

**City of Kodiak Regular Council Meeting Agenda for July 24, 2014**  
**7:30 p.m., at 710 Mill Bay Road, Assembly Chambers (Room 232)**

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- I. Call to Order/Roll Call**  
Pledge of Allegiance/Invocation
  
- II. Previous Minutes**  
Approval of Minutes of the June 12, 2014, Regular Council Meeting.....1
  
- III. Persons to Be Heard**
  - a. Public Comments (limited to 3 minutes) (486-3231)
  
- IV. Unfinished Business**  
None
  
- V. New Business**
  - a. First Reading, Ordinance No. 1320, Authorizing a Lease of Property Adjacent to Pier II With Petro Star, Inc. D/B/A North Pacific Fuel .....10
  - b. First Reading, Ordinance No. 1321, Authorizing the Grant to Kodiak Electric Association, Inc, of an Approximately 5,000 Square Foot Easement on a Portion of Alaska State Land Survey No. 89-10, USS 2539 TR A Located in the Vicinity of Gibson Cove; and a 40-Foot Wide by Approximately 4,997 Foot-Long Easement Traversing Pillar Mountain Across City Properties Described as USS 2538a TR B and USS 3945; for a Flywheel System and Power Line to Support the Operation of a New Crane at Pier III .....20
  - c. First Reading, Ordinance No. 1322, Enacting Kodiak City Code 2.08.065, Assistant City Manager—Appointment, Powers and Duties; Amending Chapters 2, 4 and 10 of the City Personnel Rules and Regulations; Amending the Definitions in the City Personnel Rules and Regulations; and Adopting New Schedules I And II to the Personnel Rules and Regulations; to Provide for the Appointment, Duties, and Compensation of an Assistant City Manager .....42
  - d. Resolution No. 2014–26, Amending Section 14, Utilities (Sewer), of the Schedule of Fees, Charges, and Tariffs and Authorizing Implementation of a Five-Year Rate Structure and Repealing Resolution No. 2014–22.....54
  - e. Resolution No. 2014–27, Authorizing the Issuance of a Permit to the Filipino American Association of Kodiak for the Use of Public Property to Host Its Philippine Consulate Outreach Program .....66
  - f. Resolution No. 2014–28, Authorizing Payment of Fiscal Year 2015 Nonprofit Organization Grants .....72
  - g. Resolution No. 2014–29, Authorizing the Kodiak Football League to Collect Admission Fees for High School Football and Youth League Football Games at Baranof Park .....80
  - h. Authorization of Bid Award for Annual Sidewalk, Curb, and Gutter Repairs, Project No. 5003/15-01 .....84
  - i. Authorization of Professional Services Contract for Kodiak Police Department Boiler Repair .....88
  - j. Authorization of Memorandum of Understanding to Establish the Safe Streets Task Force .....94

k.	Authorization of Borrow Material Permit No. 14-1 to B&R Fish By-Products, Inc. for the Breakwater Quarry.....	110
l.	Authorization of Borrow Material Permit No. 14-2 to Brechan Enterprises, Inc., for the Breakwater Quarry.....	122
m.	Authorization of FY2015 Pavement Repairs, Project No. 15-02/5025 .....	134

**VI. Staff Reports**

- a. City Manager
- b. City Clerk

**VII. Mayor's Comments**

**VIII. Council Comments**

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

**X. Adjournment**



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**MINUTES OF THE REGULAR COUNCIL MEETING  
 OF THE CITY OF KODIAK  
 HELD THURSDAY, JUNE 12, 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, Terry J. Haines, Gabriel T. Saravia, Richard H. Walker, and John B. Whiddon were present and constituted a quorum. City Manager Aimée Kniazowski and City Clerk Debra L. Marlar 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 May 22, 2014, regular council meeting and May 20 and May 27, 2014, special meetings as presented.

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

**III. PERSONS TO BE HEARD**

**a. Public Comments**

**Karen Yashin**, President of Humane Society of Kodiak, thanked the Council for their support.

**Lucian Bernard** reiterated his request to use the old library for a halfway house.

**Betty MacTavish, Dana Carros, Rolan Ruoss, and George Reith** spoke against the National Defense Authorization Act and urged the City Council to adopt a resolution against the Act.

**Rolan Ruoss**, Seahawk Air, thanked the Council for the work at the rock pit above Trident Basin, stating local aviators would like to see the area flat.

**George Reith** thanked Council for the job they do.

**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 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 Haines MOVED to adopt Ordinance No. 1319.

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

Councilmember Davidson MOVED to amend Ordinance No. 1319 as follows: increase funding for the Kodiak Historical Society by \$12,500 in the General Fund, Parks and Recreation, Museum, Contributions line item, with funds from the General Fund fund balance; increase funding for the Humane Society of Kodiak by \$6,000 in the General Fund, Police, Animal Control, Professional Services line item, with funds from the General Fund fund balance; increase funding for Discover Kodiak (CVB) by \$10,000 in the Tourism Fund, Administration, Contributions line item, with funds from the Tourism Fund fund balance; increase funding for the Downtown Revitalization Project, 4039, with a \$25,000 transfer from the Tourism Fund, fund balance; and authorize staff to correct budget totals accordingly.

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

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

## 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. 10-03/7026**

Mayor Branson read Resolution No. 2014-23 by title. The Public Works Director submitted an Alaska Municipal Matching Grant questionnaire for the state's FY2015 grant program in August 2013 for Phase V, Segment B of the Aleutian Homes Water and Sewer Replacement Project. 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.

Councilmember Walker MOVED to adopt Resolution No. 2014-23.

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

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

Mayor Branson read Resolution No. 2014–24 by title. Monashka reservoir and pumphouse are the primary sources of water for the City of Kodiak’s public water system. The facility reached the end of its useful life and needs replacement. Staff applied for an FY2015 Alaska Municipal Matching Grant 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.

Councilmember Whiddon MOVED to adopt Resolution No. 2014–24.

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

**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**

Mayor Branson read Resolution No. 2014–25 by title. This resolution permits American Legion Post 17 to close and use City streets for its annual Fourth of July parade on Friday, July 4, 2014, from 11 a.m. to approximately 12:30 p.m.

Councilmember Bishop MOVED to adopt Resolution No. 2014–25.

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

**d. Authorization of a Professional Services Contract for Interim Finance Director Services**

The City’s long-time Finance Director resigned in mid-May, and 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 agreement will continue until a new Finance Director is hired.

Councilmember Haines MOVED 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.

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

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

The Kodiak Police Station incorporates a number of automated systems that control and operate the building's fire, security, and mechanical systems. Johnson Controls, Inc. 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. The current contract is ending, and this authorization would award a new multi-year service agreement to Johnson Controls, Inc. to continue provide preventative maintenance and correction of minor deficiencies encountered during routine inspections of the building control systems utilized within the Kodiak Police Station.

Councilmember Walker MOVED 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.

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

**f. Authorization of Extension of Office Use Agreement With the Maritime Museum**

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. 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.

Councilmember Davidson MOVED 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.

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

**g. Authorization of FY2015 Special Services Contract with Alaska Department of Public Safety**

The Alaska Department of Public Safety (DPS) has contracted with the City to provide support services to Kodiak-based Alaska State Troopers and Alaska Wildlife Troopers for over thirteen years. DPS has requested renewal of its contract with the City. In exchange for providing these services, DPS will compensate the City in the amount of \$78,750 for FY2015.

Councilmember Haines MOVED to authorize the FY2015 Special Services Contract with the Alaska Department of Public Safety, Division of Alaska State Troopers, in the amount of \$78,750 and authorize the City Manager to sign the contract on behalf of the City.

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

**h. Authorization of FY2015 Marketing and Tourism Development Agreement With Discover Kodiak**

The 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. Discover Kodiak is requesting the City provide \$100,000 to fund the FY2015 contract, which is \$10,000 more than was funded in FY2014.

Councilmember Davidson MOVED to authorize the FY2015 Marketing and Tourism Development Agreement with Discover Kodiak in the amount of \$100,000, 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.

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

**i. Authorization of Animal Shelter Operation Contract With Humane Society of Kodiak**

The City of Kodiak and the Humane Society (HSK) have been partners in providing a successful animal shelter for the past nineteen years. The Council has authorized two-year agreements for the operation of the shelter since 1995, the last of which will expire on June 30, 2014. HSK has requested a contract increase to total \$114,000 for FY2015 and \$117,000 for FY2016 for supplies, services, and staff salaries. The FY2014 contract amount is \$108,000.

Councilmember Whiddon MOVED to authorize a two-year service contract ending June 30, 2016, with the Humane Society of Kodiak for animal shelter operations in the amount of \$114,000 for FY2015 and in the amount of \$117,000 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.

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

**j. Authorization of Bid Award for FY2015 Sodium Chloride**

Each year the Public Works Department 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.

Councilmember Bishop MOVED 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.

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

**k. Authorization of Bid Award for FY2015 Petroleum Products**

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. Two bids were received. Petro Marine Services was the lowest bidder for all petroleum products, which include heating fuel, equipment diesel, and gasoline. The bid price fluctuates throughout the year as fuel costs move up and down.

Councilmember Haines MOVED 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.

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

**VI. STAFF REPORTS****a. City Manager**

Manager Kniazowski said the tsunami siren was accidentally set off earlier in the day and apologized for any concern it caused the public. She said the new fire truck will arrive in Kodiak in the near future and elected officials would have an opportunity to view it. She provided project updates for Pier III; the compost facility; Monashka pumphouse; Aleutian Homes, phase 5, segment b; the snow dump site; the downtown master plan for sewer/water replacement; and chlorine liners for the water storage tanks. She reminded elected officials of emergency management training scheduled for June 19. She stated a reception would be held June 23 for the Marine Transportation Advisory Board and the public is invited. Manager Kniazowski stated a no-host dinner would be held with UAF Vice Chancellor Mark Myers on June 24 to discuss the importance and future of the FITC/Marine Science Research Center. She thanked the staff and Council for its work on the FY2015 budget and the City's contracted nonprofit agencies. She stated she will be on vacation June 23-July 9.

**b. City Clerk**

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

**VII. MAYOR'S COMMENTS**

Mayor Branson commended Manager Kniazowski and staff for their work on the FY2015 budget, which met the Council's budget goals. She voiced her support of the City's partnerships with the Humane Society of Kodiak, Discover Kodiak, and the Historical Society. She thanked the Council for the additional funds added to the Downtown Revitalization Project. She thanked Public Works Director Mark Kozak for his hard work to replace the bat-infested pumphouse and his work on capital grants. She encouraged the public to attend the Marine Transportation Advisory Board meeting being held in Kodiak on June 24 and the reception on June 23, stating it

is important for the community to provide information about the replacement of the Tustumena and ferry service in Kodiak.

## VIII. COUNCIL COMMENTS

Councilmember Walker thanked Public Works Director Mark Kozak for his work on grants that help keep taxes lower and spoke of the importance of maintaining City infrastructure. He thanked the nonprofit groups for their services. He thanked the People Against the National Defense Authorization Act (PANDA) for attending the meeting and sharing their views.

Councilmember Bishop had no comments.

Councilmember Haines voiced agreement with the positive comments made about staff. He thanked the PANDA group for coming forward and commented on the importance of citizen input. He spoke in favor of the increases granted to Discover Kodiak, Humane Society of Kodiak, and Kodiak Historical Society. He encouraged a safe fishing season.

Councilmember Saravia provided a fishing update. He thanked staff for their work. He thanked the PANDA group for speaking. He voiced appreciation of the public and staff for attending Council meetings.

Councilmember Davidson thanked staff for their dedication and operation of City business. He thanked the PANDA group for speaking and voiced the country is under an act of war against terrorist threats, and this federal-level issue requires more understanding and explanation.

Councilmember Whiddon, said there was a good discussion of the proposed safe streets taskforce at Tuesday's work session, and he hopes to see the approval before the Council at an upcoming meeting. He reiterated the task force will provide a key element to help battle drugs in the community. He thanked staff for their work on the budget. He stated a Fisheries Work Group meeting will be held Wednesday, June 25 and encouraged attendance.

## IX. AUDIENCE COMMENTS

**Dana Carros** and **Betty MacTavish** thanked the Council for its comments that welcomed the PANDA group and reiterated their desire to present additional information at an upcoming meeting.

## X. 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 the negotiation of new contracts with Horizon Lines.

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

The Mayor and full Council entered into Executive Session at 9:01 p.m.

Councilmember Saravia left at approximately 9:55 p.m. Councilmember Whiddon left at approximately 10 p.m. and returned at 10:16 p.m.

The regular meeting reconvened at 10:15 p.m.

**XI. ADJOURNMENT**

Councilmember Davidson MOVED to adjourn the meeting.

The roll call vote was Councilmembers Bishop, Davidson, Haines, and Walker in favor. Councilmembers Saravia and Whiddon were not present. The motion passed.

The meeting adjourned at 10:15 p.m.

CITY OF KODIAK

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MAYOR

ATTEST:

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CITY CLERK

Minutes Approved:





# **NEW BUSINESS**

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**MEMORANDUM TO COUNCIL**

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**To:** Mayor Branson and City Council members  
**From:** Aimée Kniaziowski, City Manager   
**Thru:** Lon White, Harbormaster   
**Date:** July 24, 2014

**Agenda Item: V. a. First Reading, Ordinance 1320, Authorizing a Lease of Property Adjacent to Pier II With Petro Star, Inc., D/B/A North Pacific Fuel**

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**SUMMARY:** Ordinance No. 1320 would authorize the City of Kodiak to lease a portion of Pier II uplands known as Van Rows 11 and 12 (easterly), to Petro Star Inc, D/B/A North Pacific Fuel. Petro Star has leased the parcel for five year terms continuously since 1999 and desires to renew the lease for an additional five years. The current lease expires July 30, 2014. To approve the lease, Council must pass Ordinance No. 1320 in the first reading and advance to second reading and public hearing at the next regular or special Council meeting.

**PREVIOUS COUNCIL ACTION:** Council has renewed the lease with Petro Star for three terms since in 1999.

**DISCUSSION:** The parcel leased by Petro Star is located on the northwest corner of the Pier II property, immediately adjacent to Petro Star's bulk oil facility at 715 Shelikof St. The 8,300 square foot (sf) area is used for storage, staging and parking in support of their bulk fuel facility operations. The area is paved with a security fence around the perimeter. The total lease area of 8,300 sf represents the current condition, which is 200 sf less than in previous years due to the Shelikof St. road realignment that accommodated the pedestrian walkway.

The majority of the uplands at Pier II were historically leased by commercial freight carriers for the storage of container vans on chassis. In the early 1990s, carriers transitioned to a "dry stack" method of container storage and consolidated their operations, primarily at Pier III. Currently, only a small portion of the Pier II uplands are used for container storage. Most of the uplands are now used to support other marine related business such as commercial fishing, staging for ferries and cruise ships, and ground leases to NOAA and Petro Star. The use of the area leased by Petro Star is appropriate and works in concert with other users in the area. The City's Used Oil Facility is located directly adjacent to Petro Star's lease area, making the handling of oil products between the facilities very efficient.

**ALTERNATIVES:**

- 1) Renew the lease to Petro Star for another five-year term by approving Ordinance No. 1320. Use of the area is beneficial to both parties and essential to Petro Star operations. This is staff’s recommendation.
- 2) Do not renew the lease and seek other uses for the area. It is unlikely the City will find a more suitable tenant or use for the property, therefore staff does not recommend this option.

**FINANCIAL IMPLICATIONS:** In 2013 an appraisal of the Pier II warehouse and uplands was conducted. The proposed rates are consistent with the appraiser’s recommended rates and fair market value. Petro Star has agreed to lease the 8,300 sf parcel at the current rate plus a 2.5% increase each year of the contract. The total revenue for the lease term is \$64,484.75. The annual rate is:

August 1, 2014 to July 31, 2015	\$12,268.02
August 1, 2015 to July 31, 2016	\$12,574.72
August 1, 2016 to July 31, 2017	\$12,889.09
August 1, 2017 to July 31, 2018	\$13,211.32
August 1, 2018 to July 31, 2019	\$13,541.60

**LEGAL:** The City attorney and insurance broker reviewed all documents for compliance. The attorney also prepared the ordinance.

**STAFF RECOMMENDATION:** Staff recommends Council approve the lease as negotiated with Petro Star, Inc. for a five-year term commencing on August 1, 2014, and ending on July 31, 2019 by adopting Ordinance No. 1320 in the first reading and advancing to the second reading and public hearing at the next regular or special Council meeting.

**CITY MANAGER’S COMMENTS:** The Harbormaster discussed the renewal of the lease with Petro Star and negotiated the terms of the agreement. The lease benefits Petro Star and the Harbor Department and provides revenues to the City. I support Lon White’s recommendation and ask Council to adopt Ordinance 1320 in the first reading and advance to the second reading at the next Council meeting.

**ATTACHMENTS:**

- Attachment A: Ordinance No. 1320
- Attachment B: Five-year lease between the City and Petro Star

**PROPOSED MOTION:**

Move to pass Ordinance No. 1320 in the first reading and advance to the second reading and public hearing at the next regular or special Council meeting.

**CITY OF KODIAK  
ORDINANCE NUMBER 1320**

**AN ORDINANCE OF THE COUNCIL OF THE CITY OF KODIAK AUTHORIZING A LEASE OF PROPERTY ADJACENT TO PIER II WITH PETRO STAR, INC. d/b/a NORTH PACIFIC FUEL**

WHEREAS, the City of Kodiak (“City”) the City is the owner of certain land adjacent to Pier II, more particularly described as the easterly 8,300 square feet of Van Storage Rows 11 and 12, combined (“Premises”); and

WHEREAS, Petro Star, Inc. d/b/a North Pacific Fuel desires to renew its existing lease of the Premises for purposes that are directly related to its use of the Pier II port facilities, for a term expiring July 31, 2019.

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

**Section 1:** The Council finds that it is in the best interest of the City of Kodiak to renew the Ground Lease Agreement with Petro Star, Inc. d/b/a North Pacific Fuel, for the use of 8,300 square feet of space in the area adjacent to Pier II. Notwithstanding any provision of Kodiak City Code Chapter 18.20 to the contrary, the renewal of such Ground Lease Agreement hereby is authorized.

**Section 2:** The form and content of the Ground Lease Agreement between the City and Petro Star, Inc. d/b/a North Pacific Fuel, hereby are in all respects authorized, approved, and confirmed; and the City Manager hereby is authorized, empowered, and directed to execute and deliver the Ground Lease Agreement to Petro Star, Inc., d/b/a North Pacific Fuel, on behalf of the City, in substantially the form and content now before this meeting but with such changes, modifications, additions, and deletions therein as she shall deem necessary, desirable, or appropriate, the execution thereof to constitute conclusive evidence of approval of any and all changes, modifications, additions, or deletions therein from the form and content of said document now before this meeting, and from and after the execution and delivery of said document, the City Manager hereby is authorized, empowered, and directed to do all acts and things and to execute all documents as may be necessary to carry out and comply with the provisions of the Ground Lease Agreement as executed.

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

CITY OF KODIAK

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MAYOR

ATTEST:

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CITY CLERK

First Reading:  
Second Reading:  
Effective Date:

**GROUND LEASE AGREEMENT  
PETRO STAR AND CITY OF KODIAK  
FOR A PORTION OF VAN STORAGE ROWS ADJACENT TO PIER 2  
CONTRACT NO. 216262**

THIS LEASE, made as of the 1<sup>st</sup> day of August 2014, by and between the **City of Kodiak**, an Alaska municipal corporation ("City"), and **Petro Star, Inc.**, an Alaska corporation, d/b/a North Pacific Fuel ("Lessee"), provides as follows:

**1. Leased Premises.** Upon the terms and conditions set forth herein and subject to the prompt payment and performance by Lessee of each and every sum and other obligation herein, the City does hereby lease, let, and demise to the Lessee, and the Lessee does hereby lease from the City the following described premises: that portion of Van Storage Rows 11 and 12, near Pier II in Kodiak, Alaska, extending seventy-five feet from the easterly end of those rows along the curbs defining the rows, and terminating at a line drawn between the curbs at the seventy-five-foot limit, comprising 8,300 square feet more or less, and further identified on the schematic drawing attached hereto as Exhibit A ("Premises").

**2. Term.** This Lease shall be effective from August 1, 2014, through July 31, 2019, unless terminated earlier as provided below. The provisions of Kodiak City Code section 18.20.350 in effect on the day and year first above written shall govern the Lessee's re-lease rights.

**3. Rental.** Lessee agrees to pay as and for rent the sum of TWELVE THOUSAND TWO HUNDRED SIXTY EIGHT DOLLARS AND TWO CENTS (\$12,268.02) per year in the first year, in one annual installment which is due in advance on the first day of August 2014. The rental amount will be increased for each subsequent year of this lease, effective with the rental payment due August 1 of each year, by an amount equal to 2.5% of the prior year's rental. The annual rentals shall be as follows:

August 1, 2014 to July 31, 2015	\$12,268.02 per year
August 1, 2015 to July 31, 2016	\$12,574.72 per year
August 1, 2016 to July 31, 2017	\$12,889.09 per year
August 1, 2017 to July 31, 2018	\$13,211.32 per year
August 1, 2018 to July 31, 2019	\$13,541.60 per year

**4. Conditions of Lease.** The Premises shall be used solely for the following purposes:  
(a) Storage of spill response supplies and equipment  
(b) Unloading cargo container vans  
(c) Parking of company and employee vehicles  
(d) General storage  
(e) Storage of lube oils and kerosene in barrels

**5. Improvements.** City shall have the right to make additions, alterations, or improvements to the Premises which will not impede Lessee's access to or use of the Premises. Lessee shall

have the right to erect or construct a suitable fence necessary for securing the property placed in the area leased, a bulk lube oil system, asphalt curbing, and parked cargo container vans for inventory storage. Any improvements constructed by Lessee shall be consistent with the limited use of the Premises authorized by this Lease and shall be constructed at Lessee's expense. Upon termination of this Lease, such improvements shall be removed by Lessee at its sole expense.

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

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

**8. Insurance.** (a) Lessee shall procure and maintain at its sole expense, and shall keep in full force and effect throughout the term of this Lease, the following policies of insurance:

(1) Commercial General Liability Insurance, \$1,000,000 combined single limit per occurrence for bodily injury and property damage claims arising from all operations related to this Lease. The general aggregate limit shall be \$2,000,000.

(2) Commercial Automobile Liability Insurance, \$1,000,000 combined single limit per accident for bodily injury and property damage.

(3) Worker's Compensation and Employers Liability. Worker's Compensation shall be statutory as required by the State of Alaska. Employers Liability shall be endorsed to the following minimum limits and contain USL&H coverage endorsement, if applicable: (i) bodily injury by accident--\$1,000,000 each accident; and (ii) bodily injury by disease--\$1,000,000 each employee, \$1,000,000 policy limit.

(4) A policy of public and property damage liability insurance in an amount of not less than \$1,000,000 or the amount required for Lessee to demonstrate financial responsibility under 18 AAC 75.205, *et seq.*, whichever amount is greater. Such policy shall include coverage for all claims, damages, fines, or penalties which may arise by reason of any federal, state, or local law or regulation, including but not limited to AS 46.04, as a result of any discharge of petroleum products from Lessee's items stored on or other use of the Premises. The insurance coverage requirements of this subparagraph are intended to be in addition to the insurance and other financial responsibility requirements set forth in 18 AAC 75, and nothing in this Lease shall be construed as a waiver of the City's right to insist upon strict compliance with those requirements.

(b) Other Insurance Provisions. The policies are to contain, or be endorsed to contain, the following provisions:

(1) Commercial General Liability and Automobile Liability

(i) City, its officers, officials, employees and volunteers are to be covered as additional insureds. The coverage shall contain no special limitation on the

scope of protection afforded to City, its officers, officials, employees and volunteers.

(ii) Lessee's insurance coverage shall be primary insurance as respects City, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by City, its officers, officials, employees and volunteers shall be excess of Lessee's insurance and shall not contribute to it.

(iii) Lessee's insurer shall agree to waive all rights of subrogation against City, its officers, officials, employees and volunteers for losses arising from work performed by Lessee or any sublessee for City.

(2) Worker's Compensation and Employer's Liability. Lessee's insurer shall agree to waive all rights of subrogation against City, its officers, officials, employees and volunteers for losses arising from work performed by Lessee or any sublessee for City.

(3) All Insurance. Each insurance policy required by this Lease shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after 30 days' prior written notice for nonpayment of premium or fraud on the part of Lessee, or 60 days prior written notice for any other reason, has been given to by the Insurer to City by certified mail, return receipt requested.

(c) Acceptability of Insurers. Insurance is to be placed with insurers with a Best's rating of no less than A-: VII.

(d) Verification of Coverage. Lessee shall furnish City with approved certificates of insurance and with certified copies of all endorsements effecting coverage required by this Section. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates are to be on forms which meet industry standard. City reserves the right to require complete, certified copies of all required insurance policies, at any time.

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

**10. Operation of Equipment.** In installing, operating, or maintaining any equipment on the Premises and in its general management of the Premises, the Lessee will act in accordance with applicable laws and regulations and so as not to cause interference with any other authorized use of Van Storage Rows, Pier II, and other City property. Lessee will not do, attempt, or permit any acts in connection with this Lease which could be construed as a violation of law.

**11. Condition of Premises.** Lessee takes the Premises in its present condition and City shall have no responsibility for its condition, or for any damage suffered by Lessee or any other person due to such conditions.

**12. Assignment and Subleasing.** Lessee shall not assign its rights or delegate its duties under this Lease, or sublease all or any part of the Premises, without the prior written consent of City.

**13. Termination, Default and Re-Entry.** (a) Either party may terminate this Lease prior to the end of the Term by written notice delivered to the other party. Such termination shall be



effective no earlier than ninety (90) days after the first day of the month immediately following such notice.

(b) If Lessee fails to cure any default of the conditions of this Lease within thirty (30) days after written notice thereof by City, or in the event insolvency proceedings should be instituted by or against Lessee, then City 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.

**14. Notice.** Any notice under this Lease shall be in writing and shall be given when delivered in person or deposited in the United States mail, certified and postage prepaid, and addressed to the other party at the address set forth above its signature on this Lease. The address to which any notice under this Lease shall be given to a party may be changed by written notice given by such party as above provided.

**15. 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 as of the day and month first above written.

CITY OF KODIAK  
710 Mill Bay Road  
Kodiak, AK 99615

PETRO STAR, INC. (DBA North Pacific Fuel)  
P. O. Box 1487  
Kodiak, AK 99615

\_\_\_\_\_  
Aimée Kniazowski, Manager

\_\_\_\_\_  
Donald Castle, Vice President

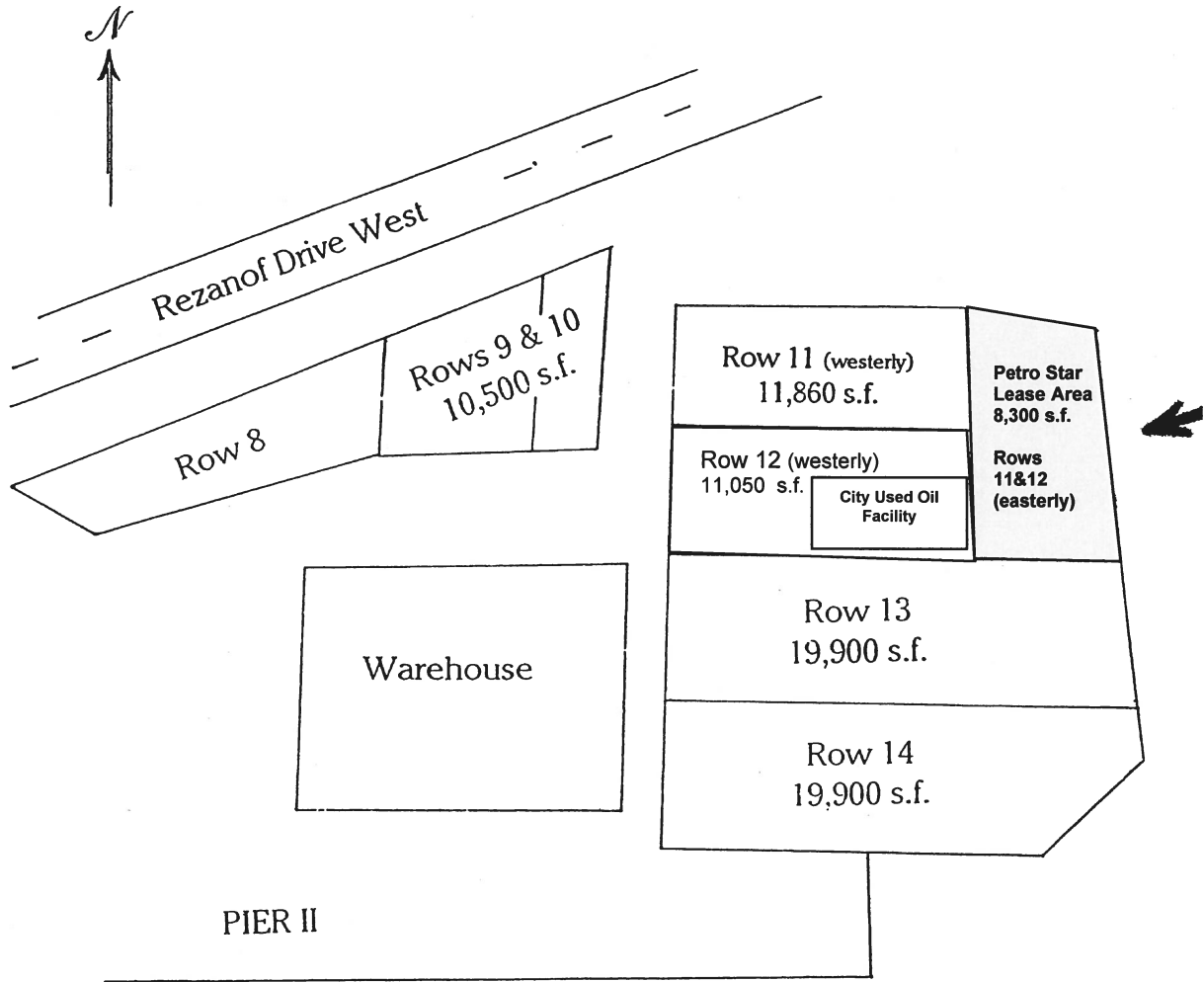
Attest:

Witness:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_

**EXHIBIT A**  
**Petro Star Lease Area**  
**Pier II, Kodiak, Alaska**



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**MEMORANDUM TO COUNCIL**

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**To:** Mayor Branson and City Councilmembers  
**From:** Aimée Kniazowski, City Manager  
**Thru:** Glenn Melvin, City Engineer *GM*  
**Date:** July 24, 2014

**Agenda Item: V. b. First Reading, Ordinance No. 1321, Authorizing the Grant to Kodiak Electric Association, Inc, of an Approximately 5,000 Square Foot Easement on a Portion of Alaska State Land Survey No. 89-10, USS 2539 TR A Located in the Vicinity of Gibson Cove; and a 40-Foot Wide by Approximately 4,997 Foot-Long Easement Traversing Pillar Mountain Across City Properties Described as USS 2538a TR B and USS 3945; for a Flywheel System and Power Line to Support the Operation of a New Crane at Pier III**

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**SUMMARY:** This recommends Council approval of the two attached electrical easements to KEA which will allow them to install and maintain equipment related to providing medium voltage power to the Pier III project. One easement is on Pillar Mountain and will be used for a new 12.47 kVA power distribution line which will serve existing utility customers currently on the Pier III electrical circuit. The second easement is for the two flywheels and is in Gibson Cove.

**PREVIOUS COUNCIL ACTION:** February 13, 2014, Council authorized an agreement with Kodiak Electric Association and Horizon lines of Alaska, LLC for Electrical Improvements to the Pier III Replacement Project No. 11-07/8024

**DISCUSSION:** This recommends Council approval of the two attached electrical easements to KEA, which will allow them to install and maintain equipment related to providing medium voltage power to the Pier III project. One easement is on Pillar Mountain and will be used for a new 12.47 kVA power distribution line, which will serve existing utility customers currently on the Pier III electrical circuit. The second easement is for the two flywheels and is in Gibson Cove.

These easements are related to the three party agreement executed with KEA and Horizon structured to provide medium voltage electrical service for the new 100 gauge crane to be installed on the Pier III project. Some of the major provisions of this agreement are:

- By September 1, 2014, the City will provide all necessary easements for power line and flywheel work on City property or rights of way and will perform all site grading work needed for the flywheel installation.
- By July 1, 2015, KEA will complete the power line extension and will have acquired and installed the flywheels needed for the operation of the new crane.

- By December 31, 2015, Horizon will have placed the crane in operation.

These easements fulfill the initial City obligation to provide easements to facilitate the Pier III electrical service. While the Pillar Mountain distribution line was fully contemplated in the three party agreement, the flywheels and support equipment had been contemplated to be installed at Pier III in the agreement. Subsequent to execution of the agreement, KEA proposed relocating the flywheels to Gibson Cove for multiple reasons. The shift offers advantages to all parties:

- Increase limited operations space at Pier III for terminal operations
- Enhance access and security to flywheel installation
- Reduce flywheel maintenance costs with lower corrosion potential
- Maintain all performance parameters of the installation

KEA has acknowledged that the alternative flywheel location is being done at their request and has agreed to extend the City's easement timing obligation to accommodate the extra effort. They have also agreed to provide any required site prep.

The general proposed location of the flywheels is on a hillside with limited development potential. The majority of the requested Gibson Cove easement is on the former roadbed access to the Bio Dry facility. The road was moved outside the platted ROW a number of years ago. A short form replat is being performed to align the existing travel way with the ROW and allow granting of an easement.

The general locations of the two easements are shown on the attached three pages. More detailed descriptions follow:

- At Gibson Cove, for installation of the flywheels and certain electrical equipment, a portion of Alaska State Land Survey No. 89-10, files as Plat (re-platting in process) (Kodiak Borough Assessor's Property I.D. 15213, Legal Description USS 2539 TR A GIBSON COVE) comprising approximately 5,000 square feet;
- At Pillar Mountain, for installation of a new (40' wide x 4,512' long overhead and 40' wide x 207' long underground) power line alignment through City property with Kodiak Borough Assessor's Property I.D. 16427, Legal Description USS 3945 T28S R19W;
- At Pillar Mountain, for installation of new (40' wide x 278' long underground) power line alignment through City property with Kodiak Borough Assessor's Property I.D. 16205, Legal Description USS 2538A TR B.

The ordinance and these two easements are attached. Final locations will be provided after surveying.

**ALTERNATIVES:** Council may consider the following:

- 1) Adopt Ordinance No. 1321 in the first reading and advance to the second reading which would authorize the two easements. This alternative will allow the City to move forward with electric

improvements for the Pier III Replacement project as agreed to by entering the three party agreement with KEA and Horizon Lines at the February 13, 2014 meeting.

- 2) Delay authorization of the easements by postponing adoption of the ordinance. This alternative would likely cause significant schedule delay impact to the project and increase project cost to the City.
- 3) Do not adopt Ordinance No. 1321 to issue the easements. This alternative would have major negative impacts to the Pier III Replacement project that would likely involve redesign, significant cost increases to the project, and likely present legal complications that would negatively impact the City.

**FINANCIAL IMPLICATIONS:** The City previously agreed to a three party agreement with KEA and Horizon Lines in which the City funded \$400,000 for the proposed electrical improvements including the new 12.47 kVA power line from Pillar Mountain and the flywheel. The approval of easements will not result in any direct costs to the City, but are part of the Pier III Replacement project.

**LEGAL:** The Grant of Easement documents and Ordinance No. 1321 were prepared by the City Attorney and are consistent with City practice of issuing utility easements on City property.

**STAFF RECOMMENDATION:** Staff recommends Council pass Ordinance No. 1321 in the first reading and advance to second reading and public hearing at the next regular or special Council meeting. This action will move the authorization of the easements for the 12.47 kVA power line located on Pillar Mountain and the flywheel located at Gibson Cove forward along a timeline consistent with the needs of the Pier III project.

**CITY MANAGER'S RECOMMENDATION AND COMMENTS:** The decision by KEA to locate the flywheel on the property at Gibson Cove is good for the City in that it frees up dock surface at the new Pier III facility and utilizes a portion of City property that has limited potential. The power line easement will benefit KEA customers, including the City at Pier III. I support Glenn and this approach and encourage Council to grant the easements by moving Ordinance No. 1321 along to second reading and public hearing.

**ATTACHMENTS:**

- Attachment A: Ordinance No. 1321
- Attachment B: ARCADIS Memorandum dated July 10, 2014
- Attachment C: Grant of Easement (Power Line)
- Attachment D: Pillar Mountain Exhibit B
- Attachment E: Grant of Easement (Flywheel)
- Attachment F: Gibson Cove Easement Exhibit A

**PROPOSED MOTION:**

Move to pass Ordinance No. 1321 in the first reading and advance to second reading and public hearing at the next regular or special Council meeting.

JULY 24, 2014  
Agenda Item V. b. Memo Page 4 of 4

**CITY OF KODIAK  
ORDINANCE NUMBER 1321**

**AN ORDINANCE OF THE COUNCIL OF THE CITY OF KODIAK AUTHORIZING THE GRANT TO KODIAK ELECTRIC ASSOCIATION, INC OF AN APPROXIMATELY 5,000 SQUARE FOOT EASEMENT ON A PORTION OF ALASKA STATE LAND SURVEY NO. 89-10, USS 2539 TR A LOCATED IN THE VICINITY OF GIBSON COVE; AND A 40 FOOT WIDE BY APPROXIMATELY 4,997 FOOT LONG EASMENT TRAVERSING PILLAR MOUNTAIN ACROSS CITY PROPERTIES DESCRIBED AS USS 2538A TR B AND USS 3945; FOR A FLYWHEEL SYSTEM AND POWER LINE TO SUPPORT THE OPERATION OF A NEW CRANE AT PIER III**

WHEREAS, the City of Kodiak (“City”) owns a parcel of real property located in the vicinity of Gibson Cove known as Alaska State Land Survey No. 89-10, filed as Plat 90-28 in the Kodiak Recording District (“Property A”); and

WHEREAS, the City owns a parcels of real property on Pillar Mountain known as USS 2538A TR B (“Property B”) and USS 3945 (“Property C”); and

WHEREAS, the City, Kodiak Electric Association (“KEA”) and Horizon Lines have entered into an agreement under which KEA will provide a power line and flywheel system to support the operation of the new Horizon Lines crane to be installed at Pier III; and

WHEREAS, the City has agreed to provide KEA with a site for the power line and flywheel system; and

WHEREAS, the City and KEA have determined that an approximately 5,000 square foot easement (“Easement A”) on Property A, located near the intersection of the northern boundary of the Property with the western boundary of the Gibson Cove Road right-of-way, would be the most appropriate location for the flywheel system; and

WHEREAS, the City and KEA have determined that a 40-foot wide easement (“Easement B”) across Property B and Property C between KEA facilities on Pillar Mountain Road and on Rezanof Drive in the vicinity of Pier III would be the most appropriate location for the power line; and

WHEREAS, the City is preparing a replat of Property A for the purpose, among others, of conforming the Gibson Cove Road right-of-way on Property A to the as-built location of Gibson Cove Road; and

WHEREAS, the precise location and dimensions of Easement A cannot be determined until the approved replat of Property A relocates the Gibson Cove right-of-way, and it is in the best interest of the City to delegate to the City Manager the authority to determine the precise location and dimensions of Easement A after the replat of Property A has been prepared, and

WHEREAS, a survey will be required to determine the precise location of Easement B, and it is in the best interest of the City to delegate to the City Manager the authority to determine the precise location of Easement B after the survey has been prepared.



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

**Section 1:** Notwithstanding anything to the contrary in Kodiak City Code Chapter 18.20, the Council of the City of Kodiak hereby authorizes the grant of Easements A and B described in the recitals above to KEA in the form now before this meeting, and the City Manager hereby is authorized, empowered and directed to execute and deliver grants of Easements A and B on behalf of the City, in substantially the form and content now before this meeting but with such changes, modifications, additions and deletions therein as shall to her seem necessary, desirable or appropriate (including without limitation adjustments to the boundaries and dimensions of the Easements that result from a survey), the execution thereof to constitute conclusive evidence of approval of any and all changes, modifications, additions or deletions therein from the form and content of said document now before this meeting, and from and after the execution and delivery of said document, the City Manager and City Clerk, and their respective designees, each hereby is authorized, empowered and directed to do all acts and things and to execute all documents as may be necessary to carry out and comply with the provisions of said document as executed.

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

CITY OF KODIAK

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MAYOR

ATTEST:

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CITY CLERK

First Reading:  
Second Reading:  
Effective Date:



## Memorandum

**TO:** Aimee Kniaziowski  
**FROM:** Roe Sturgulewski  
**DATE:** July 10, 2014  
**RE:** Kodiak Pier III  
 KEA Easements for Installation of Power Line and Flywheels

This recommends Council approval of the two attached electrical easements to KEA which will allow them to install and maintain equipment related to providing medium voltage power to the Pier III project. One easement is on Pillar Mountain and will be used for a new 12.47 kVA power distribution line which will serve existing utility customers currently on the Pier III electrical circuit. The second easement is for the two flywheels and is in Gibson Cove.

These easements are related to the three party agreement executed with KEA and Horizon structured to provide medium voltage electrical service for the new 100 gauge crane to be installed on the Pier III project. Some of the major provisions of this agreement are:

- By September 1, 2014, the City will provide all necessary easements for power line and flywheel work on City property or rights of way and will perform all site grading work needed for the flywheel installation;
- By July 1, 2015, KEA will complete the power line extension and will have acquired and installed the flywheels needed for the operation of the new crane;
- By December 31, 2015, Horizon will have placed the crane in operation.

These easements fulfill the initial City obligation to provide easements to facilitate the Pier III electrical service. While the Pillar Mountain distribution line was fully contemplated in the three party agreement the flywheels and support equipment had been contemplated to be installed at Pier III in the agreement. Subsequent to execution of the agreement, KEA proposed relocating the flywheels to Gibson Cove for multiple reasons. The shift offers advantages to all parties:

- Increase limited operations space at Pier III for terminal operations;
- Enhance access and security to flywheel installation;
- Reduce flywheel maintenance costs with lower corrosion potential;
- Maintain all performance parameters of the installation.

KEA has acknowledged that the alternative flywheel location is being done at their request and has agreed to extend the City's easement timing obligation to accommodate the extra effort. They have also agreed to provide any required site prep.

The general proposed location of the flywheels is on a hillside with limited development potential. The majority of the requested Gibson Cove easement is on the former roadbed access the Bio Dry facility. The road was moved outside the platted ROW a number of years ago. A short form replat is being performed to align the existing travel way with the ROW and allow granting of an easement.

The general locations of the two easements are shown on the attached three pages. More detailed descriptions follow:

- At Gibson Cove, for installation of the flywheels and certain electrical equipment, a portion of Alaska State Land Survey No. 89-10, files as Plat (re-platting in process) (Kodiak Borough Assessor's Property I.D. 15213, Legal Description USS 2539 TR A GIBSON COVE) comprising approximately 5,000 square feet;
- At Pillar Mountain, for installation of a new (40' wide x 4,512' long overhead and 40' wide x 207' long underground) power line alignment through City property with Kodiak Borough Assessor's Property I.D. 16427, Legal Description USS 3945 T28S R19W;
- At Pillar Mountain, for installation of new (40' wide x 278' long underground) power line alignment through City property with Kodiak Borough Assessor's Property I.D. 16205, Legal Description USS 2538A TR B.

These two easements and the associated ordinances are attached. Final locations will be provided after surveying.

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

**KODIAK RECORDING DISTRICT**

**Recording requested by and  
after recording, return to:**

City of Kodiak  
Attn: City Manager  
710 Mill Bay Road  
Kodiak, AK 99615

**GRANT OF EASEMENT**

This GRANT OF EASEMENT is entered into this \_\_\_\_ day of \_\_\_\_\_, 2014, by and between the City of Kodiak, Alaska, an Alaska municipal corporation (“GRANTOR”), whose address is 710 Mill Bay Road, Kodiak, Alaska 99615, and Kodiak Electric Association, Inc., an Alaska corporation (“GRANTEE”), whose address is P. O. Box 787, Kodiak, Alaska 99615.

GRANTOR, in consideration of value received from GRANTEE, the adequacy and receipt of which are hereby acknowledged by GRANTOR, hereby grants to GRANTEE, its successors and assigns, an easement to erect, lay, construct, install, operate, inspect, repair, maintain, replace, improve and remove a power line (“Easement”) over, upon and through certain property of the GRANTOR (“Property”) located in the Kodiak Recording District, Third Judicial District, State of Alaska, being more particularly described as follows:

A portion of USS 3945 along a linear alignment approximately 40’ feet wide and 4,510 feet long (overhead) and 40 feet wide by 209 feet long (underground); and

A portion of USS 2538A TR B along a linear alignment approximately 40 feet wide by 87 feet long (overhead) and 40 feet wide by 147 feet long (underground).

The Easement is more particularly described in Exhibit “B” which is incorporated herein by reference.

1. Any improvements constructed by GRANTEE shall be consistent with the limited use of the Easement authorized herein and shall be constructed at GRANTEE’s sole cost and expense. GRANTEE shall, at all times and at its sole expense, keep and maintain the Easement and GRANTEE’s improvements thereon in good repair, and in neat, orderly, and slightly condition. GRANTEE shall not cause or permit any litter,

debris, or refuse to be accumulated or stored upon the Easement and shall promptly remove all such materials without cost to GRANTOR.

2. GRANTEE may not permit any lien, including without limitation a mechanic's or materialman's lien, to be recorded against the Property. If any such lien is recorded against the Property, GRANTEE shall cause the same to be removed; or in the case of a mechanic's or materialman's lien, furnish the bond required in AS 34.35.072 (or any comparable statute hereafter enacted). GRANTEE shall indemnify and save GRANTOR harmless from all liability for damages, together with all costs and expenses (including attorneys' fees) occasioned by any such lien.

3. If GRANTEE ceases to use the Easement for power line and flywheel system purposes for a continuous period of not less than two (2) years, GRANTEE shall, upon a written request from GRANTOR, abandon the Easement and execute a quitclaim deed to GRANTOR. Upon abandonment of the Easement, any improvements constructed by GRANTEE shall become the property of GRANTOR or, at GRANTOR's option, shall be removed by GRANTEE at its sole expense.

4. GRANTEE shall defend, indemnify, and hold GRANTOR, its officers, agents, and employees harmless against any and all actions, suits, proceedings, claims, losses, liens, costs, expenses, and liabilities of every kind and nature whatsoever, including without limitation attorney's fees, arising from injury to or death of persons or loss of or damage to property, including property owned by GRANTOR, caused by or incurred as a result of GRANTEE's use and occupancy of the Easement. This provision shall not apply to claims, actions, damages, losses, or proceedings caused solely by the negligence of officers, agents, or employees of GRANTOR. The provisions of this Paragraph 4 shall survive termination of the Easement.

5. GRANTEE shall procure and maintain at its sole expense, and keep in full force and effect, policies of public liability insurance in an amount not less than One Million Dollars (\$1,000,000) for death or bodily injury or loss of or damage to property, sustained by any one person in any one occurrence. GRANTOR and its officers and employees shall be named as insureds in all such policies. GRANTEE shall give at least thirty (30) days advance written notice to GRANTOR before any cancellation or non-renewal of any such policy during the term of this Easement. GRANTEE shall provide GRANTOR with proof of such insurance prior to the effective date of this Easement and this Easement shall not become effective until and unless such proof is made. All insurance coverage required to be obtained under this Paragraph 5 shall be placed with a carrier licensed to do business in the State of Alaska. No insurance coverage required by this Easement shall be obtained pursuant to a "claims made" policy unless, at the time such insurance is procured a "tail" policy covering all insured risks is also obtained.

6. At all times during the term of this Easement, GRANTEE shall conduct its activities at the Easement in strict compliance with all applicable Environmental

Requirements. GRANTEE shall indemnify and hold harmless GRANTOR, its officers, agents, and employees from and against any and all Environmental Liabilities which GRANTOR or any of its officers, agents, and employees may hereafter suffer, incur, be responsible for or disburse as a result of any Environmental Hazard at the Easement to the extent caused by or attributable to GRANTEE or GRANTEE's activities. The provisions of this Paragraph 6 shall survive termination of the Easement. For purposes of this Paragraph 6:

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

(b) "Environmental Liabilities" shall mean any liability, penalties, fines, forfeitures, demands, damages, losses, claims, causes of action, suits, judgments, and costs and expenses incidental thereto (including cost of defense, settlement, reasonable attorneys' fees, reasonable consultant fees and reasonable expert fees), arising from or based on environmental contamination or the threat of environmental contamination or noncompliance, or violation of, any Environmental Requirement, and shall include without limitation liability arising from:

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

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

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

(c) "Environmental Requirement" shall mean any law, regulation or legal requirement relating to health, safety, or the environment, now in effect or hereafter enacted, including without limitation the Comprehensive Environmental Response Compensation and Liability Act (CERCLA), the Toxic Substances Control Act (TSCA), the Federal Insecticide Fungicide and Rodenticide Act (FIFRA), the Resource Conservation and Recovery Act (RCRA), the Clean Air Act (CAA) and the Clean Water Act (CWA), the Occupational Safety and Health Act (OSHA), and all similar state and local laws, rules, regulations, and guidance, now in existence or hereafter enacted, as each such law, rule, or regulation may be amended from time to time.

(d) "Hazardous Material" shall mean any hazardous waste, hazardous substance, toxic substance, pollutant, or word of similar import, as used in any of the statutes cited above, or any other material, substance, or waste subject to environmental regulation under any applicable federal, state, or local law, regulation, or ordinance now or hereafter in effect.

7. Either party may give notice to the other by nationally recognized overnight courier service or United States mail, registered or certified, postage prepaid

and return receipt requested, addressed to the other party at its address set forth above, or at such other address as such party designates by written notice. Service of any notice shall be deemed received at the time of delivery or at the time delivery is refused.

8. This Grant of Easement shall be construed and governed in accordance with the laws of the State of Alaska. This Grant of Easement may not be modified in any respect whatsoever except with the mutual consent of all parties hereto, and then only by written instrument duly executed in recordable form.

IN WITNESS WHEREOF, the parties have executed this Grant of Easement as of the date first set forth above.

GRANTOR: CITY OF KODIAK

By: \_\_\_\_\_  
Aimée Kniaziowski, City Manager

GRANTEE: KODIAK ELECTRIC ASSOCIATION, INC.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

STATE OF ALASKA )  
 ) ss:  
THIRD JUDICIAL DISTRICT )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2014, by Aimée Kniaziowski, City Manager of the CITY OF KODIAK, an Alaska municipal corporation, on behalf of the City.

\_\_\_\_\_  
Notary Public in and for Alaska  
My commission expires: \_\_\_\_\_

STATE OF ALASKA            )  
  ) ss:  
THIRD JUDICIAL DISTRICT )

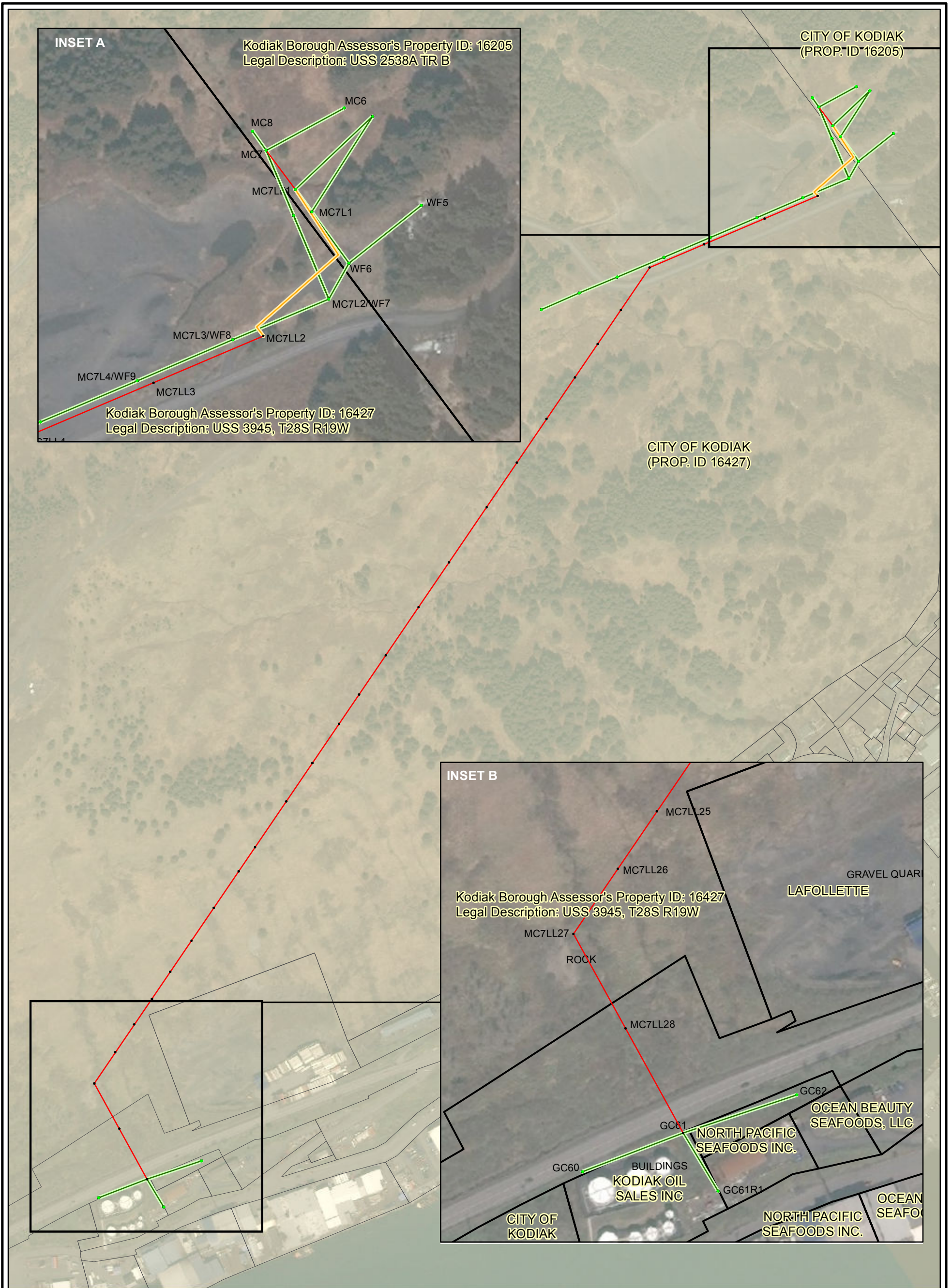
The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2014, by \_\_\_\_\_, the \_\_\_\_\_, of KODIAK ELECTRIC ASSOCIATION, INC., an Alaska corporation, on behalf of the corporation.

\_\_\_\_\_  
Notary Public in and for Alaska  
My commission expires: \_\_\_\_\_



**Exhibit "B"**  
**to Grant of Easement**

Legal Description and Drawing of Easement

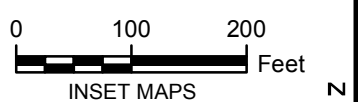


**Alignments**

- Proposed Overhead
- New Underground
- Existing Overhead

**Power Poles**

- Existing Powerpoles
- Proposed Powerpoles
- Parcels



CITY OF KODIAK  
KODIAK, ALASKA

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**PILLAR MOUNTAIN EASEMENT**

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EXHIBIT  
**B**

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**KODIAK RECORDING DISTRICT**

**Recording requested by and  
after recording, return to:**

City of Kodiak  
Attn: City Manager  
710 Mill Bay Road  
Kodiak, AK 99615

**GRANT OF EASEMENT**

This GRANT OF EASEMENT is entered into this \_\_\_\_ day of \_\_\_\_\_, 2014, by and between the City of Kodiak, Alaska, an Alaska municipal corporation (“GRANTOR”), whose address is 710 Mill Bay Road, Kodiak, Alaska 99615, and Kodiak Electric Association, Inc., an Alaska corporation (“GRANTEE”), whose address is P. O. Box 787, Kodiak, Alaska 99615.

GRANTOR, in consideration of value received from GRANTEE, the adequacy and receipt of which are hereby acknowledged by GRANTOR, hereby grants to GRANTEE, its successors and assigns, an easement to erect, lay, construct, install, operate, inspect, repair, maintain, replace, improve and remove a power line and flywheel system (“Easement”) over, upon and through certain property of the GRANTOR (“Property”) located in the Kodiak Recording District, Third Judicial District, State of Alaska, being more particularly described as follows:

A portion of Alaska State Land Survey No. 89-10, filed as Plat No. \_\_\_\_\_, USS 2539 TR A, comprising approximately 5,000 square feet;

The Easement is more particularly described in Exhibit “A” which is incorporated herein by reference.

1. Any improvements constructed by GRANTEE shall be consistent with the limited use of the Easement authorized herein and shall be constructed at GRANTEE’s sole cost and expense. GRANTEE shall, at all times and at its sole expense, keep and maintain the Easement and GRANTEE’s improvements thereon in good repair, and in neat, orderly, and sightly condition. GRANTEE shall not cause or permit any litter, debris, or refuse to be accumulated or stored upon the Easement and shall promptly remove all such materials without cost to GRANTOR.

2. GRANTEE may not permit any lien, including without limitation a mechanic's or materialman's lien, to be recorded against the Property. If any such lien is recorded against the Property, GRANTEE shall cause the same to be removed; or in the case of a mechanic's or materialman's lien, furnish the bond required in AS 34.35.072 (or any comparable statute hereafter enacted). GRANTEE shall indemnify and save GRANTOR harmless from all liability for damages, together with all costs and expenses (including attorneys' fees) occasioned by any such lien.

3. If GRANTEE ceases to use the Easement for power line and flywheel system purposes for a continuous period of not less than two (2) years, GRANTEE shall, upon a written request from GRANTOR, abandon the Easement and execute a quitclaim deed to GRANTOR. Upon abandonment of the Easement, any improvements constructed by GRANTEE shall become the property of GRANTOR or, at GRANTOR's option, shall be removed by GRANTEE at its sole expense.

4. GRANTEE shall defend, indemnify, and hold GRANTOR, its officers, agents, and employees harmless against any and all actions, suits, proceedings, claims, losses, liens, costs, expenses, and liabilities of every kind and nature whatsoever, including without limitation attorney's fees, arising from injury to or death of persons or loss of or damage to property, including property owned by GRANTOR, caused by or incurred as a result of GRANTEE's use and occupancy of the Easement. This provision shall not apply to claims, actions, damages, losses, or proceedings caused solely by the negligence of officers, agents, or employees of GRANTOR. The provisions of this Paragraph 4 shall survive termination of the Easement.

5. GRANTEE shall procure and maintain at its sole expense, and keep in full force and effect, policies of public liability insurance in an amount not less than One Million Dollars (\$1,000,000) for death or bodily injury or loss of or damage to property, sustained by any one person in any one occurrence. GRANTOR and its officers and employees shall be named as insureds in all such policies. GRANTEE shall give at least thirty (30) days advance written notice to GRANTOR before any cancellation or non-renewal of any such policy during the term of this Easement. GRANTEE shall provide GRANTOR with proof of such insurance prior to the effective date of this Easement and this Easement shall not become effective until and unless such proof is made. All insurance coverage required to be obtained under this Paragraph 5 shall be placed with a carrier licensed to do business in the State of Alaska. No insurance coverage required by this Easement shall be obtained pursuant to a "claims made" policy unless, at the time such insurance is procured a "tail" policy covering all insured risks is also obtained.

6. At all times during the term of this Easement, GRANTEE shall conduct its activities at the Easement in strict compliance with all applicable Environmental Requirements. GRANTEE shall indemnify and hold harmless GRANTOR, its officers, agents, and employees from and against any and all Environmental Liabilities which GRANTOR or any of its officers, agents, and employees may hereafter suffer, incur, be

responsible for or disburse as a result of any Environmental Hazard at the Easement to the extent caused by or attributable to GRANTEE or GRANTEE's activities. The provisions of this Paragraph 6 shall survive termination of the Easement. For purposes of this Paragraph 6:

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

(b) "Environmental Liabilities" shall mean any liability, penalties, fines, forfeitures, demands, damages, losses, claims, causes of action, suits, judgments, and costs and expenses incidental thereto (including cost of defense, settlement, reasonable attorneys' fees, reasonable consultant fees and reasonable expert fees), arising from or based on environmental contamination or the threat of environmental contamination or noncompliance, or violation of, any Environmental Requirement, and shall include without limitation liability arising from:

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

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

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

(c) "Environmental Requirement" shall mean any law, regulation or legal requirement relating to health, safety, or the environment, now in effect or hereafter enacted, including without limitation the Comprehensive Environmental Response Compensation and Liability Act (CERCLA), the Toxic Substances Control Act (TSCA), the Federal Insecticide Fungicide and Rodenticide Act (FIFRA), the Resource Conservation and Recovery Act (RCRA), the Clean Air Act (CAA) and the Clean Water Act (CWA), the Occupational Safety and Health Act (OSHA), and all similar state and local laws, rules, regulations, and guidance, now in existence or hereafter enacted, as each such law, rule, or regulation may be amended from time to time.

(d) "Hazardous Material" shall mean any hazardous waste, hazardous substance, toxic substance, pollutant, or word of similar import, as used in any of the statutes cited above, or any other material, substance, or waste subject to environmental regulation under any applicable federal, state, or local law, regulation, or ordinance now or hereafter in effect.

7. Either party may give notice to the other by nationally recognized overnight courier service or United States mail, registered or certified, postage prepaid and return receipt requested, addressed to the other party at its address set forth above, or at such other address as such party designates by written notice. Service of

any notice shall be deemed received at the time of delivery or at the time delivery is refused.

8. This Grant of Easement shall be construed and governed in accordance with the laws of the State of Alaska. This Grant of Easement may not be modified in any respect whatsoever except with the mutual consent of all parties hereto, and then only by written instrument duly executed in recordable form.

IN WITNESS WHEREOF, the parties have executed this Grant of Easement as of the date first set forth above.

GRANTOR: CITY OF KODIAK

By: \_\_\_\_\_  
Aimée Kniazowski, City Manager

GRANTEE: KODIAK ELECTRIC ASSOCIATION, INC.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

STATE OF ALASKA )  
 ) ss:  
THIRD JUDICIAL DISTRICT )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2014, by Aimée Kniazowski, City Manager of the CITY OF KODIAK, an Alaska municipal corporation, on behalf of the City.

\_\_\_\_\_  
Notary Public in and for Alaska  
My commission expires: \_\_\_\_\_

STATE OF ALASKA            )  
  ) ss:  
THIRD JUDICIAL DISTRICT )

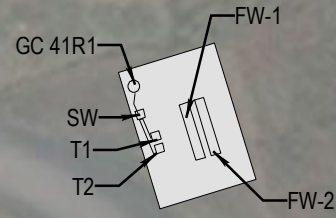
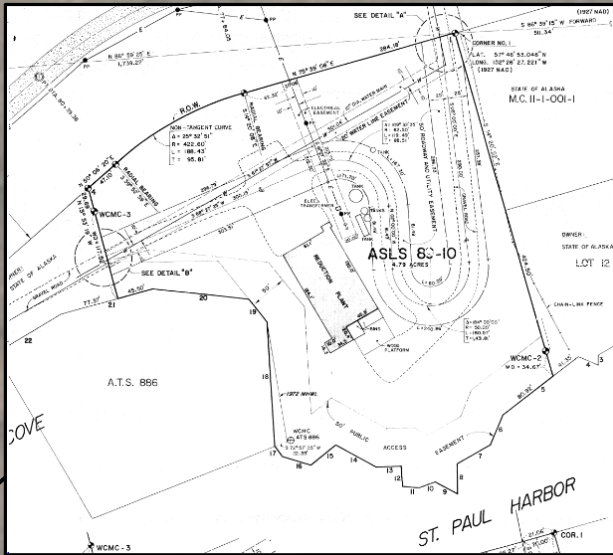
The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2014, by \_\_\_\_\_, the \_\_\_\_\_, of KODIAK ELECTRIC ASSOCIATION, INC., an Alaska corporation, on behalf of the corporation.

\_\_\_\_\_  
Notary Public in and for Alaska  
My commission expires: \_\_\_\_\_

**Exhibit "A"**  
**to Grant of Easement**

Legal Description and Drawing of Easement







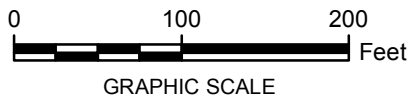
Kodiak Borough Assessor's Property ID: 16213  
 Legal Description: USS 2539 TR A Gibson Cove

CITY OF KODIAK

KODIAK FISHMEAL COMPANY

CITY OF

-  Engineered Layout. Approximate
-  Parcels



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CITY OF KODIAK  
 KODIAK, ALASKA

**GIBSON COVE EASEMENT**




EXHIBIT  
**A**

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**MEMORANDUM TO COUNCIL**

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**To:** Mayor Branson and City Councilmembers  
**From:** Aimée Kniazowski, City Manager   
**Date:** July 24, 2014

**Agenda Item:** V. c. **First Reading, Ordinance No. 1322, Enacting Kodiak City Code 2.08.065, Assistant City Manager—Appointment, Powers and Duties; Amending Chapters 2, 4 and 10 of the City Personnel Rules and Regulations; Amending the Definitions in the City Personnel Rules and Regulations; and Adopting New Schedules I And II to the Personnel Rules and Regulations; to Provide for the Appointment, Duties, and Compensation of an Assistant City Manager**

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**SUMMARY:** The City Council and City Manager have discussed ways to even out the Manager's workload given the multiple job requirements. The most effective way to do this is by creating an Assistant City Manager position. By doing so, the City will have a transitional senior management position that can fill in for the Manager when necessary and one who can take on many of the operational tasks, especially human resource related functions. The Manager consulted with the City Attorney who advised that a portion of Title 2 of the City Code must be amended to identify the position and its main duties, and the Personnel Rules and Regulations (PR&R) must also be amended to include references to the position and to amend the salary band and grade consistent with assistant city managers and the City's new classification and pay system. To officially begin the process, Council must pass Ordinance No. 1322 in the first reading and advance to the second reading and public hearing at the next regular or special Council meeting.

**PREVIOUS COUNCIL ACTION:** Council adopts changes to the City Code and the Personnel Rules and Regulations as needed.

**DISCUSSION:** Over the past several years, the Mayor and Council have discussed the need for an additional position to even out the distribution of work of the City Manager position. The City Manager has standard responsibilities to manage the City's day-to-day operations, to develop and manage the budget, to directly supervise eight department heads, and to ensure Council policies are implemented and maintained. The Manager is also responsible for long- and short-term planning for the City, public outreach, development and completion of capital and other projects, and identification of funding sources needed to maintain City services and infrastructure.

In addition to the standard city manager responsibilities, the Kodiak Manager has additional responsibilities such as functioning as the City's sole human resource manager, including oversight of

the grievance process; providing planning for land development and land use; and serving as the Director of Emergency Services for the Kodiak Island Borough, which includes management of the emergency operations center and development of adequately trained emergency services team members. When a department head retires or resigns, the Manager also functions as the acting department director until a new director can be hired.

The addition of an Assistant City Manager to the staff will help level out this workload, which is excessive. It will provide a much-needed back-up position for the Manager in the Manager's absence, will be responsible for assigned projects and lead project teams as assigned, provide for the management of human resource functions, and assume the Manager's duties and be acting department head if assigned to do so. The position will provide additional help with finding funding sources, identifying and conducting staff trainings, and help with risk management functions, which are currently the Manager and Finance Director's responsibility. Most importantly, the position will provide important transitional help to the City, something that has not been available.

According to the City Attorney, both the City Code and the PR&R require amendments that create and define this position's roles and responsibilities. What follows is a summary of the Code and PR&R changes as outlined in the attached ordinance.

- A new section will be added to KCC 2.08.065 identifying the Assistant City Manager position deputy chief administrator for the City appointed by the City Manager and lists all major functions of the position (See Ord. 1322, Page 1).

Five sections of the PR&R will be amended.

- Chapter 2, 203.4 is amended by renumbering certain references, adds a new section delineating the personnel duties of the Assistant City Manager, and renumbers the following sections of the chapter to reflect the newly inserted section.
- Chapter 4, Section 401 will be amended to reference the addition of a new pay band and grade.
- Chapter 10 will be amended to add City Manager discretion to adjust the initial leave accrual rate when hiring department heads.
- The Definition section of the PR&R will be amended to identify the Assistant City Manager position.
- Pay Schedules I (annual salary schedule) and II (hourly pay schedule) will be amended to add the new band, grade, and sub-grade (E84) to reflect the Assistant City Manager position as the senior-most managerial position in the classified service.

#### **ALTERNATIVES:**

- 1) Pass Ordinance No. 1322 in the first reading, which is staff's recommendation, because it will improve work distribution and flow for the Manager, create a position that can fill in for the Manager when needed, and can take over the complexities of day-to-day human resource management.
- 2) Delay, amend, or do not pass Ordinance No. 1322. This is not recommended, because there will be no benefits without this help and there will continue to be the lack of a key transitional position in the event of an emergency.

**FINANCIAL IMPLICATIONS:** As can be seen from the salary band and grade amendment to the PR&R, the position is classified as an E84, the most senior management position in the classified service. The salary will fall somewhere within the range, depending on qualifications and experience of the successful appointee.

**LEGAL:** The City Attorney advised that the Personnel Rules and Regulations and Chapter 2 of the City Code need to be amended to include the duties, responsibilities, and classification band and grade for the new Assistant City Manager position as outlined above. The attorney prepared the ordinance as well.

**CITY MANAGER'S RECOMMENDATION AND COMMENTS:** It is a good decision to add an Assistant City Manager position to the City's organizational structure. It will allow me to have a senior manager available to help complete projects, organize training, oversee human resource issues, provide oversight and participate in short- and long-term planning, help research and develop policies and prepare reports and studies, as well as other tasks. An Assistant City Manager will also be assigned to act on my behalf when I'm out of the office, on vacation, or if I'm ill, and be assigned as an acting department head in the event of a resignation or retirement. The position will also provide some transitional stability to the City, as there will be a senior manager on staff who understands the full scope of the organization and can see that Council and City policies are implemented correctly and followed.

I appreciate Council's support in authorizing this position. Kodiak's Manager has some unique requirements and duties not usually associated with city managers, which create the need for long work hours and lack of back-up in my absence. And, Kodiak is large enough and complex enough that an Assistant City Manager will be very beneficial and provide the City with a succession plan for the Administration Department or at least someone to provide stability during periods of transition.

**ATTACHMENTS:**

Attachment A: Ordinance No. 1322

**PROPOSED MOTION:**

Move to pass Ordinance No. 1322 in the first reading and advance to the second reading and public hearing at the next regular or special Council meeting.

**CITY OF KODIAK  
ORDINANCE NUMBER 1322**

**AN ORDINANCE OF THE COUNCIL OF THE CITY OF KODIAK ENACTING KODIAK CITY CODE 2.08.065, ASSISTANT CITY MANAGER—APPOINTMENT, POWERS AND DUTIES; AMENDING CHAPTERS 2, 4 AND 10 OF THE CITY PERSONNEL RULES AND REGULATIONS; AMENDING THE DEFINITIONS IN THE CITY PERSONNEL RULES AND REGULATIONS; AND ADOPTING NEW SCHEDULES I AND II TO THE PERSONNEL RULES AND REGULATIONS; TO PROVIDE FOR THE APPOINTMENT, DUTIES AND COMPENSATION OF AN ASSISTANT CITY MANAGER**

WHEREAS, the City has decided to establish a new position of Assistant City Manager; and

WHEREAS, it is necessary to amend the Kodiak City Code and the Personnel Rules and Regulations to provide for the duties and compensation of the Assistant City Manager position.

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

**Section 1:** Kodiak City Code 2.08.065, Assistant City Manager—appointment, powers and duties, is hereby enacted to read as follows:

**2.08.065 Assistant City Manager—appointment, powers and duties.** (a) There shall be an assistant city manager who shall be appointed for an indefinite term by the city manager.

(b) The assistant city manager shall:

(1) Serve as the deputy chief administrative officer and senior manager and department head of the administrative branch of the city government who reports to the city manager;

(2) Assist the city manager in providing administrative oversight of daily operations of the city, ensuring implementation of and adherence to policies established by the city council by functioning as head of the senior management team;

(3) Ensure organizational compliance with applicable laws, codes, regulations and standards and provide direct management and oversight of assigned functional areas;

(4) Oversee all human resource functions and assist the city manager in administering all aspects of the city’s human resources program including the maintenance of personnel records;

(5) Provide oversight and participate in the development and implementation of short and long range strategic plans, programs, policies and procedures for the city;

(6) Research, analyze, prepare and present management studies, reports, plans, resolutions, ordinances and other information;

- (7) Manage and participate in project activities as assigned by the city manager; and
- (8) Perform functions of the city manager when assigned.

**Section 2:** The following sections in Chapter 2 of the Personnel Rules and Regulations are amended or enacted as set forth below. Except as it is amended by this section, Chapter 2 of the Personnel Rules and Regulations is retained in its current form.

**203.3 City Manager.** The City Manager shall have the responsibility and authority to:

- (a) administer the personnel policies and procedures as approved by the City Council;
- (b) establish and maintain records of all employees in the City service, which shall include all pertinent personnel records (departments may retain copies of those personnel records necessary to comply with regulatory agencies, but originals of all records shall be maintained in the City Manager's office, and upon employee termination, all departmental records shall be forwarded immediately to the primary file);
- (c) develop and administer an affirmative action program to provide for equal opportunity in all aspects of City personnel administration;
- (d) foster and develop, in cooperation with appointing authorities and others, programs for the improvement of employees' effectiveness and productivity, including training, safety, health, counseling, and welfare;
- (e) maintain the classification and pay plans;
- (f) administer the City's recruitment and selection program except for staff identified below under heading 203.~~64.5~~ City Clerk;
- (g) insure uniformity in the application of discipline and processing of employee grievances;
- (h) appoint and dismiss all employees under the department heads' jurisdiction other than staff identified below under heading 203.~~64.5~~ City Clerk;
- (i) prepare and adopt such forms, reports, and procedures as may be necessary to carry out the City's personnel program;
- (j) establish personnel policies and procedures where needed in order to ensure consistency with state and federal requirements and to provide a more precise and consistent execution of the Personnel Rules and Regulations;
- (k) appoint and dismiss all City personnel except those appointed by the Council as stated in the Charter and those identified below under heading 203.~~64.5~~ City Clerk;
- (l) notwithstanding any of these policies and procedures may, in an emergency, request interdepartmental assistance be provided; and see that adopted changes to the Personnel Rules and Regulations or changes to position descriptions are distributed in writing to all affected employees in a timely manner.

**203.4 Assistant City Manager.** The Assistant City Manager shall have the responsibility and authority to:

- (a) serve as the deputy chief administrative officer and senior manager and department head of the administrative branch of the City government who reports to the City Manager.
- (b) oversee all human resource functions and assist the City Manager in administering all aspects of the City's human resources program including the maintenance of personnel records;
- (c) enforce the Personnel Rules and Regulations;
- (d) assist department heads and the City Manager in making all hiring, termination, and disciplinary recommendations;
- (d) perform functions of the City Manager when assigned.

**203.54 Department Heads.** Department heads shall have the responsibility and authority to:

- (a) enforce the Personnel Rules and Regulations;
- (b) keep employees in their departments informed of current personnel policies and procedures;
- (c) participate in the grievance procedures as specified (see Chapter 9);
- (d) if approved by the City Manager, appoint employees to vacant positions within their respective departments in accordance with established personnel rules and procedures;
- (e) develop training programs for employees within their respective departments;
- (f) under the supervision of the City Manager, administer discipline within their respective departments ~~and delegate such authority to supervisory personnel as deemed appropriate;~~
- (g) conduct orientation for all new employees, and have issued to each a copy of current personnel regulations and position description which outlines job duties; such orientation shall include introductions to fellow workers, work standards, safety regulations, break periods, supplies, etc.; and
- (h) under the direct supervision of the City Manager, be involved in the appointment or dismissal of departmental employees under the department head's jurisdiction.

**203.64.5 City Clerk.** As the head of the Clerk's department, the City Clerk shall have the responsibility and authority to:

- (a) enforce the Personnel Rules and Regulations;
- (b) keep employees in the Clerk's department informed of current personnel policies and procedures;
- (c) participate in the grievance procedures as specified (see Chapter 9);
- (d) recruit and appoint employees to vacant positions within the Clerk's department in accordance with established personnel rules and procedures;
- (e) develop training programs for employees within the Clerk's department;
- (f) administer discipline within the Clerk's department and delegate such authority to supervisory personnel as deemed appropriate;

- (g) conduct orientation for all new employees, and have issued to each a copy of current personnel regulations and position description which outlines job duties; such orientation shall include introductions to fellow workers, work standards, safety regulations, break periods, supplies, etc.;
- (h) have discipline and dismissal authority over all employees in the Clerk's department;
- (i) classify positions in the Clerk's department, subject to approval of the City Council

**203.75 Supervisory Personnel.** Supervisory personnel shall have the responsibility to:

- (a) implement personnel policies, rules and regulations in the units under their supervision;
- (b) supervise the administration of discipline to employees under their supervision and recommend termination (see Sections 708 and 1303);
- (c) train new employees and participate in the development of other employees;
- (d) evaluate employee performance and participate in the development of position descriptions (see Chapter 7); and
- (e) participate in the grievance procedures as specified (see Chapter 9).

**203.86 All Employees.** Employees of the City shall be presented with, and sign for, a copy of the personnel rules in effect on the hiring date and subsequently shall have the responsibility to:

- (a) read and understand these rules and ask the immediate supervisor to explain these rules if questions arise;
- (b) understand the function of the department assigned and how that function relates to the total mission of the City and all of its departments;
- (c) discuss with the immediate supervisor any questions relating to the interpretation or application of these rules either informally or formally through the grievance procedure;
- (d) bring to the attention of the immediate supervisor any change in duties as outlined in the position description form given to the employee at hiring;
- (e) submit in writing recommended changes to the rules through the appropriate supervisory channels to the City Manager; and
- (f) all employees shall have access to their personnel files.

**Section 3:** The following section in Chapter 4 of the Personnel Rules and Regulations is amended as set forth below. Except as it is amended by this section, Chapter 4 of the Personnel Rules and Regulations is retained in its current form.

**401 PAY PLAN**

The pay plan shall include the schedule of pay for ~~nineteen~~ **twenty** pay bands, grades, and sub-grades from A11 through ~~E83~~ **E84**, each with a minimum, midpoint, and maximum rate of pay for all positions in the classified service. The objectives of the pay plan shall be to:



- (a) provide an appropriate salary structure to recruit and retain an adequate number of competent employees; and
- (b) provide appropriate pay incentives for high employee productivity.

**Section 4:** The following sections in Chapter 10 of the Personnel Rules and Regulations are amended as set forth below. Except as it is amended by this section, Chapter 10 of the Personnel Rules and Regulations is retained in its current form.

**1002 ANNUAL LEAVE ACCRUAL RATE**

Annual Leave accrues according to the following schedule for ~~all~~ classified employees not enrolled in the Combined Personal Leave Program, except Fire Department personnel on the platoon system (*see Section 1603*). **The City Manager may increase the initial annual leave accrual rate of 4.62 hours per pay period when appointing new department heads, but movement to the next accrual rate must be consistent with required time in service.**

- 4.62 hours per pay period—first through twenty-fourth month
- 6.47 hours per pay period—twenty-fifth through sixtieth month
- 7.39 hours per pay period—sixty-first through one hundred twentieth month
- 8.31 hours per pay period—after the one hundred twentieth month

**Section 5:** The following definition is added to the Personnel Rules and Regulations. Except as it is amended by this section, the definitions in the Personnel Rules and Regulations are retained in their current form.

**ASSISTANT CITY MANAGER. The deputy chief administrative officer and senior manager and department head of the administrative branch of the City government who reports to the City Manager and assists in the proper administration of all affairs of the City.**

**Section 6:** Schedules I and II to the Personnel Rules and Regulations are deleted, and replaced with Schedules I and II attached hereto.

**Section 7:** This ordinance shall be effective one month after its final passage and publication in accordance with Kodiak Charter Section 2-13.

CITY OF KODIAK

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MAYOR

ATTEST:

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CITY CLERK

First Reading:  
Second Reading:  
Effective Date:

**Schedule I  
General Annual Salary Structure**

Min to Max 50% Increase					
Min to Mid 25% Increase					
			Mid to Max 20% Increase		
<b>DBM*</b>	<b>Minimum</b>		<b>Midpoint</b>		<b>Maximum</b>
A11	\$ 31,411		\$ 39,264		\$ 47,116
A12	\$ 33,658		\$ 42,072		\$ 50,486
A13	\$ 35,904		\$ 44,880		\$ 53,856
B21	\$ 38,157		\$ 47,697		\$ 57,236
B22	\$ 40,404		\$ 50,505		\$ 60,606
B23	\$ 42,650		\$ 53,313		\$ 63,976
B24/B31	\$ 44,904		\$ 56,130		\$ 67,355
B25/B32	\$ 47,150		\$ 58,938		\$ 70,725
C41	\$ 51,650		\$ 64,562		\$ 77,475
C42	\$ 53,896		\$ 67,371		\$ 80,845
C43	\$ 56,143		\$ 70,179		\$ 84,215
C44/C51	\$ 58,396		\$ 72,995		\$ 87,594
C45/C52	\$ 60,643		\$ 75,804		\$ 90,964
D61	\$ 65,143		\$ 81,428		\$ 97,714
D62	\$ 67,389		\$ 84,236		\$ 101,084
D63	\$ 69,636		\$ 87,045		\$ 104,453
E81	\$ 78,635		\$ 98,294		\$ 117,953
E82	\$ 80,882		\$ 101,102		\$ 121,323
E83	\$ 83,128		\$ 103,910		\$ 124,692
E84	\$ 87,298		\$ 109,117		\$ 130,936

\*DBM: Decision Band Method of Classification

**Schedule II  
General Per Hour Salary Structure**

2080	Hours	Min to Max 50% Increase				
Regualr Employees		Min to Mid 25% Increase			Mid to Max 20% Increase	
DBM*		Minimum		Midpoint		Maximum
A11		\$ 15.10		\$ 18.88		\$ 22.65
A12		\$ 16.18		\$ 20.23		\$ 24.27
A13		\$ 17.26		\$ 21.58		\$ 25.89
B21		\$ 18.34		\$ 22.93		\$ 27.52
B22		\$ 19.43		\$ 24.28		\$ 29.14
B23		\$ 20.50		\$ 25.63		\$ 30.76
B24/B31		\$ 21.59		\$ 26.99		\$ 32.38
B25/B32		\$ 22.67		\$ 28.34		\$ 34.00
C41		\$ 24.83		\$ 31.04		\$ 37.25
C42		\$ 25.91		\$ 32.39		\$ 38.87
C43		\$ 26.99		\$ 33.74		\$ 40.49
C44/C51		\$ 28.08		\$ 35.09		\$ 42.11
C45/C52		\$ 29.16		\$ 36.44		\$ 43.73
D61		\$ 31.32		\$ 39.15		\$ 46.98
D62		\$ 32.40		\$ 40.50		\$ 48.60
D63		\$ 33.48		\$ 41.85		\$ 50.22
E81		\$ 37.81		\$ 47.26		\$ 56.71
E82		\$ 38.89		\$ 48.61		\$ 58.33
E83		\$ 39.97		\$ 49.96		\$ 59.95
E84		\$ 41.97		\$ 52.46		\$ 62.95



\*DMB: Decision Band Method of Classification

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## MEMORANDUM TO COUNCIL

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**To:** Mayor Branson and City Councilmembers  
**From:** Aimée Kniazowski, City Manager   
**Thru:** Mark Kozak, Public Works Director   
**Date:** July 24, 2014

**Agenda Item:** V. d. **Resolution No. 2014–26, Amending Section 14, Utilities (Sewer), of the Schedule of Fees, Charges, and Tariffs and Authorizing Implementation of a Five-Year Rate Structure and Repealing Resolution No. 2014–22**

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**SUMMARY:** CH2MHill has prepared several water and sewer rate studies for the City of Kodiak going back to 1982. The last study was completed in 2011 and the Council adopted five years of the rates projected out over a 10-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. The Council adopted Resolution No. 2014–22 at the May 22, 2014, meeting, which amended Section 14 of the City’s Schedule of Fees, Charges and Tariffs to reflect the proposed five-year, five percent per year rate increase for City sewer services. When the Clerk’s Office updated the fee schedule to reflect the new rates, a copy error was discovered. The sewer rate for apartments outside the City was inadvertently omitted from Resolution No. 2014–22. Resolution No. 2014–26 corrects this omission.

**PREVIOUS COUNCIL ACTION:**

- September 2004, Council approved a contract with CH2MHill to do a rate study for both the Water and Sewer Utility funds. This was the first rate evaluation in over nine years.
- February 2006, Council approved Resolution No. 06–3 and Resolution No. 06–4, adopting rate increases for both the water and sewer funds.
- August 2009, Council approved a rate study to evaluate the water and sewer rates and adjust if needed to meet operational and capital improvement needs.
- September 2011, Council adopted a five-year water rates structure and authorized a single-year increase for sewer rates.
- May 2014, CH2MHill presented the recommended rate study to the Council at their work session in preparation for the public hearing and regular meeting on May 22.
- May 2014, Council approved Resolution No. 2014–22, which presented a new five-year sewer rate study, which inadvertently excluded a five-year rate for apartments located outside the City.

**DISCUSSION:** The City water and sewer system serves roughly 9,500 people within the City of Kodiak and the nearby service district. The utility system varies in age from the early 1950s to recent times and requires continual maintenance, upgrading and replacement to meet rapidly changing regulations and good operating practices.

The system consists of 52.4 miles of water distribution and transmission lines, three reservoirs consisting of nine dams, two water treatment buildings and two 2.2 million gallon chlorine contact tanks. The wastewater systems consist of the wastewater treatment plant (WWTP), 20 main line lift stations and a few smaller lift stations and 46.3 miles of sewer collection system. The wastewater collection system has some very old lift stations and collection lines that need repair or replacement. The wastewater treatment plant accepts bio-solids from the USCG wastewater treatment plant for further treatment as well as waste stream from septic systems outside of the City's wastewater collection system.

The City's system needs an active capital improvement program in both the water and sewer due to its size. Regulations are constantly changing which, at times, require substantial capital projects such as the need to renew discharge permits and mixing zone permits. The WWTP plant was upgraded in 1999. Within the next few years staff must begin a facility evaluation and plan to refurbish the WWTP. It took almost seven years the last time the facility review was undertaken; construction didn't begin until planning, design, and funding could be completed or acquired.

Prior to adopting Resolution No. 2014-22 in May 2013, the last time the City Council adopted a rate increase for the sewer was in 2011. Only a single-year rate increase was adopted for the sewer, because staff was unsure of the impact the biosolid disposal solution would have on rates. The solution to this problem has taken far more time and expense than we had anticipated, and work continues on design and permitting of a composting facility to be located at a piece of property adjacent to the current Borough landfill. The initial costs fell beyond the \$3 million available for construction, so staff is working on alternatives to reduce this facility's overall capital improvement cost.

This current rate evaluation takes into account a \$3 million capital project for composting as well as future utility replacements and upgrade needs. It also prepares the way to begin evaluation of the WWTP facility and its future needs.

**ALTERNATIVES:**

- 1) Adopt Resolution No. 2014-26, which identifies a five-year plan to increase sewer rates to meet operational and capital improvement needs. This is the recommendation of staff, because it corrects the omission of one sewer rate that was accidentally left out of the earlier resolution.
- 2) Do not adopt Resolution No. 2014-26. This is not recommended because the omission of the single sewer rate for apartments outside the City needs to be corrected.

**FINANCIAL IMPLICATIONS:** The rate increases are required for enterprise funds to meet operational and maintenance expenditures as well as continuing to replace an aging infrastructure. Replacing utilities that are well beyond their expected service life is more cost effective than replacing them in an emergency situation.

**LEGAL:** The City must maintain its water and sewer systems to meet federal and state requirements. Periodic rate adjustments address the costs over time and reflect good planning and operating practices.

**STAFF RECOMMENDATION:** Staff recommends Council adopt Resolution No. 2014–26 accepting the proposed five-year sewer rate structure, which corrects the omission from Resolution No. 2014–22.

**CITY MANAGER’S COMMENTS:** As I mentioned when the sewer utility rate study and initial Resolution No. 2014–22 was introduced, it’s very important for the City to review all rates, especially utility rates on a regular basis to ensure that revenues can support ongoing operations, maintenance, debt service, and infrastructure replacement needs. This reflects and supports one of the City Council’s FY2015 budget goals. The City’s water and sewer infrastructure is extensive and requires constant maintenance and upgrades. Many system components are aging and require advanced planning for replacement or upgrades. The water and sewer utilities are enterprise funds and should pay for operations and capital replacement costs out of revenues. That’s why it’s important to maintain rates that can generate adequate revenues. As alternative sources of funding become harder to find, we must be as self-sufficient as possible, which means we have to rely more on users to help cover these costs. It is also important to note that granting and loaning agencies consider the importance of adequate rate structures when determining loan and grant eligibility.

This new resolution does not change the direction or intent of the initial resolution that was adopted in May instituting a five-year graduated sewer rate increase. It simply adds a single sewer rate for apartments outside the City to the approved fee increases. As staff, we recommend you approve this correction by approving Resolution No. 2014–26 and authorize implementation of a sewer rate increase of five percent per year for a five-year period from FY2015-FY2019 effective on July 1, 2014.

**ATTACHMENTS:**

Attachment A: Resolution No. 2014–26

Attachment B: Resolution No. 2014–22

**PROPOSED MOTION:**

Move to adopt Resolution No. 2014–26.



**CITY OF KODIAK  
RESOLUTION NUMBER 2014-26**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK AMENDING SECTION 14, UTILITIES (SEWER), OF THE SCHEDULE OF FEES, CHARGES, AND TARIFFS AND AUTHORIZING IMPLEMENTATION OF A FIVE-YEAR RATE STRUCTURE AND REPEALING RESOLUTION NO. 2014-22**

WHEREAS, in 2014, the City contracted with CH2MHill to complete a review and to recommend an updated rate structure for the sewer system; and

WHEREAS, the purpose of the update was to determine revenue requirements related to sewer system operation and maintenance and capital improvement needs for the next ten years; and

WHEREAS, the study shows existing sewer fees are not sufficient to fund operation and maintenance and capital improvements for the sewer system into the future; and

WHEREAS, at the May 20, 2014, work session the ten-year rate study was presented to the Council; and

WHEREAS, at the May 22, 2014, regular meeting the Council held a public hearing on the proposed sewer rate increases and adopted Resolution No. 2014-22, which amended Section 14 of the City's Schedule of Fees and Charges and adopted a five-year rate structure; and

WHEREAS, after Resolution No. 2014-22 was adopted, staff discovered an omission of the sewer fee for apartments outside the City; and

WHEREAS, this omission needs to be corrected.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, that Resolution No. 2014-22 is hereby repealed.

BE IT FURTHER RESOLVED that Section 14, Utilities (sewer) of the City's Schedule of Fees, Charges and Tariffs, which is attached hereto and incorporated by reference, is hereby amended and a five-year rate structure is hereby authorized.

BE IT FURTHER RESOLVED that the changes to the Schedule of Fees, Charges, and Tariffs herein shall be effected on July 1, 2014, unless subsequently amended by the City Council.

CITY OF KODIAK

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MAYOR

ATTEST:

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CITY CLERK

Adopted:

City of Kodiak  
Sewer Rate Study  
Existing and Projected Sewer Rates, FY2014/15 – FY 2018/19

Customer Class		Basis for Charge	Existing	Projected				
			FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<b>Inside City</b>								
<b>Service Charge - Inside City</b>								
Apartments		one unit per dwelling	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Auditorium		on unit per 3,500 sf of floor area or fraction thereof	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Bakery		one unit per 200 sf of patron area or fraction thereof	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Bar		one unit per 200 sf of patron area or fraction thereof	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Beauty Shops/Barber/Animal Grooming		one unit per facility/residence	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
B&B / Boarding House		one-half unit per operator chair/tub	\$31.41	\$32.98	\$34.63	\$36.36	\$38.18	\$40.09
		one unit per facility/residence	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
		plus one-half unit per guest room	\$31.41	\$32.98	\$34.63	\$36.36	\$38.18	\$40.09
Churches		one unit per facility	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Construction		one-half the regular rate for intended use of building	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Day Care Facilities		one unit per business/dwelling unit	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
		plus one-quarter unit for each 5 persons or fraction thereof	\$15.70	\$16.49	\$17.31	\$18.17	\$19.08	\$20.04
Dining Facility/Café/Bakeries		one unit per 200 sf of patron area	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Doctor's office, medical clinic, dentist		one unit per 6 employees or fraction thereof	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Dry Cleaners		one unit per 6 employees or fraction thereof	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Gas Station / Auto Repair Shop		2 units per business	\$125.61	\$131.89	\$138.49	\$145.41	\$152.68	\$160.31
Hospital/Major Care Center		one unit per bed	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Hotel/Motel		one-half unit per guest room w/o cooking	\$31.41	\$32.98	\$34.63	\$36.36	\$38.18	\$40.09
		three-quarter unit per guest room w/cooking	\$47.10	\$49.46	\$51.93	\$54.52	\$57.25	\$60.11
Industrial		one unit per 6 employees or fraction thereof	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Laundries and bath houses		three-quarter unit per washing machine	\$47.10	\$49.46	\$51.93	\$54.52	\$57.25	\$60.11
Meats or Produce Retail Stores		one unit per 6 employees or fraction thereof	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16

Museums	one unit per dwelling	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Office/Retail	one unit per 6 employees or fraction thereof	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Powerhouses	one unit per 6 employees or fraction thereof	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Residential (no additional charge for home-based office/retail use)	one unit per dwelling	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Rest Home/Long Term Care	one unit per 2 beds or fraction thereof	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Schools	one unit per 20 persons in daily attendance, including staff	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Senior Citizens (primary residence)	one-half unit	\$31.41	\$32.98	\$34.63	\$36.36	\$38.18	\$40.09
Vacant Rate, per month	one-half the regular rate for intended use of building	\$31.41	\$32.98	\$34.63	\$36.36	\$38.18	\$40.09
Vacant Rate Noncompliance Fee		\$195.05	\$204.80	\$215.04	\$225.79	\$237.08	\$248.94
Warehouses	one unit per 6 employees or fraction thereof	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Dump Fee		\$0.32	\$0.34	\$0.35	\$0.37	\$0.39	\$0.41
disposal domestic sludge	per gallon	\$0.23	\$0.24	\$0.25	\$0.27	\$0.28	\$0.29
disposal septic tank/portable toilet water	per gallon						
<b>Outside City</b>		<b>Existing FY 2013-14</b>	<b>Projected FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>
<b>Customer Class</b>	<b>Basis for Charge</b>						
Apartments	one unit per dwelling	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Auditorium	on unit per 3,500 sf of floor area or fraction thereof	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Bakery	one unit per 200 sf of patron area or fraction thereof	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Bar	one unit per 200 sf of patron area or fraction thereof	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Beauty Shops/Barber/Animal Grooming	one unit per facility/residence	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
B&B / Boarding House	one-half unit per operator chair/tub	\$37.64	\$39.52	\$41.50	\$43.57	\$45.75	\$48.04
	one unit per facility/residence	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
	plus one-half unit per guest room	\$37.64	\$39.52	\$41.50	\$43.57	\$45.75	\$48.04
Churches	one unit per facility	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Construction	one-half the regular rate for intended use of building	0	0	0	0	0	0
Day Care Facilities	one unit per business/dwelling unit	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
	plus one-quarter unit for each 5 persons or fraction thereof	\$18.83	\$19.77	\$20.76	\$21.80	\$22.89	\$24.03

Dining Facility/Café/Bakeries	one unit per 200 sf of patron area	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Doctor's office, medical clinic, dentist	one unit per 6 employees or fraction thereof	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Dry Cleaners	one unit per 6 employees or fraction thereof	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Gas Station / Auto Repair Shop	2 units per business	\$150.58	\$158.11	\$166.01	\$174.32	\$183.03	\$192.18
Hospital/Major Care Center	one unit per bed	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Hotel/Motel	one-half unit per guest room w/o cooking	\$37.64	\$39.52	\$41.50	\$43.57	\$45.75	\$48.04
	three-quarter unit per guest room w/cooking	\$56.47	\$59.29	\$62.26	\$65.37	\$68.64	\$72.07
Industrial	one unit per 6 employees or fraction thereof	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Laundries and bath houses	three-quarter unit per washing machine	\$56.47	\$59.29	\$62.26	\$65.37	\$68.64	\$72.07
Meats or Produce Retail Stores	one unit per 6 employees or fraction thereof	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Museums	one unit per dwelling	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Office/Retail	one unit per 6 employees or fraction thereof	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Powerhouses	one unit per 6 employees or fraction thereof	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Residential (no additional charge for home-based office/retail use)	one unit per dwelling	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Rest Home/Long Term Care	one unit per 2 beds or fraction thereof	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Schools	one unit per 20 persons in daily attendance, including staff	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Senior Citizens (primary residence)	one-half unit	\$37.64	\$39.52	\$41.50	\$43.57	\$45.75	\$48.04
Vacant Rate, per month	one-half the regular rate for intended use of building	\$37.64	\$39.52	\$41.50	\$43.57	\$45.75	\$48.04
Vacant Rate Noncompliance Fee		\$195.05	\$204.80	\$215.04	\$225.79	\$237.08	\$248.94
Warehouses	one unit per 6 employees or fraction thereof	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Dump Fee							
disposal domestic sludge	per gallon	\$0.32	\$0.34	\$0.35	\$0.37	\$0.39	\$0.41
disposal septic tank/portable toilet water	per gallon	\$0.23	\$0.24	\$0.25	\$0.27	\$0.28	\$0.29

**CITY OF KODIAK  
RESOLUTION NUMBER 2014-22**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK AMENDING SECTION 14, UTILITIES (SEWER), OF THE SCHEDULE OF FEES, CHARGES, AND TARIFFS**

WHEREAS, in 2014, the City contracted with CH2MHill to complete a review and to recommend an updated rate structure for the sewer system; and

WHEREAS, the purpose of the update was to determine revenue requirements related to sewer system operation and maintenance and capital improvement needs for the next ten years; and

WHEREAS, the study shows existing sewer fees are not sufficient to fund operation and maintenance and capital improvements for the sewer system into the future; and

WHEREAS, at the May 20, 2014, work session the ten-year rate study was presented to the Council; and

WHEREAS, at the May 22, 2014, regular meeting the Council held a public hearing on the proposed sewer rate increases.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, that Section 14, Utilities (sewer) of the City’s Schedule of Fees, Charges and Tariffs, which is attached hereto and incorporated by reference, is hereby amended.

BE IT FURTHER RESOLVED that the changes to the Schedule of Fees, Charges, and Tariffs herein shall be effected on July 1, 2014, unless subsequently amended by the City Council.



CITY OF KODIAK

*Pat Branson*  
\_\_\_\_\_  
MAYOR

ATTEST:

*Michelle Smartly Nelson*  
\_\_\_\_\_  
for CITY CLERK

Adopted: May 22, 2014

City of Kodiak  
Sewer Rate Study  
Existing and Projected Sewer Rates, FY2014/15 – FY 2018/19

Customer Class	Basis for Charge	Existing	Projected				
		FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<b>Inside City</b>							
<b>Service Charge - Inside City</b>							
Apartments	one unit per dwelling	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Auditorium	on unit per 3,500 sf of floor area or fraction thereof	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Bakery	one unit per 200 sf of patron area or fraction thereof	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Bar	one unit per 200 sf of patron area or fraction thereof	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Beauty Shops/Barber/Animal Grooming	one unit per facility/residence	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
B&B / Boarding House	one-half unit per operator chair/tub	\$31.41	\$32.98	\$34.63	\$36.36	\$38.18	\$40.09
	one unit per facility/residence plus one-half unit per guest room	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Churches	one unit per facility	\$31.41	\$32.98	\$34.63	\$36.36	\$38.18	\$40.09
	one unit per facility	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Construction	one-half the regular rate for intended use of building	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Day Care Facilities	one unit per business/dwelling unit	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
	plus one-quarter unit for each 5 persons or fraction thereof	\$15.70	\$16.49	\$17.31	\$18.17	\$19.08	\$20.04
Dining Facility/Café/Bakeries	one unit per 200 sf of patron area	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Doctor's office, medical clinic, dentist	one unit per 6 employees or fraction thereof	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
	one unit per 6 employees or fraction thereof	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Dry Cleaners	2 units per business	\$125.61	\$131.89	\$138.49	\$145.41	\$152.68	\$160.31
	one unit per bed	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
	one-half unit per guest room w/o cooking	\$31.41	\$32.98	\$34.63	\$36.36	\$38.18	\$40.09
Gas Station / Auto Repair Shop	three-quarter unit per guest room w/cooking	\$47.10	\$49.46	\$51.93	\$54.52	\$57.25	\$60.11
	one unit per 6 employees or fraction thereof	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Hospital/Major Care Center	three-quarter unit per washing machine	\$47.10	\$49.46	\$51.93	\$54.52	\$57.25	\$60.11
Hotel/Motel							
Industrial							
Laundries and bath houses							

Meats or Produce Retail Stores	one unit per 6 employees or fraction thereof	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Museums	one unit per dwelling	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Office/Retail	one unit per 6 employees or fraction thereof	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Powerhouses	one unit per 6 employees or fraction thereof	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Residential (no additional charge for home-based office/retail use)	one unit per dwelling	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Rest Home/Long Term Care	one unit per 2 beds or fraction thereof	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Schools	one unit per 20 persons in daily attendance, including staff	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Senior Citizens (primary residence)	one-half unit	\$31.41	\$32.98	\$34.63	\$36.36	\$38.18	\$40.09
Vacant Rate, per month	regular rate for intended use of building	\$31.41	\$32.98	\$34.63	\$36.36	\$38.18	\$40.09
Vacant Rate Noncompliance Fee		\$195.05	\$204.80	\$215.04	\$225.79	\$237.08	\$248.94
Warehouses	one unit per 6 employees or fraction thereof	\$62.81	\$65.95	\$69.25	\$72.71	\$76.35	\$80.16
Dump Fee	per gallon	\$0.32	\$0.34	\$0.35	\$0.37	\$0.39	\$0.41
disposal domestic sludge	per gallon	\$0.23	\$0.24	\$0.25	\$0.27	\$0.28	\$0.29
disposal septic tank/portable toilet water							
<b>Outside City</b>		<b>Existing FY 2013-14</b>	<b>Projected FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>
<b>Customer Class</b>	<b>Basis for Charge</b>						
Auditorium	on unit per 3,500 sf of floor area or fraction thereof	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Bakery	one unit per 200 sf of patron area or fraction thereof	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Bar	one unit per 200 sf of patron area or fraction thereof	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Beauty Shops/Barber/Animal Grooming	one unit per facility/residence	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
B&B / Boarding House	one-half unit per operator chair/tub	\$37.64	\$39.52	\$41.50	\$43.57	\$45.75	\$48.04
Churches	one unit per facility/residence	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Construction	plus one-half unit per guest room	\$37.64	\$39.52	\$41.50	\$43.57	\$45.75	\$48.04
Day Care Facilities	one unit per facility	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
	one-half the regular rate for intended use of building	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
	one unit per business/dwelling unit	\$18.83	\$19.77	\$20.76	\$21.80	\$22.89	\$24.03
	plus one-quarter unit for each 5 persons or fraction thereof						




Dining Facility/Café/Bakeries	one unit per 200 sf of patron area	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Doctor's office, medical clinic, dentist	one unit per 6 employees or fraction thereof	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Dry Cleaners	one unit per 6 employees or fraction thereof	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Gas Station / Auto Repair Shop	2 units per business	\$150.58	\$158.11	\$166.01	\$174.32	\$183.03	\$192.18
Hospital/Major Care Center	one unit per bed	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Hotel/Motel	one-half unit per guest room w/o cooking	\$37.64	\$39.52	\$41.50	\$43.57	\$45.75	\$48.04
	three-quarter unit per guest room w/cooking	\$56.47	\$59.29	\$62.26	\$65.37	\$68.64	\$72.07
Industrial	one unit per 6 employees or fraction thereof	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Laundries and bath houses	three-quarter unit per washing machine	\$56.47	\$59.29	\$62.26	\$65.37	\$68.64	\$72.07
Meats or Produce Retail Stores	one unit per 6 employees or fraction thereof	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Museums	one unit per dwelling	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Office/Retail	one unit per 6 employees or fraction thereof	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Powerhouses	one unit per 6 employees or fraction thereof	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Residential (no additional charge for home-based office/retail use)	one unit per dwelling	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Rest Home/Long Term Care	one unit per 2 beds or fraction thereof	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Schools	one unit per 20 persons in daily attendance, including staff	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Senior Citizens (primary residence)	one-half unit	\$37.64	\$39.52	\$41.50	\$43.57	\$45.75	\$48.04
Vacant Rate, per month	one-half the regular rate for intended use of building	\$37.64	\$39.52	\$41.50	\$43.57	\$45.75	\$48.04
Vacant Rate Noncompliance Fee		\$195.05	\$204.80	\$215.04	\$225.79	\$237.08	\$248.94
Warehouses	one unit per 6 employees or fraction thereof	\$75.29	\$79.05	\$83.01	\$87.16	\$91.52	\$96.09
Dump Fee							
disposal domestic sludge	per gallon	\$0.32	\$0.34	\$0.35	\$0.37	\$0.39	\$0.41
disposal septic tank/portable toilet water	per gallon	\$0.23	\$0.24	\$0.25	\$0.27	\$0.28	\$0.29

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**MEMORANDUM TO COUNCIL**

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**To:** Mayor Branson and City Councilmembers  
**From:** Aimée Kniazowski, City Manager   
**Date:** July 24, 2014

**Agenda Item:** V. e. **Resolution No. 2014–27, Authorizing the Issuance of a Permit to the Filipino American Association of Kodiak for the Use of Public Property to Host Its Philippine Consulate Outreach Program**

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**SUMMARY:** The Filipino-American Association of Kodiak requests the use of the Teen Center on August 1-2, 2014, to host the consular outreach program during the visit of the Philippine Consulate General from San Francisco. The purpose of the visit is to provide consular outreach services to Filipino Americans in Kodiak. The Philippine Consulate will be collecting fees for services rendered, and the Filipino-American Association will also ask for donations from participants to help offset costs associated with the outreach program. Staff recommends Council approve the issuance of a permit by adopting Resolution No. 2014–27.

**PREVIOUS COUNCIL ACTION:** The City Council routinely issues permits to non-profit and other community organizations to allow them to conduct fundraising activities on public property that benefit the community.

**DISCUSSION:** The Philippine Consulate will be in Kodiak on August 1-2, 2014, and the Filipino-American Association plans to host an outreach program at the Teen Center from 8 a.m. to 6 p.m. both days. The consular outreach is designed to help the Filipino workforce in Kodiak receive assistance with immigration-related issues without the expense of traveling off island. The Consulate will collect fees for the services they provide to participants, and the Filipino-American Association will ask for a \$20 donation from people who attend to offset the costs associated with sponsoring the outreach program. As in years past, Fil-Am will use any remaining funds to supplement projects such as homelessness prevention, emergency funds, bereavement fund programs, and Filipino Youth Basketball.

The Fil-Am Association will work closely with the City Manager, Parks and Recreation Departmental Facilitator, and Teen Center Recreation Coordinator to prepare for the event. Fil-Am also agrees to inform participants to park either behind the Library or on the street and not in the Post Office lot adjacent to the Teen Center. Adhering to the new parking requirements will eliminate the impact to the Post Office's operations and customers as was the case the past few years.

**ALTERNATIVES:**

- 1) Adopt Resolution No. 2014–27, allowing the Fil-Am Association to use the Teen Center to host services of the Philippine Consulate and to collect fees to cover the cost of services and expenses. This is the recommendation of staff, because it helps support Kodiak’s Filipino population.
- 2) Do not adopt Resolution No. 2014–27, which is not recommended, because it would require the Filipino-American Association to find another location to provide this service.

**FINANCIAL IMPLICATIONS:** The City will generate \$300 in rental fees for the use of the building, as required in the City’s Schedule of Fees and Charges, to help offset facility use and operational costs. There are no other financial implications involved.

**LEGAL:** KCC 5.04.050 allows the Council to issue permits to non-profit organizations to conduct activities on designated City-owned property through passage of a resolution. Resolution No. 2014–27 complies with that requirement.

**STAFF RECOMMENDATION:** Staff recommends Council adopt Resolution No. 2014–27 to allow the Fil-Am Association to use the Teen Center auditorium to provide a location for the Philippine Consulate to help the Filipino community with immigration documents and to collect fees from participants.

**CITY MANAGER’S COMMENTS:** Council routinely authorizes the use of City property for activities hosted by non-profits and other community organizations that benefit the community. The Fil-Am Association is hosting an event again this year that will help members of the Filipino community. Although this is not a typical fundraising event, the money collected from attendees will cover the cost of services provided by the Consulate and also help offset the cost of hosting the program. As I understand it, funds in excess of the cost to put on the two-day program will be kept by the Fil-Am Association for other uses related to the needs of the Filipino community. I support staff’s recommendation and recommend Council adopt Resolution No. 2014–27.

**ATTACHMENTS:**

Attachment A: Resolution No. 2014–27

Attachment B: Fil-Am letter of request, dated March 6, 2014

**PROPOSED MOTION:**

Move to adopt Resolution No. 2014–27.

**CITY OF KODIAK  
RESOLUTION NUMBER 2014-27**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK AUTHORIZING THE ISSUANCE OF A PERMIT TO THE FILIPINO AMERICAN ASSOCIATION OF KODIAK FOR THE USE OF PUBLIC PROPERTY TO HOST ITS PHILIPPINE CONSULATE OUTREACH PROGRAM**

WHEREAS, the Filipino American Association of Kodiak (Fil-Am) is hosting the Philippine Consulate General from San Francisco to provide outreach services to Filipino Americans; and

WHEREAS, the Fil-Am Association has requested use of the Teen Center for this event; and

WHEREAS, the Consulate General’s visit to Kodiak alleviates the need for Filipino Americans to travel from Kodiak at great expense to process immigration-related documents; and

WHEREAS, the Consulate General will collect processing fees for services rendered; and

WHEREAS, the Fil-Am Association will request donations to help cover expenses and provide food for volunteers; and

WHEREAS, Kodiak City Code Section 5.04.010 prohibits business activities on City property, and Kodiak City Code Section 5.04.060 requires a permit for community festivities.

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 Fil-Am Association as provided in section 5.04.050(b) and (d) of the City Code for use of public property at the Teen Center on August 1 and 2, 2014 from 8 a.m. to 6 p.m. each day, on the condition that the Fil-Am Association agrees to comply with the stipulations set forth in this section and section 5.04.060 of the City Code.

BE IT FURTHER RESOLVED that the Consulate General is authorized to collect fees for services rendered, and the Fil-Am Association is authorized to collect donations to sponsor the event.

BE IT FURTHER RESOLVED that event sponsors shall coordinate the event with the Kodiak City Manager and Parks and Recreation Departmental Facilitator and shall ensure all attendees will follow the parking requirements at the Teen Center to avoid impacting the US Postal Service operations and customers.

CITY OF KODIAK

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MAYOR

ATTEST:

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CITY CLERK

Adopted:

Filipino American Association of Kodiak  
PO Box 2279 Kodiak, AK 99615



March 6, 2014

Aimee Kniaziowski, City Manager  
City of Kodiak  
710 Mill Bay Rd  
Kodiak, AK 99615

Dear Ms. Kniaziowski,

The Filipino American Association of Kodiak (Fil-Am) is hosting the arrival of the Philippine Consulate General from San Francisco on August 1 and 2, 2014. The purpose of their visit to Kodiak is to do Consular outreach services to Filipino Americans. The services that they will be rendering are as follows: Philippine e-passport, passport extension, legalizations of affidavits, power of attorneys and other legal documents, Dual citizenship, Trade investment and Tourism information and Overseas Absentee Voting registration.

These services have corresponding processing fees that the consulate will be collecting. The Fil-Am will be asking \$20 donation from participants, this donation will be used to help offset the cost associated with the Teen Center rental, food for the volunteers, paper products, foods to serve during the reception/swearing in of new Dual citizens, and any other unforeseen cost associated with this outreach. If there's any money left, Fil-Am will use it to supplement the worthwhile projects/programs we have and we sponsor such as homelessness prevention, emergency funds, bereavement funds programs and Filipino Youth Basketball.

Through collaboration between the Philippine Consulate and the Fil-Am, we are able to provide services to our Filipino American neighbors in Kodiak to take care of their legal document needs without having to go out of town and spend tremendous amount of money that they don't have. Getting immigration related documents updated is an ongoing stress to these community members of ours. It is something that needs to be done, otherwise the repercussion is immeasurable. Bringing the Consuls here in Kodiak is greatly appreciated, it helps ease the stress.

I am requesting the use of the Teen Center main room upstairs on August 1<sup>st</sup> and 2<sup>nd</sup>, 8:00AM -6:00PM for this purpose.

The Fil-Am and Philippine Consulate General appreciate your consideration of this request. Please call me if you have any questions at (907) 481-2423.

Sincerely,

**Mary**

Mary Guilas-Hawver, President

Nicolas, Nenita

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**From:** Guilas Hawver, Mary [Mary.GuilasHawver@providence.org]  
**Sent:** Friday, March 14, 2014 11:50 AM  
**To:** Powers, Charlie  
**Cc:** Kniazowski, Aimee; Pat Branson; Achas, Benito A; Nicolas, Nenita; 'Nova Javier'  
**Subject:** FW: Philippine Consular Outreach Visit  
**Attachments:** 030614. Letter to the City Manager re Phil Consulate      General arrival to Kodiak.doc  
**Importance:** High

Dear Charlie,

Once again, the Philippine Consulate General Team from San Francisco is coming to Kodiak to do their annual outreach visit to provide Filipinos with their consular related needs. And once again, I am requesting/ asking that you will allow us to use the Teen Center facility for two days, August 1<sup>st</sup> and 2<sup>nd</sup> from 8-6PM, both days.

See attached letter of formal request.  
Hoping for your kindest consideration.

Sincerely,  
Mary

**Mary Guilas-Hawver, Director**  
**Providence Kodiak Island Counseling Center**  
**717 E. Rezanof Dr.**  
**Kodiak, AK 99615**  
**ph: (907) 481-2400 x 2423**  
**fax: (907) 481-2417**  
**[mary.guilashawver@providence.org](mailto:mary.guilashawver@providence.org)**



**"As people of Providence, we reveal God's love for all, especially the poor and vulnerable, through our compassionate service."**  
**Respect | Compassion | Justice | Excellence | Stewardship**


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## MEMORANDUM TO COUNCIL

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**To:** Mayor Branson and City Councilmembers  
**From:** Aimée Kniazowski, City Manager   
**Date:** July 24, 2014

**Agenda Item:** V. f. **Resolution No. 2014–28, Authorizing Payment of Fiscal Year 2015 Nonprofit Organization Grants**

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**SUMMARY:** Each year the City Council authorizes grant payments to local nonprofit organizations. The types and levels of funding are based on the City Council’s nonprofit funding policy guidelines adopted by Resolution No. 2014–19. The policy resolution stipulates the total amount available for nonprofit grants in a given fiscal year, which equals the maximum of one percent of budgeted general fund revenues, exclusive of any fund balance appropriations. The amount budgeted for FY2015 for nonprofit grant payments is \$168,100. This year the policy also grants agencies the ability to apply for one-time only non-operational funds for special projects. The City received twenty-one applications for FY2015 from nonprofit organizations that serve Kodiak, up from seventeen applications last fiscal year, for a total amount requested of \$173,334. Council reviewed the applications at the July 22 work session, and their support for the applicants is reflected in Resolution No. 2014–28.

**PREVIOUS COUNCIL ACTION:**

- Adopted Resolution No. 2014–19 on April 10, 2014, which amended the City Council’s policy for the amount and distribution of annual grant funds to local nonprofit organizations, including a new provision for one-time applications for non-operational expenses.
- July 22, 2014, reviewed FY2015 nonprofit grant applications and discussed level of support and funding amounts based on the approved FY2015 budgeted amount.

**DISCUSSION:** In April and May of 2014, staff amended the grant application form, added new criteria, posted the application material on the City’s web site, and emailed application packets to all nonprofit agencies that received funding and/or requested an application. The grant application deadline was June 20, 2014, and all applications were received by the deadline.

The City received a total of twenty-one applications from organizations with a total of \$173,334 requested. Of these organizations, eleven requested the same amount of funding as received last fiscal year (and consistent with Council’s policy of category maximums); three requested increases in funding from the previous year that meet policy limits; two requested funds in excess of the policy limits; one requested additional maximum funding in categories not previously applied for, and four agencies made first time requests. Three applicants also requested additional funding in the newly added category of one-time non-operational funding.

Council reviewed and discussed the applications at their work session on July 22, 2014. They discussed the issue of requests exceeding the budgeted amount and the amounts they intended to award for FY2015. All but three applicants met the policy requirements and have filed financial reports as required. The total amount requested by the twenty-one applicants for FY2015 is \$173,334, as mentioned above.

JULY 24, 2014  
Agenda Item V. f. Memo Page 1 of 2



**ALTERNATIVES:**

- 1) Adopt Resolution No. 2014–28 to appropriate FY2015 grant funds to local nonprofits, which is consistent with Council’s stated intent at their July 22 work session.
- 2) Amend, postpone, or do not adopt the resolution.

**FINANCIAL IMPLICATIONS:** This resolution will authorize funding in the amount of \$\_\_\_\_\_ to the successful applicants for FY2015. The total amount may or may not exceed the budgeted amount of \$168,100, per the Council’s policy of an amount not to exceed one percent of budgeted general fund revenues, exclusive of any fund balance appropriations. Additional funds, if awarded, will be appropriated from the General Fund fund balance.

**LEGAL:** N/A

**STAFF RECOMMENDATION:** Staff recommends the Council adopt Resolution No. 2014–28, authorizing payments of FY2015 nonprofit organization grants.

**CITY MANAGER’S COMMENTS:** The City Council continues to recognize the value of supporting the efforts of local nonprofits through grant funding, in-kind awards, and other types of support throughout the year. This year the application form was amended to reflect one-time funding for a non-operational expense. The applications were posted on the web and mailed out to all agencies. All applications were received on time. Grants were received from four new agencies, and some of the requests exceeded the amounts set in the policy for category limits or the maximum 10 percent increase in funding over the previous year. This year the grant requests exceeded the amount Council budgeted.

I recommend Council look at revising their policy for next year to address how to handle funding decisions when more funds are requested than are budgeted. I also recommend Council better define the existing funding categories, and that they set some criteria to achieve fairness when repeat applicants are restricted to 10 percent annual increases while new applicants are funded at the full category amount requested.

**ATTACHMENTS:**

- Attachment A: Resolution No. 2014–28
- Attachment B: Policy Resolution No. 2014–19
- Attachment C: Nonprofit Grant Application Spreadsheet FY07-FY15

**PROPOSED MOTION:**

Move to adopt Resolution No. 2014–28.

**D R A F T  
CITY OF KODIAK  
RESOLUTION NUMBER 2014-28**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK  
AUTHORIZING PAYMENT OF FISCAL YEAR 2015 NONPROFIT ORGANIZATION  
GRANTS**

WHEREAS, the City Council recognizes and supports local nonprofit organizations and has made provisions in the Fiscal Year 2015 budget for cash contributions to these organizations; and

WHEREAS, the City Council supports these nonprofit organizations because they supplement and complement services provided by the City; and

WHEREAS, several nonprofit organizations provide direct services to residents on behalf of the City government; and

WHEREAS, the funding criteria for cash grants to nonprofit organizations is based on the criteria established in Resolution No. 2014-19.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, hereby authorizes payment of the following nonprofit organization grants for Fiscal 2015:

**General Fund-Non-Departmental Cash Contributions (Nonprofit Organization Grants)**

**Youth Recreation Programs**

- Hope Community Resources, Inc.
- Kodiak Arts Council
- Kodiak Football League
- Kodiak Girl Scouts
- Kodiak Kid Wrestling Club
- Kodiak Little League
- Kodiak Kingfishers Swim Club, Inc
- Marian Center, Inc.
- Special Olympics, Kodiak
- The Salvation Army

**Adult Recreation Programs**

- Hope Community Resources, Inc.
- Kodiak Arts Council
- Kodiak Kid Wrestling Club
- Kodiak Public Broadcasting
- Marian Center, Inc.
- Maritime Museum
- Senior Citizens of Kodiak, Inc.
- Special Olympics - Kodiak Area

**Public Safety Support Programs (Shelter/Food)**

Humane Society of Kodiak  
Kodiak Area Transit System  
Kodiak Baptist Mission (Food Bank)  
Kodiak Teen Court, Inc.  
Kodiak Women’s Resource and Crisis Center  
Senior Citizens of Kodiak, Inc.  
Brother Francis Shelter – Kodiak  
The Salvation Army

**Emergency Response Support Programs**

American Red Cross of Alaska  
Kodiak Area Transit System  
Kodiak Public Broadcasting Company  
Kodiak Women’s Resource and Crisis Center  
Providence Kodiak Is Counseling/Safe Harbor  
The Salvation Army

**One Time Funding Request**

Kodiak Public Broadcasting Company  
Marian Center, Inc.  
The Salvation Army

Nonprofit Grant Contribution

CITY OF KODIAK

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

Adopted:

**CITY OF KODIAK  
RESOLUTION NUMBER 2014-19**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK RESCINDING RESOLUTION NO. 2011-10 AND ESTABLISHING FUNDING CRITERIA FOR NONPROFIT GRANTS**

WHEREAS, the City Council recognizes and supports local nonprofit organizations and has historically made funding available to these organizations on an annual basis; and

WHEREAS, it has been determined that the appropriate total amount of City funds to grant to nonprofit organizations is a maximum of one percent of budgeted general fund revenues, exclusive of any fund balance appropriation; and

WHEREAS, City funds have been provided to nonprofit organizations that supplement and compliment the services provided to residents by the City; and

WHEREAS, it is the intent of the City Council to update this policy statement.

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Kodiak, Alaska hereby establishes the following additional funding criteria for nonprofit grants provided by the City:

1. Organizations receiving funds must be legally recognized by the Internal Revenue Service.
2. Funding will be granted only for the following kinds of programs/activities and up to the maximum identified funding amount per organization and program type:

Youth Recreation Programs	\$2,500
Adult Recreation Programs	\$5,000
Public Safety Support Programs (Shelter/Food)	\$10,000
Emergency Response Support Programs	\$10,000
3. Subject to the total amount of funding available, in order to minimize the impact of potential funding cuts and/or gains to organizations as a result of the implementation of these caps, no organization will receive ten percent (10%) less and/or more than in the previous funding year, unless a special one-time funding increase for a special project is applied for and authorized by the City Council.

CITY OF KODIAK



MAYOR

ATTEST:

  
CITY CLERK

Adopted: April 10, 2014






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**MEMORANDUM TO COUNCIL**

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**To:** Mayor Branson and City Councilmembers  
**From:** Aimée Kniaziowski, City Manager   
**Date:** July 24, 2014

**Agenda Item:** V. g. **Resolution No. 2014–29, Authorizing the Kodiak Football League to Collect Admission Fees for High School Football and Youth League Football Games at Baranof Park**

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**SUMMARY:** Each year the City Council authorizes the non-profit Kodiak Football League (KFL) to charge admission fees for youth and high school football games at Baranof Park. This effort helps pay for the teams' expenses. Because the games are held on City property, the League must receive permission from the City Council to collect fees during these games. Staff recommends Council adopt Resolution No. 2014–29, which authorizes the League to collect fees during the football season from August 1 through October 31, 2014.

**PREVIOUS COUNCIL ACTION:** As provided for in the Kodiak City Code (KCC), Council periodically authorizes the issuance of permits to non-profit organizations for the purpose of selling goods or services or to conduct fundraising on City property in support of community events. Council has approved several resolutions in recent years to allow the Kodiak Football League to collect admissions and sell concessions to support the Kodiak football teams.

**DISCUSSION:** The Kodiak Football League continues to sponsor youth and high school football at Baranof Park. As in past years, they would like to charge admission fees to help defray the cost of the football program. City Code prohibits organizations and businesses from conducting business on City property without City Council permission and a permit. As a result, KFL is requesting permission to collect admission fees for youth and high school football games played at Baranof Park field for the 2014 season from August 1 through October 31, 2014. KFL is willing to comply with the requirements set out in the KCC Section 5.04.050 and work with the City Manager and Parks and Recreation Department Facilitator to arrange use of the field.

**ALTERNATIVES:**

- 1) Adopt Resolution No. 2014–29, allowing KFL to collect admission fees for youth and high school football games played at Baranof Park for the upcoming season. Staff supports this alternative because it helps KFL raise funds to continue its local football program.



- 2) Do not adopt Resolution No. 2014–29, which is not recommended, because it would limit KFL’s fundraising capabilities and would be inconsistent with Council’s past practice.

**LEGAL:** KCC 5.04.050 allows the Council to issue permits to non-profit organizations to conduct activities on designated City-owned property through passage of a resolution. Resolution No. 2014–29 complies with that requirement.

**FINANCIAL IMPLICATIONS:** None.

**STAFF RECOMMENDATION:** Staff recommends Council adopt Resolution No. 2014–29 to allow the Kodiak Football League to collect admission fees for their high school and youth league football games played at Baranof Park from August 1 through October 31, 2014.

**CITY MANAGER’S COMMENTS:** The Kodiak Football League is a non-profit organization committed to raising money to support the expenses associated with having a youth league and a high school football program, both of which enjoy wide community support. I recommend Council approve the attached resolution to allow the League to collect fees during home games played at Baranof Park field this fall.

**ATTACHMENTS:**

Attachment A: Resolution No. 2014–29

Attachment B: Kodiak Football League letter of request, dated June 23, 2014

**PROPOSED MOTION:**

Move to adopt Resolution No. 2014–29.

**CITY OF KODIAK  
RESOLUTION NUMBER 2014-29**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK AUTHORIZING THE KODIAK FOOTBALL LEAGUE TO COLLECT ADMISSION FEES FOR HIGH SCHOOL FOOTBALL AND YOUTH LEAGUE FOOTBALL GAMES AT BARANOF PARK**

WHEREAS, the Kodiak Football League is a local nonprofit organization dedicated to the promotion of youth football; and

WHEREAS, the Kodiak Football League sponsors the Kodiak High School and Kodiak Youth Football League football teams and pays for all the expenses associated with the team, including travel costs for home and away games; and

WHEREAS, this year, the Kodiak High School and Youth League footballs team will play games at Baranof Park from August through October; and

WHEREAS, in order to cover some of the costs of the program, the Kodiak Football League has requested permission to charge admission to the games.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, contingent upon the completion of Baranof Park improvements, that a permit be issued, with the permit fee waived, as provided in Kodiak City Code Section 5.04.050(d), to the Kodiak Football League for Kodiak High School football team home games.

BE IT FURTHER RESOLVED that permission is granted for the League to charge admissions to the games, on the condition that the League complies with the applicable stipulations set forth in Kodiak City Code Section 5.04.050.

BE IT FURTHER RESOLVED that event sponsors shall coordinate park use with the Kodiak Parks and Recreation Department Facilitator and the City Manager.

CITY OF KODIAK

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

Adopted:



## Kodiak Football League

P.O. Box 973  
Kodiak, Alaska 99615  
907-539-7472



June 23, 2014

To Kodiak City Council  
Debra Marlar, City Clerks Office  
710 Mill Bay Road, Room 216/217  
Kodiak, AK 99615  
907.486.8636

Dear Debra,

The Kodiak Football League would like to obtain a City Permit to collect Gate Admissions at Baranof Park, for all of this year's High School and Youth Football Games, starting August 1, 2014 and completing on October 31, 2014.




Sincerely,

Kodiak Football League  
Board of Directors

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**MEMORANDUM TO COUNCIL**

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**To:** Mayor Branson and City Councilmembers  
**From:** Aimée Kniaziowski, City Manager   
**Thru:** Mark Kozak, Public Works Director, and Glenn Melvin PE, City Engineer    
**Date:** July 24, 2014

**Agenda Item: V. h. Authorization of Bid Award for Annual Sidewalk, Curb, and Gutter Repairs, Project No. 5003/15-01**

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**SUMMARY:** Annually the City issues bids for the repair and replacement of damaged sections of sidewalk, curb, and gutters at various locations throughout the City. Actual quantities of each bid item will vary in response to need and approved FY2015 budget. Bids were issued in June 11 and opened on July 11, 2014. Two bids were received. Staff recommends Council authorize the bid award to DRW Construction, the low bidder, in the amount of \$53,600.

**PREVIOUS COUNCIL ACTION:** The City puts this project out to bid on an annual basis and the City Council makes the award to the lowest responsible bidder.

**DISCUSSION:** During the course of winter maintenance, some sidewalks and curbs are damaged from snow removal and, through freezing and thawing cycles, the concrete structures shift. This project is used to correct damaged areas that may create a hazard to pedestrian use of the sidewalks as well as drainage and ADA compliance issues. Both the water and sewer fund contribute funds to this project for replacement of sidewalk, curb, and gutters that need repair or replacement from sewer and water repair work.

The project runs from July 25, 2014, through June 30, 2015. Areas of work are identified and then given to the contractor for repair or replacement. This project has evolved into the current format in order to reduce the amount of engineering, design and survey required. As staff becomes aware of areas that need repair or replacement, the work is coordinated with the contractor. Work is then laid out in the field with the contractor and performed on a unit price basis.

The project went out to bid in June and bids were opened on July 11. Two bids were received. The bid results are summarized below and complete bid tabulation is attached (Attachment A).

Belarde Custom Concrete .....	\$57,760
DRW Construction.....	\$53,600
Public Works Director Estimate .....	\$64,460

**ALTERNATIVES:**

- 1) Award the sidewalk curb and gutter project to the lowest bidder. This is the recommended option, because it allows the City to keep pedestrian walkways safe and accessible to the community.
- 2) Not award and just hire out small repairs as necessary. This option is not recommend because of the difficult process of handling each repair separately and complying with Alaska Department of Labor requirements.
- 3) Not award, this would allow continual deterioration of existing facilities and increase the risk for liability claims against the City. This approach is not recommended.

**FINANCIAL IMPLICATIONS:** There is approximately \$84,000 available in the Street Improvement Capital Fund, Annual Sidewalk, Curb, and Gutter Project No. 5003/15-01, which is adequate to approve this bid award.

**LEGAL:** N/A

**STAFF RECOMMENDATION:** Staff recommends Council award the Annual Sidewalk Curb and Gutter project, Project No. 5003/15-01 to DRW Construction in the amount of \$53,600, with funds coming from the Street Improvement Capital Fund, Annual Sidewalk Curb and Gutter Project, Project No. 5003/15-01.

**CITY MANAGER’S COMMENTS:** I support staff’s recommendation to award the annual sidewalk, curb, and gutter bid to DRW Construction as discussed in the memo.

**ATTACHMENTS:**

Attachment A: Bid Tabulation Sheet.

**PROPOSED MOTION:**

Move to authorize the bid award for the annual sidewalk, curb, and gutter repairs project to DRW Construction in the amount of \$53,600, with funds coming from the Street Improvement Capital Fund, Annual Sidewalk Curb and Gutter Project, Project No. 5003/15-01 and authorize the City Manager to execute the award documents on behalf of the City.



**Bid Tab**

**2014 Sidewalk, Curb and Gutter**

**PN 15-01**

*Bid Date: Friday, July 11, 2014*

**Attachment A:**

<b>Bid Item</b>	<b>Description</b>	<b>Quantity</b>	<b>Units</b>	<b>Engineers Estimate</b>	<b>DRW Construction</b>	<b>Belarde Custom Concrete Company</b>	
1	Removal of Sidewalk	2350	square foot	\$2.00	\$4,700.00	\$2.20	\$5,170.00
2	Removal of curb and gutter	480	linear foot	\$12.00	\$5,760.00	\$12.50	\$6,000.00
3	Curb and gutter	480	linear foot	\$50.00	\$24,000.00	\$47.50	\$22,800.00
4	PCC Sidewalk	240	square yard	\$100.00	\$24,000.00	\$77.50	\$18,600.00
5	PCC Curb Ramp	30	square yard	\$120.00	\$3,600.00	\$104.00	\$3,120.00
6	Detectable Warnings	30	square foot	\$80.00	\$2,400.00	\$69.00	\$2,070.00
<b>86</b>	<b>Grand Total</b>				<b>\$53,600.00</b>		<b>\$57,760.00</b>

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**MEMORANDUM TO COUNCIL**

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**To:** Mayor Branson and City Councilmembers  
**From:** Aimée Kniaziowski, City Manager  
**Thru:** Ronda Wallace, Chief of Police  
**Date:** July 24, 2014

**Agenda Item: V. i. Authorization of Professional Services Contract for Kodiak Police Department Boiler Repair**

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**SUMMARY:** In January of 2012 shortly after the warranty period expired, leaks were detected in the Kodiak Police Department boiler system. Within a period of six weeks, the impeller seals in the boiler pumps began to fail. John's Heating Service was brought in to do immediate repairs and help identify the problem. John's Heating Service found the leaks and failures due to contaminated glycol, which is the product used in this system to prevent freezing of the lines and facilitate heating and cooling. Due to continued contamination of the glycol system and the cost of ongoing repairs (over \$55,200 to date), the recommendation is to convert the glycol system to water. The cost of the system repair was included in the FY2015 budget and staff recommends a contract for needed repairs be given to John's Heating Service without a competitive bid process, per KCC 3.12.070(a)(2). Therefore, staff recommends Council authorize a professional services contract with John's Heating Service in an amount not to exceed \$94,000.

**PREVIOUS COUNCIL ACTION:**

- In September 2012, discussion concerning the glycol issue was presented to Council.
- On September 13, 2012, Council adopted Resolution No. 2012-26, authorizing the City Manager to award a contract for the repair work of the Kodiak Police Department boiler system with funds coming from the Non-departmental Insurance Fund.
- Adopted FY2015 budget, including funds to repair KPD's boiler system, through Ordinance No. 1319 on June 12, 2014.

**DISCUSSION:** In January of 2012, leaks were detected in the Kodiak Police Department boiler system. Within a period of six weeks, the impeller seals in the boiler pumps began to fail. John's Heating Service was brought in to do immediate repairs and help identify the problem. John's Heating Service found the leaks and failures were due to contaminated glycol, which is the product used in this system to prevent freezing of the lines and to facilitate heating and cooling.

The failures began and the cause was determined shortly after the warranty period expired on the boiler system. Over the next several months, staff worked with the designer and contractors to determine if the problem was a design or installation error, but no determination was made, and neither the contractor nor designer of the building took responsibility.



In September of 2012, the Council authorized the City Manager to award a contract for the repair of the Kodiak Police Department boiler system, without competitive bidding pursuant to KCC 3.12.070(a) (2), to John's Heating Service for \$37,000. The funds for the repairs came from the City's Insurance Fund. John's Heating Service worked on the boiler system. During June of 2013, John's Heating Service conducted a week's worth of repair work on the boiler system. Shortly after the work was completed the system continued to experience problems with areas of little to no heat. John's Heating Service was called out several times to assess the problem. Each time the specific area of pipe would be drained and bad glycol was noted as being the reason for loss of heat.

In December of 2013, a resident sample of one of the clots was sent for analysis. In January 2014, the Kodiak Police Department was notified its boiler system (containing glycol) was once again infected with bacteria.

Staff reviewed the recurring problems and determined that the system would function better if the heating system was switched from glycol to water. Staff requested a quote from John's Heating for the switch, and in March of 2014, they provided a quote to the City to switch the boiler system for heating from glycol to water with an approximate cost of \$94,000. The work must be completed during the summer months, when the weather was warmer, to accommodate the facility being without heat and hot water.

The need for the repair was discussed during the May budget presentation, and the project funds were authorized to be included in KPD's Administration's repair and maintenance line item.

**ALTERNATIVES:**

- 1) Authorize the City Manager to award the repair contract with John's Heating Service to perform the boiler system repair in an amount not to exceed \$94,000. This is the recommendation of staff, because John's Heating Service has developed a good plan to switch the boiler system from glycol to water. Additionally, John's Heating Service is the most qualified heating expert in Kodiak to perform the work. This alternative is also consistent with KCC 3.12.070(a)(2).
- 2) Do not authorize the repair contract with John's Heating Service and risk additional boiler system failures during the coming winter months. This is not recommended and is inconsistent with the approval of the project in the FY2015 budget.

**FINANCIAL IMPLICATIONS:** There are adequate funds in the Police Department's FY2015 administrative repair and maintenance budget line item to authorize this contract.

**LEGAL:** The City Code, KCC 3.12.070(a)(2), allows the City Manager to recommend award of a contract like this without a competitive bidding process. John's Heating is familiar with the boiler system, the failures, and is the only qualified repair service available locally to perform the needed repairs.

**STAFF RECOMMENDATION:** Staff recommends Council authorize a professional services contract for the repair of the KPD boiler system to John's Heating Service in an amount not to exceed \$94,000, with funds coming from the General Fund, Police Department, Administration repair and maintenance line item in the FY2015 budget.

**CITY MANAGER'S COMMENTS:** I fully support this repair. The boiler system has given us consistently serious problems. The ultimate fix – to convert the heating system to water from glycol – should improve the system with fewer maintenance issues. The project must be done during the warm months so the building, especially the jail, does not go without heat. I also support having John's Heating do the work because they are very familiar with the system and repairs made to date. That company is also the only qualified local company to do the work, which needs to be done as soon as possible. Therefore, I request Council to approve this contract.

**ATTACHMENTS:**

Attachment A: John's Heating Service Proposal

**PROPOSED MOTION:**

Move to authorize a professional services contract to John's Heating Service in an amount not to exceed \$94,000, with funds coming from the General Fund, Police Department, Administration repair and maintenance line item, and authorize the City Manager to execute the documents on behalf of the City.

**John's Heating Service, Inc.**

**"In Heat 24 Hours A Day"**

1311 Mill Bay Rd.  
KODIAK, ALASKA 99615

Tax I.D. #92-0140835  
(907) 486-3706 FAX (907) 486-2497

# PROPOSAL

DATE  
3/26/2014

PROPOSAL #  
2271

NAME/ADDRESS  
City of Kodiak  
PO Box 1397  
Kodiak AK 99615-1397

			PROJECT
			2160 Mill Bay - KPD
DESCRIPTION	QTY	RATE	TOTAL
<p><b>THIS BID IS FOR THE INSTALLATION OF PLATE HEAT EXCHANGERS FOR THE FAN COIL UNITS:</b> There are 4 coils - 2 outside air mixing boxes and 2 main heat pumps.</p> <p>The scope of this bid is to separate the coil units from the main heating system - This means draining and flushing the complete system of all glycol and doing a high pressure water flush of the whole system (see quote #2265), separating the fan coils from the main system and making them independent. This can be done in a very easy method - without engineering and control strategy. The main system has a 3-way zone valve - this is wired to the computer. If PHE is installed after the zone valve, heat would not flow through the exchanger unless there is a call for heat. The exchanger would have a circulating pump to circulate coil heat. This will be a 110V pump that will run 24/7 to keep the glycol active - thus no need for additional controlling - plate exchangers and pumps sized through plan BTU's and pump GPM.</p> <p>Bid includes Quote #2265, Plate Heat Exchanger, pumps, expansion tanks, 110 gallons of Glycol and all other fittings, piping and gauges for said installation. This will be a hand pump system and will require monthly monitoring of pressure.</p> <p>We hope this will help and the problem will be resolved once and for all.</p>			
		<b>TOTAL</b>	

**John's Heating Service, Inc.**

**"In Heat 24 Hours A Day"**

1311 Mill Bay Rd.  
KODIAK, ALASKA 99615

Tax I.D. #92-0140835  
(907) 486-3706 FAX (907) 486-2497

# PROPOSAL

DATE 3/26/2014 PROPOSAL # 2271

NAME/ADDRESS  
City of Kodiak  
PO Box 1397  
Kodiak AK 99615-1397


			PROJECT
			2160 Mill Bay - KPD
DESCRIPTION	QTY	RATE	TOTAL
Labor for heat exchanger installation.		18,000.00	18,000.00
Heat Exchanger		35,331.76	35,331.76
Quote # 2265		40,051.26	40,051.26
		<b>TOTAL</b>	<b>\$93,383.02</b>

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**MEMORANDUM TO COUNCIL**

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**To:** Mayor Branson and City Councilmembers  
**From:** Aimée Kniaziowski, City Manager  
**Thru:** Ronda Wallace, Chief of Police   
**Date:** July 24, 2014

**Agenda Item:** V. j. Authorization of Memorandum of Understanding to Establish the Safe Streets Task Force

---

**SUMMARY:** This memo lays out the benefits of establishing a formal partnership between the City of Kodiak on behalf of the Kodiak Police Department and the Federal Bureau of Investigations (FBI) as one way to address the increasing illegal drug activity and related crimes taking place in Kodiak as a result of illicit drug distribution in the community. Council would authorize the City to enter a Memorandum of Understanding (MOU) between the Kodiak Police Department and the FBI to form a Safe Streets Violent Gangs Task Force (SSVGTF). This is the most frequently established and maintained task force between the FBI and local law enforcement communities as it addresses any criminal enterprises involved in multiple criminal acts. The general mission of this task force is to dismantle and disrupt criminal organizations, seek conviction (state or federal) of the players involved and make a positive community impact. Staff recommends Council authorize the MOU to establish a partnership in which selected Kodiak City police officers would be deputized and function as task force officers (TFOs) and work outside the City limits to begin investigations that involve drugs, drug crimes, or gang-related activity.

**PREVIOUS COUNCIL ACTION:** June 10, 2014, Chief Wallace made a presentation to Council on the need and benefits of forming a Kodiak Safe Streets Task Force.

**BACKGROUND:** The FBI established the Safe Streets and Gang Units in 1992. The units were born out of necessity because of the rise in violent crimes, gang activity, and drug trafficking throughout the United States. The impact of drug trafficking and criminal gang activity across the Continental U.S. and Alaska ends up costing more than \$5 billion annually and has greater indirect costs. This activity affects Kodiak's crime rates and affects schools, businesses, military and law enforcement.

Currently, to fight the war on drugs and gang activity, there are 163 Safe Streets and Gang Units, 834 FBI Special Agents assigned to those units along with 1,562 Task Force Officers (TFOs). There are also 98 federal partners ranging from the Bureau of Tobacco and Firearms (BATF) to the United States Marshal Service (USMS).

**DISCUSSION:** The Kodiak Police Department collaborating with the FBI to create the Kodiak Safe Streets Task Force (KSSTF) would allow select officers to become deputized Task Force Officers (TFOs). The KSSTF would be able to work outside the City limits beginning investigations at critical import locations i.e., Kodiak State Airport, FedEx and UPS stations. TFOs would work large-scale investigations at the federal level with the cases prosecuted on the federal level. This would aid an already taxed District Attorney's Office. For all federal cases investigated by the KSSTF, the City of Kodiak will be reimbursed for the overtime hours worked by TFOs.

The formation of the task force would not reduce KPD's enforcement efforts in the City, nor change the number of personnel. It does allow the Kodiak Police Department to begin investigations in import areas of known heavy drug trafficking to Kodiak Island. The desired outcome is to reduce the amount of illegal drugs being smuggled into Kodiak. It isn't likely that illegal drugs will ever be completely eradicated here, but this partnership can begin to make a difference by making it difficult for suppliers and dealers to do business here.

Kodiak City has become a hub for drug trafficking to other far-reaching communities in Alaska. Criminal intelligence trends show that criminals in the Continental U.S. are starting to flock to Alaska in order to make profits on small quantity drug trafficking, where the reward outweighs the risk of shipping it to Alaska. Drug prices on Kodiak Island are known as some of the highest in the country. A tenth of a gram of methamphetamine sells for approximately \$300, where as a full gram of methamphetamine in the Continental U.S. costs \$60 or less. A full gram of high quality heroin goes for \$700 a gram and tar heroin goes for \$500 a gram. It is a seller's market and Alaska is becoming widely known as a place to make a profit in drug dealing.

The Kodiak Police Department Drug Enforcement Unit (DEU) is catching only a fraction of what is coming to Kodiak Island. This is largely due to jurisdictional limitations. Due to our geographic isolation, Kodiak is regarded as a remote, "rural" or even "bush" community. However, Kodiak also has many of the amenities of the established urban Alaska; therefore, we are a combination of both urban and rural Alaska. We have the crime and issues of "big" Alaska in a smaller "rural" package, which is starting to prove taxing on the citizens for Kodiak, our local criminal justice system, and the law enforcement community.

**ALTERNATIVES:**

- 1) Authorize the City Manager to sign the Kodiak Safe Streets Task Force MOU, which is the recommendation of staff.
- 2) Do not authorize the City Manager to sign the Kodiak Safe Streets Task Force MOU, which would result in the Kodiak Police Department not collaborating with the FBI to address the war on drugs.

**FINANCIAL IMPLICATIONS:** There is no direct cost to the City to enter into this MOU. Overtime worked by the deputized officers will be reimbursed for overtime hours worked on these cases.

**LEGAL:** According to the legal review done by the City attorney, the liability of Kodiak police officers should not vary depending on whether they are acting within or outside the City limits. The MOU states that it does not alter the law governing civil liability of personnel assigned to the task force; however, the Dept. of Justice will indemnify and defend task force participants from civil claims. The decision whether to indemnify and defend a task force participant is made by the Dept. of Justice on a case-by-case basis, but is not guaranteed. The provision, while not guaranteed, is beneficial to the City.

**STAFF RECOMMENDATION:** Staff recommends Council authorize the MOU between the City and the FBI to form the Kodiak Safe Streets Task Force.

**CITY MANAGER'S COMMENTS:** Chief Wallace is committed, as are her officers, to finding an effective way to deal with the rising rates of drug related crimes in Kodiak. She researched this resource and believes this partnership with the FBI's Safe Streets program can provide KPD with additional tools to help reduce this type of crime in Kodiak. I support her commitment and, if Council agrees with this approach, encourage the authorization of the MOU.

**ATTACHMENT:**

Attachment A: Kodiak Safe Streets Task Force MOU

**PROPOSED MOTION:**

Move to authorize the Memorandum of Understanding between the City of Kodiak and the Federal Bureau of Investigation to create the Kodiak Safe Streets Task Force and authorize the City Manager to sign the agreement for the City.



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**FEDERAL BUREAU OF INVESTIGATION  
KODIAK SAFE STREETS TASK FORCE  
MEMORANDUM OF UNDERSTANDING****PARTIES**

1. This Memorandum of Understanding (MOU) is entered into by and between the Federal Bureau of Investigation (FBI) and the Kodiak Police Department. Nothing in this MOU should be construed as limiting or impeding the basic spirit of cooperation which exists between these agencies.

**AUTHORITIES**

2. Authority for the FBI to enter into this agreement can be found at Title 28, United States Code (U.S.C.), Section (§) 533; 42 U.S.C. § 3771; Title 28, Code of Federal Regulations (C.F.R.), § 0.85; and applicable United States Attorney General's Guidelines.

**PURPOSE**

3. The purpose of this MOU is to delineate the responsibilities of Kodiak Safe Streets Task Force (**Kodiak SSTF**) personnel formalize relationships between participating agencies for policy guidance, planning, training, public and media relations; and maximize inter-agency cooperation. This MOU is not intended, and should not be construed, to create any right or benefit, substantive or procedural, enforceable at law or otherwise by any third party against the parties, the United States, or the officers, employees, agents, or other associated personnel thereof.

**MISSION**

4. The mission of the SSTF is to identify and target for prosecution criminal enterprise groups responsible for drug trafficking, money laundering, alien smuggling, crimes of violence such as murder and aggravated assault, robbery, and violent street gangs, as well as to intensely focus on the apprehension of dangerous fugitives where there is or may be a federal investigative interest. The SSTF will enhance the effectiveness of federal/state/local law enforcement resources through a well-coordinated initiative seeking the most effective investigative/prosecutive avenues by which to convict and incarcerate dangerous offenders.

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**SUPERVISION AND CONTROL**

**A. Supervision**

5. Overall management of the SSTF shall be the shared responsibility of the participating agency heads and/or their designees.
6. The Special Agent in Charge (SAC) of the Anchorage Division shall designate one Supervisory Special Agent (SSTF Supervisor) to supervise the SSTF. The SSTF Supervisor may designate a Special Agent to serve as the Safe Streets Task Force Coordinator (Task Force Coordinator). Either the SSTF Supervisor or the Task Force Coordinator shall oversee day-to-day operational and investigative matters pertaining to the SSTF.
7. Conduct undertaken outside the scope of an individual's SSTF duties and assignments under this MOU shall not fall within the oversight responsibility of the SSTF Supervisor or Task Force Coordinator. As stated in paragraph 74, below, neither the United States nor the FBI shall be responsible for such conduct.
8. SSTF personnel will be subject to the laws, regulations, policies, and personnel rules applicable to their respective agencies. FBI employees will continue to adhere to the Bureau's ethical standards, including Department of Justice (DOJ)/FBI regulations relating to outside employment and prepublication review matters, and will remain subject to the Supplemental Standards of Ethical conduct for employees of the DOJ.
9. SSTF personnel will continue to report to their respective agency heads for non-investigative administrative matters not detailed in this MOU.
10. Continued assignment of personnel to the SSTF will be based on performance and at the discretion of appropriate management. The FBI SAC and SSTF Supervisor will also retain discretion to remove any individual from the SSTF.

**B. Case Assignments**

11. The FBI SSTF Supervisor will be responsible for opening, monitoring, directing, and closing SSTF investigations in accordance with existing FBI policy and the applicable United States Attorney General's Guidelines.
12. Assignments of cases to personnel will be based on, but not limited to, experience, training and performance, in addition to the discretion of the SSTF Supervisor.
13. For FBI administrative purposes, SSTF cases will be entered into the relevant FBI computer system.



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14. SSTF personnel will have equal responsibility for each case assigned. SSTF personnel will be responsible for complete investigation from predication to resolution.

**C. Resource Control**

15. The head of each participating agency shall determine the resources to be dedicated by that agency to the SSTF, including personnel, as well as the continued dedication of those resources. The participating agency head or designee shall be kept fully apprised of all investigative developments by his or her subordinates.

**OPERATIONS**

**A. Investigative Exclusivity**

16. It is agreed that matters designated to be handled by the SSTF will not knowingly be subject to non-SSTF law enforcement efforts by any of the participating agencies. It is incumbent on each agency to make proper internal notification regarding the SSTF's existence and areas of concern.
17. It is agreed that there is to be no unilateral action taken on the part of the FBI or any participating agency relating to SSTF investigations or areas of concern as described in paragraph 3. All law enforcement actions will be coordinated and cooperatively carried out.
18. SSTF investigative leads outside of the geographic areas of responsibility for FBI Anchorage Division will be communicated to other FBI offices for appropriate investigation.

**B. Confidential Human Sources**

19. The disclosure of FBI informants, or Confidential Human Sources (CHSs), to non-SSTF personnel will be limited to those situations where it is essential to the effective performance of the SSTF. These disclosures will be consistent with applicable FBI guidelines.
20. Non-FBI SSTF personnel may not make any further disclosure of the identity of an FBI CHS, including to other individuals assigned to the SSTF. No documents which identify, tend to identify, or may indirectly identify an FBI CHS may be released without prior FBI approval.
21. In those instances where a participating agency provides a CHS, the FBI may, at the discretion of the SAC, become solely responsible for the CHS's continued development, operation, and compliance with necessary administrative procedures regarding operation and payment as set forth by the FBI.

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22. The United States Attorney General's Guidelines and FBI policy and procedure for operating FBI CHSs shall apply to all FBI CHSs opened and operated in furtherance of SSTF investigations. Documentation of, and any payments made to, FBI CHSs shall be in accordance with FBI policy and procedure.
23. Operation, documentation, and payment of any CHS opened and operated in furtherance of an SSTF investigation must be in accordance with the United States Attorney General's Guidelines, regardless of whether the handling agency is an FBI SSTF participating agency. Documentation of state, county, or local CHSs opened and operated in furtherance of SSTF investigations shall be maintained at an agreed upon location.

**C. Reports and Records**

24. All investigative reporting will be prepared in compliance with existing FBI policy. Subject to pertinent legal and/or policy restrictions, copies of pertinent documents created by SSTF personnel will be made available for inclusion in the respective investigative agencies' files as appropriate.
25. SSTF reports prepared in cases assigned to SSTF personnel will be maintained at an FBI approved location; original documents will be maintained by the FBI.
26. Records and reports generated in SSTF cases which are opened and assigned by the FBI SSA with designated oversight for investigative and personnel matters will be maintained in the FBI investigative file for SSTF.
27. SSTF investigative records maintained at the Anchorage Field Office of the FBI will be available to all SSTF personnel, as well as their supervisory and command staff subject to pertinent legal, administrative and/or policy restrictions.
28. All evidence and original tape recordings (audio and video) acquired by the FBI during the course of the SSTF investigations will be maintained by the FBI. The FBI's rules and policies governing the submission, retrieval and chain of custody will be adhered to by SSTF personnel.
29. All SSTF investigative records will be maintained at an approved FBI location. Placement of all or part of said information into participating agency files rests with the discretion of supervisory personnel of the concerned agencies, subject to SSA approval.
30. Classified information and/or documents containing information that identifies or tends to identify an FBI CHS shall not be placed in the files of participating agencies unless appropriate FBI policy has been satisfied.
31. The Parties acknowledge that this MOU may provide SSTF personnel with access to information about U.S. persons which is protected by the Privacy Act of 1974 and/or

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Executive Order 12333. The Parties expressly agree that all such information will be handled lawfully pursuant to the provisions thereof. The Parties further agree that if this access to information by SSTF personnel requires a change in privacy compliance documents, those changes will be accomplished prior to access being granted.

### INFORMATION SHARING

32. No information possessed by the FBI, to include information derived from informal communications between SSTF personnel and FBI employees not assigned to the SSTF, may be disseminated by SSTF personnel to non-SSTF personnel without the approval of the SSTF Supervisor and in accordance with the applicable laws and internal regulations, procedures or agreements between the FBI and the participating agencies that would permit the participating agencies to receive that information directly. Likewise, SSTF personnel will not provide any participating agency information to the FBI that is not otherwise available to it unless authorized by appropriate participating agency officials.
33. Each Party that discloses PII is responsible for making reasonable efforts to ensure that the information disclosed is accurate, complete, timely, and relevant.
34. The FBI is providing access to information from its records with the understanding that in the event the recipient becomes aware of any inaccuracies in the data, the recipient will promptly notify the FBI so that corrective action can be taken. Similarly, if the FBI becomes aware that information it has received pursuant to this MOU is inaccurate, it will notify the contributing Party so that corrective action can be taken.
35. Each Party is responsible for ensuring that information it discloses was not knowingly obtained or maintained in violation of any law or policy applicable to the disclosing Party, and that information is only made available to the receiving Party as may be permitted by laws, regulations, policies, or procedures applicable to the disclosing Party.
36. Each Party will immediately report to the other Party each instance in which data received from the other Party is used, disclosed, or accessed in an unauthorized manner (including any data losses or breaches).
37. The Parties agree that either or both may audit the handling and maintenance of data in electronic and paper recordkeeping systems to ensure that appropriate security and privacy protections are in place.

### PROSECUTIONS

38. SSTF investigative procedures, whenever practicable, are to conform to the requirements which would allow for either federal or state prosecution.
39. A determination will be made on a case-by-case basis whether the prosecution of SSTF cases will be at the state or federal level. This determination will be based on the

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evidence obtained and a consideration of which level of prosecution would be of the greatest benefit to the overall objectives of the SSTF.

40. In the event that a state or local matter is developed that is outside the jurisdiction of the FBI or it is decided to prosecute a SSTF case at the state or local level, the FBI agrees to provide all relevant information to state and local authorities in accordance with all applicable legal limitations.

**A. Investigative Methods/Evidence**

41. For cases assigned to an FBI Special Agent or in which FBI CHSs are utilized, the parties agree to conform to federal standards concerning evidence collection, processing, storage, and electronic surveillance. However, in situations where the investigation will be prosecuted in the State Court where statutory or common law of the state is more restrictive than the comparable federal law, the investigative methods employed by FBI case agents shall conform to the requirements of such statutory or common law pending a decision as to venue for prosecution.
42. In all cases assigned to state, county, or local law enforcement participants, the parties agree to utilize federal standards pertaining to evidence handling and electronic surveillance activities as outlined in the Domestic Investigations and Operations Guide to the greatest extent possible. However, in situations where the statutory or common law of the state is more restrictive than the comparable federal law, the investigative methods employed by state and local law enforcement agencies shall conform to the requirements of such statutory or common law pending a decision as to venue for prosecution.
43. The use of other investigative methods (search warrants, interceptions of oral communications, etc.) and reporting procedures in connection therewith will be consistent with the policies and procedures of the FBI.

**B. Undercover Operations**

44. All SSTF undercover operations will be conducted and reviewed in accordance with FBI guidelines and the Attorney General's Guidelines on Federal Bureau of Investigation Undercover Operations. All participating agencies may be requested to enter into an additional agreement if an employee of the participating agency is assigned duties which require the officer to act in an undercover capacity.

**USE OF LESS-THAN-LETHAL-DEVICES<sup>1</sup>**

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<sup>1</sup> Pursuant to Section VIII of the DOJ Less-Than-Lethal Devices Policy dated May 16, 2011, all state/local officers participating in joint task force operations must be made aware of and adhere to the policy and its limits on DOJ officers.

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45. The parent agency of each individual assigned to the SSTF will ensure that while the individual is participating in FBI-led task force operations in the capacity of a task force officer, task force member, or task force participant, the individual will carry only less-lethal devices that the parent agency has issued to the individual, and that the individual has been trained in accordance with the agency's policies and procedures.
46. The parent agency of each individual assigned to the SSTF will ensure that the agency's policies and procedures for use of any less-lethal device that will be carried by the task force officer, task force member, or task force participant are consistent with the DOJ policy statement on the Use of Less-Than-Lethal Devices.

### **DEADLY FORCE AND SHOOTING INCIDENT POLICIES**

47. SSTF personnel will follow their own agencies' policies concerning firearms discharge and use of deadly force.

### **DEPUTATIONS**

48. Local and state law enforcement personnel designated to the SSTF, subject to a limited background inquiry, may be sworn as federally deputized Special Deputy United States Marshals, with the FBI securing the required deputation authorization. These deputations should remain in effect throughout the tenure of each investigator's assignment to the SSTF or until the termination of the SSTF, whichever comes first.
49. Deputized SSTF personnel will be subject to the rules and regulations pertaining to such deputation. Administrative and personnel policies imposed by the participating agencies will not be voided by deputation of their respective personnel.

### **VEHICLES**

50. In furtherance of this MOU, employees of LEA may be permitted to drive FBI owned or leased vehicles for official SSTF business and only in accordance with applicable FBI rules and regulations, including those outlined in the FBI Government Vehicle Policy Directive (0430D) and the Government Vehicle Policy Implementation Guide (0430PG). The assignment of an FBI owned or leased vehicle to LEA SSTF personnel will require the execution of a separate Vehicle Use Agreement.
51. The participating agencies agree that FBI vehicles will not be used to transport passengers unrelated to SSTF business.
52. The FBI and the United States will not be responsible for any tortious act or omission on the part of LEA and/or its employees or for any liability resulting from the use of an FBI owned or leased vehicle utilized by LEA SSTF personnel, except where liability may fall



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under the provisions of the Federal Tort Claims Act (FTCA), as discussed in the Liability Section herein below.

- 53. The FBI and the United States shall not be responsible for any civil liability arising from the use of an FBI owned or leased vehicle by LEA task force personnel while engaged in any conduct other than their official duties and assignments under this MOU.
- 54. To the extent permitted by applicable law, LEA agrees to hold harmless the FBI and the United States, for any claim for property damage or personal injury arising from any use of an FBI owned or leased vehicle by LEA SSTF personnel which is outside the scope of their official duties and assignments under this MOU.

**SALARY/OVERTIME COMPENSATION**

- 55. The FBI and LEA remain responsible for all personnel costs for their SSTF representatives, including salaries, overtime payments and fringe benefits consistent with their respective agency, except as described in paragraph 56 below.
- 56. Subject to funding availability and legislative authorization, the FBI will reimburse to LEA the cost of overtime worked by non-federal SSTF personnel assigned full-time to SSTF, provided overtime expenses were incurred as a result of SSTF-related duties, and subject to the provisions and limitations set forth in a separate Cost Reimbursement Agreement to be executed in conjunction with this MOU. A separate Cost Reimbursement Agreement must be executed between the FBI and LEA for full-time employee(s) assigned to SSTF, consistent with regulations and policy, prior to any reimbursement by the FBI. Otherwise, overtime shall be compensated in accordance with applicable LEA overtime provisions and shall be subject to the prior approval of appropriate personnel.

**PROPERTY AND EQUIPMENT**

- 57. Property utilized by the SSTF in connection with authorized investigations and/or operations and in the custody and control and used at the direction of the SSTF, will be maintained in accordance with the policies and procedures of the agency supplying the equipment. Property damaged or destroyed which was utilized by SSTF in connection with authorized investigations and/or operations and is in the custody and control and used at the direction of SSTF, will be the financial responsibility of the agency supplying said property.

**FUNDING**

- 58. This MOU is not an obligation or commitment of funds, nor a basis for transfer of funds, but rather is a basic statement of the understanding between the parties hereto of the tasks and methods for performing the tasks described herein. Unless otherwise agreed in writing, each party shall bear its own costs in relation to this MOU. Expenditures by



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each party will be subject to its budgetary processes and to the availability of funds and resources pursuant to applicable laws, regulations, and policies. The parties expressly acknowledge that the above language in no way implies that Congress will appropriate funds for such expenditures.

### **FORFEITURES**

59. The FBI shall be responsible for processing assets seized for federal forfeiture in conjunction with SSTF operations.
60. Asset forfeitures will be conducted in accordance with federal law, and the rules and regulations set forth by the FBI and DOJ. Forfeitures attributable to SSTF investigations may be equitably shared with the agencies participating in the SSTF.

### **DISPUTE RESOLUTION**

61. In cases of overlapping jurisdiction, the participating agencies agree to work in concert to achieve the SSTF's objectives.
62. The participating agencies agree to attempt to resolve any disputes regarding jurisdiction, case assignments, workload, etc., at the field level first before referring the matter to supervisory personnel for resolution.

### **MEDIA RELEASES**

63. All media releases and statements will be mutually agreed upon and jointly handled according to FBI and participating agency guidelines.
64. Press releases will conform to DOJ Guidelines regarding press releases. No release will be issued without FBI final approval.

### **SELECTION TO SSTF AND SECURITY CLEARANCES**

65. If an LEA candidate for the SSTF will require a security clearance, he or she will be contacted by FBI security personnel to begin the background investigation process prior to the assigned start date.
66. If, for any reason, the FBI determines that an LEA candidate is not qualified or eligible to serve on the SSTF, the participating agency will be so advised and a request will be made for another candidate.
67. Upon being selected, each candidate will receive a comprehensive briefing on FBI field office security policies and procedures. During the briefing, each candidate will execute non-disclosure agreements (SF-312 and FD-868), as may be necessary or required by the FBI.

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68. Before receiving unescorted access to FBI space identified as an open storage facility, SSTF personnel will be required to obtain and maintain a "Top Secret" security clearance. SSTF personnel will not be allowed unescorted access to FBI space unless they have received a Top Secret security clearance.
69. Upon departure from the SSTF, each individual whose assignment to the SSTF is completed will be given a security debriefing and reminded of the provisions contained in the non-disclosure agreement to which he or she previously agreed.

**LIABILITY**

70. The participating agencies acknowledge that this MOU does not alter the applicable law governing civil liability, if any, arising from the conduct of personnel assigned to the SSTF.
71. The participating agency shall immediately notify the FBI of any civil, administrative, or criminal claim, complaint, discovery request, or other request for information of which the agency receives notice, concerning or arising from the conduct of personnel assigned to the SSTF or otherwise relating to the SSTF. The participating agency acknowledges that financial and civil liability, if any and in accordance with applicable law, for the acts and omissions of each employee detailed to the SSTF remains vested with his or her employing agency. In the event that a civil claim or complaint is brought against a state or local officer assigned to the SSTF, the officer may request legal representation and/or defense by DOJ, under the circumstances and pursuant to the statutes and regulations identified below.
72. For the limited purpose of defending against a civil claim arising from alleged negligent or wrongful conduct under common law under the FTCA, 28 U.S.C. § 1346(b), and §§ 2671-2680: An individual assigned to the SSTF who is named as a defendant in a civil action as a result of or in connection with the performance of his or her official duties and assignments pursuant to this MOU may request to be certified by the Attorney General or his designee as having acted within the scope of federal employment at the time of the incident giving rise to the suit. 28 U.S.C. § 2679(d)(2). Upon such certification, the individual will be considered an "employee" of the United States government for the limited purpose of defending the civil claim under the FTCA, and the claim will proceed against the United States as sole defendant. 28 U.S.C. § 2679(d)(2). Once an individual is certified as an employee of the United States for purposes of the FTCA, the United States is substituted for the employee as the sole defendant with respect to any tort claims. Decisions regarding certification of employment under the FTCA are made on a case-by-case basis, and the FBI cannot guarantee such certification to any SSTF personnel.
73. For the limited purpose of defending against a civil claim arising from an alleged violation of the U.S. Constitution pursuant to 42 U.S.C. § 1983 or Bivens v. Six Unknown Named

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Agents of the Federal Bureau of Narcotics, 403 U.S. 388 (1971): An individual assigned to the SSTF who is named as a defendant in a civil action as a result of or in connection with the performance of his or her official duties and assignments pursuant to this MOU may request individual-capacity representation by DOJ to defend against the claims. 28 C.F.R. §§ 50.15, 50.16. Any such request for individual-capacity representation must be made in the form of a letter from the individual defendant to the U.S. Attorney General. The letter should be provided to Chief Division Counsel (CDC) for the FBI [-----] Division, who will then coordinate the request with the FBI Office of the General Counsel. In the event of an adverse judgment against the individual, he or she may request indemnification from DOJ. 28 C.F.R. § 50.15(c)(4). Requests for DOJ representation and indemnification are determined by DOJ on a case-by-case basis. The FBI cannot guarantee the United States will provide legal representation or indemnification to any SSTF personnel.

74. Liability for any conduct by SSTF personnel undertaken outside of the scope of their assigned duties and responsibilities under this MOU shall not be the responsibility of the FBI or the United States and shall be the sole responsibility of the respective employee and/or agency involved.

**DURATION**

75. The term of this MOU is for the duration of the SSTF's operations, contingent upon approval of necessary funding, but may be terminated at any time upon written mutual consent of the agency involved.
76. Any participating agency may withdraw from the SSTF at any time by written notification to the SSA with designated oversight for investigative and personnel matters or program manager of the SSTF at least 30 days prior to withdrawal.
77. Upon termination of this MOU, all equipment provided to the SSTF will be returned to the supplying agency/agencies. In addition, when an entity withdraws from the MOU, the entity will return equipment to the supplying agency/agencies. Similarly, remaining agencies will return to a withdrawing agency any unexpended equipment supplied by the withdrawing agency during any SSTF participation.

**MODIFICATIONS**

78. This agreement may be modified at any time by written consent of all involved agencies.
79. Modifications to this MOU shall have no force and effect unless such modifications are reduced to writing and signed by an authorized representative of each participating agency.

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**SIGNATORIES**

\_\_\_\_\_  
Deirdre Fike  
Special Agent in Charge  
Anchorage Field Office  
Federal Bureau of Investigation

\_\_\_\_\_  
Date

\_\_\_\_\_  
Aimee Kniazowski  
City Manager  
City of Kodiak



\_\_\_\_\_  
Date

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**MEMORANDUM TO COUNCIL**

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**To:** Mayor Branson and City Councilmembers  
**From:** Aimée Kniaziowski, City Manager   
**Thru:** Glenn Melvin, City Engineer   
**Date:** July 24, 2014

**Agenda Item: V. k. Authorization of Borrow Material Permit No. 14-1 for B&R Fish By-Products, Inc., for the Breakwater Quarry**

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**SUMMARY:** This memo recommends authorization of renewal of the borrow material permit issued to B&R Fish By-Products, Inc. dated February 2, 2009, for the extraction of rock at the Breakwater Quarry site. The permit has been reviewed by the City Attorney and APEI and revised to reflect current legal and insurance requirements. The City Engineer has revised the permit to eliminate problems encountered during the previous five-year period and efficiently move forward with removal of rock to develop additional uplands for the Shipyard. Staff recommends Council authorize this permit by motion.

**PREVIOUS COUNCIL ACTION:**

- April 12, 2001, First Reading of Ordinance No. 1126, authorizing a ten-year borrow material permit with Brechan Enterprises Inc.
- May 24, 2001, Ordinance No. 1126, authorizing a ten-year borrow material permit with Brechan Enterprises Inc. (amended to reflect five-year term of Permit No. 01-3, previously adopted)
- June 12, 2003, Council authorized Borrow Permit No. 03-2 for the Breakwater Quarry
- November 20, 2003, Council authorized extension of intermediate time limits for Borrow Material Permit No. 01-03 for Brechan Enterprises Inc. for the Breakwater Quarry
- March 25, 2004, Council authorized Amendment No. 1 to B&R Fish By-Products, Inc.'s Borrow Permit No. 01-04 for the Breakwater Quarry
- March 24, 2005, Council authorized Borrow Permit No. 05-1 with Anderson Construction for the Trident Basin Quarry
- September 28, 2006, Council authorized Borrow Material Permit No. 06-1 for Brechan Enterprises Inc., for the Breakwater Quarry
- January 15, 2009, Council authorized Borrow Permit Nos. 09-1, 09-2, and 09-3, for Brechan Enterprises Inc., Anderson Construction, and B&R Fish By-Products Inc., for the Breakwater Quarry

**DISCUSSION:** At the November 2008 work session the City Council reviewed a conceptual plan to expand the St. Herman Harbor Boat Yard to provide additional uplands that could be used for setting vessels, constructing maintenance shops, and providing related vessel services. Three borrow permit holders in the current "Breakwater Quarry" area expressed interest in renewing their borrow permits to

work in an expanded area. New borrow permits were issued to three contractors based on a sketch of the proposed quarry area. The sketch was adequate to keep quarry operations going, but a detailed quarry development plan was needed. The detailed plan was prepared by PND and clearly defined the location of the toe and crest of the cut area, the elevation and configuration of the benches, and the elevation and slope of the quarry floor. By following the plan, the three permit areas could be developed and ready for Shipyard use as quarrying was completed in any area. In addition, PND computed the volume of rock remaining to be quarried based on the existing conditions and the final quarry configuration. Knowing the remaining volume and historical borrow volumes, they were able to compute the estimated time required to complete quarrying and turn areas over to the Shipyard for development. It was estimated at that time that it would take 20 years to remove all the material.

The current Borrow Permits No.09-1 (Brechan), 09-2 (Anderson), and 09-3 (B&R Fish), were issued February 2, 2009, and have now expired. The City Manager has exercised the authority to extend the permits for a six-month period per City Code Section 18.24.020. The six-month period is nearing the end, and Council approval is now required for permit renewals. Staff has prepared permit renewals for B&R Fish and Brechan at this meeting. Anderson Construction was sold to Koniag a couple of years ago and since that time, Koniag has minimally operated the quarry. The City was not notified by Koniag in writing of the ownership change, and assignment of the permit was not applied for or granted by the City. It is our understanding that Koniag is currently liquidating the quarry equipment and stockpile stored at the quarry site. It has been requested by both B&R Fish and Brechan to take over the Anderson area. It is in the best interest of the City to divide the remaining Anderson site into two areas and add them to the B&R Fish area and the Brechan area. This is the best alternative to maintain progress toward the Council goal of developing usable upland at the Shipyard.

The permits have been reviewed by APEI, the City Attorney, the City Engineer, and City Public Works Director. APEI recommended the City increase the Commercial General Liability limits from \$1M to \$5M due to the potential serious loss to the public as a result of blasting activity. The City Attorney revised the new permit language to strengthen the City's ability to collect royalties and incorporated City Code Chapter 18.24 "Borrow Material" into the permit by reference. This was done to tie the permit to City Code and make sure the permittee fully understands the legal obligations required by Code. The City Engineer and Public Works Director reviewed the permit, and made various revisions based on quarrying progress, contractor performance, and royalty payment history of the permittees during the five-year permit period.

During the previous five-year permit, the City experienced difficulty getting the permittees to submit the quarterly reports and making royalty payments as required. Staff did not have a reliable accounting tool to keep track of the amount of rock removed by the permittees and relied on the "honor system" for the permittees to submit the quarterly reports and pay royalties. Staff found a way to verify the amount of rock extracted by reviewing truck scale load ticket data provided by Brechan. Brechan has agreed to provide City staff with updated load ticket information quarterly in a spreadsheet format. This will allow



staff to track the amount of rock removed by the permittees and their contactors that purchase rock. In addition, we have restructured the new Breakwater Quarry permits to require that the minimum annual royalties be paid in advance each year. Once the minimum quantity equivalent is reached, the permittee will be required to pay additional royalties above the minimum. Staff also raised the minimum annual royalty amount for this permit from \$2,500 to \$10,000. This increase more adequately reflects the expected annual rock removal as based on historical data from the past five years.

In response to the Pier III project, staff added an alternative weighing system to the permit. Rock for Pier III replacement will be barge loaded from the Breakwater Quarry and delivered to the Pier III construction project. The permits allow rock material to be weighed by barge following the technical standards described in US Army Corps of Engineers Manuals EM 1110-2-2302.

**ALTERNATIVES:** Council may consider the following:

- 1) Authorize Borrow Permit No. 14-1, for B&R Fish By-Products, for the Breakwater Quarry. This alternative will allow the permittee to continue removal of rock material, which has been the goal of Council. This alternative aligns with Council's goal of expanding the St. Herman Harbor Shipyard to provide additional uplands that could be used for setting vessels, constructing maintenance shops, and providing related vessel services. Staff recommends this alternative.
- 2) Do not authorize Borrow Permit No. 14-1, for B&R Fish By-Products, for the Breakwater Quarry. This alternative does not align with Council's goal for the Shipyard, plus it would likely have a negative impact on the Pier III project, since the permittee has the contract to supply rock for the project.

**FINANCIAL IMPLICATIONS:** The Breakwater Quarry permits generate revenue by charging a royalty of 50 cents per ton on rock materials extracted. B&R Fish has historically averaged about 20,000 tons per year, and based on staff's knowledge of their projects, it is expected that they will continue to produce 20,000 tons per year equaling about \$10,000 per year.

**LEGAL:** City staff consulted with the City Attorney on the permit language and proposed changes. The Attorney reviewed and prepared the final draft of the permit.

**STAFF RECOMMENDATION:** It is the recommendation of staff that Council authorize the Borrow Material Permit No. 14-1 to B&R Fish By-Products, Inc. for the Breakwater Quarry for a five-year period.

**CITY MANAGER'S COMMENTS:** I support the work staff has done to complete the revised permits for approval. I appreciate that the language was tightened up, insurance coverage language was updated to reflect the level of risk when blasting, and accountability language was added. I also support the Council's goal of creating more useable flat land adjacent to the harbor for the expansion of the



Shipyards activities. I recommend Council approve the permit and authorize me to sign the permit for the City.

**ATTACHMENTS:**

Attachment A: Borrow Material Permit No. 14-1

**PROPOSED MOTION:**

Move to approve Borrow Material Permit No. 14-1 to B&R Fish By-Products, Inc. for the Breakwater Quarry for a five-year period commencing in July of 2014 and authorize the City Manager to sign the permit for the City.

**BORROW MATERIAL PERMIT NO. 14-1**

The City of Kodiak (City) hereby acknowledges that B&R Fish By Products, Inc., 819 Lower Mill Bay Rd, Kodiak, Alaska, 99615 (Permittee) shall have the right to remove the borrow material described below from the property described herein, all pursuant to the terms and conditions of this permit and in accordance with all applicable provisions of the Kodiak City Code (KCC).

This permit may not be assigned without the advance written consent of the City, which consent may be withheld at the City’s discretion. If Permittee is a corporation or partnership, the sale or conveyance of any partnership interest or a controlling stock interest shall be deemed an assignment of this permit.

The Permittee agrees to comply with all applicable laws, and with any rules and regulations issued there under, including without limitation Kodiak City Code Chapter 18.24, a copy of which is attached hereto and which is incorporated by reference herein.

This Borrow Material Permit is effective as of \_\_\_\_\_, 2014, and shall remain in effect for a period of 5 years from its effective date. For the purposes of this permit a year is defined as July 1 through June 30 as it equates the City of Kodiak fiscal year.

**Location and Description of Lands from which Borrow Materials are to be Removed**

Materials are to be taken solely from the area of Near Island known as the Breakwater Quarry within the limits shown conceptually on the attached drawing. The Permittee will work with the City Engineer to create a quarry plan defining the exact boundary of the quarry.

**Type and Quantity of Borrow Material Desired**

The Permittee has historically mined an average of approximately 20,000 tons of borrow material per year and this permit anticipates a similar average use for a period of 5 years or until the resource is exhausted. This permit is issued for the approximate area shown on the attached drawing. The exact area will be defined as the quarry plan is developed.

It shall be the responsibility of the Permittee to strip and dispose of the vegetation and overburden. The City will not pay the Permittee for the removal of the vegetation and overburden.

The Permittee will be charged a royalty for all borrow materials mined on Near Island and for all other materials leaving Near Island, regardless of the point of origin.

**Use of Borrow Materials**

The Permittee may use the borrow materials for any legal purpose.

## **Use of the Quarry Site**

The Permittee may use the Quarry Site for quarrying operations, rock crushing and screening. Storage at the Quarry site of materials and equipment not directly associated with the quarrying operation is prohibited.

The City's interest in this agreement is to produce developable uplands on Near Island for expansion of the Harbor Boat Yard and related facilities and businesses. The City's interest in royalty income is secondary to producing the uplands. Therefore, mining operators that remove higher volumes of material will be favored over lower volume operators and there may be actual or perceived inequity in borrow permits issued to different mining operators.

The Permittee agrees to quarry the rock in a sequence that is most advantageous to development of the Boat Yard and related boat repair services. Therefore, the quarry is to be completed in a series of approximately 100 linear foot sections starting at the original quarry boundary and proceeding to the East.

The City may direct the Permittee to quarry in a sequence significantly different than the most economical plan developed by the Permittee. If the City directs the permittee to quarry in a sequence significantly different than the most economical plan developed by the Permittee, the Permittee may request that additional quarrying costs due to the directive be used to offset royalty payments.

## **Non-Exclusiveness of this Borrow Material Permit**

The Permittee acknowledges that this Permit is in the nature of a non-exclusive license to remove borrow material and that the City reserves the right to issue further permits for extraction of borrow material from the area shown on the attached plans to other parties. The Permittee agrees to abide by such rules, regulations and restrictions as the City may choose to promulgate in order to facilitate access to and use of the area described herein by two or more permittees. Additional permittees will be bound to a separate Borrow Material Permit containing such terms and conditions as the City deems appropriate.

## **Termination of this Borrow Material Permit**

The City may terminate this agreement for cause. The Permittee shall be given reasonable notice and opportunity to correct any deficiency. The occurrence of any one or more of the following events will justify termination for cause:

1. The Permittee's failure to excavate to the lines and grades shown on the plans or failure to remove the anticipated quantity of material;
2. The Permittee's disregard of Laws or Regulations of any public body having jurisdiction;
3. The Permittee's violation in any substantial way of any provisions of this Permit;
4. The Permittee's failure to correctly file quarterly statements and pay royalties to the City when due; and

5. The Permittee's failures to scale weigh all materials leaving Near Island.

The City may terminate this Permit for convenience. Upon 90 days written notice to the Permittee, the City may, without cause and without prejudice to any other right or remedy of City, elect to terminate the Borrow Material Permit. In such case, the City shall be paid for all borrow material removed in accordance with this Permit prior to the effective date of termination. The Permittee shall be paid for reasonable expenses directly attributable to termination. The Permittee shall not be paid on account of loss of anticipated profits or revenue or other economic loss arising out of or resulting from such termination.

The City may terminate the permit for convenience and issue a permit for another operator to mine the area if it is reasonably believed this course of action will expedite development of the boat yard.

The Permittee may terminate this Permit. Upon 90 days written notice to the City, the Permittee may, without cause and without prejudice to any other right or remedy of the Permittee, elect to terminate this Borrow Material Permit. In such case, the City shall be paid (without duplication of any items):

1. for all material removed in accordance with the Permit prior to the effective date of termination;
2. the minimum royalty due for the permitted year of the termination, prorated for the effective date of termination; and
3. for reasonable expenses directly attributable to termination.

The City shall not be paid on account of loss of anticipated royalty revenue or other economic loss arising out of or resulting from such termination.

Upon the expiration or earlier termination of the term of this Permit, Permittee shall promptly vacate the Quarry Site, leaving the Quarry Site in a condition consistent with the requirements of this Permit and Permittee's approved quarry plan, free of refuse and hazards, and shall remove from the Quarry Site all of Permittee's personal property. If Permittee fails to vacate the Quarry Site in the required condition, the City may restore the Quarry Site to such condition and Permittee shall pay the cost thereof.

### **Supplementary Conditions**

All Work shall comply fully with the City of Kodiak, "Standard Construction Specifications & Construction Details," 2012 Edition. Some, but not all, pertinent Articles are discussed below:

#### Indemnification

The Permittee shall indemnify the City of Kodiak in accordance with the Standard General Conditions of the Construction Contract, Article 6, Paragraph 6.20.

#### Bonds and Insurance

The Permittee shall provide insurance coverage not less than the amounts presented in Division 100, Article 5, Paragraph 5.04. The City of Kodiak shall be named as additional insured on all policies except Worker's Compensation and Employer's Liability Insurance.

The Permittee shall furnish the City with a "surface mining reclamation bond" in the amount of \$25,000.

The PERMITTEE shall maintain the following insurance throughout the term of PERMITTEE's performance under this AGREEMENT:

1. Worker's compensation and employer's liability insurance as required by the State of Alaska.
2. Comprehensive automobile and vehicle liability insurance covering claims for injuries to members of the public and/or damages to property of the others arising from use of motor vehicles, including on-site and off-site operations, and owned, non-owned, or hired vehicles, with \$1,000,000 combined single limits.
3. Commercial general liability insurance covering claims for injuries to members of the public or damage to property of others arising out of any covered negligent act or omission of the PERMITTEE or of any of its employees, agents, or subcontractors with \$5,000,000 per occurrence and in the aggregate. Policy to cover the perils of explosion, collapse and underground with no exclusion or limitation for blasting activity.

Each policy of insurance required by this section shall provide for no less than sixty (60) days written notice to the City prior to cancellation.

#### Excavation

Excavation shall be performed in accordance with Division 200, Section 203 of the Standard Construction Specifications. Special attention is drawn to Article 203.3, Blasting Requirements for Excavation in Rock. The Permittee shall name the Blaster in Charge, submit a Comprehensive Blasting Plan, and fully comply with the other requirements of this Article, except a Blasting Consultant need not be retained.

#### Measurement

Borrow Material shall be measured by the ton. The Permittee shall provide, or make use of, a weighing system conforming to the requirements of Division 100, Article 6.03 of the Standard Construction Specifications and the following:

1. Rocks shall be weighed, by barge or truck following the technical standards described in US Army Corps of Engineers Manuals EM 1110-2-2302 "Construction with Large Stone - Appendix C: Measurement for Payment" and as further described herein.

2. The method of measurement for determining the weight of rock delivered by barge shall be displacement of the barge, based on certified barge gauge marks. Barge gauge marks and certification shall have approval by the City Engineer or representative prior to notice to proceed is issued. Contractor shall submit a copy of the barge gauging table prepared by an accredited agent satisfactory to Engineer. Contractor shall also submit weight bills, including certification of exact weight and time of weighing for each load of rocks delivered.

If the Permittee provides the truck weighing system, the Permittee shall make it available to all other firms or individuals removing material from Near Island. The Permittee may charge for the use of the weighing system an amount not to exceed \$14.00 per weighing, except there will be no charge for the City's use of the system. The Permittee may regulate the use and fees for the weighing system for materials other than Near Island quarry material.

#### Traffic Maintenance

The Permittee shall submit a Traffic Control Plan in accordance with Division 800, Section 802 of the Standard Construction Specifications. A vehicle access lane to the boat yard shall be maintained at all times.

#### Temporary Erosion and Pollution Control

The Permittee shall submit a Temporary Erosion and Pollution Control Plan in accordance with Division 800, Section 804 of the Standard Construction Specifications.

#### Dust Control

The Permittee shall control dust from the Quarry and from unpaved haul roads by watering as necessary or requested by the City.

#### Reclamation

Under this permit the Permittee shall spread 4 inches of topsoil and seed all benches every two years in accordance with the standard specifications.

The Permittee shall grade the quarry floor in accordance with the quarry plan and cap with 4" of leveling course.

#### **Royalty**

The Permittee shall pay the City royalty fees in the amount of \$0.50 per ton of material removed based on weight measurements. On the first day of each January, April, July, October during the term of this permit, the Permittee shall file a statement showing the amount of material removed from Near Island during the preceding three months, as required by KCC 18.24.040. Within ten (10) days after the expiration of the term of this Permit, the Permittee shall file a final statement

showing the amount of material removed from Near Island from the end of the last quarterly statement period until the date of expiration.

The minimum royalty payment under this Permit shall be \$10,000, and shall be payable upon the issuance of this Permit. Upon the filing of each statement showing the amount of material removed from Near Island, Permittee shall pay any royalty that is due for the related period that exceeds the amount of the minimum royalty payment.

The Permittee hereby agrees to be bound by all terms and conditions of this permit upon its execution and issuance by the City of Kodiak.

**Permittee**

B&R Fish By Products, Inc.  
Name of Permittee

Signature \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
Name and Title

\_\_\_\_\_  
Attest Corporate Seal

\_\_\_\_\_  
Name and Title

**OWNER**

City of Kodiak  
Name of Owner

Signature \_\_\_\_\_ Date (Effective Date of Permit) \_\_\_\_\_

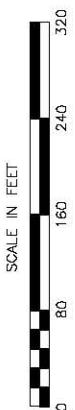
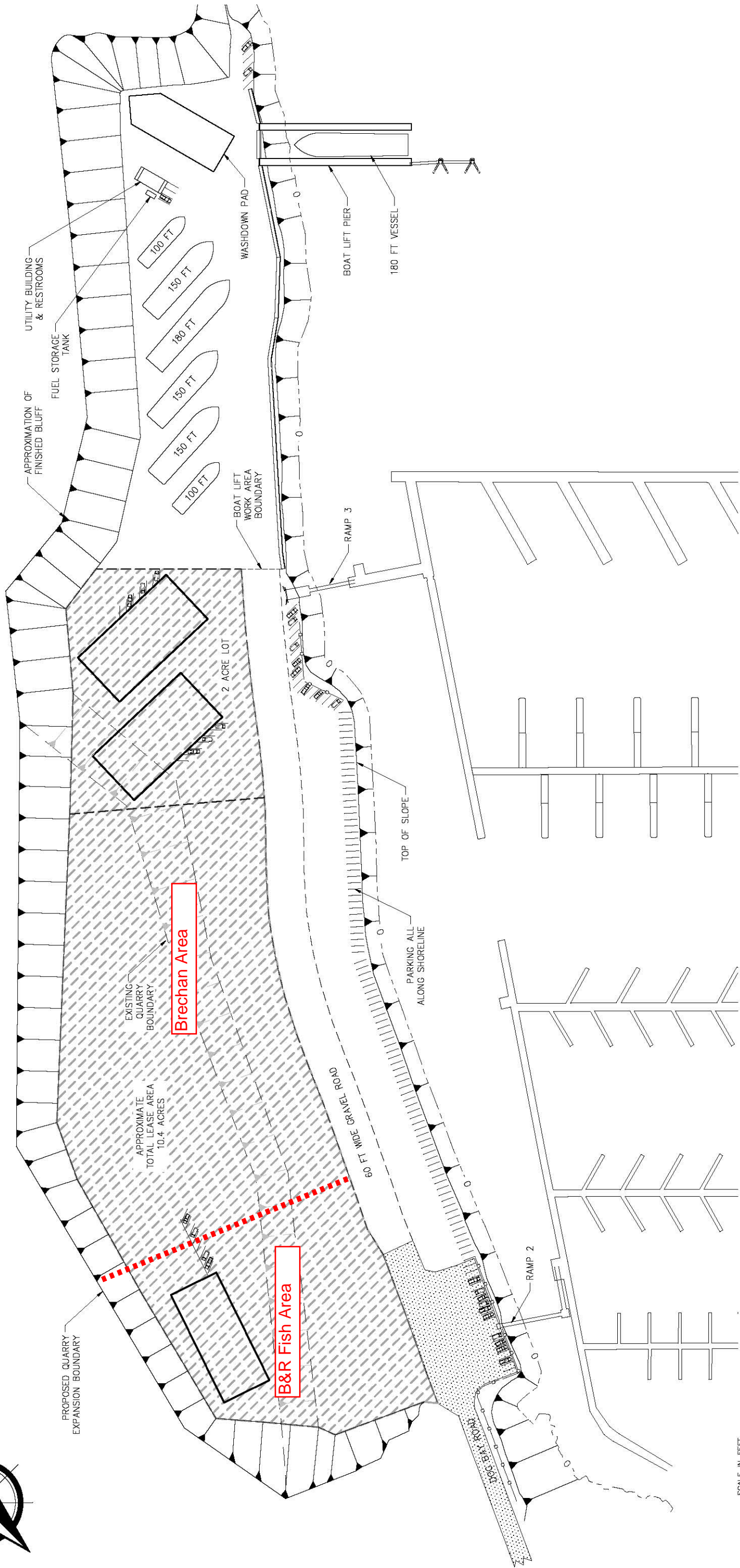
\_\_\_\_\_  
Aimée Kniazowski, City Manager

\_\_\_\_\_  
Attest

\_\_\_\_\_  
Debra L. Marlar, City Clerk



**Breakwater Quarry Permit Areas**



PND Engineers, Inc. (PND) is not responsible for safety programs, methods or procedures of operation, or the construction of the design shown on these drawings. Where specifications are general or not called out, the specifications shall conform to standards of industry. Drawings are for use on this project only and are not intended for reuse without written approval from PND. Drawings are also not to be used in any manner that would constitute a detriment directly or indirectly to PND.

REV	DATE	DESCRIPTION

**FOR REVIEW**

**CITY OF KODIAK**  
 2410 MILL BAY RD  
 KODIAK, ALASKA 99615  
 PHONE: (907) 486-8065  
 FAX: (907) 486-8066



1506 West 36th Avenue  
 Anchorage, Alaska 99503  
 Phone: 907.561.1011  
 Fax: 907.563.4220  
 www.pndengineers.com



**ST. HERMAN**  
**BOAT LIFT FACILITY**  
 NEAR ISLAND BOAT YARD  
 EXPANSION PROJECT

DESIGNED BY: \_\_\_\_\_ DATE: 10/24/08  
 CHECKED BY: \_\_\_\_\_ PROJECT NO: 051078  
 SHEET NO: **1** OF **1**



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## MEMORANDUM TO COUNCIL

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**To:** Mayor Branson and City Councilmembers  
**From:** Aimée Kniazowski, City Manager  
**Thru:** Glenn Melvin, City Engineer  
**Date:** July 24, 2014

**Agenda Item:** V. I. Authorization of Borrow Material Permit No. 14-2 to Brechan Enterprises, Inc., for the Breakwater Quarry

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**SUMMARY:** This memo recommends authorization of renewal of the borrow material permit issued to Brechan Enterprises Inc. dated February 20, 2009, for the extraction of rock at the Breakwater Quarry site. The permit has been reviewed by the City Attorney and APEI and revised to reflect current legal and insurance requirements. The City Engineer has revised the permit to eliminate problems encountered during the previous five-year period and efficiently move forward with removal of rock to develop additional uplands for the Shipyard. Staff recommends Council authorize this permit by motion.

**PREVIOUS COUNCIL ACTION:**

- April 12, 2001, first reading of Ordinance No. 1126, authorizing a ten-year borrow material permit with Brechan Enterprises Inc.
- May 24, 2001, Ordinance No. 1126, authorizing a ten-year borrow material permit with Brechan Enterprises Inc. (amended to reflect five-year term of Permit No. 01-3, previously adopted)
- June 12, 2003, Council authorized Borrow Permit No. 03-2, for the Breakwater Quarry
- November 20, 2003, Council authorized extension of intermediate time limits for Borrow Material Permit No. 01-03 for Brechan Enterprises Inc. for the Breakwater Quarry
- March 25, 2004, Council authorized Amendment No. 1 to B&R Fish By-Products, Inc's Borrow Permit No. 01-04 for the Breakwater Quarry
- March 24, 2005, Council authorized Borrow Permit No. 05-1 with Anderson Construction for the Trident Basin Quarry
- September 28, 2006, Council authorized Borrow Material Permit No. 06-1 for Brechan Enterprises Inc., for the Breakwater Quarry
- January 15, 2009, Council authorized Borrow Permits No. 09-1, 09-2, and 09-3, for Brechan Enterprises Inc., Anderson Construction, and B&R Fish By-Products Inc., for the Breakwater Quarry

**DISCUSSION:** At the November 2008 work session the City Council reviewed a conceptual plan to expand the St. Herman Harbor Boatyard to provide additional uplands that could be used for setting vessels, constructing maintenance shops, and providing related vessel services. The three borrow permit holders in the current "Breakwater Quarry" area expressed interest in renewing their borrow material

permits to work in an expanded area. New borrow permits were issued to three contractors based on a sketch of the proposed quarry area. The sketch was adequate to keep quarry operations going, but a detailed quarry development plan was needed. The detailed plan was prepared by PND and clearly defined the location of the toe and crest of the cut area, the elevation and configuration of the benches, and the elevation and slope of the quarry floor. By following the plan, the three permit areas could be developed and ready for Shipyard use as quarrying was completed in any area. In addition, PND computed the volume of rock remaining to be quarried based on the existing conditions and the final quarry configuration. Knowing the remaining volume and historical borrow volumes, they were able to compute the estimated time required to complete quarrying and turn areas over to the Shipyard for development. It was estimated at that time that it would take 20 years to remove all the material.

The current Borrow Permit Nos. 09-1 (Brechan), 09-2 (Anderson), and 09-3 (B&R Fish), were issued February 2, 2009, and have now expired. The City Manager has exercised the authority to extend the permits for a six-month period per City Code Section 18.24.020. The six-month period is nearing the end, and Council approval is now required for permit renewals. Staff has prepared permit renewals for B&R Fish and Brechan at this meeting. Anderson Construction was sold to Koniag a couple of years ago and since that time, Koniag has minimally operated the quarry. The City was not notified by Koniag in writing of the ownership change, and assignment of the permit was not applied for or granted by the City. It is our understanding that Koniag is currently liquidating the quarry equipment and stockpile stored at the quarry site. It has been requested by both B&R Fish and Brechan to take over the Anderson area. It is in the best interest of the City to divide the remaining Anderson site into two areas and add them to the B&R Fish area and the Brechan area. This is the best alternative to maintain progress toward the Council goal of developing usable upland at the Shipyard.

The permits have been reviewed by APEI, the City Attorney, the City Engineer, and City Public Works Director. APEI recommended the City increase Commercial General Liability limits from \$1M to \$5M due to the potential serious loss to the public as a result of blasting activity. The City Attorney revised the new permit language to strengthen the City's ability to collect royalties and incorporated City Code Chapter 18.24 "Borrow Material" into the permit by reference. This was done to tie the permit to City Code and make sure the permittee fully understands the legal obligations required by Code. The City Engineer and Public Works Director reviewed the permit, and made various revisions based on quarrying progress, contractor performance, and royalty payment history of the permittees during the five-year permit period.

During the previous five-year permit, the City experienced difficulty getting the permittees to submit the quarterly reports and making royalty payments as required. The City did not have a reliable accounting tool to keep track of the amount of rock removed by the permittees and had to rely on the "honor system" for the permittees to submit the quarterly reports and pay royalties. Moving forward, staff found a way to verify the amount of rock extracted by reviewing truck scale load ticket data provided by Brechan. Brechan has agreed provide the City with updated load ticket information quarterly in a

spreadsheet format. This allows staff to track the amount of rock removed by the permittees and their contactors that purchase rock. In addition, the new Breakwater Quarry permits have been restructured to require that the minimum annual royalties be paid in advance each year. Once the minimum quantity equivalent is reached, the permittee will be required to pay additional royalties above the minimum. The agreement also raises the minimum annual royalty amount for this permit from \$2,500 to \$10,000. This increase more adequately reflects the expected annual rock removal as based on historical data from the past five years.

In response to the Pier III project, an alternative weighing system was added to the permit. Rock for Pier III replacement will be barge loaded from the Breakwater Quarry and delivered to the Pier III construction project. Rock material will be weighed by barge following the technical standards described in US Army Corps of Engineers Manuals EM 1110-2-2302.

**ALTERNATIVES:** Council may consider the following:

- 1) Authorize Borrow Permit No. 14-2 for Brechan Enterprises for the Breakwater Quarry. This alternative will allow the permittee to continue removal of rock material, which has been the goal of Council. This alternative aligns with Council's goal of expanding the St. Herman Harbor Shipyard to provide additional uplands that could be used for setting vessels, constructing maintenance shops, and providing related vessel services. Staff recommends this alternative.
- 2) Do not authorize Borrow Permit No. 14-1 for Brechan Enterprises for the Breakwater Quarry. This alternative does not align with Council's goal for the Shipyard.

**FINANCIAL IMPLICATIONS:** The Breakwater Quarry permits generate revenue by charging a royalty of 50 cents per ton on rock materials extracted. Brechan has historically averaged about 50,000 tons per year and based on our knowledge of their projects, it is expected that they will continue to produce 50,000 tons per year equaling about \$25,000 per year.

**LEGAL:** City staff consulted with the City Attorney on the permit language and proposed changes. The Attorney reviewed and prepared the final draft of the permit.

**STAFF RECOMMENDATION:** It is the recommendation of staff that Council authorize the Borrow Material permit No. 14-2 to Brechan Enterprises, Inc. for the Breakwater Quarry for a five-year period.

**CITY MANAGER'S COMMENTS:** As I mentioned in the previous agenda summary memo, I support the work staff has done to complete the revised permits for approval. I appreciate that the language was tightened up, insurance coverage language was updated to reflect the level of risk when blasting, and accountability language was added. I also support the Council's goal of creating more useable flat land adjacent to the harbor for the expansion of the Shipyard activities. I recommend Council approve the permit and authorize me to sign the permit for the City.

**ATTACHMENTS:**

Attachment A: Borrow Material Permit No. 14-2

**PROPOSED MOTION:**

Move to approve Borrow Material Permit No. 14-2 to Brechan Enterprises, Inc. for the Breakwater Quarry for period of five years commencing in July of 2014 and authorize the City Manager to sign the permit for the City.

**BORROW MATERIAL PERMIT NO. 14-2**

The City of Kodiak (City) hereby acknowledges that Brechan Enterprises, Inc., 2705 Mill Bay Road, Kodiak, Alaska, 99615 (Permittee) shall have the right to remove the borrow material described below from the property described herein, all pursuant to the terms and conditions of this permit and in accordance with all applicable provisions of the Kodiak City Code (KCC).

This permit may not be assigned without the advance written consent of the City, which consent may be withheld at the City’s discretion. If Permittee is a corporation or partnership, the sale or conveyance of any partnership interest or a controlling stock interest shall be deemed an assignment of this permit.

The Permittee agrees to comply with all applicable laws, and with any rules and regulations issued there under, including without limitation Kodiak City Code Chapter 18.24, a copy of which is attached hereto and which is incorporated by reference herein.

This Borrow Material Permit is effective as of \_\_\_\_\_, 2014, and shall remain in effect for a period of 5 years from its effective date. For the purposes of this permit a year is defined as July 1 through June 30 as it equates the City of Kodiak fiscal year.

**Location and Description of Lands from which Borrow Materials are to be Removed**

Materials are to be taken solely from the area of Near Island known as the Breakwater Quarry within the limits shown conceptually on the attached drawing. The Permittee will work with the City Engineer to create a quarry plan defining the exact boundary of the quarry.

**Type and Quantity of Borrow Material Desired**

The Permittee has historically mined an average of approximately 60,000 tons of borrow material per year and this permit anticipates a similar average use for a period of 5 years or until the resource is exhausted. This permit is issued for the approximate area shown on the attached drawing. The exact area will be defined as the quarry plan is developed.

It shall be the responsibility of the Permittee to strip and dispose of the vegetation and overburden. The City will not pay the Permittee for the removal of the vegetation and overburden.

The Permittee will be charged a royalty for all borrow materials mined on Near Island and for all other materials leaving Near Island, regardless of the point of origin.

**Use of Borrow Materials**

The Permittee may use the borrow materials for any legal purpose.

## **Use of the Quarry Site**

The Permittee may use the Quarry Site for quarrying operations, rock crushing and screening. Storage at the Quarry site of materials and equipment not directly associated with the quarrying operation is prohibited.

The City's interest in this agreement is to produce developable uplands on Near Island for expansion of the Harbor Boat Yard and related facilities and businesses. The City's interest in royalty income is secondary to producing the uplands. Therefore, mining operators that remove higher volumes of material will be favored over lower volume operators and there may be actual or perceived inequity in borrow permits issued to different mining operators.

The Permittee agrees to quarry the rock in a sequence that is most advantageous to development of the Boat Yard and related boat repair services. Therefore, the quarry is to be completed in a series of approximately 200 linear foot sections starting at the original quarry boundary and proceeding to the North.

The City may direct the Permittee to quarry in a sequence significantly different than the most economical plan developed by the Permittee. If the City directs the permittee to quarry in a sequence significantly different than the most economical plan developed by the Permittee, the Permittee may request that additional quarrying costs due to the directive be used to offset royalty payments.

## **Non-Exclusiveness of this Borrow Material Permit**

The Permittee acknowledges that this Permit is in the nature of a non-exclusive license to remove borrow material and that the City reserves the right to issue further permits for extraction of borrow material from the area shown on the attached plans to other parties. The Permittee agrees to abide by such rules, regulations and restrictions as the City may choose to promulgate in order to facilitate access to and use of the area described herein by two or more permittees. Additional permittees will be bound to a separate Borrow Material Permit containing such terms and conditions as the City deems appropriate.

## **Termination of this Borrow Material Permit**

The City may terminate this agreement for cause. The Permittee shall be given reasonable notice and opportunity to correct any deficiency. The occurrence of any one or more of the following events will justify termination for cause:

1. The Permittee's failure to excavate to the lines and grades shown on the plans or failure to remove the anticipated quantity of material;
2. The Permittee's disregard of Laws or Regulations of any public body having jurisdiction;
3. The Permittee's violation in any substantial way of any provisions of this Permit;

4. The Permittee's failure to correctly file quarterly statements and pay royalties to the City when due.
5. The Permittee's failures to scale weigh all materials leaving Near Island.

The City may terminate this Permit for convenience. Upon 90 days written notice to the Permittee, the City may, without cause and without prejudice to any other right or remedy of City, elect to terminate the Borrow Material Permit. In such case, the City shall be paid for all borrow material removed in accordance with this Permit prior to the effective date of termination. The Permittee shall be paid for reasonable expenses directly attributable to termination. The Permittee shall not be paid on account of loss of anticipated profits or revenue or other economic loss arising out of or resulting from such termination.

The City may terminate the permit for convenience and issue a permit for another operator to mine the area if it is reasonably believed this course of action will expedite development of the boat yard.

The Permittee may terminate this Permit. Upon 90 days written notice to the City, the Permittee may, without cause and without prejudice to any other right or remedy of the Permittee, elect to terminate this Borrow Material Permit. In such case, the City shall be paid (without duplication of any items):

1. for all material removed in accordance with the Permit prior to the effective date of termination;
2. the minimum royalty due for the permitted year of the termination, prorated for the effective date of termination; and
3. for reasonable expenses directly attributable to termination.

The City shall not be paid on account of loss of anticipated royalty revenue or other economic loss arising out of or resulting from such termination.

Upon the expiration or earlier termination of the term of this Permit, Permittee shall promptly vacate the Quarry Site, leaving the Quarry Site in a condition consistent with the requirements of this Permit and Permittee's approved quarry plan, free of refuse and hazards, and shall remove from the Quarry Site all of Permittee's personal property. If Permittee fails to vacate the Quarry Site in the required condition, the City may restore the Quarry Site to such condition and Permittee shall pay the cost thereof.

### **Supplementary Conditions**

All Work shall comply fully with the City of Kodiak, "Standard Construction Specifications & Construction Details," 2012 Edition. Some, but not all, pertinent Articles are discussed below:

#### Indemnification



The Permittee shall indemnify the City of Kodiak in accordance with the Standard General Conditions of the Construction Contract, Article 6, Paragraph 6.20.

### Bonds and Insurance

The Permittee shall provide insurance coverage not less than the amounts presented in Division 100, Article 5, Paragraph 5.04. The City of Kodiak shall be named as additional insured on all policies except Worker's Compensation and Employer's Liability Insurance.

The Permittee shall furnish the City with a "surface mining reclamation bond" in the amount of \$25,000.

The PERMITTEE shall maintain the following insurance throughout the term of PERMITTEE's performance under this AGREEMENT:

1. Worker's compensation and employer's liability insurance as required by the State of Alaska.
2. Comprehensive automobile and vehicle liability insurance covering claims for injuries to members of the public and/or damages to property of the others arising from use of motor vehicles, including on-site and off-site operations, and owned, non-owned, or hired vehicles, with \$1,000,000 combined single limits.
3. Commercial general liability insurance covering claims for injuries to members of the public or damage to property of others arising out of any covered negligent act or omission of the PERMITTEE or of any of its employees, agents, or subcontractors with \$5,000,000 per occurrence and in the aggregate. Policy to cover the perils of explosion, collapse and underground with no exclusion or limitation for blasting activity.

Each policy of insurance required by this section shall provide for no less than sixty (60) days written notice to the City prior to cancellation.

### Excavation

Excavation shall be performed in accordance with Division 200, Section 203 of the Standard Construction Specifications. Special attention is drawn to Article 203.3, Blasting Requirements for Excavation in Rock. The Permittee shall name the Blaster in Charge, submit a Comprehensive Blasting Plan, and fully comply with the other requirements of this Article, except a Blasting Consultant need not be retained.

### Measurement

Borrow Material shall be measured by the ton. The Permittee shall provide, or make use of, a weighing system conforming to the requirements of Division 100, Article 6.03 of the Standard Construction Specifications and the following:

1. Rocks shall be weighed, by barge or truck following the technical standards described in US Army Corps of Engineers Manuals EM 1110-2-2302 "Construction with Large Stone - Appendix C: Measurement for Payment" and as further described herein.
2. The method of measurement for determining the weight of rock delivered by barge shall be displacement of the barge, based on certified barge gauge marks. Barge gauge marks and certification shall have approval by the City Engineer or representative prior to notice to proceed is issued. Contractor shall submit a copy of the barge gauging table prepared by an accredited agent satisfactory to Engineer. Contractor shall also submit weight bills, including certification of exact weight and time of weighing for each load of rocks delivered.

If the Permittee provides the truck weighing system, the Permittee shall make it available to all other firms or individuals removing material from Near Island. The Permittee may charge for the use of the weighing system an amount not to exceed \$14.00 per weighing, except there will be no charge for the City's use of the system. The Permittee may regulate the use and fees for the weighing system for materials other than Near Island quarry material.

#### Traffic Maintenance

The Permittee shall submit a Traffic Control Plan in accordance with Division 800, Section 802 of the Standard Construction Specifications. A vehicle access lane to the boat yard shall be maintained at all times.

#### Temporary Erosion and Pollution Control

The Permittee shall submit a Temporary Erosion and Pollution Control Plan in accordance with Division 800, Section 804 of the Standard Construction Specifications.

#### Dust Control

The Permittee shall control dust from the Quarry and from unpaved haul roads by watering as necessary or requested by the City.

#### Reclamation

Under this permit the Permittee shall spread 4 inches of topsoil and seed all benches every two (2) years in accordance with the standard specifications.

The Permittee shall grade the quarry floor in accordance with the quarry plan and cap with 4" of leveling course.

#### **Royalty**

The Permittee shall pay the City royalty fees in the amount of \$0.50 per ton of material removed based on weight measurements. On the first day of each January, April, July and October during the term of this permit, the Permittee shall file a statement showing the amount of material

removed from Near Island during the preceding three months, as required by KCC 18.24.040. Within ten (10) days after the expiration of the term of this Permit, the Permittee shall file a final statement showing the amount of material removed from Near Island from the end of the last quarterly statement period until the date of expiration.

The minimum royalty payment under this Permit shall be \$10,000 per year and shall be payable upon the issuance of this Permit. Upon the filing of each statement showing the amount of material removed from Near Island, Permittee shall pay any royalty that is due for the related period that exceeds the amount of the minimum royalty payment.

The Permittee hereby agrees to be bound by all terms and conditions of this permit upon its execution and issuance by the City of Kodiak.

**Permittee**

Brechan Enterprises, Inc.  
Name of Permittee

Signature \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
Name and Title

Attest \_\_\_\_\_ Corporate Seal

\_\_\_\_\_  
Name and Title

**OWNER**

City of Kodiak  
Name of Owner

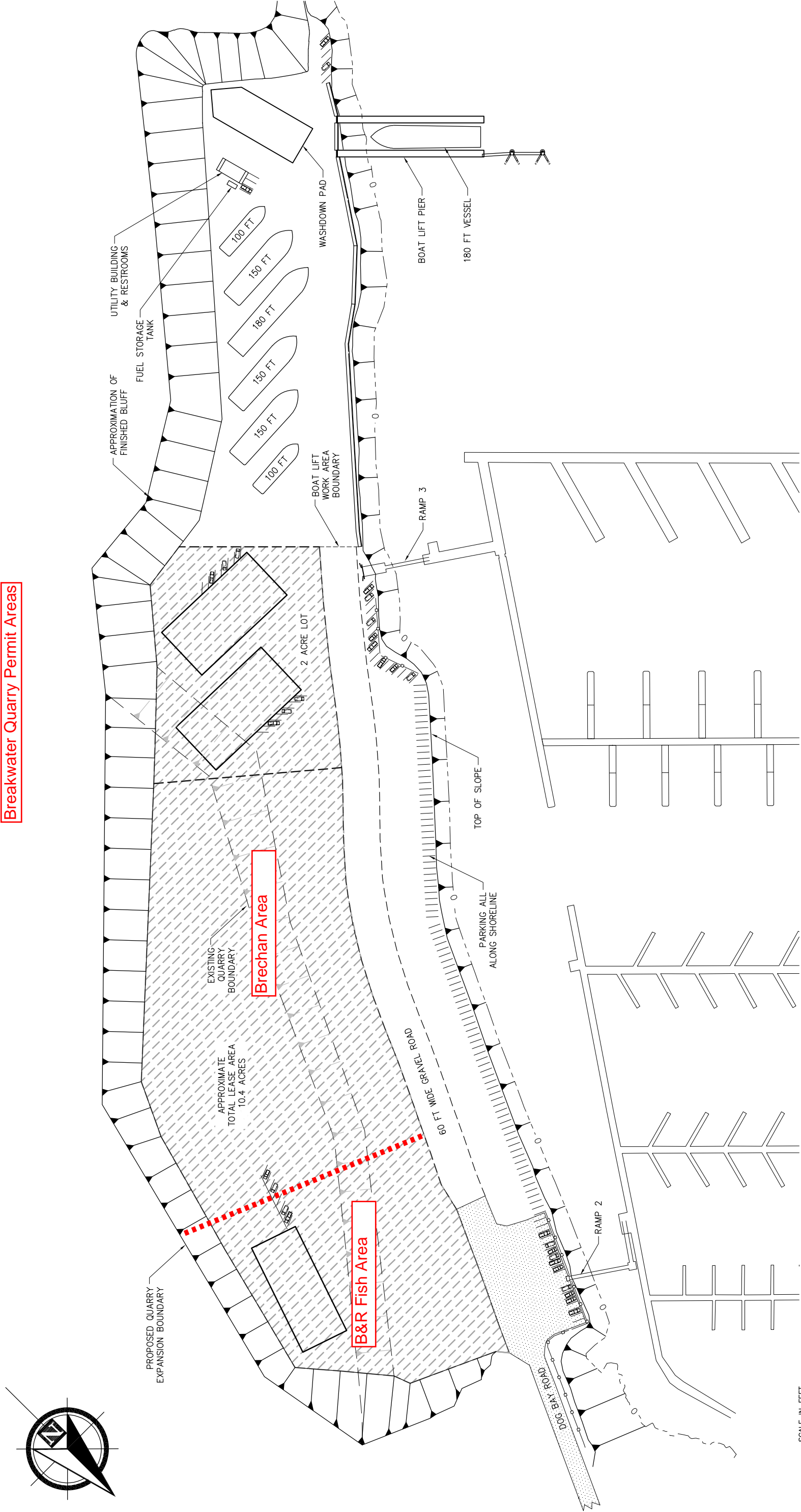
Signature \_\_\_\_\_ Date (Effective Date of Permit) \_\_\_\_\_

\_\_\_\_\_  
Aimée Kniazowski, City Manager

Attest \_\_\_\_\_

\_\_\_\_\_  
Debra L. Marlar, City Clerk

**Breakwater Quarry Permit Areas**



**ST. HERMAN  
BOAT LIFT FACILITY**  
NEAR ISLAND BOAT YARD  
EXPANSION PROJECT

DESIGNED BY: \_\_\_\_\_ DATE: 10/24/08  
CHECKED BY: \_\_\_\_\_ PROJECT NO: 061078

SHEET NO: **1** OF 1

**P | N | D**  
**ENGINEERS, INC.**

1506 West 36th Avenue  
Anchorage, Alaska 99503  
Phone: 907.561.1011  
Fax: 907.563.4220  
www.pndengineers.com

DATE: \_\_\_\_\_

PND Engineers, Inc. (PND) is not responsible for safety programs, methods or procedures of operation, or the construction of the design shown on these drawings. Where specifications are general or not called out, the specifications shall conform to standards of industry. Drawings are for use on this project only and are not intended for reuse without written approval from PND. Drawings are also not to be used in any manner that would constitute a detriment directly or indirectly to PND.

REV	DATE	DESCRIPTION

**FOR REVIEW**



**CITY OF KODIAK**  
2410 MILL BAY RD  
KODIAK, ALASKA 99615  
PHONE: (907) 486-8065  
FAX: (907) 486-8066

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**MEMORANDUM TO COUNCIL**

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**To:** Mayor Branson and City Councilmembers  
**From:** Aimée Kniazowski, City Manager   
**Thru:** Mark Kozak, Public Works Director   
**Date:** July 24, 2014

**Agenda Item:** V. m. Authorization of FY2015 Pavement Repairs, Project No. 15-02/5025

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**SUMMARY:** To keep City streets and parking lots in good driving condition requires a continual asphalt maintenance program. This project will repair areas of asphalt damaged by wear and water erosion. Brechan Enterprises, Inc. is the only asphalt pavement producer and large paver in Kodiak; therefore staff recommends Council authorize the FY2015 pavement repairs to Brechan as a sole source contract in the amount of \$430,000.

**PREVIOUS COUNCIL ACTION:** Since 2006, the City has authorized multiple contracts with Brechan to repair sections of street and parking lots in order to keep the paved areas from deteriorating to the point of requiring a complete rebuild.

**DISCUSSION:** In FY 2014 the City funded a pavement repair project. However because of the slide on the Shelikof project extra funds were needed to complete the slide repair. The only street funding available was the pavement repair project. Staff requested Council authorize the paving funds to be transferred to the Shelikof project. Because of that, no pavement repairs were done last summer.

Staff requested the full amount of designated funds to the Street Capital Improvement Fund for FY2015 to be used in a pavement repair project. Council approved the full \$450,000 for the pavement repair project in the FY2015 budget.

Because of the limited funds available for asphalt pavement repairs, staff will focus on the worst parts of Mill Bay Road. The following is an outline of the intended scope of work for Brechan:

***Mill Bay Road, Upper Mill Bay to Powell.*** After evaluating options of overlaying verses remove and replace we chose to mill, pre-level and overlay. We selected this option because it would allow us to improve the crown of the road which would in turn improve the drainage off of the pavement. Being able to get the water off the pavement and into the gutter should help the pavement to last longer. We intend to increase the crown (cross slope from centerline to curb and gutter) of the street from two percent to three percent in an effort to improve water movement off of the pavement. The first section of work is roughly 600 feet in length.

**Mill Bay by Malutin Lane,** This area is a major drainage problem with huge puddles and severe ruts. At this location we intend to mill, pre-level and overlay roughly 200 to 300 feet in an effort to get the water off of the street. We will use a three percent crown in this location as well.

**Mill Bay by Bancroft,** This area has already gone through the entire two inch overlay that was completed in 2008 and most of the way through the bottom layer of the original 4 inches of pavement. We have repaired sections with the infrared patching unit but with all the water in this drainage area the repairs do not hold up. We will use the same repair technique as above replace 300 feet in this area. Once the third area is repaired if there are any remaining funds we will work on other low areas on Mill Bay.

**Information and Conclusions,** Mill Bay was originally paved in two lifts of two inches each. I believe this was based on the heavy traffic flow. The existing ruts vary in depth from 1.5 inches to over 2.5 inches. In sections of the street areas are almost completely worn through the asphalt. In the Birch intersection where the holes appeared last winter we found that in places there was only about 1 inch of remaining asphalt in the turning lanes.

In order to repair the rutted areas and improve the drainage off the pavement we are milling 2 inches along the gutter in a 40 inch width. A second milling pass to remove a portion of the hump between the ruts on each side of the street will allow us to maintain a consistent depth of replacement asphalt. The milling pass next to the gutter will come out almost in the center of the rut closest to gutter. The second milling pass will remove the high spot between the ruts. They will then use a leveling course of fine mix asphalt in what is left of the rut closes to the center of the street. This leveling course will improve finish compaction on the overlay lift. The overlay lift will be laid with 2 inches of asphalt next to the gutter and thicken to almost 3 inches at the centerline of the road. This allows us the opportunity to test out the three percent crown that a lot of southeast Alaska communities are using. There weather is much closer to ours as far as freeze thaw cycles and rain fall compared to the standard two percent crown used on most streets. The steeper crown is all about getting the water off the pavement as quick as possible.

We weighted heavily the decision between using a 3 inch replacement recognizing when we can repave all of Mill Bay the work we are doing now would be redone. If we went with 4 inches it raises the cost roughly \$50,000 over the 3 inch replacement. However we could potentially leave these sections in place and just mill of the ruts and then pave over. Either of these two approaches significantly increases the cost of each section of work. Using the remove and replace with 3 inches we estimated we could do roughly 1,000 feet of repair Using the milling, pre-level and overlay we are able to increase the estimated footage somewhere around 1,500 feet of repair.

It is important to point out that this is just a patch to a rapidly deteriorating main street in the community. The last DOT traffic counts on Mill Bay Road are several years old but they showed almost 8,000 cars a day at Birch and just over 12,000 a day by Safeway. A significant amount of the street is in very similar condition as the sections we are proposing to patch. This leaves many other streets within

JULY 24, 2014

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the community that are in need of pavement overlays or replacement such as Lower Erskine and the north end of Larch Street.

Birch Street is in very poor condition but it is the next phase of the Aleutian Homes Water and Sewer Replacement project. The design for this project is funded in the FY2015 budget and we intend to build it as soon as funding is available. We are hoping we can put funding together for this project by the summer of 2016 but may need to slide to 2017 if 2016 funding is not available.

**ALTERNATIVES:** Council may consider the following:

- 1) Authorize the FY2015 pavement repairs to Brechan as a sole source contract which is the recommendation of staff, because Brechan is the only large paving company in Kodiak. KCC 3.12.070 (d) allows the City to award sole source contracts, and this approach saves the time and expense of preparing a bid ready project with only one supplier on the island.
- 2) Do not sole source this work and prepare a bid ready set of plans and documents. This process is not recommended, because it would delay repairs and increase engineering and survey costs to bid the project. Since Brechan is the only asphalt producer and the size of the project is too small to attract off island pavers staff does not see the benefit in using this approach.
- 3) Do not authorize the FY2015 pavement project and patching work, which is not recommended because it would leave Mill Bay Road in a continuing worsening condition.

**FINANCIAL IMPLICATIONS:** In the FY2015 budget \$450,000 was added to this continuing project budget number 5025. I have based the recommended award on \$430,000 in order to cover any minor overruns in product quantities and for some possible lay down testing for compaction.

**LEGAL:** KCC 3.12.070 (d) allows the City to award a sole source contract for supplies, materials, equipment, or services when the City Manager determines that there is only one source. This is the case with the FY2015 paving contract since Brechan is the only source for the materials needed to complete the needed paving repairs.

**STAFF RECOMMENDATION:** Staff recommends Council authorize the award of the FY2015 Pavement Repair, Project No. 15-02/5025 to Brechan as a sole source contract for the total amount of \$430,000 with funds coming from the Streets Capital Improvement Fund Project No. 5025, Pavement Repairs.

**CITY MANAGER'S COMMENTS:** I am pleased that we have funds available this fiscal year to do a paving repair project and support Mark Kozak's recommendation to sole source this contract to Brechan for our FY2015 project. I recommend Council authorize the award of this contract to Brechan in the amount of \$430,000 as outlined and authorize me to sign on behalf of the City.

**ATTACHMENT:**

Attachment A: Brechan proposal with unit pricing for 2014.

**PROPOSED MOTION:**

Move to authorize the award of the FY2015 Pavement Repair, Project No. 15-02/5025 to Brechan Enterprises Inc. as a sole source contract for the total amount of \$430,000 with funds coming from the Streets Capital Improvement Fund Project No. 5025, Pavement Repairs and authorize the City Manager to execute the documents on behalf of the City.

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**ATTACHMENT: A**  
**2014 City of Kodiak Patch Paving Unit Prices - IDIQ**  
**Birch Intersection Options 7/11/14**

Item #	Description of Work	Units	2014 Unit Price	Option #2	
				Quantity	Price Extension
205(2)	Leveling Course	Ton	\$50.00	0	\$0.00
207(2)	Full Depth Removal of Pavement	square foot	\$2.00	1,360	\$2,720.00
207(10-a)	Pavement Planing w/ 7.5' Milling Machine	square foot	No Bid	0	\$0.00
207(10-b)	Pavement Planing w/ 40" Milling Machine	square foot	\$1.15	8,000	\$9,200.00
402(2-a)	AC Pavement, Type IIB, Paving Machine, 2" Thickness	square foot	\$4.00	0	\$0.00
402(2-a)	AC Pavement, Type IIB, Overlay, Varying Thickness	Ton	\$340.00	325	\$110,500.00
402(2-b)	AC Pavement, Type IIB, Manual Patch, 2" Thickness	square foot	\$5.00	1,360	\$6,800.00
402(2-b)	AC Pavement, Type IIB, New Full Depth, 3" Thickness	Ton	\$340.00	0	\$0.00
402(2-c)	AC Pavement, Type IIB, Manual Patch, 3" Thickness	square foot	\$6.50	0	\$0.00
402(2-d)	AC Pavement, Type IIB, Manual Patch	square foot	\$7.00	0	\$0.00
402(2-e)	AC Pavement, Type IVB, Leveling Course	Lane-STA	\$650.00	12	\$7,800.00
802(1)	Traffic Maintenance	Calendar Day	\$1,500.00	3	\$4,500.00
802(5)	Flagging	Hour	\$95.00	144	\$13,680.00
804(1)	Temporary Erosion & Pollution Control	LS	\$5,000.00	1	\$5,000.00
805(2)	Survey Monument Installed in Monument Case	Each	\$1,500.00	1	\$1,500.00
814(1)	Adjust Manhole to Finish Grade	Each	\$1,200.00	2	\$2,400.00
815(1)	Adjust Valve Box to Finish Grade	Each	\$800.00	6	\$4,800.00
			<b>TOTALS</b>		<b>\$168,900.00</b>

**Option #1:**

Repave 600' of Mill Bay Road from Upper Mill Bay Rd. to Powell Ave. by removing the existing 4" of asphalt and placing 1" of D-1 and 3" of new Asphalt w/a 3% Growth.

**Option #2:**

Repave 600' of Mill Bay Road from Upper Mill Bay Rd. to Powell Ave. by milling a transitional edge along the curb line, mill center hump of Rutted area, and overlaying with 3" at centerline and 2" at curb line of new Asphalt with no pre-level.

**Option #3:**

Repave 600' of Mill Bay Road from Upper Mill Bay Rd. to Powell Ave. by removing the existing 4" of asphalt and replacing with 4" of new Asphalt w/a 3% Growth.

**Notes:**

There is no striping involved with our Scope of Work.

## 2014 City of Kodiak Patch Paving Unit Prices - IDIQ

Item #	Description of Work	Units	2014 Unit Price
205(2)	Leveling Course	Ton	\$50.00
207(2)	Full Depth Removal of Pavement	square foot	\$2.00
207(10-a)	Pavement Planing w/ 7.5' Milling Machine	square foot	No Bid
207(10-b)	Pavement Planing w/ 40" Milling Machine	square foot	\$1.15
402(2-a)	AC Pavement, Type IIB, Paving Machine, 2" Thickness	square foot	\$4.00
402(2-a)	AC Pavement, Type IIB, Overlay, Varying Thickness	Ton	\$340.00
402(2-b)	AC Pavement, Type IIB, Manual Patch, 2" Thickness	square foot	\$5.00
402(2-b)	AC Pavement, Type IIB, New Full Depth, 3" Thickness	Ton	\$340.00
402(2-c)	AC Pavement, Type IIB, Manual Patch, 3" Thickness	square foot	\$6.50
402(2-d)	AC Pavement, Type IIB, Manual Patch	square foot	\$7.00
802(1)	Traffic Maintenance	Calendar Day	\$1,500.00
802(5)	Flagging	Hour	\$95.00
804(1)	Temporary Erosion & Pollution Control	LS	\$5,000.00
805(2)	Survey Monument Installed in Monument Case	Each	\$1,500.00
814(1)	Adjust Manhole to Finish Grade	Each	\$1,200.00
815(1)	Adjust Valve Box to Finish Grade	Each	\$800.00

**2014 City of Kodiak Patch Paving Unit Prices - IDIQ  
Birch Intersection Options 6/29/14**

Item #	Description of Work	Units	2014 Unit Price	Option #1		Option #2		Option #3	
				Quantity	Price Extension	Quantity	Price Extension	Quantity	Price Extension
205(2)	Leveling Course	Ton	\$50.00	256	\$12,800.00	0	\$0.00	128	\$6,400.00
207(2)	Full Depth Removal of Pavement	square foot	\$2.00	20,400	\$40,800.00	680	\$1,360.00	20,400	\$40,800.00
207(10-a)	Pavement Planning w/ 7.5' Milling Machine	square foot	No Bid	0	\$0.00	0	\$0.00	0	\$0.00
207(10-b)	Pavement Planning w/ 40" Milling Machine	square foot	\$1.15	0	\$0.00	4,000	\$4,600.00	0	\$0.00
402(2-a)	AC Pavement, Type IIB, Paving Machine, 2" Thickness	square foot	\$4.00	0	\$0.00	0	\$0.00	0	\$0.00
402(2-a)	AC Pavement, Type IIB, Overlay, Varying Thickness	Ton	\$340.00	0	\$0.00	335	\$113,900.00	536	\$182,240.00
402(2-b)	AC Pavement, Type IIB, Manual Patch, 2" Thickness	square foot	\$5.00	0	\$0.00	680	\$3,400.00	0	\$0.00
402(2-b)	AC Pavement, Type IIB, New Full Depth, 3" Thickness	Ton	\$340.00	402	\$136,680.00	0	\$0.00	0	\$0.00
402(2-c)	AC Pavement, Type IIB, Manual Patch, 3" Thickness	square foot	\$6.50	0	\$0.00	0	\$0.00	0	\$0.00
402(2-d)	AC Pavement, Type IIB, Manual Patch	square foot	\$7.00	0	\$0.00	0	\$0.00	0	\$0.00
802(1)	Traffic Maintenance	Calendar Day	\$1,500.00	3	\$4,500.00	2	\$3,000.00	4	\$6,000.00
802(5)	Flagging	Hour	\$95.00	144	\$13,680.00	96	\$9,120.00	192	\$18,240.00
804(1)	Temporary Erosion & Pollution Control	LS	\$5,000.00	1	\$5,000.00	1	\$5,000.00	1	\$5,000.00
805(2)	Survey Monument installed in Monument Case	Each	\$1,500.00	0	\$0.00	0	\$0.00	0	\$0.00
814(1)	Adjust Manhole to Finish Grade	Each	\$1,200.00	5	\$6,000.00	5	\$6,000.00	5	\$6,000.00
815(1)	Adjust Valve Box to Finish Grade	Each	\$800.00	8	\$6,400.00	8	\$6,400.00	8	\$6,400.00
	<b>TOTALS</b>				<b>\$225,860.00</b>		<b>\$152,780.00</b>		<b>\$271,080.00</b>

**Option #1:**

Repave 600' of Mill Bay Road from Upper Mill Bay Rd. to Powell Ave. by removing the existing 4" of asphalt and placing 1" of D-1 and 3" of new Asphalt w/ a 3% Crown.

**Option #2:**

Repave 600' of Mill Bay Road from Upper Mill Bay Rd. to Powell Ave. by milling a transitional edge along the curb line, and overlaying with 2" of new Asphalt after pre-leveling.

**Option #3:**

Repave 600' of Mill Bay Road from Upper Mill Bay Rd. to Powell Ave. by removing the existing 4" of asphalt and replacing with 4" of new Asphalt w/ a 3% Crown.

**Notes:**

There is no striping involved with our Scope of Work.