

City of Kodiak Regular Council Meeting Agenda for June 12, 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 May 22, 2014, Regular Council Meeting and May 20 and May 27, 2014, Special Meetings1

- III. Persons to Be Heard**
 - a. Public Comments (limited to 3 minutes) (486-3231)

- IV. Unfinished Business**
 - a. Second Reading and Public Hearing, Ordinance No. 1319, Levying Taxes and Appropriating Funds for the Expenses and Liabilities of the City of Kodiak for the Fiscal Year Commencing on the First Day of July 2014 and Ending on the Thirtieth Day of June 201512

- V. New Business**
 - a. Resolution No. 2014–23, Accepting a Grant From the Alaska Department of Environmental Conservation for Aleutian Homes Water and Sewer Replacement Project, Phase V, Segment B, Project No. 10-03/702626
 - b. Resolution No. 2014–24, Accepting a Grant From the Alaska Department of Environmental Conservation for the Monashka Pumphouse Replacement, Project No. 11-05/702932
 - c. Resolution No. 2014–25, Authorizing the Issuance of a Permit to the American Legion Post 17 for Use of Public Property in Conjunction With Fourth of July Celebrations.....40
 - d. Authorization of a Professional Services Contract for Interim Finance Director Services44
 - e. Authorization of Service Agreement With Johnson Controls, Inc., for Annual Inspection and Preventative Maintenance of the New Kodiak Police Station Building Control Systems54
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- VI. Staff Reports**
 - a. City Manager
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- VII. Mayor’s Comments**

VIII. Council Comments

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

X. Executive Session

a. Discussion of Horizon Lines Contract Negotiations126

XI. Adjournment

DRAFT

**MINUTES OF THE SPECIAL COUNCIL MEETING
OF THE CITY OF KODIAK
HELD TUESDAY, MAY 20, 2014
IN THE KODIAK PUBLIC LIBRARY MULTI-PURPOSE ROOM**

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

Mayor Pat Branson called the meeting to order at 6:45 p.m. Councilmembers Charles E. Davidson, Richard H. Walker, and John B. Whiddon were present. Councilmembers Randall C. Bishop, Terry J. Haines and Gabriel T. Saravia were absent. A quorum was not present. Deputy Clerk Michelle Shuravloff-Nelson, and Harbormaster Lon White were also present.

A quorum was not present; Mayor Branson said the meeting would be rescheduled.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

Minutes Approved:

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| <p>DRAFT</p> |
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**MINUTES OF THE REGULAR COUNCIL MEETING
OF THE CITY OF KODIAK
HELD THURSDAY, MAY 22, 2014
IN THE BOROUGH ASSEMBLY CHAMBERS**

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

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

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

II. PREVIOUS MINUTES

Councilmember Whiddon MOVED to approve the minutes of the April 21, 2014, special meeting and April 24, 2014, regular meeting as presented.

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

III. PERSONS TO BE HEARD

a. Proclamation: Declaring Emergency Medical Services Week

Councilmember Whiddon read this proclamation, which urges residents to recognize the value and the accomplishments of emergency medical services providers.

Dan Farmer, Firefighter/EMT III, accepted the proclamation and thanked the Mayor and Council for their recognition and support.

b. Proclamation: Declaring Older Americans Month

Mayor Branson read this proclamation, which urges every citizen to recognize this year's theme focusing on injury prevention, "Safe Today. Healthy Tomorrow," and take time this month to celebrate older adults and the people who serve and support them as powerful and vital citizens who greatly contribute to the community.

Dave Blacketer accepted the proclamation and thanked the Mayor and Council for their continued support. He noted that senior citizens are involved in many local organizations around the City and said that they should be valued for their contributions and experience.

c. Public Hearing Resolution No. 2014–22, Amending Section 14, Utilities (Sewer), of the Schedule of Fees, Charges, and Tariffs

Mayor Branson read Resolution No. 2014–22 by title. The City sets its fees and charges for various services by a resolution of the Council. The proposed changes to fees pertain to the sewer rate increases. The sewer rate fee changes are proposed to take effect on July 1, 2014.

Mayor Branson closed the regular meeting, opened and closed the public hearing when no one came forward to testify, and reopened the regular meeting.

d. Public Comments

Lucian Bernard spoke to the City Council about creating a half-way house for individuals who have been released from the local jail or state prison and have drug and alcohol problems. He said he has mentored many individuals over the years and has numerous ideas on how to help them transition back into society.

Drew Herman suggested taking down the “Dragør Denmark Sister City” sign out front of Borough Building and replacing it with a “Coast Guard City” sign.

IV. UNFINISHED BUSINESS

a. Authorization of Purchase of Replacement Chlorine Storage ~~Tanks~~ Tank Liner, Project No. 7030/11-08

The City’s water treatment process uses a chlorine solution that is generated on site and stored in a chlorine storage tank. The existing 3,000 gallon fiberglass storage tank is deteriorating and needs to be repaired or replaced. The motion to authorize this purchase was postponed at the December 12, 2013, meeting

Councilmember Davidson MOVED to amend the motion by striking storage tanks and inserting storage tank liner, striking Whitney Equipment Company quote and inserting Stein Industries proposal, and striking \$45,000 and inserting \$30,000.

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

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

b. Second Reading and Public Hearing, Ordinance No. 1316, Authorizing a Lease to Afognak Native Corporation of a 17,727 Square Foot (0.407 Acre) Portion of USS 4947 Located Adjacent To Tract D-1B

The Afognak Native Corporation has expressed interest in the purchase of City-owned land adjacent to their property on Near Island since 2009. Following a series of meetings with City staff starting in 2010, Afognak expressed the desire to acquire some or all of the land within Tract USS 4947. With Council’s decision to not sell City land, the discussions with Afognak turned to the idea of leasing property for the purposes of viewshed protection.

Councilmember Whiddon MOVED to adopt Ordinance No. 1316.

Mayor Branson closed the regular meeting, opened and closed the public hearing when no one came forward to testify, and reopened the regular meeting.

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

c. Second Reading and Public Hearing, Ordinance No. 1318, Establishing Supplemental Appropriation No. 2 to the Budget for the Fiscal Year Commencing on the First Day of July 2013 and Ending On the Thirtieth Day of June 2014

The Supplemental Appropriation No. 2 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 \$8,941,941. 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 agenda packet. 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, nor at the time the first supplemental amendment was made in January of this year. This is the second budget amendment of FY2014.

Councilmember Bishop MOVED to adopt Ordinance No. 1318.

Mayor Branson closed the regular meeting, opened and closed the public hearing when no one came forward to testify, and reopened the regular meeting.

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

V. NEW BUSINESS

a. First Reading, Ordinance No. 1319, Levying Taxes and Appropriating Funds for the Expenses and Liabilities of the City of Kodiak for the Fiscal Year Commencing on the First Day of July 2014 and Ending on the Thirtieth Day of June 2015

Mayor Branson read Ordinance No. 1319 by title. Ordinance No. 1319 provides for the adoption of the City of Kodiak's FY2015 budget. The budget document, which supports the ordinance, estimates all sources of revenue the City anticipates receiving between July 1, 2014, and June 30, 2015. The budget document also establishes an operating and capital expenditure plan for FY2015 that is based on staff's assessment of operational and community needs and the Council's FY2015 budget goals.

Councilmember Saravia MOVED to pass Ordinance No. 1319 in the first reading and advance to second reading and public hearing at the next regular or special Council meeting.

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

b. Resolution No. 2014–22, Amending Section 14, Utilities (Sewer), of the Schedule of Fees, Charges, and Tariffs

Mayor Branson read Resolution No. 2014–22 by title. CH2MHill has prepared several water and sewer rate studies for the City of Kodiak since 1982. The last study was completed in 2011, and the Council adopted five years of the rates projected out over a ten-year period for water and a single year increase for sewer. In March 2014, staff requested CH2MHill to complete the sewer rate structure and make recommendations if rates needed to be adjusted. The study showed rates needed to be increased over a five-year period to meet operational and capital improvement needs.

Councilmember Davidson MOVED to adopt Resolution No. 2014–22.

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

c. Authorization of Bid Award of Bid Package B for the Construction of the New Monashka Pumphouse, Project No. 11-05/7029

The Monashka Reservoir and pumphouse are the primary sources of water for the City of Kodiak's public water system. The City started evaluation of the pumphouse in 2010 and, due to the age of the equipment and building and the structural and seismic issues, the pumphouse was slated for replacement. The project was advertised for bid in March 2014, and two bids were received on April 11, 2014. Because of the timing of Alaska Municipal Matching Grant program and loan availability, the City bid the project in two packages; package A and package B. Council authorized the award of bid package A, plus the pumps and motors, totaling \$1,190,671 at the April 24, 2014, meeting. Total project funding is now secure, and staff recommends Council authorize the remaining construction bid award, package B to ASRC SKW Eskimos in the amount of \$4,465,329.

Councilmember Whiddon MOVED to authorize the bid award of bid package B for the construction of the Monashka pumphouse to ASRC SKW Eskimos in the amount of \$4,465,329, with funds coming from Water Capital Improvement Fund, Project No. 11-05/7029 and authorize the City Manager to execute the documents on behalf of the City.

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

d. Authorization of Change Order No. 1 for Aleutian Homes Phase 5, Segment B, Project No. 10-03/7026

Aleutian Homes Water and Sewer Replacement Phase V, Segment B is a continuation of the upgrade of utilities, pavement and sidewalks in the Aleutian Homes area. Council approved the award of part of the bid at the April 24, 2014, meeting in the amount of \$2,994,895.50. Additional funds are included in the FY2014 Supplemental Appropriation No. 2 budget amendment, which will allow the \$789,400 remaining work in the original total bid of \$3,789,295.50 to be awarded. This remaining work will be administered by Change Order No. 1.

Councilmember Bishop MOVED to authorize Change Order No. 1 for the Aleutian Homes Water and Sewer Replacement Phase V Segment B, to Brechan Enterprises Inc. in the amount of \$789,400, with funds coming from the Water Capital Improvement Fund, Project No.10-03/7026, and authorize the City Manager to execute the documents on behalf of the City.

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

e. Authorization of Amendment No. 5 to the Professional Services Contract for Construction Management Services for the New Monashka Pumphouse, Project No. 11-05/7029

The bids for construction of the City's new Monashka pumphouse were opened on April 11, 2014, with ASRC/SKW Contractors as the apparent low bidder. Due to timing of project funding, City staff recommended that Council award the construction management services in two phases. Amendment No. 4, which covers the project for construction management of bid package A was awarded to CH2MHill at the April 24, 2014, meeting.

Councilmember Davidson MOVED to authorize Amendment No. 5 to the professional services contract with CH2MHill for construction management services for the new Monashka pumphouse in the amount of \$834,000, with funds coming from Water Capital Improvement Fund, Project No. 11-05/7029, and authorize the City Manager to execute the documents on behalf of the City.

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

VI. STAFF REPORTS

a. City Manager

Manager Kniazowski welcomed Karl Swanson as the interim Finance Director. She reported the new ambulance that was purchased is on island. She said the municipal matching grant programs for the Monashka Pumphouse and Aleutian Homes is in the State budget, and the FY2015 funds will be available in July. She said that that work has begun on Thorsheim Street, Phase V of the Aleutian Homes project has started, and the steel has arrived for Pier III. She stated that the work on Monashka will begin soon.

She thanked City staff for all their work on the FY2015 budget and thanked the Kodiak Island Visitors Bureau Center, Kodiak Historical Society, Humane Society of Kodiak, and the Chamber of Commerce for coming to the budget work session. Manager Kniazowski thanked Summer at the Kodiak Chamber of Commerce for attending the meeting. She stated that the retirement reception for Marty Owen was very nice and noted that Mary Munk's last day of work was May 15, 2014, and Charlie Power's last day will be May 23, 2014. She wished them all the best in their future.

Manager Kniazowski updated the Council that Emergency Response Management training for elected officials will be on June 19, 2014, at the Police Station in the Emergency Operations Center. Deputy Fire Chief Mullican will be the instructor and he may be joined by a state instruc-

tor. Manager Kniazowski stated she will work with the Kodiak Island Borough Manager to extend an invitation to the Assembly, and if they are unable to attend, a future training can be arranged. She reported that she attended the Parks and Recreation Advisory Board meeting to discuss the skate park and CIP nomination and she asked them to make recommendations regarding the football league snack shack. She added that Pier I will be built this year, and the state awarded the bid to Pacific Pile and Marine.

She thanked Doug Mathers, the City's Building Inspector, for 25 years of service to the City and Borough. She also noted that Marine Transportation Advisory Board will be in Kodiak in June and suggested doing a small community reception for them.

b. City Clerk

Deputy Clerk Shuravloff-Nelson reminded the public of the next scheduled Council work session and special and regular meetings.

VII. MAYOR'S COMMENTS

Mayor Branson thanked the Manager, Finance Director and City staff for their work on the FY2015 City budget. She stated the City departments were able to maintain services with the PERS increases. She thanked Charlie Powers and Mary Munk for their service and wished Marty Owen good luck in retirement. She thanked Doug Mathers for his years of service to the City and congratulated local high school and college graduates. She stated she is excited the Monashka Pumphouse construction is underway. She said the Marine Transportation Advisory Board will in Kodiak on June 24, 2014, for an all-day meeting and agreed a small community reception was a good idea. She said that she attended the Tustumena replacement design meeting and said there was good input at the meeting. She encouraged the public to go the state's website if they would like to make comments.

She wished everyone a happy Memorial Day weekend and hope everyone enjoys Crab Festival.

VIII. COUNCIL COMMENTS

Councilmember Bishop thanked all department heads and staff for their work on the FY2015 budget and commented the budget went down seven percent. He encouraged everyone to enjoy Crab Festival but be cautious and courteous and he wished everyone a happy Memorial Day weekend.

Councilmember Saravia said he is glad to be back in town and he said his flight was delayed and he was unable to attend the meeting on Tuesday. He thanked all the department heads and staff for their work on the FY2015 budget. He wished Marty Owen, Charlie Powers, and Mary Munk the best of luck in the future.

Councilmember Whiddon reported he was pleased with the meetings he had during his trip to Washington D.C. with Mayor Branson and the City Manager. He complimented the Manager and staff on the FY2015 budget. He said he was glad to see Lon White become the new Harbor-master and thanked Charlie Powers and Mary Munk for their service.

Councilmember Davidson congratulated the high school graduates and wished Mary Munk, Marty Owen and Charlie Powers well and thanked them for contribution to the community. He wished everyone a fun and safe Crab Festival and urged the public to watch out for children who are out of school.

IX. AUDIENCE COMMENTS

None

X. ADJOURNMENT

Councilmember Whiddon MOVED to adjourn the meeting.

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

The meeting adjourned at 8:55 p.m.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

Minutes Approved:

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**MINUTES OF THE SPECIAL COUNCIL MEETING
 OF THE CITY OF KODIAK
 HELD TUESDAY, MAY 27, 2014
 IN THE KODIAK PUBLIC LIBRARY MULTI-PURPOSE ROOM**

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

Mayor Pat Branson called the meeting to order at 6:40 p.m. Councilmembers Charles E. Davidson, Gabriel T. Saravia, Richard H. Walker, and John B. Whiddon were present and constituted a quorum. Councilmembers Randall C. Bishop and Terry J. Haines were absent. Deputy Clerk Michelle Shuravloff-Nelson, Interim Finance Director Karl Swanson, and Harbormaster Lon White were also present.

II. PUBLIC COMMENTS

None

III. EXECUTIVE SESSION

a. Discussion of Horizon Lines Contract Negotiations

Councilmember Davidson **MOVED** to enter into executive session pursuant to AS 44.62.310(c)(1) to discuss matters, the immediate knowledge of which would clearly have an adverse effect upon the finances of the City, specifically negotiation of new contracts with Horizon Lines.

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

The Council entered into Executive Session at 6:41 p.m.

The regular meeting reconvened at 7:40 p.m.

IV. ADJOURNMENT

Councilmember Davidson **MOVED** to adjourn the meeting.

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

The meeting adjourned at 7:40 p.m.

MAY 27, 2014

7837

CITY OF KODIAK

MAYOR


ATTEST:

CITY CLERK

Minutes Approved:

UNFINISHED BUSINESS

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Aimée Kniaziowski, City Manager 
Thru: Karl Swanson, Interim Finance Director
Date: June 12, 2014

Agenda Item: IV. a. Second Reading and Public Hearing, Ordinance No. 1319, Levying Taxes and Appropriating Funds for the Expenses and Liabilities of the City of Kodiak for the Fiscal Year Commencing on the First Day of July 2014 and Ending on the Thirtieth Day of June 2015

SUMMARY: Ordinance No. 1319 provides for the adoption of the City of Kodiak's FY2015 budget. The budget document, which supports the ordinance, estimates all sources of revenue the City anticipates receiving between July 1, 2014, and June 30, 2015. The budget document also establishes an operating and capital expenditure plan for FY2015 that is based on staff's assessment of operational and community needs and the Council's FY2015 budget goals. Staff made the FY2015 budget presentation to Council at a special budget work session on May 10, 2014. Council also reviewed the proposed budget on May 20 and June 10 and moved Ordinance No. 1319 to second reading and public hearing at the May 22, 2014, regular meeting. Staff recommends Council adopt Ordinance No. 1319.

PREVIOUS COUNCIL ACTION:

- Prior to the start of each fiscal year, the City Council adopts the City's operating and capital budget by ordinance.
- Council reviewed projected FY2015 revenues and the FY2015 budget calendar on February 11, 2014.
- Council adopted Resolution No. 2014-08, establishing budget goals for FY2015, on February 13, 2014.
- Staff presented the proposed FY2015 budget to the Mayor and Council at a budget work session on May 10, 2014.
- Council reviewed the proposed budget on May 20, 2014 and passed Ordinance No. 1319 in the first reading on May 22, 2014.
- Council reviewed the FY2015 budget and Ordinance No. 1319 on June 10, 2014, and discussed amendments to the initial budget proposal.

DISCUSSION: The FY2015 budget funds the services provided by the City of Kodiak to residents and visitors: law enforcement (including animal control and contract jail services), fire and emergency medical services (including ambulance services), public works (public water system, wastewater system,

street and property maintenance), engineering, port and harbor facilities, parks and recreation facilities and programs, public library, and general administrative functions (municipal recordkeeping and financial management).

The proposed FY2015 budget was developed as a maintenance level budget and provides the same level of services as the current year's budget with a reduction in expenses. This is a prudent approach since revenues are expected to remain static as expenses continue to increase. The City Council adopted FY2015 budget goals by resolution in February of this year (Attachment B), and staff used the goals to develop and evaluate the proposed operating budget. The proposed budget is consistent with the Council's FY2015 budget goals.

Combined Revenues and Expenses for All Funds

The FY2015 budget projects combined revenues from all funds, excluding capital projects, to be \$35,906,466, which is a decrease of 7 percent from FY2014's combined revenues of \$38,643,610. Revenues are forecasted based on the current fiscal year even though some sources may fluctuate slightly. Expenses for all City funds, excluding capital projects, is expected to also be \$35,906,466, an overall decrease of 7 percent from FY2014. The largest increases were in benefit expense with the PERS on behalf rate increasing. Fewer transfers and capital equipment account for the largest decreases in expenses.

Operating Budget

The FY2015 operating budget is primarily a maintenance budget, as it has been for at least the past six years. As directed, City staff developed a conservative budget. The City, like everyone in the community, continues to face rising costs, but the departments are careful to absorb cost increases whenever and wherever possible. As outlined in the City Council FY2015 goals, a review of all categories of General Fund expenditures was conducted to identify ways to decrease expenses. This resulted in a 2 percent decrease in General Fund expenses from FY2014.

General Fund

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

General Fund revenues for FY2015 are projected at \$19,726,342, down by approximately 2 percent from FY2014 projections with the largest changes due to reductions in intergovernmental revenues and miscellaneous revenues (primarily due to the EPA settlement received in FY2014). The reduction in revenues is offset by the expected reduction in expenses, also projected to be \$19,726,342. These budget

figures are consistent with Council's FY2015 goal that the General Fund would be budgeted without a deficit, and that General Fund operating expenses (non-personnel) will be consistent with those of FY2014.

Fund Balance

The City's General Fund balance is comprised of various revenue sources, large and small. Even with conservative budgeting, this fund no longer takes in more in revenues than it must spend for expenses to operate the General Fund departments and to provide the necessary services. The FY2014 budget is projected to have \$6.5 million remaining in the fund balance. The FY2015 budget is projected to have an estimated \$5.4 million remaining in the fund balance after using the \$1.1 million for expenses in the operating budget. The estimated FY2015 fund balance, if projections are correct, will be needed to offset expenses and provide the City with approximately 2.5 months of operating reserves. Of course, there are many budget variables, so this is only a projection and cannot be guaranteed so early in the budgeting process. The proposed FY2015 budget anticipates a smaller use of fund balance than the FY2014 budget because fewer transfers are being made to fund capital projects, and expenses were reduced as much as possible in all departments.

Personnel

Salaries, wages and benefits are the single largest expense category in the City's annual budget, totaling 41 percent. Salaries and wages for FY2015 are estimated to total \$9 million or 26 percent of the City's overall expenses. This is less than 1 percent change from FY2014 citywide salaries and wages and reflects scheduled salary increases. Employee benefit costs are projected at \$7.5 million, 15 percent of the City's overall expense budget, which is a 7 percent increase from FY2014 due to an increase in the PERS on behalf payments.

The FY2015 budget reflects no increase in the number of City employees of 125.15 in both FY2014 and FY2015. The City's work force for FY2015 remains at 120 regular full-time employees and 5.15 regular part-time positions working from 20-30 hours per week for a total of 125.15 FTEs.

These changes to the FY2015 budget meet Council's personnel goals. The tracking of part-time personnel is a necessary step in meeting Council's goal to complete an analysis of the need, costs, and hiring process for the City's use of temporary or seasonal employees.

Enterprise Funds

The City has eight separate enterprise funds; the Harbor Department's Cargo Terminal, Boat Harbor, Harbor Electric Utility, and the Boat Yard/Vessel Lift funds; the Water, Sewer, and Trident Basin funds managed by Public Works; and the E911 Fund. The FY2015 budgets for these funds reflect a balance of revenues to expenses.

The Boat Yard/Vessel Lift enterprise fund reflects a 6 percent reduction in revenues for FY2015. The revenues are based on actual operations and projected vessel lifts scheduled for the coming year. Per Council's FY2015 budget goal, the Boat Yard/Boat Lift Fund will reach a breakeven point by the year-ending FY2016, including adequate revenues to meet debt payments. A marketing campaign for services will be refined to capture maximum revenues.

The E911 Fund was established in FY2010 in preparation for the transfer of E911 extraterritorial authority from the Borough to the City. This transfer has not yet taken place, but the Borough staff has agreed to work toward the transfer of authority or find another way to fairly share in the expenses and responsibilities of providing the service to Kodiak.

Enhancement Fund

The FY2015 budget proposes no use of Enhancement Fund monies. Enhancement Fund monies have not been used since FY2013 so the fund balance can build up, per Council's budget goals. The projected fund balance for the Enhancement Fund in FY2014 is estimated to be \$3 million, which is an increase of \$1 million from the FY2013 estimate.

Capital Projects

The FY2015 budget recommends \$10.6 million in capital project expenditures. This includes eight new capital projects in FY2015 ranging in size from \$20,000 to \$3,000,000. It also includes additional funding for established or ongoing capital projects, such as annual curb and sidewalk repairs, pavement repairs, snow dump, rate studies, Aleutian homes water and sewer replacement, and the Monashka pumphouse replacement. Costs for the projects will be covered through transfers, use of fund balances, interest earnings, as well as some state and federal grants. Staff presented the capital projects in detail at the budget work session on May 10th.

ALTERNATIVES:

1. Adopt Ordinance No. 1319. This is the staff recommendation.
2. Council may also amend Ordinance No. 1319.

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

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

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

STAFF RECOMMENDATION: Staff recommends Council adopt Ordinance No.1319.

CITY MANAGER’S COMMENTS: We have managed to provide Council with another lean budget and minimal staffing without affecting service provision, per Council’s FY2015 budget goals. The task becomes more challenging as costs continue to rise and other sources of governmental funding become more limited. We do expect to have a modest amount of projected revenues for FY2015 for use on capital project needs, many of which are important infrastructure components.

If Council agrees, an amendment is needed to increase funding to the three agencies that provide services to the City before the budget is adopted, because we rolled the FY2014 budget amounts for the agencies into this budget, much as we did for each City department. Although there was not a quorum of Council members present at the May 10 or May 20 work sessions, the three agencies explained their requests and provided justification to Council, and those Council members present seemed to support the requests. The changes are:

- Increase FY2015 funding for the Kodiak Historical Society by \$12,500 in the General Fund, Parks and Recreation, Museum budget, Account No. 100.170.171.440.120, with funds coming from the General Fund fund balance; and
- Increase FY2015 funding for the Humane Society of Kodiak by \$6,000 in the General Fund, Police, Animal Control, Professional Services line item, Account No. 100.140.145.430.110, with funds coming from the General Fund fund balance; and
- Increase Discover Kodiak (CVB) by \$10,000 in the Tourism Fund, Administration, Contributions line item, Account 251.260.100.430.380, with funds coming from the Tourism Fund fund balance.

City staff will adjust the FY2015 budget to reflect all adopted amendments made by the Council.

The preparation of this document and the presentations at the May 10 work session reflect a great deal of work by the City staff, including an assessment of operational and community needs necessary to create this annual financial plan. I want to thank our management team for their serious commitment to meeting Council’s goals and for their fiscal responsibility, not just in preparation of this draft budget, but on an ongoing basis.

ATTACHMENTS:

Attachment A: Ordinance No. 1319

Attachment B: Resolution No. 2014–08, FY2015 Council Budget Goals

PROPOSED MOTION:

Move to adopt Ordinance No. 1319.

JUNE 12, 2014
Agenda Item IV. a. Memo Page 6 of 6

**CITY OF KODIAK
ORDINANCE NUMBER 1319**

AN ORDINANCE OF THE COUNCIL OF THE CITY OF KODIAK LEVYING TAXES AND APPROPRIATING FUNDS FOR THE EXPENSES AND LIABILITIES OF THE CITY OF KODIAK FOR THE FISCAL YEAR COMMENCING ON THE FIRST DAY OF JULY 2014 AND ENDING ON THE THIRTIETH DAY OF JUNE 2015

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

- Section 1:** A tax in the amount of 2.0 mills is hereby levied against all taxable real property within the City of Kodiak for the fiscal year commencing on the first day of July 2014 and ending on the thirtieth day of June 2015.
- Section 2:** The following sums of money are hereby appropriated for corporate purposes and objects of the City of Kodiak for the fiscal year commencing on the first day of July 2014 and ending on the thirtieth day of June 2015 to defray expenses and liabilities of the City during the fiscal year.

FY2015 BUDGET SUMMARY

GENERAL FUND

| | Anticipated Revenues | |
|-----------------------------------|---------------------------------|---------------------------------|
| Taxes | \$ 12,483,500 | |
| Licenses & Permits | 90,100 | |
| Intergovernmental Revenues | 3,128,847 | |
| Charges for Services | 1,774,115 | |
| Fines & Forfeitures | 15,500 | |
| Interest | 45,000 | |
| Rents & Royalties | 195,000 | |
| Miscellaneous | 22,000 | |
| Interfund Charges | 858,692 | |
| Appropriation from Fund Balance | 1,113,588 | |
| Operating Transfers In | - | |
| Total Anticipated Revenues | 19,726,342 | |
| | | Planned Expenditures |
| Legislative | | \$ 320,259 |
| Legal | | 50,000 |
| Executive-Administration | | 586,262 |
| Executive-Emergency Preparedness | | 56,500 |
| City Clerk-Administration | | 312,244 |
| City Clerk-Records Management | | 160,921 |

GENERAL FUND Planned Expenditures (continued)

| | |
|-----------------------------------|-------------------|
| Finance | 1,401,481 |
| Police | 6,916,782 |
| Fire | 2,148,335 |
| Public Works | 2,485,224 |
| Engineering | 315,090 |
| Parks & Recreation | 1,399,360 |
| Library | 1,010,833 |
| Non-Departmental | 2,563,051 |
| Total Planned Expenditures | 19,726,342 |

SPECIAL REVENUE FUND

| | Anticipated Revenues |
|--|---------------------------------|
| Tourism Fund | \$ 170,500 |
| Kodiak Fisheries Development Association | 60,050 |
| City Enhancement Fund | - |
| Total Anticipated Revenues | 230,550 |

| | Planned Expenditures |
|--|---------------------------------|
| Tourism Fund | \$ 170,500 |
| Kodiak Fisheries Development Association | 60,050 |
| City Enhancement Fund | - |
| Total Planned Expenditures | 230,550 |

CAPITAL PROJECTS FUND

| | Anticipated Revenues |
|-----------------------------------|---------------------------------|
| General Capital | \$ 251,684 |
| Street Improvements | 1,030,000 |
| Building Improvement Fund | 40,000 |
| Water Capital Fund | 5,964,774 |
| Sewer Capital Fund | - |
| Cargo Development Fund | - |
| Harbor Development Fund | 3,000,000 |
| Parks & Recreation Fund | 110,000 |
| Vehicle Replacement Fund | 85,357 |
| Total Anticipated Revenues | 10,481,815 |

| | Planned Expenditures |
|---------------------------|---------------------------------|
| General Capital | \$ 251,684 |
| Street Improvements | 1,030,000 |
| Building Improvement Fund | 40,000 |
| Water Capital Fund | 5,964,774 |
| Sewer Capital Fund | - |
| Cargo Development Fund | - |

CAPITAL PROJECTS FUND Planned Expenditures (continued)

| | |
|-----------------------------------|-------------------|
| Harbor Development Fund | 3,000,000 |
| Parks & Recreation Fund | 110,000 |
| Vehicle Replacement Fund | 85,357 |
| Total Planned Expenditures | 10,481,815 |

ENTERPRISE FUNDS

| | Anticipated Revenues |
|-----------------------------------|---------------------------------|
| Cargo Fund | \$ 1,104,301 |
| Harbor Fund | 4,592,832 |
| Boat Yard Lift | 1,252,103 |
| Harbor Electric Fund | 606,664 |
| Water Utility Fund | 2,982,668 |
| Sewer Utility Fund | 4,361,972 |
| Trident Basin Fund | 334,272 |
| E-911 Services | 78,462 |
| Total Anticipated Revenues | 15,313,274 |

| | Planned Expenditures |
|-----------------------------------|---------------------------------|
| Cargo Fund | \$ 1,104,301 |
| Harbor Fund | 4,592,832 |
| Boat Yard Lift | 1,252,103 |
| Harbor Electric Fund | 606,664 |
| Water Utility Fund | 2,982,668 |
| Sewer Utility Fund | 4,361,972 |
| Trident Basin Fund | 334,272 |
| E-911 Services | 78,462 |
| Total Planned Expenditures | 15,313,274 |

INTERNAL SERVICE FUNDS

| | Anticipated Revenues |
|-----------------------------------|---------------------------------|
| Self Insurance Fund | \$ 636,300 |
| Total Anticipated Revenues | 636,300 |

| | Planned Expenditures |
|-----------------------------------|---------------------------------|
| Self Insurance Fund | \$ 636,300 |
| Total Planned Expenditures | 636,300 |

| | | | |
|---|-----------|----------------------|----------------------|
| Grand Total Anticipated Revenues | \$ | 46,388,281 | |
| Grand Total Planned Expenditures | | | \$ 46,388,281 |
| | | Non- Projects | 35,906,466 |
| | | Non- Projects | 35,906,466 |
| | | Projects | 10,481,815 |
| | | Projects | 10,481,815 |

Section 3: All unexpended appropriation balances, with the exception of capital project fund appropriations, shall lapse to the appropriate fund as of June 30, 2015.

Section 4: This ordinance shall go into effect July 1, 2014.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

First Reading: May 22, 2014
 Second Reading:
 Effective Date:

**CITY OF KODIAK
RESOLUTION NUMBER 2014-08**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK APPROVING
THE CITY COUNCIL'S BUDGET GOALS FOR FY2015**

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

WHEREAS, the City Council discussed and selected the list of budget goals at their February 1, 2014, planning meeting; and

WHEREAS, management will use the listed budget goals as guidelines when developing the FY2015 budget.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, that the following budget goals will be used in the development of the City of Kodiak's FY2015 budget:

Revenue

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

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

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

Operating Expenses

General Fund operating (non-personnel) expenses for FY2015 will be at a level consistent with FY2014. Required increases will be justified to the City Manager in writing and, if approved, presented by department heads to the City Council for final consideration during budget presentations.

Review existing programs and services to assess how well budgeted performance indicators met goals and objectives.

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

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

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

Personnel Goals

There will be no increase in the number of employee full-time equivalents (FTEs) of 125.15, providing that revenues remain consistent with FY 2014, and there are no changes in operational needs.

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

General Fund

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

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

A detailed review of all categories of General Fund expenditures will be conducted in FY2015 to identify ways to decrease expenses.

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

Enterprise Funds

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

Enterprise Funds will complete rate studies every five years and present them to the City Council for implementation. In FY2015, Harbor, Shipyard, and Sewer rate studies will be conducted.

The Shipyard will reach a breakeven point (not including depreciation) by the year ending FY2016, including adequate revenues through charges for services to meet debt payments and operational expenses without transfers from other funds. The business plan and marketing campaign for services will continue to be refined to capture maximum revenues.

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

Community Support

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

Capital

The City Manager and management staff will develop and refine the City’s formal five-year capital improvement plan (CIP) that identifies and ranks projects for capital and major maintenance projects. The City will utilize the planning document and develop policies and procedures identifying criteria and steps for implementation. Once complete, the capital budget will link to, and flow from, the multi-year capital improvement plan.

Debt Service

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

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

Quality of Life

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

Economic Development

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



CITY OF KODIAK

Pat Moran

MAYOR

ATTEST:

Delia Martin

 CITY CLERK

Adopted: February 13, 2014

NEW BUSINESS

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Aimée Kniaziowski, City Manager 

Thru: Mark Kozak, Public Works Director 

Date: June 12, 2014

Agenda Item: V. a. **Resolution No. 2014–23, Accepting a Grant From the Alaska Department of Environmental Conservation for the Aleutian Homes Water and Sewer Replacement Project, Phase V, Segment B, Project No. 10-03/7026**

SUMMARY: The City started working on a phased utility replacement of the water and sewer utilities in the Aleutian Homes area in 2005. The Aleutian Homes Subdivision was built in the early 1950s, and for the most part, the water and sewer utilities are original construction. Staff has continued efforts to acquire Alaska Municipal Matching Grant (AMMG) funds in order to keep this critical utility upgrade moving and to reduce impacts to rate payers. This grant offer is for construction of Segment B of the Phase V project. Staff recommends the Council adopt Resolution No. 2014–23 accepting AMMG No. 50340 in the amount of \$2,955,792.

PREVIOUS COUNCIL ACTION: Since beginning Phase I of the Aleutian Homes Water and Sewer Replacement project, the Council has authorized the use of the grants as listed below. In addition, Alaska Drinking Water and Alaska Clean Water loans were used on Phases II and IV.

- Phase I, a portion of Willow Street, AMMG, roughly \$470,000 transfer from the Monashka Dam project grant because the project came in under estimated cost.
- Phase II, the remaining portion of Willow Street, received an AMMG for \$1,481,000.
- Phase IV, a portion of Thorsheim Street, received \$1,764,000 in an AMMG grant.
- Phase V, Segment A, a portion of Thorsheim Street, \$1,300,000 AMMG grant.
- Council authorized the design of Aleutian Homes Water and Sewer Replacement Phase V project to DOWL in August 2009.
- Council authorized a construction contract for Segment A to Brechan in February 2013.
- Phase V, Segment B, Council authorized acceptance of AMMG for \$1,465,534 in March 2014.
- Council approved a construction contract with Brechan for Segment B in April 2014.

BACKGROUND: The AMMG program is managed by the Alaska Department of Environmental Conservation (ADEC). The program is a competitive process where communities across the State submit their water, sewer and solid waste projects using a questionnaire process. Each project is scored by ADEC and then ranked according to their score. Once the Governor's budget for the program is established annually, the listing of projects that are within the funding level is published. This generally

happens sometime around December of each year. The grant can provide up to 70 percent reimbursement of eligible costs for a community the size of Kodiak.

DISCUSSION: The City's Public Works Director, Mark Kozak, submitted an AMMG questionnaire for the state's FY2015 grant program in August 2013 for Phase V, Segment B. This segment is approximately 1330 feet long, including a short portion of work on Birch Street. The project funds are in the State budget, which was approved when the Governor signed the budget last month. Grant funds will become available on July 1, 2014.

In FY2015 the AMMG program increased the funding request level from roughly \$2 million per community project to \$3 million per project. Due to this change, staff broke Phase V into three possible segments of work. Phase V, Segment A was built in summer 2013 using an AMMG for construction. The change in policy allowed staff to submit a single AMMG questionnaire to construct both remaining segments of Thorsheim as one project. The remaining project was designed and advertised for bid in late February 2014. When bids were opened in late March, Brechan was the low bidder.

Council approved the award of a large portion of the project at the April 24 meeting based on available funds in the project account. Additional funds were added into the FY2014 Supplemental No. 2 at the May 22 meeting, and Council approved the remaining portion of the bid to Brechan at the same meeting.

This AMMG funding could not be included in the budget until FY2015. The AMMG program allows the grant to pay for any eligible work performed 120 days prior to issuing the new grant so the grant will pay for costs from the start of the construction work in May.

ALTERNATIVES:

1. Adopt Resolution No. 2014-23, which allows the City Manager to sign AMMG No. 50340 offer and accept the \$2,955,792 grant. Staff recommends this alternative.
2. Do not adopt the resolution. This is not recommended, since the City needs these funds to continue the replacement of continually aging water and sewer infrastructure.

FINANCIAL IMPLICATIONS: The completion of the Aleutian Homes Water & Sewer project, Phase V, Segment B construction estimate is \$4,517,000. This is based on the actual bid amount by Brechan, the construction management contract with DOWL, plus a 10 percent contingency. The FY2015 AMMG grant is available July 1, 2014, and its use will significantly reduce the amount of capital improvement funds used on the project. This helps keep utility rates lower as well and reduces utility and road maintenance costs.

LEGAL: N/A

STAFF RECOMMENDATION: Staff recommends Council adopt Resolution No. 2014–23, accepting AMMG No. 50340 in the amount of \$2,955,792 for construction of Segment B of Aleutian Homes Water and Sewer Replacement Phase V Project No. 10-03/7026.

CITY MANAGER’S COMMENTS: Thanks to Public Works Director Kozak’s efforts, we have been fortunate to have received this grant award from DEC for another portion of the Aleutian Homes Water and Sewer project. This will offset expenses to ratepayers. Therefore, I support staff’s recommendation and request Council to accept the grant by adopting Resolution No. 2014–23.

ATTACHMENTS:

Attachment A: Resolution No. 2014–23

Attachment B: AMMG No. 50340 offer letter

PROPOSED MOTION:

Move to adopt Resolution No. 2014–23.

**CITY OF KODIAK
RESOLUTION NUMBER 2014– 23**

A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK ACCEPTING AN ALASKA MUNICIPAL MATCHING GRANT FROM THE ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION FOR THE ALEUTIAN HOMES WATER AND SEWER REPLACEMENT PROJECT, PHASE V, SEGMENT B, PROJECT NO. 10-03/7026

WHEREAS, the State of Alaska, Department of Environmental Conservation has appropriated Municipal Matching Grant No. 50340 in the amount of \$2,955,792 to the City of Kodiak to be applied toward the Aleutian Homes Water and Sewer Replacement Project, Phase V, Segment B; and

WHEREAS, the City of Kodiak formally applied for the grant and thereby agrees to the terms and conditions of the grant and to adhere to any governing State regulations; and

WHEREAS, the City of Kodiak agrees to operate and maintain the completed project phase constructed with said grant.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska that the City of Kodiak formally accepts the State of Alaska, Department of Environmental Conservation Grant No. 50340 in the amount of \$2,955,792, accepts the conditions of the grant agreement, and authorizes the City Manager to execute the necessary grant documents on behalf of the City.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

Adopted:



THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

**Department of Environmental
Conservation**

DIVISION OF WATER

Post Office Box 111800
Juneau, Alaska 99811-1800
Main: 907.465.5300
Fax: 907.465.5177



May 2, 2014

Ms. Aimee Kniaziowski
City Manager
City of Kodiak
P.O. Box 1397
Kodiak, AK 99615

RE: FY15 Funding Notice (SB119)

Dear Ms. Kniaziowski:

The Alaska Department of Environmental Conservation, Division of Water, Municipal Matching Grant Program is pleased to inform you that Capital Bill SB119 was recently passed by the legislature and is expected to be signed by the Governor soon. Under this Bill, your community is eligible to receive \$2,955,792 in Municipal Matching Grant funding for the Kodiak Aleutian Homes Water and Sewer Replacement Project. The local contribution (match) requirement is 30%. The grant number assigned to this project is 50340.

Your next step will be to complete an online Grant application which can be accessed at the Division of Water, Municipal Grants and Loans Program Website located here: <http://dec.alaska.gov/water/MuniGrantsLoans/index.htm>. Additional information on the program, requirements and forms can be found on this page.

Because of the increasing need to ensure that state funds are obligated and expended in a timely manner, **we are requesting that the grant applications be submitted by May 30, 2014 to help us finalize grant offers by the beginning of State Fiscal Year 2015.**

If you are not able to complete the grant application online please mail (and e-mail) the completed signed grant application to the following address:

DEC.Water.MGL.MAT@alaska.gov
Alaska Department of Environmental Conservation
Division of Water, Municipal Matching Grants & Loans Program
Attn: MAT (Municipal Accounting Team)
P.O. Box 111800
410 Willoughby Avenue, Suite 303
Juneau, AK 99811-1800

If you have any questions regarding this process you may contact me directly or any of the parties below:

Mike Lewis, Program Manager 907-269-7619 mike.lewis@alaska.gov

Zorrie Cassell-Caparroso, Grants Accountant 907-465-5172 soraida.cassell-caparroso@alaska.gov

Beth Verrelli, Project Engineer 907-269-7603 beth.verrelli@alaska.gov

The department looks forward to working with the City of Kodiak on this jointly funded project to provide improved services to the residents of your community.

Sincerely,



Judith Cummins, CPA

Municipal Grants and Loans Program Accountant

907-465-5144

judith.cummins@alaska.gov

cc: The Honorable Gary Stevens, Alaska State Senate
The Honorable Alan Austerman, Alaska State House of Representatives
Mike Lewis, Program Manager, ADEC
Beth Verrelli, Project Engineer, ADEC

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Aimée Kniaziowski, City Manager *AK*
Thru: Mark Kozak, Public Works Director *MK*
Date: June 12, 2014

Agenda Item: V. b. **Resolution No. 2014-24, Accepting a Grant From the Alaska Department of Environmental Conservation for Monashka Pumphouse Replacement, Project No. 11-05/7029**

SUMMARY: Monashka reservoir and pumphouse are the primary sources of water for the City of Kodiak's public water system. Records show that construction of the pumphouse began sometime in 1972. Since the initial start up of operations, only minor changes were made, such as adding additional pumps and replacing the original motor start systems. As part of the funding effort for the Monashka Pumphouse, staff applied for an FY2015 Alaska Municipal Matching Grant (AMMG) to complete construction and inspection of the pumphouse replacement. The application was successful, and the City received a grant award notice from DEC of \$2,495,452 to be available by July 1, 2014. Staff recommends Council adopt Resolution No. 2014-24, formally accepting this grant from DEC for the construction and inspection of the new Monashka Pumphouse.

PREVIOUS COUNCIL ACTION:

- October 2010, Council approved contract with CH2MHill to complete the Monashka Pumphouse Upgrade Feasibility study.
- December 2012, Council accepted an AMMG for \$420,000 that was transferred from the UV project to the Monashka design and construction project.
- January 2013, Council named Monashka Pumphouse project as the No. 1 City priority on City's FY2014 state CIP list.
- FY2013, Council approved additional capital project funding for the project in the amount of \$425,000 from local funds.
- February 2013, Council approved a contract amendment with CH2MHill for additional pre-design and design work on the pumphouse project.
- September 2013, Council adopted Resolution No. 2013-27, which formally accepts the FY2014 legislative grant in the amount of \$500,000 for Monashka Pumphouse Upgrades.
- October 2013, Council approved a design contract with CH2MHill for New Monashka Pump House.
- February 2014, Council adopted Resolution No. 2014-10 authorizing the borrowing of an aggregate amount of \$2.5 million from the ADWF loan program for the construction of the Monashka pumphouse.

JUNE 12, 2014
Agenda Item V. b. Memo Page 1 of 4

- March 2014, Council accepted Amendment No. 1 to AMMG 50339 with Resolution No. 2014–11 in the amount of \$1,465,534.
- April 2014, Council adopted Resolution No. 2014–21(SUB) authorizing additional use of ADWF loan not to exceed \$3.5 million.
- April 2014, Council authorized award of Bid Package A, plus the pumps and motors in the amount of \$1,190,671 to ASRC SKW Eskimos.
- April 2014, Council authorized the sole source purchase of yard piping from HD Fowler Supply in the amount of \$58,000.
- April 2014, Council approved Amendment No. 4 to the CH2MHill design contract for construction management services in the amount of \$194,000. This was only a partial award of the full amount of this contract as well.

BACKGROUND: The AMMG program is managed by the Alaska DEC. The grant program is competitive, and communities across Alaska submit water, sewer, and solid waste projects using a questionnaire process. Each project is scored and ranked by DEC, and when the Governor establishes the annual program budget, the ranked list of projects that score high enough to be within the funding level is published in December of each year. Once the Governor signs the budget the Communities then receive their notifications and enter into the standard grant agreements. The grant program provides up to a 70 percent reimbursement of eligible costs for a community the size of Kodiak.

DISCUSSION: Staff submitted questionnaires for this project from 2011 through 2012, but at the time the project scored too low to qualify for funding. Because the UV project was so successful in pursuing AMMG funding and the project came in on the low end of the project budget, there were grant funds remaining. After discussion with DEC, the City submitted a request to use the remaining grant funds for design and construction of the upgrades at Monashka. In December 2012 and March 2014 Council accepted the remaining grant funds from the UV project totaling \$1,885,534.

Staff submitted an AMMG questionnaire in 2013 for the state’s FY2015 grant and budget cycle. This grant was approved when the Governor signed the budget last month, and funds will be available as of July 1, 2014. Staff submitted grant paperwork for the AMMG last month, as well, in order to get the grant issued as soon as possible. This grant will pay for construction work performed up to 120 days before the grant is issued, so early application is critical.

ALTERNATIVES:

1. Adopt Resolution No, 2014–24, which allows the City Manager to sign the AMMG grant increase and accept the \$2,495,452. Staff recommends this alternative to reduce the overall amount of City and Loan funds used on the project.
2. Do not adopt the resolution. This is not recommended, since the City benefits from the use of these funds, which keep user rates lower while continuing steps to upgrade the City’s aging and vulnerable water infrastructure.

FINANCIAL IMPLICATIONS: With the critical nature of this facility we cannot risk delaying or not replacing the pumphouse at this time. The City cannot support our water system’s demands without Monashka fully operational at all times.

To date we have been able to secure the following funding:

| | | | |
|---------|----------------------------|-------------|---|
| FY 2011 | City Funds | \$225,000 | Feasibility study |
| FY 2012 | No Funds Added | | |
| FY 2013 | City Funds | \$425,000 | |
| FY 2013 | AMMG | \$420,000 | Accepted Dec 2012 |
| FY 2014 | State Legislative grant | \$500,000 | Accepted September 2013 by City Council |
| FY 2014 | Alaska Drinking Water Loan | \$2,500,000 | Resolution No. 2014–10 authorized the loan in Feb. 2014 |
| FY 2014 | AMMG | \$1,465,534 | Accepted March 2014 |
| FY 2014 | Alaska Drinking Water Loan | \$3,500,000 | Resolution 2014–21(SUB) authorized the additional loan in April 2014. |
| FY 2015 | AMMG | \$2,495,452 | Award July 2014 |

LEGAL: N/A.

STAFF RECOMMENDATION: Staff recommends Council adopt Resolution No. 2014–24, accepting AMMG No. 50339 in the amount of \$2,495,452 for the Monashka Pumphouse Replacement, Project No. 11-05/7029.

CITY MANAGER’S COMMENTS: You can see from the information in the memo, that staff has been working to get funding for this project since 2011. Public Works Director Kozak has put in a great deal of effort and time to get the project moving toward completion this year. Council’s support has been instrumental, as has DEC’s. I support staff’s recommendation that Council adopt Resolution No. 2014–24 to accept the funds and authorize me to finalize the grant documents.

ATTACHMENTS:

- Attachment A: Resolution No. 2014–24
- Attachment B: DEC Notice of FY2015 AMMG Award

PROPOSED MOTION:

Move to adopt Resolution No. 2014–24.

**CITY OF KODIAK
RESOLUTION NUMBER 2014-24**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK ACCEPTING
A GRANT FROM THE ALASKA DEAPRTMENT OF ENVIRONMENTAL CONSER-
VATION FOR THE MONASHKA PUMPHOUSE REPLACEMENT, PROJECT NO. 11-
05/7029**

WHEREAS, the State of Alaska, Department of Environmental Conservation has appropriated Municipal Matching Grant No. 50339 in the amount of \$2,495,452 to the City of Kodiak to be applied toward the design of the Monashka Pumphouse Replacement project; and

WHEREAS, the City of Kodiak formally requested the grant and thereby agrees to the terms and conditions of the grant and to adhere to any governing State regulations; and

WHEREAS, the City of Kodiak agrees to utilize the grant funds fund the construction and inspection of this project.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska that the City of Kodiak formally accepts the State of Alaska, Department of Environmental Conservation Grant No. 50339 in the amount of \$2,495,452, accepts the conditions of the grant agreement, and authorizes the City Manager to execute the necessary grant documents on behalf of the City.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

Adopted:



THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

Attachment B

Department of Environmental Conservation

DIVISION OF WATER

Post Office Box 111800
Juneau, Alaska 99811-1800
Main: 907.465.5300
Fax: 907.465.5177



May 2, 2014

Ms. Aimee Kniazowski
City Manager
City of Kodiak
P.O. Box 1397
Kodiak, AK 99615

RE: FY15 Funding Notice (SB119)

Dear Ms. Kniazowski:

The Alaska Department of Environmental Conservation, Division of Water, Municipal Matching Grant Program is pleased to inform you that Capital Bill SB119 was recently passed by the legislature and is expected to be signed by the Governor soon. Under this Bill, your community is eligible to receive \$2,495,452 in Municipal Matching Grant funding for the Kodiak Pump House Replacement Project. The local contribution (match) requirement is 30%. Please note that this funding is an increase to an existing project and the existing project name is "Kodiak – Monashka Pumphouse Upgrade Design". The grant number assigned to this project is 50339.

Your next step will be to complete an online Grant application which can be accessed at the Division of Water, Municipal Grants and Loans Program Website located here: <http://dec.alaska.gov/water/MuniGrantsLoans/index.htm>. Additional information on the program, requirements and forms can be found on this page.

Because of the increasing need to ensure that state funds are obligated and expended in a timely manner, **we are requesting that the grant applications be submitted by May 30, 2014 to help us finalize grant offers by the beginning of State Fiscal Year 2015.**

If you are not able to complete the grant application online please mail (and e-mail) the completed signed grant application to the following address:

DEC.Water.MGL.MAT@alaska.gov
Alaska Department of Environmental Conservation
Division of Water, Municipal Matching Grants & Loans Program
Attn: MAT (Municipal Accounting Team)
P.O. Box 111800
410 Willoughby Avenue, Suite 303
Juneau, AK 99811-1800

If you have any questions regarding this process you may contact me directly or any of the parties below:

Mike Lewis, Program Manager 907-269-7619 mike.lewis@alaska.gov

Zorrie Cassell-Caparroso, Grants Accountant 907-465-5172 soraida.cassell-caparroso@alaska.gov

Beth Verrelli, Project Engineer 907-269-7603 beth.verrelli@alaska.gov

The department looks forward to working with the City of Kodiak on this jointly funded project to provide improved services to the residents of your community.

Sincerely,



Judith Cummins, CPA

Municipal Grants and Loans Program Accountant

907-465-5144

judith.cummins@alaska.gov

cc: The Honorable Gary Stevens, Alaska State Senate
The Honorable Alan Austerman, Alaska State House of Representatives
Mike Lewis, Program Manager, ADEC
Beth Verrelli, Project Engineer, ADEC

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MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Aimée Kniaziowski, City Manager

Thru: Ronda Wallace, Chief of Police

Date: June 12, 2014

Agenda Item: V. c. **Resolution No. 2014–25, Authorizing the Issuance of a Permit to the American Legion Post 17 for Use of Public Property in Conjunction With Fourth of July Celebrations**

SUMMARY: Resolution No. 2014–25 permits American Legion Post 17 to close and use City streets for its annual Fourth of July parade. Street closures for the parade will take place on Friday, July 4, 2014, from 11 a.m. to approximately 12:30 p.m. for the St. Paul Harbor spit, Marine Way, and Center Avenue. Rezanof Drive will also be closed as part of the parade route, but the American Legion will receive a separate authorization from the State Department of Transportation (DOT) since that is a state roadway.

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

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

ALTERNATIVES:

1. Adopt Resolution No. 2014–25, which is staff's recommendation.
2. Do not adopt Resolution No. 2014–25, which would result in cancellation of the parade.

STAFF RECOMMENDATION: Staff recommends Council adopt Resolution No. 2014–25.

CITY MANAGER'S COMMENTS: The entire community looks forward to celebrating the Fourth of July holiday and parade. I support this year's request to issue a permit to the American Legion Post 17 to organize the Fourth of July parade, which requires City street closures covered under this resolution and the closure of Rezanof Drive, which requires a State of Alaska DOT permit. I recommend Council approve their request by adopting Resolution No. 2014–25.

ATTACHMENTS:

Attachment A: Resolution No. 2014–25

Attachment B: Letter of Request from American Legion, dated May 19, 2014

PROPOSED MOTION:

Move to adopt Resolution No. 2014–25.

**CITY OF KODIAK
RESOLUTION NUMBER 2014-25**

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

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

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

WHEREAS, the Fourth of July parade is planned for Friday, July 4, 2014, beginning at 11:00 a.m.

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

BE IT FURTHER RESOLVED that the Council hereby authorizes City street closures/traffic control for the Fourth of July Parade on Friday, July 4, 2014, from 11:00 a.m. until approximately 12:30 p.m. for the St. Paul Harbor spit, Marine Way, and Center Ave. Traffic control is also authorized for Rezanof Drive, under the condition that the American Legion Post 17 obtains authorization from the State Department of Transportation to close Rezanof Drive for the parade.

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

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

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

Adopted:



THE AMERICAN LEGION
Robert G. Blair Post 17
318 Center Ave., Kodiak, AK 99615
Phone (907) 486-3258 Fax (907) 486-6588
aklegion@gci.net




May 19, 2014

City of Kodiak


The American Legion Post 17 is requesting permission to have our annual 4th of July parade which lands on a Friday this year. It will be the same route as last year, starting at Oscars dock left on Marine Way, right on Rezanof, right on Center Ave, right on Marine Way disassembling at the starting point Oscars dock. Thank you for your time.

Sincerely,



Jared Decker, 1st Vice Commander

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Aimée Kniazowski, City Manager 
Date: June 12, 2014

Agenda Item: V. d. **Authorization of a Professional Services Contract for Interim Finance Director Services**

SUMMARY: The City is in need of a qualified Finance Director to perform all the functions and assume the responsibilities of the Finance Director position until a qualified full-time Finance Director is hired. The City Manager requests Council to support this critical need by approving the professional services agreement with Karl Swanson to perform those services on an interim basis.

PREVIOUS COUNCIL ACTION: None.

DISCUSSION: The City's long-time Finance Director resigned in mid-May. Due to the timing of the resignation, I had to find a qualified interim finance director to help with the immediate, pending, and ongoing departmental tasks. For example, the FY2015 budget was not yet introduced or adopted, the requirement to close out the FY2014 financial transactions was pending, as was the preparation for the FY2014 audit, and specialty functions such as managing the City's investments and bank accounts to ensure adequate cash flow needed attention.

I contacted a qualified local government financial manager, Karl Swanson, who agreed to come to Kodiak to help out on a rotating basis until a full-time Finance Director is hired. Karl will come to Kodiak on a two-weeks on and two-weeks off schedule and be available when he can while he is back in Talkeetna where he lives and runs his business. He will perform all the duties and have all the responsibilities of the Finance Director position as identified in the agreement.

The professional services agreement is attached (Attachment A) and will be ongoing in nature until the City no longer requires his services, although there is a standard 30-day termination clause in the agreement. There are currently adequate funds in the personnel and professional services line items to cover these expenses, however the budget is likely to be amended for FY2015 because I do not know how long I will need him to serve in the interim capacity.

ALTERNATIVES: There are two alternatives for Council to consider.

1. Authorize the professional services contract with Karl Swanson for interim Finance Director Services, which is my recommendation. This support is critical to the successful operations of the City.
2. Choose not to authorize the contract, which is definitely not recommended, since we have no one on staff qualified to perform the functions of Finance Director and Treasurer.

LEGAL: The City Code allows the City Manager to contract for professional services when needed. Approval of Council may be required, depending on the cost of services. The City Attorney also explained that the City Charter Section IV-10 provides me with the authority to appoint a person to act during the temporary absence, disability, or suspension of an employee or, in case of a vacancy, until a successor is appointed or elected and qualifies.

CITY MANAGER'S RECOMMENDATION AND COMMENTS: I am fortunate that Karl Swanson has agreed to work for Kodiak as the interim Finance Director until I am able to hire a full-time person. Karl has done this type of work for many years and is qualified. He will work in Kodiak on a two-week on and two-week off rotation, and the City will pay his expenses. The agreement, which is effective for FY2015 does not have an expiration date, but will continue until a new Finance Director is hired. Currently, the Finance Department has adequate funds in the wages and professional services line items to cover the expenses. I will bring a budget amendment to Council if necessary, depending on how long he serves in this capacity.

ATTACHMENTS:

Attachment A: Professional services agreement for interim finance director services, effective July 1, 2014

PROPOSED MOTION:

Move to approve professional services agreement No. 215202 for interim finance director services with Karl Swanson with funds from the General Fund, Finance Administration, Salaries and Wages and Professional Services accounts and authorize the City Manager to execute and manage the contract.

**City of Kodiak
Professional Services Agreement
Interim Finance Director Services**

THIS AGREEMENT is entered into by and between KARL SWANSON, CPA, PC (“Consultant”), and the CITY OF KODIAK (“City”).

WHEREAS City desires to engage Consultant to render Financial Management and related consulting services as the Interim Director of the City’s Finance Department; and

WHEREAS Consultant represents that Consultant is properly licensed (State of Alaska Business License) and has the experience and ability to perform such services; and

WHEREAS the parties hereto desire to enter into a basic agreement setting forth the terms under which Consultant will, as requested, perform such work.

NOW THEREFORE the parties hereto do mutually agree as follows:

1. Employment of Consultant. Consultant agrees to provide professional services in accordance with the provisions of this Agreement. Karl R. Swanson will serve as the Interim Finance Director for the term of this agreement. A written description of the work to be performed and compensation to be paid are set out in attached Exhibits A and B, and are incorporated by reference.
2. Scope of Services. The Scope of Services (Exhibit A) describes and defines the services and responsibilities which are required. Consultant shall exercise independent professional judgment in performing the obligations and responsibilities under this Agreement. The Consultant shall perform the tasks as set forth in Exhibit A. The Consultant shall also attend all required meetings, workshops, financial presentations, etc. either by teleconference or in person.
3. Duration. This Agreement commences on July 1, 2014, and shall continue until City hires a permanent Finance Director and the permanent Finance Director is oriented, or until such time as the Consultant is no longer available to provide the services as outlined in this Agreement.
4. Schedule. Consultant, acting as Interim Finance Director, will work a rotating schedule of approximately two (2) weeks on and two (2) weeks off beginning in July of 2014. The preferred schedule will be two (2) Monday through Friday weeks per month worked on site in Kodiak. An alternate work site may be used for other time worked with prior approval of the City Manager.
5. Performance. Consultant agrees to proceed immediately to perform the work described in the Scope of Services; however, the Consultant is not authorized to perform any work or incur any expense which would cause the amount for which

Consultant is entitled to be paid under this Agreement to exceed the amounts set forth in Exhibit B without the prior written approval of the City.

6. Compensation. City agrees to pay Consultant as compensation for services under this Agreement such sums of money as set forth in attached Exhibit B. The amount payable to the Consultant shall not exceed the amount specified without the prior written approval of the City.
7. Payments. City agrees to make payments to Consultant upon receipt of invoices received from Consultant.
8. Personnel. City agrees to furnish all personnel necessary for expeditious and satisfactory performance of this Agreement, each to be competent, experienced and well qualified for the work assigned.
9. Independent Contractor Status. In performing under this Agreement, Consultant acts as an independent Contractor and shall have responsibility for and control over the details and means for performing the Financial Management services required hereunder.
10. Assignment. The Consultant may not assign his interest in this contract to another person or delegate any duties under this contract without prior written approval of the City. Any attempt by the Consultant to assign any part of his interest or delegate duties under this agreement shall give the City the right to terminate this contract.
11. Designation of Representative. The Parties agree, for the purposes of this Agreement, that City shall be represented by and may act only through the City Manager or such other person as she may designate in writing.
12. Termination. Either party may terminate this contract, for cause or convenience, upon thirty (30) days written notice to the other. Notice shall be deemed to have been fully given or made or sent when made in writing and delivered in person or deposited in the United States mail, certified and postage prepaid, and addressed to the respective addresses set forth above the signatures of this agreement. The address to which any notice, demand, or other writing may be given or made or sent to any party may be changed by written notice given by such party as above provided. After receipt of such notice, Consultant shall stop work hereunder to the extent and on the date specified in such notice, terminate all other commitments to the extent they relate to the work terminated, and deliver to City all computations and other material and information prepared or developed hereunder in connection with the work terminated.

In the event of any termination pursuant to this clause, Consultant shall be entitled to be paid as provided herein for direct labor hours expended and reimbursable costs incurred pursuant to paragraph 6 hereof, prior to the termination, and for such direct labor hours and reimbursable costs as may be expended or incurred thereafter with City's approval in concluding the work terminated, it being understood that Consultant shall not be entitled to any anticipated profit on services not performed.

Except as provided in this clause, any such termination shall not alter or affect the rights or obligations of the parties under this agreement.

13. Ownership and Use of Documents. Consultant agrees that all pertinent calculations, reports, data and other documents prepared for the City hereunder are the property of the City and the City shall have the right, without payment of additional compensation, to disclose, reproduce and use, and to authorize others to disclose, reproduce and use such documents for this project.
14. Performance Standard. Services performed under this Agreement shall be in accordance with good Governmental Financial Management practices and shall comply with all applicable codes and standards.
15. Compliance with Applicable Laws. Consultant shall comply with all applicable federal, state and local laws, ordinances, order, rules and regulations applicable to its performance hereunder. Consultant also agrees to comply with all contract provisions pertaining to grant or other funding assistance which City may choose to utilize to perform work under this Agreement.
16. Records and Audit. Consultant agrees to maintain sufficient and accurate records and books of account, including detailed time records, showing all direct labor hours expended and all reimbursable costs incurred and the same shall be subject to inspection and audit by City at all reasonable times. All such records and books of account pertaining to any work performed hereunder shall be retained for a period of not less than six (6) years from the date of completion of the improvements to which the Consultant services of this Agreement relate.
17. Form of City Approval. Except as otherwise provided in this Agreement, City's requests and approvals, and Consultant cost estimates and descriptions of work to be performed, may be made orally where necessary, provided that the oral communication is confirmed immediately thereafter in writing.
18. Notices. Any official notice that either party hereto desires to give the other shall be delivered through the United States mail by certified mail, return receipt requested, with postage thereon fully prepaid and addressed as follows:

| | |
|--|---|
| To City: Aimée Kniazowski, City Manager City of Kodiak 710 Mill Bay Road, Room 219 Kodiak, Alaska 99615 | To Consultant: Karl R. Swanson, CPA, PCA P. O. Box 88 Talkeetna, Alaska 99676 |
|--|---|
19. Venue/Applicable Law. The venue of any legal action between the parties arising

from this Agreement shall be the Third Judicial District of the Superior Court of the State of Alaska and this contract shall be interpreted in accordance with the laws of the State of Alaska.

- 20. Attorney's Fees. In the event either party institutes a lawsuit or action to enforce its right hereunder, the prevailing party shall be entitled to recover from the other party its reasonable attorney's fees and costs in such suit or action and on any appeal therefrom.
- 21. Waiver. No failure on the part of City to enforce any covenant or provisions herein contained, nor any waiver of any right hereunder by City, unless in writing and signed by the parties sought to be bound, shall discharge or invalidate such covenants or provisions or affect the right of City to enforce the same or any other provision in the event of any subsequent breach or default.
- 22. Binding Effect. The terms, conditions and covenants contained in this Agreement shall apply to, inure to the benefit of, and bind the parties and their respective successors.
- 23. Entire Agreement/Modification. This agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof, and all prior negotiations and understandings are superseded and replaced by this Agreement and shall be of no further force and effect. No modification of this Agreement shall be of any force or effect unless reduced to writing, signed by both parties and expressly made a part of this Agreement.

In witness whereof, the parties hereto have executed, or caused to be executed by their duly authorized officials, this Agreement in duplicate on the respective date indicated below.

CITY OF KODIAK

KARL SWANSON, CPA, PC

By: _____
Aimée Kniaziowski
City Manager

By: _____
Karl Swanson

Subscribed and sworn to before me, a
Notary Public in and for the State of Alaska,
Third Judicial District

Subscribed and sworn to before me, a
Notary Public in and for the State of Alaska,
Third Judicial District

this ____ day of _____ 2014.

this ____ day of _____ 2014.

Notary Public, State of Alaska

Notary Public, State of Alaska

Commission expires:

Commission expires:

EXHIBIT A
SCOPE OF SERVICES
PROFESSIONAL SERVICE AGREEMENT
INTERIM FINANCE DIRECTOR

On an interim basis and using independent professional judgment and expertise, provide the following as requested by the City Manager of Kodiak:

1. Serve as the interim Chief Financial Officer for the City of Kodiak.
2. Plan, direct, manage, supervise, and coordinate the administration and operations of the Finance Department.
3. Under direction from the City Manager, develop, revise, interpret, and direct the implementation of rules, regulations, policies, and procedures related to the day-to-day operations and the long- and short- term goals and objectives of the Finance Department.
4. Provide professional advice to the Manager and department heads and through the Manager, to the City Council.
5. Supervise all accounting activity of the City including periodic and annual financial reporting, budget preparation and monitoring, and billing and collection for the City's enterprise funds.
6. Supervise purchasing activities for the City.
7. Supervise data processing and information systems functions for the City.
8. Develop and maintain fiscal policies and procedures with the review and approval of the City Manager's Office.
9. Plan, prepare, and organize workloads and staff assignments, expedite workflow, and make staffing decisions.
10. Meet regularly with the City Manager and other department Directors to ensure coordination and conformance with City policies, procedures, and ordinances. With approval of the City Manager, coordinate with the City attorney on legal matters relating to City business as needed.
11. Directly supervise all seven positions in the Finance Department; review performance evaluations for all departmental employees and conduct performance evaluations as scheduled; and in consultation with the City Manager, initiate and administer personnel and disciplinary actions, and resolve grievances as necessary.

12. Oversee all department personnel matters; make recommendations to the City Manager's Office regarding appointments, promotions, suspensions, and dismissal of Finance Department employees; recruit hire, and train staff if necessary.
13. Maintain proficiency, and professionalism of department staff.
14. Represent the department at Council meetings, meetings with other city officials, civic, agency, and business organizations, and federal and state agencies.
15. Maintain productive working relationships within the department and with representatives of the community, including elected officials, businesses, and agency personnel.
16. Conduct research, prepare and present studies, status reports, issue papers, and proposed policies, plans, procedures, and ordinances to the City Manager and the Council as needed.
17. Review and authorize materials and equipment orders, and approve departmental expenditures within budgetary limits.
18. Under direction of the City Manager, manage the City's budget process and help prepare the final budget documents.
19. Oversee the management of internal controls and ensure that state and national accounting standards are maintained.
20. Oversee the investments of City funds, the posting and reconciliation of ledgers and accounts; serve as authorized signatory on accounts as necessary for the duration of the agreement.
21. Oversee the central computerized financial and management information system of the City.
22. Oversee preparation of City audit during service as Interim Finance Director.

**EXHIBIT B
COMPENSATION
PROFESSIONAL SERVICE AGREEMENT
INTERIM FINANCE DIRECTOR**

Compensation will be paid as follows:

Wages: Compensation will be paid hourly at the rate of \$90 per hour. Hourly rates will be paid for hours worked, without escalation for overtime work.

Meal Allowance: City shall provide Consultant a daily allowance of \$50 per day to cover the cost of meals while in Kodiak providing services pursuant to this agreement.

Living Quarters: City shall provide Consultant with living quarters containing a kitchen facility while in Kodiak providing services pursuant to this agreement.

Vehicle: City shall provide a vehicle for Consultant's use while in Kodiak providing services pursuant to this agreement.

Travel: City will provide Consultant with at least one round-trip airline ticket between Anchorage and Kodiak during the term of this agreement, not to exceed one round-trip ticket every two weeks commensurate with the two-week on, two-week off schedule contained in Section 4 of the agreement.

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MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Aimée Kniaziowski, City Manager

Thru: Ronda Wallace, Chief of Police

Date: June 12, 2014

Agenda Item: V. e. Authorization of Service Agreement With Johnson Controls, Inc., for Annual Inspection and Preventative Maintenance of the New Kodiak Police Station Building Control Systems

SUMMARY: This authorization would award a multi-year service agreement to Johnson Controls, Inc. (JCI) to provide preventative maintenance and correction of minor deficiencies encountered during routine inspections of the fire, security, and mechanical systems utilized within the Kodiak Police Station. Staff recommends the Council authorize this three-year contract in the amount of \$32,418 for FY2015, \$33,391 for FY2016, and \$34,392 for FY2017.

PREVIOUS COUNCIL ACTION:

- Council authorized the four-year service agreement with Johnson Controls, Inc. during the June 24, 2010 regular meeting.
- Council reviewed the three-year contract with Johnson Controls, Inc. at the June 10, 2014, work session.

DISCUSSION: The Kodiak Police Station incorporates a number of automated systems that control and operate the building's fire, security, and mechanical systems. JCI was contracted to provide preventative maintenance and correction of minor deficiencies encountered during routine inspections of the fire, security, and mechanical system controls in the Kodiak Police Station when it came online in 2010. While staff has participated in owner training to familiarize them with these sophisticated operating and control systems, no one on City staff has the training or qualifications to maintain and service these systems. These sophisticated systems must be routinely inspected and serviced for optimal performance. The four-year contract with JCI terminates at the end of FY2014 and must be renewed.

This proposed three-year service agreement will ensure that qualified individuals properly maintain the fire, security, and mechanical system in the police station. JCI's proposed scope of work includes technician visits twice yearly, for two days per visit, to inspect building systems and to correct minor deficiencies encountered. Furthermore, JCI is offering a three-year contract, which benefits the City as it would secure fixed pricing for upcoming years. Contract amounts follow: Year 1) \$32,418, Year 2) \$33,391 and Year 3) \$34,392. JCI recognizes City concerns about multiple year agreements. Consequently, they have included language in the agreement that gives the City the option of not

renewing the agreement, provided notice of nonrenewal is made to JCI within forty-five days prior to the end of the contract term.

ALTERNATIVES:

1. Authorize the award of a new three-year contract, as it would allow the City to continue properly maintaining these sophisticated systems. This is the recommendation staff makes to Council.
2. Do not authorize this purchase. Staff does not recommend this alternative, as it would result in substandard performance of building systems and eventual failure.

FINANCIAL IMPLICATIONS: The first year amount of this multi-year contract is included in the FY2015 General Fund, Police Administration, Professional Services.

LEGAL: N/A

STAFF RECOMMENDATION: Staff recommends Council authorize the three-year service agreement with Johnson Controls, Inc. to provide annual inspections and preventative maintenance of the Kodiak Police Station building control systems, with first year funds in the amount of \$32,418, coming from the FY2015 General Fund, Police Administration, Professional Services account.

CITY MANAGER'S COMMENTS: The control systems in the police station are quite complex and require specialty oversight. I support Chief Wallace's recommendation that Council authorize the three-year service agreement with Johnson Controls, Inc. for the following amounts: FY2015 \$32,418; FY2016 \$33,391; and FY2017 \$34,392.

ATTACHMENTS:

Attachment A: Johnson Controls, Inc., Service Agreement

PROPOSED MOTION:

Move to authorize a three-year service agreement (City record No. 215198) with Johnson Controls, Inc. to provide annual inspections and preventative maintenance of the Kodiak Police Station building control systems in the following amounts: FY2015 \$32,418; FY2016 \$33,391; and FY2017 \$34,392, with the FY2015 funds coming from the FY2015 General Fund, Police Administration, Professional Services account, and authorize the City Manager to execute the agreement on behalf of the City.

Planned Service

| |
|--|
| CUSTOMER KODIAK POLICE STATION |
| LOCAL JOHNSON CONTROLS OFFICE 2000 W INTERNATIONAL ROAD, UNIT #B-1 ANCHORAGE , AK 99502 |
| DATE 7/1/2014 |



Partnering with you to deliver value-driven solutions

A Planned Service Agreement with Johnson Controls provides you with a customized service strategy designed around the needs of your facility. Our approach features a combination of scheduled, predictive and preventative maintenance services that focus on your goals.

As your building technology services partner, Johnson Controls delivers an unmatched service experience delivered by factory-trained, highly skilled technicians who optimize operations of the buildings we work with, creating productive and safe environments for the people within.

By integrating our service expertise with innovative processes and technologies, our value-driven planned service solutions deliver sustainable results, minimize equipment downtime and maximize occupant comfort.



Executive Summary

PLANNED SERVICE PROPOSAL FOR KODIAK POLICE STATION

Dear Ray Ellis,

We value and appreciate your interest in Johnson Controls as a service provider for your building systems and are pleased to provide a value-driven maintenance solution for your facility. The enclosed proposal outlines the Planned Service Agreement we have developed on your facility.

Details are included in the Planned Service Agreement summary (Schedule A), but highlights are as follows:

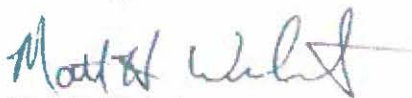
- In this proposal we are offering a service agreement for 3 Years - starting 7/1/2014 and ending 6/30/2017.
- The agreement price for first year is \$32,418.00; see Schedule A, Supplemental Price and Payment Terms, for pricing in subsequent years.
- The equipment options and number of visits being provided for each piece of equipment are described in Schedule A, Equipment list.

As a manufacturer of both mechanical and controls systems, Johnson Controls has the expertise and resources to provide proper maintenance and repair services for your facility.

Again, thank you for your interest in Johnson Controls and we look forward to becoming your building technology services partner.

Please contact me if you have any questions.

Sincerely,



Matt H. Webster
Service Sales Account Rep

Benefits of Planned Service

A Planned Service Agreement with Johnson Controls will allow you to optimize your building's facility performance, providing dependability, sustainability and energy efficiency. You'll get a value-driven solution that fits your specific goals, delivered with the attention of a local service company backed by the resources of a global organization.

With this Planned Service Agreement, Johnson Controls can help you achieve the following five objectives:

- 1. Identify Energy Savings Opportunities**
Since HVAC equipment accounts for a major portion of a building's energy usage, keeping your system performing at optimum levels may lead to a significant reduction in energy costs.
- 2. Reduce Future Repair Costs**
Routine maintenance may maximize the life of your equipment and may reduce equipment breakdowns.
- 3. Extend Asset Life**
Through proactive, factory-recommended maintenance, the life of your HVAC assets may be extended, maximizing the return on your investment.
- 4. Ensure Productive Environments**
Whether creating a comfortable place where employees can be productive or controlling a space to meet specialized needs, maintenance can help you achieve an optimal environment for the work that is being accomplished.
- 5. Promote Environmental Health and Safety**
When proper indoor conditions and plant requirements are maintained, business outcomes may be improved by minimizing sick leave, reducing accidents, minimizing greenhouse gas emissions and managing refrigerant requirements.



All of the services we perform on your equipment are aligned with "The 5 Values of Planned Maintenance" and our technicians understand how the work they perform can help you accomplish your business objectives.

Personalized Account Management

A Planned Service Agreement also provides you with the support of an entire team that knows your site and can closely work with you on budget planning and asset management. Your local Johnson Controls account management team can help guide planned replacement, energy retrofits and other building improvement projects. You'll have peace of mind that an entire team of skilled professionals will be looking out for what is best for your facility and budget.

A Culture of Safety

Johnson Controls technicians take safety seriously and personally, and integrate it into everything they do. All of our technicians participate in regular and thorough safety training. Because of their personal commitment, we are a leader in the HVAC service industry for workplace safety performance. This means that you do not have to worry about us when we are on your site.



Commitment to Customer Satisfaction

Throughout the term of your Planned Service Agreement, we will periodically survey you and use your feedback to continue to make improvements to our service processes and products. Our goal is to deliver the most consistent and complete service experience possible. To meet this goal, we've developed and implemented standards and procedures to ensure you receive the ultimate service experience – every time.

Energy & Sustainability

A more sustainable world one building at a time – Johnson Controls is a company that started more than 125 years ago with a product that reduced energy use in buildings. We've been saving energy for customers ever since. Today, Johnson Controls is a global leader in creating smart environments where people live, work and play, helping to create a more comfortable, safe and sustainable world.

The Value of Integrity

Johnson Controls has a long, proud history of integrity. We do what we say we will do and stand behind our commitments. Our good reputation builds trust and loyalty. In recognition for our commitment to ethics across our global operations, we are honored to be named one of the World's Most Ethical Companies by Ethisphere Institute, a leading think tank dedicated to business ethics and corporate social responsibility. In addition, *Corporate Responsibility Magazine* recognizes Johnson Controls as one of the top companies in its annual "100 Best Corporate Citizens" list.



Service Plan Methodology

As part of the delivery of this Planned Service Agreement, Johnson Controls will dedicate a local customer service agent responsible for having a clear understanding of the agreement scope, and your facility procedures and protocols.

A high-level overview around our service delivery process is outlined below including scheduling, emergency service, on-site paperwork, communication and performing repairs outside of the agreement scope.

Scheduling

Preventative maintenance service will be scheduled using our automated service management system. In advance of the scheduled service visit, our technician is sent a notice of service to a smartphone. Once the technician acknowledges the request, your customer service agent will call or e-mail your on-site contact to let you know the start date and type of service scheduled.

The technician checks in, wears personal protective equipment, performs the task(s) as assigned, checks out with you and asks for a screen capture signature on the smartphone device. A work order is then e-mailed, faxed or printed for your records.

Emergency Services

Emergency service can be provided 7 days a week, 24 hours a day, 365 days a year. During normal business hours, emergency service will be coordinated by the customer service agent. After hours, weekends and holidays, the emergency service number transfers to the Johnson Controls after-hours call center and on-call technicians are dispatched as needed.

Johnson Controls is committed to dispatching a technician within hours of receiving your call through the service line. A work order is e-mailed, faxed or printed for your records. Depending on the terms of your agreement, you may incur charges for after hour services.

Communication

A detailed communication plan will be provided to you so you know how often we will provide information to you regarding your Planned Service Agreement. The communication plan will also provide you with your main contacts at Johnson Controls.

Approval Process for Non-Covered Items

Johnson Controls will adhere to your procurement process. No work will be performed outside of the agreement scope without prior approval. Johnson Controls will work with you closely to ensure your procurement process is followed before any non-covered item work is started.

Summary of Services and Options

Comprehensive and Operational Inspections

During comprehensive and operational inspections, Johnson Controls will perform routine checks of the equipment for common issues caused by normal wear and tear on the equipment. Additional tests can be run to confirm the equipment's performance.

Routine maintenance, such as lubrication, cleaning and tightening connections, can be performed depending on the type of equipment being serviced. Routine maintenance is one of the keys to the five values of maintenance – it can help identify energy saving opportunities, reduce future repair costs, extend asset life, ensure productive environments, and promote health and safety.

Summary

Thank you for considering Johnson Controls as your building technology services partner. The following agreement document includes all the details surrounding your Planned Service Agreement.

With planned service from Johnson Controls, you'll get a value-driven solution that can help optimize your building controls and equipment performance, providing dependability, sustainability and energy efficiency. You'll get a solution that fits your specific goals, delivered with the attention of a local service company backed by the resources of a global organization.

We'll be your building technology services partner

Planned Service Agreement

Customer Name: KODIAK POLICE STATION
Address: 2160 MILL BAY RD 2160 MILL BAY KODIAK AK 99615-6633
Proposal Date: 7/1/2014
Estimate #: 1-48SWHOA

Scope of Service

Johnson Controls, Inc. ("JCI") and the Customer (collectively the "Parties") agree Preventative Maintenance Services, as defined in Schedule A ("Services"), will be provided by JCI at the Customer's facility. This Planned Service Agreement, the Equipment List, Supplemental Price and Payment Terms, Terms and Conditions, and Schedules attached hereto and incorporated by this reference as if set forth fully herein (collectively the "Agreement"), cover the rights and obligations of both the Customer and JCI.

Extended Service Options for Premium Coverage

If Premium Coverage is selected, on-site repair services to the equipment will be provided as specified in this Agreement for the equipment listed in the attached Equipment List.

Equipment List

Only the equipment listed in the Equipment List will be covered as part of this Agreement. Any changes to the Equipment List must be agreed upon in writing by both Parties.

Term / Automatic Renewal

This Agreement takes effect on 7/1/2014 and will continue until 6/30/2017 ("Original Term"). The Agreement will automatically renew on a year-to-year basis after the Original Term ends unless the Customer or JCI gives the other written notice it does not want to renew. The notice must be delivered at least forty-five (45) days prior to the end of the Original Term or of any renewal period. The Original Term and any renewal periods are sometimes collectively referred to in this Agreement as the "Term". Renewal price adjustments are discussed in the Terms and Conditions.

Refrigerant Charges

Refrigerant is not included under this Agreement and will be billed separately to the Customer by JCI.

JOHNSON CONTROLS PLANNED SERVICE PROPOSAL
PREPARED FOR KODIAK POLICE STATION

Price and Payment Terms

The total Contract Price for JCI's Services during the 1st year of the Original Term is \$32,418.00. This amount will be paid to JCI in Semi-Annual installments. Pricing for each subsequent year of a multiyear original term is set forth in the Supplemental Price and Payment Terms. All payments will be due and payable within 30 days of the invoice date and such timely payment by Customer shall be a condition precedent to JCI's obligation to perform its Services. A penalty of one and a half percent (1.5%) of the amount due per month shall accrue for payments received after the payment due date. Renewal price adjustments are set forth in the Terms and Conditions.

Invoices will be sent to the following location:

City Of Kodiak
710 Mill Bay Rd #220
Kodiak AK 99615

This proposal is valid for thirty days from the proposal date.

JOHNSON CONTROLS Inc.

By: Matt H. Webster

Signature: *Matt H. Webster*

Title: Service Sales Account Rep Date: 3/20/14

Signature:

Title:

Date:

By:

Signature:

Title:

Date:

Customer PO#:

JCI Branch: Anchorage AK Service - 0328

Address: 2000 W INTERNATIONAL ROAD, UNIT #B-1

ANCHORAGE AK 99502

Branch Phone: (907) 243-3737

Schedule A

Equipment List (Selected Equipment to be serviced)

| Site | | | Address | | | | |
|-----------------------|--|------------------------|--|---------------|-------------------|----------------------|------------------------|
| KODIAK POLICE STATION | | | 2160 MILL BAY RD 2160 MILL BAY KODIAK AK 99615-6633 | | | | |
| Qty | Equipment | Services Provided | # Per Year | Coverage Type | Extended Coverage | Year To Be Activated | Year To Be Deactivated |
| 1 | HVAC - Block Hours – Controls Technician On-Site Visit | | | Basic | NA | | |
| | | Preventive Maintenance | 2 | | | | |
| 1 | HVAC – Materials – Air Handler Unit Filters | | | Basic | NA | | |
| | | Material – Filters | 4 | | | | |

Supplemental Price & Payment Terms (Applies to Multi-Year Contracts Only)

| Year | Total Annual Dollar Amount | Payment Frequency |
|--------------------------|----------------------------|-------------------|
| Year 1 (7/2014 – 6/2015) | \$32,418.00 | Semi-Annual |
| Year 2 (7/2015 – 6/2016) | \$33,391.00 | Semi-Annual |
| Year 3 (7/2016 – 6/2017) | \$34,392.00 | Semi-Annual |

Special Additions & Exceptions

The purpose for a multi-year contract is to secure fixed pricing for upcoming years.
See Term/Automatic Renewal for Cancellation.

This is a combined service contract for both HVAC and Fire Testing Services.

The scope of this proposal will provide the following:

- Johnson Controls will provide two annual visits, and all associated travel, transportation, and lodging costs, to include standard service and inspection of the fire alarm system and the annual required 100% system test and re-certification. Emergency visits will take the place of the next scheduled PSA visit if possible; else they will be billed separately. Materials will be billed separately.
- Johnson Controls will provide a mechanical controls technician for two annual visits of two days per visit to perform needed Metasys Building Automation System Preventative Maintenance tasks. Minor repairs and/or adjustments will be performed during on-site visits. A quote will be provided for any major repairs or above and beyond work requested by the customer.
- Johnson Controls will provide the filters required to perform a complete replacement of Air Handler filters on a quarterly basis.

Detailed Pricing Breakout Details:

- HVAC Services (including filters)
 - Year 1 = \$18,818.00
 - Year 2 = \$19,383.00
 - Year 3 = \$19,964.00
- Fire Testing Services
 - Year 1 = \$13,600.00
 - Year 2 = \$14,008.00
 - Year 3 = \$14,428.00

TERMS AND CONDITIONS

DEFINITIONS

CONNECTED SERVICES – Provided that Customer's Covered Equipment is capable of supporting Internet connected services, Customer may be eligible for additional services equipment which allows JCI to access, monitor and trend equipment data remotely.

COVERED EQUIPMENT is the equipment as set forth in the attached Equipment List for which Services are to be provided under this Agreement.

EQUIPMENT FAILURE means the failure under normal and expected working conditions and operation of moving parts or electronic components that are part of the Covered Equipment.

SCHEDULED SERVICE VISITS are the on-site labor visits required to perform JCI recommended inspections and preventive maintenance on Covered Equipment.

SCHEDULED SERVICE MATERIALS are the materials required to perform Scheduled Service Visits on Covered Equipment, such as grease, lubricants and sprays, depending on the Covered Equipment.

REPAIR LABOR is the labor necessary to restore Covered Equipment to working condition following an Equipment Failure, but does not include services relating to total equipment replacement due to obsolescence or unavailability of parts.

REPAIR MATERIALS are the parts necessary to restore Covered Equipment to working condition following an Equipment Failure, but excludes total equipment replacement due to obsolescence or unavailability of parts. At JCI's option, Repair Materials may be new, used, or reconditioned.

SERVICES are the agreed upon work, materials, labor, service visits, repairs and the Scheduled Service Visits, Scheduled Service Materials, Repair Labor, and/or Repair Materials, as applicable, to be provided by JCI pursuant to and expressly defined the Agreement between parties.

SERVICE COVERAGE OPTIONS

BASIC COVERAGE means Scheduled Service Visits, plus Scheduled Service Materials if elsewhere noted in this Agreement, for Covered Equipment. No parts, equipment, Repair Labor or Repair Materials are provided for under BASIC COVERAGE.

PREMIUM COVERAGE means BASIC COVERAGE as well as Repair Labor, plus Repair Material if elsewhere noted in the Agreement for Covered Equipment.

EXTENDED SERVICE means service for repairs performed outside JCI's normal business hours (available either 24/5 or 24/7) and is available only if Customer has PREMIUM COVERAGE, as more fully described in Schedule A. The price for Extended Service, if chosen by Customer, is part of the total Contract Price.

If services are performed or materials, parts or equipment provided beyond the scope or time period covered by the Service Coverage option selected by Customer or the agreed upon Services, Customer agrees to pay JCI's standard fee and/or hourly rates for all additional services, materials, parts and/or equipment.

A. INITIAL EQUIPMENT INSPECTION NECESSARY FOR PREMIUM COVERAGE

If Customer has ordered PREMIUM COVERAGE, JCI will by agreement inspect the Covered Equipment within 45 days of the date of this Agreement or as seasonal or operational conditions permit. JCI will then advise Customer if JCI finds any Covered Equipment not in working order or in need of repair. With the Customer's approval, JCI will perform the work necessary to put the Covered Equipment in proper working condition. This work will be done at JCI's standard fee and/or hourly rates for parts and labor in effect at that time. If the Customer does not want JCI to do the work identified by JCI, any such impacted equipment will be removed from the list of Covered Equipment and the price of this Agreement will be adjusted accordingly. Should Customer not make recommended repairs or proceed with the modified PREMIUM COVERAGE, JCI reserves the right to invoice Customer for the cost of the inspection depending upon the time and expense involved.

B. STANDARD OF CARE AND WARRANTIES

JCI warrants its Services will be provided in a good and workmanlike manner. Any Services not performed in a good and workmanlike manner will be re-performed by JCI provided Customer notifies JCI no later than one (1) calendar year from the date the Services were performed. If a part or equipment is installed as part of JCI's Services, JCI warrants that the installed part or equipment will be free from defects in workmanship and material until the end of the contract term or for one (1) year from the date on which JCI installs the part or equipment, whichever is earlier. Customer acknowledges that re-performance (repair or replace), as provided herein, shall be its exclusive and only remedy with regards to any warranty claim under this Agreement. In order to assert a warranty claim, Customer must provide written notice to JCI of its claim during the applicable warranty period. Any lawsuit based upon the warranty must be brought no later than one (1) year after the expiration of the applicable warranty period. This limitation is in lieu of any other applicable statute of limitations. Customer understands JCI is a provider of services under this Agreement and shall not be considered a merchant or a vendor of goods. **CUSTOMER FURTHER ACKNOWLEDGES AND AGREES THAT THESE WARRANTIES ARE THE SOLE WARRANTIES AND ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO THOSE OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.**

C. EXCLUSIONS

JCI's Services and Warranty obligations do not include failures beyond JCI's reasonable control, including: (i) Acts of God, (ii) abuse or misuse of covered Equipment, (iii) alterations, adjustments, attachments, combinations, modifications, or repairs to Equipment not performed or provided by JCI, (iv) items caused by or related to equipment not covered by this Agreement, (v)

JOHNSON CONTROLS PLANNED SERVICE PROPOSAL
PREPARED FOR KODIAK POLICE STATION

operator error, (vi) use of the Covered Equipment in a manner or environment, or for any purpose, for which it was not designed by the manufacturer (including use with improper water treatment or contaminated water), and site-related problems, including power failures and fluctuations in electrical current (or "power surges") or failure to keep the site clean and free of dust, sand and other particles or debris, unless such conditions are previously expressly acknowledged by JCI in writing, (vii) the repair or replacement of ductwork, casings, cabinets, structural supports, tower fill/slots/basin, hydronic and pneumatic piping, and vessels, gaskets, and piping not normally replaced or maintained on a scheduled basis, and removal of oil from pneumatic piping, (viii) service calls resulting from the effects of erosion, corrosion, acid cleaning, or damage from unexpected or especially severe freezing weather, (ix) service calls required because JCI had previously been denied access to the covered Equipment, (x) disposal of hazardous wastes, (xi) replacement of obsolete parts.

D. CUSTOMER COMMITMENTS TO JCI

- 1) The Customer warrants it has given JCI all information concerning the condition of the Covered Equipment.
- 2) The Customer agrees and warrants that, during the Term of this Agreement, the Customer will:
 - (a) operate the Covered Equipment according to the manufacturer's and JCI's recommendations;
 - (b) keep accurate and current work logs and information on the Covered Equipment as recommended by the manufacturer and JCI;
 - (c) provide an adequate environment for Covered Equipment as recommended by the manufacturer and JCI, including, but not limited to adequate space, electrical power, water supply, air conditioning, and humidity control;
 - (d) notify JCI immediately of any equipment malfunction, breakdown, or other condition affecting the operation of the Covered Equipment;
 - (e) allow JCI to start and stop, periodically turn off, or otherwise change or temporarily suspend equipment operations so that JCI can perform the Services required under this Agreement; and
 - (f) as applicable, provide proper condenser and boiler water treatment, as necessary, for the proper functioning of Covered Equipment.

E. INDEMNITY

JCI and the Customer each agree to indemnify the other Party and their officers, agents, directors, and employees, from third party claims, demands or suits for bodily injury, including death, or tangible property damage resulting from the intentional misconduct or any negligent acts by their employees or agents. Customer expressly agrees JCI shall be responsible only for such injury or damage caused by the intentional misconduct or the negligent acts of JCI's employees or agents and JCI shall not be responsible for any injury or damage caused, or contributed to, in any manner by Customer or any third-party. The obligations of JCI and of the Customer under this paragraph are further subject to Paragraphs F and K below.

F. LIMITATION OF LIABILITY

NEITHER PARTY SHALL BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING DAMAGES FOR LOSS OF BUSINESS, LOSS OF PROFITS OR THE LIKE) UNDER THIS AGREEMENT. JCI'S TOTAL LIABILITY TO CUSTOMER FOR DAMAGES, FOR ANY CAUSES WHATSOEVER, SHALL BE LIMITED TO \$250,000.

G. FORCE MAJEURE

JCI shall not be responsible to the Customer for damage, loss, injury, or delay caused by conditions beyond JCI's reasonable control including: (a) acts of God, (b) acts of Government agencies, (c) strikes, (d) labor disputes, (e) fire, (f) explosions or other casualties, (g) thefts, (h) vandalism, (i) terrorism, riots or war, or (j) unavailability of parts, materials or supplies.

II. PAYMENT OBLIGATION

Customer shall make all payments to JCI when due in accordance with the Price and Payment Terms provision of this Agreement or any renewal adjustments thereto, and such timely payment by Customer shall be a condition precedent to JCI's obligation to perform its Services hereunder.

I. RESOLUTION OF DISPUTES

If a dispute, claim, or other matter in question ("Dispute") related in any manner to this Agreement arises, the Parties shall promptly attempt in good faith to resolve such Dispute by negotiation. In the event the Dispute is unable to be resolved, either party shall have the right to initiate arbitration by filing with the American Arbitration Association provided no other legal action has been previously filed. Upon filing of the arbitration, the AAA shall have the exclusive jurisdiction over the Dispute. Thus, either party may decide to file an action in a court of competent jurisdiction and if that court filing is the first legal proceeding filed, that court shall have jurisdiction over the Dispute to the exclusion of any arbitration. Arbitration shall be conducted in accordance with the then current arbitration rules of the American Arbitration Association or other arbitration service mutually agreed to by the Parties. Arbitration must be completed within sixty (60) days after the Dispute is submitted to arbitration unless the Parties mutually agree otherwise. The award rendered by the arbitrator shall be final, and judgment issued by the Arbitrator may be entered in accordance with applicable law in any court having competent jurisdiction. The Party prevailing in the arbitration or

JOHNSON CONTROLS PLANNED SERVICE PROPOSAL
PREPARED FOR KODIAK POLICE STATION

court proceeding shall be entitled to an award of its reasonable costs, including reasonable attorney's fees, incurred as a result of the Dispute.

J. TERMINATION

JCI and the Customer agree in the event either Party fails to perform its obligations under this Agreement, the affected Party must provide the other with written notice containing a detailed description of the alleged deficiency or breach. Should the Party alleged to be in breach of this Agreement fail to respond in writing to, or take action to cure the alleged deficiency or breach within ten (10) days of the written notice of same, the notifying Party may terminate this Agreement for cause. In the event the Agreement is terminated for cause, Customer shall make payment to JCI for all costs incurred by JCI through the effective date of termination. If Customer has ordered multi-year BASIC COVERAGE, Customer and JCI shall each have the right to terminate this Agreement on its annual anniversary date upon prior written notice which shall be received by the non-terminating Party at least thirty (30) days before the annual anniversary date. If Customer has ordered PREMIUM COVERAGE, JCI shall have the right to terminate this Agreement as set forth above in this Paragraph J, and Customer shall have the right to terminate this Agreement only upon JCI's prior written approval, which shall not be unreasonably withheld, delayed or conditioned.

K. ASBESTOS, MOLD AND HAZARDOUS MATERIALS

Customer shall supply JCI information in its possession relating to the presence of asbestos-containing materials ("ACM") in areas where work or services will be performed. If Customer or JCI suspects that any ACM may be disturbed by JCI's services, it shall immediately stop performing the services in the affected area. Customer shall be responsible at its sole expense for addressing the presence of ACM and must provide a certificate of abatement before JCI will be obligated to perform or continue its Services; unless JCI had actual knowledge that ACM was present and acted with intentional disregard of that knowledge. JCI is responsible for disposing of any hazardous materials that it uses in providing the work and services. Customer shall supply JCI with any information in its possession relating to the presence of hazardous materials if their presence may affect JCI's work or services. If either Customer or JCI becomes aware of or suspects the presence of Non-JCI hazardous materials that may interfere with work or services, JCI shall immediately stop the work or services in the affected area and notify the other's contacts. "Hazardous Materials" specifically includes mold. JCI shall have no obligations relating to the identification, abatement, cleanup, control, removal or disposal of mold. Customer shall be responsible at its sole expense for removing and disposing of Non-JCI Hazardous Materials and the remediation of any areas impacted by the release of the Non-JCI Hazardous Materials, unless JCI had actual knowledge that Non-JCI Hazardous Materials were present and acted with intentional disregard of that knowledge. Hazardous Materials remain the property and the responsibility of the Customer even when removed from equipment or replaced by JCI as provided by the terms of this Agreement. The Customer shall be responsible for the proper storage and disposal of Hazardous Materials. This includes, but is not limited to, used oil, contaminated or uncontaminated refrigerant, and PCBs.

L. CHOICE OF LAW

This Agreement shall be subject to and governed by the laws of the State where the project is located or services are performed.

M. JCI'S INTELLECTUAL PROPERTY

JCI shall retain all right, title and interest in any (a) work provided to Customer, including without limitation, all software source and object code, documentation, technical information or data, specifications and designs and any changes, improvements or modifications thereto ("Deliverables"), and (b) Know-How (defined below) employed by JCI in the creation of the Deliverables or performance of the Services, whether known to JCI prior to, or developed or discovered or acquired in connection with, the performance of its obligations under this agreement. Ownership of all Deliverables and Know-How shall vest solely in JCI and no Deliverables shall be deemed "works made for hire." Without limiting the generality of the foregoing, ownership of all source files used in the course of performing the Services shall remain the exclusive property of JCI. For purposes of this Agreement, "Know-How" means any know-how, processes, techniques, concepts, methodologies, tools, analytical approaches, database models and designs, discoveries, and ideas furnished, produced by, developed, employed or used by JCI in the creation or provision of the Deliverables or in the performance of the Services, and any changes, improvements or modifications thereto or derivatives thereof.

N. MISCELLANEOUS PROVISIONS

- 1) Any notice that is required to be given under this Agreement must be in writing.
- 2) This Agreement is the entire contract between JCI and the Customer and supersedes any prior oral understandings, written agreements, proposals, or other communications between JCI and the Customer.
- 3) The Customer acknowledges and agrees that any purchase order issued by Customer in connection with this Agreement or JCI's proposal at any time is intended only to establish payment authority for the Customer's internal accounting purposes. No customer purchase order shall be considered to be a counteroffer, amendment, modification, or other revision to the terms of this Agreement. No term or condition included or referenced in the Customer's purchase order will have any force or effect and these terms and conditions shall control.
- 4) Should any changes to relevant regulations, laws, or codes substantially affect JCI's Services or obligations, the Customer agrees to negotiate in good faith with appropriate and equitable changes to the scope or price of the Agreement or both.

JOHNSON CONTROLS PLANNED SERVICE PROPOSAL
PREPARED FOR KUMAR POLICE STATION

- O. **CONNECTED SERVICES** – In the event Customer is receiving Connected Services on any Covered Equipment as more fully described in Schedule A, Customer may be required to allow JCI to install hardware and/or software to enable communication with Customer's Equipment ("Gateway Device"). To deliver Connected Services on the Equipment the Customer shall provide a secure Internet connection to allow remote access to the Gateway Device to remotely access, transmit, store, and trend data for the purposes of providing Services. JCI will not use Connected Services to remotely operate or make changes to the Customer's Equipment. Customer understands that the Gateway Device shall remain JCI's property and JCI may upon reasonable notice remove it at any time. JCI will not disclose any individual customer equipment data acquired through Connected Services without customer consent. Customer hereby grants JCI a perpetual, worldwide, royalty free license to use, modify, manipulate, sublicense and create derivate works from such Data. JCI shall retain all rights to any intellectual property, data, materials and/or products created as a result of or relating to Connected Services. JCI makes no any warranty or guarantee relating to the Connected Services.
- P. **Customer Portal** – Customer shall have the right to participate in JCI's Customer Portal pursuant to the then applicable Customer Portal Terms of Use Agreement.

[END OF DOCUMENT]

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Aimée Kniazowski, City Manager 

Thru: Lon White, Harbormaster 

Date: June 12, 2014

Agenda Item: V. f. Authorization of Extension of Office Use Agreement With the Maritime Museum

SUMMARY: The City Council has provided office space at the St. Herman Harbor support building to the Kodiak Maritime Museum at no cost since 2002. The same office space is shared with Harbor staff who work in St. Herman Harbor. Additionally, the building houses the St. Herman Harbor maintenance shop and public restrooms. Extension of this office use agreement through June 2015 has been requested by the Museum. Staff recommends Council approve the requested FY2015 lease extension and authorize the City Manager to sign document for the City.

PREVIOUS COUNCIL ACTION: Council has approved office use agreements with the Maritime Museum since 2002.

DISCUSSION: The City Council has approved the lease of office space in the St. Herman Harbor support building by the Kodiak Maritime Museum since 2002. The Museum has requested an extension to the agreement for one year for the use of the space. Neither the City nor the Maritime Museum is proposing a change in terms or conditions of the agreement. It should be noted that use of the building by the Maritime Museum is not the only use. In addition to the office space, which is shared with harbor staff working in St. Herman Harbor, the building also contains public restrooms and the Harbor's maintenance shop for St. Herman Harbor.

ALTERNATIVES:

1. Approve the lease extension and authorize the City Manager to sign the document on behalf of the City, which is the recommendation of staff.
2. Do not authorize the lease extension, which would require the Museum to find another facility.

STAFF RECOMMENDATION: Staff recommends Council authorize the Kodiak Maritime Museum's request to renew their office use agreement for FY2015 for the use of office space in the St. Herman Harbor support building.

CITY MANAGER'S COMMENTS: The City has provided a no-cost use of office space in the St. Herman Harbor building to the Maritime Museum since 2002. The Museum has made regular requests

for extensions to the lease agreement, and Council has approved the extensions on a year-to-year basis since 2004. I support the Museum's request for an extension to the agreement for FY2015, especially since the Harbor Department is willing to share the office space and does not require exclusive use of it.

ATTACHMENTS:

Attachment A: FY2015 Lease Extension Agreement

Attachment B: Kodiak Maritime Museum request for extension, dated April 30, 2014

PROPOSED MOTION:

Move to authorize the FY2015 Lease Extension Agreement with the Kodiak Maritime Museum and authorize the City Manager to sign the agreement on behalf of the City.

**LEASE EXTENSION AGREEMENT
CITY OF KODIAK AND KODIAK MARITIME MUSEUM**

THIS LEASE, initially made the 10th day of May 2002, by and between the CITY OF KODIAK, an Alaska municipal corporation, herein referred to as “Lessor,” and Kodiak Maritime Museum, 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 herein-after 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: St. Herman Harbor Office space at 500 Alimaq Drive (formerly Dog Salmon Bay Road) comprising approximately 200 square feet. The leased premises is hereinafter referred to as the “Site.”

2. Term. This Lease shall be extended and continue in effect from July 1, 2014, through June 30, 2015, provided, however, that either party shall have the right to cancel this Lease upon thirty (30) 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. Lessor agrees to provide the space at no cost.

4. Conditions of Lease. The premises shall be used solely as an office for the Kodiak Maritime Museum

5. Improvements. Lessee is not authorized to make any structural improvements to the Site without the written consent of the Lessor.

6. Maintenance. Except as otherwise specifically provided herein, the Lessee shall, at all times and at its sole expense, keep and maintain the premises in good repair, and in neat, orderly, and sightly condition.

7. Insurance. (a) Workers’ Compensation Insurance. The Lessee shall maintain Workers’ Compensation insurance, if applicable, which shall contain an express waiver of any right of subrogation against City.

(b) Public Liability Insurance. The Lessee shall maintain Public Liability Insurance with a minimum of \$1,000,000 per occurrence and/or aggregate combined single limit, personal injury, bodily injury, and property damage.

(c) Additional Insured. The following shall be listed as Additional Insureds: “The City of Kodiak, including all elected and appointed officials, all employees and volunteers, all boards, commissions and/or authorities and their board members, employees, and volunteers. This coverage shall be primary to the City of Kodiak and not contributing with any other insurance or similar protection available to the City of Kodiak, whether other available coverage be primary, contributing, or excess.”

(d) Indemnification. To the fullest extent permitted by law, Lessee agrees to defend, indemnify and hold harmless the City of Kodiak, its elected and appointed officials, employees, and volunteers against any and all liabilities, claims, demands, lawsuits, or losses, including costs

and attorney fees incurred in defense thereof, arising out of or in any way connected or associated with this Lease.

(e) Notice of Cancellation Required. Sixty (60) days Notice of Cancellation or Change, Non-Renewal, Reduction and/or Materials Change shall be sent to: City Clerk, 710 Mill Bay Road, Kodiak, AK 99615.

(f) Evidence of Coverage Required. Lessee shall provide to the City of Kodiak at the time that the lease is presented to the City for execution, certificates of insurance acceptable to the City of Kodiak as listed below:

One (1) copy of Certificate of Public Liability Insurance

One (1) copy of Workers' Compensation Insurance

(g) Continuation of Coverage. If the above coverage expires during the term of this Lease, Lessee shall deliver renewal certificates and/or policies to the City of Kodiak at least ten (10) days prior to the expiration date. Lessee shall not commence with operations under this agreement until they have obtained the coverage required under the terms of this agreement. All coverage shall be with insurance carriers licensed and admitted to do business in the State of Alaska. All coverage shall be with carriers acceptable to the City of Kodiak. If Lessee fails to comply with the insurance requirements of this agreement, the City of Kodiak may terminate the agreement on ten (10) day's written notice. Lessee covenants to maintain all insurance policies required in this agreement for the period of time in which a person may commence a civil action as prescribed by the applicable statute of limitations. The coverage required by this agreement shall cover all claims arising in connection with Lessee's use under this agreement, whether or not asserted during the term of this agreement and even though judicial proceedings may not be commenced until after this agreement expires.

8. 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.

9. Assignment and Subleasing. Lessee may not assign or sublease the premises, either in whole or in any portion, without prior written permission signed by the city manager and approved by the council. Approved subleases shall be in writing and subject to the terms and conditions of the original lease.

10. 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 premises and remove all property therefrom and Lessee shall remain liable for the payment of rental to the extent provided by law.

11. Applicable Law. Lessee shall, at all times, in its use and occupancy of the premises 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

LESSEE/KODIAK MARITIME MUSEUM

Aimée Kniazowski, City Manager

Attest:

Witness:

Debra L. Marlar, City Clerk

Marlar, Debra

From: Toby Sullivan [toby@kodiakmaritimemuseum.org]
Sent: Wednesday, April 30, 2014 7:28 AM
To: Marlar, Debra
Subject: St.Herman Harbor Office Space Lease Extension

Hi Deb-

Kodiak Maritime Museum would like to renew the lease agreement between KMM and the City for the office space at St. Herman Harbor. If you could please send me a lease agreement, I will sign it and send it back to you.

Thank you

Toby

--

Toby Sullivan
Executive Director
Kodiak Maritime Museum
toby@kodiakmaritimemuseum.org

P.O. Box 1876, Kodiak, Alaska 99615
907-486-0384 www.kodiakmaritimemuseum.org

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Aimée Kniaziowski, City Manager
Thru: Ronda Wallace, Chief of Police
Date: June 12, 2014

Agenda Item: V. g. Authorization of FY2015 Special Services Contract with Alaska Department of Public Safety

SUMMARY: The Alaska Department of Public Safety (DPS) requests the renewal of its contract with the City to provide services, which support the mission and operations of the Alaska State Troopers (AST) and Alaska Wildlife Troopers (AWT) in Kodiak. In exchange for providing these services, DPS will compensate the City in the amount of \$78,750 for FY2015. Staff recommends Council authorize the FY2015 Special Services Contract with the Alaska Department of Public Safety.

PREVIOUS COUNCIL ACTION: Council approved a contract with the Alaska Department of Public Safety in FY2014 and approved many previous contracts for these services.

DISCUSSION: The Alaska Department of Public Safety has contracted with the City to provide support services to Kodiak based Alaska State Troopers for over thirteen years. If this contract is approved by Council, the City will provide the following services:

1. Dispatch service and support to AST working in vehicle, vessel, and foot or in aircraft during emergencies for up to 48-consecutive hours.
 - a. Emergency is defined as those instances where natural or man-made disasters have disabled AST dispatch capabilities.
 - a. In the event the City is required to provide more than 48-consecutive hours of dispatch service to AST, the City shall be reimbursed for the costs of services at a rate of \$24.43 per hour.
2. Provide administrative support to AST by processing, filing, recording, entering into/deleting from the APSIN/NCIC database, and returning to the court all process relative to Kodiak Police Department cases, investigations and business.
3. Provide filed support to AST by serving in the corporate limits of the City of Kodiak court process relative to Kodiak Police Department cases, investigations, and business.

JUNE 12, 2014
Agenda Item V. g. Memo Page 1 of 2

4. Provide one correctional transport officer or one police officer to transport and guard prisoners appearing in the Kodiak Court.

ALTERNATIVES:

1. Council may approve this contract in which case continuity of operations with essential criminal justice services, i.e. process service, and prisoner guarding and transportation shall be maintained. Staff believes it is in the best interest of public safety in Kodiak.
2. Council may choose not to approve this contract. If this contract is not approved, AST will be responsible for providing these services. The Department does not have the local resources to do this. Staff's assessment is this would be contrary to the interest of public safety.

FINANCIAL IMPLICATIONS: The City's FY2015 budget reflects \$78,750 in revenue for this contract. Staff does not foresee any financial implications to the City as a result of approving the contract, and under the terms of FY2015 contract, staff believes the City will be adequately compensated for the services KPD will be obligated to provide.

LEGAL: N/A

STAFF RECOMMENDATION: Staff recommends Council authorize the FY2015 Special Services Contract with the Alaska Department of Public Safety for \$78,750.

CITY MANAGER'S COMMENTS: The City has contracted these services with the Alaska State Troopers to support their operations in Kodiak for over thirteen years. The FY2015 contract contains the same terms as the one approved last year. The Chief believes the services are manageable and worthwhile to both the City and Alaska State Troopers. I support the recommendation of staff and ask Council to authorize me to sign the contract for FY2015.

ATTACHMENTS:

Attachment A: Alaska Department of Public Safety Contract for Special Services FY2015

PROPOSED MOTION:

Move to authorize the FY2015 Special Services Contract with the Alaska Department of Public Safety, Division of Alaska State Troopers, and authorize the City Manager to sign the contract on behalf of the City.

**ALASKA DEPARTMENT OF PUBLIC SAFETY
CONTRACT FOR SPECIAL SERVICES**

July 1, 2014 to June 30, 2015

GENERAL PROVISIONS

The parties. The parties to this contract are the Alaska Department of Public Safety (hereinafter referred to as the “Department”) and the City of Kodiak (hereinafter referred to as the “City”).

Sole Agreement. The City and the Department undertake this contract under the terms set forth below. This contract is the sole agreement between the parties relating to special services, and there are no other agreements, express or implied.

Effective Date/Termination/Amendments. This contract is effective July 1, 2014 and continues in force until June 30, 2015. Either party may terminate the agreement with thirty (30) days written notice to the other party. This agreement may be amended by written agreement of the parties.

1. The Department will pay the City for services provided in accordance with, and under the terms of, this contract. Payments will be made quarterly in the amount of \$19,687.50, for a total of \$78,750.00. Payment for services provided under this contract will be made in four payments in the amount of and covering the period indicated below:

| Period Covered | Amount | Payment Process Can Be Initiated |
|-----------------------|--------------------|---|
| 07/01/14 - 09/30/14 | \$19,687.50 | 10/01/14 |
| 10/01/14 - 12/31/14 | \$19,687.50 | 01/01/15 |
| 01/01/15 - 03/31/15 | \$19,687.50 | 04/01/15 |
| 04/01/15 - 06/30/15 | \$19,687.50 | 06/01/15 |
| 12 Month Total | \$78,750.00 | |

2. The City will provide and perform the services specified in this contract to the satisfaction of the Department, in support of Department personnel and operations.

**ALASKA DEPARTMENT OF PUBLIC SAFETY
CONTRACT FOR SPECIAL SERVICES**

July 1, 2014 to June 30, 2015

SPECIFIC PROVISIONS

4. The City will:
- a. Dispatch services will be provided in emergency situations. Emergency situations are those instances where natural or man-made disasters disable DPS dispatch capabilities; such as earthquakes, fires, etc. The need for the City to provide dispatch service in these situations is not anticipated to last longer than forty eight hours. In the event the City is required to provide more than 48 consecutive hours of dispatch service, the City shall be reimbursed for all dispatch related services provided at the rate of \$24.43 per hour.
 - b. Provide administrative support to the Department by processing, filing, recording, entering into/deleting from APSIN/NCIC, and returning to the court, all process relative to Kodiak Police Department cases, investigations, and business;
 - c. Provide field support to the Department by serving in the corporate limits of the City of Kodiak court process relative to Kodiak Police Department cases, investigations, and business;
 - d. Provide one correctional transport officer or one police officer, to transport and guard prisoners appearing in the Kodiak Court.

IN WITNESS OF THIS AGREEMENT, the undersigned duly authorized officers have subscribed their names on behalf of the Department and the City respectively.

For the City of Kodiak:

For the Department of Public Safety:

By _____

By _____

Printed Name _____

Printed Name _____

Official Title _____

Official Title _____

Date _____

Date _____

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Aimée Kniaziowski, City Manager 

Date: June 12, 2014

Agenda Item: V. h. **Authorization of FY2015 Marketing and Tourism Development Agreement With Discover Kodiak**

SUMMARY: Council has authorized agreements with the Kodiak Island Convention and Visitors Bureau, now known as Discover Kodiak, to provide marketing and tourism outreach for Kodiak since FY2009. It is time to renew the agreement for FY2015. Discover Kodiak is requesting the City provide \$100,000 to fund the FY2015 contract, which is \$10,000 more than was funded in FY2014. Staff recommends Council authorize the City Manager to sign the FY2015 Marketing and Tourism Program Agreement with Discover Kodiak for the amount determined by Council.

PREVIOUS COUNCIL ACTION:

- July 22, 2010, Council authorized the FY2011 Destination Marketing and Tourism Development Program Agreement in the amount of \$90,000.
- June 23, 2011, Council authorized the FY2012 program agreement in the amount of \$100,000.
- June 21, 2012, Council authorized the FY2013 program agreement in the amount of \$90,000.
- May 9, 2013, Council authorized the FY2014 program agreement in the amount of \$90,000.
- March 25, 2014, Discover Kodiak made a presentation to Council regarding their request for \$100,000 in funding for FY2015.
- May 10, 2014, Council received a presentation from the executive director of Discover Kodiak with a request to fund the contract at \$100,000 for FY2015.

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

The City and the Borough agree that economic development and diversification are important aspects of a sustainable economy for Kodiak. Tourism is an important aspect of that diversification, and Discover Kodiak has worked to expand and promote tourism in the region. They have been successful in promoting Kodiak to vacationers and other visitors. Discover Kodiak is requesting funding for FY2015 in the amount of \$100,000 to provide the contracted services. This is \$10,000 above what was funded in the FY2014 budget.

Chastity Starrett, the Executive Director of Discover Kodiak, made a presentation at the March 25 and May 10 work sessions. She described the funding request, discussed the work accomplished by Discover Kodiak, and outlined the organization's focus, the initial evaluation of return on investment (ROI) from community funding and the proposed budget for the upcoming fiscal year (Attachments B and C).

ALTERNATIVES: Council may authorize the FY2015 agreement with Discover Kodiak at the same level of funding received in FY2014 (\$90,000), at the requested amount of \$100,000, or decide to amend the agreement to reflect a different FY2015 funding allocation.

FINANCIAL IMPLICATIONS: The current version of the FY2015 budget reflects an expenditure of \$ 90,000 for this contracted service in the Tourism Development Fund, unless Council votes to amend the FY2015 budget by amending Ordinance No. 1319.

STAFF RECOMMENDATION: Staff recommends Council approve the FY2015 Marketing and Tourism Development Agreement with Discover Kodiak in the amount determined by Council, with funds coming from the Tourism Development Fund.

CITY MANAGER'S COMMENTS: The City realizes that economic development and diversification are keys to a sustainable economy for Kodiak. Council has identified economic development as one of its budget goals for several years now. With financial support from the Borough and the City, Discover Kodiak works to promote Kodiak as a visitor destination. Discover Kodiak is requesting funding for \$100,000 for FY2015, which is \$10,000 more than what Council authorized for FY2014. Council will identify the funding amount they wish to provide to Discover Kodiak for FY2015 by stating it in the motion authorizing the contract.

ATTACHMENTS:

Attachment A: Marketing and Tourism Development Agreement, 2014-2015

Attachment B: FY2015 funding letter of request from Discover Kodiak, dated February 24, 2014

Attachment C: Discover Kodiak's ROI and proposed FY2015 draft budget

PROPOSED MOTION:

Move to authorize the FY2015 Marketing and Tourism Development Agreement with Discover Kodiak in the amount of \$_____, with funds coming from the Special Revenue Funds, Tourism Development Fund, Tourism, Administration, Contributions account and authorize the City Manager to insert the final annual amounts into the contract document and sign it on behalf of the City.

**MARKETING AND
TOURISM DEVELOPMENT PROGRAM
AGREEMENT NO. 215200**

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

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

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

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

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

Section 3. TERM. This agreement will remain in effect July 1, 2014, through June 30, 2015, unless earlier terminated. Either party shall have the right to terminate the agreement without penalty upon one month's written notice to the other.

Section 4. COMPENSATION. As compensation for all services rendered under this agreement, contractor shall be paid _____ by the City of Kodiak. Said compensation shall be paid in equal installments of \$_____ on the second Friday of July and October 2013, and January and April 2014.

IN WITNESS WHEREOF the parties have executed this Agreement on this ____ day of _____, 2014

CITY OF KODIAK

DISCOVER KODIAK

Aimée Kniazowski, City Manager

Chastity Starrett, Discover Kodiak Director

Attest:

Debra Marlar, City Clerk

Thank you for your continued faith in our organization and helping to promote Kodiak as an Alaskan destination. We hope that you see the efforts of Discover Kodiak and the results they have on both the visitor industry and our own community.

Sincerely,

A handwritten signature in black ink, appearing to read "Chastity Starrett". The signature is written in a cursive, flowing style with some loops and flourishes.

Chastity Starrett

Executive Director



Board of Directors

- Jim Rippey, President (Russian River Roadhouse)
- Bob Stanford, Vice President (Island Air Service)
- Jan Chatto, Secretary (Pearson Cove B & B)
- Beverly Eagen, Treasurer (Wal-Mart)
- Darlene Turner A Smiling Bear B&B
- Summer Wood, Kodiak Chamber of Commerce
- Gus Gustafson, Kodiak Russian River Lodge
- Charles Bona, Era Alaska
- Marya Halvorsen, Alutiiq Museum

- Staff: Chastity Starrett, Executive Director
- DeAnn Pate, Membership Services
- Jenifer Miranda, Visitor Services

Purpose: The purpose of the Kodiak Island Convention & Visitors Bureau, dba Discover Kodiak, shall be to promote sustainable development of the tourism and convention industry throughout the Kodiak Island Borough and City, thereby increasing economic opportunities, jobs and local tax revenues. Discover Kodiak encourages travel by the public to and through Kodiak while maintaining a continuing interest in the well-being of travelers to the area.

Historical Overview: Being as 501 C 6 organization means that we are not eligible for the typical grants and charitable giving programs. We are not tax deductible and most organizations or companies will not provide grants for that reason. We are not eligible for the same outside funding sources as many of the other local Kodiak non-profits. For this reason, Discover Kodiak works to create revenue opportunities that bring in over \$150,000 each year.

Typical messages we see are:

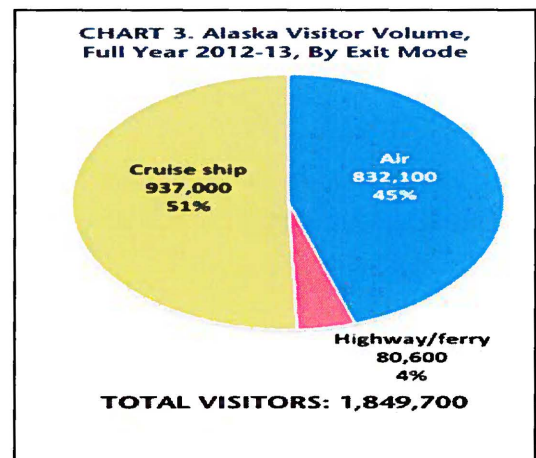
In order to be eligible for the program, each Alaska 501c(3) organization must certify that it meets certain requirements established in the law. The law states:

Kodiak City Numbers in Relation to Tourism:

- Employment: 8%
- Bed Tax: \$196,687
- Fishing/Tagging License: \$237,950
- Sales Tax: \$11.2 Million

Accomplishments in FY 2014

- Incorporation of revenue earning website features
- Production of the 2014 Visitors Guide
- Production of the 2014 Mini-International Guide
- Increased traffic to www.kodiak.org
- Social Media
 - Facebook: 20,200 Likes
 - Twitter: 813 followers
 - Pinterest and You Tube: 200 followers



- Sold out fundraiser five years; meet or exceed fundraising expectations
- Increased retail store revenues as a result of new product development
- Membership drive resulted in 8 new members within a 3-month period
- Worked with Fish and Game to produce a walking plaque in downtown Kodiak
- Director attended the Alaska Travel Industry Convention in Sitka
- Hosted and served 4080 passengers traveling on 7 ships
- Successful in increasing the number of cruise ships to Kodiak to 10 for 2014
- Served 4,527 visitors to the visitor information center
- Partnered with Kodiak Guide Service to produce the first ever “Kodiak Outdoors Show”
- Partnered with local non-profits such as Island Trails Network & the Baptist Mission to create community events promoting winter tourism.
- Partnered with KMXT & other nonprofits to promote events and public service announcements
- Partnered with both the Alutiiq and Baranov Museums to do community outreach and cruise ship activities.
- Director elected to serve on the State of Alaska Marketing Committee
- Director serves on LEPC Board for the Borough and City.
- Director serves as tourism representative on Chamber of Commerce Board of Directors.
- Director serves as tourism representative on CEDS committee.
- Director serves on the Kodiak College Advisory Council.
- Director serves on the Downtown Beautification Committee.

Chart ES-1. Total Visitor Industry-Related Employment in Alaska, 2011-12

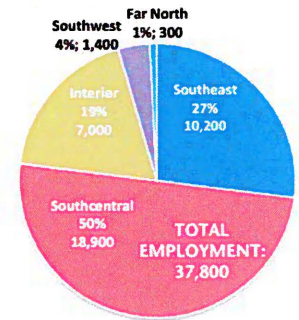
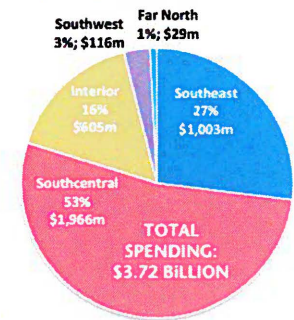


Chart ES-2. Total Visitor Industry-Related Spending in Alaska, 2011-12



Magazine advertising appeared in the following magazines in 2013-2014

Fish Alaska Magazine
 AAA Journeys
 AAA Home and Away
 Smart Meetings
 Life After 50
 Alaska Magazine

Sunset Magazine
 Vacation Country Travel Guide
 Alaska State Travel Planner
 Pacific Northwest Meeting Planner's Guide
 Bird's Digest

Kodiak Visitor Guide Placement FY 2013-2014

Domestic

- Adventures in Travel, Los Angeles (consumer)
- New York Times Travel Show (consumer)
- Travel Leaders Franchise Group Meeting (trade)
- Pacific Marine Expo Seattle, WA (commercial fish)
- Seattle Boat Show Seattle, WA (consumer)
- U.S. Travel Agent mailing (4000 domestic travel agents)
- AARP Life After 50, Atlanta (consumer)

International Brochure Distribution

- JATA World Tourism Congress, Tokyo (Japanese Association of Travel Agents)
- International Tourism Exchange (ITB) Berlin (trade/consumer)
- World Travel Market, London (trade and consumer)

KICVB Shows Attended by Staff or Board

- Alaska Media Road Show, Santa Barbara, CA
- Adventures in Travel Expo (Chicago, Illinois)
- AMHS 50th Anniversary (Bellingham, WA)
- LA Times Travel Show (Los Angeles)
- Boston Globe Travel Show (Boston, MA)
- Great Alaska Sportsman's Show (Anchorage, AK)
- Fairbanks Outdoor Show (Fairbanks, AK)

| Proposed Budget Breakdown | FY15 | FY14 |
|----------------------------------|------------------|------------------|
| Public Funding | \$190,000 | \$189,000 |
| Earned Revenues | \$160,050 | \$181,100 |
| TOTAL: | \$350,050 | \$370,100 |
| Program Expenses | \$164,750 | \$171,800 |
| Operating Expenses | \$185,300 | \$198,300 |
| TOTAL: | \$350,050 | \$370,100 |

The noticeable difference in program expenses and earned revenue comes from our bi-annual projects that we will not be doing again until FY16, the Kodiak Community Map and also the Mini-Guide.

The decrease in operating expenses is due to lower executive salaries, new employees not yet receiving retirement benefits and a decrease in needed employment advertising.

Additional funding would support known arbitrary increases in operating/miscellaneous expenses:

| | |
|--|----------------|
| Meeting increased costs of operating expenses and fulfillment | \$2000 |
| Stabilizing staff salaries to meet industry standards and create longevity | \$3600 (2.5%) |
| TOTAL nondiscretionary increases: | \$5,600 |

Convention Development Program Increase

Discover Kodiak Board of Directors and staff have long wanted to reach out in a more active way to convention development planners. The convention development market increases nights stayed in our community and they are providing an economic development service to the island with their business spending. What we are proposing with our convention development increase is to attend the AIBTM (America's Incentive Business Travel and Meetings Exhibition) where top level decision makers are able to pre-schedule appointments with the destinations of their choice. In addition each event has a full program of networking events as well as high level education. It would be cost prohibitive to purchase a spot at this show out of currently existing funds.

Convention Development (AIBTM):

| | |
|---------------------------------|----------------|
| Booth fees: | \$5000 |
| Travel Costs: | \$2500 |
| Convention Advertising Increase | \$1500 |
| Program TOTAL: | \$9,000 |

Market Research Investment

Discover Kodiak has sent out proposals to gather market research to visitors on Kodiak Island. This is to better prepare ourselves in an ever-changing market and also to have better information for our local government. The proposals Discover Kodiak received were in excess of \$35,000. We feel that amount is too much and would like to conduct the research ourselves with the hiring of part-time help for the summer months. We also would like to get the surveys created and provide gas mileage reimbursement for those workers. Bi-annual market research is something most CVB's and the State of Alaska participate in because marketing is a trend that changes frequently. Discover Kodiak has not had research done in over 7 years, and even then it was geared only towards the Alaska Marine Highway which accounts for a small percentage of Kodiak's visitors. Market research for Kodiak Island tourism could be beneficial in several ways:

- Information on trip planning to understand which materials are most useful to our visitors (websites, brochures, travel guides, travel agents, etc.) and when they are doing their planning (i.e. 9 or 6 months before travel). This kind of information is invaluable in deciding where and when to prioritize limited marketing dollars.
- To learn demographic information which can also help in the decisions of where to spend limited marketing dollars.
- Information on visitor destinations and activities to better understand where their visitors are going and what they are doing while in the community.
- Visitor spending information helps illustrate the impacts of the visitor industry in the local economy.
- Satisfaction ratings to gather and understand the strengths and weaknesses of our community when it comes to serving our visitors.
- Because the visitor market affects so many different sectors of the economy (lodging, retail, transportation, etc.), a visitor survey is often the only way to gain insight into this complex industry.
- Overall, a visitor survey provides an in-depth understanding into an important source of local jobs, revenue, and income, and provides tools to maximize these benefits in the future.

Program TOTAL: **\$15,000**

International Marketing Program

With international tourism on the rise for Alaska, Discover Kodiak feels it is important to invest in the opportunity to develop a relationship and market to the international consumers most valuable and interested in Kodiak as a destination. The German market is mostly English speaking, but the State of Alaska provides a translator at this booth. There are heavy discounts and right now, Germany is an international inquiry leader for Discover Kodiak.

International Marketing Program: ITB Berlin

| | |
|-----------------------|--------|
| Booth fees: | \$2500 |
| Travel Costs: | \$2500 |
| Collateral Materials: | \$900 |
| Lodging: | \$2100 |

Program TOTAL: **\$8,000**

| | |
|--|------------------|
| Total nondiscretionary expense increase: | \$5,600 |
| Total program expense increase: | \$32,000 |
| TOTAL INCREASE IN EXPENSES: | \$37,600 |
| TOTAL Request for 2015 Budget: | \$100,000 |

**DISCOVER KODIAK
FY 2015 BUDGET PRESENTATION
CITY OF KODIAK
DESTINATION MARKETING & TOURISM DEVELOPMENT PROGRAM
AGREEMENT**

Achievements 2013-2014

- Provided membership services to 210 members; added 12 new members.
- Hosted small business workshops open to the community.
- Completed the 2014 Kodiak Island Visitor Guide and Mini Guide.
- Created new propriety products and incorporated local artists into the Visitor Center.
- Hosted the Annual Meeting for our membership.
- Submitted RFP's to over 11 convention holders around the State.
- Coordinated the 5th annual Chocolate Lover's Fling and Art Auction; exceeded budgeted amount.
- Continued monthly Bear Tracks Newsletter; incorporated a sign up feature for visitors online.
- Produced co-op advertising opportunities for our members.
- Created a weekly blog on www.kodiak.org to feature Kodiak & membership information.
- Created online, rotating ads for purchase on our website.
- Attended 6 consumer shows (domestic).
- Hosted round-table sessions for membership categories to discuss ideas.
- Coordinated press trips for 6 writers to discover Kodiak.

Section 2. SCOPE OF WORK. The contractor will work with the Marketing Committee to accomplish the following tasks identified in the document, such as:

- a. Produce collateral marketing materials, including the Discover Kodiak Visitor Guide
 - Kodiak Visitor Guide revised and produced each year.
 - Press Media Kits developed to target specific media.
 - Mini brochure developed for international markets.
 - 2014 membership directory created
 - Community maps re-created
- b. Continue to provide information about the City of Kodiak to the traveling public
 - Served approximately 5000 cruise ship passengers & crew plus 15,000 independent travelers, Coast Guard families, convention and business travelers and local residents.
- c. Maintain and staff the Kodiak Visitor Center
 - Staff visitor center full-time, year round. Beginning June 2013 open 6 days a week.

- d. Keep the City Council and community at large informed as to the results of Bureau's marketing efforts and the state of the local tourism industry
 - Attend City Council meetings and/or workshops as requested.
 - Provide quarterly reports
- e. Work with the Alaska Travel Industry Association and other statewide marketing organizations to ensure that the City of Kodiak is represented in their ongoing national and international marketing programs
 - Maintain community partnership level with ATIA.
 - Maintain listing in Official Alaska Travel planner
 - Participated in ATIA cooperative marketing programs
 - Serve as a Marketing Committee Board Member
 - Participated in German ad on ATIA website.
- f. Continue development of the kodiak.org website to improve its usability and visibility to visitors, potential businesses and residents
 - Created a mobile friendly version
 - Developed an IMAP location system
 - Developed rotating ads available for purchase
 - Created a weekly blog feature
 - Created a winter page to promote Kodiak all times of year
 - Online newsletter's available; also archives
- g. Work with the City of Kodiak to determine the role tourism does and can play in the community economies
 - Participated in the Downtown Beautification Committee
 - Serve in an advisory capacity to the BearTown Market
 - Coordinated public workshop on businesses using social media
 - Attended the Welcome Aboard fair at the Coast Guard base
- h. Continue participation in the Comprehensive Economic Development Strategy committee to foster an understanding of the tourism industry and opportunities and challenges facing the industry
 - Attend CEDS meetings and report on tourism and keep abreast of borough-wide issues.
- i. Work with the Kodiak Chamber of Commerce to transform the visitor industry into a significant component of the City of Kodiak's economy.
 - Serve as Tourism Representative on the Kodiak Chamber of Commerce Board of Directors
 - Meet regularly with Chamber of Commerce ED to develop ways to improve downtown business, especially as related to cruise tourism
 - Serve on the Economic Development Task Force
- j. Work with Kodiak College, the Kodiak Island Borough School District, Kodiak Area Native organizations, and other organizations to encourage entrepreneurship and assist small business development in the visitor industry.
 - Attended Career Day at the Kodiak HS
 - Partnered with the Learning Café in hiring a student for seasonal help
 - Attended the Kodiak Health Fair at the college for plant and wildlife safety

- k. Explore new employment and business opportunities related to the Kodiak visitor industry
 - Serve in advisory capacity to the BearTown Market
 - Assist members in development of business plans; notify membership of gaps in visitor services.
 - Hold roundtable sessions with our members to discuss future business operations and opportunities.
 - Assist members by creating a new social media management benefit
- l. Develop a travel press kit to be available on the kodiak.org website, develop a distribution plan for the kit to various travel media
 - Developed several travel press kits with different criteria, each with a different target consumer.
- m. Continue work with the airline industry and the Alaska Marine Highway System to maintain and improve access to the Kodiak region
 - Maintain relationship with Alaska Airlines and Era Aviation to encourage expanded flights and lower fares to Kodiak.
 - Keep informed about airport closures and/or construction. Lobby for minimal interruptions.
 - Partner with ERA and Alaska Airlines to create cheaper package options for Alaska residents traveling to Kodiak.
- n. Attend travel trade shows to promote Kodiak to travel agents and consumers.
 - Attended: AMHS 50th Anniversary Show, Alaska Media Road Show, Adventures in Travel, LA Times Travel Show, Boston Globe Travel Show, Great Alaskan Sportsman Show and Fairbanks Outdoors Show.
 - INFOX travel agent mailing: 4000 guides went out.
- o. Expand advertising and marketing specific to the Kodiak Convention Center.
 - Convention development materials are located online.
 - RFP's have been placed with several in-state agencies.
 - Have worked closely with Best Western to keep track of people here for business.

Return on Investment Tracker

Boston Globe Travel Show- 42

2013 website leads: 1567

Conventions in 2013: 146

Other: 57

Telephone: 226

Email: 1186

Membership leads:

ATIA bingo leads: 868

Anchorage leads: 897

Magazine Advertising Leads:

Sunset leads: 495

AAA leads: 55

German website banner: 32,430

Brochure Distribution leads:

Argentina leads: 20

Brazil: 17

Travel leaders Franchise: 6

Agent Leads:

Adventures in Travel- 16

Infox Travel Agents- 4000

FY15 Budget Worksheet

| | | FY2015 | FY14 TOTAL | FY13 TOTAL |
|------------------------------------|---------------------------|----------------|----------------|----------------|
| REVENUE | | | | |
| Public Funding | | | | |
| 4100 | City of Kodiak - General | 100,000 | 90,000 | 90,000 |
| 4200 | Kodiak Island Borough | 85,000 | 75,000 | 65,000 |
| 4300 | KIB Community Map | 0 | 6,000 | 0 |
| 4400 | KIB International Travel | | 18,300 | 0 |
| | Subtotal: | 185,000 | 189,300 | 155,000 |
| Membership Revenues | | | | |
| 5100 | Membership Dues | 40,000 | 40,000 | 38,000 |
| 5125 | Airport Brochure Racks | 3,000 | 3,000 | 3,000 |
| 5150 | Label Program | 2,000 | 2,000 | 2,000 |
| 5200 | Meeting & Event Revenues | 500 | 500 | 500 |
| 5300 | Trade Shows-Brochure | 400 | 400 | 400 |
| 5325 | Trade Show Booth Share | | 600 | 600 |
| 5400 | Website Advertising | 4,500 | 3,000 | |
| 5500 | Visitor Guide Advertising | 72,000 | 80,000 | 80,000 |
| 5600 | Walking Map Advertising | 500 | 500 | 1,500 |
| 5650 | Community Map Advertising | | 30,000 | 1,000 |
| 5700 | Co-op Advertising | 500 | | |
| | Subtotal: | 123,400 | 160,000 | 127,000 |
| Miscellaneous Earned Income | | | | |
| 5750 | Fundraising Income | 13,000 | 10,000 | 5,000 |
| 5800 | Interest Income | 100 | 100 | 100 |
| 5850 | Other Revenue | 100 | 100 | 200 |
| 5900 | VIC/Retail Sales | 11,000 | 10,000 | 7,000 |
| 5925 | Wholesale sales | 50 | 200 | 300 |
| 5950 | On-line sales | 400 | 400 | 400 |
| | Subtotal: | 24,650 | 20,800 | 13,000 |
| TOTAL REVENUE | | 333,050 | 370,100 | 295,000 |
| PROGRAM EXPENSES | | | | |
| Convention Development | | | | |
| 6100 | Advertising | 1,500 | 2,500 | 1,200 |
| 6125 | Marketing/PR | 300 | 900 | 250 |
| 6150 | Collateral Materials | 500 | 300 | 200 |
| 6200 | Postage | 200 | 200 | 400 |
| 6250 | Phone | 200 | 200 | 150 |
| 6300 | Travel | 2,500 | | |
| | Convention Show Fees | 5,000 | | |
| | Subtotal: | 10,200 | 4,100 | 2,200 |
| Tourism Development | | | | |
| 7100 | Advertising | 12,000 | 15,000 | 5,000 |
| 7125 | Marketing/PR | 3,000 | 11,000 | 8,000 |
| 7126 | International | 500 | 8,000 | |
| 7150 | Collateral Materials | 3,000 | 4,500 | 4,500 |

DISCOVER KODIAK

DRAFT

FY15 Budget Worksheet

| | | FY2015 | FY14 TOTAL | FY13 TOTAL |
|------|----------------------------------|----------------|----------------|----------------|
| 7200 | Postage | 7,000 | 8,000 | 7,000 |
| 7250 | Phone | 3,500 | 4,000 | 3,800 |
| 7300 | Trade Show -- Travel | 11,000 | 12,000 | 12,000 |
| 7301 | Trade Show Travel- International | 6,000 | 4,800 | |
| 7325 | Trade Show--Fees | 8,550 | 13,000 | 14,000 |
| 7326 | Trade Show Fees- International | 2,500 | 5,000 | |
| 7350 | Meetings/Conference Fees | 1,600 | 1,600 | 1,100 |
| 7375 | Meetings/Conference Travel | 3,500 | 3,000 | 2,500 |
| 7400 | Co-op Marketing | | 1,000 | 1,000 |
| 7450 | Dues & Subscriptions | 5,000 | 5,000 | 5,000 |
| 7500 | Visitor Center Expense | 7,000 | 8,000 | 5,000 |
| 7600 | Visitor Guide Expense | 45,000 | 45,000 | 40,000 |
| 7625 | DVD Expense | | | |
| 7700 | Website Development/Maintenance | 2,000 | 6,000 | 6,000 |
| 7725 | Town Map Expense | 1,500 | 1,500 | 1,000 |
| 7750 | Community Map Expense | | 7,000 | |
| 7800 | Market Research | 15,000 | | |
| | Subtotal: | 137,650 | 163,400 | 115,900 |
| | Membership Expenses | | | |
| 8100 | Advertising/Promotion | 500 | 500 | 300 |
| 8150 | Collateral materials | 400 | 400 | 200 |
| 8200 | Postage | 500 | 500 | 500 |
| 8250 | Phone | 300 | 300 | 300 |
| 8300 | Travel | 200 | 600 | 200 |
| 8400 | Membership Marketing/Meetings | 1,000 | 2,000 | 1,000 |
| | Subtotal: | 2,900 | 4,300 | 2,500 |
| | TOTAL PROGRAM EXPENSES | 150,750 | 171,800 | 120,600 |
| | Operating Expenses | | | |
| 9100 | Salaries | 127,000 | 133,000 | 131,000 |
| 9115 | Benefits Payroll Taxes | 3,000 | 3,000 | 3,000 |
| 9120 | Benefits Other | 10,000 | 12,000 | 12,500 |
| 9125 | Insurance | 3,500 | 3,500 | 3,000 |
| 9150 | Employment Costs | 3,500 | 3,500 | 800 |
| 9175 | Contract Services | 9,000 | 15,000 | 12,000 |
| 9200 | Postage | 700 | 700 | 600 |
| 9250 | Phone | 1,000 | 1,000 | 1,000 |
| 9275 | Copier Lease | 3,500 | 3,500 | 3,500 |
| 9300 | Equipment | 1,000 | 1,500 | 1,500 |
| 9325 | Equipment Repair | 500 | 500 | 500 |
| 9400 | Fundraising Expense | 6,000 | 7,000 | 5,000 |
| 9425 | Local Meetings & Mileage | 600 | 600 | 600 |
| 9450 | Office Supplies | 3,000 | 3,500 | 3,500 |
| 9500 | Rent & Utilities | 7,000 | 7,000 | 7,000 |
| 9600 | Bank Card Fees | 3,000 | 3,000 | |
| | TOTAL OPERATING EXPENSES | 182,300 | 198,300 | 185,500 |
| | TOTAL EXPENSES | 333,050 | 370,100 | 306,100 |


FY15 Budget Worksheet

DRAFT

| | FY2015 | FY14 | FY13 |
|---------------------|--------|---------|-------|
| | | TOTAL | TOTAL |
| 2015 TOTAL REVENUE | | 333,050 | |
| 2015 TOTAL EXPENSES | | 333,050 | |
| DIFFERENCE | | 0 | |

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MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Aimée Kniazowski, City Manager 
Date: June 12, 2014

Agenda Item: V. i. **Authorization of Animal Shelter Operation Contract With Humane Society of Kodiak**

SUMMARY: The City of Kodiak has contracted with the Humane Society of Kodiak (HSK) for the operation of the City animal shelter since 1995. The Council will insert the annual rates of their choice for the renewed contract by motion. This is because the FY2015 City budget reflects the same rate of \$108,000 as the expiring FY2014 contract, although HSK has requested nominal increases for both years of the proposed agreement. Staff supports the work the Humane Society does for the City and community and recommends Council authorize the two-year contract with the Humane Society of Kodiak at an annual amount determined by Council.

PREVIOUS COUNCIL ACTION:

- Council has reviewed and approved multiple service contracts with the Humane Society since 1995.
- Council authorized the most recent contract for FY2013-FY2014 on June 14, 2012.
- Humane Society representatives made a presentation on the services provided and the FY2015-FY2016 funding request to the Council at the March 25 and May 10 work sessions.

BACKGROUND: The Kodiak Island Borough participated in funding operations at the animal shelter for many years through contracts with the City, which also covered the provision of animal control services outside the City boundaries. The Borough discontinued funding and contract support for that program in FY2012 and reinstated the contract in November of 2013.

DISCUSSION: The City and the Humane Society have been partners in providing a successful animal shelter for the past nineteen years. The Council authorizes two-year agreements for the operation of the shelter, the last of which will expire on June 30, 2014. The term of this proposed contract is once more a two-year term. The City's FY2015 budget as presented to Council in Ordinance No. 1319 reflects the FY2014 amount of \$108,000. The HSK's budget request and their presentation show a FY2015 total of \$114,000 and the FY2016 total at \$117,000 and reflect cost increases for supplies and services and to address staff salaries.

The HSK board representatives and staff made presentations to the Council at the March 25 work session and again at the May 10 special budget work session. Staff recognizes the effort the Society puts

into looking for supplementary funding, including active local fundraising efforts. Staff also understands the need for incremental funding increases and supports the proposed increases. However, Council will identify the funding amount for both fiscal years in the motion and the contract as well.

ALTERNATIVES: Council may authorize the FY2015-FY2016 agreement with the Humane Society of Kodiak at the same level of funding received in FY2014 (\$108,000) for both years, at the requested amount of \$114,000 for FY2015 and \$117,000 for FY16, or decide to amend the agreement to reflect a different FY2015-FY2016 funding allocation.

FINANCIAL IMPLICATIONS: The current version of the FY2015 budget reflects an expenditure of \$108,000 for this contracted service in the General Fund, Police, Animal Control section of the budget unless Council votes to amend the FY2015 budget by amending Ordinance No. 1319.

LEGAL: N/A

STAFF RECOMMENDATION: Staff recommends Council approve the attached two-year contract, ending June 30, 2016, with the Humane Society of Kodiak for the operation of the Kodiak Animal Shelter in an amount determined by Council for each of the two years, with funds coming from the General Fund, Police Department, Animal Control account.

CITY MANAGER'S COMMENTS: The City is fortunate to have a viable and active nonprofit organization run the animal shelter. The shelter enjoys wide community support. Costs would be much higher if City employees staffed the shelter. I support the Humane Society's request for a renewed two-year agreement. I recommend Council authorize the two-year agreement at an amount to be determined by Council.

ATTACHMENTS:

- Attachment A: FY2015-2016 contract between the Humane Society of Kodiak and The City
- Attachment B: Humane Society FY2015-FY2016 budget proposal and narrative for shelter operations, dated March 5, 2014

PROPOSED MOTION:

Move to authorize the 2-year service contract ending June 30, 2016, with the Humane Society of Kodiak for animal shelter operations in the amount of \$_____ for FY2015 and in the amount of \$_____ for FY2016, with funds coming from the General Fund, Police Department, Animal Control account, and authorize the City Manager to insert the final annual amounts into the contract document and sign it on behalf of the City.

**CITY OF KODIAK
CONTRACT NO. 215201
ANIMAL SHELTER SERVICES**

THIS CONTRACT is made and executed on the date and year hereinafter last specified by and between the City of Kodiak, 710 Mill Bay Road, Kodiak Alaska (“the City”), and the Humane Society of Kodiak (“the Contractor”).

ARTICLE I

For and in consideration of the terms, covenants, conditions, and provisions contained herein, it is mutually agreed between the parties hereto as follows:

1. Agreement to Perform. The Contractor agrees to perform, complete, provide, and furnish in a timely manner all of the work, services, labor, and materials required to accomplish the work described in Article II hereof at the times, and in the manner, and for the consideration hereinafter set forth.

2. Term of Contract. This contract will be effective from July 1, 2014, and continue in force until June 30, 2016, except that, in addition to the termination provisions in Section 6 (Insurance), it may be terminated by either party upon thirty (30) days written notification to the other. This Contract may also be amended by written agreement of the parties.

3. Independent Contractor. The parties expressly agree that the Contractor shall be and is an independent contractor and is not an employee or agent of the City for any purpose, and the employees of the Contractor are not entitled to any of the benefits the City provides for the City's employees, including but not limited to, health insurance, life insurance, disability insurance, sick or annual leave, or workers' compensation. The City is interested only in the results to be achieved, and the contract and control of the work will lie solely with the Contractor. It is understood that the City agrees to use the Contractor exclusively for management and operation of the animal shelter.

4. Contractor Authority. The Contractor is hereby authorized to receive all domestic animals coming into its custody (i.e., impounded or owner surrendered), to place or humanely dispose of such animals that come into the animal shelter, and to manage and enforce the animal regulations for all impounded animals pursuant to all ordinances now in effect, or which may hereinafter be adopted. The Contractor shall accept all animals that can be safely maintained and cared for within the shelter facility provided by the City of Kodiak.

5. Contractor Qualified and Responsible for Personnel. (a) The Contractor represents it has, or will secure at its own expense, all personnel required to perform this Contract in a timely and proper manner. Such personnel shall not be employees or have any contractual relationship with the City, and the City shall have no responsibility or liability whatsoever to any of said persons, or for the acts or omissions of any said persons.

(b) All of the services required under this Contract shall be performed by the Contractor or under its supervision.

(c) None of the work or services covered by this Contract shall be subcontracted without prior written approval of the City.

6. Insurance/Indemnification. (a) Public Liability Insurance. The Contractor shall maintain Public Liability Insurance with a minimum of \$1,000,000 per occurrence and/or aggregate combined single limit, personal injury, bodily injury, and property damage.

(b) Additional Insured. The following shall be listed as Additional Insureds: “The City of Kodiak, including all elected and appointed officials, all employees and City volunteers, all boards, commissions and/or authorities and their board members, employees, and volunteers. This coverage shall be primary to the City of Kodiak and not contributing with any other insurance or similar protection available to the City of Kodiak, whether other available coverage be primary, contributing, or excess.”

(c) Indemnification. To the fullest extent permitted by law, Contractor agrees to defend, indemnify, and hold harmless the City of Kodiak, its elected and appointed officials, employees, and volunteers against any and all liabilities, claims, demands, lawsuits, or losses, including costs and attorney fees incurred in defense thereof, arising out of or in any way connected or associated with this contract.

(d) Notice of Cancellation Required. Ten (10) days Notice of Cancellation or Change, Non-Renewal, Reduction and/or Materials Change shall be sent to: City Clerk, 710 Mill Bay Road, Room 220, Kodiak AK 99615.

(e) Evidence of Coverage Required. Contractor shall provide to the City of Kodiak at the time that the Contract is presented to the City for execution, certificates of insurance and/or policies acceptable to the City of Kodiak as listed below:

One (1) copy of Certificate of Public Liability Insurance Workers' Compensation Insurance

One (1) copy of Certificate of Public Liability Insurance

(f) Continuation of Coverage. If the above coverage expires during the term of this Contract, Contractor shall deliver renewal certificates and/or policies to the City of Kodiak at least ten (10) days prior to the expiration date. Contractor shall not commence with operations under this Contract until they have obtained the coverage required under the terms of this Contract. All coverage shall be with insurance carriers licensed and admitted to do business in the State of Alaska. All coverage shall be with carriers acceptable to the City of Kodiak. If Contractor fails to comply with the insurance requirements of this Contract, the City of Kodiak may terminate the Contract on ten (10) days written notice. Contractor covenants to maintain all insurance policies required in this Contract for the period of time in which a person may commence a civil action as prescribed by the applicable statute of limitations. The coverage required by this Contract shall cover all claims arising in connection with Contractor's use under this Contract, whether or not asserted during the term of this Contract and even though judicial proceedings may not be commenced until after this Contract expires.

(g) Workers' Compensation Insurance. The Contractor shall provide and maintain, for all employees of the Contractor engaged in work under this Contract, Workers' Compensation Insurance as required by AS 23.30.045 or any other applicable statutes or regulations. The Contractor shall be responsible for Workers' Compensation Insurance for any subcontractor who directly or indirectly provides services under this Contract.

7. Assignment or Delegation. The Contractor may not assign its rights or delegate its duties under this Contract, or any part of it, except with the prior written consent of the City.

8. Governing Law. This Contract shall be governed by the laws of the State of Alaska and any suit or legal action hereon shall be brought only in the courts of said State, in the Third Judicial District at Kodiak, Alaska.

9. Miscellaneous. (a) Relationship of Parties. Nothing herein contained shall be deemed or construed by the parties hereto, nor by any third party, as creating the relationship of principal and agent or of partnership or of joint venture between the parties hereto. It being understood and agreed that neither method of computation of payment or any other provision contained herein, nor any act of the parties hereto, shall be deemed to create any relationship between the parties hereto other than the relationship of the City and an independent contractor.

(b) Nonwaiver. The failure of the City to insist in any one or more instances upon the strict performance by the Contractor of any provision or covenant in this Contract may not be considered as a waiver or relinquishment for the future, but the provision or covenant will continue in full force. The waiver by the City of any provision or covenant in this Contract cannot be enforced or relied upon unless the waiver is in writing signed on behalf of the City by the City Manager or the City Manager's designee.

(c) Improvements. The Contractor shall make no alterations or additions to the Animal Shelter, or any City property associated with it, without first obtaining the written consent of the City Manager and, unless otherwise provided in such written consent, any improvements or additions constructed by the Contractor shall become the City's property upon their substantial completion.

(d) Liens. The Contractor shall keep the Animal Shelter free of all liens, pay all costs for labor and materials arising out of any construction or improvements by the Contractor on the Animal Shelter, and hold the City harmless from liability for any such liens, including costs and attorney fees.

(e) Severability. If any provision or covenant of this Contract is declared to be invalid by a court of competent jurisdiction, the remaining covenants and provisions will continue in full force.

(f) Corporate Authority. If the Contractor is a corporation, the Contractor shall deliver to the City at the time of execution of this Contract a copy of a resolution of its board of directors authorizing the execution of this Contract and naming the officers that are authorized to execute this agreement on behalf of the corporation.

(g) Entire Agreement. This Contract sets forth all the terms, conditions, and agreements of the parties and supersedes any previous understandings or agreements regarding the Animal Shelter whether oral or written. No modification or amendment of this Contract is effective unless in writing and signed by both the parties.

(h) Notice. Any notice required by this Contract must be hand delivered or sent by first class mail to the appropriate party at the address set forth on the last page of this Contract or to any other address, which the parties subsequently designate in writing.

ARTICLE II

In furtherance of these obligations, the Contractor shall perform, supply, and provide all the work, services, and materials as follows:

1. Management and Operation of Animal Shelter. (a) The Contractor shall furnish animal shelter services and humane disposal of animals, including but not limited to euthanasia at the Contractor's expense. Animal remains shall be incinerated at the Kodiak Island Borough Landfill at the Contractor's expense.

(b) The Contractor shall maintain proper housing for all animals, which come into its custody.

(c) The animal shelter shall be open a minimum of four hours per day, five days a week, including one weekend day, for the convenience of the public and to transact business in connection with the duties under this Contract and to receive animals or for the redemption of impounded animals. The shelter may be closed to the public two days a week and on national and state holidays.

(d) The Contractor shall consult directly with the City in developing programs and policies regarding operation of the animal shelter, implementing new program components, and recommending ordinance revisions.

2. Care of Impounded Animals. (a) Proper care includes, but is not limited to, adequate and sanitary food and water, regular cleaning of kennels and cages, and humane handling.

(b) The animal food used by the Contractor shall be of a satisfactory quality. Food and water shall be provided animals in adequate amounts and frequencies with water being supplied each animal at least once every twelve hours.

(c) The Contractor shall clean, disinfect and otherwise maintain the cages and pens where animals are kept frequently enough to assure animal health, prevent the spread of disease, and present a good appearance to visitors. Cleaning and disinfecting shall be no less than once per day.

(d) Consultations with a licensed veterinarian shall be made when veterinary care of impounded animals is necessary at the Contractor's expense, excluding animals impounded as a result of pending or potential civil or criminal prosecution.

(e) Transportation of sick or injured animals from the Animal Shelter to a veterinary is the responsibility of the Contractor.

3. Redemption, Adoption, and Disposition of Animals. (a) The Contractor shall, in accordance with Kodiak City Code Chapter 7.04, release animals impounded by the City Animal Control Officer to their owners upon presentation of a receipt from the Kodiak Police Department showing that all impound charges or other fees owed to the City have been paid in full.

(b) The Contractor shall promote and administer the adoption of unclaimed animals to responsible owners. The Contractor shall develop and have on file a program for adoption. The Contractor shall adhere to the City's policy of, wherever feasible, spaying or neutering and vaccinating all animals prior to adoption.

(c) Animals which are not reclaimed by owners within seventy-two hours after compliance with the provisions of KCC 7.04.118(a) or any other applicable provisions of law governing notification to the owner or custodian and are deemed suitable for adoption will become available for adoption to responsible persons.

(d) Animals not suitable for adoption will be humanely euthanized. The Contractor shall develop and have on file procedures regarding selection of animals to be euthanized.

4. Education on Animal Care and Treatment. The Contractor shall promote the proper and humane care and treatment of animals and to stimulate public support for such treatment and for the enforcement of City ordinances relating to animal control. The Contractor shall conduct tours of the animal shelter upon reasonable request. The Contractor shall educate the community through classroom visitations, radio interviews, newspaper articles, and public service announcements.

5. Training. The Contractor shall designate an employee as shelter manager and this employee is required to annually attend and complete a course in professional services relating to management and operation of an animal shelter or animal behavior. The Contractor shall provide the Kodiak Police Department with an outline of the course of instruction.

6. Enforcement of Animal Control Ordinances. (a) The Contractor shall, through qualified agents, observe and assist in the enforcement of all animal control ordinances relating to impounded animals.

(b) The Contractor shall cooperate with the City by following procedures required by Kodiak City Code Chapter 7.04 and Kodiak Island Borough Code Chapter 6.04 concerning persons or animals bitten by an animal in the City of Kodiak and the Kodiak Island Borough.

7. Collection of Fees and Keeping of Records. (a) The Contractor shall follow established City and/or Borough procedures regarding collection of dog license fees and impound fines, as applicable. Fees for animal licensing and impoundment are established by the Kodiak City Council and the Kodiak Island Borough Assembly and retained by them respectively. The Contractor has no authority to waive or reduce these fees. Other fees for services (e.g., adoption) will be established by the Contractor and retained by the contractor. Donations made to the animal shelter by members of the public will also be retained by the Contractor. The Contractor shall permit the City, at all reasonable times, to inspect and audit any records and shall make such reports of monies received and operational statistics as shall be required. The records shall be open to City inspection during regular office hours.

(b) The Contractor shall daily maintain, at the animal shelter, records of all animals impounded. Records shall include dates of intake and notation of history, behavior, health status, and any veterinary procedures of each animal while retained; detailed information on redemptions and adoptions (e.g., dates, fees, owner data, spay/neuter deadline, etc.); date and reason euthanized; licenses issued; correspondence with State and federal agencies; and complaints made by the public with response indicated.

(c) The Contractor shall submit a monthly activity report to the Kodiak Police Department by the twentieth day of the following month detailing the category of animals impounded at the shelter, disposition of animals, licenses issued, number of hours shelter was open to the public, fees collected by category, and veterinary services by category.

(d) The Contractor shall on July 31 of each year submit to the City a program report of the previous fiscal year's activities.

8. Liaison. The Contractor shall report to the City Animal Control Officer (ACO), who shall act a liaison between the Contractor and the City, for all matters relating to the Contractor's performance of its obligations pursuant to this Contract.

ARTICLE III

In accordance with the terms and conditions of this Contract, the parties hereto further agree as follows:

1. Assistance to Contractor's Agents. The ACO will provide assistance to the Contractor's agents upon the agent's request. Upon receiving a request for assistance, the ACO will evaluate the priority of the agent's request and respond in accordance with the terms of this contract, the policies and procedures of the City of Kodiak and the Kodiak Police Department, as time and other duties permit.

2. Amount of Contract, Method and Computation of Payment.

(a) The City shall pay the Contractor \$_____ for FY2015 and \$_____ for FY2016.

(b) The City shall pay the Contractor in equal quarterly installments, in advance.

(c) The Contractor shall be required to provide and pay for all consumable supplies and equipment, including but not limited to, food, cat litter, body bags, leashes, cleaning materials, paper, and medicines. The Contractor shall pay for veterinary care, and all utilities, with the exception of sewer and water services.

(d) The City shall provide the facility, license forms, dog license tags, and one telephone line.

IN WITNESS WHEREOF, the parties hereto have hereunder set their hands this _____ day of _____ 2014.

CITY OF KODIAK
710 Mill Bay Road
Kodiak, AK 99615

HUMANE SOCIETY OF KODIAK
P. O. Box 8783
Kodiak, AK 99615

Aimée Kniazowski, City Manager

Karen Yashin, President

Attest:

Witness:

Debra L. Marlar, City Clerk



Humane Society of Kodiak

"The Humane Society of Kodiak is committed to preventing animal cruelty, reducing the homeless and abandoned pet population, and promoting the proper care of animals."

P.O. Box 8783, Kodiak AK 99615

Phone: (907) 486-8077

www.kodiakanimalshelter.org

March 05, 2014

City of Kodiak
710 Mill Bay Road
Kodiak, Alaska 99615



RE: FY15/FY16 Budget and Budget Narrative- HSK

Enclosed you will find the HSK/Kodiak Animal Shelter budget request for contract years FY15 and FY16. A budget narrative is included to explain any changes reflected in the budget. The HSK is requesting a total of \$114,000 for contract year FY15, and a total of \$117,000 for contract year FY16. If you have any questions, or need additional information, you may contact me by phone at 907-539-5727 or by email at lestewart@kodiak.alaska.edu.

On behalf of the HSK Board of Directors, I'd like to thank you for allowing us the opportunity to manage the Kodiak Animal Shelter.

Respectfully,

Lorraine Stewart
Lorraine Stewart, Treasurer
Humane Society of Kodiak

HUMANE SOCIETY OF KODIAK
BUDGET NARRATIVE
Kodiak Animal Shelter Operations

Payroll –Current Staffing and Pay Rate

We currently employ one full-time “Shelter Manager”, who is responsible for maintaining all records for the effective operation of the Shelter, as well as scheduling of employees, arrangement of veterinary care for shelter residents, transporting of animals and/or materials to the vet, the airport, etc. Additionally, the Shelter Manager may perform any of the general operating duties such as facility/kennel cleaning and animal care when necessary. The shelter currently maintains one full-time shelter assistant who also acts as “Assistant Manager” when current manager is out of the shelter or off-island. The primary responsibility of the full-time shelter assistant is to maintain the health and welfare of the animals in residence at the Shelter in addition to assisting the current manager with a variety of administrative duties when necessary. The primary role of the Kennel Technician is to assist shelter manager with general operating duties, in addition to cleaning and maintaining kennel areas and provide direct care for the animals residing in the shelter. The Kennel Cleaner provides immediate assistance with the kennel area cleaning and maintenance. This level of staffing is necessary in to ensure that the shelter operations run efficiently and the shelter itself is a safe and healthy environment for both the animals and the public.

Positions, average hours, and pay rate is as follows:

1. Shelter Manager – Full time/40hrs per week/\$16.00 per hour
2. Shelter Assistant – Full time/40hrs per week/\$10.50 per hour
3. Kennel Technician – Full time/40hrs per week/\$9.50 per hour
4. Kennel Assistant – Part time/26hrs per week/\$9.00 per hour
5. Kennel Cleaner – Part time/16hrs per week/\$8.50 per hour

Payroll Taxes – The current rate of payroll taxes is 11% of personnel expenses. The taxes include, but are not limited to, all required federal payroll taxes and state unemployment. The budget reflects the 11% payroll tax based on budgeted personnel expenses.

Public Education – This includes, but is not limited to, expenses incurred for materials (handouts) and travel expenses to visit local schools, programs, etc, to teach children (primarily) about responsible pet ownership.

Staff Training - In hiring new staff as noted above, we propose to bring in trainers from off-island for all staff, rather than send individuals for training.

Euthanasia – Incineration and related veterinary expenses – Significant increased costs for incineration from \$1.50 per/lb. to \$3.00 per/lb., combined with increased numbers, necessitate the increased budget request.

Cleaning Supplies - We anticipate maximum capacity, which will require a great deal of time and cleaning materials, to maintain a healthy environment, for animals, staff and the public in general.

Building Maintenance – This category includes any emergency situation, i.e. water line break on the washing machine, broken windows, vandalism which would have to be repaired immediately, etc. This line item also included an annual cost of \$450 for facility alarm services.

Electricity - The cost of electricity has increased substantially, no matter how much we attempt to conserve energy.

Garbage Service – The shelter staff make every attempt to minimized the usage of the on-site dumpster in order to avoid excessive costs.

Heating Fuel - We have, historically, kept the thermostat at the lowest temperature necessary to maintain a marginally warm environment for staff and shelter residents, while preserving the overall health of the building. The continually rising cost of fuel necessitates the increase for this line item.

Telephone/Internet - Phone service and internet costs have increased slightly.

Insurance (Workmen's Comp and General Liability) Workers Compensation is at an approximate rate of 9.45% per \$100 in payroll expenses. General Liability insurance is on average \$1400 per year.

Kodiak Animal Shelter Yearly Operational Budget FY15

| EXPENSES | July | August | September | October | November | December | January | February | March | April | May | June | Total |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| Personnel: | | | | | | | | | | | | | |
| Shelter Manager | \$ 2,773.33 | \$ 2,773.33 | \$ 2,773.33 | \$ 2,773.33 | \$ 2,773.33 | \$ 2,773.33 | \$ 2,773.33 | \$ 2,773.33 | \$ 2,773.33 | \$ 2,773.33 | \$ 2,773.33 | \$ 2,773.37 | \$ 33,280.00 |
| Shelter Assistant I | \$ 1,820.00 | \$ 1,820.00 | \$ 1,820.00 | \$ 1,820.00 | \$ 1,820.00 | \$ 1,820.00 | \$ 1,820.00 | \$ 1,820.00 | \$ 1,820.00 | \$ 1,906.66 | \$ 1,906.66 | \$ 1,906.68 | \$ 22,100.00 |
| Shelter Assistant II | \$ 1,646.00 | \$ 1,646.00 | \$ 1,646.00 | \$ 1,646.00 | \$ 1,646.00 | \$ 1,646.00 | \$ 1,733.00 | \$ 1,733.00 | \$ 1,733.00 | \$ 1,733.00 | \$ 1,733.00 | \$ 1,733.00 | \$ 20,274.00 |
| Shelter Technician I | \$ 1,014.00 | \$ 1,014.00 | \$ 1,014.00 | \$ 1,014.00 | \$ 1,014.00 | \$ 1,014.00 | \$ 1,070.33 | \$ 1,070.33 | \$ 1,070.33 | \$ 1,070.33 | \$ 1,070.33 | \$ 1,070.34 | \$ 12,505.99 |
| Shelter Technician II | \$ 780.00 | \$ 780.00 | \$ 780.00 | \$ 780.00 | \$ 780.00 | \$ 780.00 | \$ 780.00 | \$ 780.00 | \$ 780.00 | \$ 780.00 | \$ 780.00 | \$ 780.00 | \$ 9,360.00 |
| Payroll Total | \$ 8,033.33 | \$ 8,033.33 | \$ 8,033.33 | \$ 8,033.33 | \$ 8,033.33 | \$ 8,033.33 | \$ 8,176.66 | \$ 8,176.66 | \$ 8,176.66 | \$ 8,263.32 | \$ 8,263.32 | \$ 8,263.39 | \$ 97,519.99 |
| Payroll Taxes 11% | \$ 883.67 | \$ 883.67 | \$ 883.67 | \$ 883.67 | \$ 883.67 | \$ 883.67 | \$ 899.43 | \$ 899.43 | \$ 899.43 | \$ 899.43 | \$ 899.43 | \$ 899.43 | \$ 10,698.60 |
| Personnel Total | \$ 8,917.00 | \$ 8,917.00 | \$ 8,917.00 | \$ 8,917.00 | \$ 8,917.00 | \$ 8,917.00 | \$ 9,076.09 | \$ 9,076.09 | \$ 9,076.09 | \$ 9,162.75 | \$ 9,162.75 | \$ 9,162.82 | \$ 108,218.59 |
| Facilities | | | | | | | | | | | | | |
| Electricity | \$ 291.66 | \$ 291.66 | \$ 291.66 | \$ 291.66 | \$ 291.66 | \$ 291.66 | \$ 291.66 | \$ 291.66 | \$ 291.66 | \$ 291.66 | \$ 291.66 | \$ 291.74 | \$ 3,500.00 |
| Heating Fuel | \$ 420.00 | \$ 420.00 | \$ 420.00 | \$ 420.00 | \$ 420.00 | \$ 420.00 | \$ 420.00 | \$ 420.00 | \$ 420.00 | \$ 420.00 | \$ 420.00 | \$ 420.00 | \$ 5,040.00 |
| Garbage Services | \$ 233.82 | \$ 233.82 | \$ 233.82 | \$ 233.82 | \$ 233.82 | \$ 233.82 | \$ 233.82 | \$ 233.82 | \$ 233.82 | \$ 233.82 | \$ 233.82 | \$ 233.82 | \$ 2,805.84 |
| Telephone/Internet | \$ 80.00 | \$ 80.00 | \$ 80.00 | \$ 80.00 | \$ 80.00 | \$ 80.00 | \$ 80.00 | \$ 80.00 | \$ 80.00 | \$ 80.00 | \$ 80.00 | \$ 80.00 | \$ 960.00 |
| Cleaning Supplies | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 3,000.00 |
| Maintenance | \$ 500.00 | \$ 500.00 | \$ 500.00 | \$ 500.00 | \$ 500.00 | \$ 500.00 | \$ 500.00 | \$ 500.00 | \$ 500.00 | \$ 500.00 | \$ 500.00 | \$ 500.00 | \$ 2,000.00 |
| Total Facilities | \$ 1,775.48 | \$ 1,775.48 | \$ 1,775.48 | \$ 1,775.48 | \$ 1,775.48 | \$ 1,775.48 | \$ 1,775.48 | \$ 1,775.48 | \$ 1,775.48 | \$ 1,775.48 | \$ 1,775.48 | \$ 1,775.56 | \$ 17,305.84 |
| Euthanasia | | | | | | | | | | | | | |
| Incineration | \$ 466.55 | \$ 466.55 | \$ 466.55 | \$ 466.55 | \$ 466.55 | \$ 466.55 | \$ 466.55 | \$ 466.55 | \$ 466.55 | \$ 466.55 | \$ 466.55 | \$ 467.95 | \$ 5,600.00 |
| Vet Services | \$ 116.67 | \$ 116.67 | \$ 116.67 | \$ 116.67 | \$ 116.67 | \$ 116.67 | \$ 116.67 | \$ 116.67 | \$ 116.67 | \$ 116.67 | \$ 116.67 | \$ 116.63 | \$ 1,400.00 |
| Total Euthanasia | \$ 583.22 | \$ 583.22 | \$ 583.22 | \$ 583.22 | \$ 583.22 | \$ 583.22 | \$ 583.22 | \$ 583.22 | \$ 583.22 | \$ 583.22 | \$ 583.22 | \$ 584.58 | \$ 7,000.00 |
| Educations & Training | | | | | | | | | | | | | |
| Employee Training | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 500.00 |
| Community Education | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 500.00 |
| Total Training | \$ 500.00 | \$ 500.00 | \$ 500.00 | \$ 500.00 | \$ 500.00 | \$ 500.00 | \$ 500.00 | \$ 500.00 | \$ 500.00 | \$ 500.00 | \$ 500.00 | \$ 500.00 | \$ 1,000.00 |
| Insurance | | | | | | | | | | | | | |
| General Liability | \$ 1,400.00 | \$ 1,400.00 | \$ 1,400.00 | \$ 1,400.00 | \$ 1,400.00 | \$ 1,400.00 | \$ 1,400.00 | \$ 1,400.00 | \$ 1,400.00 | \$ 1,400.00 | \$ 1,400.00 | \$ 1,400.00 | \$ 1,400.00 |
| Workers Comp | \$ 4,000.00 | \$ 4,000.00 | \$ 4,000.00 | \$ 4,000.00 | \$ 4,000.00 | \$ 4,000.00 | \$ 4,000.00 | \$ 4,000.00 | \$ 4,000.00 | \$ 4,000.00 | \$ 4,000.00 | \$ 4,000.00 | \$ 4,000.00 |
| Total Insurance | \$ 5,400.00 | \$ 5,400.00 | \$ 5,400.00 | \$ 5,400.00 | \$ 5,400.00 | \$ 5,400.00 | \$ 5,400.00 | \$ 5,400.00 | \$ 5,400.00 | \$ 5,400.00 | \$ 5,400.00 | \$ 5,400.00 | \$ 5,400.00 |
| Total Expenses | \$ 16,675.70 | \$ 16,675.70 | \$ 16,675.70 | \$ 16,675.70 | \$ 16,675.70 | \$ 16,675.70 | \$ 17,434.79 | \$ 17,434.79 | \$ 17,434.79 | \$ 18,214.45 | \$ 18,214.45 | \$ 18,214.96 | \$ 188,924.43 |
| INCOME | | | | | | | | | | | | | |
| City of Kodiak | \$ 9,500.00 | \$ 9,500.00 | \$ 9,500.00 | \$ 9,500.00 | \$ 9,500.00 | \$ 9,500.00 | \$ 9,500.00 | \$ 9,500.00 | \$ 9,500.00 | \$ 9,500.00 | \$ 9,500.00 | \$ 9,500.00 | \$ 114,000.00 |
| Adoption Fees | \$ 1,250.00 | \$ 1,250.00 | \$ 1,250.00 | \$ 1,250.00 | \$ 1,250.00 | \$ 1,250.00 | \$ 1,250.00 | \$ 1,250.00 | \$ 1,250.00 | \$ 1,250.00 | \$ 1,250.00 | \$ 1,250.00 | \$ 15,000.00 |
| Shelter Fundraisers | \$ 400.00 | \$ 400.00 | \$ 400.00 | \$ 400.00 | \$ 400.00 | \$ 400.00 | \$ 400.00 | \$ 400.00 | \$ 400.00 | \$ 400.00 | \$ 400.00 | \$ 400.00 | \$ 900.00 |
| Kennel Fees | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 600.00 |
| HSK Donation | \$ 6,163.00 | \$ 6,163.00 | \$ 6,163.00 | \$ 6,163.00 | \$ 6,163.00 | \$ 6,163.00 | \$ 6,163.00 | \$ 6,163.00 | \$ 6,163.00 | \$ 6,163.00 | \$ 6,163.00 | \$ 6,163.00 | \$ 8,164.43 |
| Total Income | \$ 16,963.00 | \$ 16,963.00 | \$ 16,963.00 | \$ 16,963.00 | \$ 16,963.00 | \$ 16,963.00 | \$ 17,461.43 | \$ 17,461.43 | \$ 17,461.43 | \$ 18,241.00 | \$ 18,241.00 | \$ 18,241.00 | \$ 188,664.43 |

Kodiak Animal Shelter Yearly Operational Budget FY16

| EXPENSES | July | August | September | October | November | December | January | February | March | April | May | June | Total |
|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| Personnel: | | | | | | | | | | | | | |
| Shelter Manager | \$ 2,946.66 | \$ 2,946.66 | \$ 2,946.66 | \$ 2,946.66 | \$ 2,946.66 | \$ 2,946.66 | \$ 2,946.66 | \$ 2,946.66 | \$ 2,946.66 | \$ 2,946.66 | \$ 2,946.66 | \$ 2,946.74 | \$ 35,360.00 |
| Shelter Assistant I | \$ 1,906.66 | \$ 1,906.67 | \$ 1,906.66 | \$ 1,906.67 | \$ 1,906.66 | \$ 1,906.67 | \$ 1,906.66 | \$ 1,906.67 | \$ 1,906.66 | \$ 1,933.34 | \$ 1,933.34 | \$ 1,933.34 | \$ 22,960.00 |
| Shelter Assistant II | \$ 1,733.00 | \$ 1,733.00 | \$ 1,733.00 | \$ 1,733.00 | \$ 1,733.00 | \$ 1,733.00 | \$ 1,820.00 | \$ 1,820.00 | \$ 1,820.00 | \$ 1,820.00 | \$ 1,820.00 | \$ 1,820.00 | \$ 21,318.00 |
| Shelter Technician I | \$ 1,070.34 | \$ 1,070.34 | \$ 1,070.34 | \$ 1,070.34 | \$ 1,070.34 | \$ 1,070.34 | \$ 1,126.66 | \$ 1,126.67 | \$ 1,126.66 | \$ 1,126.67 | \$ 1,126.66 | \$ 1,126.64 | \$ 13,182.00 |
| Kennel Technicians | \$ 780.00 | \$ 780.00 | \$ 780.00 | \$ 780.00 | \$ 780.00 | \$ 780.00 | \$ 780.00 | \$ 780.00 | \$ 780.00 | \$ 780.00 | \$ 780.00 | \$ 780.00 | \$ 9,360.00 |
| Payroll Total | \$ 8,436.66 | \$ 8,436.67 | \$ 8,436.66 | \$ 8,436.67 | \$ 8,436.66 | \$ 8,436.67 | \$ 8,579.98 | \$ 8,580.00 | \$ 8,579.98 | \$ 8,606.67 | \$ 8,606.66 | \$ 8,606.72 | \$ 102,180.00 |
| Payroll Taxes 11% | \$ 883.67 | \$ 883.67 | \$ 883.67 | \$ 883.67 | \$ 883.67 | \$ 883.67 | \$ 889.43 | \$ 889.43 | \$ 889.43 | \$ 889.43 | \$ 889.43 | \$ 889.43 | \$ 10,698.60 |
| Personnel Total | \$ 9,320.33 | \$ 9,320.34 | \$ 9,320.33 | \$ 9,320.34 | \$ 9,320.33 | \$ 9,320.34 | \$ 9,479.41 | \$ 9,479.43 | \$ 9,479.41 | \$ 9,506.10 | \$ 9,506.09 | \$ 9,506.15 | \$ 112,878.60 |
| Facilities | | | | | | | | | | | | | |
| Electricity | \$ 291.66 | \$ 291.66 | \$ 291.66 | \$ 291.66 | \$ 291.66 | \$ 291.66 | \$ 291.66 | \$ 291.66 | \$ 291.66 | \$ 291.66 | \$ 291.66 | \$ 291.74 | \$ 3,500.00 |
| Heating Fuel | \$ 420.00 | \$ 420.00 | \$ 420.00 | \$ 420.00 | \$ 420.00 | \$ 420.00 | \$ 420.00 | \$ 420.00 | \$ 420.00 | \$ 420.00 | \$ 420.00 | \$ 420.00 | \$ 5,040.00 |
| Garbage Services | \$ 233.82 | \$ 233.82 | \$ 233.82 | \$ 233.82 | \$ 233.82 | \$ 233.82 | \$ 233.82 | \$ 233.82 | \$ 233.82 | \$ 233.82 | \$ 233.82 | \$ 233.82 | \$ 2,805.84 |
| Telephone/Internet | \$ 80.00 | \$ 80.00 | \$ 80.00 | \$ 80.00 | \$ 80.00 | \$ 80.00 | \$ 80.00 | \$ 80.00 | \$ 80.00 | \$ 80.00 | \$ 80.00 | \$ 80.00 | \$ 960.00 |
| Cleaning Supplies | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 3,000.00 |
| Maintenance | \$ 500.00 | \$ - | \$ - | \$ 500.00 | \$ - | \$ - | \$ 500.00 | \$ - | \$ - | \$ 500.00 | \$ - | \$ - | \$ 2,000.00 |
| Total Facilities | \$ 1,775.48 | \$ 1,275.48 | \$ 1,275.48 | \$ 1,775.48 | \$ 1,275.48 | \$ 1,275.48 | \$ 1,775.48 | \$ 1,275.48 | \$ 1,275.48 | \$ 1,775.48 | \$ 1,275.48 | \$ 1,275.56 | \$ 17,305.84 |
| Euthanasia | | | | | | | | | | | | | |
| Incineration | \$ 466.55 | \$ 466.55 | \$ 466.55 | \$ 466.55 | \$ 466.55 | \$ 466.55 | \$ 466.55 | \$ 466.55 | \$ 466.55 | \$ 466.55 | \$ 466.55 | \$ 467.95 | \$ 5,600.00 |
| Vet Services | \$ 116.67 | \$ 116.67 | \$ 116.67 | \$ 116.67 | \$ 116.67 | \$ 116.67 | \$ 116.67 | \$ 116.67 | \$ 116.67 | \$ 116.67 | \$ 116.67 | \$ 116.63 | \$ 1,400.00 |
| Total Euthanasia | \$ 583.22 | \$ 583.22 | \$ 583.22 | \$ 583.22 | \$ 583.22 | \$ 583.22 | \$ 583.22 | \$ 583.22 | \$ 583.22 | \$ 583.22 | \$ 583.22 | \$ 584.58 | \$ 7,000.00 |
| Edu. & Training | | | | | | | | | | | | | |
| Employee Training | \$ - | \$ 250.00 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 500.00 |
| Community Education | \$ - | \$ 250.00 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 500.00 |
| Total Training | \$ - | \$ 500.00 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,000.00 |
| Insurance | | | | | | | | | | | | | |
| General Liability | \$ 1,400.00 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,400.00 |
| Workers Comp | \$ 4,000.00 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,000.00 |
| Total Insurance | \$ 5,400.00 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,400.00 |
| Total Expenses | \$ 17,079.03 | \$ 11,179.04 | \$ 11,679.03 | \$ 11,679.04 | \$ 11,179.03 | \$ 11,179.04 | \$ 11,838.11 | \$ 11,338.13 | \$ 11,838.11 | \$ 11,864.80 | \$ 11,364.79 | \$ 11,366.29 | \$ 143,584.44 |
| INCOME | | | | | | | | | | | | | |
| City of Kodiak | \$ 9,750.00 | \$ 9,750.00 | \$ 9,750.00 | \$ 9,750.00 | \$ 9,750.00 | \$ 9,750.00 | \$ 9,750.00 | \$ 9,750.00 | \$ 9,750.00 | \$ 9,750.00 | \$ 9,750.00 | \$ 9,750.00 | \$ 117,000.00 |
| Adoption Fees | \$ 1,300.00 | \$ 1,300.00 | \$ 1,300.00 | \$ 1,300.00 | \$ 1,300.00 | \$ 1,300.00 | \$ 1,300.00 | \$ 1,300.00 | \$ 1,300.00 | \$ 1,300.00 | \$ 1,300.00 | \$ 1,300.00 | \$ 15,600.00 |
| Shelter Fundraisers | \$ - | \$ 400.00 | \$ - | \$ - | \$ - | \$ 500.00 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 900.00 |
| Kennel Fees | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 600.00 |
| HSK Donation | \$ 6,163.00 | \$ 264.00 | \$ 300.00 | \$ 300.00 | \$ 264.00 | \$ 264.00 | \$ 661.44 | \$ 140.00 | \$ 661.44 | \$ 300.00 | \$ 264.00 | \$ 264.00 | \$ 9,484.44 |
| Total Income | \$ 17,263.00 | \$ 11,764.00 | \$ 11,400.00 | \$ 11,400.00 | \$ 11,364.00 | \$ 11,864.00 | \$ 11,400.00 | \$ 11,240.00 | \$ 11,761.44 | \$ 11,400.00 | \$ 11,364.00 | \$ 11,364.00 | \$ 143,584.44 |

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MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Aimée Kniaziowski, City Manager *AK*
Thru: Mark Kozak, Public Works Director *MK*
Date: June 12, 2014

Agenda Item: V. j. Authorization of Bid Award for FY2015 Sodium Chloride

SUMMARY: Each year Public Works orders deicing salt to mix with ¼ inch rock chips for winter deicing and traction control on City streets and parking lots. The quantity of product requested is based on the remaining stock on hand and the previous winter's consumption. Last winter was a normal winter, and salt use was consistent with that of previous winters. Based on this, the bid quantity for FY2015 was 275 tons, the same quantity as the last four years. Two bids were received at the bid opening on May 28 2014. Staff recommends Council authorize the award of the FY2015 sodium chloride supply to the low bidder, Round Butte Products in the amount of \$93,728.60.

PREVIOUS COUNCIL ACTION: The Public Works Department bids for the City's winter sodium chloride supplies each spring. Each year the City Council approves the salt bid award in the late spring prior to the start of the new fiscal year.

DISCUSSION: In 1997, the Council approved the building of a salt storage building at the Public Works yard. This allowed the City to mix the salt with ¼ inch rock chips and store the mixture for winter use. The salt and chips are mixed in a rough 50/50 mixture based on weight. By mixing, Public Works staff has been able to reduce the amount of salt used in the winter, resulting in cost savings for winter deicing. Public Works has made further cost reductions by distributing the mix at stop signs, on hills, and at intersections rather than along the entire length of a street or road. However, using the mixture of salt and chips increases maintenance costs for street sweeping and storm drainage cleaning in the spring. Public Works continues to monitor the cost effectiveness of the 50/50 mixture to ensure overall savings. Because the amount of pavement the City is responsible for has increased, the amount of funds expended on deicing and traction control has seen a corresponding increase.

After evaluating the quantity of salt/chip mixture in storage and the stock of remaining salt on hand, Public Works issued the FY2015 bid for 275 tons. In FY2013 the bid price was \$321.50/ton and in FY 2014 the cost was \$329.77/ton.

Two bids were received at the bid opening on May 28, 2014, for our winter salt supply. They are listed in the table below.

| Bidder | Amount |
|---|--------------|
| Round Butte Products 36510 SE 13 th Street Washougal, WA 98671 | \$93,728.60 |
| Brenntag Pacific PO Box 770952 Eagle River, AK 99577 | \$104,500.00 |

ALTERNATIVES:

1. Authorize the bid award for road salt to the lowest bidder, Round Butte Products, which is the recommended option.
2. Do not authorize the bid award, which is not recommended, because it could impact the level of service currently provided.

FINANCIAL IMPLICATIONS: The annual supply of road salt is budgeted in the FY2015 Public Works Department Street supplies account. This year’s bid from Round Butte is just over \$3,000 higher than last year’s and significantly lower than the next bidder.

STAFF RECOMMENDATION: Staff recommends Council authorize the award of the FY2015 winter sodium chloride supply to Round Butte Products as the low bidder in the amount of \$93,728.60, with funds coming from the General Fund, Public Works Department, Street Supplies Account.

CITY MANAGER’S COMMENTS: The Public Works staff remains diligent in an effort to control costs when it comes to the purchase and use of road salt and to do so without compromising driver safety. As expected, the cost is up slightly this year, which is consistent with our overall trend of increases in commodity pricing and transportation surcharges. I support the recommendation of Public Works that Council award the FY2015 sodium chloride bid to Round Butte Products as the low bidder.

ATTACHMENTS:

- Attachment A: Round Butte Products salt bid # 527
- Attachment B: Brenntag Pacific, Inc salt bid #527

PROPOSED MOTION:

Move to authorize the FY2015 sodium chloride bid to Round Butte Products in the amount of \$93,728.60, with funds coming from the FY2015 Public Works Department, Street Supplies account.

Invitation to Bid-527

April 25, 2014

BID FORM

TO: Aimée Kniazowski, City Manager
City of Kodiak
710 Mill Bay Road, Room #219
PO Box 1397
Kodiak AK 99615

Any exceptions to the published bid specifications must be listed by item.

In compliance with your Invitation to bid for Bid No. 527 for Sodium Chloride FY 2015 dated April 25, 2014, the undersigned hereby proposes to provide the following:

| Item | Bid amount |
|--|---------------------|
| 1. 275 Tons of Sodium Chloride | 1. <u>93,738.60</u> |
| 2. If the City requires additional quantity over the 275 ton, will Vendor guarantee the same unit cost per ton through June 30, 2015 As stated in item number above? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> | |

If no, please explain:

Yes, but subject to fuel surcharges in excess of 31% on Samson Tugs & Barge

Type of packaging (circle): A or **(B)**

Same packaging as in past years

(Turn in Page 5 & 6 in as part of your bid)

Invitation to Bid-527

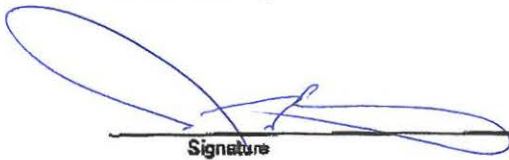
April 25, 2014

Liability Copies of Business License and City Sales Tax Registration enclosed.

Bid price valid for 30 days.

Terms Net 30 Dated May 15, 2014

Submitted by: _____ Dated: May 15, 2014


Signature

Round Butte Products
Business Name

Owner
Title

36510 SE 13th St
Address

360.835.0538
Telephone

Washougal WA
City, State, Zip

Note* Increases in costs of ocean freight are the cause of increase over 2013

Invitation to Bid-527

April 25, 2014

BID FORM

TO: Aimée Kniazowski, City Manager
City of Kodiak
710 Mill Bay Road, Room #219
PO Box 1397
Kodiak AK 99615

Any exceptions to the published bid specifications must be listed by item.

In compliance with your Invitation to bid for Bid No. 527 for Sodium Chloride FY 2015 dated April 25, 2014, the undersigned hereby proposes to provide the following:

| Item | Bid amount |
|--|--------------------------------|
| 1. 275 Tons of Sodium Chloride | 1. <u>104,500⁰⁰</u> |
| 2. If the City requires additional quantity over the 275 ton, will Vendor guarantee the same unit cost per ton through June 30, 2015 As stated in item number above? Yes <u>X</u> No _____ | |
| If no, please explain: | |

Type of packaging (circle): A or B

(Turn in Page 5 & 6 in as part of your bid)

Invitation to Bid-527

April 25, 2014

Liability Copies of Business License and City Sales Tax Registration enclosed.

Bid price valid for 60 days.

Terms N30 Dated 5/19/14

Submitted by: _____ Dated: 5/19/14

[Signature] _____ Brenntag Pacific, Inc.
Signature Business Name

Acct Mgr _____ Bx 770952
Title Address

907-244-0423 _____ ER AK 99577
Telephone City, State, Zip

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Aimée Kniazowski, City Manager *AK*
Thru: Mark Kozak, Public Works Director *MK*
Date: June 12, 2014

Agenda Item: V. k. Authorization of Bid Award for FY2015 Petroleum Products

SUMMARY: Each year the Public Works Department issues bids for the City's petroleum products. On May 28, 2014, bids were opened for petroleum products for FY2015 year. Two bids were received. Petro Marine Services was the lowest bidder for all petroleum products. Staff recommends Council authorize the bid award for the purchase of petroleum products to Petro Marine Services.

PREVIOUS COUNCIL ACTION: Annually the City Council awards the petroleum product bid to the lowest bidder.

BACKGROUND: This bid provides all the City's fuel needs for FY2015. This includes the City's heating fuel, equipment diesel, and gasoline. The bid price fluctuates throughout the year as fuel costs move up and down.

DISCUSSION: Petroleum product bids were opened on May 28, 2014. The bids received are summarized in the following table:

| BIDDER | DIESEL Ultra low sulfur | GASOLINE | HEATING FUEL # 2 | HEATING FUEL # 1* |
|--|----------------------------|----------|---------------------|----------------------|
| Petro Marine Service 104 Marine Way Kodiak, Alaska 99615 | \$3.711 | \$3.711 | \$3.711 | \$3.811 |
| North Pacific Fuel P.O. Box 1487 Kodiak, Alaska 99615 | \$3.725 | \$3.828 | \$3.725 | \$3.855 |

* (Heating fuel #1 is needed for blending purposes during cold weather and is awarded to the vendor who is selected to provide heating fuel products.)

ALTERNATIVES:

1. Authorize the award of the FY2015 bid to Petro Marine Services for all of the City's petroleum products as listed above.
2. Do not authorize the award of the petroleum bids, which is not recommended, because it would not allow City crews to maintain daily operations and services to the public.

FINANCIAL IMPLICATIONS: Fuel and oil costs are an operational expense. The costs are included in the appropriate departments' FY2015 operating budgets. Public Works tracks fuel use by vehicle or piece of equipment and submits a monthly report to the Finance Department. Each department is charged for the fuel used, and these funds are returned to the appropriate account.

STAFF RECOMMENDATION: Staff recommends Council authorize the award of the City's petroleum products bid for FY2015 to Petro Marine Services.

CITY MANAGER'S COMMENTS: The award of the fuel bids is done annually with bids normally awarded to the lowest bidder for the needed products. This year we received bids from both local suppliers, and again the cost for each type of product is higher than last year's bid. We need the fuel products for operations, so I support the recommendation of staff to award the FY2015 petroleum products to Petro Marine Services.

ATTACHMENTS:

Attachment A: Petro Marine Service bid

Attachment B: North Pacific Fuel bid

PROPOSED MOTION:

Move to authorize award of the City's FY2015 petroleum products bid to Petro Marine Services with funds coming from each department's FY2015 line items for the initial prices as follows: \$3.711 for ultra low sulphur diesel fuel #2, unleaded gasoline, and heating fuel #2; and \$3.811 for heating fuel #1.

Invitation to Bid-526

April 25, 2014

BID FORM

TO: Aimée Kniazowski, City Manager
City of Kodiak
710 Mill Bay Road, Room #219
PO Box 1397
Kodiak AK 99615

Any exceptions to the published bid specifications must be listed by item.

In compliance with your Invitation to bid for Bid No. 526 for Petroleum Products FY 2015 dated April 25, 2014, the undersigned hereby proposes to provide the following:

| Item | Bid amount |
|--|---------------------------------|
| 1. Ultra Low Sulphur Diesel Fuel #2 – Estimated 30,000 gallons delivered to the Fire Hall Generator, Public Works Equipment Tank, Pillar Creek Pump Station, Monashka Pump Station, Spruce Cape Lift Station, Mill Bay Lift Station, Father Herman Lift Station, Lift Station #5-Metrokin. | \$ <u>3.711</u> (per gallon) |
| 2. Unleaded Gasoline – Estimated 40,000 gallons Public Works Equipment Tank. | \$ <u>3.711</u> (per gallon) |
| 3. Heating #2 – Estimated 90,000 gallons delivered to Barn, Kodiak Police Dept-New and old Building, Kodiak Fire Dept, Public Works Dept, Baranof Park Office Bldg, Baranof Museum, Teen Center, Kodiak Public Library, St. Paul Harbormaster Building, St. Paul Harbor Public Restroom Facility, St. Herman Harbormaster Bldg, Wastewater Treatment Plant, Baranof Park Ice-Rink. | \$ <u>3.711</u> (per gallon) |
| 4. Heating Fuel #1 – This will be needed for blending purposes for cold weather conditions, and will be awarded to the vendor who is selected to provide heating fuel products. | \$ <u>3.811</u> (per gallon) |

The bid will be awarded on an individual basis for each of the above items.

(Turn in Page 5 & 6 in as part of your bid)

Invitation to Bid-526

April 25, 2014

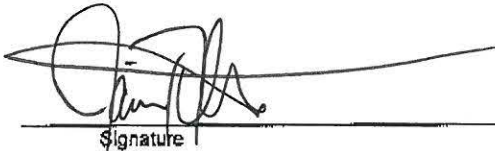
Liability Copies of Business License and City Sales Tax Registration enclosed.

Bid price valid for 15 days.

Terms 30 Dated 05-28-2014

Submitted by:

Dated: 5-28-2014


Signature

Petro Marine Services Kodiak.
Business Name

Plant Manager
Title

104 E Marine Way.
Address

907-486-3866
Telephone

Kodiak AK 99615
City, State, Zip

Invitation to Bid-526

April 25, 2014

BID FORM

TO: Aimée Kniazowski, City Manager
City of Kodiak
710 Mill Bay Road, Room #219
PO Box 1397
Kodiak AK 99615

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In compliance with your Invitation to bid for Bid No. 526 for Petroleum Products FY 2015 dated April 25, 2014, the undersigned hereby proposes to provide the following:

| Item | Bid amount |
|--|---------------------------------|
| 1. Ultra Low Sulphur Diesel Fuel #2 – Estimated 30,000 gallons delivered to the Fire Hall Generator, Public Works Equipment Tank, Pillar Creek Pump Station, Monashka Pump Station, Spruce Cape Lift Station, Mill Bay Lift Station, Father Herman Lift Station, Lift Station #5-Metrokin. | \$ <u>3.725</u> (per gallon) |
| 2. Unleaded Gasoline – Estimated 40,000 gallons Public Works Equipment Tank. | \$ <u>3.828</u> (per gallon) |
| 3. Heating #2 – Estimated 90,000 gallons delivered to Barn, Kodiak Police Dept-New and old Building, Kodiak Fire Dept, Public Works Dept, Baranof Park Office Bldg, Baranof Museum, Teen Center, Kodiak Public Library, St. Paul Harbormaster Building, St. Paul Harbor Public Restroom Facility, St. Herman Harbormaster Bldg, Wastewater Treatment Plant, Baranof Park Ice-Rink. | \$ <u>3.725</u> (per gallon) |
| 4. Heating Fuel #1 – This will be needed for blending purposes for cold weather conditions, and will be awarded to the vendor who is selected to provide heating fuel products. | \$ <u>3.855</u> (per gallon) |

The bid will be awarded on an individual basis for each of the above items.

(Turn in Page 5 & 6 in as part of your bid)

Invitation to Bid-526

April 25, 2014

Liability Copies of Business License and City Sales Tax Registration enclosed.

Bid price valid for _____ days.

Terms net 30 Dated 5/28/14

Bid price valid until a change in NPF plant posted pricing.

Submitted by: _____ Dated: 5/28/14

[Signature] _____ North Pacific Fuel
Signature Business Name

Terminal Manager _____ 715 Shelikof
Title Address

907-486-3245 _____ Kodiak Alaska, 99615
Telephone City, State, Zip

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EXECUTIVE SESSION

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Debra Marlar, City Clerk

Date: June 12, 2014

Agenda Item: X. a. Discussion of Horizon Lines Contract Negotiations

SUMMARY: The City Council will enter into executive session to discuss Horizon Lines contract negotiations.

MOTION:

Move to enter into executive session pursuant to AS 44.62.310(c)(1) to discuss matters, the immediate knowledge of which would clearly have an adverse effect upon the finances of the City, specifically the negotiation of new contracts with Horizon Lines.

JUNE 12, 2014
Agenda Item X. a. Memo Page 1 of 1