

City of Kodiak Regular Council Meeting Agenda for May 23, 2013
7:30 p.m., at 710 Mill Bay Road, Assembly Chambers (Room 232)

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

- II. Previous Minutes**
Approval of Minutes of the May 9, 2013, Regular Council Meeting1

- III. Persons to Be Heard**
 - a. Proclamation: Declaring Amyotrophic Lateral Sclerosis (ALS) Awareness Month12
 - b. Public Comments (limited to 3 minutes) (486-3231)

- IV. Unfinished Business**
None

- V. New Business**
 - a. First Reading, Ordinance No. 1309, Levying Taxes and Appropriating Funds for the Expenses and Liabilities of the City of Kodiak for the Fiscal Year Commencing on the First Day of July 2013 and Ending on the Thirtieth Day of June 201416
 - b. Authorization of Amendment No. 2 to the Professional Services Contract for Geotechnical Work Associated With Pier III Replacement, Project No. 8013/11-0730

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

- VII. Mayor’s Comments**

- VIII. Council Comments**

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

- X. Adjournment**

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**MINUTES OF THE REGULAR COUNCIL MEETING
 OF THE CITY OF KODIAK
 HELD THURSDAY, MAY 9, 2013
 IN THE BOROUGH ASSEMBLY CHAMBERS**

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

Mayor Pat Branson called the meeting to order at 7:30 p.m. Councilmembers Randall C. Bishop, Charles E. Davidson, Terry J. Haines, Gabriel T. Saravia, Richard H. Walker, and John B. Whiddon were present and constituted a quorum. City Manager Aimée Kniaziowski, City Clerk Debra L. Marlar, and Deputy Clerk Michelle Shuravloff-Nelson were also present.

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

II. PREVIOUS MINUTES

Councilmember Whiddon MOVED to approve the minutes of the April 25, 2013, regular meeting as presented.

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

III. PERSONS TO BE HEARD

a. Proclamation: Declaring Police Week and Peace Officers' Memorial Day

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

Chief of Police T.C. Kamai accepted the proclamation and thanked the Council for their recognition and support of the Kodiak Police Department.

b. Proclamation: Declaring Emergency Medical Services Week

Councilmember Walker read the proclamation that urges residents to recognize the value and the accomplishments of emergency medical services providers.

Firefighter Dan Farmer, EMT III accepted the proclamation and thanked the Council for their support of emergency medical service providers.

c. Proclamation: Declaring Safe Boating Week

Councilmember Whiddon read the proclamation that urges residents who boat to wear Coast Guard-approved personal flotation devices and to practice safe boating habits.

Drew Herman of the United States Coast Guard Auxiliary accepted the proclamation and thanked the Mayor and Council for their recognition and support of Safe Boating Week. Drew shared that the efforts to educate safe boating has improved the survival rate within the last 10 years. He indicated that an ongoing effort to educate the youth on boating safety is done by going to the elementary schools in Kodiak and in the outlying villages. Drew thanked Chief of Police T.C. Kamai and City Police Officers, Active Duty Coast Guard, Coast Guard Auxiliary, Alaska State Troopers, and the National Wildlife Refuge for their help to educate the public on boating safety. He encouraged individuals that plan to be on the water to listen to weather reports, wear a life jacket, follow a boating plan, purchase an emergency beacon, obtain a free coast guard auxiliary boat inspection or obtain a boating handbook from the Department of Motor Vehicles and Alaska Office of Boating Safety.

d. Proclamation: Declaring Older Americans Month

Mayor Branson read the proclamation that urges citizens to celebrate this year's theme "Unleash the Power of Age," and take time this month to recognize older adults and the people who serve and support them as powerful and vital citizens who greatly contribute to the community.

Dave Blacketer, board member of Senior Citizens of Kodiak Inc., accepted the proclamation and thanked the Council for their recognition and support and stated it is important to recognize senior citizens for their wisdom and contributions.

e. Public Comments

Lisa Zeimer asked the Council for assistance to protect downtown and referred to her letter to the editor in the Kodiak Daily Mirror on May 9, 2013. Lisa requested the Council consider a loitering and drunk in public ordinance to address her safety concerns. She gave the Council a handout on drunk in public ordinances outside of Alaska.

Stephen Taufen, via telephone, said he was concerned for the safety of youth on the corner of Mill Bay Road and Thorsheim Street, and he suggested getting a crossing guard at that location or to further educate the public on jaywalking. He said that three individuals from Kodiak were in Washington D.C. for a fisheries meeting and suggested that the Fisheries Work Group invite these individuals to their next meeting.

Judi Kidder, a member of project cleanup, said the content and volume of litter is concerning. She said volunteers for project cleanup cannot keep up with the designated areas. Judi said she has found alcohol bottles, needles, used condoms, and pregnancy tests discarded in the bushes during cleanup. She suggested a motion camera system be installed in designated locations. She is concerned about the drunks downtown. Judi reported that the Baranof Park rules are not legible on the current sign and suggested that a new sign be purchased.

Marilyn Guilmet spoke in opposition to Ordinance No. 1303. She said it sets a precedent for government officials to limit public access to records. She gave a handout of the Abigail Fuller and City of Homer case that went to the Supreme Court of Alaska. Marilyn said she does not support that citizens have to pay for public records.

David Blacketer, board member of Senior Citizens of Kodiak Inc. thanked the Council for their support and prior years of funding and he requested the continuation of support. He gave a report and said the goal of the Senior Citizens of Kodiak Inc. is to help seniors live with dignity and independence. He informed that Senior Citizens of Kodiak Inc. was the first nationally accredited senior center in the State of Alaska, and they are in their third cycle of a five-year accreditation. He provided information on the Adult Island Cove program, the Kodiak Area Transit System (KATS) services, and some of the activities that are available to the senior citizens within the community to include bingo, book clubs, and exercise programs.

IV. UNFINISHED BUSINESS

a. Continued Second Reading and Public Hearing, Ordinance No. 1303, Amending Kodiak City Code 2.36.010(B), Definition of City Records, and Kodiak City Code 2.36.060(A), Access to Public Records, to Exclude Reference Documents and Transitory Documents From the Definitions of City Records and Public Records, Respectively

Mayor Branson read Ordinance No. 1303 by title. State law and City Code provide access to official City records. The City Clerk's Office routinely responds to requests for public City records and responded to 27 requests in 2012. Oftentimes, requestors ask for information that is considered to be reference material or transitory (temporary) information that is not considered to be a record. The City Attorney recommended KCC 2.36 be amended to clarify that reference and transitory documents are not included in the definition of a City record. This amendment will enable staff to more efficiently assist the public and clarify for the public the information that may be received.

Councilmember Haines MOVED to adopt Ordinance No. 1303.

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

Judi Kidder spoke in opposition to Ordinance No. 1303. She referred to her previous dissatisfaction when she requested sludge records.

Sara Thayer, via telephone, spoke in opposition to Ordinance No. 1303.

Marilyn Guilmet spoke in opposition to Ordinance No. 1303. She referenced the Supreme Court of Alaska determination of Abigail Fuller and the City of Homer as well as the Freedom of Information Act.

Lisa Zeimer spoke in opposition to Ordinance No. 1303, if there was case law precedent.

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

Councilmember Haines said that Ordinance No. 1303 clarifies the definition of a "reference document" and "transitory document" and stated that it does not change or limit access to public records.

Councilmember Davidson acknowledged the City Attorney had reviewed and supported Ordinance No. 1303 at the work session in April 2013.

Councilmember Whiddon said he does not support Ordinance No. 1303 as written, because the language and definitions are subjective and he believes further editing should occur.

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

V. NEW BUSINESS

a. **Resolution No. 2013–15, Authorizing the Issuance of a Permit to Kodiak Little League for the Use of Public Property for Its Baseball Camp Fundraiser**

Mayor Branson read Resolution No. 2013–15 by title. The Kodiak Little League, a local non-profit organization, is requesting the use the Baranof Park baseball field to sponsor a baseball camp for youth ages 9-18 from June 3-5, 2013. The camp will raise funds and teach participants the techniques and fundamentals of baseball.

Councilmember Walker MOVED to adopt Resolution No. 2013–15.

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

b. **Resolution No. 2013–16, Authorizing the Issuance of a Permit to Kodiak Football League for the Use of Public Property for Its Flag Football Tournament Fundraiser**

Mayor Branson read Resolution No. 2013–16 by title. The local non-profit Kodiak Football League (KFL) has requested use of the Baranof Park football field to hold a flag football tournament fundraising event to take place during Crab Festival.

Councilmember Whiddon MOVED to adopt Resolution No. 2013–16.

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

c. **Authorization of FY2014 Marketing and Tourism Development Agreement With Discover Kodiak...Alaska Untamed**

The Council has authorized agreements with the Kodiak Island Convention and Visitors Bureau, now known as Discover Kodiak...Alaska Untamed, to provide marketing and tourism outreach for Kodiak since FY2009. It is time to renew the agreement for FY2014. Discover Kodiak is requesting the City provide \$100,000 to fund the FY2014 contract, which is \$10,000 more than was funded in FY2013.

Councilmember Davidson MOVED to authorize the FY2014 Marketing and Tourism Development Agreement with the Kodiak Island Convention and Visitors Bureau in the amount of \$90,000, with funds coming from the Special Revenue Funds, Tourism Development Fund, Tourism, Administration, Contributions account.

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

d. Authorization of a Contract With Tuan's Island Professional Cleaning Service for the Kodiak Police Station

The Kodiak Police Department (KPD) is requesting that Council authorize a two-year contract with Tuan's Island Professional Cleaning Service to provide regular janitorial services at the Kodiak Police Station.

Councilmember Haines MOVED to approve a two-year contract for janitorial services for the Kodiak Police Station with Tuan's Island Professional Cleaning Service in the amount of \$50,110, with funds coming from the FY2014 Kodiak Police Department, Operational Budget, Janitorial Services and authorize the City Manager to sign the contract on behalf of the City.

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

e. Authorization of Vehicle Purchase for the Harbor Department

One of the pickup trucks used in the Harbor Department, a 2003 Ford F-150, was evaluated and identified for replacement in the FY2013 budget. The department researched replacement options and recommends attaching to the State of Alaska's bid as the least expensive option.

Councilmember Whiddon MOVED to authorize purchase of a Ford F-150 half-ton pickup truck from Worthington Ford in the amount of \$18,788 plus \$750 in shipping charges for a total of \$19,813, with funds coming from the FY2013 Boat Harbor operations budget, Machinery and Equipment line item.

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

f. Authorization of Vehicle Purchase for the Parks and Recreation Department

This authorization will enable the Kodiak Parks and Recreation Department to replace one Dodge Ram truck, which is exhibiting severe frame, suspension, and body panel deterioration. This vehicle has been recommended for replacement in FY2013 with a like kind vehicle, specifically a 2013 Ford F-150 white base model regular cab four-wheel-drive truck.

Councilmember Walker MOVED to authorize purchase of a 2013 four-wheel-drive Ford F-150 regular cab truck from Kendall Ford for the Parks and Recreation Department in the amount of \$22,108, with funds coming from the FY2013 Parks and Recreation Department operations budget, Machinery and Equipment line item.

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

g. Authorization of Amendment No. 1 to the Professional Services Agreement for Project Management for the New Library, Project No. 6012

The library project is well into construction with completion expected this fall. Throughout the process the City has relied heavily on the professional project management services of Roe Sturgulewski of ARCADIS (formerly RISE Alaska). Mr. Sturgulewski is requesting an amendment to the existing contract to increase their fees by an additional \$119,840.

Councilmember Bishop MOVED to authorize contract Amendment No. 1 to the professional services agreement with ARCADIS (formerly RISE Alaska) for project management services for the library project in the amount of \$119,840, with fees coming from the Building Improvement Fund, New Library Construction Project, Project No. 6012 and authorize the City Manager to sign the documents on behalf of the City.

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

h. Authorization of Change Order No. 1 to Aleutian Homes Water and Sewer Phase V, Project No. 7026/10-03

The Aleutian Homes Water and Sewer Phase V, Segment A, is a continuation of the upgrade of utilities, pavement and sidewalks in the Aleutian Home Area. The Notice of Award for construction for this segment of the upgrade project was issued to Brechan Enterprises, Inc. on March 18, 2013. This memorandum discusses Change Order No. 1 for extension of approximately 100 feet to the existing project.

Councilmember Haines MOVED to authorize Change Order No. 1 to the Aleutian Homes Water and Sewer Replacement Phase V, Segment A project to Brechan Enterprises, Inc. in the amount of \$292,453, with funds coming from the Water Capital Improvement Fund, Project No. 7026/10-03 and authorize the City Manager to sign the document on behalf of the City.

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

VI. STAFF REPORTS

a. City Manager

Manager Kniazowski reported staff is working on the personnel manual and salary schedule updates since the adoption of Ordinance No. 1307 and Ordinance No. 1308. She thanked the Council on behalf of the city employees for their approval of these ordinances. She said the Finance Department's new financial sales tax software went live this week. The Kodiak Police Department is losing three senior staff members at the end of May 2013. Manager Kniazowski thanked Lt. Kyle Valerio, Sgt. Dan Olson, and Det. Bill Pyles for their years of service. Chief of Police T.C. Kamai is working on a recruitment plan and indicated that it is unprecedented since 1941 to have three resignations at the same time. Also, in the recruitment process is the Library Director and Human Resource Manager, and interviews were concluded for the Parks and Recreation Director. Manager Kniazowski, the Borough Mayor and key staff met with CH2MHill to discuss composting plans for the landfill, and they will report in detail at the joint work session. Manager Kniazowski said that Brechan Inc. is currently working on road alignment and reconstruction for the Shelikof pedestrian improvement project. The project is scheduled to be completed by July

16, 2013. The Parks and Recreation Advisory Board met on May 1, 2013, and discussed the prioritizing of their project list with the updated costs provided by the interim Parks and Recreation Director. The highest priority remains the baseball outfield turf. A presentation will be provided by the Parks and Recreation Advisory Board Chair at a June 2013 work session. Manager Kniazowski thanked City Engineer Glenn Melvin and Corner Stone for the detailed Public Library tour. A Senate bill that supports the funding of Southwest Alaska Municipal Conference did not pass. Manager Kniazowski will be in Washington D.C. next week for an annual lobbying trip. In her absence Chief of Police T.C Kamai will be Acting City Manager and Fire Chief Rome Kamai will be the Acting Emergency Services Director.

b. City Clerk

City Clerk Marlar informed the public of the next scheduled Council work sessions and regular meeting.

VII. MAYOR'S COMMENTS

Mayor Branson congratulated Police Officer Jeffery Holden for the Elk's Drug Awareness Program Enrique S. Camarena award. She thanked Lt. Valerio, Sgt. Olson and Det. Pyles for their service to the community. Mayor Branson thanked the department heads and staffs for the budget reports during the May 4, 2013, work session. She commented that the overall budget request to the Council was decreased by six percent from FY2013 to FY2014. She said she continues to work with former Mayor Floyd on a multicultural facility. Mayor Branson commented about last year's presentation from Chief of Police T.C. Kamai when addressing Lisa Zeimer's concerns. She said there are City ordinances that deal with public consumption, open containers, public urination, and disorderly conduct that are arrestable offenses. She shared that there are ordinances that deal with begging, jostling, and indecent exposure that are punishable by a fine. She indicated the Council could review the need for a loitering ordinance in the future. Mayor Branson said there could be a need for more patrols from City police in the downtown mall area and this could be discussed. She said that citizens should call 911 when they feel their safety is compromised. Mayor Branson recommended that a committee be formed to work on the revitalization of the downtown mall area. She referred to the "pocket park" information supplied by the Manager Kniazowski, which contains a new design for the area.

VIII. COUNCIL COMMENTS

Councilmember Walker thanked Lt. Valerio, Det. Pyles, and Sgt. Olson for their many years of service and wished them luck in the future. He congratulated Police Officer Jeffery Holden for his award and thanked him for all the work he has done with the DARE program. He commented that the new Public Library looks beautiful. He reminded the public to be careful for construction projects underway. He voiced disappointment about the discontinued support of the Southwest Alaska Municipal Conference, because it has been a valuable forum. He supports the revitalization of downtown. He thanked the department heads and staff for the budget presentation.

Councilmember Haines thanked Don Roberts for his volunteer service as a crossing guard. He thanked Lt. Valerio, Sgt. Olson and Det. Pyles for their service to the community. He agreed that there are problems in the downtown area. He said that awareness and education is a start to influence the change in poor behavior downtown, urged the use of police services when needed, and spoke in favor of restoring downtown. Councilmember Haines read the definition of "transi-

tory document” from Ordinance No. 1303 and said he feels this clarification is reasonable and making the changes does not limit the access to the public. He would like to review the fee schedule for public records requests in the future.

Councilmember Davidson thanked Lt. Valerio, Sgt. Olson and Det. Pyles for their years of service to the community. He said he appreciated the department heads and staff for their work on FY2014 budget. He said he hopes the public recognizes the six percent decrease in the budget for FY2014. He urged the public to be careful driving and to watch for children crossing the road.

Councilmember Whiddon discussed that his specific opposition to Ordinance No. 1303 was the statement “has no value” otherwise he is in support of the ordinance. He agreed with the comments for revitalization of downtown Kodiak. He said it takes time, money, and attitude to make the changes in the long term. He said he appreciates the beauty of the island.

Councilmember Saravia thanked Lt. Valerio, Sgt. Olson and Det. Pyles for their service. He toured the Public Library and commented that it will be a great resource for the community. He agreed that downtown is in need of improvement. He agreed with the forming of a committee to work on the revitalization of downtown. Councilmember Saravia thanked the public for their time to come and share their opinions during the meeting. He said that the City Attorney was consulted for the Ordinance No. 1303. He said that access to records should not be limited and they should be free of cost to the public. He said Kodiak is a beautiful town. He said fulfilling the fishing quota is slow this year.

Councilmember Bishop thanked Lt. Valerio, Sgt. Olson and Det. Pyles. He thanked Mary Munk, Finance Director and department heads for the quality of the budget presentations. He provided information that the Emerging Leaders Dialog is this week; he encouraged the participation of youth. He shared his concern for the downtown mall area and is in support of reviewing the need for a loitering ordinance.

IX. AUDIENCE COMMENTS

Judi Kidder thanked Councilmembers Bishop and Whiddon for their opposition to Ordinance No. 1303. She said there is a problem with shelter for the homeless and for the loitering of drunks downtown.

Lisa Zeimer said she was disappointed that no immediate action was taken for the downtown safety issues.

Marilyn Guilmet thanked Councilmembers Bishop and Whiddon for their opposition to Ordinance No. 1303.

Debra Kirk, via telephone, thanked the Council for the construction of the baseball infield at the Baranof Park. She requested that the outfield at Baranof Park be worked on and hopes that the debris on the asphalt will be removed.

Josh Fitzgerald, via telephone, thought the comments to deal with the homeless would not work and “caging” them is ineffective.

X. ADJOURNMENT

Councilmember Davidson MOVED to adjourn the meeting.

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

The meeting adjourned at 9:46 p.m.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

Minutes Approved:

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PERSONS TO BE HEARD

MEMORANDUM TO COUNCIL

Date: May 23, 2013

Agenda Item: III. a. **Proclamation: Declaring Amyotrophic Lateral Sclerosis (ALS) Awareness Month**

SUMMARY: This proclamation brings awareness of ALS, otherwise known as Lou Gehrig's disease, and encourages citizens to become aware of the disease and its devastating effects on patients, as well as their families and caregivers.

ATTACHMENTS:

Attachment A: Proclamation

PROCLAMATION

Declaring Amyotrophic Lateral Sclerosis (ALS) Awareness Month

WHEREAS, ALS, otherwise known as Lou Gehrig's disease, is a disease of the parts of the nervous system that control voluntary muscle movement; and

WHEREAS, ALS first affects the legs, arms, and/or throat and mouth muscles, but ultimately affects all voluntary muscles, resulting in paralysis; and

WHEREAS, members of our community have been diagnosed with ALS; and

WHEREAS, approximately 5,600 people in the U.S. are diagnosed with ALS each year; ALS is not contagious; and has no known cause, means of prevention, or cure; and

WHEREAS, although the life expectancy of an ALS patient averages about two to five years from the time of diagnosis, this disease is variable and many people live with quality for more than five years, up to ten percent will survive more than ten years, and five percent will live twenty years; and

WHEREAS, the ALS Association is leading the fight to cure and treat ALS through global research and nationwide advocacy while also empowering people with Lou Gehrig's Disease and their families to live fuller lives by providing them with compassionate care and support.

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

ALS Awareness Month

in Kodiak and urge citizens to become aware of the disease's devastating effects and to support ALS patients, as well as family members and caretakers of patients living with ALS.

Dated this 23rd day of May 2013.

City of Kodiak

Pat Branson, Mayor

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NEW BUSINESS

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Council Members

From: Aimée Kniazowski, City Manager and Mary Munk, Finance Director

Date: May 23, 2013

Agenda Item: V. a. **First Reading, Ordinance No. 1309, Levying Taxes and Appropriating Funds for the Expenses and Liabilities of the City of Kodiak for the Fiscal Year Commencing on the First Day of July 2013 and Ending on the Thirtieth Day of June 2014**

SUMMARY: Ordinance No. 1309 provides for the adoption of the City of Kodiak's FY2014 budget. The budget document, which supports the ordinance, estimates all sources of revenue the City anticipates receiving between July 1, 2013, and June 30, 2014. The budget document also establishes an operating and capital expenditure plan for FY2014 that is based on staff's assessment of operational and community needs and the Council's FY2014 budget goals. Staff made the FY2014 budget presentation to Council at a special budget work session on May 4, 2013. Staff recommends Council pass Ordinance No. 1309 in the first reading and advance the ordinance to second reading and public hearing at the next regular or special meeting.

PREVIOUS COUNCIL ACTION:

- Prior to the start of each fiscal year, the City Council adopts the City's operating and capital budget by ordinance.
- Council adopted Resolution No. 2013-04, establishing budget goals for FY2014, on February 28, 2013.
- Staff presented the FY2014 budget at a special work session on May 4, 2013.

DISCUSSION: The FY2014 budget funds the services provided by the City of Kodiak to residents and visitors: law enforcement (including animal control and contract jail services), fire and emergency medical services (including ambulance services), public works (public water system, wastewater system, street and property maintenance), engineering, port and harbor facilities, parks and recreation facilities and programs, public library, and general administrative functions (municipal recordkeeping and financial management).

The proposed FY2014 budget was developed as a maintenance level budget and provides the same level of services as the current year's budget with an overall reduction in expenses. This is a prudent approach, since revenues are expected to remain somewhat flat while expenses continue to increase. The City Council adopted FY2014 budget goals by resolution in February of this year (Resolution No. 2013-04, Attachment B), and staff used the goals to develop and evaluate the proposed operating budget. The proposed budget is consistent with the Council's FY2014 budget goals. Revenues have been conservatively projected based on the sales tax increase from 6 to 7 percent, intergovernmental sources,

and charges for services. Expenses have been projected based on maintaining the current level of staffing, maintaining all current services, and hold the line expenditures without impacting the quality of services delivered.

Combined Revenues and Expenses for All Funds

The FY2014 budget projects combined revenues from all funds, excluding capital projects to be \$37,039,403, which is a decrease of percent from FY2013's combined revenues of \$39,270,654. Revenues are forecasted based on the current fiscal year, even though some sources may fluctuate slightly. Expenses for all City funds, excluding capital projects, is expected to also be \$37,039,403, an overall decrease of 6 percent from FY2013. The largest increases were in benefit expense with health insurance increasing 12.2 percent from FY2013 and the PERS unfunded liability increasing. The unfunded liability increase is offset by an equal increase in revenue. Fewer transfers account for the largest decreases in expenses.

Operating Budget

The FY2014 operating budget is primarily a maintenance budget, as it has been for several years. As directed, City staff developed a conservative budget. The City, like everyone in the community, continues to face rising costs, but the departments continue to be conscientious in absorbing cost increases whenever and wherever possible. Staff expects multiple retirements and routine turnover in FY2014, with expenses related to employee turnover anticipated to increase for training, certifications, and required licensures in some departmental budgets.

General Fund

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

General Fund revenues for FY2014 are projected at \$19,031,342, up by approximately 10% from FY2013 projections, with the largest changes due to increases in the use of fund balance, sales tax increases, licenses and permits, and rents increases. The increase in revenues is offset by the expected increase in expenses, also projected to be \$19,031,342. The sales tax was increased from 6 to 7 percent effective October 1, 2012, and this increase was projected in the FY2014 budget.

Fund Balance

The City's General Fund balance is comprised of various revenue sources, large and small. The FY2014 budget uses \$1,156,232 of fund balance in FY2014. This consists of \$1,000,000 for the mandated sales tax allocation, and \$156,232 to complete funding for the fire engine replacement, which will cost a total of \$427,500, the demolition of the old police station in the amount of \$500,000, and the vehicle replacement fund in the amount of \$72,305. What this means is the total capital projects requested in the

General Fund are being funded by fund balance in the amount of \$1,156,232 and by operations in the amount of \$843,573 totaling \$1,999,805 in transfers out to other funds. The General Fund, less capital, is budgeted with a surplus of \$843,573. The estimated \$5 million in the fund balance for FY2014 allows the City to practice and Council's ongoing goal to retain at least two months of operating expenses or \$3 million for use in the event of a large unforeseen change in the economy.

The proposed FY2014 budget anticipates a larger use of fund balance in the General Fund than the FY2013 budget due to several factors. Equipment replacement is ongoing and delaying necessary replacements compromises the City's ability to deliver quality services. The sales tax allocation is mandated by the Sales Tax Code and is used to fund capital projects in the Streets, Harbor, and Parks and Recreation funds.

The FY2014 budget anticipates a smaller use of fund balance in the overall citywide use of fund balance due to less capital projects in FY2014 compared to FY2013.

Personnel

Salaries, wages and benefits are the single largest expense in the City's annual budget, totaling 41 percent. Salaries and wages for FY2014 are estimated to total \$8.9 million or 24 percent of the City's overall expenses. This is a 6 percent increase from FY2013 citywide salaries and wages and reflects the implementation of the compensation and classification study. Employee benefit costs are projected at \$7 million, 17 percent of the City's overall expense budget, which is a 10 percent increase from FY2013 due to a 12.2 percent increase in health insurance premiums and increases in the PERS unfunded liability.

The FY2014 budget has no increases in the number of City employees and remains at 125.15 FTEs. Management accounts for part-time positions to track the actual size of the City's workforce and more accurately reflect personnel related expenses in the budget. The City's work force for FY2014 will total 120 regular full-time employees and 5.15 regular part-time positions working from 20-30 hours per week for a total of 125.15 FTEs.

These changes to the FY2014 budget meet Council's personnel goals with no additions to staffing and the implementation of the compensation and classification study. The tracking of part-time personnel is a necessary step in meeting Council's goal to complete an analysis of the need, costs, and hiring process for the City's use of temporary or seasonal employees.

Enterprise Funds

The City has eight separate enterprise funds: the Harbor Department's Cargo Terminal, Boat Harbor, Harbor Electric Utility, and the Boat Yard/Vessel Lift funds; the Water, Sewer, and Trident Basin funds managed by Public Works; and the E911 Fund. The FY2014 budgets for these funds reflect a balance of revenues to expenses.

The Shipyard Fund enterprise fund reflects a 3 percent increase in revenues for FY2014. The revenues are based on actual operations and projected vessel lifts scheduled for the coming year. The Council adopted a 20 percent rate increase and additional charges for services not already billed for in FY2013 and the FY2014 revenue projections reflect this increase. Per Council's FY2014 budget goal, the Shipyard Fund is working toward a breakeven point by the third full year of operation in FY2015, including adequate revenues to meet debt payments. The business plan and marketing campaign for services will continue to be refined to capture maximum revenues.

The Water Fund enterprise fund reflects an 8 percent rate increase in revenues for FY2014 as a result of the five-year water rate study from FY2012-FY2016. The Sewer Fund enterprise fund is awaiting an updated rate study to determine the rates needed to fund the bio-solid solutions.

The E911 Fund was established in FY2010 in preparation for the transfer of E911 authority from the Borough to the City. This transfer has not yet taken place, but the Borough staff has agreed to work toward the transfer of authority, which we expect to occur in FY2014.

Enhancement Fund

The FY2014 budget proposes no use of Enhancement Fund monies. The projected fund balance for the Enhancement Fund in FY2014 is estimated to be over \$2 million.

Capital Projects

The FY2014 budget recommends \$4,534,805 in capital project expenditures. This includes one new capital project in FY2014 and additional needed funding for five existing projects. The additional funding for ongoing capital projects includes fire and ambulance replacements, demolition of the old police station, pavement repairs, and Aleutian homes water and sewer replacement project. Costs for the projects will be covered by transfers, use of fund balances, interest earnings, as well as some state and federal grants. Staff presented the capital projects in detail at the budget work session on May 4, 2013.

ALTERNATIVES:

1. Pass Ordinance No. 1309 in the first reading and move to second reading and public hearing at the next regular or special Council meeting. This is staff's recommendation.
2. Council may also amend Ordinance No. 1309.

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

LEGAL: The Kodiak City Charter and Kodiak City Code grant Council the authority to make appropriations and adopt and amend budgets as required. Article V, Section 2 of the City Charter states the City Manager will prepare and present a proposed budget to the City Council in advance of the fiscal year which begins on July 1, 2013, and ends on June 30, 2014. Article V, Section 4 of the City Charter

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

STAFF RECOMMENDATION: Staff recommends Council pass Ordinance No. 1309 in the first reading with advancement to second reading and public hearing at the next regular or special Council meeting.

CITY MANAGER'S COMMENTS: Staff has worked diligently to prepare this budget which is 6 percent lower than the FY2013 budget in terms of revenues and expenditures. We worked on the budget from January through April and presented the proposed budget to you on May 4, 2013. I believe we've crafted a budget that meets Council's budget goals overall; although, there are variations within departments due to non-discretionary cost increases in items like fuel or due to unexpectedly high staff turnover. We have identified a limited number of capital projects that include requests to replace the Fire Department's fire truck and ambulance, the demolition of the old police station building, and the cost of funding replacement vehicles in the General Fund.

The preparation of the FY2014 budget reflects a great deal of work by staff, including a thorough assessment of operational and community needs necessary to create this annual financial plan. As always, I want to thank the department heads for their commitment in meeting Council's goals and for their fiscal responsibility, not just in preparation of this budget, but on an ongoing basis. I would like to especially thank Finance Director Mary Munk for her assistance throughout the process. She's put a tremendous amount of hours into the process and documents, and her work makes the budget process work as it should.

ATTACHMENTS:

Attachment A: Ordinance No. 1309

Attachment B: Resolution No. 2013-04, Council's FY2014 Budget Goals

PROPOSED MOTION:

Move to pass Ordinance No. 1309 in the first reading and advance to second reading and public hearing at the next regular or special Council meeting.

**CITY OF KODIAK
ORDINANCE NUMBER 1309**

**AN ORDINANCE OF THE COUNCIL OF THE CITY OF KODIAK LEVYING
TAXES AND APPROPRIATING FUNDS FOR THE EXPENSES AND LIABILITIES OF
THE CITY OF KODIAK FOR THE FISCAL YEAR COMMENCING ON THE FIRST
DAY OF JULY 2013 AND ENDING ON THE THIRTIETH DAY OF JUNE 2014**

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

- Section 1:** A tax in the amount of 2.0 mills is hereby levied against all taxable real property within the City of Kodiak for the fiscal year commencing on the first day of July 2013 and ending on the thirtieth day of June 2014.
- Section 2:** The following sums of money are hereby appropriated for corporate purposes and objects of the City of Kodiak for the fiscal year commencing on the first day of July 2013 and ending on the thirtieth day of June 2014 to defray expenses and liabilities of the City during the fiscal year.

FY2014 BUDGET SUMMARY

GENERAL FUND

	Anticipated Revenues
Taxes	\$ 12,403,500
Licenses & Permits	76,800
Intergovernmental Revenues	2,589,448
Charges for Services	1,633,193
Fines & Forfeitures	20,500
Interest	45,000
Rents & Royalties	180,000
Miscellaneous	43,800
Interfund Charges	882,869
Appropriation from Fund Balance	1,156,232
Operating Transfers In	-
Total Anticipated Revenues	19,031,342

General Fund Continued

	Planned Expenditures
Legislative	\$ 302,660
Legal	50,000
Executive-Administration	518,015
Executive-Emergency Preparedness	56,500
City Clerk-Administration	297,475
City Clerk-Records Management	156,825
Finance	1,351,521
Police	6,794,359
Fire	1,851,093
Public Works	2,331,959
Engineering	255,849
Parks & Recreation	1,359,945
Library	966,805
Non-Departmental	2,738,336
Total Planned Expenditures	19,031,342

SPECIAL REVENUE FUND

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

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

CAPITAL PROJECTS FUND

	Anticipated Revenues
General Capital	\$ 562,500
Street Improvements	450,000
Building Improvement Fund	-
Water Capital Fund	3,450,000
Sewer Capital Fund	-
Cargo Development Fund	-
Harbor Development Fund	-
Parks & Recreation Fund	-
Vehicle Replacement Fund	72,305
Total Anticipated Revenues	4,534,805

	Planned Expenditures
General Capital	\$ 562,500
Street Improvements	450,000
Building Improvement Fund	-
Water Capital Fund	3,450,000
Sewer Capital Fund	-
Cargo Development Fund	-
Harbor Development Fund	-
Parks & Recreation Fund	-
Vehicle Replacement Fund	72,305
Total Planned Expenditures	4,534,805

ENTERPRISE FUNDS

	Anticipated Revenues
Cargo Fund	\$ 1,052,675
Harbor Fund	3,486,750
Boat Yard Lift	1,331,698
Harbor Electric Fund	697,854
Water Utility Fund	4,421,088
Sewer Utility Fund	5,768,895
Trident Basin Fund	381,120
E-911 Services	74,570
Total Anticipated Revenues	17,214,650

ENTERPRISE FUNDS CONTINUED

	Planned Expenditures
Cargo Fund	\$ 1,052,675
Harbor Fund	3,486,750
Boat Yard Lift	1,331,698
Harbor Electric Fund	697,854
Water Utility Fund	4,421,088
Sewer Utility Fund	5,768,895
Trident Basin Fund	381,120
E-911 Services	74,570
Total Planned Expenditures	17,214,650

INTERNAL SERVICE FUNDS

	Anticipated Revenues
Self Insurance Fund	\$ 590,501
Total Anticipated Revenues	590,501

	Planned Expenditures
Self Insurance Fund	\$ 590,501
Total Planned Expenditures	590,501

Grand Total Anticipated Revenues	\$ 41,574,208	
Grand Total Planned Expenditures	\$ 41,574,208	
	Non- Projects	37,039,403
	Non- Projects	37,039,403
	Projects	4,534,805
	Projects	4,534,805
	Total	41,574,208
	Total	41,574,208

Section 3: All unexpended appropriation balances, with the exception of capital project fund appropriations, shall lapse to the appropriate fund as of June 30, 2014.

Section 4: This ordinance shall go into effect July 1, 2013.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

First Reading:
Second Reading:
Effective Date:

**CITY OF KODIAK
RESOLUTION NUMBER 2013-04**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK APPROVING
THE CITY COUNCIL'S BUDGET GOALS FOR FY2014**

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

WHEREAS, the City Council discussed and selected the list of budget goals at their January 19, 2013, planning meeting; and

WHEREAS, management will use the listed budget goals as guidelines when developing the FY2014 budget.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, that the following budget goals will be used in the development of the City of Kodiak's FY2014 budget:

Revenue

Revenues will continue to be estimated conservatively using an analytical and objective approach.

One-time revenues will be used only for one-time expenditures. The City will avoid using temporary revenues to fund routine City services.

Within resources available, the City will maintain capital assets and infrastructure at a level that is adequate to protect its investment, to minimize future replacement and maintenance costs, and to maintain existing service levels.

Operating Expenses

General Fund operating (non-personnel) expenses for FY 2014 will be at a level consistent with FY 2013. Required increases will be justified to the City Manager in writing and, if approved, presented by department heads to the City Council for final consideration during budget presentations.

Review existing programs and services and assess how well services address community needs and changes that may be necessary to respond to opportunities and challenges and factors that could affect their provision in the future.

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

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

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

Personnel Goals

There will be no increase in the number of employee full-time equivalents (FTEs) of 125.15, providing that revenues remain consistent with FY2013, and there are no changes in operational needs.

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

Selected sections of the PR&R will be amended to implement the classification and compensation study consistent with budgetary resources and improve practices that reflect recognized Human Resources standards.

General Fund

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

General Fund revenues will be forecast conservatively and take into consideration state funding policies such as, community revenue sharing, shared fisheries and other shared business taxes, pension costs and liabilities, and the required allocation of sales tax.

A detailed review of all categories of General Fund expenditures will be conducted in FY 2014 to identify ways to decrease expenses.

The General Fund will be budgeted without a deficit through appropriations from the fund balance when/if necessary, and with a goal to maintain a minimum of two months operating reserves. Council may appropriate additional funds for capital projects.

Enterprise Funds

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

Enterprise Funds will complete rate studies every five years and present them to the City Council for implementation. In FY 2014, Cargo, Harbor, Boat Yard/Boat Lift, and Sewer rate studies will be conducted.

The Boat Yard/Boat Lift will reach a breakeven point (not including depreciation) by the year ending FY 2015, including adequate revenues through charges for services to meet debt payments and operational expenses without transfers from other funds. The business plan and marketing campaign for services will continue to be refined to capture maximum revenues.

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

Community Support

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

Capital

The City Manager and management staff will continue to work on a formal five-year capital improvement plan (CIP) that will identify, prioritize, and evaluate funding options for capital and major maintenance projects. The City will adopt and utilize the planning document and develop policies and procedures identifying criteria and steps for implementation. Once complete, the capital budget will link to, and flow from, the multi-year capital improvement plan.

Debt Service

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

- Show impacts on rates or taxpayers, or
- Analyze financial capacity for proposed capital projects, or
- Determine if the debt is required for projects mandated by the state or federal government, needed for economic development, environmental, aesthetic or quality of life, or health and safety improvements.

Quality of Life

The City will provide adequate services that meet the community needs, priorities, challenges and opportunities with consideration given to the condition of the economy, the composition of the population, technology, legal or regulatory issues, intergovernmental issues, and physical or environmental issues.

Economic Development

The City will review and evaluate available information about trends in community conditions, the external factors affecting it, opportunities that may be available, and problems and issues to be addressed.



CITY OF KODIAK

Gar Brauer
MAYOR

ATTEST:

Dilva Mankin
CITY CLERK

Adopted: February 28, 2013

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MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Aimée Kniaziowski, City Manager

Thru: Glenn Melvin, City Engineer and Marty Owen, Harbormaster

Date: May 23, 2013

Agenda Item: V. b. **Authorization of Amendment No. 2 to the Professional Services Contract for Geotechnical Work Associated With Pier III Replacement, Project No. 8013/11-07**

SUMMARY: This memo is to recommend award of Amendment No. 2 to the PND Engineers Inc. design contract for the Pier III Replacement project. PND Engineers Inc. has submitted a proposal to perform additional geotechnical engineering and preliminary engineering services in support of the Pier III design. The proposal is attached and includes a recommendation memo from Roe Sturgulewski, Pier III Project Manager. Roe Sturgulewski has also provided a status update for the project. The City Manager recommends Council authorize Amendment No. 2 to the professional services contract for the scope of work associated with Pier III Replacement to PND Engineers in the amount of \$121,336.

PREVIOUS COUNCIL ACTION:

- Council approved a professional services contract for geotechnical work associated with Pier III Replacement on December 13, 2012.
- Council approved Amendment No. 1 to the professional services contract for survey and preliminary engineering for Pier III Replacement on January 24, 2013.

DISCUSSION: PND submitted a time and materials proposal in the amount of \$247,300 to evaluate the on-shore and off-shore boring conditions. During the on-site investigation, PND encountered substantially different soil conditions than were foreseeable through review of previous data. Obtaining this data was critical to the design of the structures. The duration of the field investigation extended beyond what had been planned and resulted in an increased cost to perform the required investigation. The depth to bedrock was deeper in all borings, requiring an extended drilling effort. The quality of the bedrock was lower than anticipated, requiring both additional and more cumbersome drilling. The materials encountered in the off-shore borings were much more fine-grained than anticipated, including “heaving sands” which slowed production. The encountered soils conditions will have a material effect on the structure design. Given the need to clearly understand the underlying soil conditions, PND completed the investigation as generally initially contemplated.

The drilling effort cost increase resulted from the on-site duration of the barge, drilling crews, and PND field personnel. PND worked to minimize the costs through minor modifications to the drilling program while still obtaining necessary design data. They have also removed their subcontractor markup for the work effort.

PND is using the site specific parameters determined during the geotechnical investigation to reevaluate their design concepts. They are refining the concept designs presented in the Design Study Report and reevaluating factors of safety. They are also evaluating alternative concepts appropriate for the actual site conditions. They anticipate this information being provided to the Council in early June 2013.

The amendment also includes additional funding for engineering support services to advance the pre-design elements. PND will work with Horizon and City staff to do preliminary layout of the uplands, truck layouts, staging, utilities including water, sewer and electric, and facility components. This additional review will allow forward progress of the design when working through the complexities of the structure decision created by the unexpected geotechnical findings.

ALTERNATIVES:

1. Authorize Amendment No. 2 to the professional services contract with PND, which is staff's recommendation and is necessary to fulfill contractual obligations and maintain the design critical path.
2. Do not authorize the amendment. This is not recommended, as it will create legal jeopardy and delay design completion.

FINANCIAL IMPLICATIONS: The funds to complete this project have been secured now that the state has approved the total of \$33.1 million in grants and bonds. The FY2013 budget also has approximately \$404,100 remaining in the initial project capital budget for a total of \$33.4 million. This is more than adequate funding to award this amendment.

LEGAL: N/A

STAFF RECOMMENDATION: Staff recommends Council authorize Amendment No. 2 to the professional services contract with PND for additional geotechnical engineering and preliminary engineering work associated with Pier III Replacement in the amount of \$121,336, with funds coming from the Cargo Development Fund, Pier III project, Project No. 8013/11-07.

CITY MANAGER'S RECOMMENDATION AND COMMENTS: While the on-site geotechnical investigation overran the budget, the investigation obtained information critical for design of the new pier. Funding for this amendment is required to pay for services needed to design the dock and also provide additional preliminary design efforts to allow the design to move forward in a time effective manner. Therefore, I recommend that Council authorize this professional services contract amendment with PND in the amount of \$121,336 to perform additional geotechnical work and preliminary engineering services needed for the Pier III project.

ATTACHMENTS:

Attachment A: Memo from Roe Sturgulewski recommending contract amendment, dated 5/9/13

Attachment B: PND Proposal letter, dated 5/9/13

Attachment C: Memo from Roe Sturgulewski on Pier III status update, dated 5/9/13

Attachment D: Project Manager's Pier III budget update, dated 5/9/13

Attachment E: Project Manager's Pier III project timeline, dated 5/9/13

PROPOSED MOTION:

Move to authorize Amendment No. 2 to the professional services contract with PND for geotechnical work and preliminary engineering work associated with the Pier III Replacement project in the amount of \$121,336, with funds coming from the Cargo Development Fund, Pier III project, Project No. 8013/11-07 and authorize the City Manager to execute the agreement on behalf of the City.



Memorandum

TO: Aimee Kniazowski
FROM: Roe Sturgulewski
DATE: May 9, 2013
RE: Kodiak Pier III
 PND Engineers Amendment 2 Added Geotechnical/Preliminary Engineering Support
 Recommendation for Award

This memo is to recommend award of Amendment #2 to PND Engineers, Inc. for the Pier III Replacement project design contract in the time and materials, not to exceed amount of \$121,336. The amendment adds funding for additional geotechnical engineering and preliminary engineering services. It also reflects a reduction in funding for the preliminary survey effort which was performed under budget.

PND's 12/6/12 proposal to perform the geotechnical investigations was in the time and materials amount of \$247,300. The City Council authorized award of this contract on 12/13/12. An amendment to add surveying and preliminary engineering services in an amount of \$67,775 was added on 1/24/13.

During the onsite investigation PND encountered substantially different soil conditions than anticipated. The length of the field investigation extended beyond what was budgeted and increased the costs.

Obtaining this information, particularly given the findings, was critical to the design of the project. The information was needed to realistically model the pier under different design conditions. While contingency time was included in the PND budget estimate, it did not cover the actual duration of the investigation. PND had made initial assumptions regarding the depth of the bedrock and overburden material based on previous work around Pier III. Depth to bedrock in all the borings was deeper than expected. While the onshore soils types generally matched expectations much of the offshore material was substantially different. The water side investigation primarily encountered fine grained soils including silts and clays with some organics. The depth to bedrock, the quality of the bedrock and fine grained conditions extended the drilling efforts. The increased depth to bedrock resulted in more drilling. The fractured nature of the bedrock increased drilling time. The fine grain materials complicated the drilling operations with a number of the borings encountering "heaving sands", slowing production. During drilling PND worked to minimize expenses by modifying the testing protocol while still obtaining the information needed for design. PND worked with their subcontractors to minimize the billing expenses, including eliminating subcontractor markup.

The second Amendment element adds more preliminary design services. This includes adding review and coordination of the uplands layout, truck routes, staging, utilities including water, sewer and electric, marine office layout, security and other components. This will allow forward project progress while working through the complexities of the structure decision created by the unexpected geotechnical findings. The added planning will advance portions of the design and can be added with little risk of design revision in the future. The uplands are constrained and the location of the site access point is not anticipated to change. Working through these upland elements will shorten the subsequent duration of design. The intent is to complete the design late this year to allow optimum construction bidding in 2014.

The third element reduces funding allocated to surveying by \$7,560 to reflect actual costs of performing the work.

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



May 9, 2013

111012

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

Subject: Continuation of Engineering Efforts for Pier 3

Dear Ms. Kniaziowski:

As you are aware, PND Engineers, Inc. (PND) has advanced engineering efforts on Pier 3 since the beginning of the year. Survey (uplands and bathymetric) and geotechnical exploration work have been completed. Additionally, engineering analyses are being performed to verify concepts with the obtained geotechnical data. These analyses as well as early engineering efforts are expected to continue over the next two months in order to keep the design on track to be completed at the end of the year. PND plans to provide recommendations based upon all of the collected data to the City Council in the June meeting.

As you may also be aware, the recent geotechnical efforts uncovered conditions greatly unexpected from that which was utilized in development of the work plan and associated cost estimates. Unfortunately, these conditions resulted in the geotechnical campaign extending much longer than anticipated and resulted in higher costs than was budgeted for the effort. The additional geotechnical efforts were mainly attributed to deeper than anticipated bedrock in some locations, requiring deeper drill holes, as well as several days of weather delays requiring the additional barge time. Additional delays were also experienced due to:

- Encountering heaving soils
- Encountering fractured bedrock that created difficult, slow drilling conditions
- Having to relocate for an unscheduled barge (different than the Horizon ships)
- BH1 had to be changed from an onshore hole to an offshore hole.

Considering the critical nature of the data and the importance of the structure, PND along with ARCADIS determined it was best to press on with the geotechnical efforts and complete the proposed scope. The additional work resulted in expenditures greater than budgeted. These expenditures are partially offset by efficiencies realized during the survey work. A current summary of expenditures under the current work order (through May 5) is provided below.

<u>Task</u>	<u>Budget</u>	<u>Spent Amount</u>	<u>Budget Delta</u>
Geotechnical Investigations	\$247,262	\$347,683	\$100,421
Survey and Bathymetry	\$37,650	\$30,090	(\$7,560)
Administration and Early Engineering	\$30,125	\$18,600	(\$11,525)
Total	\$315,037	\$396,373	\$81,336

PND would also like to continue advancement of design efforts over the next month and through the selection of the structure type in June. There are several technical/engineering tasks that can be accomplished during this time period:

- Completion of structure comparison/selection (will utilize remaining early engineering budget of \$11,525)

- Review and establish design criteria
- Review and refine site access and staging for port operations
- Begin utility layouts
- Early work on electrical feed for the crane (will be performed by RSA Engineers)
- Update project cost estimates and establish total design fee/schedule

It is anticipated that this work can be accomplished under a budget of \$40,000.

In summary, PND is requesting to increase our current contract (PN 11-07/8013) by **\$121,336** to cover additional geotechnical expenditures and to continue advancement of design. This amount represents the sum of the \$81,336 budget delta for current work efforts and the request for an additional \$40,000 to advance engineering efforts. The work will be performed under a time and materials basis in accordance with PND's standard rate schedule, attached. At the conclusion of this effort, the structure type will be selected and the final engineering budget will be established.

We appreciate the opportunity to continue moving this project forward and look forward to working further with the City.

Sincerely,

PND Engineers, Inc. | Anchorage Office



Kenton W. Braun
Vice President

Attachment: Standard Rate Schedule



**PND ENGINEERS, INC
STANDARD RATE SCHEDULE
EFFECTIVE DECEMBER, 2012**

<u>Professional:</u>	Senior Engineer VII	\$180.00
	Senior Engineer VI	\$165.00
	Senior Engineer V	\$150.00
	Senior Engineer IV	\$140.00
	Senior Engineer III	\$130.00
	Senior Engineer II	\$120.00
	Senior Engineer I	\$110.00
	Staff Engineer V	\$100.00
	Staff Engineer IV	\$95.00
	Staff Engineer III	\$90.00
	Staff Engineer II	\$85.00
	Staff Engineer I	\$80.00
	Senior Scientist	\$110.00
	Senior Environmental Scientist	\$100.00
	Environmental Scientist	\$90.00
	GIS Specialist	\$90.00
<u>Surveyors:</u>	Senior Land Surveyor	\$105.00
	Land Surveyor I	\$95.00
<u>Technicians:</u>	Technician VI	\$125.00
	Technician V	\$105.00
	Technician IV	\$90.00
	Technician III	\$80.00
	Technician II	\$70.00
	Technician I	\$45.00
	CAD Designer V	\$95.00
	CAD Designer IV	\$85.00
	CAD Designer III	\$70.00



Memorandum

TO: Aimee Kniazowski
FROM: Roe Sturgulewski
DATE: May 9, 2013
RE: Kodiak Pier III
Status Update

This provides a Pier III project status update.

The Project remains in the Pre-Design Phase. PND has completed the field survey work and developed base maps for the on-shore and off-shore work areas. No significant variances from the design assumptions were encountered in the survey.

PND has also completed the onsite geotechnical investigation. As required by the federal permitting agencies, a marine observer monitored species of concern (eiders, sea lions, and sea otters) prior to and during the offshore drilling efforts. While some minor delays occurred, no significant issues or delays were encountered. PND has submitted a draft geotechnical (data) report detailing the soils boring and laboratory test results.

The geotechnical investigation encountered unexpected conditions. The depth to bedrock was significantly greater than anticipated. In addition and more significantly, much of the offshore material was more fine grained than expected. There is a substantial amount of fine grained materials including sandy silts, silty sands and organic silts. The draft report has presented information to be used in the design but didn't include the interpretation of the data. Design recommendations were not provided. PND will provide that information in the next version of the report.

PND is using the site specific parameters to reevaluate their initial design concepts. It is clear that the encountered soils conditions will add to the foundation construction costs of both the sheetpile and pipe pile options. PND is refining the concept designs based on the observed soils condition and is reevaluating the factors of safety. The finer grained soils could be problematic to a sheetpile structure, particularly from a global stability seismic perspective. In the event the sheetpile factors of safety are below acceptable minimums, PND will also look at soil stabilization techniques such as jet grouting. Depending on the findings, they may also evaluate alternate concepts. PND will also provide revised cost estimates for the viable alternatives.

The field investigation went slower than anticipated and PND overran certain allowances in their proposal. The increased drilling time was due to multiple factors including deeper borings. An amendment to their contract is being presented to accommodate this extra effort and additional preliminary engineering services.

Coordination meetings have been held with Horizon Lines and City Port staff with much of the discussion focused on operations and crane related interfaces. Additional vehicle loading information has been obtained. Horizon's preference is to provide 1000 psf loading under the crane which equates to 5 partially loaded containers. It is unlikely this level of loading will be able to be accommodated for a pile supported dock which is similar to the configuration presented in the design study report. This is because both the foundation and deck costs would have increased from the pipe pile design presented in the design study report which was used to define the budget. Currently no staging of loaded containers is allowed on the existing dock.

Additional discussions have occurred regarding the request for Horizon to make their basic crane decisions by May 1, 2013. While it is desirable to have their crane elements defined, Horizon has refined their crane loading criteria, which means that it is less critical to have this information when we start design.

Coordination discussions have continued with KEA regarding the crane electrical power supply. Revised maximum electrical requirements have been provided to KEA. This involved a detuning analysis of the (proposed Anchorage) cranes owned by Horizon. KEA has required additional information which Horizon is providing. Results from the KEA analysis are expected later this month.

A Budget Template showing obligations and expenses through May 8, 2013 is attached. The remaining budget information will be provided after working through the dock structure decision. A copy of the cost information presented in the PND Design Study Report is being provided for reference. \$33.1M in State appropriations has been received for the project, including \$18.1M in a direct FY 13 appropriation and an additional \$15M GO Bond component. The grant agreement for the \$15M FY 13 bond backed Capital Appropriation has been finalized and a cash flow curve defining anticipated expenditures has been developed.

The initial Design Study Report indicated both the sheet and pipe pile options could be constructed within the \$33M budget. It is anticipated the geotechnical findings will increase the foundation costs for both structure types. Refined cost estimates for both structure types will be provided as part of the dock structure decision process.

An updated schedule is attached. The geotech and structure decision activities have extended slightly. The latter part of the design and construction schedules have not changed. This has been achieved by starting some of the preliminary design activities prior to start of the structure decision. Horizon Lines and City staff are coordinating use of the uplands and other elements which will reduce the initial design duration once a design concept has been finalized. The tentative crane decisions by Horizon have been pushed to the end of May and likely have schedule float. The KEA power evaluation timeline has also been extended.

Discussion with Horizon Lines on the Preferential Use Agreement negotiations has not started.

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



Kodiak Pier III Budget Template 5/9/13



	Draft Budget	Revised Budget	EAC	Obligations	Spent
DESIGN					
Wave Modeling				63,348	63,348
Geotech				247,262	4,675
Survey				37,650	1,028
Design				30,125	2,513
Permitting					
CA					
Subtotal Design	\$ -	\$ -	\$ -	378,385	71,564
ADMINISTRATION					
City				2,671	2,671
Professional Services				167,660	26,353
Legal					
Subtotal Administration	\$ -	\$ -	\$ -	170,331	29,024
CONSTRUCTION					
Dock					
Electric (Primary)					
Mitigation					
Subtotal Construction	\$ -	\$ -	\$ -	-	-
CONTINGENCY					
	\$ 33,100,000	\$ -	\$ -	548,716	100,588

Obligations/Spent Data Through 5/8/13



**KODIAK PIER III
Discussion Schedule
5/9/13**

