

City of Kodiak Regular Council Meeting Agenda for January 23, 2014
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 January 7, 2014, Special Council Meeting.....	1
III. Persons to Be Heard	
a. Proclamation: Stalking Awareness Month.....	4
b. Public Comments (limited to 3 minutes) (486-3231)	
IV. Unfinished Business	
a. Second Reading and Public Hearing, Ordinance No. 1314, Authorizing Lease No. 211696 Between the City of Kodiak and ACS of the Northland, Inc. for Pillar Mountain Communication Site No. 10.....	8
V. New Business	
a. First Reading, Ordinance No. 1315, Establishing Supplemental Appropriation No. 1 to the Budget for the Fiscal Year Commencing on the First Day of July 2013 and Ending On the Thirtieth Day of June 2014	20
b. Resolution No. 2014-06, Adopting the Federal Fiscal Year 2014 Prioritized Federal Capital Improvements Program List.....	38
c. Resolution No. 2014-07, Certifying the FY2014 Shared Fisheries Business Tax Program Application to Be True and Correct.....	46
d. Authorization of Lease With MorphoTrust USA, Inc. for Office Space at 411 Marine Way.	62
e. Acceptance of FY2013 Comprehensive Annual Financial Report (Audit)	70
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. Executive Session	
a. City Manager's Evaluation	74
XI. Adjournment	

(This page left intentionally blank.)

DRAFT

**MINUTES OF THE SPECIAL COUNCIL MEETING
OF THE CITY OF KODIAK
HELD TUESDAY, JANUARY 7, 2014
IN THE BOROUGH CONFERENCE ROOM**

I. MEETING CALLED TO ORDER

Deputy Mayor Gabriel T. Saravia called the meeting to order at 7:12 p.m. Councilmembers Terry J. Haines, Richard H. Walker, and John B. Whiddon were present and constituted a quorum. Mayor Pat Branson and Councilmembers Randall C. Bishop and Charles E. Davidson were absent. Finance Director Mary Munk, City Clerk Debra L. Marlar, and Deputy Clerk Michelle Shuravloff-Nelson were also present.

II. PUBLIC COMMENTS

None

III. EXECUTIVE SESSION

a. Discussion of Horizon Lines Contract Negotiations

Councilmember Haines MOVED to enter into executive session to discuss Horizon Lines contract negotiations.

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

The Council entered into Executive Session at 7:12 p.m.

The regular meeting reconvened at 8:30 p.m.

IV. RESOLUTION NO. 2014-01, RATIFYING AND CONFIRMING THE EXTENSION OF THE WAREHOUSE LEASE AGREEMENT, TERMINAL OPERATION CONTRACT, AND PREFERENTIAL USE AGREEMENT BETWEEN THE CITY AND HORIZON LINES ON A MONTH-TO-MONTH BASIS

Deputy Mayor Saravia read Resolution No. 2014-01 by title. The City of Kodiak and Horizon Lines are in the process of negotiating contract renewals for the Warehouse Lease Agreement, Terminal Operation Contract, and Preferential Use Agreement. The existing contracts expired December 31, 2013, and the City of Kodiak and Horizon Lines desire to extend the existing contracts on a month-to-month basis until new contracts have been negotiated and authorized by the City Council.

Councilmember Whiddon MOVED to adopt Resolution No. 2014-01.

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

V. ADJOURNMENT

Councilmember Walker MOVED to adjourn the meeting.

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

The meeting adjourned at 8:33 p.m.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

Minutes Approved:

PERSONS TO BE HEARD

MEMORANDUM TO COUNCIL

Date: January 23, 2014

Agenda Item: III. a. Proclamation: Stalking Awareness Month

SUMMARY: This proclamation acknowledges staking as a serious crime and applauds the efforts of victim service providers, police officers, prosecutors, national and community organizations, and private sector supporters for their efforts in assisting victims and promoting awareness about stalking.

ATTACHMENTS:

Attachment A: Proclamation: Stalking Awareness Month

PROCLAMATION

Declaring Stalking Awareness Month

WHEREAS, under the laws of all fifty states, the District of Columbia, and federal government, stalking is a crime; and

WHEREAS, 3.4 million people over the age of 18 are stalked each year in the United States, and nearly 75% of victims are stalked by someone they know; and

WHEREAS, three in four women killed by an intimate partner had been stalked by that intimate partner; and

WHEREAS, stalking behaviors may appear innocuous to outside observers, but victims often endure intense physical and emotional distress and are forced to protect themselves by relocating, changing their identities and jobs, and obtaining protection orders; and

WHEREAS, communities can better combat stalking by adopting multidisciplinary responses by teams of local agencies and organizations and by providing more and better victim services; and

WHEREAS, Kodiak Women's Resource and Crisis Center is joining forces with victim service providers, criminal justice officials, and concerned citizens throughout Kodiak Island and the United States to observe National Stalking Awareness Month.

NOW, THEREFORE, I, Pat Branson, Mayor of the City of Kodiak, do hereby proclaim January 2014, as:

Stalking Awareness Month

in Kodiak and applaud the efforts of victim service providers, police officers, prosecutors, and others for assisting victims, promoting awareness to recognize the signs of stalking, acknowledging stalking as a serious crime; and urge those impacted not to be afraid to speak out or ask for help.

Dated this 23 day of January 2014.


City of Kodiak

Pat Branson, Mayor

(This page left intentionally blank.)

UNFINISHED BUSINESS

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Aimée Kniaziowski, City Manager 
Date: January 23, 2014

Agenda Item: IV. a. Second Reading, Ordinance No. 1314, Authorizing Lease No. 211696 Between the City of Kodiak and ACS of the Northland, Inc. for Pillar Mountain Communication Site No. 10

SUMMARY: Alaska Communications Systems of the Northland (formerly PTI Communications) has maintained a lease for the Pillar Mountain communication Site No. 10 with the City since at least the mid-1990s. ACS wishes to renew the lease for five years with the same terms (Attachment C). Council passed Ordinance No. 1314 in the first reading at their January 16 meeting and advanced it to second reading and public hearing at this meeting.

PREVIOUS COUNCIL ACTION: Council has approved at least three leases with this company and its predecessor, PTI Communications, starting in the mid-1990s. Leases were authorized in 1994, 2001, and 2007.

DISCUSSION: The City has leased property on Pillar Mountain at communication Site No. 10 for the past 17 years to ACS and its predecessor company, PTI. The most recent lease expired, and the company wishes to renew the lease for five years from January 1, 2013, through December 31, 2018. ACS will pay \$543.17 per month with a 2% annual escalation clause. This rate is based on the results of a communications analysis at the end of 2007 and is consistent with other communication lease site fees. The site will continue to be used as a telephone microwave relay station to ACS customers in Chiniak.

ALTERNATIVES:

- 1) Adopt Ordinance No. 1314, which is staff's recommendation, because it is consistent with other communication site leases, and it provides rental income to the City and telephone services to neighboring Chiniak.
- 2) Postpone or fail to pass the ordinance, which is not recommended, because the City would limit its General Fund income, possibly impact telephone services to Chiniak, and would not comply with the stated intent to renew the lease.

FINANCIAL IMPLICATIONS: The lease will provide the City with \$6518.04 in 2014 with a 2.5% per year escalation clause with funds credited to the General Fund. The monetary value of this lease exceeds \$30,000 and is, therefore, subject to the requirements of City Charter, Article V, Section 17, requiring Council to approve the lease by ordinance.

LEGAL: The City Attorney reviewed the lease document and drafted the attached ordinance. This lease is required to be adopted by ordinance per the City's Charter, Article V, Section 17, due to value and 90 day cancellation clause identified in Section 2 of the lease document.

STAFF RECOMMENDATION: Staff recommends Council adopt Ordinance No. 1314.

CITY MANAGER'S COMMENTS: I support the issuance of another five-year lease to ACS. It will provide funds to the City and allow ACS to continue to provide communication services to Chiniak. Therefore, I recommend Council adopt Ordinance No. 1314 at tonight's meeting.

ATTACHMENTS:

Attachment A: Ordinance No. 1314

Attachment B: Lease No. 211696

Attachment C: ACS of the Northland's request to enter a five-year lease, dated 10/25/13

PROPOSED MOTION:

Move to adopt Ordinance No. 1314.

**CITY OF KODIAK
ORDINANCE NUMBER 1314**

AN ORDINANCE OF THE COUNCIL OF THE CITY OF KODIAK AUTHORIZING LEASE NO. 211696 BETWEEN THE CITY OF KODIAK AND ACS OF THE NORTHLAND, INC., FOR PILLAR MOUNTAIN COMMUNICATIONS SITE NO. 10

WHEREAS, the City owns property on Pillar Mountain known as Pillar Mountain Communications Site No. 10 that it has leased to Alaska Communications Systems, as a microwave antenna site for several years; and

WHEREAS, ACS of the Northland, Inc. dba Alaska Communications Systems (ACS), desires to continue leasing the communications site, and has requested that the City Council authorize the Pillar Mountain Communication Site No. 10 Lease Agreement No. 211696 (“Lease”); and

WHEREAS, it is in the best interest of the City to authorize a lease with ACS that allows for ACS to continue to occupy the Property.

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

Section 1: Notwithstanding anything to the contrary in Kodiak City Code Chapter 18.20, the Council of the City of Kodiak hereby authorizes the Lease, which is attached and incorporated by reference, with ACS for a term of five years, January 1, 2014, through December 31, 2018, for the communications site described in the Lease, located on an unsubdivided portion of U.S. Survey 2538 A, Tract B on Pillar Mountain in the City of Kodiak.

Section 2: The Lease authorized by this ordinance is subject to the requirements of City Charter Section V-17. Therefore, if one or more referendum petitions with signatures are properly filed within one month after the passage and publication of this ordinance, this ordinance shall not go into effect until the petition or petitions are finally found to be illegal and/or insufficient, or, if any such petition is found legal and sufficient, until the ordinance is approved at an election by a majority of the qualified voters voting on the question. If no referendum petition with signatures is filed, this ordinance shall go into effect one month after its passage and publication.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

First Reading: January 16, 2014
Second Reading:
Effective Date:

**LEASE AGREEMENT NO. 211696
PILLAR MOUNTAIN LEASE NO. 10
ACS OF THE NORTHLAND, INC.**

THIS LEASE made this 1st day of January 2014, by and between the **City of Kodiak**, an Alaska municipal corporation, herein referred to as "Lessor," and **ACS of the Northland, Inc. dba Alaska Communications System (ACS)**, herein referred to as "Lessee," provides as follows:

1. Leased Premises. Upon the terms and conditions herein set forth and subject to the prompt payment and performance by Lessee of each and every sum and other obligation hereinafter referred to, the Lessor does hereby lease, let, and demise to the Lessee, and the Lessee does hereby lease from the Lessor the following described premises:

A portion of land within U.S. Survey 2538A, Tract "B" described as follows:

Commencing at Corner 1, USS Survey 2538, identical with Corner 6, USS 3945 and Corner 11, USS 2537A. THENCE N 36°03'57" W a distance of 353.78 feet along a line common with USS 2538 and USS 3945 to THE TRUE POINT OF BEGINNING.

1. THENCE N 36°03'57" W a distance of 125.00 feet along said line;
2. THENCE S 86°42'47" E a distance of 72.46 feet;
3. THENCE along a tangent curve to the left, central angle 26°30'40", radius 190.00 feet, curve length of 87.91 feet;
4. THENCE S 23°13'28" E a distance of 41.77 feet;
5. THENCE S 53°56'03" W a distance of 125.00 feet to THE TRUE POINT OF BEGINNING

Containing 9,919 square feet.

A copy of said plat of survey is attached hereto and made a part of this Lease. These leased premises are hereinafter referred to as the "Site."

2. Term. This Lease shall continue in effect for a period of five (5) years from January 1, 2014 through December 31, 2018, provided, however, that either party shall have the right to cancel this Lease upon ninety (90) days written notice in advance of the date of such cancellation, such notice to be by certified mail sent to the usual mailing address of the party to be notified.

3. Rental. Lessee agrees to pay as and for rent the sum of FIVE HUNDRED FORTY-THREE DOLLARS AND SEVENTEEN CENTS (\$543.17) per month in monthly installments which fall due on the first of each calendar month for the first year of the Lease term and according to the following schedule for the remaining four years.

YEAR	RENTAL
2	102.5% of Year 1
3	105.0% of Year 1
4	107.5% of Year 1
5	110.0% of Year 1

4. Conditions of Lease. The Site shall be used solely as a telephone microwave relay station to customers located in Chiniak, Alaska.

5. Improvements. Lessor shall have the right to make additions, alterations, or improvements to the Site, which will not impede Lessee's access to or use of the Site. Any improvements constructed by Lessee shall be consistent with the limited use of the Site authorized by this Lease and shall be constructed at Lessee's sole cost and expense. Upon termination of this Lease, such improvements shall become the property of Lessor or, at Lessor's option, will be removed by Lessee at its sole expense.

6. Maintenance. Except as otherwise specifically provided herein, the Lessee shall, at all times and at its sole expense, keep and maintain the Site in good repair, and in neat, orderly, and slightly condition. Lessee shall not cause or permit any litter, debris, or refuse to be accumulated or stored upon the Site and shall promptly remove all such materials without cost to Lessor.

7. Indemnity. Lessee shall defend, indemnify, and hold Lessor, its officers, agents, and employees harmless against any and all actions, suits, proceedings, claims, loss, liens, costs, expense, and liability of every kind and nature whatsoever, including, but not limited to, attorney's fees reasonably incurred for response or defense of injury to or death of persons or loss of or damage to property, including property owned by the Lessor, caused by or incurred as a result of Lessee's use and occupancy of the Site under this Lease. This provision shall not apply to claims, actions, damages, losses, or proceedings caused solely by the negligence of officers, agents, or employees of Lessor. The provisions of this Section 7 shall survive termination of the Lease.

8. Insurance. Lessee shall further procure and maintain at its sole expense, and keep in full force and effect, policies of public and property damage liability insurance in the amount of ONE MILLION DOLLARS (\$1,000,000) for death or bodily injury, or loss sustained by any one person in any one occurrence. Lessor and its officers and employees shall be named as insureds in all such policies, which shall include a clause requiring at least thirty (30) days advance written notice to Lessor by the carrier before any cancellation or non-renewal during the term of this lease. The Lessee shall provide the Lessor with proof of such insurance pursuant to this paragraph prior to the effective date of this Lease and this Lease shall not become effective until and unless such proof is made. Unless otherwise expressly agreed to in writing by the Lessor, all insurance coverage required to be obtained under this paragraph shall be placed with a carrier licensed to do business in the State of Alaska. No insurance coverage required by this Lease shall be obtained pursuant to a "claims made" policy unless, at the time such insurance is procured a "tail" policy covering all insured risks is also obtained.

9. Environment

For purposes of this section:

(a) "Environmental Requirement" shall mean any law, regulation or legal requirement relating to health, safety, or the environment, now in effect or hereinafter enacted, including but not limited to the Comprehensive Environmental Response Compensation and Liability Act (CERCLA), the Toxic Substances Control Act (TSCA), the Federal Insecticide Fungicide and Rodenticide Act (FIFRA), the Resource Conservation and Recovery Act (RCRA), the Clean Air Act (CAA) and the Clean Water Act (CWA), the Occupational Safety and Health Act (OSHA)

and all similar state and local laws, rules, regulations and guidance, now in existence or hereinafter enacted, as each such law, rule, or regulation may be amended from time to time.

(b) "Environmental Hazard" shall mean Hazardous Materials (as defined hereinafter), or the storage, handling, production, disposal, treatment, or release thereof.

(c) "Hazardous Material" shall mean: (1) Any hazardous waste, any extremely hazardous waste, or any restricted hazardous waste, or words of similar import, as defined in the Resource Conservation and Recovery Act (42 USC §6901 et seq.).

(2) Any hazardous substances as defined in the Comprehensive Environmental Response, Compensation and Liability Act (42 USC §9601 et seq.);

(3) Any toxic substances as defined in the Toxic Substances Control Act (15 USC §2601 et seq.).

(4) Any pollutant as defined in the Clean Water Act (33 USC §1251 et seq.).

(5) Gasoline, petroleum or other hydrocarbon products or by-products.

(6) Asbestos.

(7) Any other materials, substances, or wastes subject to environmental regulation under any applicable federal, state, or local law, regulation, or ordinance now or hereafter in effect

(d) "Environmental Liabilities" shall mean any liability, penalties, fines, forfeitures, demands, damages, losses, claims, causes of action, suits, judgments, and costs and expenses incidental thereto (including cost of defense, settlement, reasonable attorneys' fees, reasonable consultant fees and reasonable expert fees), arising from or based on environmental contamination or the threat of environmental contamination or noncompliance, or violation of, any Environmental Requirement, and shall include, but not be limited to, liability arising from:

(1) Any governmental action, order, directive, administrative proceeding, or ruling.

(2) Personal or bodily injuries (including death) or damages to any property (including loss of use) or natural resources.

(3) Clean-up, remediation, investigation, monitoring, or other response action.

(e) "Environmental Release" shall mean any release, spill, leak, discharge, injection, disposal, or emission of any Hazardous Materials into the environment.

(f) At all times during the term of the Lease, Lessee shall conduct its activities at the Site, and shall ensure that any invitee of Lessee conducts its activities at the Site, in strict compliance with all applicable Environmental Requirements.

(g) Notwithstanding any other provision of this Lease, Lessee agrees to indemnify and hold harmless Lessor, Lessor's successors and assigns, and Lessor's present and future officers, directors, employees, and agents, (collectively "Lessor Indemnitees") from and against any and all Environmental Liabilities which Lessor or any or all of the Lessor Indemnitees may hereafter suffer, incur, be responsible for or disburse as a result of any Environmental Hazard at the Site to the extent caused by or attributable to Lessee or Lessee's activities, or by any invitee of Lessee or by the activities of any invitee of Lessee.

(h) Notwithstanding any other provision of the Lease, Lessor agrees to indemnify and hold harmless Lessee, Lessee's successors and assigns, and Lessee's present and future officers, directors, employees and agents (collectively "Lessee Indemnitees") from and against any and all Environmental Liabilities which Lessee or any of the Lessee Indemnitees may hereafter suffer, incur, be responsible for, or disburse as a result of any Environmental Hazard at the Site to the

extent caused by or attributable to Lessor or Lessor's activities, or by any invitee of Lessor or by the activities of any invitee of Lessor.

(i) The provisions of Section 9 shall survive termination of the Lease.

10. Utility Charges and Taxes. All utility charges shall be borne and paid for by Lessee, together with all personal or real property taxes or assessments that may be levied against the Lessee by reasons of its occupancy of the Site or its rights hereunder.

11. Operation of Equipment. In installing, operating, or maintaining any equipment on the Site and in its general management of the Site, the Lessee will act in accordance with applicable laws and regulations and so as not to cause interference with any other radio or television transmitting or receiving equipment whether located on the Site or not. Specifically, the Lessee will install all equipment in accordance with industry standards. The Lessee shall at all times protect from interference all frequencies assigned to the Lessor whether or not such frequencies are in use. The Lessee will not do, attempt, or permit any acts in connection with this Lease, which could be construed as a violation of law. The Lessee will review the Federal Communications Commission's Guidelines for Human Exposure to Radiofrequency Emissions ("Guidelines") and Federal Communications Commission OET Bulletin 65, current edition, Evaluating Compliance with FCC Guidelines for Human Exposure to Radiofrequency Electromagnetic Fields on a regular basis. The Lessee will post all proper warnings in plain public view and take all reasonable steps to warn the public of a possible hazard of exposure to radiofrequency emissions.

12. Condition of Site. The Lessee takes the Site in its present condition and the Lessor shall have no responsibility for its condition, or for any damage suffered by the Lessee or any other person due to such conditions.

13. Assignment and Subleasing. Lessee shall not sublease lands or any part thereof leased from the Lessor without prior written permission signed by the city manager and approved by the council. Subleases shall be in writing and be subject to the terms and conditions of the original lease.

14. Default and Re-Entry. If Lessee fails to cure any default of the conditions of this Lease within thirty (30) days after written notice thereof by Lessor, or in the event insolvency proceedings should be instituted by or against Lessee, then Lessor may terminate the Lease as of such date and re-enter the Site, and Lessee shall remain liable for the payment of rental to the extent provided by law.

15. Applicable Law. Lessee shall, at all times, in its use and occupancy of the Site and in the conduct of its operations thereon, comply with all applicable federal, state, and local laws, ordinances, and regulations.

IN WITNESS WHEREOF, the parties executed this instrument the day and month first above written.

CITY OF KODIAK

ACS OF THE NORTHLAND, INC.

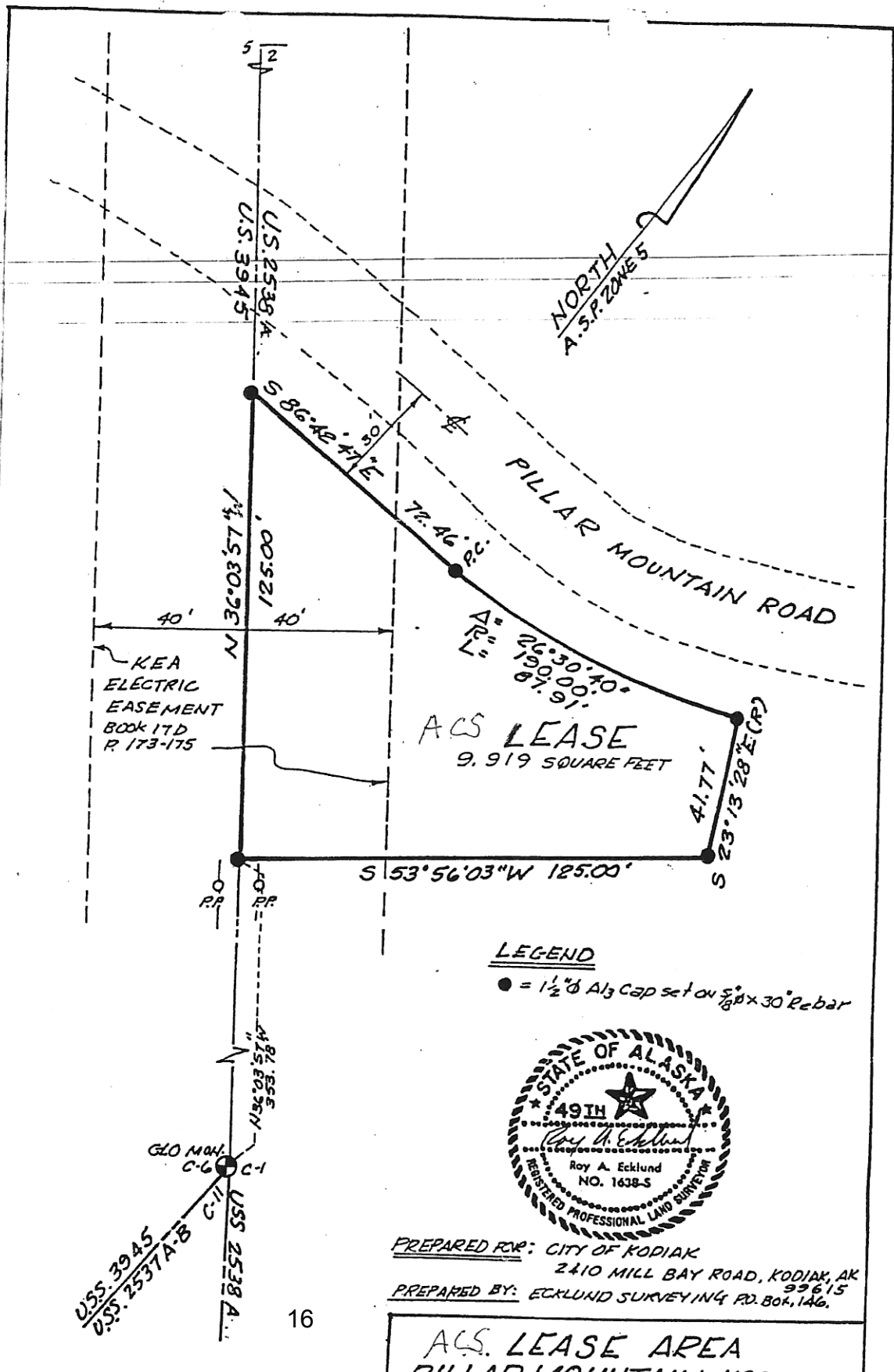
Aimée Kniaziowski, City Manager

Name
Title

Attest:

Witness:

Debra L. Marlar, City Clerk



KEA
ELECTRIC
EASEMENT
BOOK 17D
R 173-175

ACS LEASE
9,919 SQUARE FEET

LEGEND

● = 1/2" Ø Al₃ Cap set on 5/8" x 30" rebar



PREPARED FOR: CITY OF KODIAK
2410 MILL BAY ROAD, KODIAK, AK
PREPARED BY: ECKLUND SURVEYING & RD. BOX 146, 99615

ACS LEASE AREA
PILLAR MOUNTAIN, KODIAK, AK

Kniaziowski, Aimee

From: Marlar, Debra
Sent: Wednesday, January 08, 2014 12:47 PM
To: Kniaziowski, Aimee
Subject: FW: LN#100130 City of Kodiak - Lease Agreement Pillar Mountain Lease No. 10

ERMS Folder: City Records\01 City Clerk\0154 Contracts and Agreements\ACS, Pillar Comm Site 10, 2008-2013\
ERMS Time: 10/25/2013 1:59:00 PM

From: Doty, Gayle L. [<mailto:Gayle.Doty@acsalaska.com>]
Sent: Friday, October 25, 2013 1:54 PM
To: Marlar, Debra
Subject: LN#100130 City of Kodiak - Lease Agreement Pillar Mountain Lease No. 10

Debbie –

Thank you so much for call today regarding our expiring lease. ACS desires to renew this agreement on the same terms as the existing lease.

One thing, we would like the entity name to be: ACS of the Northland, LLC.

Let me know if you need any additional information from me for this to proceed.

Thanks, again.

Gayle Doty

Manager, Real Estate Programs

907.564.1064 direct

907.529.9757 mobile

gayle.doty@acsalaska.com



Customer Service: 800.878.0200
alaskacommunications.com


This transmittal may contain confidential information intended solely for the addressee. If you are not the intended recipient, you are hereby notified that you have received this transmittal in error; any review, dissemination, distribution or copying of this transmittal is strictly prohibited. If you have received this communication in error, please notify us immediately by reply or by telephone at 907-297-3000 and ask to speak with the message sender. In addition, please immediately delete this message and all attachments. Thank you. Alaska Communications

(This page left intentionally blank.)

NEW BUSINESS

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Council Members

From: Aimée Kniaziowski, City Manager 

Thru: Mary Munk, Finance Director

Date: January 23, 2014

Agenda Item: V. a. **First Reading, Ordinance No. 1315, Establishing Supplemental Appropriation No. 1 to the Budget for the Fiscal Year Commencing on the First Day of July 2013 and Ending On the Thirtieth Day of June 2014**

SUMMARY: The Supplemental Appropriation No. 1 to the budget for the fiscal year commencing on the first day of July 2013 and ending on the thirtieth day of June 2014 is in the amount of \$1,472,180. It is customary for the City Council to approve at least one supplemental budget annually to authorize the adjustments of current revenues and expenses as detailed in the attachments provided. These adjustments are for the operating funds as well as additions to project funds for grant revenues received and additional expenditures needed that were not known at the time the original budget was adopted. This is the first budget amendment of FY2014. Staff recommends Council pass Ordinance No. 1315 in the first reading and advance to second reading and public hearing at the next regular or special Council meeting.

PREVIOUS COUNCIL ACTION:

- June 13, 2013, Council adopted Ordinance No. 1309 for the FY2014 budget in the amount of \$41,574,208 commencing on the first day of July 2013 and ending on the thirtieth day of June 2014.

DISCUSSION: The adoption of the budget by the City Council puts the budget into effect for the budget year July 1 through June 30. Amendments to the budget can occur anytime during the fiscal year through a supplemental budget ordinance, which is introduced at one Council meeting and typically adopted at the next Council meeting.

All new appropriations are authorized by an ordinance that amends the annual budget ordinance. An ordinance is required to move amounts between funds, departments and projects. An ordinance is required to move funds, to add permanent personnel, or to grant unscheduled salary increases. The Supplemental No. 1 Appropriation is requesting the addition of \$1,472,180 to the adopted budget bringing the total amended budget to \$43,046,388 for FY2014.

The Supplemental No. 1 Appropriation is requesting an increase in non-capital funds in the amount of \$1,519,207 and a decrease in capital funds in the amount of \$47,027. Of the \$1,519,207 increase for non-capital funds, \$921,584 is a transfer to the Enhancement Fund from the General Fund based on KCC 3.28.020. KCC 3.28.020 states that fifty percent of the prior fiscal year's General Fund surplus shall be deposited in the City Enhancement Fund. The General Fund surplus is defined as the excess of revenues and other financing sources over expenditures and other financing uses, plus any residual equity transfers in, less any residual equity transfers out, as identified in the audited General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. The audited net change in fund balance for the year ending June 30, 2013, was \$1,843,167. The remaining \$597,623 in non-capital funds is for adjustments not anticipated due to grant funds received, overtime incurred from staff turnover, increases in utility expenses, and increases in professional fees. Capital projects decreased overall as a result of the closure of completed projects. Additions to projects included the Homeland Security Project in the amount of \$47,973, the Monashka Pump House Project in the amount of \$500,000, the Aleutian Homes Phase V Project in the amount of \$5,000, and the Major Park Improvement Project in the amount of \$50,000. Project closures amount to \$650,000 resulting in an overall decrease of \$47,027.

FINANCIAL IMPLICATIONS: All expense appropriations requested in Supplemental Appropriation No. 1 are funded by increased revenue sources, additional state and federal grant sources, and use of fund balances and transfers. The ordinance makes a number of changes in the FY2014 budget reflecting increased revenues and expenditures, new project and grant funding, and movement of funds to more accurately reflect current City operations. Details of funding sources and expenses have been submitted in the attachments.

LEGAL: The Kodiak City Charter and Kodiak City Code grant Council the authority to make appropriations and adopt and amend budgets as required.

STAFF RECOMMENDATION: Staff recommends that the City Council pass Ordinance No. 1315, Supplemental Appropriation No. 1 to the FY 2014 budget, in the first reading and advance to second reading and public at the next regular or special Council meeting.

CITY MANAGER'S COMMENTS: The City traditionally adopts one major budget amendment each fiscal year to make necessary adjustments to cover changes or additions to projects, to account for the receipt of additional revenues, and increased operating expenses. The ordinance and attachments detail the sections of the City's operating and capital budget that require changes. I recommend Council pass Ordinance No. 1315 in the first reading.

ATTACHMENTS:

Attachment A: Ordinance No. 1315

Attachment B: Backup descriptions containing details and summaries by each fund

Attachment C: Backup line item detail to budget.

PROPOSED MOTION:

Move to pass Ordinance No. 1315, 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 1315

AN ORDINANCE OF THE COUNCIL OF THE CITY OF KODIAK ESTABLISHING SUPPLEMENTAL APPROPRIATION NO. 1 TO THE BUDGET 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, Alaska, as follows:

Section 1: The following estimated revenues and expenditures are hereby appropriated for the corporate purposes and objects of the City of Kodiak for fiscal year 2014.

FY 2014 Supplemental Budget				
GENERAL FUND				
	Amended Budget	Supplemental #1	Supplemental #2	Revised Budget
Anticipated Revenues:				
Property Tax	\$ 773,500	\$ -	\$ -	\$ 773,500
Sales Tax	11,630,000	-	-	11,630,000
Licenses and Permits	76,800	15,000	-	91,800
Intergovernmental	2,589,448	(40,809)	-	2,548,639
Charges for Services	1,633,193	297,241	-	1,930,434
Fines and Forfeitures	20,500	-	-	20,500
Interest Income	45,000	-	-	45,000
Rental Income	180,000	-	-	180,000
Other Revenues	43,800	-	-	43,800
Interfund Charges	882,869	-	-	882,869
Use of Fund Balance	1,156,232	779,775	-	1,936,007
Transfers In	-	-	-	-
Total Amended Revenues	<u>\$ 19,031,342</u>	<u>\$ 1,051,207</u>	<u>\$ -</u>	<u>\$ 20,082,549</u>
Planned Expenditures:				
Legislative	\$ 302,660	\$ 2,000	\$ -	\$ 304,660
Legal	50,000	-	-	50,000
Executive	518,015	28,338	-	546,353
Emergency Preparedness	56,500	-	-	56,500
City Clerk	454,300	4,287	-	458,587
Finance	1,351,521	-	-	1,351,521
Police	6,794,359	39,098	-	6,833,457
Fire	1,851,093	8,500	-	1,859,593
Public Works	2,331,959	-	-	2,331,959
Engineering	255,849	-	-	255,849
Parks & Recreation	1,359,945	-	-	1,359,945
Library	966,805	47,400	-	1,014,205
Non-Departmental	738,531	-	-	738,531
Transfers	1,999,805	921,584	-	2,921,389
Total Amended Expenditures	<u>\$ 19,031,342</u>	<u>\$ 1,051,207</u>	<u>\$ -</u>	<u>\$ 20,082,549</u>

SPECIAL REVENUE FUNDS

	Amended Budget	Supplemental #1	Supplemental #2	Revised Budget
Anticipated Revenues:				
Tourism Development	\$ 142,860	\$ -	\$ -	\$ 142,860
KFDA	60,050	-	-	60,050
City Enhancement	-	-	-	-
Total Amended Revenues	<u>\$ 202,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,910</u>
Planned Expenditures:				
Tourism Development	\$ 142,860	\$ -	\$ -	\$ 142,860
KFDA	60,050	-	-	60,050
City Enhancement	-	-	-	-
Total Amended Expenditures	<u>\$ 202,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,910</u>

CAPITAL PROJECTS

	Amended Budget	Supplemental #1	Supplemental #2	Revised Budget
Anticipated Revenues:				
300 General Capital Projects	\$ 562,500	\$ 47,973	\$ -	\$ 610,473
315 Vehicle Replacement Capital	72,305	-	-	72,305
301 Street Improvements	450,000	(365,000)	-	85,000
302 Building Improvements	-	-	-	-
305 Water Capital Fund	3,450,000	505,000	-	3,955,000
306 Sewer Capital Fund	-	(285,000)	-	(285,000)
307 Cargo Development Fund	-	100,000	-	100,000
308 Harbor Development	-	(100,000)	-	(100,000)
309 Parks & Recreation Fund	-	50,000	-	50,000
Total Amended Revenues	<u>\$ 4,534,805</u>	<u>\$ (47,027)</u>	<u>\$ -</u>	<u>\$ 4,487,778</u>
Planned Expenditures:				
300 General Capital Projects	\$ 562,500	\$ 47,973	\$ -	\$ 610,473
315 Vehicle Replacement Capital	72,305	-	-	72,305
301 Street Improvements	450,000	(365,000)	-	85,000
302 Building Improvements	-	-	-	-
305 Water Capital Fund	3,450,000	505,000	-	3,955,000
306 Sewer Capital Fund	-	(285,000)	-	(285,000)
307 Cargo Development Fund	-	100,000	-	100,000
308 Harbor Development	-	(100,000)	-	(100,000)
309 Parks & Recreation Fund	-	50,000	-	50,000
Total Amended Expenditures	<u>\$ 4,534,805</u>	<u>\$ (47,027)</u>	<u>\$ -</u>	<u>\$ 4,487,778</u>

ENTERPRISE FUNDS

	Amended Budget	Supplemental #1	Supplemental #2	Revised Budget
Anticipated Revenues:				
Cargo Fund 500	\$ 1,052,675	\$ 453,000	\$ -	\$ 1,505,675
Harbor Fund 510	3,486,750	-	-	3,486,750
Boat Yard/Lift 512	1,331,698	-	-	1,331,698
Electric Fund 515	697,854	-	-	697,854
Water Fund 550	4,421,088	15,000	-	4,436,088
Sewer Fund 570	5,768,895	-	-	5,768,895
Trident Basin Fund 580	381,120	-	-	381,120
E-911 Services	74,570	-	-	74,570
Total Amended Revenues	<u>\$ 17,214,650</u>	<u>\$ 468,000</u>	<u>\$ -</u>	<u>\$ 17,682,650</u>

ENTERPRISE FUNDS CONTINUED

Planned Expenditures:				
Cargo Fund 500	\$ 1,052,675	\$ 453,000	\$ -	\$ 1,505,675
Harbor Fund 510	3,486,750	-	-	3,486,750
Boat Yard/Lift 512	1,331,698	-	-	1,331,698
Electric Fund 515	697,854	-	-	697,854
Water Fund 550	4,421,088	15,000	-	4,436,088
Sewer Fund 570	5,768,895	-	-	5,768,895
Trident Basin Fund 580	381,120	-	-	381,120
E-911 Services	74,570	-	-	74,570
Total Amended Expenditures	<u>\$ 17,214,650</u>	<u>\$ 468,000</u>	<u>\$ -</u>	<u>\$ 17,682,650</u>

INTERNAL SERVICE FUND

	Amended Budget	Supplemental #1	Supplemental #2	Revised Budget
Anticipated Revenues:				
Self Insurance Fund	\$ 590,501	\$ -	\$ -	\$ 590,501
Total Amended Revenues	<u>\$ 590,501</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 590,501</u>
Planned Expenditures:				
Self Insurance Fund	\$ 590,501	\$ -	\$ -	\$ 590,501
Total Amended Expenditures	<u>\$ 590,501</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 590,501</u>
Total Revenues	\$ 41,574,208	\$ 1,472,180	\$ -	\$ 43,046,388
Total Expenditures	\$ 41,574,208	\$ 1,472,180	\$ -	\$ 43,046,388

Section 2: This ordinance shall be in full force and effect from and after its passage as required by law.

CITY OF KODIAK

DEPUTY MAYOR

ATTEST:

CITY CLERK

First Reading:
Second Reading:
Effective Date:

**CITY OF KODIAK
FY 2014 Supplemental**

	Adopted		Capital Project		Supplemental		Supplemental		Total	Revenues & Expenses As of		Difference	%
	Budget 2014	Rollover 2013	#1 2014	#2 2014	Budget 2014	As of 12/31/2013	Difference						
Fund 100 General Fund													
REVENUES:													
310.100 Property Taxes	770,000				770,000	459,102	310,898	60%					
310.111 PILOT from KIHA	3,500				3,500	2,948	552	84%					
310.200 Sales Taxes	11,600,000				11,600,000	3,301,701	8,298,299	28%					
310.900 Penalty & Interest	30,000				30,000	8,634	21,366	29%					
320.000 License & Permits	76,800		15,000		91,800	58,980	32,820	64%					Increase in Permits for FY 2014
330.100 PERS Relief	804,708		291		804,999	-	804,999	0%					Increase in Department 120 - Clerks
330.105 State Revenue Sharing	400,065		2,000		402,065	401,964	101	100%					Higher then anticipated
330.130 Fish Tax - Dept of Rev	1,253,000		(63,000)		1,190,000	1,189,750	250	100%					Lower then anticipated
330.131 Fish Tax - DCED (Shared Fish Tax)	50,000				50,000	15,331	34,669	31%					
330.140 Fuel Tax Sharing	7,075				7,075	5,859	1,216	83%					
330.150 Alcohol Beverage Sharing	15,000				15,000	-	15,000	0%					
330.160 Utility Revenue Sharing	38,100				38,100	-	38,100	0%					
330.300 State Grant Capital	15,000		9,800		24,800	1,300	23,500	5%					\$1,300 - DOC grant for Prisoner Equipment Purchase
330.305 State Grant - Operations	6,500		100		6,600	9,632	(3,032)	146%					
330.325 Federal Grant - Operations	-		10,000		10,000	1,280	8,720	13%					Federal Grant EMPG
340.100 Boarding of Prisoners	1,133,993		74,297		1,208,290	907,580	300,710	75%					6/27/2013 Authorized 5 year Jail Contract with Alaska DOC
340.110 State Trooper Comm Contract	120,000				120,000	19,688	100,313	16%					
340.120 Other Police Services	20,000				20,000	723	19,277	4%					
340.130 Police Protective Custody	2,000				2,000	2,035	(35)	102%					
340.210 Borough Animal Control Services	-		72,944		72,944	(56)	73,000	0%					New KIB Agreement - \$109,415 annually, Prorated November 1 - June 30 = \$72,944.
340.240 Borough Building Inspections	140,000				140,000	31,498	108,502	22%					
340.300 Ambulance Services	70,000		150,000		220,000	137,610	82,390	63%					Outsourced Ambulance Billing
340.310 Fire Miscellaneous	7,000				7,000	-	7,000	0%					
340.405 School Lifeguard Services	12,000				12,000	7,869	4,131	66%					
340.405 Parks & Recreation Revenues	100,000				100,000	48,407	51,593	48%					
340.520 Library Revenue	18,000				18,000	7,783	10,217	43%					
340.545 Miscellaneous Service Charges	10,200				10,200	8,316	1,884	82%					
350.100 Fines & Forfeits	20,500				20,500	6,742	13,758	33%					
360.100 Interest on Investments	45,000				45,000	3,393	41,607	8%					
363.100 Rents & Royalties	180,000				180,000	133,818	46,182	74%					
375.600 Miscellaneous other	43,800				43,800	1,709	42,091	4%					
380.100 Cargo Terminal Services	85,270				85,270	85,270	-	100%					
380.110 Boat Harbor Services	85,270				85,270	85,270	-	100%					
380.115 Boat Yard Service	85,270				85,270	85,270	-	100%					
380.118 Electric	63,951				63,951	63,951	-	100%					
380.120 Water Services	85,260				85,260	85,260	-	100%					
380.121 Sewer Services	85,260				85,260	85,260	-	100%					
380.125 Trident Basin	42,630				42,630	42,630	-	100%					
380.130 Tourism Services	36,860				36,860	36,860	-	100%					
380.150 Public Works	184,503				184,503	184,503	-	100%					
380.190 Engineering/Inspections Fees	56,290				56,290	56,290	-	100%					
380.400 Vehicle Replacement	72,305				72,305	72,305	-	100%					
385.100 Approp. From Fund Balance	1,156,232		779,775		1,936,007	39,270	33,035	54%					Use of Fund Balance
390.780 Transfer In	-		-		-	-	1,936,007	0%					
TOTAL REVENUES	19,031,342		1,051,207		20,082,549	7,623,431	12,459,118	38%					

EXPENDITURES:

Legislative	302,660	2,000	304,660	95,144	209,516	31%	Data Plans for iPads for City Business, Annual Dues were higher than anticipated
Legal	50,000		50,000	11,895	38,105	24%	
Executive	518,015	28,338	546,353	174,495	371,858	32%	Vehicle purchase for City Manager \$25,338, Fuel \$3,000
Emergency Preparedness	56,500		56,500	17,393	39,107	31%	
City Clerk - Clerk	297,475	3,529	301,004	116,521	184,483	39%	\$3,029 Salary and Benefit Adjustments, \$500 Supplies
City Clerk - Records	156,825	758	157,583	63,091	94,492	40%	Salary and Benefit Adjustments
Finance	1,351,521		1,351,521	595,520	756,001	44%	
Police	6,794,359	39,098	6,833,457	2,601,457	4,232,000	38%	\$1,300 - DOC grant for Prisoner Wheelchair, \$800 for sub-dept 148 Canine professional vet services, \$9,056 Admin to remove radio channels, \$5,500 School Resource for overtime, \$5,800 Police Canine for overtime, \$4,750 Police Canine for concrete pad & dog house, \$1,000 Animal Control for uniforms and \$10,892 Corrections for Fingerprint Scanner.
Fire	1,851,093	8,500	1,859,593	885,711	973,882	48%	\$8,500 - MOU ADEC Equipment Purchase
Public Works	2,331,959		2,331,959	861,642	1,470,317	37%	
Engineering	255,849		255,849	90,161	165,688	35%	
Parks & Recreation	1,359,945		1,359,945	539,797	820,148	40%	
Library	966,805	47,400	1,014,205	374,731	639,474	37%	\$27,400 Interim Library Director, Additional expenses related to new building
Non-Departmental	738,531		738,531	561,287	177,244	76%	
Transfers	1,999,805	921,584	2,921,389	1,966,770	954,619	67%	Transfers: Transfer 1/2 of 6/30/13 surplus to Enhancement Fund Code 3.28.020 - \$921,584.
TOTAL EXPENDITURES	19,031,342	-	20,082,549	8,955,615	11,126,934	45%	

Fund 251 Tourism Development

Revenues:						
Hotel/Motel Tax	142,860		142,860	75,021	67,839	53%
Interest on Investments	-		-	-	-	
Approp. From Fund Balance	-		-	-	-	
Revenues:	142,860	-	142,860	75,021	67,839	53%

Expenditures:

	142,860	-	142,860	110,360	32,500	77%
--	---------	---	---------	---------	--------	-----

Fund 254 KFDA

Revenues:						
Rents	60,000		60,000	79,322	(19,322)	132%
Interest on Investments	50		50	131	(81)	262%
Approp. From Fund Balance	-		-	-	-	0%
Revenues:	60,050	-	60,050	79,453	(19,403)	132%

Expenditures:

	60,050	-	60,050	7,942	52,108	13%
--	--------	---	--------	-------	--------	-----

Fund 299 City Enhancement

Revenues:						
Interest on Investments	55,000		55,000	30,072	24,929	55%

Gibson Cove Cannery	42,210		42,210	17,424	24,786	41%
Other Revenue - Land Sales	-		-		-	0%
Approp. From Fund Balance	(97,210)	(921,584)	(1,018,794)		(1,018,794)	0%
Transfer from General Fund	-	921,584	921,584		-	0%
Revenues:	-	-	-	47,495	(969,079)	0%

Transfer 1/2 of 6/30/13 surplus to Enhancement Fund Code 3.28.020

Expenditures:

Fund 300 General Capital Projects

Revenue:						
State Grants		47,973	808,833	703,516	105,318	87%
Federal Grants						
Approp. From Fund Balance	(366,500)	760,860	311,000	245,843	65,157	79%
Transfer from General Fund	1,500	50,000	51,500		51,500	0%
Transfer from Enhancement Fund	927,500	2,050,000	2,977,500	2,977,500	-	100%
Transfer from Harbor Fund	-	100,000	100,000	100,000	-	100%
Transfer from Land Development		20,000	20,000	20,000	-	100%
Revenues:	562,500	3,728,360	4,338,833	4,116,859	221,974	95%

2013 Home Land Security Grant EMW-2013-SS-00098

Expenditures:

4002 City Land Development	70,000		70,000	44,989	25,011	64%
4009 Compr Records Management Prog	275,000		275,000	250,307	24,693	91%
4013 Museum Building - Phase I	250,000		250,000	245,843	4,157	98%
4014 Municipal Airport Improvements	700,000		700,000	695,516	4,484	99%
4015 Fire Station Upgrades	550,000		550,000	472,333	77,667	86%
4027 Alaska Shield Hazmat Exercise/Anchorage	14,500		14,500	8,045	6,455	55%
4028 Financial Software Upgrade	530,000		530,000	489,128	40,872	92%
4029 E-911 Upgrade System	275,000		275,000	-	275,000	0%
4030 Classification & Compensation Study	100,000		100,000	81,960	18,040	82%
4032 Fire Department Engine Replacement	450,000		450,000	427,700	22,300	95%
4033 Fire Department Ambulance Replacement	166,000	35,000	201,000	-	201,000	0%
4034 Paving Police Station Parking Lot	(103,500)	352,000	248,500	248,215	285	100%
4035 Demolition of Old KPD & 1118 Mission	500,000	115,500	615,500	239,447	376,053	39%
4037 Home Land Security & Emergency Management		11,360	11,360	2,587	8,773	23%
4038 Home Land Security & Emergency Management FY 2014		-	47,973	-	47,973	0%
Expenditures:	562,500	3,728,360	4,338,833	3,206,070	1,132,763	74%

2013 Home Land Security Grant EMW-2013-SS-00098

Fund 315 Vehicle Replacement Capital Fund

Revenue:						
Transfer from General Fund	72,305	88,694	160,999	108,395	52,604	67%
Revenues:	72,305	88,694	160,999	108,395	52,604	67%

Expenditures:

4900 Vehicle Replacement Capital	72,305	88,694	160,999	-	160,999	0%
Expenditures:	72,305	88,694	160,999	-	160,999	0%

Fund 301 Street Improvement

Revenue:						
State Grants						
Expenditures:						

8016 Pedestrian Access from Pier II	2,300,000	100,000	2,400,000	1,960,658	439,342	82%
8017 Inspection Pier II and Inner Harbor Docks	85,700		85,700	64,347	21,353	75%
8018 Security Improvements	50,000		50,000	11,500	38,500	23%
8019 Oscar's Dock Electric	150,000		150,000	-	150,000	0%
8020 Decking for Dock I	100,000		100,000	-	100,000	0%
8021 Zinc Replacement	50,000		50,000	7,660	42,340	15%
8022 Data Weather Station	12,000		12,000	5,000	7,000	42%
8023 Pedestrian Pathway	384,000		384,000	-	384,000	0%
8024 Pier III Replacement	33,100,000	712,000	33,812,000	1,466,111	32,345,889	4%
Expenditures:	-	100,000	37,043,700	3,515,277	33,528,423	9%
	-	100,000	37,043,700	3,515,277	33,528,423	9%

Consolidate with Project #8024

Fund 308 Harbor Development

Revenues:						
Slate Grant						
Approp. From Fund Balance	(500,000)	(100,000)	415,000		415,000	0% Closed Project #8524
Transfer from General Fund	500,000		780,000	280,000	500,000	36%
Transfer from Boat Harbor						
Revenues:	-	(100,000)	1,195,000	280,000	915,000	23%
	-	(100,000)	1,195,000	280,000	915,000	23%

Expenditures:

8515 Harbor Security Camera System	10,000		10,000	10,000	-	100%
8516 Float, Boat Launch, SPH	150,000		150,000	14,863	135,137	10%
8517 Restrooms, Fisherman's Hall	200,000		200,000	53	199,947	0%
8519 SPH Ladders	20,000		20,000	9,791	10,209	49%
8520 SHH Repairs	745,000		745,000	419,937	325,063	56%
8521 Channel Transient Float/ Bull Rails	25,000		25,000	9,699	15,301	39%
8523 Oscar's Dock Fender Pilling Replacement	45,000		45,000	10,920	34,080	24%
8524 Water Front Harbor Planning	100,000	(100,000)		4,886	(4,886)	
9598 Transfers						
Expenditures:	-	(100,000)	1,195,000	480,149	714,851	40%
	-	(100,000)	1,195,000	480,149	714,851	40%

Project closed per Harbor Master

Fund 309 Parks & Rec Capital

Revenue:						
Slate Grants	5,850,000		5,850,000	5,850,000	-	100%
Local Grants	500,000		500,000	555,376	(55,376)	111%
Approp. From Fund Balance	(50,000)	50,000	270,629		270,629	0%
Transfer from Enhancement Fund	500,000		500,000			
Transfer from General Fund	50,000		301,465	253,371	48,094	84%
Revenues:	-	50,000	7,422,094	7,158,747	263,347	96%
	-	50,000	7,422,094	7,158,747	263,347	96%

Expenditures:

9001 Baranof Park Improvements (E&D)	7,015,000		7,015,000	6,963,914	51,086	99%
9004 Playground Equipment & Improve	73,000		73,000	71,523	1,477	98%
9007 Storage Building - Baranof Park	115,000		115,000	63,863	51,137	56%
9012 Baranof Baseball Field Improvements	48,094		48,094	42,816	5,278	89%
9013 Major Park Maintenance	71,000	50,000	121,000	65,938	55,062	54%
9014 Building Improvement (Weatherization)	50,000		50,000	21,223	28,777	42%
9098 Transfers						
Expenditures:	-	50,000	7,422,094	7,229,277	192,817	97%
	-	50,000	7,422,094	7,229,277	192,817	97%

Fund 500 Cargo Terminal

Revenue:						
PERS Relief	20,050		20,050	-	20,050	0%

Dockage Pier III	120,000		120,000	61,653	58,347	51%
Cruise Ship Revenues	100,000		100,000	19,460	80,540	19%
Pier III Lease	300,000		300,000	126,574	173,426	42%
Wharf	450,000		450,000	224,328	225,672	50%
Interest on Investments	7,000		7,000	2,264	4,736	32%
Warehouse Rental	205,000		205,000	97,372	107,628	47%
Van Storage Rental	40,000		40,000	5,325	34,675	13%
Approp. From Retained Earnings Transfer	(189,375)	453,000	263,625	-	263,625	0%
Revenues:	1,052,675	-	1,505,675	536,976	968,699	36%
Expenditures:						
Cargo Terminal Administration	354,271		354,271	155,977	198,294	44%
Cargo Terminal Interfund Charges	181,734		181,734	-	-	100%
Cargo Terminal Warehouse	7,000		7,000	280	6,720	4%
Cargo Terminal Pier II	490,670		490,670	232,266	258,404	47%
Cargo Terminal Pier III	19,000	453,000	472,000	27,058	444,942	6%
Expenditures:	1,052,675	-	1,505,675	597,315	908,360	40%

\$400,000 - KEA Flywheel Agreement, \$8,000 - Appraisal on Warehouse at Pier III, \$25,000 - BST Consulting Agreement, \$20,000 - Horizon PUA negotiation consultant

Fund 510 Boat Harbor Fund						
Revenue:						
PERS Relief	91,836		91,836	-	91,836	0%
Dockage AMHS	80,000		80,000	23,774	56,226	30%
Exclusive Moorage	1,240,000		1,240,000	1,192,235	47,765	96%
Transient Moorage	500,000		500,000	343,534	156,466	69%
Harbormaster Service	10,000		10,000	4,715	5,285	47%
Gridiron Fees	15,000		15,000	6,498	8,502	43%
Pier/Dock Fees	175,000		175,000	95,082	79,919	54%
Used Oil Fees	15,000		15,000	5,157	9,844	34%
Waiting List Fees	3,000		3,000	1,650	1,350	55%
Trailer Parking Fees	33,000		33,000	12,065	20,935	37%
Bulk Oil Sales/Charges	60,000		60,000	23,590	36,410	39%
Gear Storage	45,000		45,000	30,170	14,830	67%
Parking Meters	10,000		10,000	3,611	6,389	36%
Launch Ramp Fees	15,000		15,000	5,955	9,045	40%
Interest on Investments	14,000		14,000	5,793	8,207	41%
Office Rent AMHS	16,500		16,500	6,504	9,996	39%
Other Revenues	7,300		7,300	338	6,962	5%
Harbor Services to Cargo	167,730	(1,281)	166,449	166,449	-	100%
Approp from Retained Earnings Transfer	988,384	1,281	989,665	-	989,665	0%
Revenues:	3,486,750	-	3,486,750	1,927,119	1,559,631	55%
Expenditures:						
Boat Harbor Administration	3,360,499		3,360,499	1,560,854	1,799,645	46%
Boat Harbor Interfund	126,251		126,251	126,251	-	100%
Transfer to Boat Yard Lift	-		-	-	-	-
Expenditures:	3,486,750	-	3,486,750	1,687,105	1,799,645	48%

Fund 512 Shipyard						
Revenue:						
PERS Relief	13,290		13,290	-	13,290	0%
Customer Fees	709,000		709,000	359,150	349,850	51%

Interest on Investments	1,000	1,000	659	341	66%
Other Revenue	2,000	2,000	2,573	(573)	129%
Approp from Retained Earnings Transfer	606,408	606,408	-	606,408	0%
Revenues:	1,331,698	-	1,331,698	362,382	969,316
					27%

Expenditures:					
Yard Administration	1,149,964	1,149,964	549,321	600,643	48%
Boat Yard Interfund	181,734	181,734	181,734	-	100%
Expenditures:	1,331,698	-	731,055	600,643	55%

Fund 515 Harbor Electrical

Revenues:					
Non-Meter Charge	25,000	25,000	6,709	18,291	27%
Customer Charge recurring	115,000	115,000	44,280	70,720	39%
Connect/Disconnect fee	7,000	7,000	3,440	3,560	49%
Energy Charge	530,000	530,000	179,135	350,865	34%
Record Fee	1,000	1,000	150	850	15%
HM Service	5,000	5,000	532	4,468	11%
Interest on Investments	1,000	1,000	469	531	47%
Approp from Retained Earnings Transfer	13,854	13,854	-	13,854	0%
Revenues:	697,854	-	234,715	463,139	34%

Expenditures:					
Electric Utility Administration	563,046	563,046	141,316	421,730	25%
Electric Utility Interfund	134,808	134,808	134,809	(1)	100%
Expenditures:	697,854	-	276,125	421,729	40%

Fund 550 Water Utility

Revenues:					
PERS Relief	49,450	49,450	-	49,450	0%
Water Sales Metered	1,556,800	1,556,800	822,794	734,006	53%
Water Sales City	1,276,688	1,276,688	563,574	713,114	44%
Water Sales Borough	830,110	830,110	380,917	449,193	46%
Water Service Connections	11,849	11,849	11,921	(72)	101%
Interest on Investments	10,000	10,000	4,567	5,433	46%
Other Revenues	24,500	24,500	15,533	8,967	63%
Approp From Retained Earnings	661,691	676,691	-	676,691	0%
Revenues:	4,421,088	15,000	1,799,306	2,636,782	41%

Additional funds for repairs at the Upper Reservoir

Expenditures:

Water Utility Transfers	1,725,000	1,740,000	1,737,400	2,600	100%
Water Utility	2,349,774	2,349,774	879,481	1,470,293	37%
Water Treatment Plant	346,314	346,314	121,681	224,633	35%
Expenditures:	4,421,088	-	2,738,562	1,697,526	62%

Additional funds for repairs at the Upper Reservoir

Fund 570 Sewer Utility

Revenues:					
PERS Relief	77,744	77,744	-	77,744	0%
Sewer Service Charges - City	2,229,260	2,229,260	958,741	1,270,519	43%
Sewer Service Charges - Outside	1,157,630	1,157,630	524,363	633,268	45%
Sewer Connections	6,300	6,300	17,171	(10,871)	273%
Septic Truck Discharge	42,800	42,800	40,361	2,439	94%
Lab Testing Fee	25,000	25,000	10,090	14,910	40%
Interest on Investments	10,000	10,000	3,215	6,785	32%

Approp From Retained Earnings	2,220,161	2,220,161	2,252	2,217,909	0%
Revenues:	5,768,895	5,768,895	1,556,192	4,212,703	27%
Expenditures:					
Sewer Utility Transfers	1,725,000	1,725,000	-	-	100%
Sewer Utility	664,211	294,528	369,683	369,683	44%
Wastewater Treatment Plant	3,379,684	947,947	2,431,737	2,431,737	28%
Expenditures:	5,768,895	2,967,475	2,801,420	2,801,420	51%
Fund 580 Trident Basin					
Revenues:					
Trident Basin - Charges	11,600	11,600	13,309	(1,709)	115%
Interest on Investments	1,000	1,000	-	1,000	0%
Rentals from Others	33,300	33,300	16,564	16,736	50%
Approp From Retained Earnings	335,220	335,220	-	335,220	0%
Transfer from Trident Basin Capital Fund	-	-	-	-	0%
Revenues:	381,120	381,120	29,873	351,247	8%
Expenditures:	381,120	381,120	152,108	229,012	40%
Fund 585 E-911 Services					
Revenues:					
PERS Relief	510	510	-	510	0%
Customer Charges	74,060	74,060	74,560	(500)	101%
Interest on Investments	-	-	-	-	-
Approp From Retained Earnings	-	-	-	-	-
Revenues:	74,570	74,570	74,560	10	100%
Expenditures:	74,570	74,570	71,797	2,773	96%
Fund 780 Self-Insurance					
Revenue:					
Interest on Investments	5,000	5,000	(704)	5,704	-14%
Insurance Refund/Reserve	12,000	16,170	(4,170)	(4,170)	135%
Charges to General Fund	317,931	317,931	-	-	100%
Charges to Trident Basin	11,215	11,215	-	-	100%
Charges to Cargo Terminal	25,606	25,606	-	-	100%
Charges to Boat Harbor	95,218	95,218	-	-	100%
Charges to Boat Yard	20,267	20,267	-	-	100%
Charges to Boat Electric	136	136	-	-	100%
Charges to Water Utility	49,535	49,535	-	-	100%
Charges to Sewer Utility	53,482	53,482	-	-	100%
Charges to E-911	111	111	-	-	100%
Transfer In	-	-	-	-	-
Approp Fund	-	-	-	-	-
Revenues:	590,501	590,501	588,966	1,535	100%
Expenditures:	590,501	590,501	471,613	118,888	80%
Insurance Expenses	590,501	590,501	471,613	118,888	80%
Expenditures:					
Non Capital Projects Revenue	37,039,403	-	14,935,490	22,701,536	39%
Non Capital projects Expenses	37,039,403	-	18,767,071	19,791,539	49%
	-	-	(3,831,582)	2,909,998	
Capital Projects Revenue	4,534,805	83,132,897	44,050,018	43,570,658	50%
Capital Projects Expenses	4,534,805	83,132,897	36,236,209	51,384,467	41%

Total Revenues	41,574,208	83,132,897	1,472,180	-	-	7,813,809	(7,813,809)	
Total Expenses	41,574,208	83,132,897	1,472,180	-	-	58,985,507	66,272,194	47%
	-	-	-	-	-	55,003,280	71,176,005	44%
	-	-	-	-	-	3,982,227	(4,903,811)	
Total Non-Capital Projects for FY	37,039,403	-	1,519,207	-	-	-	-	
Total Capital Projects for FY	4,534,805	-	(47,027)	-	-	-	-	
	\$ 41,574,208	\$ -	\$ 1,472,180	\$ -	\$ -	\$ -	\$ 43,046,388	


**FISCAL YEAR 2014
SUPPLEMENTAL #1**

	Detail Description	Account Number	Total Debit Adjustment	Total Credit Adjustment
	General Fund			
100	Taxi Permits	100.001.320.200		5,000.00
	Building Permits	100.001.320.300		10,000.00
	PERS On-Behalf	100.001.330.100		291.00
	State Revenue Sharing	100.001.330.105		2,000.00
	Fish Tax - Department of Revenue	100.001.330.130	63,000.00	
	State Grant - Capital	100.001.330.300		9,800.00
	State Grant - Capital	100.001.330.305		100.00
	Federal Grant EMPG	100.001.330.325		10,000.00
	Jail Contract with DOC	100.001.340.100		74,297.00
	New KIB Agreement for Animal Control	100.001.340.210		72,944.00
	Ambulance Services	100.001.340.300		150,000.00
	Use of Fund Balance	100.001.385.100		779,775.00
100.100.105	Legislature			
	Data Plans for iPads for City Business	100.100.105.450.130	2,000.00	
100.110.100	Executive			
	New Vehicle Purchase	100.110.100.470.126	25,338.00	
	New Vehicle Fuel	100.110.100.450.330	3,000.00	
100.120.100	City Clerk - Administration			
	Salaries & Wages	100.120.100.410.100	1,684.00	
	Annual Leave	100.120.100.410.170	653.00	
	Social Security	100.120.100.420.120	129.00	
	Retirement	100.120.100.420.130	370.00	
	PERS On-Behalf	100.120.100.420.131	233.00	
	Workers Comp	100.120.100.420.200	-	40.00
	Supplies	100.120.100.450.310	500.00	
100.120.120	City Clerk - Records Management			
	Salaries & Wages	100.120.120.410.100	421.00	
	Annual Leave	100.120.120.410.170	164.00	
	Social Security	100.120.120.420.120	32.00	
	Retirement	100.120.120.420.130	93.00	
	PERS On-Behalf	100.120.120.420.131	58.00	
	Workers Comp	100.120.120.420.200		10.00
100.140.100	Police - Administration			
	Professional Services	100.140.100.430.110	9,056.00	
100.140.142	Police - Corrections			
	Professional Services	100.140.142.430.110	10,892.00	
	Wheelchair Purchase	100.140.142.470.125	1,300.00	
100.140.145	Police - Animal Control			
	Uniforms	100.140.145.420.135	1,000.00	
100.140.148	Police - Canine			
	Overtime	100.140.148.410.140	5,800.00	
	Kennel Pad & House	100.140.148.470.126	4,750.00	
	Professional Services	100.140.148.430.110	800.00	
100.140.149	School Resources			
	Overtime	100.140.149.410.140	5,500.00	
100.150.100	Fire			
	MOU ADEC Equipment	100.150.100.450.310	8,500.00	
100.180.100	Library			
	Professional Services	100.180.100.430.110	27,400.00	
	Public Utility Services	100.180.100.455.100	20,000.00	
100.190.198	Transfers			

	Transfer to Enhancement Fund 299		100.190.198.490.299		921,584.00	
299	Enhancement Fund					
	Use of Fund Balance		299.001.385.100		921,584.00	
	Transfer from General Fund		299.001.390.100			921,584.00
300	General Capital Project Fund					
	State Grant	438	300.001.330.300	4038.2		47,973.00
300.300.438	Home Land Security Ak Shield	438	300.300.438.410.100	4038.5	10,417.00	
300.300.438	Home Land Security Ak Shield	438	300.300.438.430.110	4038.51	37,556.00	
301	Street Improvement Capital Project Fund					
301.320.525	Pavement Repairs	5025	301.001.390.100	5025.6	100,000.00	
	Pavement Repairs	5025	301.320.525.470.725	5025.55		100,000.00
305	Water Capital Project Fund					
	State Grant	7029	305.001.330.300	7029.2		500,000.00
	Use of Fund Balance	7026	305.001.385.100	7026.99		5,000.00
305.340.723	Construction	7023	305.340.723.470.725	7023.55		1,465,534.00
305.340.726	Professional Services	7026	305.340.726.430.110	7026.51	5,000.00	
305.340.729	Construction	7029	305.340.729.470.725	7029.55	500,000.00	
305.340.729	Construction	7029	305.340.729.470.725	7029.55	1,465,534.00	
307	Cargo Development Project Fund					
	Transfer from General Fund	8016	307.001.390.100	8016.6		100,000.00
307.360.816	Professional Services	8016	307.360.816.430.110	8016.51	100,000.00	
500	Cargo Fund					
	Use of Fund Balance		500.001.385.100			453,000.00
500.510.100	Professional Services		500.510.100.430.110		453,000.00	
510	Harbor Fund					
	Harbor Services Cargo		510.001.380.500			427.00
	Harbor Services Shipyard		510.001.380.512			427.00
	Harbor Services Electric		510.001.380.515			427.00
	Use of Fund Balance		510.001.385.100		1,281.00	
550	Water Fund					
	Use of Fund Balance		550.001.385.100			15,000.00
	Supplies		550.560.360.450.310		15,000.00	
					4,723,629.00	4,723,629.00

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Aimée Kniazowski, City Manager 

Date: January 23, 2014

Agenda Item: V. b. **Resolution No. 2014-06, Adopting the Federal Fiscal Year 2014 Prioritized Federal Capital Improvements Program List**

SUMMARY: Each year the City identifies capital improvement projects important to the maintenance and/or improvement of the City's infrastructure as well as issues that are important to the City or larger community. The Council reviewed and discussed a list of proposed federal requests at the January 14 and January 21 work sessions and indicated support for the projects and issues as listed. Resolution No. 2014-06 reflects that list which staff and the City's federal lobbyist recommend for approval.

PREVIOUS COUNCIL ACTION: Council adopts a resolution each year identifying the City's prioritized list of projects for federal funding assistance.

- Council adopted its Federal Fiscal Year (FFY) 2013 federal funding priorities by Resolution No. 2013-01 on January 24, 2013.
- Council adopted Resolution No. 2013-29 regarding federal subsistence determination review for Kodiak.
- Council reviewed and discussed staff's proposed working list of FFY 2014 projects and issues at the January 14 and January 21 work sessions and supported the projects and issues presented by staff.

DISCUSSION: As mentioned above, the Council reviewed and discussed a list of proposed federal projects for FFY 2014 at the January 14 and 21 work sessions. Staff worked closely with the City's federal lobbyist, Brad Gilman, to develop the list of City projects and issues, which he will promote this year in Washington, D.C. Brad advised the City to include transportation and water infrastructure projects in the CIP in the event that Congress reinstates earmarks. He said to include City projects currently in planning and/or development that address street, road, and water infrastructure improvements. He recommended that the City include the estimated costs needed for completion of the projects. The list in the FFY 2014 CIP resolution is very similar to what was developed last year at this time; although, two issues have been added to the list: the federal subsistence determination process and federal fisheries observer program funding.

Both Alaska senators will be requesting submission of federal community capital project information within the week, which puts the City in a good position if earmark-type funding becomes available. Brad

also requested the City include issues that are important to track and advocate for at the federal level like the request for approval to Karluk Lake enhancements, the federal rural subsistence determination, and fair funding for the new observer program.

Resolution No. 2014–06 reflects the prioritized list of City capital improvement projects and issues for FFY 2014 and will be submitted to the Alaska Congressional Delegation upon adoption. These projects are not the only capital projects that the City will pursue in the coming year, but they are important projects the City hopes will attract federal funding, because they will benefit the community and region. The three issues included in the resolution will provide formality to the City’s concerns about those issues and allow Brad Gilman and staff to promote the City’s interests in those issues.

ALTERNATIVES: Council may adopt, amend, or reprioritize Resolution No. 2014–06. Staff recommends Council approve the resolution as submitted. The list reflects City needs and is based on advice from our federal lobbyist who believes the projects might have a chance of funding this coming year.

FINANCIAL IMPLICATIONS: The City and its residents will benefit if the City is successful in obtaining federal funds for these projects by reducing reliance on local contributions.

CITY MANAGER’S RECOMMENDATION AND COMMENTS: I worked with Brad Gilman and his staff to identify and scope the projects listed in Resolution No. 2014–06. The list reflects Brad’s advice to include streets and roads and water type infrastructure projects that are already in the stages of planning or development. He and his staff have reviewed the list and are comfortable with the capital requests and the issues. I recommend Council adopt the resolution.

ATTACHMENTS:

Attachment A: Resolution No. 2014–06, FFY 2014 CIP Request List

Attachment B: Resolution No. 2013–29, Federal Rural Determination Process

PROPOSED MOTION:

Move to adopt Resolution No. 2014–06.

**CITY OF KODIAK
RESOLUTION NUMBER 2014-06**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK ADOPTING
THE FEDERAL FISCAL YEAR 2014 PRIORITIZED FEDERAL CAPITAL
IMPROVEMENTS PROGRAM LIST**

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

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

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

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

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, that the following projects are high priorities for the community and are hereby adopted as the City of Kodiak federal fiscal year 2014 prioritized federal capital improvement project list:

**1) Kodiak Drinking Water Infrastructure Improvements Funding Request: \$ 2,000,000
Monashka Pumphouse Replacement**

The Monashka pumphouse provides almost the entire water supply for the City of Kodiak’s public water system, averaging 4.73 million gallons per day but can produce as much as 10 million gallons per day during peak fish processing seasons. The pumphouse was constructed in the early 1970s, and only limited changes have been made to the system since it was built. The two-story concrete building houses an electrical room and four pumps of 1940s vintage for which parts are no longer made. Some repairs to the old pumps require specialty machining, which is costly, since parts are no longer manufactured. The electrical system and pump motor starts are inadequate and out-of-date. The building is structurally and seismically unstable with the separation of wall panel connections and floor and roof systems. Due to its rapid deterioration, it cannot be upgraded and must be replaced. The project is in the design phase at this time with construction planned for the spring of 2014, providing funding is secured. The total project is estimated at \$6.6 million. The project will be funded using local funds, a state legislative grant, Alaska Municipal Matching Grant (AMMG) funds, and a low interest drinking water loan. So far the City has secured \$4.5 million in funding. The City of Kodiak is requesting support for additional funds to use in conjunction with state and local funds to move this critical project forward.

2) Shelikof Street Bulkhead Parking

Funding Request: \$1,650,000

In 2009, the City identified the need for pedestrian improvements from Pier II to downtown Kodiak to more safely accommodate cruise ship passengers and to improve facilities for local residents and businesses that use the pier, street, and access to the City's adjacent 250 slip boat harbor. The first phase of the project, construction of an ADA accessible sidewalk, improved lighting and parking, and utility relocates were recently completed. The City must plan and design the next parking improvement phase of this project, which is to construct a 30 space bulkhead parking area on the south side of Shelikof Street adjacent to St. Paul Harbor. The roadway area adjacent to the proposed bulkhead parking is very congested. Due to lack of adequate parking, vehicles block walkways and access areas adjacent to the businesses, forcing pedestrians into the roadway. Construction of additional off-road parking will direct pedestrian traffic out of the congested roadway. The net increase in parking will benefit harbor users and retail businesses along Shelikof Street. It will provide improved pedestrian access from Marine Way to the fish processors in the immediate area. Associated tasks for this phase of the project include geotechnical investigation, design, permitting, mapping, construction, improved lighting, and utility relocates. The City of Kodiak is requesting federal funding assistance for planning, permitting, design, and construction in the amount of \$1,650,000 to construct this bulkhead parking project.

3) Shelikof Street Pedestrian Improvements Pier II to Downtown

Funding Request: \$3,800,000

In 2009 the City of Kodiak began work to improve pedestrian and roadway improvements along Shelikof Street (Cannery Row) from Pier II to downtown Kodiak to accommodate the cruise ship passengers who walk along the street and to improve the roadway and parking facilities for local residents and businesses that use the highly congested street and pier year round. The first phase, construction of an ADA accessible sidewalk, improved lighting and parking, and utility relocates were completed this past summer. The City is now preparing for the next phase of the project, which will carry pedestrian improvements further along Shelikof Street from Jack Hinkle Way to Marine Way. This phase includes a visitor shelter and public restroom facility at Pier II, rehabilitation of the sidewalk from Jack Hinkle Way to Marine Way, improved lighting, landscaping, benches, signage, redesign of existing parking, a walkway along the harbor side of the street, and a scenic trail along the St. Paul Harbor breakwater. Additional tasks include permitting, ROW acquisition & mapping, geotechnical investigation, and utility relocates. The City of Kodiak is requesting federal funding assistance for planning, permitting, design, and construction of this project for the community of Kodiak, its visitors, and residents in the amount of \$3,800,000 for this project.

4) Karluk Lake Enrichment Project

The Karluk Lake system, on the west side of Kodiak Island, is the largest producer of sockeye salmon in the Kodiak area and supports a large portion of the area's commercial and subsistence sockeye fisheries. Since 2007 returns of adult sockeye to the Karluk system have been extremely poor, most likely due to over-escapement of spawning adults in earlier years. Continuing low returns will not only deprive local fisheries, low spawning escapements will also reduce the supply of marine-derived nutrients to the lake system. Thus, the system may remain at a low state of productivity indefinitely into the future.

In order to bring the Karluk Lake ecosystem back to its earlier, higher level of production, the Kodiak Regional Aquaculture Association (KRAA) proposes to apply nutrients over the course of up to five years. This lake enrichment project follows established protocols for rehabilitating sockeye salmon rearing environments. However, because Karluk Lake is within the Kodiak National Wildlife Refuge and a pre-statehood withdrawal, it appears that approval is required from the U.S. Fish and Wildlife Service. Refuge compatibility reviews and environmental assessments by the USFWS have been protracted, and are not yet complete.

It is important to Kodiak that the USFWS approve this lake enrichment project without delay. Additionally, it would be helpful if the local federal refuge staff were to act as a cooperating agency in the project, provide logistic support, and help monitor the results. The City of Kodiak supports local facilitation and approval of this important project that has a direct impact to the community's economic base.

5) Rural Subsistence Determination

The Secretaries of Interior and Agriculture reviewed the policy on rural subsistence determination in 2009 and 2010. Hearings were completed and the public comment period closed Dec. 2. The Federal Subsistence Review Board will meet in April to develop recommendations for the two Departments, which will issue a proposed rule later in the year. That rule will undergo additional public comment and review before being finalized.

Under current requirements, Alaskan communities with of population of less than 2,500 are generally considered rural, making their residents eligible to qualify for subsistence harvest. Communities with populations between 2,500 and 7,000 may or may not be considered rural depending on other characteristics such as level of subsistence use, economic diversity, state of public infrastructure and transportation accessibility, among other criteria. With a population of 6,104 but possessing of significant rural characteristics, the City currently qualifies as rural. The Borough also qualifies as rural.

The new review will more closely examine those communities such as the City of Kodiak that fall within the 2,500 to 7,000 population window to see if they should keep that designation. The City wants to ensure that the largely non-resident and transient population at the U.S. Coast Guard Base – Kodiak is not factored into the population numbers and that the review continues to count the area's geographic remoteness, reliance on subsistence consumption, high cost of living, and

significant Native population as determinants in keeping a rural designation. The City is also concerned that that the new policy might consider aggregate populations from communities outside the City, which would then place it over the 7,000 population benchmark. The City of Kodiak urges the Federal Subsistence Board and the Secretaries of the Interior and Agriculture to determine that “Rural Characteristics” currently used as criteria should be removed and population aggregation is impractical and unnecessary given Kodiak’s geographic characteristics and land use classifications. The City of Kodiak believes its residents should remain permanently rural for purposes of ANILCA Title VIII, because Kodiak is a geographically and statistically remote archipelago and a community designated as frontier for many federal services.

6) Federal Fisheries Observer Program Funding

The City of Kodiak encourages the Secretary of Commerce to provide sufficient federal funding for NOAA to offset the costs of the 100% observer coverage requirement implemented by the North Pacific Fisheries Management Council in 2013. While the City recognizes the value of the real time data gathered by human observers placed on local fleet vessels, the cost of the program to small vessel owners and operators is excessive. In addition to cost, space and safety become complicating factors when human observers are required to travel and work on the smaller vessels in Kodiak’s fleet, especially those less than 30 feet in length. The City urges the Secretary of Commerce to provide NOAA with federal funding for this program similar to the way in which observer costs are covered in other regions.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

Adopted:

**CITY OF KODIAK
RESOLUTION NUMBER 2013-29**

A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK URGING THE SECRETARIES OF AGRICULTURE AND INTERIOR TO REVISE RURAL DETERMINATION PROCESS UNDER ALASKA NATIONAL INTEREST LANDS CONSERVATION ACT TITLE VIII

WHEREAS, the Unified States Congress passed into Law, in 1980, Title VIII of the Alaska National Interest Lands Conservation Act (ANILCA) in order to protect the subsistence rights of rural Alaskans by making subsistence a priority consumptive use of federal lands and waters for rural Alaskans; and

WHEREAS, Congress indicated in Title VIII that protecting subsistence was essential to Alaska Native culture and a rural lifestyle, and that Congress was applying its trust responsibility to Alaska Natives in requiring a subsistence consumptive priority; and

WHEREAS, the federal government through the Federal Subsistence Management Board (FSMB) under the Secretaries of Interior and Agriculture is responsible for protecting rural residents and implementing the Congressional intent of Title VIII and as verified by the 9th Circuit Court decisions (2013); and

WHEREAS, Congress, the Federal Subsistence Board, and the State of Alaska determined that the City of Kodiak and the adjacent road system had significant rural characteristics and, therefore, was designated rural for state and federal purposes in the early 1990s; and

WHEREAS, the Federal Subsistence Board is required every ten years to review but not determine rural residential status to evaluate changes within a community that justify changing its rural status; and

WHEREAS, the determination process is not required and is expensive and stressful to FSMB and to communities; and

WHEREAS, there has been an approximately ten-percent decline in the City of Kodiak's population between 1990 and 2013 (from 6,787 to 6,104) moving the City of Kodiak further away from the benchmark population of 7,000 people; and

WHEREAS, the City of Kodiak and the Kodiak road system continue to possess significant characteristics of a remote geography, including a location without road access from the nearest urban area, cultural and geographical isolation, a high cost of living, and limited access to goods and services; and

WHEREAS, the United States Coast Guard Base does not eliminate or reduce the rural nature of Kodiak, since the Base is an independent census-designated place community, located well outside the boundaries of the City of Kodiak, with its administrative authority based in Alameda, California; and

WHEREAS, the City of Kodiak, along with each of the individual road-system communities have individual and unique characteristics that define them, and they should not be “lumped” together for rural designation purposes in an effort to establish a “community” population greater than a subjective threshold of 7,000 people; and

WHEREAS, the City of Kodiak serves as a hub for outlying villages, whose elders often spend their winters and later years living in town, returning to the village during the summer; and

WHEREAS, many hundreds of Alaska Natives reside in Kodiak and are strongly dependent on subsistence for their cultural and nutritional survival, as are many more residents of the community, due to their economic status or remote lifestyle; and

WHEREAS, the rural characteristics of Kodiak have not significantly changed since Kodiak was originally designated rural to the point where Kodiak residents should be denied their cultural heritage and access to local resources.

NOW, THEREFORE, BE IT RESOLVED that the City of Kodiak strongly suggests the Federal Subsistence Board and the Secretaries of Interior and Agriculture determine that:

- Rural for purposes of ANILCA Title VIII should follow the standards used by the USDA and USDHHS and be based upon geographic and land use classification, which are statistically determined.
- “Rural Characteristics” currently used as criteria should be removed.
- Population aggregation is unneeded and should not occur.
- Communities smaller than those always considered nonrural under ANILCA VIII will remain rural.
- No area determined as “frontier” or “remote” for purposes of federal services should be determined urban or “non-rural” by the Subsistence Board.
- Communities already designated as rural for purposes of ANILCA Title VIII by the Board or by Congress and the Secretaries of Interior and Agriculture shall remain rural.

BE IT FURTHER RESOLVED that Kodiak residents should remain permanently rural for purposes of ANILCA Title VIII, because Kodiak is a geographically and statistically remote archipelago and a community designated as frontier for many federal services.



ATTEST:


Debra Mankin
CITY CLERK

CITY OF KODIAK

John Aluddon
DEPUTY MAYOR

Adopted: October 24, 2013

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Council Members
From: Aimée Kniazowski, City Manager 
Thru: Mary Munk, Finance Director
Date: January 23, 2014

Agenda Item: V. c. Resolution No. 2014-07, Certifying the FY 2014 Shared Fisheries Business Tax Program Application to Be True and Correct

SUMMARY: Resolution No. 2014-07 certifies that the City of Kodiak's FY2014 Shared Fisheries Business Tax Program application is true and correct. This resolution adopts the long form using the standard method application for FY2014. A copy of the application and documentation are included as attachments. This is the thirteenth year that the long form using the standard method application has been used. Staff recommends Council adopt Resolution No. 2014-07.

PREVIOUS COUNCIL ACTION: For the past thirteen years the City Council has approved a resolution certifying the Shared Fisheries Business Tax Program application on the long-form using the standard method. The total for FY2013 of significant effects claimed was \$21,192,007.09 for calendar year 2011. The total FY2014 for calendar year 2012 will be \$25,941,961.43. This is a \$4,749,954.34 increase from the prior year.

BACKGROUND: In the standard method, established by the Department of Commerce, Community and Economic Development, each municipality in the Fisheries Management Areas (FMA) must determine and document the cost of fisheries business impacts experienced by the community in calendar year 2012. These impacts are submitted by each municipality in their applications. The department will review the applications and determine if the impacts submitted are valid. Once the impacts have been established for each of the municipalities in the FMA, the department will calculate the allocation for each municipality using the following formula: One half of the funding available within a FMA is divided up among participating municipalities on the basis of the relative dollar amount of impact in each municipality. The other half of the funding available to that area is divided equally among all eligible municipalities.

DISCUSSION: The municipalities located in this region's FMA include Akhiok, Kodiak, Kodiak Island Borough, Larsen Bay, Old Harbor, Ouzinkie and Port Lions. The FY2014 program allocation to be shared within this area is estimated to be \$282,363.03. The program requires that funding be first allocated to fisheries management areas around the state based on

the level of fish processing in each area compared to the total fish processing for the whole state. Then the funding is further allocated among the municipalities located within each fisheries management area based on the relative level of impacts experienced by each municipality. In FMAs where the program allocation is greater than \$4,000 multiplied by the number of municipalities in the area, program regulations provide for a “long-form” application. In our area, the threshold value equals \$28,000 (7 municipalities x \$4,000) and we are, therefore, eligible to complete the long form. The long-form application provides for a standard and an alternative method of funding allocation. The standard method is used, because the alternative method can only be used if all the municipalities in the area agree to use the method. The City of Kodiak feels that the standard form is a more accurate method to determine the City’s share of costs and impacts of fisheries-related activities in the community.

ALTERNATIVES:

- 1) Adopt Resolution No. 2014–07, which is the staff recommendation, because it provides the City with funding to offset impacts to fisheries business conducted in Kodiak.
- 2) Council could require the City to complete the alternative method application if all the municipalities in the area agreed to this method. This is not recommended, because it would result in a smaller share going to the City.

FINANCIAL IMPLICATIONS: By completing this application, the City receives funding from the Department of Commerce. In FY2013 the City received \$90,469.05 through this program. This funding is recorded in the general fund. The Shared Fisheries Tax Program provides for a sharing of State Fisheries Business Tax with municipalities that can demonstrate they suffered significant effects during the program base year from fisheries business activity in their respective fisheries management area. The City of Kodiak has five significant effects: (1) the general administration provides a wide variety of services to the community, (2) the general capital projects that improve the internal infrastructure and government buildings for the community including the fishing industry, (3) the capital projects that are directly related to the harbor and port facilities, (4) the fishing ports maintained by the City, and (5) the water and sewer facilities maintained by the City.

LEGAL: N/A

STAFF RECOMMENDATION: Staff recommends Council adopt Resolution No. 2014–07 in order for the City to receive funding.

CITY MANAGER’S COMMENTS: The City has applied for funds through this program using the long form for twelve years, and Council approves application for the funds by resolution each year. Receipt of the shared fisheries taxes help to offset expenses that result from

impacts to the City's facilities, operations, and services created by fisheries activities. I support staff's recommendation that Council adopt Resolution No. 2014-07.

ATTACHMENTS:

Attachment A: Resolution No. 2014-07

Attachment B: Standard Method Application and Documentation for Significant Effects
Claimed

Attachment C: Calendar Year 2012 City Expenditures

PROPOSED MOTION:

Move to adopt Resolution No. 2014-07

**CITY OF KODIAK
RESOLUTION NUMBER 2014-07**

A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK CERTIFYING THE FY2014 SHARED FISHERIES BUSINESS TAX PROGRAM APPLICATION TO BE TRUE AND CORRECT

WHEREAS, AS 29.60.450 requires that, for a municipality to participate in the FY2014 Shared Fisheries Business Tax Program, the municipality must demonstrate to the Department of Commerce, Community and Economic Development that the municipality suffered significant effects during calendar year 2012 from fisheries business activities; and

WHEREAS, the Department of Commerce, Community and Economic Development has prepared specific application forms for the purpose of presenting the municipality's claims as to the significant effects suffered by the municipality during calendar year 2012; and

WHEREAS, 3 AAC 134.100 requires the governing body of the municipality to include with the municipality's FY2014 program application an approved resolution certifying the information contained in the application to be true and correct.

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Kodiak, Alaska, by this resolution, certifies the information contained in the City of Kodiak FY2014 Shared Fisheries Business Tax Program Application to be true and correct to the best of its knowledge.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

Adopted:

**STANDARD METHOD APPLICATION
For the
FY 14 Shared Fisheries Business
Tax Program**

Name of Municipality: City of Kodiak

Address: P.O. Box 1397
710 Mill Bay Road
Kodiak, Alaska 99615

Contact Person: Mary Munk

Phone Number: 907-486-8659

Total # Significant Effects Claimed: 5

Total \$ of Significant Effects Claimed: \$25,941,961.43

Return this cover page along with
Declaration of Significant Effects forms and resolution to:

Department of Community and Economic Development
Division of Community Advocacy
Shared Fisheries Business Tax Program
P.O. Box 110809
Juneau, AK 99811-0809

FY 14 Shared Fisheries Business Tax Program DECLARATION OF SIGNIFICANT EFFECTS FORM

(One Separate Form for Each Significant Effect Claimed)

1. Description of the fisheries business activity which resulted in the significant effect:

The City of Kodiak provides a wide variety of services for the community including the fishing industry. This general administration includes the general fund, the special revenue fund and the self-insurance fund. The services include police, fire, public works, engineering, parks & recreation, library, finance, and city manager functions. This is the overall running of the city and its general administration.

2. Significant effect (municipal expenditure) made necessary during 2012 by the fisheries business activity listed in # 1 \$8,396,972.87

3. Municipal expenditure is: actual: determined necessary

4. Describe how the municipal expenditure figure listed under Part 2 was determined: (Every municipal expenditure marked "determined necessary" must be supported by a resolution that documents and clearly demonstrates the procedures and methods by which the needs and estimates were determined).

Total calendar year 2012 expenditures 100% fisheries related (\$147,204.41 X 1.00)	\$ 147,204.41
Total calendar year 2012 expenditures at 64% fisheries related (\$12,890,263.22 X .64)	<u>\$8,249,768.46</u>
Total effect	<u>\$8,396,972.87</u>

5. Is the fisheries business activity part of a larger fiscal impact on the municipality?
 Yes No

If yes, describe how the fisheries business-related part of the overall fiscal impact was determined.

Expenditures at 100% were determined based on activities completely fisheries related. Expenditures at 64% were determined based on activities that are partially fisheries related. The 64% is from the July 2001 McDowell Group study, "An Assessment of the Socioeconomic Impacts on Kodiak of Management Alternatives in the Alaska Ground fish Fisheries Draft Programmatic Supplemental Environmental Impact Statement". This is the most current study available at this time.

6. Describe the documentation that supports the municipality's claim of this significant effect (this documentation must be readily available to the department upon request):

City of Kodiak's audited financial statements for Fiscal Year 2012, and expenditures reports for Fiscal Years 2011 and 2012. The City of Kodiak has a fiscal year end of June 30. Therefore, to determine expenditures for a calendar year six months of two different years were added together.

FY 14 Shared Fisheries Business Tax Program DECLARATION OF SIGNIFICANT EFFECTS FORM

(One Separate Form for Each Significant Effect Claimed)

1. Description of the fisheries business activity which resulted in the significant effect:

The City of Kodiak provided a number of capital projects in calendar year 2012 that improved the internal infrastructure and government buildings for the community including the fishing industry (i.e. buildings, streets, roads, sidewalks, water & sewer facilities, and parks & recreation). These capital projects permitted the fishing related activity workers to commute to and from work, allowed transportation companies to transport their goods and allowed the fisheries related products to be processed using the resources provided and maintained by the City of Kodiak.

2. Significant effect (municipal expenditure) made necessary during 2012 by the fisheries business activity listed in # 2 \$6,649,371.02

3. Municipal expenditure is: actual: determined necessary

4. Describe how the municipal expenditure figure listed under Part 2 was determined: (Every municipal expenditure marked "determined necessary" must be supported by a resolution that documents and clearly demonstrates the procedures and methods by which the needs and estimates were determined).

Total calendar year 2012 expenditures 100% fisheries related ($\$0.00 \times 1.00$)	\$	0.00
Total calendar year 2012 expenditures at 64% fisheries related ($\$10,389,642.22 \times .64$)		<u>\$6,649,371.02</u>
Total effect		<u>\$6,649,371.02</u>

5. Is the fisheries business activity part of a larger fiscal impact on the municipality?
 Yes No

If yes, describe how the fisheries business-related part of the overall fiscal impact was determined.

Expenditures at 100% were determined based on activities completely fisheries related. Expenditures at 64% were determined based on activities that are partially fisheries related. The 64% is from the July 2001 McDowell Group study, "An Assessment of the Socioeconomic Impacts on Kodiak of Management Alternatives in the Alaska Ground fish Fisheries Draft Programmatic Supplemental Environmental Impact Statement". This is the most current study available at this time.

6. Describe the documentation that supports the municipality's claim of this significant effect (this documentation must be readily available to the department upon request):

City of Kodiak's audited financial statements for Fiscal Year 2012 and expenditures reports for Fiscal Years 2011 and 2012. The City of Kodiak has a fiscal year end of June 30. Therefore, to determine expenditures for a calendar year six months of two different years were added together.

FY 14 Shared Fisheries Business Tax Program DECLARATION OF SIGNIFICANT EFFECTS FORM

(One Separate Form for Each Significant Effect Claimed)

1. Description of the fisheries business activity which resulted in the significant effect:

In addition to the capital expenditures activity that are part of a larger impact on the municipality, the City of Kodiak also provided specific capital projects which were directly related to the harbor and port facilities in calendar year 2012. These projects were essential to repair or replace existing facilities or provide additional infrastructure to support fisheries activities.

2. Significant effect (municipal expenditure) made necessary during 2012 by the fisheries business activity listed in #3 **\$583,228.96**

3. Municipal expenditure is: actual: determined necessary

4. Describe how the municipal expenditure figure listed under Part 2 was determined: (Every municipal expenditure marked "determined necessary" must be supported by a resolution that documents and clearly demonstrates the procedures and methods by which the needs and estimates were determined).

Total calendar year 2012 expenditures 100% fisheries related ($\$583,228.96 \times 1.00$)	\$583,228.96
Total calendar year 2012 expenditures at 64% fisheries related ($\$0.00 \times .64$)	<u>\$0.00</u>
Total effect	<u>\$583,228.96</u>

5. Is the fisheries business activity part of a larger fiscal impact on the municipality?
 Yes No

If yes, describe how the fisheries business-related part of the overall fiscal impact was determined.

Expenditures at 100% were determined based on activities completely fisheries related. Expenditures at 64% were determined based on activities that are partially fisheries related. The 64% is from the July 2001 McDowell Group study, "An Assessment of the Socioeconomic Impacts on Kodiak of Management Alternatives in the Alaska Ground fish Fisheries Draft Programmatic Supplemental Environmental Impact Statement". This is the most current study available at this time.

6. Describe the documentation that supports the municipality's claim of this significant effect (this documentation must be readily available to the department upon request):

City of Kodiak's audited financial statements for Fiscal Year 2012, and expenditures reports for Fiscal Years 2011 and 2012. The City of Kodiak has a fiscal year end of June 30. Therefore, to determine expenditures for a calendar year six months of two different years were added together.

FY 14 Shared Fisheries Business Tax Program DECLARATION OF SIGNIFICANT EFFECTS FORM

(One Separate Form for Each Significant Effect Claimed)

1. Description of the fisheries business activity which resulted in the significant effect:

The City of Kodiak maintains and operates one of the largest fishing ports in the nation in terms of value and volume. The boat harbor maintains and operates 650 slips (30,000 linear feet) at three different locations (St. Paul Harbor, St. Herman Harbor, and the Channel Transient Float Dock). In addition to the boat harbor facilities the City maintains and operates cargo facilities, (Pier I – Ferry Terminal (length 204'), Pier II – Fisherman's Terminal (length 925'), Pier III – Container Terminal (600'), Dock I (180'), Dock II – Oscar's Dock (220'), as well as two tidal grids to repair vessels. The cost to fund and support these facilities is significantly impacted by the commercial fishing and fisheries business activities.

2. Significant effect (municipal expenditure) made necessary during 2012 by the fisheries business activity listed in #4 \$6,189,201.26

3. Municipal expenditure is: actual: determined necessary

4. Describe how the municipal expenditure figure listed under Part 2 was determined: (Every municipal expenditure marked "determined necessary" must be supported by a resolution that documents and clearly demonstrates the procedures and methods by which the needs and estimates were determined).

Total calendar year 2012 expenditures 100% fisheries related ($\$6,189,201.26 \times 1.00$)	\$6,189,201.26
Total calendar year 2012 expenditures at 64% fisheries related ($\$0.00 \times .64$)	<u>\$0.00</u>
Total effect	\$6,189,201.26

5. Is the fisheries business activity part of a larger fiscal impact on the municipality?

Yes No

If yes, describe how the fisheries business-related part of the overall fiscal impact was determined.

Expenditures at 100% were determined based on activities completely fisheries related. Expenditures at 64% were determined based on activities that are partially fisheries related. The 64% is from the July 2001 McDowell Group study, "An Assessment of the Socioeconomic Impacts on Kodiak of Management Alternatives in the Alaska Ground fish Fisheries Draft Programmatic Supplemental Environmental Impact Statement". This is the most current study available at this time.

6. Describe the documentation that supports the municipality's claim of this significant effect (this documentation must be readily available to the department upon request):

City of Kodiak's audited financial statements for Fiscal Year 2012 and expenditures reports for Fiscal Years 2011 and 2012. The City of Kodiak has a fiscal year end of June 30. Therefore, to determine expenditures for a calendar year six months of two different years were added together.

FY 14 Shared Fisheries Business Tax Program DECLARATION OF SIGNIFICANT EFFECTS FORM

(One Separate Form for Each Significant Effect Claimed)

1. Description of the fisheries business activity which resulted in the significant effect:

The City of Kodiak maintains and operates the City owned water and sewer utilities. These are enterprise funds of the City of Kodiak. Fish processing by local processors has a significant effect on the operational costs of our water and sewer facilities. The usage of water fluctuates depending on the fisheries activities.

2. Significant effect (municipal expenditure) made necessary during 2012 by the fisheries business activity listed in #5 \$4,123,187.32

3. Municipal expenditure is: actual: determined necessary

4. Describe how the municipal expenditure figure listed under Part 2 was determined: (Every municipal expenditure marked "determined necessary" must be supported by a resolution that documents and clearly demonstrates the procedures and methods by which the needs and estimates were determined).

Total calendar year 2012 expenditures 100% fisheries related (\$0.00X 1.00)	\$0.00
Total calendar year 2012 expenditures at 64% fisheries related (\$6,442,480.19 X .64)	<u>\$4,123,187.32</u>
Total effect	<u>\$4,123,187.32</u>

5. Is the fisheries business activity part of a larger fiscal impact on the municipality?
 Yes No

If yes, describe how the fisheries business-related part of the overall fiscal impact was determined.

Expenditures at 100% were determined based on activities completely fisheries related. Expenditures at 64% were determined based on activities that are partially fisheries related. The 64% is from the July 2001 McDowell Group study, "An Assessment of the Socioeconomic Impacts on Kodiak of Management Alternatives in the Alaska Ground fish Fisheries Draft Programmatic Supplemental Environmental Impact Statement". This is the most current study available at this time.

6. Describe the documentation that supports the municipality's claim of this significant effect (this documentation must be readily available to the department upon request):

City of Kodiak's audited financial statements for Fiscal Year 2012 and expenditures reports for Fiscal Years 2011 and 2012. The City of Kodiak has a fiscal year end of June 30. Therefore, to determine expenditures for a calendar year six months of two different years were added together.

**City of Kodiak
Calendar Year - 2012
Expenditures**

ATTACHMENT C

1 of 5

Fund	#1	Description	Audit FY2012		FY 2011		FY 2012		Calendar Year 2012 Total A+B+C+D	Significant Effect 100%	Significant Effect 64%	Significant Effect Total	Check
			Audited 7/1/2011 6/30/2012	Other/State Fund 7/1/2011 6/30/2012	Fin Statements 7/1/2011 12/31/2011	Fin Statements 7/1/2012 12/31/2012							
		General Administration											
		General Fund											
100.100.105		Legislative	147,552.31	-	55,592.05	88,563.99	180,524.25	115,535.52					
100.100.106		Legal	37,054.22	-	16,819.31	14,690.74	34,925.65	22,352.42					
100.110.100		Executive	316,400.64	-	141,959.48	130,038.14	304,479.30	194,866.75					
100.110.110		Emergency Prepared	33,665.62	-	16,250.76	14,201.74	31,616.60	20,234.62					
100.120.100		City Clerk	349,121.26	-	151,066.12	156,971.19	355,026.33	227,216.85					
100.130.100		Finance	1,221,064.40	-	576,560.91	561,178.56	1,205,682.05	771,636.51					
100.140.100		Police - Admin	5,794,552.80	-	2,523,667.29	2,600,496.08	5,871,381.59	3,757,684.22					
100.150.102		Fire	1,823,757.76	-	826,972.17	793,706.26	1,790,491.85	1,145,914.78					
100.160.100		Public Works	2,632,665.04	-	1,166,421.79	828,467.28	2,294,710.53	1,466,614.74					
100.165.161		Engineering	150,113.13	-	50,622.94	74,430.26	173,920.45	111,309.08					
100.170.100		Parks & Rec	1,118,878.30	-	510,290.28	512,619.06	1,121,207.08	717,572.53					
100.180.102		Library	778,929.96	-	363,349.83	361,100.64	776,680.77	497,075.69					
100.190.100		Non-Dept Admin	517,398.97	-	403,943.92	377,954.55	491,409.60	314,502.14					
100.190.180		Non-Dept Contributions	116,756.00	-	116,756.00	112,552.00	112,552.00	72,033.28					
100.190.185		Non-Dept Downtown	38,066.91	-	15,806.48	15,080.53	37,340.96	23,898.21					
		Sub Total	15,075,977.32	-	6,936,079.33	6,642,051.02	14,781,949.01	9,460,447.37					
		Less Grants	-	(122,681.32)	(52,987.20)	(7,033.35)	(76,727.47)	(49,105.58)					
		Less State Police Contract	-	(1,134,810.10)	(595,683.45)	(566,996.50)	(1,106,123.15)	(707,918.82)					
		Less Fisheries Tax Revenues	-	(1,244,027.46)	(1,123,205.47)	(1,252,420.27)	(1,373,242.26)	(878,875.05)					
		Total General Fund	15,075,977.32	(2,501,518.86)	5,164,203.21	4,815,600.90	12,225,856.13	7,824,547.92					7,824,547.92
		Special Revenue Fund											
		250 Less Grants	-	-	-	-	-	-					
		2XX Special Assessments - Streets	54,557.21	-	151.33	205.47	54,611.35	34,951.26					
		251 Tourism Development	142,860.00	-	92,860.00	110,360.00	160,360.00	102,630.40					
		254 KFPA	72,601.33	-	13,660.70	12,719.47	71,660.10	45,862.46					
		255 Library	-	-	-	-	-	-					
		299 Enhancement Fund	-	-	-	-	-	-					
		Sub Total	270,018.54	-	106,672.03	123,284.94	286,631.45	183,444.13					
		Total Special Revenue	270,018.54	-	106,672.03	123,284.94	286,631.45	183,444.13					183,444.13
		Internal Service Fund											
		790 PERS Unfunded Obligations	-	-	-	-	-	-					
		780 Self Insurance Fund	467,495.26	-	434,123.70	491,608.49	524,980.05	-					
		0.2804 Insurance Fisheries Related @28.04	131,085.67	-	121,728.29	137,847.02	147,204.41	147,204.41					
		Insurance General	336,409.59	-	312,395.41	353,761.47	377,775.64	241,776.41					
		Total Self Insurance	467,495.26	-	434,123.70	491,608.49	524,980.05	241,776.41					147,204.41
													241,776.41
		Total Significant Effects	15,813,491.12	(2,501,518.86)	5,704,998.94	5,430,494.33	13,037,467.63	8,249,768.46					147,204.41
													8,249,768.46
		Capital Projects - General											
		Street Improvement Fund	-	-	-	-	-	-					
		Near Island Land Development	-	-	-	-	-	-					
300.300.401		City Land Development	49.00	-	49.00	-	-	-					
300.300.402		Compr Records Management	-	-	-	-	-	-					
300.300.413		Museum Building	8,035.57	-	-	-	8,035.57	5,142.76					
300.300.414		Municipal Airport Improvement	-	-	-	-	-	-					
300.300.415		KFD Deferred Maintenance	-	-	-	-	-	-					
300.300.418		Siren Alert Warning System	38,044.69	-	32,250.10	5,553.60	11,348.19	7,262.84					
300.300.419		Museum Building Phase II	-	-	-	-	-	-					

Attachment C

City of Kodiak
Calendar Year - 2012
Expenditures

Fund	Audit FY2012		FY 2011		FY 2012		Calendar Year 2012 Total A+B-C+D	Significant Effect 100%	Significant Effect 64%	Significant Effect Total	Check
	Audited 7/1/2011 6/30/2012	Other/State Fund 7/1/2011 6/30/2012	Fin Statements 7/1/2011 12/31/2011	Fin Statements 7/1/2012 12/31/2012	D 7/1/2012 12/31/2012						
308.370.839	SHH Eng/Des	-	-	-	-	-	-	-	-	-	-
308.370.844	600 Ton Lift	-	-	-	-	-	-	-	-	-	-
308.370.845	Harbor Security Camera	-	-	-	-	-	-	-	-	-	-
308.370.846	Boat Launch SPH Floats	-	-	-	-	-	-	-	-	-	-
308.370.849	SPH Ladders	-	-	-	-	-	-	-	-	-	-
308.370.850	ST. Herman Harbor Repairs	-	-	-	-	-	-	-	-	-	-
308.370.852	Ferry Dock Fender Bull Rail	1,484.80	-	1,484.80	-	-	1,007.19	1,007.19	-	1,007.19	-
308.370.853	Oscar's Dock Render Piling	56.26	-	28.13	979.06	-	1,007.19	1,007.19	-	1,007.19	-
308.370.854	Water Front Harbor	1,541.06	-	1,512.93	979.06	-	1,007.19	1,007.19	-	1,007.19	1,007.19
	Sub Total Projects	1,541.06	-	1,512.93	979.06	-	1,007.19	1,007.19	-	1,007.19	1,007.19
308	Total Harbor Development	1,541.06	-	1,512.93	979.06	-	1,007.19	1,007.19	-	1,007.19	1,007.19
#3	Total Significant Effects	387,718.16	-	70,006.08	265,516.88	-	583,228.96	583,228.96	-	583,228.96	583,228.96
#4	Enterprise Funds- Fisheries Related										
500	Cargo Fund	1,081,596.62	-	628,306.14	612,892.17	-	1,066,182.65	1,066,182.65	-	1,066,182.65	-
510	Harbor Fund	3,211,457.03	-	1,749,513.40	1,708,115.87	-	3,170,059.50	3,170,059.50	-	3,170,059.50	-
512	Boat Yard/Vessel Lift	1,255,704.03	-	772,611.26	701,808.79	-	1,184,901.56	1,184,901.56	-	1,184,901.56	-
515	Electric Utility Fund	804,833.42	-	318,468.45	281,692.58	-	768,057.55	768,057.55	-	768,057.55	-
	Sub Total	6,353,591.10	-	3,468,899.25	3,304,509.41	-	6,189,201.26	6,189,201.26	-	6,189,201.26	-
	Total Cargo/Harbor	6,353,591.10	-	3,468,899.25	3,304,509.41	-	6,189,201.26	6,189,201.26	-	6,189,201.26	-
#4	Total Significant Effects	6,353,591.10	-	3,468,899.25	3,304,509.41	-	6,189,201.26	6,189,201.26	-	6,189,201.26	6,189,201.26
#5	Enterprise Funds- General										
550	Water Utility Fund	2,485,715.40	-	1,184,503.39	1,165,428.34	-	2,466,640.35	2,466,640.35	1,578,649.82	1,578,649.82	-
570	Sewer Fund	3,606,448.91	-	1,725,729.80	1,741,688.89	-	3,622,406.00	3,622,406.00	2,318,339.84	2,318,339.84	-
580	Trident Basin	349,405.43	-	197,723.15	196,309.45	-	347,991.73	347,991.73	222,714.71	222,714.71	-
585	E-911	5,548.40	-	3,130.34	2,722.88	-	5,140.94	5,140.94	3,290.20	3,290.20	-
	Sub Total	6,447,118.14	-	3,111,086.68	3,106,147.56	-	6,442,179.02	6,442,179.02	4,122,994.57	4,122,994.57	-
	Total Public Works	6,447,118.14	-	3,111,086.68	3,106,147.56	-	6,442,179.02	6,442,179.02	4,122,994.57	4,122,994.57	-
310.390.950	Trident Basin Capital	301.17	-	-	-	-	301.17	301.17	192.75	192.75	-
	Trident Basin Improvements	301.17	-	-	-	-	301.17	301.17	192.75	192.75	-
	Sub Total Projects	301.17	-	-	-	-	301.17	301.17	192.75	192.75	-
	Total Water/Sewer	301.17	-	-	-	-	301.17	301.17	192.75	192.75	192.75
#5	Total Significant Effects	6,447,419.31	-	3,111,086.68	3,106,147.56	-	6,442,480.19	6,442,480.19	4,123,187.32	4,123,187.32	4,123,187.32
	Grand Total Grant Revenues	-	(2,501,518.88)	(1,771,876.12)	(1,826,450.12)	-	(2,556,092.88)	-	(1,635,899.44)	-	-
	Grand Total Expenses	36,925,648.15	-	16,827,259.17	19,183,280.87	-	39,198,113.14	6,919,634.63	20,658,226.25	20,658,226.25	-
	Grand Totals	36,925,648.15	(2,501,518.88)	15,055,383.06	17,356,830.76	-	36,642,020.26	6,919,634.63	19,022,326.81	19,022,326.81	6,919,634.63
	GF Transfers	1,666,188.76	-	1,015,000.00	1,299,729.36	-	2,970,918.12	2,970,918.12	29,722,365.63	29,722,365.63	-
	200 Street Assessment	-	-	-	-	-	-	-	-	-	-
	299 Enhancement Fund	3,000,000.00	-	500,000.00	-	-	-	-	-	-	-
	254 Library	-	-	-	-	-	-	-	-	-	-
	Grand Totals	36,925,648.15	(2,501,518.88)	15,055,383.06	17,356,830.76	-	36,642,020.26	6,919,634.63	19,022,326.81	19,022,326.81	6,919,634.63
	GF Transfers	1,666,188.76	-	1,015,000.00	1,299,729.36	-	2,970,918.12	2,970,918.12	29,722,365.63	29,722,365.63	-
	200 Street Assessment	-	-	-	-	-	-	-	-	-	-
	299 Enhancement Fund	3,000,000.00	-	500,000.00	-	-	-	-	-	-	-
	254 Library	-	-	-	-	-	-	-	-	-	-
	Grand Totals	36,925,648.15	(2,501,518.88)	15,055,383.06	17,356,830.76	-	36,642,020.26	6,919,634.63	19,022,326.81	19,022,326.81	6,919,634.63
	GF Transfers	1,666,188.76	-	1,015,000.00	1,299,729.36	-	2,970,918.12	2,970,918.12	29,722,365.63	29,722,365.63	-
	200 Street Assessment	-	-	-	-	-	-	-	-	-	-
	299 Enhancement Fund	3,000,000.00	-	500,000.00	-	-	-	-	-	-	-
	254 Library	-	-	-	-	-	-	-	-	-	-
	Grand Totals	36,925,648.15	(2,501,518.88)	15,055,383.06	17,356,830.76	-	36,642,020.26	6,919,634.63	19,022,326.81	19,022,326.81	6,919,634.63

**City of Kodiak
Calendar Year - 2012
Expenditures**

Fund	Description	Audit FY2012		FY 2011		FY 2012		Calendar Year 2012 Total A+B-C+D	Significant Effect 100%	Significant Effect 94%	Significant Effect Total	Check
		A	B	C	D	Fin Statements 7/1/2011 12/31/2011	Fin Statements 7/1/2012 12/31/2012					
	301 Transfers											
	303 Transfers	92,689.42				92,689.42						
	306 Transfers											
	310 Transfers				301.17							
	510 Transfers	800,000.00			800,000.00		819,768.00					
	550 Transfers	1,182,289.00			671,907.00		1,863,500.00					
	570 Transfers	515,000.00			515,000.00		678,500.00					
	585 E -911											
	780 Insurance Transfer	400,000.00			400,000.00							
	Total Transfers	7,656,187.18			3,994,897.59		4,861,497.36					
	Total Expenses	44,581,815.33			20,822,156.76		23,844,778.23					
	General Ledger Totals	44,581,815.33			20,822,156.76		23,844,778.23					

(This page left intentionally blank.)

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Aimée Kniaziowski, City Manager 

Thru: Marty Owen, Harbormaster

Date: January 23, 2014

Agenda Item: V. d. Authorization of Lease With MorphoTrust USA, Inc. for Office Space at 411 Marine Way

SUMMARY: MorphoTrust USA, Inc, the local TWIC contractor, requests a two-year lease for the office space at 411 Marine Way, the downtown restroom building, effective from January 1, 2014, to December 31, 2015. MorphoTrust has occupied this space since early last summer with a short-term lease. The space meets MorphoTrust USA needs, and the office is open two days weekly for TWIC enrollment. The Kodiak Maritime Museum withdrew its plan to establish an exhibit in this space, so the Council can consider a longer-term lease with MorphoTrust USA. Staff recommends Council authorize the attached two-year lease.

PREVIOUS COUNCIL ACTION: For many years this office was vacant with only occasional use by KPD. The Kodiak Maritime Museum (KMM) envisioned it as exhibit space, a concept approved by the Council in 2007. It was used for a month in 2008 as Kodiak's initial TWIC enrollment office. Afterwards, there was no local TWIC office until the Council authorized a short-term lease in May 2013.

BACKGROUND: TWIC cards are required for employees working around regulated vessels like container ships, cruise ships, fuel barges, and others needing a mariner's license—including charter boat skippers. TWIC was implemented in 2008 and five years later several hundred cards, issued to Kodiak residents, expired. Until May 2013, the closest place to renew a TWIC was Anchorage. With a TSA office in Kodiak, employers save thousands of dollars previously spent on travel to and from Anchorage.

DISCUSSION: In 2013, TSA's new local contractor, MorphoTrust, contacted the Harbormaster with a request to lease the office long-term. The facility continues to be suitable for this purpose. It is conveniently located, has plenty of parking and is ADA compliant. Morpho provides a local service, which saves Kodiak employers the expense of sending employees to Anchorage for TWIC cards.

The lease is for a term of two years, from January 1, 2014, through December 31, 2015. The tenant will pay \$850 per month. The tenant requested the new lease increase the cancellation notice from 30 days to 90 days (Attachment B).

Kodiak office space generally rents for between \$1.50 and \$2.00 per square foot, plus utilities. Since it is not possible to bill separately for utility service in this building, MorphoTrust USA agreed to pay \$4.00 per square foot. It's a reasonable deal for both the contractor and the City. The rental rate was calculated as follows: 50% of the average monthly electric and fuel costs plus \$2.00 per square foot. MorphoTrust USA pays their telephone and internet service separately.

ALTERNATIVES:

- 1) Authorize the two-year lease as proposed, which is staff's recommendation. This keeps the building in use and allows the City to collect rent for its use.
- 2) Authorize a two-year lease keeping the cancellation terms at 30 days, which is not recommended and doesn't support the tenant's request or needs.
- 3) Do not authorize the lease, which is not recommended. Not having this local service will cost employers a great deal of travel expense.

LEGAL: The City attorney advised that Council could approve the lease by motion rather than ordinance due to the total cost of rent and the short duration of the lease. He prepared the lease document.

STAFF RECOMMENDATION: Staff recommends Council authorize a two-year lease agreement of the office space at 411 Marine Way with MorphoTrust USA with a 90-day cancellation clause.

CITY MANAGER'S COMMENTS: It is a great benefit for employers in Kodiak to send their employees to a local contractor for renewal or newly issued TWIC cards. It is also good for the City to have this facility occupied. I support staff's recommendation that Council approve the lease and authorize me to execute it on behalf of the City. I see no problem with the terms of the lease with Morpho, including their request to extend the lease termination clause from 30 days to 90. I support the staff recommendation that Council approve the lease and authorize me to execute it on behalf of the City.

ATTACHMENTS:

Attachment A: Two-year Lease Agreement between City and MorphoTrust USA

Attachment B: Letter from MorphoTrust regarding renewal of the lease, dated November 15, 2013.

PROPOSED MOTION:

Move to authorize a two-year lease between the City of Kodiak and MorphoTrust USA for the lease of the office space located at 411 Marine Way for the purpose of TWIC card enrollment and authorize the City Manager to execute the agreement on behalf of the City.

**AGREEMENT TO LEASE OFFICE SPACE
FOR TRANSPORTATION WORKER IDENTIFICATION
CREDENTIAL (TWIC) ENROLLMENT**

AGREEMENT is made and effective the date of last signature hereto, by and between the **City of Kodiak ("City")**, a municipal corporation organized under the constitution and laws of the State of Alaska, with offices at 710 Mill Bay Road, Room 220, Kodiak Alaska and **MorphoTrust USA, Inc. ("Tenant")**, with its principal office at 296 Concord Road, Suite 300, Billerica, MA 01821.

WHEREAS, the City owns real property and improvements at: 411 Marine Way, Kodiak, Alaska – south corner of Marine Way and Shelikof Street intersection (**"Property"**).

WHEREAS the City determined that leasing space in the building located on the Property (**"Building"**) for the purpose of Transportation Worker Identification Credential (TWIC) enrollment is in the best interest of the public.

WHEREAS the Tenant desires to lease certain office space of approximately **210 square feet at 4111 Marine Way, Kodiak, Alaska ("Premises")** for the purposes of enrolling individuals for Transportation Worker Identification Credentials.

NOW, THEREFORE, in consideration of the mutual promises herein, and other good and valuable consideration, the parties agree as follows:

1. Term and Termination.

A. City hereby leases the Premises to Tenant, and Tenant hereby leases the same from City, for a "Term" beginning **January 1, 2014 and ending on December 31, 2015**. City shall use its best efforts to deliver the Premises to Tenant for Tenant’s possession as closely as possible to the beginning of the Term. If City is unable to deliver the Premises by such date, rent shall abate for the period of delay. Tenant shall make no other claim against City for any such delay.

B. Notwithstanding the terms of Section 1.A. of this Lease, either party may terminate this Lease at any time and without penalty upon at least ninety (90) days prior written notice to the other party.

C. The City may, in its discretion, offer to extend the Term. The City shall give the Tenant written notice of an offer to extend the Term at least sixty (60) days before the expiration of the Term then in effect. Tenant may accept an offer to extend the Term by giving the City written notice of acceptance not later than thirty (30) days after the date of the City’s notice of the offer to extend. If the Tenant accepts the City's offer to extend the Term, all of the terms and conditions of this Agreement shall remain in full force and effect during the extended Term.

2. Rent. Tenant shall pay rent to the City during the Term at the rate of \$850.00 per month. Each monthly payment shall be due in advance, on the first day of each calendar month.

3. **Use.** Tenant may use the Premises to provide fingerprinting services and TWIC enrollment to Tenant's invitees and for general office use, and for no other purposes.

4. **Insurance.**

A. At all times during the Term and any extended Term, the City shall insure the Building (but not its contents) from all risk property perils at a value that the City deems sufficient.

B. At all times during the Term and any extended Term, the Tenant will carry and maintain at its expense commercial general liability insurance, including without limitation insurance against assumed or contractual liability under this Agreement, with respect to the Premises, to afford protection with limits of liability not less than \$1,000,000 combined single limit bodily injury and property damage, \$1,000,000 personal injury, and \$1,000,000 aggregate. The Tenant shall provide the City with a certificate of insurance and/or a copy of each policy for the coverage listed herein promptly upon commencement of the Tenant's obligation to procure the same. The company or companies writing any insurance which the Tenant is required to carry and maintain shall be licensed to do business in the State of Alaska and shall be rated no less than A-7 by AM Best rating service. Commercial general liability policies shall name the City as additional insured, contain a waiver of subrogation in favor of the City and shall also contain a provision by which the Tenant agrees to give ten (10) days' written notice to the City cancellation or material modification of such policy.

5. **Utilities; Taxes; Common Area Maintenance.**

A. The rent payable under Section 2 of this Lease includes the supplying of water, electricity, and heat to the Premises. Tenant shall be responsible for the cost of phone and internet service.

B. Except as provided in Section 9C of this lease, City shall pay all taxes, assessments, levies and other charges which may be assessed, levied, or imposed upon, or become a lien on, the Building, the Premises or the Property.

C. "Common Areas" shall mean those areas within the Property, including the Building's entrances, public lobbies, doors, windows, hallways, corridors, main elevators, freight elevators, loading docks, walkways, plazas, access ways, lavatories, roads, drives, public and fire stairways, sidewalks, exterior ramps, the parking facilities, and other areas not leased or held for lease within or contiguous to or serving the Property, but that are necessary or desirable for Tenant's full use and enjoyment of the Premises. City shall provide the following services with respect to Common Areas: maintain and repair the Common Areas in the condition and status as City deems consistent with those of other properties nearby with the same or similar character of the Property; provide security and fire protection; cleaning and removing of rubbish, dirt, debris, snow, and ice; planting, replanting, and replacing flowers and landscaping; the care and maintenance of artwork, maintaining lighting fixtures (including the costs of light bulbs and electric current) and such other services as City may reasonably determine are required for the proper maintenance of the Common Areas.

6. **Signs.** With City's prior written consent, Tenant shall have the right to place at the Premises, at locations selected by Tenant and approved by City, signs permitted under applicable zoning ordinances. City may refuse consent to any proposed signage that is in City's reasonable opinion too large, deceptive, unattractive or otherwise inconsistent with or inappropriate for the Premises or use of the Building by any other tenant. City shall assist and cooperate with Tenant in obtaining any necessary permission from governmental authorities or adjoining building owners for Tenant to place or construct the foregoing signs. Tenant shall repair all damage to the Premises resulting from the removal of signs installed by Tenant.

7. **Parking.** During the Term of this Lease, Tenant and Tenant's invitees shall have the non-exclusive use in common with City, other tenants of the Building and their invitees of the Common Areas provided for non-reserved automobile parking, driveways, and footways, subject to rules and regulations for the use thereof as prescribed from time to time by City. City reserves the right to restrict parking by Tenant and Tenant's invitees to certain parking areas.

8. **Building Rules.** Tenant will comply with the rules of the Building specified by City from time to time and will cause all of its agents, employees and invitees to do so; all changes to such rules will be sent by City to Tenant in writing at least thirty (30) days prior to such changes taking effect.

9. **Alterations and Modifications.**

A. The Tenant shall be solely responsible for the cost of partitioning and otherwise improving space within the Building in order to make such space suitable for enrolling TWIC applicants. The plans for such improvements shall be subject to the advance written approval of the City throughout the Term of this Agreement.

B. The Tenant may not make any structural alterations to the Building without the prior written approval of the City, and such alterations shall be accomplished at the expense of the Tenant, unless the City agrees otherwise in writing.

C. The Tenant shall perform all alteration work promptly, efficiently, competently and in a good and workmanlike manner by duly qualified or licensed persons or entities, using first grade materials, without interference with or disruption to the operations of the Building. All such work shall comply with all applicable governmental codes, rules, regulations and ordinances. Tenant may not permit any mechanic's or materialman's lien for such alteration work to be recorded against the Property. If any such lien is recorded against the Property, Tenant shall cause the same to be removed; provided that Tenant may in good faith and at Tenant's own expense contest the validity of any such lien without subjecting the Property to foreclosure, and if Tenant has furnished the bond required in A.S. 34.35.072 (or any comparable statute hereafter enacted providing for a bond freeing the Property from the effect of such a lien claim). Tenant shall indemnify and save the City harmless from all liability for damages occasioned by any such lien, together with all costs and expenses (including attorneys' fees) incurred by the City in negotiating, settling, defending, or otherwise protecting against such lien and shall, in the event of a judgment of foreclosure of the

lien, cause the same to be discharged and removed prior to any attempt at execution of such judgment.

10. Damage and Destruction. Subject to the terms of Section 4A of this Lease, if the Premises or any part thereof or any appurtenance thereto is so damaged by fire, casualty or structural defects such that the same cannot be used by Tenant's for the purposes described in Section 3 of this Lease, then Tenant shall have the right within ninety (90) days following such damage to elect, by notice to City, to terminate this Lease as of the date of such damage. In the event of minor damage to any part of the Premises that does not render the Premises unusable for Tenant's purposes, City shall promptly repair such damage at City's expense and there shall be no abatement of rent. In making the repairs described in this Section, City shall not be liable for any delays resulting from strikes, governmental restrictions, inability to obtain necessary materials or labor or other matters which are beyond the reasonable control of City. Tenant shall be relieved from paying rental payments during any portion of the Term that the Premises are inoperable or unfit for occupancy or the uses specified in Section 3 of this Lease. For any such time periods that the Premises are inoperable or unfit for occupancy or Tenant's permitted uses, Tenant shall receive credit for future rent payments Tenant may have paid in advance. If no further rent payments are to be made, any such advance payments shall be refunded to Tenant. The provisions of this Section extend not only to the matters aforesaid, but also to any occurrence which is beyond Tenant's reasonable control and which renders the Premises inoperable or unfit for occupancy or use, in whole or in part, for Tenant's permitted uses.

11. Access to Tenant Equipment. City shall provide Tenant with a means to secure its property located at the Premises during any times a Tenant employee is not present (e.g., locked cabinet, secure room).

12. Compliance with Laws. City shall ensure that the Premises, the Building and Property are in compliance with all applicable environmental, health, or safety statutes, ordinances, orders, rules, standards, regulations or requirements. City shall also ensure that the Premises, Building and Common Areas are in compliance with all legal requirements of the Americans with Disabilities Act.

13. Default. If Tenant defaults at any time during the Term on the payment of rent when due under the terms of this Lease, and if said default shall continue for fifteen (15) days after written notice thereof shall have been given to Tenant by City, or if Tenant defaults on any of the other covenants, terms or conditions under this Lease, and such default shall continue for thirty (30) days after written notice thereof to Tenant by City without correction thereof, City may terminate this Lease immediately by written notice to Tenant thereof. In the event of such termination, if Tenant has not surrendered possession of the Premises, City may reenter the Premises. City shall have, in addition to the aforementioned remedy, any other right or remedy available to City on account of Tenant default, either in law or equity. In all such instances of Tenant default, City shall use commercially reasonable efforts to mitigate its damages.

14. Quiet Enjoyment. Subject to the terms and conditions of this Lease, so long as Tenant is not in default under this Lease, City covenants and agrees that Tenant is entitled to quiet enjoyment of the Premises during the Term.

15. Indemnification. Tenant shall indemnify, hold harmless and defend the City from and against any and all claims, actions, damages, liability and expense, including without limitation attorney's and other professional fees, in connection with death or injury to persons and damage to property arising from or out of Tenant's occupancy of the Premises, occasioned wholly or in part by any act or omission of Tenant, its officers, agents, contractors, employees or invitees; however, this provision shall not apply to any claim to the extent the claim arises from the negligence or intentional act of the City or the City's officers, agents, contractors, or employees.

16. Notice. Any notice required or permitted under this Lease shall be deemed sufficiently given or served if sent by United States certified mail, return receipt requested, or by nationally-recognized overnight courier, addressed as follows:

If to City: Kodiak City Manager, Attn: Aimee Kniazowski, 710 Mill Bay Road, Room 220, Kodiak, Alaska 99615, cc: Kodiak Harbormaster, Attn: Martin Owen, 403 Marine Way, Kodiak, Alaska 99615.

If to Tenant: MorphoTrust USA, Inc. Attn: Charles Carroll, 15 Century Boulevard, Suite 500, Nashville, TN 37214. cc: MorphoTrust USA, Inc., Attn: General Counsel, 1235 South Clark Street, Suite 700, Arlington, VA 22202

City and Tenant shall each have the right from time to time to change the addresses to which such notices are to be given under this Section by providing written notice thereof to the other party.

17. Waiver. No waiver of any default of City or Tenant hereunder shall be implied from any omission to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers by City or Tenant shall not be construed as a waiver of a subsequent breach of the same or any other covenant, term or condition.

18. Governing Law. This Agreement shall be governed, construed and interpreted by, through and under the laws of the State of Alaska, without regard to conflicts of law rules.

IN WITNESS WHEREOF, the parties have executed this Lease as of the date of last signature hereto.

City of Kodiak, Alaska

MorphoTrust USA, Inc.

By: _____
Typed Name: Aimee Kniazowski
Title: City Manager

By: _____
Typed Name: Robert Eckel
Title: Chief Executive Officer

Date: _____

Date: _____

**MorphoTrust USA, Inc. Lease
City of Kodiak, 411 Marine Way
City Record No. 211952
January 1, 2014 - December 31, 2015
Page 5 of 5**

November 15, 2013

Kodiak City Manager
Ms. Aimee Kniazowski
710 Mill Bay Road
Room 216
Kodiak, AK 99615

RE: RENEWAL OF LEASE

Dear Ms. Kniazowski:

Please refer to that Agreement to Lease Office Space for Transportation Worker Identification Credential (TWIC) Enrollment ("Lease") made on June 6, 2013, by and between MorphoTrust USA, Inc. ("MorphoTrust") and City of Kodiak, Alaska.

I am hereby notifying you that MorphoTrust would like to renew the Lease for an additional two (2) years. We would like to keep all terms as they exist with the exception of the notification period, either party would have to the other, to cancel the lease. We would like to see that at 90 days.

Please advise me of what steps are needed in order to effect such a renewal.


Sincerely,



William Bruce
Director, Facilities and Partners
MorphoTrust USA, Inc.

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Aimée Kniazowski, City Manager 

Thru: Mary Munk, Finance Director

Date: January 23, 2014

Agenda Item: V. e. **Acceptance of the FY2013 Comprehensive Annual Financial Report (Audit)**

SUMMARY: Each year the City Council retains a qualified accounting firm to perform an annual audit of the City's financial records and accounting practices. The City Charter and the City Code require the Council to accept the comprehensive annual financial report. Council typically accepts the audit by motion. Staff recommends Council approve the Fiscal Year 2013 in accordance with KCC 3.24.020 and accept the Fiscal Year 2013 Comprehensive Annual Financial Report.

PREVIOUS COUNCIL ACTION: The Fiscal Year 2013 budget was adopted by the City Council on May 24, 2012, via Ordinance No. 1298. The annual audit expense was budgeted in the General Fund, Finance Administration Department, Professional Services. The budget amount for the Fiscal Year 2013 audit was \$46,120. On March 28, 2013, the Council approved the professional services agreement with Mikunda Cottrell & Co. at a fee of \$46,120 for fiscal year 2013, \$48,426 for fiscal year 2014, and \$50,363 for fiscal year 2015, plus out of pocket expenses. Mikunda Cottrell and Co. has since changed their name to BDO.

DISCUSSION: Article V, Section 21 of the City Charter requires an annual audit of the accounting and financial records of the City by independent certified public accountants. This charter section requires the auditor to examine all funds of the City in accordance with generally accepted auditing standards and the standards set forth in the Government Accountability Office's Government Auditing Standards. In addition, the auditor must conduct the compliance examinations required by the Single Audit Act Amendments of 1996, the related U.S. Office of Management and Budget's Circular A-133, and the State of Alaska Audit Guide and Compliance Supplement for State Single Audits. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of grants.

The City of Kodiak solicited the services of qualified firms of certified public accountants to audit its financial statements for the fiscal year ending June 30, 2013, 2014, and 2015 with the option to audit the City's financial statements for two subsequent fiscal years. The City contracted with BDO (formerly

Mikunda, Cottrell, & Co.) for auditing services. The fees for services, not including travel expenses, will be \$46,120 for 2013, \$48,426 for 2014, and \$50,363 for 2015.

The auditors from Mikunda, Cottrell worked with City staff during the summer and into the fall of 2013 to review records, run their tests, and complete the audit documents. As in past years, staff recommends Council review and then approve the final FY2013 audit document by motion at this meeting.

ALTERNATIVES: N/A

FINANCIAL IMPLICATIONS: Compliance with Kodiak City Code Section 3.24.020 is required. It states that “upon council’s acceptance of the annual financial report, necessary budgetary/accounting entries shall be recorded in the succeeding fiscal year for all outstanding encumbrances and incurred obligations, as disclosed in the prior fiscal year’s annual financial report.”

LEGAL: N/A

STAFF RECOMMENDATION: Staff recommends that the City Council accept the Fiscal Year 2013 annual financial report by motion.

CITY MANAGER’S COMMENTS: The annual audit is a financial requirement of the City. Staff prepared for and worked closely with the auditors as they gathered information during the summer and fall to prepare the final report. Council will have had the presentation at the January 21 work session, and I recommend that Council accept the FY2013 audit by motion at this meeting. Once more, I want to thank Finance Director Mary Munk and her staff for their work during the audit and for their ongoing professionalism and attention to detail.

NOTES:

The Mayor and City Council members were issued copies of the Fiscal Year 2013 Comprehensive Financial Annual Report (CAFR). These reports should be brought to the 1/21 work session and the 1/23 regular meetings for review and discussion.

PROPOSED MOTION:

Move to accept the City’s Fiscal Year 2013 Comprehensive Annual Financial Report.

(This page left intentionally blank.)

EXECUTIVE SESSION

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Aimée Kniazowski, City Manager

Date: January 23, 2014

Agenda Item: X. a. City Manager's Evaluation

SUMMARY: The Mayor and City Council will go into executive session to evaluate the City Manager's annual performance per the Manager's employment agreement, sections 2 and 13.

PREVIOUS COUNCIL ACTION:

- April 25, 2013, Council adopted Ordinance No. 1307, which amended large sections of the City's PR&R, one of which was to remove the Clerk and City Manager from the PR&R and place them on full employment contracts.
- June 1, 2013, Ordinance No. 1307 became effective.
- August 8, 2013, Council and City Manager discussed full employment contract terms to be scheduled for approval at the next regular Council meeting.
- September 12, 2013, Council formally approved the City Manager's contract effective from June 1, 2013, to April 27, 2014.

DISCUSSION: The Manager met with the Mayor and Council on August 8, 2013, to discuss the terms of an employment agreement, which removed the Manager's position from the terms and pay scale of the City's PR&R. The agreement was approved on September 12, 2013. A key term of the agreement is that the Manager is to be evaluated 90 days prior to the anniversary date of April 27.

CITY MANAGER'S COMMENTS: As I've often stated, I'm proud of my work as a public employee. I like what I do and believe it's important. I navigate us through many complex issues from personnel issues, to large project coordination and oversight, to state and federal lobbying efforts. This year has been as busy as usual with the additional responsibility to recruit and select three of the eight department directors who work for me. One of my main responsibilities is to serve as the Director of Emergency Services for the Kodiak region, which was unexpectedly put into action from the early morning of January 17 when I activated the Incident Management Team and the Emergency Operations Center (EOC) to respond to the heavy rains and slides affecting the Kodiak area through full demobilization of the EOC the afternoon of January 20.

I appreciate the challenges of my work and the support I receive for my efforts.

PROPOSED MOTION:

Move to enter into executive session as authorized by Kodiak City Code Section 2.04.100(b)(2) to conduct the City Manager's annual performance evaluation.