joe Bailor)77
7. February 28, 2013, Agenda Packet Review

To Be Scheduled

1. Council Tour of New Library

Memorandum

TO: Aimee Kniazowski
FROM: Roe Sturgulewski
DATE: February 15, 2013
RE: Kodiak Pier III
Status Update

This provides a status update for the Pier III project. The current focus remains in the pre-design data acquisition phase with PND obtaining the geotechnical and survey information. The geotechnical field investigation is currently anticipated to be performed in mid-March but is dependent upon receipt of the federal Nationwide Permit required to perform the in water soils investigation and the weather outlook.

US Fish & Wildlife (USFW) has expressed significant interest in the investigation. While not confirmed, it appears all their issues have been addressed. They requested submittal of a biological assessment in their initial permit review comments. PND made this submittal. USFW also requested a marine observer be present during the drilling efforts. PND discussed this with the permitting agencies as it is not normally required during geotechnical drilling. It is anticipated this will be an added permit condition. After finalization of the permit, there is a nominal two week lead time to mobilize the drilling barge and equipment. The timing could vary based on a number of factors including timing of receipt of the permit and logistics including subcontractor availability and weather.

After completion of drilling and survey data acquisition, PND will analyze the data and prepare base maps. They will evaluate the data against assumptions in the Design Study Report and modify the previous cost estimates as appropriate. PND will also use the data to refine alternatives and help add clarity to the structure type decision. The PND Design Study Report recommended installation of a sheet pile structure oriented adjacent to the existing structure. They also provided other options including a pile supported dock. A subsequent wave study did not show strong benefits or drawbacks for either of these major options. Based on existing information, all major options fit within the funds available. The attached ROM Cost Estimate from the design study report shows basic cost information for both a sheet pile structure and a pile supported dock. This structure type decision will be evaluated after completion of the field evaluation and validation of the assumptions.

Preliminary planning discussions have been held with Horizon Lines. A major focus has been integration of their crane into the project. Horizon has not made a firm decision on the specific crane to be used. They have defined multiple scenarios which they are internally evaluating. They are also considering different crane capitalization structures including private or public conduit financing. They would also like to explore potential modification of the existing grant agreements to allow inclusion of the crane as a project cost. In the event a pipe pile structure is chosen, selection of the crane will become critical path early in the design process. This is less critical if a sheet pile structure is chosen as the crane support is independent of the structure.

Funding for the project is being paid for from State grants. Finance Department staff have set up the project in the accounting system. The grant agreement for the FY13 General Fund backed Capital Appropriation in the amount of \$18.1M has been received and executed. An initial grant payment request has been submitted. It is anticipated that the State FY13 Pier III expenditures will be grant eligible. The State has requested the General Fund Grant be spent prior to the \$15M FY13 Bond backed Capital Appropriation. The Grant Agreement for this bond funding is in progress.

A draft schedule is also attached. While there have been discussions with multiple stakeholders, there are still a number of variables that could affect the timing and it should be recognized the schedule may change as elements become more defined. The basic intent will be to do preliminary investigations, make a structure decision and complete design by the end of 2013. The design portion of the schedule does not have float as presented. Options to accelerate the design start date are under consideration. The bulk of the construction is currently anticipated to be performed in 2014. The schedule presents initial setting of the crane in late 2014 however this could shift into 2015 under a number of scenarios. The schedule reflects Horizon's preference to ship the crane in the summer/early fall of 2014 prior to the onset of winter weather. To accomplish this, an interim completion milestone to turn over a portion of the wharf and crane rail would be established in the construction contract. This approach was successfully employed at the Unalaska Marine Center.

The current PUA with Horizon Lines is up for renegotiation at the end of the year. While not directly related to the project construction, there will likely be interfaces with the project. A placeholder negotiation period has been shown on the schedule.

The State pathway project may potentially interface with the Pier III Project. This is still in the initial planning stages and will be integrated as appropriate.


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

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MEMORANDUM

TO: Mayor Branson and City Councilmembers

FROM: Aimée Kniazowski, City Manager 

DATE: February 26, 2013

RE: Agenda Item #3, Parks & Recreation Advisory Board's 2012 Recommended Priorities for Baranof Park Improvement Project

This agenda item presents the Mayor and Council with a summary of the prioritized list of improvements for the Baranof Park project identified by former Parks and Recreation Director Ian Fulp, the list of reordered projects recommended by the Parks and Recreation Advisory Board last September, and the most recent estimate of state grant funds available. Natasha Hayden will present the recommendations on behalf of the Advisory Board.

Prior to his retirement at the end of September, Ian Fulp held a meeting with the Parks and Recreation Advisory Board. The main topic of interest and discussion was what to do with the remaining reimbursable grant funds for the Baranof Park Improvement project. Ian presented his list of 27 prioritized park projects for discussion.

There was a great deal of input from interested community members, park users, and Board members on Ian's priorities, the City's intended use of the grant funds, and the need for various projects. After lengthy discussion, the Advisory Board voted to re-prioritize the list of projects. The Board voted 4-3 to use the remaining grant funds to design and install artificial turf in the baseball outfield. They also voted unanimously to install new ramps for the skate park area. The remaining projects on Ian's list remained in their original order. Attached to this memo are: Ian's original list of projects, the Advisory Board's draft minutes from the September 6 meeting, the Advisory Board's recommended reprioritized list, City financial report of remaining funds as of February 2013, the state grant agreement, and an updated list of Advisory Board members.

The following are main issues:

- Initial September 2012 estimate to put artificial turf in outfield \$1.9-\$2.2 million
- Estimated costs for skate park upgrades \$125,000 (discussion of using volunteers to build or assist in refurbishing ramps creates liabilities for City)
- Size of replacement bleachers identified might impact skate park area
- Original City intent as identified in attached state grant included priority improvements such as security cameras, fencing, lighting, and bleachers as well as other park improvements
- Due to unique nature of phased grant, DCRA will allow remaining funds to be used on "park improvements"
- Updated estimate for baseball outfield project design and construction of artificial turf baseball outfield estimated at \$1.6 million. Project contingency estimated at 10% (\$160,000)

for total estimate of \$1.76 million

- Current estimate of remaining grant funds \$1.8 million
- Remaining grant funding won't cover top 2 Advisory Board priorities or cover costs of security cameras, lighting and other security enhancements for the new facilities
- New members appointed to Advisory Board
- Last Advisory Board meeting held since September 2012 due to ongoing director recruitment
- Ohno Construction de-mobilized but City still under contract with them until decision is made on additional artificial turf design and installation is made
- Risk to contractor and City to keep contract open due to open warranty issues such as damage to track & fields

I recommend we also begin discussions on these project related issues in addition to those identified above.

- There are limited funds and the City is unable to complete all the upgrades or replacements identified by the City's grant priorities, the Advisory Board, and community members without additional funding.
- Due to currently available grant funds, does Council wish to request additional funding from the state to address some of the priority projects or fund some of the projects as local General Fund capital projects?
- If projects are funded using City funds, what priority level would Council give to them when considering already identified or ongoing City projects?
- Some of the improvements afforded by the artificial field surfaces allow for expanded use by various athletic groups and optimize use for more of the year. However, the new turf surfaces and the new track surface also come with the need for more controls and stricter policies for use.
- As improvements are made, the Council needs to ask if the City wants improvements that allow the park to continue to fulfill community park functions or move more toward an athletic complex.

Many of the issues and concerns should be assessed and recommendations made once a new Parks & Recreation Director is onboard. In the meantime, I think it's also important that the Mayor and Council hear from the Parks & Recreation Board about their priorities.

List for FY-13 legislative state grant funding (in excess of 1.5 million dollars)

8/29/2012

ITEM	TITLE	DESCRIPTION	PRICE	PROS	CONS	PRIORITY
1.)	Bleachers	New bleachers for football, track and baseball.	140 K	Safety / maint.	none	1
2.)	Maint. Equipt.	New maintenance equipment for track and artificial turf to include a building onsite and specialized equipment.	70 K	Increased playability, durability		1
3.)	Security Cameras	Surveillance cameras over the fields and in the ice rink.	130 K	Protect investment		1
4.)	Signage	Signage—rules for use of artificial turf	\$500	Protect investment		1
5.)	Storage Area	Storage/Maintenance Area Improvements—north corner	40 K	Security, safety		1
6.)	Tennis Ct Painting	Tennis court painting—east court.		Maint issue		1
7.)	BA Outfield	BA outfield improvements. (Drainage and planarity—not synthetic turf.)	300 K	Increased playability	High cost; not good enough for some	2
8.)	Ice Rink	Building Improvements: Weatherization (Insulation, Arctic Entry)	100 K	Energy eff., employee comfort		2
9.)	Ice Rink	Building Improvements: Dry storage for staff gear and goalie gear	30 K	Security, safety	Increased utilities cost	2
10.)	Ice Rink	Spectator Viewing Area (for parents)	100 K	Increased participation	Decrease corridor size	2
11.)	Netting	Netting to keep soccer balls and volleyballs off track		Increased playability	Management problem	2
12.)	Portable Mound	Portable mound for Little League use of new turf infield	4 K	Increased playability	Limited need	2
13.)	Skate Park Ramps	New ramps for skate park area		Increased playability		2
14.)	TB Electrical	Electrical wiring to the Timing Building		Increased function		2
15.)	Volleyball	Volleyball net in west D-zone with court lines and portable safety nets between the volleyball court and other activity	20 K	Increased playability		2
16.)	Fencing	New perimeter and security chain-link fencing.		Protect investment	Could put off a few years	3
17.)	Lighting	Field lighting		Increased playability	Limited need	3
18.)	Covered Stands	Covered stands		Needed for rain	High cost, limited need	4
19.)	Ice Rink	Propane heaters for viewing area				4
20.)	Ice Rink	Enclose rink—leave 2' gap at top of wall				4
21.)	Metal Bldg (30'x50')	Locker-room, restroom and storage facility	300 K (\$200/sq.ft.)	Benefit high sch. football	Not function of city park	4
22.)	Pedestrian	Improved Pedestrian Access and Walkways to all Park Areas				4
23.)	Press Box	Press box to be erected at 50-yard line	100-900	Benefit HS	High cost,	4
24.)	Skate Park Roof	Roof to allow skaters/bikers to use park in inclement weather	1 M	Inc. Play.	HC, LN	4
25.)	Tennis Ct (s)	Tennis courts—one or more new courts		Inc. Play.	No place	4
26.)	BA Outfield Syn Turf	Synthetic turf over entire baseball outfield	1.9 to 2.2 M	Increased playability	High initial plus recurring cost	?
27.)	Transportable Bleachers	Transportable bleachers that can be used as a visitor section on the south side of the track and moved on and off the track between games.	60 K	Increased participation	Don't want bleachers on new track	?

PRIORITY RANKING LEGEND:

- BLUE = FIRST PRIORITY
- RED = SECOND PRIORITY
- YELLOW = THIRD PRIORITY
- WHITE = FOURTH PRIORITY
- GRAY = UNDETERMINED PRIORITY

September Minutes
PARKS & RECREATION ADVISORY COMMITTEE
Thursday September 6, 2012
Baranof Park Office, 7 p.m.

I. ROLL CALL

- | | |
|---------------------|-----------------------------------|
| 1. Natasha Hayden | 6. Andy Brown USCG Absent |
| 2. Derrick Magnuson | 7. Amy Fogle Absent, arrived 7:14 |
| 3. John Butler | 8. Charlie Powers |
| 4. Marcus Dunbar | 9. Mary Kay Bunker Alt 1 Absent |
| 5. Jim Willis | 10. Shanna Torgerson Alt 2 |

II. PUBLIC TESTIMONY OF NON-AGENDA ITEMS

- Skate Park group: Ryan Birdoff, starting bike club for on and off road users, like to collaborate with parks & rec to develop skate park ideas ramps designs and help with construction.
- Helm Johnson: Make park better and collaborate with park to build better ramps and is also involved in forming bike club as a 503C non-profit and make this activity happen
- Rick Langfitt: Address idea regarding "extra money" in the Baranoff project. Use the remaining money as the city requested. Use remaining 1.7mil to finish the BB field as stated in documents. Believes Ohno construction can do the BB outfield for far less than originally stated.
- Craig Walton: Involved in different sports programs. We do not enough fields to practice on that are not all muddy. Money needs to go where it was intended to go to build new turf field.

III. APPROVAL OF PREVIOUS MINUTES

Motion John 2nd Marcus, Approved All

IV. APPROVAL OF AGENDA

Motion: Charlie: remove item B from Agenda, No, 2nd Motion failed

Motion: John: approve Agenda, 2nd Charlie Approved All

V. AGENDA ITEMS

A. Vote on Advisory Board Bylaws:

- o Natasha: Item concerning three absences should be looked at. Discussion, Leave as is. Marcus motion, Jim 2nd Approved all
- Baranof Park Funding Priority list
 - o Ian: Went through list with pros & cons on each item and how it was prioritized.
 - o John, asking Aimee about what we can do at Ad Board level, this is a shared park for all user groups?
 - o Aimee: discussed city structure between COK and Advisory board.
 - This is a difficult area for everyone.
 - Provided framework for what the money was for
 - o Natasha: Provided handout outlining legislative grant between COK and State
 - o Aimee: Outlining handout
 - Phase 1: very specific on what you could do
 - Phase 2, More general in how funds could be allocated
 - o Marcus: Talked about original plan
 - Had to pare back and then plan put into phases because of rising costs and lack of movement.
 - Discussed lack of field space and what the different groups do to the grass fields.
 - We should use the money to fund the turf field.
 - o Charlie, Provided information on the park project from city memos, documents and news articles. Additional documentation regarding conversations quantity and quality of playing surfaces.
 - Read document from COK CIP concerning costs estimates and designation of funds between COK and State for playing fields.
 - The money was designated for the fields and we need to find additional funds for the project list.
 - o Shanna: Concerns about cameras and security and what we will do.
 - o Ian trying to get information from security firm about costs, still waiting for reply.
 - Shanna concerned about low estimate (130K) on funding list, compared to her experience with the security system at Brechan.

- John: Talked about previous vote for 300k to support BB outfield drainage and have that item moved up the list
- Derrick: Fan doing outfield in turf, but would like to work on other park projects.
 - Changed vote to just do infield done to get the project rolling.
 - Read project emphasis “Baranof Park improvements” not using all the money to finish just the turf.
- Marcus: Under the impression from last meeting there was not enough money to finish turf and voted for grass upgrades. Feels state supported the whole program and now support to finish the BB outfield in turf.
- Charlie:
 - COK documents support the original intent of getting playing surfaces
 - Replacement turf costs
 - Track lasted so long because lack of UV light
- Amy: Do we have enough money to finish field?
- Ian: 1.9 mil left, Q. to Bob Harding how much to do field?
- Bob Harding: We do not have completed design but estimate 1.6 mil to complete field, with design and extras 1.7 mil to 1.8 mil, best guess
- Natasha: Current estimates in Kodiak run low add 10 to 15% and have design shovel ready for the future. Feel turf fields do not benefit all users and funds should be used for all users and support project list. Favor, complete design and drainage project for field.
- Marcus:
 - Over last 8 years, soccer and frisbee have been strangled due to lack of fields.
 - 2nd point. If you try and go back to state for more money they would wonder what we did with our field money.
- Charlie: The funds were dedicated for the fields. If you do a design build, the contractor could give you a firm price for a turf field
- Shanna: The builders worked as a group to get fields done under cost. Feel Ohno can come to the table with a fair price.
- Aimee: Ad board cannot make that kind of decision. Council wanted to know what to do with money from this group.
 - Council is looking at cameras for fields and other areas along with additional infrastructure.
 - Discussed confusion about wording in the grant document. In the preliminary estimate the BB outfield was not part of the scope of the project.
 - The CIP is a list with a preliminary vision, ideas needed to be phased to get the ball rolling.
- Aimee: Can't go back to legislature for more funding on this project as we have critical infrastructure with Pier III and Monashka pump house taking precedence. Would like Ad board's recommendation on their priorities.
- Amy: On board for city Parks and Recreation activities. Went out to see fields after the rain. I can see the field would be a great for all. But we need to look at all aspects and support all user groups. I like turf and if you vote for the turf we need we still need to take care of our other projects with the same passion as we have supported this project.
- **Motion:** Marcus: move gray item 26 to top of list: Charlie 2nd,
 - Natasha Hayden No, Derrick Magnuson No, John Butler No, Marcus Dunbar Yes, Jim Willis Yes, Amy Fogle Yes, Charlie Powers Yes. Motion passes 4 - 3
 - Public comment: Jeremiah Garner: Skate park supporter organizer would like see board spend 30k for skate park ramps and let group help build them to save money
 - Charlie: Add skate park as Agenda item to next meeting
 - Public comment: Rich Walker: came out in favor of using the funds for replacing the baseball outfield with synthetic turf. He also mentioned that the funds must also be used for new bleachers for the football field and that they would be too large to fit into the existing space. Therefore the skate park would need to be relocated to create enough room for the grandstand.
 - Rich Walker continued with a loud outburst and had to be silenced by Ad board President
 - **Motion** John: move item 13 to #2 on priority list, 2nd Derrick, Discussion, Approved All.
 - **Motion** John: approve new order of list in Blue. 2nd Marcus, discussion Shanna: We are not taking care of ice rink, Approved All
 - Motion: Natasha: table remaining items for next meeting, 2nd Charlie, Approved All
- User Fees: Tabled
- Baranof Park Field equal access agreement, that would identify all the users and how much time is dedicated to each. Tabled
- **CHAIR REPORT**

- Natasha: Recognized Ian's 39 years of dedicated service. Marcus hope we get someone as dedicated.

- **DIRECTOR'S REPORT**

- Ian: Board should realize we have best multipurpose field in state the way we built it. Best track in state. Show us video on friends of Athletic fields. Increase quantity and quality of fields. Do good maintenance on fields. Ian
- NO SNOW REMOVAL ON FIELDS.
- No metal cleats on fields. Good discipline to take care of fields by not using metal cleats on fields.
- Encourage council to set aside funds for replacement costs down the road.
- Bleacher examples with associated costs. Recycle all bleachers 106K
- Skate park options with installation 125K

- **ACTION ITEMS**

- Please let the board know the Council wants input from you & advisory board through me as to the recommended final park improvements. I will try to attend the September meeting but my schedule may not allow it. Thanks, Aimée Kniazowski, City Manager
- Aimee: COK retirement party for Ian Wednesday Sept. 19, Henry's, 5:30 - 7pm
- Aimee: 25 Applicants and will try and involve ad board in meeting applicants
- Ian: Pay for new director is low concerning volume of work and duties which might be affected by the length of his tenure.

VI. BOARD COMMENTS

Amy expressed her admiration for Ian's body of work and his contributions and dedication to our community and our parks

VII. ADJOURNMENT

Motion, Natasha 2nd John Approved, All

Parks Recreation Advisory Board Recommended Priorities for Remaining Park Grant Funds

ITEM	TITLE	DESCRIPTION	PRICE	PROS	CONS	PRIORITY
26.)	BA Outfield Syn Turf	Synthetic turf over entire baseball outfield	1.9 to 2.2 M	Increased playability	High initial plus recurring cost	P&RAB 1
13.)	Skate Park Ramps	New ramps for skate park area		Increased playability		P&RAB 2
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22.)	Pedestrian Access	Improved Pedestrian Access and Walkways to all Park Areas				4

Parks Recreation Advisory Board Recommended Priorities for Remaining Park Grant Funds

23.)	Press Box	Press box to be erected at 50-yard line	100-900 K	Benefit HS football	High cost, limited need	4
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RECEIVED
 AUG 13 2012
 Alaska Dept of Commerce
 DCRA
 Grants Section

DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
 DIVISION OF COMMUNITY AND REGIONAL AFFAIRS

Designated Legislative Grant Program
 Grant Agreement

Grant Agreement Number 13-DC-563		Amount of State Funds \$3,650,000.00	
Encumbrance Number/AR/Lapse Date / 9134 / 06/30/2017		Project Title Baranof Park Improvements	
Grantee		Department Contact Person	
Name City of Kodiak		Name Nancy Pierce	
Street/PO Box 710 Mill Bay Road		Title Grants Administrator II	
City/State/Zip Kodiak, AK 99615		Street/PO Box P.O. Box 110809	
Contact Person Sandi Heglin, Senior Accountant sheglin@city.kodiak.ak.us		City/State/Zip Juneau, AK 99811	
Phone 907-486-8654	Fax 907-486-8600	Phone 907-465-2023	Fax 907-465-5867

AGREEMENT

The Alaska Department of Commerce, Community, and Economic Development, Division of Community and Regional Affairs (hereinafter 'Department') and City of Kodiak (hereinafter 'Grantee') agree as set forth herein.

Section I. The Department shall pay the Grantee for the performance of the project work under the terms outlined in this agreement. The amount of the payment is based upon project expenses incurred, which are authorized under this Agreement. In no event shall the payment exceed **\$3,650,000.00**.

Section II. The Grantee shall perform all of the work required by this Agreement.

Section III. The work to be performed under this agreement begins 7/1/2012 and shall be completed no later than 06/30/2017.

Section IV. The agreement consists of this page and the following:

ATTACHMENTS

- Attachment A: Scope of Work
1. Project Description
 2. Project Budget
 3. Project Narrative
 4. Project Management/Reporting
 5. Forms Packet

- Attachment B: Payment Method
 Attachment C: Standard Provisions

APPENDICES

- Appendix A: Audit Regulations
 Appendix B: Audit Compliance Supplement
 Appendix B2: Insurance
 Appendix C: State Laws and Regulations
 Appendix D: Special Requirements and Assurances for Federally Funded Projects (if applicable)
 Appendix E: Site Control
 Appendix F: State Fire Marshal Review

AMENDMENTS: Any fully executed amendments to this Agreement

Grantee	Department
Signature <i>Charles Kana: For Aimee Kniazowski</i>	Signature <i>Jolene Julian</i>
Printed Name and Title Aimee Kniazowski, City Manager	Printed Name and Title Jolene Julian, Grants Administrator III
Date 8/10/2012	Date 8/14/12

Reviewed by: Jm

Attachment A Scope of Work

1. Project Description

The purpose of this FY 2013 Designated Legislative Grant in the amount of \$3,650,000.00 [pursuant to the provisions of AS 37.05.315, SLA 2012, SB 160, Chapter 17, Section 1, Page 28, and Line 30] is to provide funding to City of Kodiak for use towards Baranof Park Improvements. The objective of this project is to complete work on the improvements of Baranof Park a regional community recreational and educational facility.

This project may include, but is not limited to:

- Update football and baseball fields, install soccer and football goals;
- Paving, update track and field facilities;
- ADA accessible path, update utility, storm drains, park drainage systems; and
- Fencing, lighting, bleachers, security cameras.

No more than five percent (5%) of the total grant award may be reimbursed for Administrative expenses for projects involving equipment purchase or repairs and no more than ten percent (10%) of the total grant award may be reimbursed for Administrative expenses for all other projects. To be reimbursed for eligible administrative costs, expenses must be reported on the Designated Legislative Grant Financial/Progress Report form.

2. Project Budget

Cost Category	Total Project Costs
Project Funds	\$ 3,650,000.00
Administration	\$ 0.00
Total Grant Funds	\$ 3,650,000.00

3. Budget Narrative

The Grant Funds identified above will be used to complete the project described in the above Project Description.

4. Project Management/Reporting

This project will be managed by the Grantee.

As a Municipality, signatory authority for execution of the Grant Agreement and subsequent amendments is granted to the Mayor. The Mayor may delegate signatory authority for executing the Grant Agreement and amendments to others within the municipal government via the Signatory Authority Form. The Mayor may also designate financial and progress reporting authority via the Signatory Authority Form. Such delegation is limited to others within the municipal government, unless otherwise approved by the Department.

The Grantee must establish and maintain separate accounting for the use of this Grant. The use of Grant funds in any manner contrary to the terms and conditions of this Grant Agreement may result in the subsequent revocation of the grant and any balance of funds under the grant. It may also result in the Grantee being required to return such amounts to the State.

The Grantee shall submit a Designated Legislative Grant Financial/Progress Report Form (see attached) each month, or quarterly, with the concurrence of the Department, during the life of the Grant Agreement. Grant Financial/Progress Report Forms are due fifteen (15) days after the end of the month or quarter being reported. The report period is the first of the month through the last day of the month. If quarterly reporting is approved, the report period is the first day of the first month through the last day of the third month of the quarter. The final Financial/Progress Reports must be submitted within thirty (30) days following completion of the project. Under no circumstances will the Department release funds to the Grantee unless all required reporting is current.

5. Grant Forms Packet

The following page, which includes the Designated Legislative Grant Financial/Progress Report Form, is to be used by the Grantee for monthly/quarterly reporting. Additional copies of this form are available from the Department, electronically or in hard copy.

Designated Legislative Grant Financial/Progress Report

Department of Commerce, Community, and Economic Development, Division of Community and Regional Affairs

Grantee: City of Kodiak	Grant Number: 13-DC-563
--------------------------------	--------------------------------

Project Title: Baranof Park Improvements			
Report No: _____	Reporting Period: <input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly	From: _____	To: _____

Cost Category	Authorized Budget	Grant Expenditures This Period	Total Grant Expenditures to Date	Balance of Grant Funds
Project Funds	\$ 3,650,000.00			
Administration	\$ 0.00			
Total This Report	\$ 3,650,000.00			

Current Advance Balance (if any)			
Total Grant Expenditures This Period		Total Grant Award	\$ 3,650,000.00
LESS Advance Recovered This Report (if any)		LESS Total Grant Expenditures to Date	
NET REIMBURSEMENT TO GRANTEE		LESS Unrecovered Advance Balance	
Advance Balance Remaining (if any)		TOTAL Grant Funds Remaining	

Progress Report: Describe activity that supports the expenditures during the period. If no activity has taken place please provide an explanation. Identify any problems you have experienced and/or accomplishments this period. Attach additional pages if necessary.

Grantee Certification: I certify that the above information is true and correct, and that expenditures have been made for the purpose of, and in accordance with, applicable grant agreement terms and conditions.

Authorized Signature **Date**

Name and Title

DCCED STAFF USE:	
Encumbrance No:	
Payment Amount:	
GA Approval:	
DCCED Signature	Date

Attachment B Payment Method

1. Advance/Reimbursement Payment

Upon full execution of this Grant Agreement, a State treasury warrant in an amount not to exceed 20% of the amount in Section I may be released upon request. Additional State treasury warrants will be released on a reimbursement basis upon receiving and approving a Grantee's financial/progress reports. The Department will reimburse the Grantee for costs incurred during the reporting period, in accordance with this Grant Agreement. The Department will not reimburse without approved financial/progress reports, prepared and submitted by the Grantee on the form provided in Attachment A. Before approving the financial/progress report for payment, the Department may require the Grantee to submit documentation of the costs reported (e.g., vendor billings, signed timesheets, invoices).

If cost reimbursement significantly inhibits the Grantee's ability to implement the project, the Department may advance to the Grantee an amount not to exceed a projected thirty (30) day cash need, or twenty percent (20%) of the amount in Section I, whichever is less.

Before the Department will issue an advance, the Grantee must submit a "Request for Advance Payment" form along with documentation of costs associated with the advance. The "Request for Advance Payment" form can be obtained from the Department electronically or in hard copy.

All advances will be recovered with the Grantee's next Financial/Progress Report form. Should earned payments during the terms of this Grant Agreement be insufficient to recover the full amount of the advance, the Grantee will repay the unrecovered amount to the Department when requested to do so by the Department, or at termination of the Grant Agreement.

2. Withholding of Ten Percent (10%)

The Department may withhold ten percent (10%) of the amount in Section I until the Department determines that the Grantee has satisfactorily completed the terms of this grant agreement, including all required reporting of the project.

Attachment C Standard Provisions

Article 1. Definition

“Department” refers to the Department of Commerce, Community and Economic Development with the State of Alaska.

Article 2. Indemnification

It is understood and agreed that this Grant Agreement is solely for the benefit of the parties to the Grant Agreement and gives no right to any other party. No joint venture or partnership is formed as a result of the Grant Agreement.

The Grantee, its successors and assigns, will protect, save, and hold harmless the Department and the State of Alaska and their authorized agents and employees, from all claims, actions, costs, damages, or expenses of any nature whatsoever by reason of the acts or omissions of the Grantee, its subcontractors, assigns, agents, contractors, licenses, invitees, employees, or any person whomever arising out of or in connection with any acts or activities authorized by this Grant Agreement. The Grantee further agrees to defend the Department and the State of Alaska and their authorized agents and employees in any litigation, including payment of any costs or attorney’s fees for any claims or actions commenced thereon arising out of or in connection with acts or activities authorized by this Grant Agreement. This obligation shall not include such claims, costs, damages, or expenses which may be caused by the sole negligence of the Department of the State of Alaska or their authorized agents or employees, provided, that if the claims or damages are caused by or result from the concurrent negligence of (a) the Department and the State of Alaska and their agents or employees, and (b) the Grantee, its agents or employees, this indemnity provision shall be valid and enforceable only to the extent of the negligence of the Grantee, or Grantee’s agents or employees.

Article 3. Legal Authority

The Grantee certifies that it possesses legal authority to accept grant funds under the State of Alaska and to execute the project described in this Grant Agreement by signing the Grant Agreement document. The Grantee’s relation to the Department and the State of Alaska shall be at all times as an independent Grantee.

Article 4. Waivers

No conditions or provisions of this Grant Agreement can be waived unless approved by the Department in writing. The Department’s failure to insist upon strict performance of any provision of the Grant Agreement, or to exercise any right based upon a breach thereof, or the acceptance of any performance during such a breach, shall not constitute a waiver of any right under this Grant Agreement.

Article 5. Access to Records

The Department and duly authorized officials of the State of Alaska shall have full access and the right to examine, excerpt, or transcribe any pertinent documents, papers, records, and books of the Grantee, and of persons or organizations with which the Grantee may contract, involving transactions related to the project and this Grant Agreement.

Article 6. Reports

The Grantee, at such times and in such forms as the Department may require, shall furnish the Department with such periodic reports as it may request pertaining to the activities undertaken pursuant to this Grant Agreement, including the final close-out report, the costs and obligations incurred in connection therewith, and any other matters covered by this Grant Agreement.

Article 7. Retention of Records

The Grantee shall retain financial and other records relating to the performance of this Grant Agreement for a period of six years from the date when the final financial status report is submitted to the Department, or until final resolution of any audit findings, claims, or litigation related to the grant.

Article 8. Assignability

The Grantee shall not assign any interest in this Grant Agreement and shall not transfer any interest in the same (whether by assignment or novation).

Article 9. Financial Management and Accounting

The Grantee shall establish and maintain a financial management and accounting system that conforms to generally accepted accounting principles.

Article 10. Program Income

Program income earned during the award period shall be retained by the Grantee and added to the funds committed to the award and used for the purpose and under the conditions applicable to the use of award funds.

Article 11. Amendments and Modifications

The Grantee or the Department may request an amendment or modification of this Grant Agreement. However, such amendment or modification shall not take effect until approved, in writing, by the Department and the Grantee.

Article 12. Recordkeeping

The Grantee agrees to keep such records as the Department may require. Such records will include information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays and income. They will also include information pertaining to project performance and efforts to comply with the provisions of the Grant Agreement.

Article 13. Obligations Regarding Third-Party Relationships

None of the Work specified in this Grant Agreement shall be contracted by the Grantee without prior approval of the Department. No permission for subcontracting shall create, between the Department or the State of Alaska and the subcontractor, any contract or any relationship.

The Grantee shall remain fully obligated under the provisions of this Grant Agreement notwithstanding its designation of any third party or parties of the undertaking of all or any part of the project described herein. Any subcontractor that is not the Grantee shall be required by the Grantee to comply with all the provisions of this Grant Agreement.

The Grantee shall bind all subcontractors to each and every applicable Grant Agreement provision. Each subcontract for work to be performed with funds granted under this Grant Agreement shall specifically include a provision that the Department and the State of Alaska are not liable for damages or claims from damages arising from any subcontractor's performance or activities under the terms of the subcontracts.

Article 14. Conflict of Interest

No officer or employee of the Department; no member, officer, or employee of the Grantee or its designees or agents; no member of the governing body of the jurisdiction in which the project is undertaken or located; and no other official of such locality or localities who exercises any functions or responsibilities with respect to the project during his or her tenure, shall have any personal or pecuniary gain or interest, direct or indirect, in any contract, subcontract, or the proceeds thereof, for work to be performed in connection with the project assisted under this Grant Agreement.

The Grantee shall incorporate, or cause to incorporate, in all such contracts or subcontracts, a provision prohibiting such interest pursuant to the purpose of this provision.

Article 15. Political Activity

No portion of the funds provided hereinunder shall be used for any partisan political activity or to further the election or defeat of any candidate for public office or influence the approval or defeat of any ballot issue.

Article 16. Notices

The Grantee shall comply with all public notices or notices to individuals required by applicable state and federal laws and shall maintain a record of this compliance.

Article 17. Prohibition Against Payment of Bonus or Commission

The assistance provided under this Grant Agreement shall not be used in payment of any bonus or commission for the purpose of obtaining approval or concurrence under this contract provided, however, that reasonable fees of bona fide technical consultant, managerial, or other such services, other than actual solicitation, are not hereby prohibited if otherwise eligible as project costs.

Article 18. Termination by Mutual Agreement

This Grant Agreement may be terminated, in whole or in part, prior to the completion of contract project activities when both parties agree that continuation is not feasible or would not produce beneficial results commensurate with the further expenditure of funds. The Department will determine whether an environmental review of the cancellation is required under State and/or Federal law. The parties must agree on the termination conditions, including effective date and the portion to be terminated. The Grantee shall not incur new obligations for the terminated portion after the effective date, and shall cancel as many outstanding obligations as possible. The Department shall make funds available to the Grantee to pay for allowable expenses incurred before the effective date of termination.

Article 19. Termination for Cause

If the Grantee fails to comply with the terms of this Grant Agreement, or fails to use the grant for only those purposes set forth herein, the Department may take the following actions:

- A. Suspension – After notice in writing by certified mail to the Grantee, suspend the grant and withhold any further payment or prohibit the Grantee from incurring additional obligations of grant funds, pending corrective action by the Grantee or a decision to terminate. Response must be received within fifteen (15) days of receipt of the written notice.
- B. Termination – Terminate the grant in whole or in part, at any time before the final grant payment is made. The Department shall promptly notify the Grantee in writing of its determination to terminate, the reason for such termination, and the effective date of the termination. Payments made to the Grantee or recoveries by the Department shall be in accordance with the legal rights and liabilities of the parties.

Article 20. Withdrawal of Funds

In the event funding from the state, federal, or other sources is withdrawn, reduced, or limited in any way after the effective date of this Grant Agreement and prior to normal completion, the Department may terminate the agreement, reduce funding, or re-negotiate subject to those new funding limitations and conditions. A termination under this article shall be implemented under the same conditions as a termination under Article 19 of this Attachment.

Article 21. Recovery of Funds

In the event of a default or violation of the terms of the Grant Agreement by the Grantee, the Department may institute actions to recover all or part of the project funds paid to the Grantee. Repayment by the Grantee of grant funds under this recovery provision shall occur within thirty (30) days of demand.

All remedies conferred on the Department by this agreement or any other instrument or agreement are cumulative, not exclusive, and may be exercised concurrently or consecutively at the Department's option.

Article 22. Disputes

Except as otherwise provided in this agreement, any dispute concerning a question of fact arising under this agreement that is not disposed of by mutual agreement shall be decided by the Department, which shall reduce its decision to writing and mail, or otherwise furnish a copy thereof, to the Grantee. The decision of the Department shall be final and conclusive.

This "Disputes" clause does not preclude the consideration of questions of law in connection with the decision provided for in the preceding paragraph provided that nothing in the Grant Agreement shall be construed as making final the decisions of any administrative official, representative, or board on a question of law.

Article 23. Jurisdiction

This Grant Agreement shall be governed by the laws and statutes of the State of Alaska. The venue of any suit hereunder may be in the Superior Court for the First Judicial District, Juneau, Alaska.

Article 24. Ownership of Project/Capital Facilities

The Department makes no claim to any capital facilities or real property improved or constructed with funds under this Grant Agreement and, by this grant of funds, does not and will not acquire any ownership interest or title to such property of the Grantee. The Grantee shall assume all liabilities arising from the ownership and operation of the project and agrees to hold the Department and the State of Alaska harmless from any and all causes of action arising from the ownership and operation of the project.

Article 25. Site Control

If the grant project involves the occupancy and use of real property, the Grantee assures that it has the legal right to occupy and use such real property for the purposes of the grant, and further that there is legal access to such property.

Article 26. Insurance

The Grantee is responsible for obtaining any necessary liability insurance. In addition, the Grantee shall provide and maintain Workers' Compensation Insurance as required by AS 23.30 for all employees engaged in work under this Grant Agreement. The Grantee shall require any contractor to provide and maintain Workers' Compensation Insurance for its employees as required by AS 23.30. The Grantee shall require any contractor hired to work on the project be licensed, bonded and insured for at least the amount of the project and if appropriate provide and maintain Professional Liability Insurance.

Article 27. Subcontracts for Engineering Services

In the event that the Grantee subcontracts for engineering services, the Grantee will require that the engineering firm certify that it is authorized to do business in the State of Alaska. In the event that the engineering firm is also the project administrator, the Grantee shall require that the bond or insurance shall be for not less than the amount of the entire project.

Article 28. Governing law

This Grant Agreement is governed by the laws of the State of Alaska. The Grantee shall perform all aspects of this project in compliance with the appropriate laws and regulations. It is the responsibility of the Grantee to ensure that all permits required for the construction and operation of this project by the Federal, State, or Local governments have been obtained.

Article 29. Budget Flexibility

Notwithstanding the provisions of Article 11, Attachment C, the Grantee may revise the project budget in Attachment A without a formal amendment to this agreement. Such revisions are limited within each line item to a maximum of ten percent (10%) of the line item or \$10,000, whichever is less, over the entire term of this agreement. Such budget revisions shall be limited to changes to existing budget line items. Budget revisions may not be used to increase any budget item for project administrative expenses. Changes to the budget beyond the limits authorized by this provision may only be made by a formal amendment to this agreement.

Article 30. Equal Employment Opportunity (EEO)

The Grantee may not discriminate against any employee or applicant for employment because of race, religion, color, national origin, age, physical handicap, sex, marital status, changes in marital status, pregnancy or parenthood. The Grantee shall post in a conspicuous place, available to employees and applicants for employment, a notice setting out the provisions of this paragraph.

The Grantee shall state, in all solicitations or advertisements for employees to work on state funded projects, that it is an equal opportunity employer (EEO) and that all qualified applicants will receive consideration for employment without regard to race, religion, color, national origin, age, physical handicap, sex, marital status, changes in marital status, pregnancy, or parenthood.

The Grantee shall include the provisions of this EEO article in every contract relating to this Grant Agreement and shall require the inclusion of these provisions in every agreement entered into by

any of its contracts, so that those provisions will be binding upon each contractor or subcontractor.

Article 31. Public Purposes

The Grantee agrees that the project to which this Grant Agreement relates shall be dedicated to public purposes for its useful life. The benefits of the project shall be made available without regard to race, religion, color, national origin, age, physical handicap, sex, marital status, changes in marital status, pregnancy, or parenthood.

If the Grantee is a non-municipal entity and if monies appropriated under this grant constitute the sole or principal funding source for the acquisition of equipment or facilities, the Grantee agrees that in the event a municipal corporation is formed which possesses the power and jurisdiction to provide for such equipment or facilities, the Grantee shall offer, without compensation, to transfer ownership of such equipment or facilities to the municipal corporation.

If the Grantee is a non-profit corporation that dissolves, the assets and liabilities from the grant project are to be distributed according to statutory law, AS 10.20.290-10.20.452.

Article 32. Operation and Maintenance

Throughout the life of the project, the Grantee shall be responsible for the operation and maintenance of any facility, equipment, or other items acquired under this grant.

Article 33. Assurance

The Grantee shall spend monies awarded under this grant only for the purposes specified in this Grant Agreement.

Article 34. Current Prevailing Rates of Wage

Certain grant projects are constrained by the provisions of AS 36. PUBLIC CONTRACTS. To the extent that such provisions apply to the project which is the subject of this Grant Agreement, the Grantee shall pay the current prevailing rates of wage to employees as required by AS 36.05.010. The Grantee also shall require any contractor to pay the current prevailing rates of wage as required by AS 36.05.010.

Article 35. Severability

If any provision under this Grant Agreement or its application to any person or circumstance is held invalid by any court of rightful jurisdiction, this invalidity does not affect other provisions of the contract agreement which can be given effect without the invalid provision.

Article 36. Performance

The Department's failure to insist upon the strict performance of any provision of the Grant Agreement or to exercise any right based upon breach thereof or the acceptance of any performance during such breach shall not constitute a waiver of any rights under this Grant Agreement.

Article 37. Sovereign Immunity

If the Grantee is an entity which possesses sovereign immunity, it is a requirement of this grant that the Grantee irrevocably waive its sovereign immunity with respect to state enforcement of this

Grant Agreement. The waiver of sovereign immunity, effected by resolution of the entity's governing body, is herein incorporated into this Grant Agreement.

Article 38. Audit Requirements

The Grantee shall comply with the audit requirements established by 02 AAC 45.010, set forth in Appendix A of this Grant Agreement.

Article 39. Close-Out

The Department will advise the Grantee to initiate close-out procedures when the Department determines, in consultation with the Grantee, that there are no impediments to close-out and that the following criteria have been met or soon will be met:

- A. All costs to be paid with grant funds have been incurred with the exception of close-out costs and any unsettled third-party claims against the Grantee. Costs are incurred when goods and services are received or contract work is performed.
- B. The last required performance report has been submitted. The Grantee's failure to submit a report will not preclude the Department from effecting close-out if it is deemed to be in the State's interest. Any excess grant amount that may be in the Grantee's possession shall be returned by the Grantee in the event of the Grantee's failure to finish or update the report.
- C. Other responsibilities of the Grantee under this Grant Agreement and any close-out agreement and applicable laws and regulations appear to have been carried out satisfactorily or there is no further State interest in keeping the grant open for the purpose of securing performance.

Article 40. Americans with Disabilities Act

The Americans with Disabilities Act (ADA) prohibits discrimination against persons with disabilities. Title I of the ADA prohibits discrimination against persons with disabilities in employment and provides that a reasonable accommodation be provided for applicants and employees. Title II of the Act prohibits public agencies from discriminating against individuals with disabilities in the provision of services, programs, or activities. Reasonable accommodation must be made to ensure or allow access to all services, programs, or activities. This section of the Act includes physical access to public facilities and requires that public entities must, if necessary, make modifications to their facilities to remove physical barriers to ensure access by persons with disabilities. All new construction must also be accessible to persons with disabilities. A public entity's subgrantees or contractors must also comply with the ADA provisions. Grantees are responsible for assuring their compliance with the ADA.

Appendix A Audit Regulations

The grantee must comply with the audit requirements of the Alaska Administrative Code set forth in 2 AAC 45.010. **AUDIT REQUIREMENTS.**

A copy of the most current 2 AAC 45.010 adopted regulations is available at the State Single Audit website:
<http://doa.alaska.gov/dof/ssa/index.html>.

Appendix B Audit Compliance Supplement Grants to Municipalities

1. Program Objectives

Authorized and administered under AS 37.05.315 - .325, grants to municipalities are made at the discretion of the Legislature. The grants are designated for use on various capital projects and activities.

2. Program Procedures

Once the authorizing legislation becomes effective, a grant agreement specifying the purpose, terms, and conditions of the grant is executed with the municipality.

3. Compliance Requirements and Suggested Audit Procedures

A. Types of Services Allowed and Unallowed

Compliance Requirement Grant funds can be expended for a variety of purposes as provided for in the authorizing legislation and as specified in the grant agreement.

Suggested Audit Procedure Review the grant agreement and related records to determine if the funds were expended in accordance with the terms of the agreement.

Compliance Requirement The facilities and services provided by the grant must be available for use of the general public.

Suggested Audit Procedure Determine whether the facilities and services provided by the grant are available for the use of the general public.

B. Eligibility

The auditor is not expected to make tests for recipient eligibility.

C. Matching, Level of Effort and/or Earmarking Requirements

Compliance Requirement The appropriation or allocation lapses and the municipality must return to the state all grant funds received for construction of a public facility if substantial, ongoing work on the project has not begun within five years of the effective date of the appropriation or allocation.

Suggested Audit Procedure Examine financial records, reports, and supporting documentation to determine if substantial, ongoing work on the project has begun within five years of the effective date of the appropriation or allocation. Expenditures alone should not be a determining factor; site visits, photographic documentation, and/or interviews with contractors may be required if ongoing work is in question.

D. Reporting Requirements

Compliance Requirement The grant agreement will specify the reporting requirements to which the grantee must adhere.

Suggested Audit Procedures Examine reports and supporting documentation and verify completeness, accuracy and timeliness of submission. Verify that required approvals were obtained and that expenditures and matching contributions were within award performance period.

E. Special Tests and Provisions

Compliance Requirement The grant agreement will identify any other compliance requirements to which the recipient is to adhere.

Suggested Audit Procedures Review the grant agreement, identify any other applicable compliance provisions, including the "standard provisions," and verify that the requirements were met.

Appendix B2 Insurance

Article 1. Insurance

Without limiting contractor's indemnification, it is agreed that the contractor shall purchase at its own expense and maintain in force at all times during the performance of services under this agreement the following policies of insurance. Where specific limits are shown, it is understood that they shall be the minimum acceptable limits. If the contractor's policy contains higher limits, the State shall be entitled to coverage to the extent of such higher limits. Certificates of Insurance must be furnished to the Contracting Officer prior to beginning work and must provide for a thirty (30) day prior notice of cancellation, non-renewal or material change. Failure to furnish satisfactory evidence of insurance or lapse of the policy is a material breach and grounds for termination of the contractor's services.

- 1.1 Workers' Compensation Insurance:** The contractor shall provide and maintain, for all employees of the contractor engaged in work under this contract, Workers' Compensation Insurance as required by AS 23.30.045. The contractor shall be responsible for Workers' Compensation Insurance for any subcontractor who directly or indirectly provides services under this contract. This coverage must include statutory coverage for states in which employees are engaging in work and employer's liability protection is not less than \$100,000.00 per occurrence. Where applicable, coverage for all federal acts (i.e. USL & H and Jones Acts) must also be included.
- 1.2 Comprehensive (Commercial) General Liability Insurance:** With coverage limits not less than \$300,000.00 combined single limit per occurrence and annual aggregates where generally applicable and shall include premises-operations, independent contractors, products/completed operations, broad form property damage, blanket contractual and personal injury endorsements.
- 1.3 Comprehensive Automobile Liability Insurance:** Covering all owned, hired, and non-owned vehicles with coverage limits not less than \$100,000.00 per person/\$300,000.00 per occurrence bodily injury and \$50,000.00 property damage.
- 1.4 Professional Liability Insurance:** Covering all errors, omissions or negligent acts of the contractor, subcontractor or anyone directly or indirectly employed by them, made in the performance of this contract which result in financial loss to the State. Limits required are per the following schedule:

Contract Amount	Minimum Required Limits
Under \$100,000	\$100,000 per occurrence/annual aggregate
\$100,000 - \$499,999	\$250,000 per occurrence/annual aggregate
\$500,000 - \$999,999	\$500,000 per occurrence/annual aggregate
\$1,000,000 or over	Negotiable - Refer to Risk Management

Appendix C

State Laws and Regulations

Permits and Environmental Procedures

The Alaska Department of Environmental Conservation (ADEC) regulates all activities in Alaska that might pollute the air, water or soil. There are dozens of ADEC permits related to constructing and operating public buildings. The law requires the following permits, including others designated by the commissioner. The following list is not intended to be all-inclusive.

Air Emissions Permit—AS 46.14.140, 18 AAC 50.030
Anadromous Fish Protection Permit—AS 41.14.870, 11 AAC 195.010
Authorization for Tidelands Transportation—AS 38.05.035, 11 AAC 51.015
Brine or Other Salt Water Waste Disposal Permit—AS 31.05.030
Burning Permit during Fire Season—AS 41.15.060, 11 AAC 95.410
Coal Development Permit—AS 27.21.030, 11 AAC 85.110
Critical Habitat Area Permit—AS 16.20.510, 05 AAC 95.420
Dam Construction Permit—AS 46.17.040, 11 AAC 93.171
Driveway Permit—AS 19.05.040, 17 AAC 10.020
Encroachment Permit—AS 19.25.200, 17 AAC 10.012
Miscellaneous State Land Use Permit—AS 38.05.035, 11 AAC 96.010
Mineral and Geothermal Prospecting Permits—AS 38.05.181, 11 AAC 82.100
Occupied Tide and Submerged Land—AS 38.05.820, 11 AAC 62.010
Open Burning Permit—AS 46.03.020, 18 AAC 50.065
Permit for Use of Timber or Materials—AS 38.05.110, 11 AAC 71.025
Permit to Appropriate Water—AS 46.15.040, 11 AAC 93.120
Pesticides Permit—AS 46.03.320, 18 AAC 90.300
Preferred Use Permit—AS 46.15.150, 11 AAC 93.240
Right-of-Way and Easement Permits—AS 38.05.850, 11 AAC 58.740
Solid Waste Disposal—AS 46.03.100, 18 AAC 60.200
Special Land Use Permit—AS 38.05.850, 11 AAC 58.210
State Game Refuge Land Permit—AS 16.20.050 - 16.20.060
State Park Incompatible Use Permit—AS 41.21.020, 11 AAC 18.010
Surface Oiling Permit—AS 46.03.740, 18 AAC 75.700
Surface Use Permit—AS 38.05.255, 11 AAC 86.600
Tide and Submerged Lands Prospecting Permit—AS 38.05.250, 11 AAC 62.700
Tidelands Permit—AS 38.05.035
Tidelands Right-of-Way or Easement Permit—AS 38.05.820
Utility Permit—AS 19.25.010, 17 AAC 15.011
Waste Water Disposal Permit—AS 46.03.100, 18 AAC 72.010
Water Well Permit—AS 31.05.030, 11 AAC 93.140

Environmental Conservation—AS 46.03

This chapter of the Alaska Statutes applies to municipalities and could subject them to enforcement actions instituted by the Alaska Department of Environmental Conservation for air, land and water nuisances, and water and air pollution in a municipality of 1,000 or more, and may establish a local air pollution control program.

Municipality Public Facility Operations and Maintenance—AS 37.05.315

In accepting a grant under AS 37.05.315 for construction of a public facility, a municipality covenants with the State that it will operate and maintain the facility for the practical life of the facility and that the municipality will not look to the State to operate or maintain the facility or pay for its operation or maintenance. This requirement does not apply to a grant for repair or improvement of an existing facility operated or maintained by the State at the time the grant is accepted if the repair or improvement for which the grant is made will not substantially increase the operating or maintenance costs to the State.

Restriction on Use—AS 37.05.321

A grant or earnings from a grant under AS 37.05.315 - 37.05.317 may not be used for the purpose of influencing legislative action. In this section "influencing legislative action" means promoting, advocating, supporting, modifying, opposing, or delaying or seeking to do the same with respect to any legislative action but does not include the provision or use of information, statistics, studies, or analyses in written or oral form or format. A grant or earnings from a grant made under AS 37.05.315 - 37.05.317 may not be used for purposes of travel in connection with influencing legislative action unless pursuant to a specific request from a legislator or legislative committee.

Hiring Preferences—AS 36.10

This chapter of the Alaska Statutes applies to grants for public works projects and requires compliance with the hiring preferences under AS 36.10.150 – 36.10.175 for employment generated by the grant.

Historic Preservation Act—AS 41.35

This chapter of the Alaska Statutes applies to public construction of any nature undertaken by the State, or by a governmental agency of the State, or by a private person under contract with or licensed by the State or a governmental agency of the State. The Department of Natural Resources must be notified if the construction is planned for an archaeological site. The department may stop the construction to determine the extent of the historic, prehistoric, or archaeological values.

Fire Protection—AS 18.70

This chapter of the Alaska Statutes requires the Department of Public Safety (the State Fire Marshal) to adopt regulations (currently in the form of Uniform Fire Code, as amended) establishing minimum standards for:

1. Fire detection and suppression equipment;
2. Fire and life safety criteria in commercial, industrial, business, institutional, or other public buildings used for residential purposes containing four or more dwelling units;
3. Any activity in which combustible or explosive materials are stored or handled in commercial quantities;
4. Conditions or activities carried on outside a building described in (2) or (3) likely to cause injury to persons or property.

Procurement Preference for State Agricultural and Fisheries Products—AS 29.71.040

This chapter of the Alaska Statutes applies to municipalities that use state funds to purchase agricultural and fisheries products. The law requires:

1. When agricultural products are purchased, only such products harvested in the state shall be purchased whenever priced no more than seven percent above products harvested outside the state, and of like quality compared with agricultural products harvested outside the state.
2. When fisheries products are purchased, only fisheries products harvested or processed within the jurisdiction of the state shall be purchased whenever priced no more than seven percent above products harvested or processed outside the jurisdiction of the state, available, and of like quality compared with fisheries products harvested or processed outside the jurisdiction of the state.

Alaska Product Preferences – A. 6.15

This chapter of the Alaska Statutes applies to projects financed by state money in which the use of timber, lumber, and manufactured lumber products is required, only timber, lumber and manufactured lumber projects originating in this state from local forests shall be used wherever practicable. The law requires the insertion of this clause in calls for bids and in all contracts awarded.

Appendix D
Special Requirements and Assurances
for Federally Funded Projects

Federal grant requirements are not applicable to the Designated Legislative Capital Grant program.

Appendix E Site Control

1. Site Control

The Grantee must provide evidence of site control for a project that involves any use of land, including but not limited to, construction, renovation, utility projects, fuel storage, roads, and trails.

As a minimum requirement, the Grantee should obtain a "sufficient interest" that allows the Grantee the right to use and occupy the site for the expected useful life of the building, structure or other improvement. Generally, the interest obtained should be for at least 20 years. A sufficient interest depends upon the nature of the project and the land status of the site. Site control options are identified in Section 2.

For a project planned on land that is controlled by a public agency, the Grantee must obtain whatever authorization for use that is required by the public agency.

2. Site Control Options

Below are some examples of documents that may be used to satisfy site control requirements for various community facilities/projects. The terms and conditions contained in each document must be examined to determine adequacy for a specific project.

	Deed	Lease	Easement	Use Permit	License
Community Hall	✓	✓			
Clinic	✓	✓			
Fire Station	✓	✓			
Bulk Fuel Storage	✓	✓			
Dump	✓	✓			
Shop/Storage Building	✓	✓			
Cemetery	✓	✓			
Dock	✓	✓			
Campground	✓	✓			
Generator Building	✓	✓			
Multi-purpose building	✓	✓			
Laundromat	✓	✓			
Water well/Septic	✓	✓		✓	
Village Relocation	✓	✓	✓	✓	
Agriculture Project	✓	✓			
Sewage Lagoon	✓	✓			
Communication Site	✓	✓			
Road (.25')			✓	✓	
Trail (.25")			✓	✓	
Boardwalk			✓	✓	✓
Powerline			✓	✓	✓
Water/Sewer Line			✓	✓	✓
Pipeline			✓	✓	✓

Appendix F State Fire Marshal Review

The Plan Review Process

Construction, repair, remodel, addition, or change of occupancy of any building/structure, or installation or change of fuel tanks must be approved by the State Fire Marshal's Office before ANY work is started.

Residential housing that is three-plex or smaller is exempt from this requirement.

Exception: The following jurisdictions have accepted a deferral for total code enforcement and plans should be submitted directly to the city: Anchorage, Juneau, Fairbanks, Kenai, Seward, Kodiak, Sitka, and Soldotna

Plans and specifications regarding the location of the building or structure on the property, area, height, number of stories, occupancy, type of construction, interior finish, exit facilities, electrical systems, mechanical systems, fuel storage tanks and their appurtenances, automatic fire-extinguishing systems, and fire alarm systems must be submitted by the owner or owner's representative to the State Fire Marshal for examination and approval. This review does not address structural considerations or accessibility requirements. Mechanical and electrical review is limited to that which is necessary to confirm compliance with fire and life safety requirements.

A copy of the plan review approval certificate must be posted as required in 13 AAC 55.100(b). It is prohibited to occupy a building for which plans have not been examined and approved.

If any work for which a plan review and approval is required has been started without first obtaining plan review and approval, an additional special processing plan review fee of \$100 is charged for the first violation. The special processing plan review fee for a subsequent violation by the same person is an additional charge equal to the amount of the standard plan review fee for the project.

Authority: AS 18.70.080

Alaska Administrative Code: 13 AAC 50.027



Office of the City Clerk

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

PARKS AND RECREATION ADVISORY BOARD

Nine members (including two alternates) from the community chosen to reflect cultural and ethnic diversity, one USCG representative, and one student seat. Four regular members shall be residents within the Kodiak City limits, and three regular members shall be residents from inside or outside the Kodiak City limits.

TERM	BOARDMEMBER	HOME	WORK	FAX	MAILING ADDRESS	City/KIB
2013	Charlie Powers cpowers@koniag.com	512-0998	481-4130		Box 2291	B
2013	Marcus Dunbar mdunbar01@kibsd.org	486-0809	481-2214		1477 Selief Lane	C
2013	Natasha Hayden nhayden@dowlhkm.com	486-5922	512-0519		305 Neva Way	B
2013	Derrick Magnuson dmagnuson72@hotmail.com derrick.j.magnuson@uscg.mil	486-5771	487-5615		217 Murphy Way	C
2015	Helm Johnson helm@rideakimbo.com	539-5014	539-5014	866-510-1563	PO Box 261	C
2015	Jim Willis jawdawg@gci.net James.B.Willis@uscg.mil	486-3678	487-5391	487-5275	1516 Ismailov St.	C
2015	John Butler jbjhs@ptialaska.net	486-4604	486-3706	486-2497	PO Box 2610	C
2013 Alternate 1	Ryan Murdock boneyardsurfing@gmail.com		486-2316		3272 Mill Bay Rd.	N/A
2013 Alternate 2	Vacant					N/A
2013 USCG	Andrew Brown andrew.s.brown@uscg.mil	520-2012	487-5320 x. 202	487-5334	606 Lookout Dr.	N/A
Student	VACANT					

Regular terms expire December 31 (three-year terms)
 Alternate terms expire December 31 (one-year terms)
 USCG term set at appointment
 Student term set at appointment

Legislation

Resolution Number 03-84
 Resolution Number 44-86
 Resolution Number 2000-4, 01/27/00
 Resolution Number 01-7, 02/22/01
 Resolution Number 04-25, 07/08/04
 Resolution Number 2011-23, 08/25/2011

Appointments

01/12/84	02/26/84	12/13/84
01/10/85	06/13/85	12/19/85
01/23/86	01/08/87	02/12/87
11/03/87	12/14/87	10/27/88
12/12/88	10/12/89	01/11/90
12/14/90	01/09/92	03/12/92
05/14/92	07/09/92	01/14/93
01/27/94	02/10/94	03/10/94
09/22/94	12/22/94	10/05/95
12/14/95	10/24/96	12/12/96
12/11/97	12/10/98	01/26/99
02/25/99	02/10/00	02/22/01
05/24/01	12/13/01	02/28/02
05/09/02	07/24/03	02/26/04
01/13/05	08/24/06	12/14/06
12/13/07	02/28/08	02/12/09
06/24/10	08/26/10	12/9/10
01/13/11	09/22/11	2/23/12
08/09/12	8/23/12	12/13/12

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Port and Harbor Advisory Board News

To: Mayor Branson and Kodiak City Councilmembers

From: Nick Szabo, Chairman, Port and Harbor Advisory Board

Date: January 15, 2013

Re: Port and Harbor Advisory Board Recommendations

The Port and Harbor Advisory Board (PHAB) met Jan 11, 2013. Below is a synopsis of the discussion and motions. Official minutes will follow in due course.

Although the number of vessels using the shipyard is growing at 5% per year, the PHAB realizes that user fees currently cover only 60% of the operational costs. After considerable discussion the PHAB agreed that rates must be set at sustainable levels thus avoid depleting fund balance.

Rate increases can impact user activity, but the PHAB believes that the value of the service is underpriced and can be raised without losing market share.

Specific recommendations:

Lift and lay days	Year 1	+ 40% (Apr 2013)
	Year 2	+ 20%
Other services:	Current	Proposed
Electrical service		
120v 1-Ph 30 amp or actual kWh	\$15 /day	\$20 /day
208v 1-Ph 50 amp or actual kWh	\$35 /day	\$40 /day
208v 3-Ph 100 amp or actual kWh	\$40 /day	\$50 /day
480v 3-ph 100 amp or actual kWh	\$50 /day	\$70 /day
Hang time on wash pad	None	\$200 /hr
Hang time on heated wash pad	None	\$300 /hr
Pressure washer/day	\$125 /day	\$250 /day
Strap set up	None	T/M+15%
Vendor fee, annual	\$300 /yr	\$500 /yr
Vendor fee, per vessel	None	\$250 /vsl

Based upon current user levels, increasing lift and lay day rates will generate about \$170,000 the first year and \$290,000 the second. Increases in the "other services" category will generate an additional \$88,000 annually.

Combined, the increases will be enough to eliminate the \$300K operational shortfall, but will not fund the non-cash \$530K depreciation expense. These new rates may result in retained earnings that can be used for maintenance and eventually a new structure for painting.

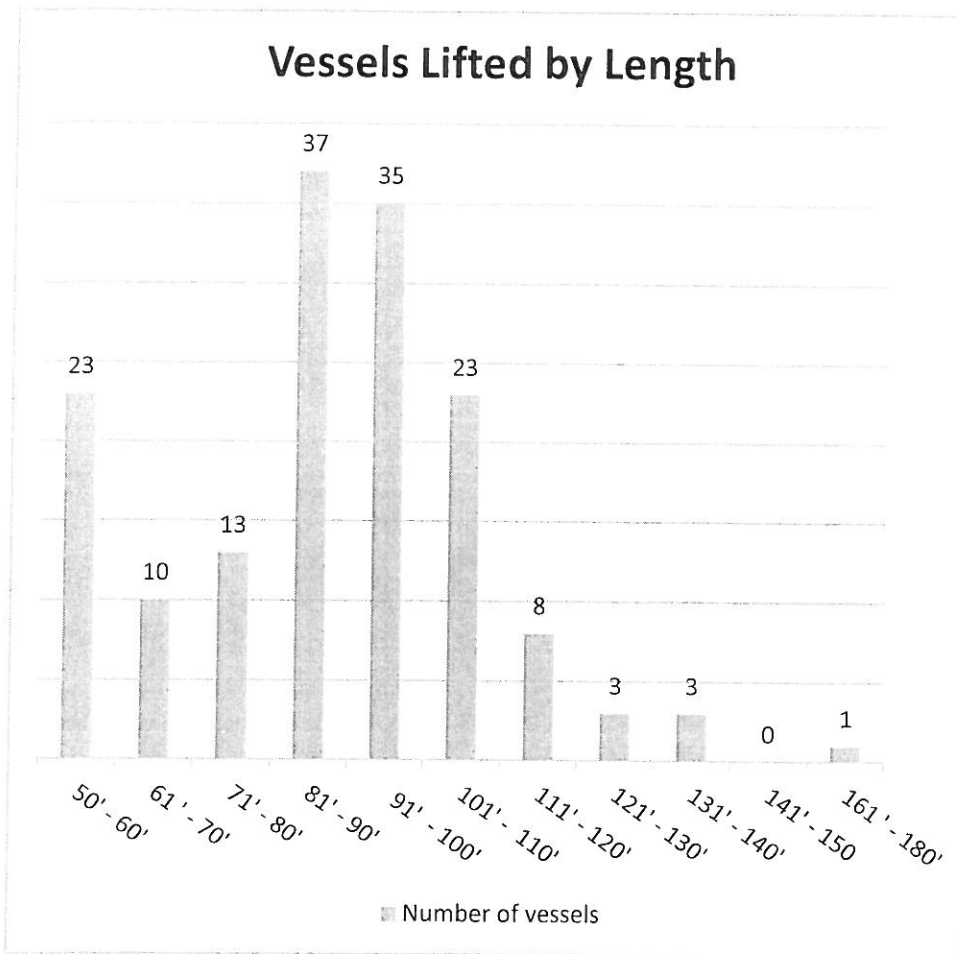
The Board recommends that the increases be implemented by April 2013 to capture revenue from the 25 vessels that will use the yard this spring.

The Board is happy to meet with the Council in a work session to discuss the shipyard.

Clerk's Note: This information was provided by the PHAB.

Kodiak Shipyard Number of Vessels Lifted				
Month	FY10	FY11	FY12	FY13
Jul		2	2	2
Aug		7	4	4
Sep		5	5	3
Oct	7	6	5	7
Nov	3	4	3	5
Dec	0	7	1	3
Jan	3	2	1	1
Feb	2	2	2	
Mar	1	2	5	
Apr	6	3	5	
May	5	7	8	
Jun	7	2	13	
Total	34	49	54	tbd
Total Lay Days	526	679	791	tbd

Clerk's Note: This information was provided by the PHAB.



Vessels Lifted by Length						
Length	FY 10	FY11	FY12	FY13	Total	Rate per foot
50' - 60'	6	3	9	5	23	\$44/ft
61' - 70'	3	3	1	3	10	
71' - 80'	3	5	5	0	13	
81' - 90'	9	12	16	0	37	\$50/ft
91' - 100'	7	8	11	9	35	
101' - 110'	5	6	7	5	23	\$60/ft
111' - 120'		4	1	3	8	
121' - 130'		2		1	3	\$71/ft
131' - 140'	2			1	3	
141' - 150'					0	
161' - 180'		1			1	\$77/ft

Clerk's Note: This information was provided by the PHAB.

Kodiak Shipyard		
Statement of Income & Expenses		
	FY 2011	FY 2012
REVENUE		
Lift/Block/Launch	210,048	219,150
Pressure Wash	9,800	9,125
Yard Services	52,000	41,530
Storage	588	969
Lay Days	125,690	103,138
Electricity	33,303	27,344
Vendor Fees	5,400	4,200
Environmental Surcharge	10,779	9,870
Other	3,515	1,107
Operating Revenue	451,122	416,432
EXPENSES		
Wages & Benefits	159,036	167,333
Professional & Legal Services	29,718	33,120
Insurance & Bonding	47,190	2,000
Advertising	40,299	34,727
Supplies	13,427	6,981
Training & Travel	-	1,730
Repair & Maintenance	15,047	14,192
Utilities: Garbage	4,082	6,334
Electric	19,972	22,303
Fuel	5,618	12,795
Equipment	1,455	-
Interest Expense	240,267	241,040
Admin: City Manager	9,270	14,410
Finance	15,230	20,530
Public Works	25,474	59,134
Engineering	17,780	12,630
Harbormaster	89,043	69,878
Operating Expenses	732,908	719,137
OPERATING MARGIN	(281,786)	(302,705)
Depreciation Expense	529,981	529,981
Transfer from Harbor Fund	710,487	800,000

Clerk's Note: This information was provided by the PHAB.

Kodiak Shipyard Other Revenue Sources

Sources other than lift and lay days

	Revenue	Percentage	Average revenue per vessel
Power and electrical services	\$ 37,000	30%	649
Equipment & labor	16,000	13%	281
Pressure washer	10,000	8%	175
Supplies	1,500	1%	26
Environmental tarps	26,000	21%	456
Scaffold & ladders	14,500	12%	254
Garbage	6,000	5%	105
Environmental surcharge (2% of gross)	14,000	11%	246
Total revenue from "other" sources	\$ 125,000	100%	
* Does not include lift & lay days			

Revenue estimate at new rates

Proposed service to be increased	Current Rate	Proposed Rate	Potentail Revenue
Electrical service			
120v 1-Ph 30 amp or actual kWh	\$15/day	\$20/day	
208v 1-Ph 50 amp or actual kWh	\$35/day	\$40/day	40,000
208v 3-Ph 100 amp or actual kWh	\$40/day	\$50/day	
480v 3-ph 100 amp or actual kWh	\$50/day	\$70/day	
Hang time on wash pad (50 vsls x 4 hrs x \$200/hr)	None	\$200 / hr	40,000
Hang time on heated was pad (3 vsls x 4 hrs x \$300)	None	\$300 / hr	2,000
Pressure washer (\$250/hr x 2 x 56 vsls)	\$125/day	\$250 /day	28,000
Strap set up (T&M + 15%)	None	T/M+15%	5,000
Vendor fee, annual (30 vendors x \$500)	\$300 / yr	\$500 / yr	15,000
Vendor fee, per vessel	None	\$250 / vsl	2,000
Labor			16,000
Dumpster/garbage		No	6,000
Tarps and other supplies		Change	26,000
Environmental Surcharge			13,000
Scaffold, ladders, etc.			14,500
Total from "other" revenue sources			207,500

Electircal Notes:

- \$37,000 was collected for power, equipment and services. Cost of power \$22,00.0
- About 95% of total revenue was from the "daily" electrical rate. Few vessels consumer more kWh than the daily minimum.
- During CY12, the average vessel paid \$46/lay day for power & electrical services.
- Proposed electric service increase will generate about \$8,000 annually.

Clerk's Note: This information was provided by the PHAB.

Kodiak Shipyard Rate Increase Alternatives

Option	% Increase	Rev (lift & lay days)	Rev (all other)	Expense*	Margins
Current	Baseline**	430,366	125,000	725,000	(169,634)
Option A	1st yr 20%	516,439	125,000	739,500	(98,061)
	2nd yr 20%	619,727	125,000	754,290	(9,563)
	3rd yr 20%	743,672	125,000	769,376	99,296
Option B	30%	580,994	125,000	739,500	(33,506)
	30%	784,342	125,000	754,290	155,052
	30%	1,101,032	125,000	769,376	456,656
Option C	40%	602,512	207,500	739,500	70,512
	20%	723,015	207,500	769,376	161,139
Option D	50%	645,549	125,000	739,500	31,049
	20%	774,658	125,000	754,290	145,368
	20%	929,590	125,000	769,376	285,214
Option E	60%	688,585	125,000	739,500	74,085
	20%	826,302	125,000	754,290	197,012
	20%	991,563	125,000	769,376	347,187
Option F	70%	753140	125,000	739,500	117,122
	10%	828454	125,000	754,290	175,494
	10%	911300	125,000	769,376	240,887

* Assumes that expenses increase 2% annually.

** Baseline revenue and expense from CY2012, the most current data available.

Clerk's Note: This information was provided by the PHAB.

Proposed Shipyard Rates with Revenue Projections							
Option C: 40% increase 1st year + 20% 2nd yr (equal lift & lay day percentage rate increases)							
Current Situation *				2014		2015	
Rate Class	Feet Lifted*	Rate/ft	Revenue	Rate+40%	Revenue	Rate+20%	Revenue
< 80 ft	869	\$44	38,236	\$62	53,530	\$74	64,236
81' to 100'	2571	\$50	128,550	\$70	179,970	\$84	215,964
101' to 120'	1413	\$60	84,780	\$84	118,692	\$101	142,430
121' to 150'	259	\$71	18,389	\$99	25,745	\$119	30,894
> 150'	0	\$77	0	\$108	0	\$129	0
Total feet lifted	5,112						
Revenue, lift only			269,955		377,937		453,524
Lay foot days #	72,914	Rate/ft/layday		Rate/ft/layday		Rate/ft/layday	
Revenue, lay days		\$2.20	160,411	\$3.08	224,575	\$3.70	269,490
Revenue (lifts + lay days)			430,366		602,512		723,015
Estimated Revenue Gain					172,146		292,649
Revenue* (lift & lay days)			430,366		602,512		723,015
Revenue* (all other)			125,000		125,000		125,000
Less expenses**			725,000		739,500		754,290
Margin before depreciation			(169,634)		(11,988)		93,725

* Actual data from 57 lifts done during CY12.

** Expenses using actual the average of FY12 & FY12 data increased 2% annually for inflation.

Does not include depreciation expense = \$530,000 Does include \$230,000 bond interest expense.

Lay foot days is the cumulative footage of all vessels during CY12

Cost to vessel: Lift & 10 lay days


	2013	2014	2015
58-ft vessel + 10 lay days	3,828	5,359	6,431
95-ft vessel + 10 lay days	6,840	9,576	11,491
100-ft vessel + 10 lay days	7,200	10,080	9,576
110-ft vessel + 10 lay days	9,020	12,628	15,154
121-ft vessel + 10 lay days	11,253	15,754	18,905

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MEMORANDUM

TO: Mayor Branson and City Councilmembers

FROM: Aimée Kniazowski, City Manager 

DATE: February 26, 2013

RE: Agenda Item #5, Elements of a Professional Services Contract for Harbor Economic Analysis and Shipyard Business Plan

The intent of this agenda item is to identify and discuss the elements that staff recommends be included in a scope of work for Northern Economics to prepare a thorough economic analysis of the Kodiak harbor and fisheries that rely on services provided in Kodiak as well as a re-write or professional review and update of the existing shipyard business plan.

I met with Mary Munk and Marty Owen to develop a general description of the elements we felt best addressed Council's direction to contract for a comprehensive economic analysis of the City's harbor with a goal of making shipyard operations sustainable over the long term. From our discussion, we suggest the statement of work would be to research, evaluate and present optimum business strategies for the City's Harbor enterprise funds, especially its shipyard. A first set of study elements would entail the review of the current economic conditions affecting Kodiak and its port facilities. This might include the economic contribution of the commercial fishing industry in the Kodiak area, the economic trends for the City of Kodiak and the Kodiak Island Borough, the competition for repair services, the effects of the cost of fuel and distant to travel for repairs, and the impact of fishing regulations on the number of commercial vessels and activity generated by those vessels operating in the area. This would include a forecast of future marine-related economic activities affecting Kodiak.

The second set of elements of the study would entail economic considerations. This section might include elements like a survey of the number and types of vessels that have and would use the shipyard, identified opportunities to continue to provide local services for the existing commercial vessel fleet, interest from the local vessel owners and operators in using the City's shipyard facility, opportunities to provide emergency repairs for local operators, a measure of the interest in keeping local fishing dollars in the community, and ways to attract users to the shipyard and harbor facilities. This section could also evaluate the current and proposed rate structures for the shipyard and identify the benefits of conducting independent rate studies for all Harbor enterprise funds.

The third set of elements would be to evaluate existing conditions at the shipyard and identify improvements that might increase business. It would also evaluate the demand for repair facilities for the local fishing vessels, the competition from other regional repair facilities, evaluate the Kodiak market and estimate the potential for increased market share. It would address shipyard operations and financial considerations, and identify any cost saving measures.

The fourth set of elements would entail the review of facility types and operational options such as, the existing operation in which the City owns and operates the shipyard facility with scheduling, hauling, and the rest of the work done by approved private industry; a shipyard purchase and private party lease where the City would own the land and equipment and lease it to a qualified operator; or a public/private partnership where the City would own the land and a private business operator would purchase and own the equipment.

The final step would be to use the information gathered in the analysis to develop a new business plan with pro-forma operating budgets that would support suggested business strategy alternatives for the shipyard facility.

The City's shipyard is an expensive and valuable asset that requires a large annual subsidy from the more profitable Harbor funds which is not sustainable. The best approach to ensuring the shipyard becomes financially viable is to conduct a thorough economic analysis of the maritime economy as it applies to Kodiak, its fleet, rates, and existing conditions. By doing this, the City will be in a better position to evaluate the current and future conditions and needs and be able to make decisions based on information provided by a professional firm already familiar with Kodiak's Harbor facilities.

FUNDING SOURCES FOR BOAT YARD LIFT PROJECT 8514

Grant Name	Granting Agency	Federal or State Agency	Fed Assist	Grant Number	Date grant begins	Date grant ends	Date of last report	Project associated with grant	Budget	Actual
Boat Yard Lift - St. Herman Harbor Project	Alaska Clean Water Fund	State	yes	503141		1st pymt due 10/29/10 & last pymt is 10/29/29		8514	\$ 930,000.00	\$ 930,000.00
Harbor Lift Bond Issue	City Bond				12/4/2007			8514	\$ 4,000,000.00	\$ 4,000,000.00
Harbor Lift Bond Issue	City Bond				1/21/2009			8514	\$ 1,000,000.00	\$ 1,000,000.00
Large Vessel Lift and Boat Yard	Dept of Commerce Community & Economic Development	State		09-DC-487	4/13/2008	6/30/2013	6/30/2009	8514	\$ 2,000,000.00	\$ 2,000,000.00
EDA 600 Ton Lift	Economic Development Administration	Federal		07-01-05717	7/22/2005	7/21/2010	6/30/2009	8514	\$ 2,300,000.00	\$ 2,300,000.00
Marine Travel Lift	Dept of Commerce Community & Economic Development	State		06-DC-134	7/1/2005	6/30/2010	1/31/2009	8514	\$ 2,000,000.00	\$ 2,000,000.00
Transfer from Boat Harbor Fund 510	Transfer Fund 510				3/12/2009			8514	\$ 1,200,000.00	\$ 1,200,000.00
Transfer from Water Capital Fund 305	Transfer Fund 305				7/1/2007			8514	\$ 400,000.00	\$ 400,000.00
Transfer from Sewer Capital Fund 306	Transfer Fund 306				7/1/2007			8514	\$ 400,000.00	\$ 400,000.00
Transfer from General Fund 100	Transfer Fund 100				7/1/2004			8514	\$ 800,000.00	\$ 1,700,000.00
Transfer from General Fund 100	Transfer Fund 100				7/1/2007			8514	\$ 400,000.00	\$ 1,700,000.00
Transfer from General Fund 100	Transfer Fund 100				7/1/2008			8514	\$ 500,000.00	\$ 1,700,000.00
Use of Fund Balance Fund Boat Harbor Capital Fund 308	Use of Fund Balance Fund 308							8514	\$ 2,770,000.00	\$ 1,084,094.87
Total Funding									\$ 18,700,000.00	\$ 17,615,905.13

LONG TERM DEBT - BONDS & LOANS

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012	Current	Interest Paid 2012	Accrued Interest 2012
Governmental activities							
100.140.100.475.304	\$ 7,570,000.00	\$ -	\$ 155,000.00	\$ 7,415,000.00	\$ 165,000.00	\$ 370,990.00	\$ -
	\$ 8,000,000	2008 Series A Public Safety GOB					
Business type activities							
510.225.456	\$ 1,940,000.00	\$ -	\$ 35,000.00	\$ 1,905,000.00	\$ 35,000.00	\$ 92,971.26	\$ (1,299.98)
	\$ 2,000,000	2007 Series A Boat Harbor Bond					
512.224.203	\$ 883,500.00	\$ -	\$ 46,500.00	\$ 837,000.00	\$ 46,500.00	\$ 4,647.00	\$ -
	\$ 930,000	DEC Loan Payable - #503141					
512.225.456	\$ 3,885,000.00	\$ -	\$ 55,000.00	\$ 3,830,000.00	\$ 60,000.00	\$ 185,780.00	\$ (1,099.99)
	\$ 4,000,000	2007 Series A Boat Yard Lift Bond					
512.225.456	\$ 970,000.00	\$ -	\$ 20,000.00	\$ 950,000.00	\$ 20,000.00	\$ 51,912.50	\$ (199.99)
	\$ 1,000,000	2009 Series One Boat Yard Lift Bond					
	\$ 5,738,500.00	\$ -	\$ 121,500.00	\$ 5,617,000.00	\$ 126,500.00	\$ 242,339.50	\$ (1,299.98)
	\$ 862,000	DEC Loan Payable - ADWF #503091					
550.224.205	\$ 824,722.00	\$ -	\$ 37,837.00	\$ 786,885.00	\$ 38,405.00	\$ 12,371.00	\$ -
	\$ 550,000	DEC Loan Payable - ADWF #503081					
550.224.215	\$ 330,000.00	\$ -	\$ 110,000.00	\$ 220,000.00	\$ 110,000.00	\$ 4,950.00	\$ -
	\$ 5,982,000	DEC Loan Payable - ADWF #503061					
550.224.216	\$ -	\$ 381,907.00	\$ -	\$ 381,907.00	\$ -	\$ -	\$ -
	\$ 341,930	DEC Loan Payable - ADWF #503071					
550.224.217	\$ 200,394.00	\$ -	\$ -	\$ 200,394.00	\$ -	\$ -	\$ -
	\$ 1,355,116.00	\$ 381,907.00	\$ 147,837.00	\$ 1,589,186.00	\$ 148,405.00	\$ 17,321.00	\$ -
	\$ 3,016,458	DEC Loan Payable - #503011					
570.224.200	\$ 1,005,488.00	\$ -	\$ 201,097.00	\$ 804,391.00	\$ 201,097.00	\$ 15,082.00	\$ (1,005.33)
	\$ 341,930	DEC Loan Payable - ACWF #503101					
570.224.202	\$ 200,394.00	\$ -	\$ -	\$ 200,394.00	\$ -	\$ -	\$ -
	\$ 550,000	DEC Loan Payable - ACWF #503111					
570.224.218	\$ 440,000.00	\$ -	\$ 55,000.00	\$ 385,000.00	\$ 55,000.00	\$ 6,600.00	\$ -
	\$ 1,000,000	DEC Loan Payable - ACWF #503121					
570.224.219	\$ 956,754.00	\$ -	\$ 43,894.41	\$ 912,859.59	\$ 44,552.83	\$ 14,351.31	\$ -
	\$ 2,602,636.00	\$ -	\$ 299,991.41	\$ 2,302,644.59	\$ 300,649.83	\$ 36,033.31	\$ (1,005.33)
	\$ 6,795,000.00	\$ -	\$ 110,000.00	\$ 6,685,000.00	\$ 115,000.00	\$ 330,663.76	\$ (2,599.96)
	\$ 4,841,252.00	\$ 381,907.00	\$ 494,328.41	\$ 4,728,830.59	\$ 495,554.83	\$ 58,001.31	\$ (1,005.33)
	\$ 11,636,252.00	\$ 381,907.00	\$ 604,328.41	\$ 11,413,830.59	\$ 610,554.83	\$ 388,665.07	\$ (3,605.29)
	\$ 385,059.78						



Kodiak Boatyard Business Plan



Photo by Hank Pennington

August 2010

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



Boatyard Business Plan Aug 2010 (Updated Jan 2012)

Kodiak Boatyard Business Plan

Prepared by: Marty Owen, Harbormaster

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Appendices: Not included in revision.

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



Photo by Jan Pennington

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

I. EXECUTIVE SUMMARY

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



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

4. The following topics are discussed in detail below:

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

5. Analysis of FY2011 financial outcome

A. The income statement on page 27 presents actual data from the first full fiscal year that ended June 30, 2011. The unrevised proforma budgets in the 2010 version of this plan were based upon estimates and were remarkably close to reality. For comparison purposes, they have been included without revision.

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

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

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

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

F. A reduction in expenses should also be explored. Unfortunately most of the boatyard expenses are in fixed overhead. While marketing and advertising might appear to be an obvious place to cut expenses, to do so is counterintuitive when the need is to generate more revenue by lifting more boats and selling more lay days. The City Council reduced the FY2012 marketing and advertising budget by 25 percent from the level spent in FY2011.



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

H. Financial projections in the original plan assumed growth of about 75 vessels per year to reach a breakeven point in FY2015. The growth assumption may have been optimistic because the second operating year showed no increase in the number of lifts.

I. Lift and lay day rates were increased by 10 percent on July 1, 2011 (See Section III, page13), so everything else being equal, revenue is estimated to increase about \$45,000 in FY12. Another, much larger rate increase, perhaps as much as 50 percent, is necessary to eliminate the deficit in four years assuming no growth in vessel use. However, a large rate increase may induce market share loss.

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

6. Market Share

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

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

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



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

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

7. Lay days

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

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

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

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

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

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



8. Facilities

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

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

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

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

9. Private or public operation of the boatyard

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

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

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

10. Impact to the local economy.

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

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



11. Topics for City Council discussion and consideration

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

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

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



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



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



Background:

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



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

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

12. Marketing and pricing strategy are under review.

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

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



II. GENERAL DESCRIPTION

1. Mission

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

The City built a boatyard:

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

2. Facility

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



3. Form of ownership: Municipal, no partners.

4. History

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

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

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

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

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

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

5. Most important strengths and core competencies.

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

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

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



III. PRODUCTS AND SERVICES

1. Services:

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

2. Competitive advantage

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

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



3. Competitive disadvantage

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

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

4. Pricing

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

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

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

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



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Kodiak Boatyard Fee Schedule

(Extracted from the City schedule of fees and charges)

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

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



IV. MARKETING

1. Market Research

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

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

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



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

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

2. Factors affecting travel lift use¹

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

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

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



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

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

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

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

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

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

3. Current Marketing and Advertising Plan

A. User brochure and info snail-mailed, e-mailed and also available on line.

Enclosures:

User application and terms

Vendor application and terms

Best management practices yard operating regulations

Fee schedule and estimate worksheet



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Vessel work plan and user check list
Travelift specifications

B. Trade shows

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

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

National Fisherman
Workboat
Pacific Fishing
Fisherman's News
Western Mariner

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

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

4. New marketing ideas. See Executive Summary.

5. Marketing Strategy

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

6. Pricing Strategy

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

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

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

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



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

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

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

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



V. ECONOMIC IMPACT

1. Analysis of Boatyard Lift Impacts on Kodiak Economy

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

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

2. Annual Economic Impacts

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



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

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

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

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

3. Direct Impacts

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

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

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

4. Indirect Impacts

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



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

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

5. Additional Tax Revenues

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

VI. Operational and Management Plan

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



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

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



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

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

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

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

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

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

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



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

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



Boatyard Business Plan Aug 2010 (Updated Jan 2012)

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

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

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



Boatyard Business Plan Aug 2010 (Updated Jan 2012)

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

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



Boatyard Business Plan Aug 2010 (Updated Jan 2012)

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

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

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

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Kodiak SATURDAY Market



Kodiak Chamber of Commerce
100 E. Marine Way, Suite 300
Kodiak, AK 99615

Joe Bailor - Economic Development Specialist
Summer Woods - Community Relations Director

Managing Contractor - Go Go Girl Events
Melody Vahl - Owner

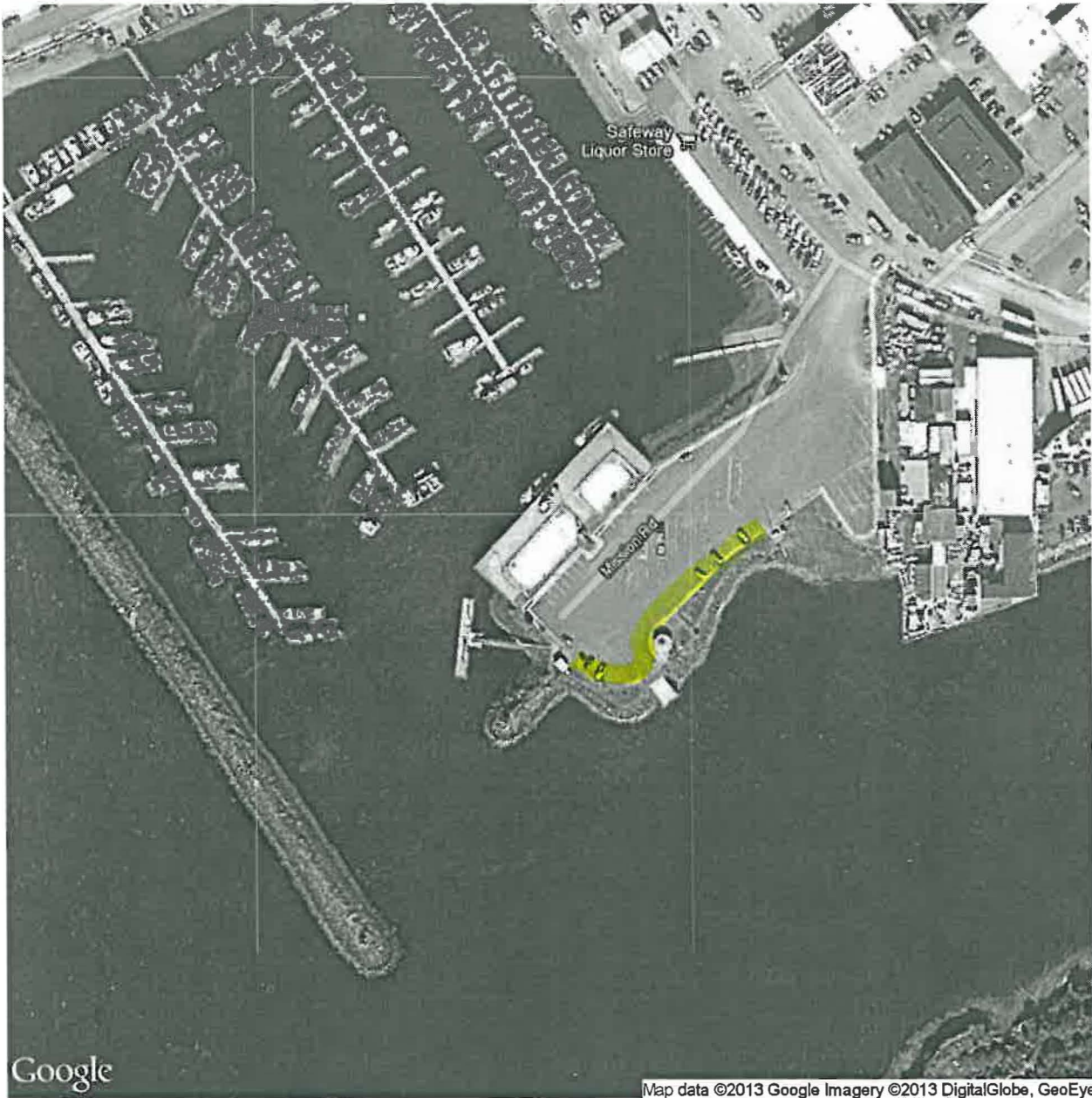
1. **Mission** - To provide a public outdoor downtown retail location for small businesses and organizations. Promote small, new and homebased businesses and organizations. The aim is to draw the Kodiak community downtown and to help grow Kodiak's small businesses and organizations.

Vendors

1. Vendors will be required to provide liability insurance for \$1+ million listing the City of Kodiak and Kodiak Chamber of Commerce as additional insured.
2. Vendors will be limited to space assigned within the area designated by the City of Kodiak.
3. Vendors will be allowed to set up starting at 9:00 a.m. and must be cleaned up and out by 4:00 p.m. the day of the market.
4. Food vendors must obtain food handlers permit for each person working in the booth.
5. Food vendors must pass fire and DEC food handling certificates before operating in the market.
6. Food vendors must abide by all fire and food regulations regarding the preparation, handling and storage of food, supplies and equipment.
7. Vendors will be required to provide their own power supply.
8. Vendors will be assigned space on a first-come, first-served basis. An overflow waiting list will be created (if necessary) and waiting list will have top priority the very next market date.
9. Tentative markets will be held on Saturdays in June through September, depending on weather and demand. Special markets may be held on other days of the week if a cruise ship comes to town.
10. Vendors will be limited to a space of approximately 10' x 10' where they may set up a tent, booth, table, etc. during the market time.
11. Vendors will be responsible for cleaning area after the market has closed.
12. Food vendors will be limited to 2 or 3 on any market day.

Chamber of Commerce

1. Chamber will provide liability insurance listing the City of Kodiak as an additional insured.
2. Chamber will act as overall administration to the Saturday Market - assuring rules and guidelines are followed.



Google

Map data ©2013 Google Imagery ©2013 DigitalGlobe, GeoEye

<http://www.gosur.com/map/>