

**KODIAK CITY COUNCIL**

**WORK SESSION AGENDA**

**Monday, November 10, 2014**

**Kodiak Public Library Multi-Purpose Room**

**7:30 p.m.**

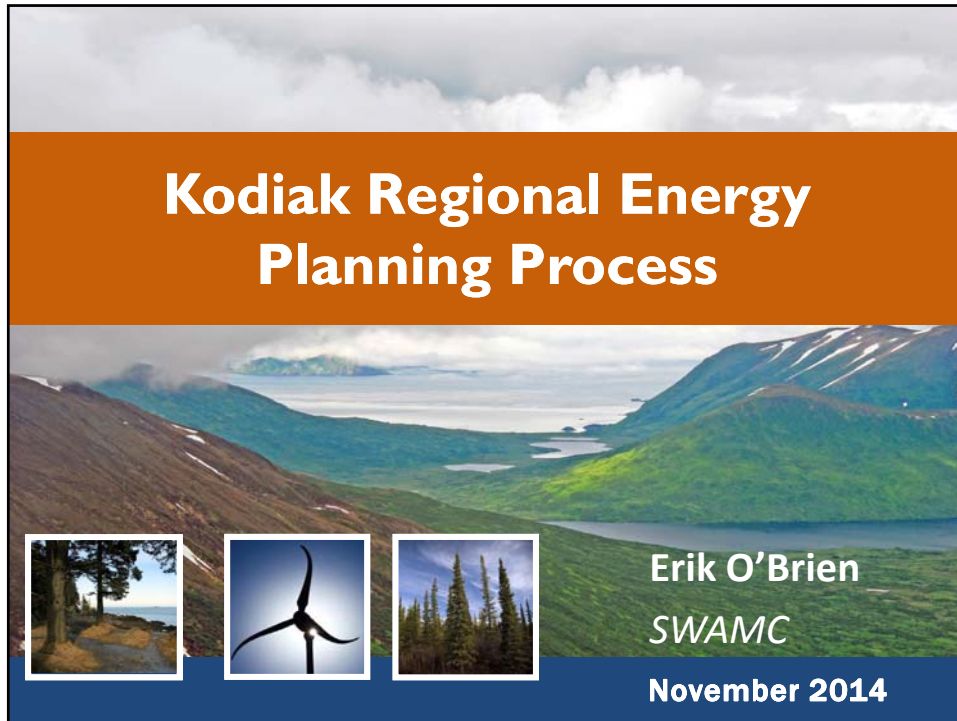
*Work sessions are informal meetings of the City Council where Councilmembers review the upcoming regular meeting agenda packet and seek or receive information from staff. Although additional items not listed on the work session agenda are sometimes discussed when introduced by the Mayor, Council, or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

**Discussion Items**

- 1. Public Comments (limited to 3 minutes)
- 2. Presentation About Kodiak Regional Energy Plan .....1
- 3. Lobbyist Update From Ray Gillespie .....11
- 4. Discussion About Building Code Fees .....14
- 5. Vessel Incidental Discharge Act Letter .....21
- 6. November 13, 2014, Agenda Packet Review

**To Be Scheduled**

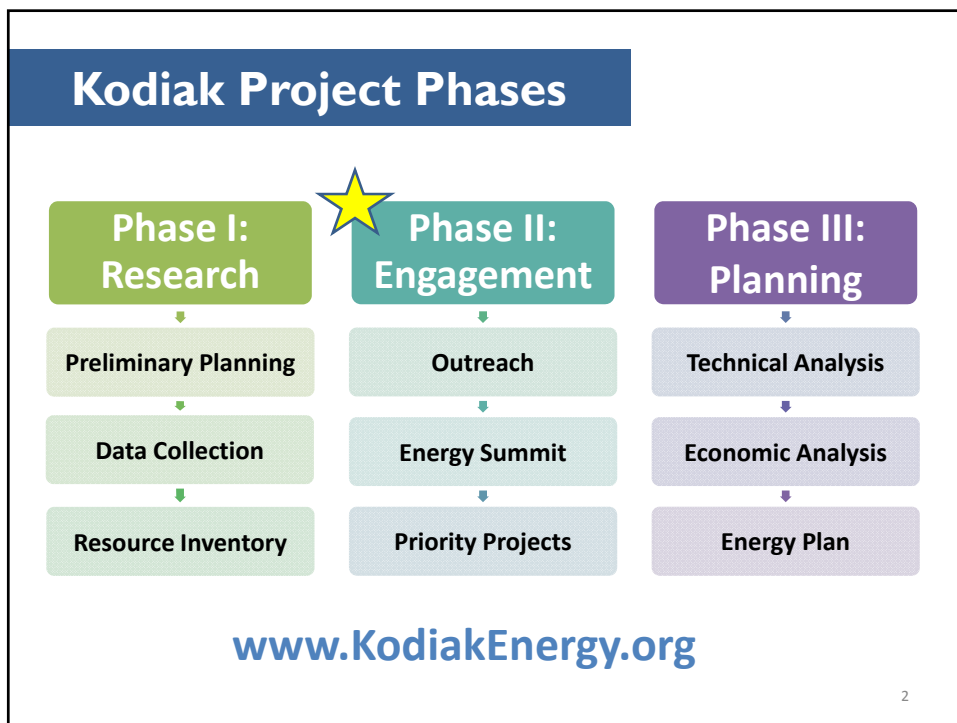
- 1. Economic Development Summit 2015
- 2. Council Planning Work Session 2015

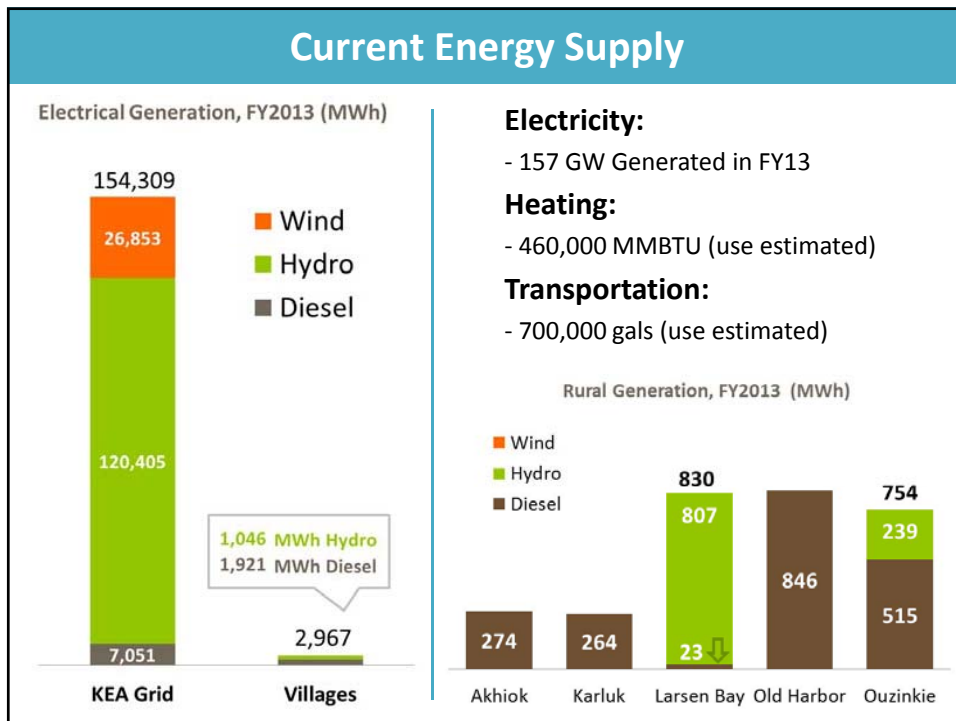
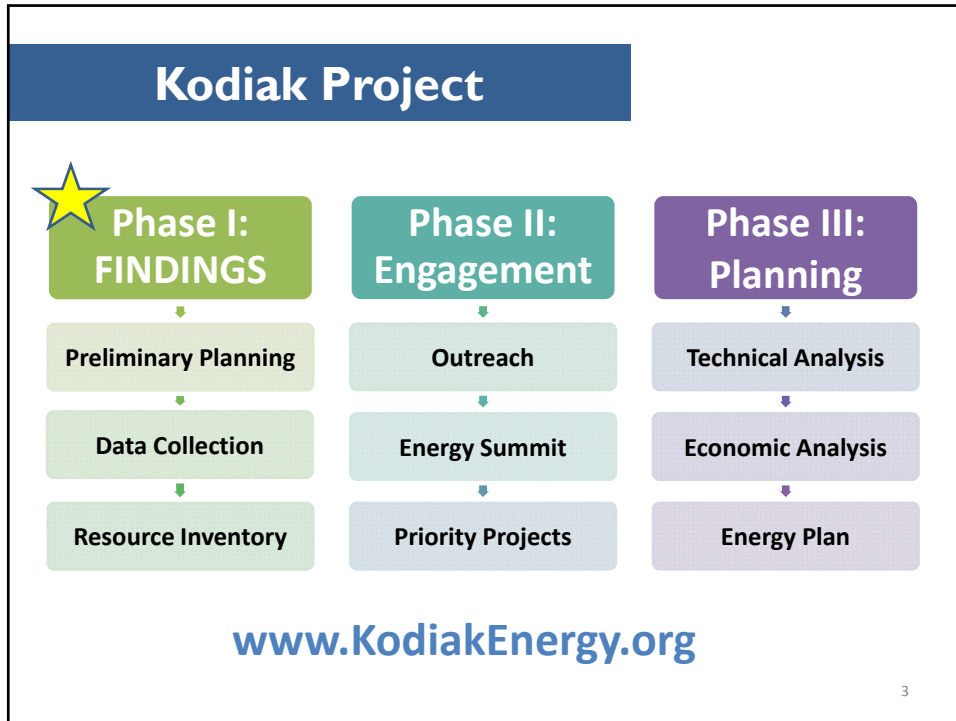


**Kodiak Regional Energy Planning Process**

Erik O'Brien  
SWAMC  
November 2014

The slide features a scenic background of a mountain valley with a lake and snow-capped peaks. It includes three small inset images: a forest path, a wind turbine, and a forest scene. The title is centered in a large orange banner, and the presenter's name and date are in the bottom right corner.





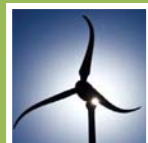
## Regional Energy Issues

- **High and volatile fuel prices**
- **Aging and inefficient housing stock contributes to high heating costs**
- **Diesel is flexible but distributed**
- **Logistical challenges**

**Outcome – Heating, transportation, food are expensive for people; business have relatively cheap power**

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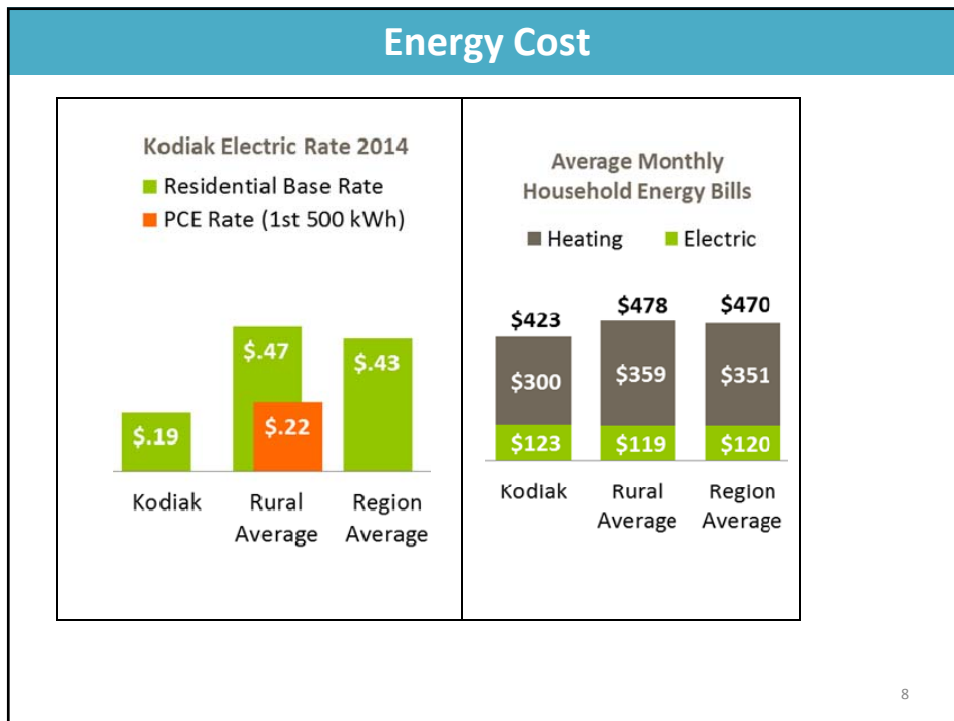
## Community Profile City of Kodiak



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Energy Priorities	
<b>KEA Vision</b>	“KEA shall endeavor to produce 95% of energy sales with cost effective renewable power solutions by the year 2020.” KEA will continue to strive for that even beyond 2020.
<b>KEA Energy Priorities<sup>1</sup></b>	Future hydroelectric expansion at Upper Hidden Basin
	Focus on energy conservation internally and externally to manage demand
	Add more wind or other renewables to meet future load demand

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## Hydroelectric and Wind

### Existing Projects

- **Terror Lake – 32 MW**  
Expansion: Increase capacity to meet future demand (4 to 5 years)
- **Pillar Mountain – 9 MW**  
Expansion: None until substantial growth in electric demand

### Resources

- Renewable Energy Fund
- Power Project Loans
- Community Development Block Grants
- EDA and USDA Rural Development
- Tax Credits through Private Partnership

### Electric Load Forecast

Slow, steady increase due to increasing electricity use for

- Household appliances,
- Heat pumps,
- On-demand water heaters

Electric Generation by Source - Kodiak

Year	Diesel	Hydro	Wind
2011	20	110	10
2013	10	115	25

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## Heating Opportunities

### BIOMASS

*Resources in City of Kodiak*

- *Class 1 Landfill – Combined Heat and Power Project*
- *Seafood Processors – Organic waste*

### HEAT PUMPS

*Essentials for Economic Viability*

- *Moderate temperatures*
- *Low electricity rates*
- *High heating costs*

### AIR SOURCE




- Cost: \$6,500
- Savings: \$600 to \$3,000 annually based on 3-bedroom home in Kodiak

### GROUND SOURCE

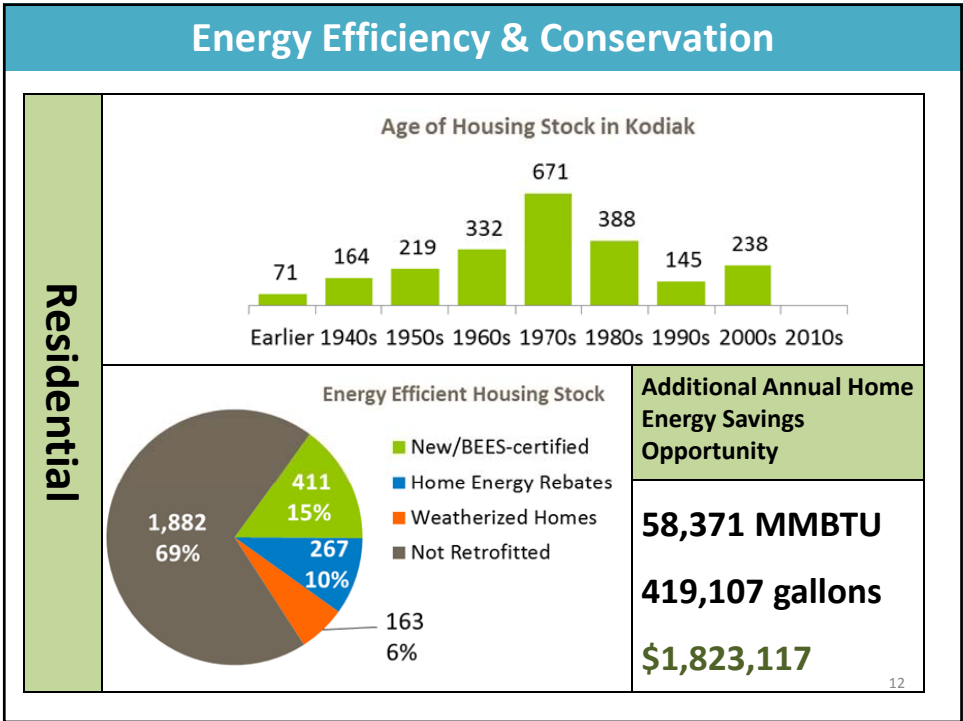
- Cost: \$30,000
- Savings: \$1,600-\$2,900 annually for 1,700 sf home in Juneau. Savings should be higher in Kodiak

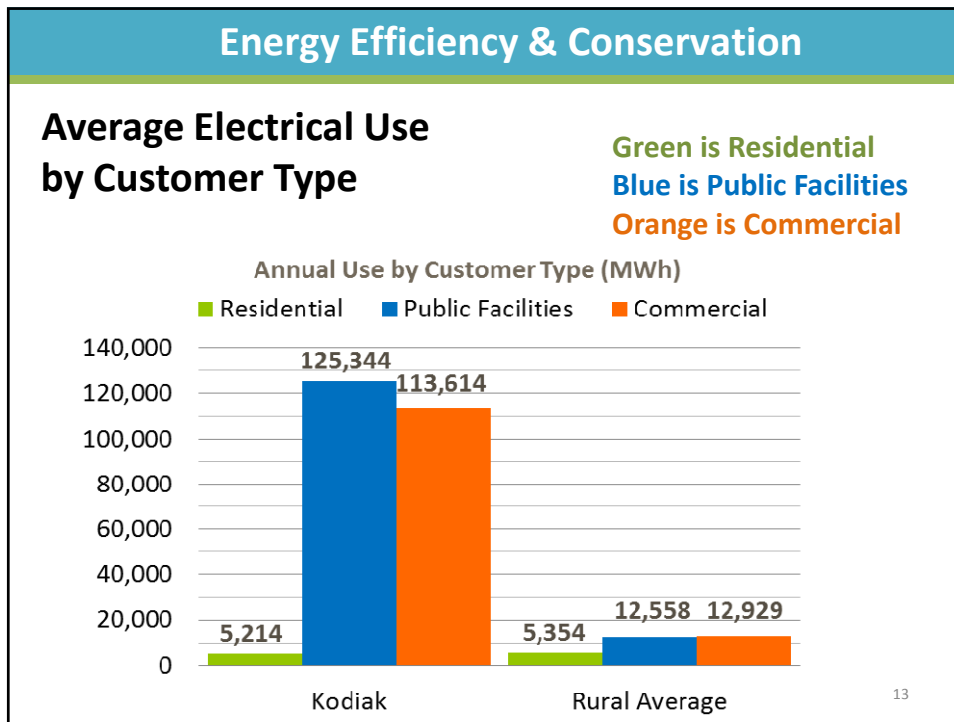
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# Energy Efficiency Savings Opportunities

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- ### Recommendations for City of Kodiak
- Encourage EE&C of Homes & Businesses
  - Maximize Energy Efficiency of Public Infrastructure
  - Monitor Emerging Energy Technologies
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## EE&C Funding Resources

### Loan Opportunities

- **Alaska Department of Commerce, Community, and Economic Development (DCCED) – Commercial Alternative Energy Conservation Loan Fund**
- **Alaska Housing Finance Corporation (AHFC) – Energy Efficiency Revolving Loan Fund (AEERLP)**

### Grant Opportunities

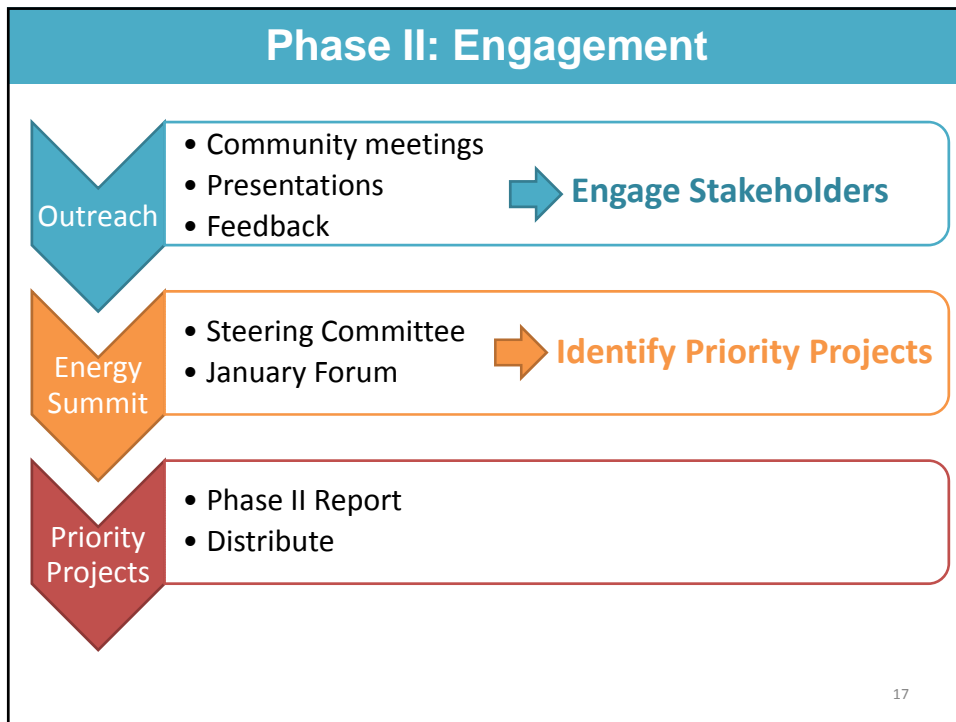
- **Alaska Division of Community and Regional Affairs – Community Development Block Grants (CDBG)**
- **Alaska Energy Authority (AEA) – Commercial Building Energy Audit (CBEA)**

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## Next Steps



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- ### Opportunities for the City of Kodiak
- NOW**
- Steering Committee to direct planning of Energy Summit
  - Review the Resource Inventory and City of Kodiak Community Profile – Provide Feedback
  - Strong presence at the Energy Summit, January 27
  - Priority Energy Needs!
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[www.KodiakEnergy.org](http://www.KodiakEnergy.org)

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**CITY OF KODIAK  
RESOLUTION NUMBER 2014-35**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK ADOPTING  
A FY2016 STATE CAPITAL IMPROVEMENTS PROGRAM LIST**

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

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

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

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

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, that the following infrastructure replacement/improvement projects are considered of primary importance and are hereby adopted as the City of Kodiak's FY2016 State capital improvement project list:

- 1. Mill Bay Road Pavement Rehabilitation Project: \$3,500,000**  
Mill Bay Road is a 2.5 mile major arterial that provides access to the City of Kodiak's main business district. It is the most traveled road in Kodiak with approximately 12,000 vehicle trips per day. The City took ownership of Mill Bay Road from the State after it was reconstructed by DOT in 1991. The road surface has developed extreme pavement wear in the driving lanes over the past 23 years. The City has maintained and repaired sections and the driving lanes were milled and overlaid twice, but the overall road condition has not been assessed. The most critical issue is the development of ruts in the driving lanes up to 3" deep in some lanes in major intersections. Ruts create drainage problems which further accelerate wear on the pavement. The need for further pavement rehabilitation is necessary to prevent areas of roadbed failure. The City must plan on full road width pavement rehabilitation for the most traveled 2 mile portion from the main intersection downtown (the "Y") to Island Lake Road (Walmart) and is completing an engineering study to assess the condition of the pavement, address drainage, and review the possibility of updating and reusing the original design segments to help reduce project costs. The total road rehabilitation cost, including engineering and construction, is estimated to be \$4,000,000 with funds coming from a combination of local funds for design & engineering and state funds for the remainder of the

project. The City of Kodiak is requesting state funding assistance for permitting, redesign, and construction in the amount of \$3,500,000 to fully rehabilitate Mill Bay Road.

## **2. Shelikof Street Bulkhead Parking**

**Funding Request: \$1,650,000**

In 2009, the City identified the need for pedestrian improvements from Pier II to downtown Kodiak to more safely accommodate pedestrian traffic and to improve facilities for local residents, workers, and businesses that use the pier, street, and access to the City's adjacent 250 slip boat harbor. The first phase of the project, construction of an ADA accessible sidewalk, new retaining walls, improved lighting and parking, and utility work was completed in 2013. The City must plan and design the next parking improvement phase of this project, which is to construct a 30 space bulkhead parking area on the south side of Shelikof Street adjacent to St. Paul Harbor. The roadway area adjacent to the proposed bulkhead parking is dangerously congested. Due to lack of adequate parking, vehicles block walkways, equipment operates in the ROW, and access to businesses is often blocked, forcing pedestrians into the roadway. Construction of additional off-road parking will direct pedestrian traffic out of the congested roadway. The net increase in parking will benefit harbor users and retail businesses along Shelikof Street. It will provide improved and safer pedestrian access from Marine Way to the fish processors in the immediate area. Associated tasks for this phase of the project include geotechnical investigation, design, permitting, mapping, construction, improved lighting, and utility relocates. The City of Kodiak is requesting state funding assistance for planning, permitting, design, and construction in the amount of \$1,650,000 to construct this bulkhead parking project to enhance pedestrian and vehicle safety.

## **3. Shelikof Street Pedestrian Improvements Pier II to Downtown**

**Funding Request: \$1,100,000**

In 2009 the City of Kodiak started work to improve pedestrian and roadway improvements along Shelikof Street (Cannery Row) from Pier II to downtown Kodiak to more safely accommodate cruise ship passengers who walk along the street and to improve the roadway and parking facilities for local residents and businesses that use the highly congested street and pier year round. The first phase, construction of an ADA accessible sidewalk, improved lighting and parking, retaining walls, and utility relocates was completed in 2013. The City wants to begin work on a portion of the next phase of improvements with design and construction of a visitor shelter-information kiosk-public restroom facility at Pier II. The shelter will benefit ferry and cruise ship passengers and visitors with a place to come in out of the weather, a location for the distribution of visitor information, and provide the only public restroom facility at Pier II. The City has 65% engineering design drawings and two drawings showing floor plans and elevations. The City of Kodiak is requesting state funding assistance in the amount of \$1,100,000 through the cruise ship excise tax fund for planning, permitting, design, and construction of this shelter for the community of Kodiak, its visitors, and residents.



CITY OF KODIAK

A handwritten signature in blue ink that reads "Cat Branson".

MAYOR

ATTEST:

A handwritten signature in blue ink that reads "Monica Ushakov".  
for CITY CLERK

Adopted: October 23, 2014

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# Kodiak Island Borough

## Community Development Department

710 Mill Bay Road

Kodiak, Alaska 99615

Phone (907) 486-9363 Fax (907) 486-9396

[www.kodiakak.us](http://www.kodiakak.us)

## Memorandum

**Date:** June 3, 2014

**To:** City of Kodiak – Mayor and Council

**Cc:** City Manager  
Borough Manager  
Borough Clerk

**From:** Robert H. Pederson, AICP - Community Development Director *RHP*

Doug Mathers – City of Kodiak Building Official *DM*

**RE:** Discussion of Building Permit Fees

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### Background

Recently, the Community Development Department prepared a report to the Borough Assembly regarding building permit and land use fees. When this information was discussed with the Assembly, Borough staff received direction to bring back information as to what various cost recovery scenarios would mean for building permit fees. The Borough also wanted to work together with the City on this issue. Borough and City staff met several times to develop the attached spreadsheet for your information.

The purpose of this memo is to bring the Mayor and Council up to date regarding those discussions.

With respect to Building Permits, we have identified the following information:

- Building Permit Fees have not changed since 2003; the previous update was in 1999.
- Fees are calculated using a cost per square foot method based on the type of construction, with a 1.39 multiplier for Alaska.
- We examined permit fees and the cost of providing building services for FY10 through FY13.
- We found that permit fees have covered 48% of the cost of providing the services during the past 4 fiscal years (the 48% cost recovery figure is a 4 year average for the City and Borough).
- The Building Code now contains an updated methodology for calculating permit fees, based on a permit fee multiplier and updated construction costs.
- The permit multiplier is based upon a predetermined percentage of cost recovery for the services provided. Determining the percentage of cost recovery is the policy question for the City Council and Borough Assembly.

- The construction costs per square foot are now updated quarterly in the building code. We recommend an annual adjustment of permit fees to reflect current construction costs and to review the desired percentage of cost recovery for this program.

### **Next Steps**

Our discussions have identified that the next step should be a joint work session of the City Council and Borough Assembly. The desired outcome of that meeting would be selection of the desired percentage of cost recovery for building permit services to be recouped through the permit fee structure. Once the elected officials decide the policy question (i.e., select the level of cost recovery), staff will bring back a resolution for adoption of a new fee schedule.

### **Attachments:**

Excerpts from the Building Code

Cost Recovery Scenarios

## Building Valuation Data – February 2014

The International Code Council is pleased to provide the following Building Valuation Data (BVD) for its members. The BVD will be updated at six-month intervals, with the next update in August 2014. ICC strongly recommends that all jurisdictions and other interested parties actively evaluate and assess the impact of this BVD table before utilizing it in their current code enforcement related activities.

The BVD table provides the "average" construction costs per square foot, which can be used in determining permit fees for a jurisdiction. Permit fee schedules are addressed in Section 109.2 of the 2012 *International Building Code* (IBC) whereas Section 109.3 addresses building permit valuations. The permit fees can be established by using the BVD table and a Permit Fee Multiplier, which is based on the total construction value within the jurisdiction for the past year. The Square Foot Construction Cost table presents factors that reflect relative value of one construction classification/occupancy group to another so that more expensive construction is assessed greater permit fees than less expensive construction.

ICC has developed this data to aid jurisdictions in determining permit fees. It is important to note that while this BVD table does determine an estimated value of a building (i.e., Gross Area x Square Foot Construction Cost), this data is only intended to assist jurisdictions in determining their permit fees. This data table is not intended to be used as an estimating guide because the data only reflects average costs and is not representative of specific construction.

This degree of precision is sufficient for the intended purpose, which is to help establish permit fees so as to fund code compliance activities. This BVD table provides jurisdictions with a simplified way to determine the estimated value of a building that does not rely on the permit applicant to determine the cost of construction. Therefore, the bidding process for a particular job and other associated factors do not affect the value of a building for determining the permit fee. Whether a specific project is bid at a cost above or below the computed value of construction does not affect the permit fee because the cost of related code enforcement activities is not directly affected by the bid process and results.

### Building Valuation

The following building valuation data represents average valuations for most buildings. In conjunction with IBC Section 109.3, this data is offered as an aid for the building official to determine if the permit valuation is underestimated. Again it should be noted that, when using this data, these are "average" costs based on typical construction methods for each occupancy group and type of construction. The average costs include foundation work, structural and nonstructural building components, electrical, plumbing, mechanical and interior finish material. The data is a national average and

does not take into account any regional cost differences. As such, the use of Regional Cost Modifiers is subject to the authority having jurisdiction.

### Permit Fee Multiplier

Determine the Permit Fee Multiplier:

1. Based on historical records, determine the total annual construction value which has occurred within the jurisdiction for the past year.
2. Determine the percentage (%) of the building department budget expected to be provided by building permit revenue.

$$\text{Permit Fee Multiplier} = \frac{\text{Bldg. Dept. Budget} \times (\%)}{\text{Total Annual Construction Value}}$$

### Example

The building department operates on a \$300,000 budget, and it expects to cover 75 percent of that from building permit fees. The total annual construction value which occurred within the jurisdiction in the previous year is \$30,000,000.

$$\text{Permit Fee Multiplier} = \frac{\$300,000 \times 75\%}{\$30,000,000} = 0.0075$$

### Permit Fee

The permit fee is determined using the building gross area, the Square Foot Construction Cost and the Permit Fee Multiplier.

$$\text{Permit Fee} = \text{Gross Area} \times \text{Square Foot Construction Cost} \times \text{Permit Fee Multiplier}$$

### Example

Type of Construction: IIB  
 Area: 1st story = 8,000 sq. ft.  
 2nd story = 8,000 sq. ft.  
 Height: 2 stories  
 Permit Fee Multiplier = 0.0075  
 Use Group: B

1. Gross area:  
Business = 2 stories x 8,000 sq. ft. = 16,000 sq. ft.
2. Square Foot Construction Cost:  
B/IIB = \$158.70/sq. ft.
3. Permit Fee:  
Business = 16,000 sq. ft. x \$158.70/sq. ft x 0.0075 = \$19,044

## Important Points

- The BVD is not intended to apply to alterations or repairs to existing buildings. Because the scope of alterations or repairs to an existing building varies so greatly, the Square Foot Construction Costs table does not reflect accurate values for that purpose. However, the Square Foot Construction Costs table can be used to determine the cost of an addition that is basically a stand-alone building which happens to be attached to an existing building. In the case of such additions, the only alterations to the existing building would involve the attachment of the addition to the existing building and the openings between the addition and the existing building.
- For purposes of establishing the Permit Fee Multiplier, the estimated total annual construction value for a given time period (1 year) is the sum of each building's value (Gross Area x Square Foot Construction Cost) for that time period (e.g., 1 year).
- The Square Foot Construction Cost does not include the price of the land on which the building is built. The Square Foot Construction Cost takes into account everything from foundation work to the roof structure and coverings but does not include the price of the land. The cost of the land does not affect the cost of related code enforcement activities and is not included in the Square Foot Construction Cost.

### Square Foot Construction Costs <sup>a, b, c, d</sup>

Group (2012 International Building Code)	IA	IB	IIA	IIB	IIIA	IIIB	IV	VA	VB
A-1 Assembly, theaters, with stage	224.49	217.12	211.82	202.96	190.83	185.33	196.14	174.43	167.83
A-1 Assembly, theaters, without stage	205.71	198.34	193.04	184.18	172.15	166.65	177.36	155.75	149.15
A-2 Assembly, nightclubs	177.15	172.12	167.31	160.58	150.83	146.74	154.65	136.68	132.81
A-2 Assembly, restaurants, bars, banquet halls	176.15	171.12	165.31	159.58	148.83	145.74	153.65	134.68	131.81
A-3 Assembly, churches	207.73	200.36	195.06	186.20	174.41	168.91	179.38	158.02	151.41
A-3 Assembly, general, community halls, libraries, museums	173.36	165.99	159.69	151.83	138.90	134.40	145.01	122.50	116.89
A-4 Assembly, arenas	204.71	197.34	191.04	183.18	170.15	165.65	176.36	153.75	148.15
B Business	179.29	172.71	166.96	158.70	144.63	139.20	152.43	126.93	121.32
E Educational	192.11	185.49	180.05	171.90	160.09	151.62	165.97	139.90	135.35
F-1 Factory and industrial, moderate hazard	108.42	103.32	97.18	93.38	83.24	79.62	89.22	68.69	64.39
F-2 Factory and industrial, low hazard	107.42	102.32	97.18	92.38	83.24	78.62	88.22	68.69	63.39
H-1 High Hazard, explosives	101.53	96.44	91.29	86.49	77.57	72.95	82.34	63.02	N.P.
H234 High Hazard	101.53	96.44	91.29	86.49	77.57	72.95	82.34	63.02	57.71
H-5 HPM	179.29	172.71	166.96	158.70	144.63	139.20	152.43	126.93	121.32
I-1 Institutional, supervised environment	177.76	171.50	166.52	159.45	146.31	142.45	159.13	131.29	126.72
I-2 Institutional, hospitals	302.44	295.85	290.11	281.84	266.80	N.P.	275.58	249.09	N.P.
I-2 Institutional, nursing homes	209.38	202.79	197.05	188.78	175.72	N.P.	182.52	158.01	N.P.
I-3 Institutional, restrained	204.27	197.68	191.94	183.67	171.10	164.68	177.41	153.40	145.80
I-4 Institutional, day care facilities	177.76	171.50	166.52	159.45	146.31	142.45	159.13	131.29	126.72
M Mercantile	132.04	127.01	121.20	115.47	105.47	102.39	109.54	91.33	88.45
R-1 Residential, hotels	179.14	172.89	167.90	160.83	147.95	144.10	160.52	132.93	128.36
R-2 Residential, multiple family	150.25	143.99	139.01	131.94	119.77	115.91	131.62	104.74	100.18
R-3 Residential, one- and two-family	141.80	137.90	134.46	131.00	125.88	122.71	128.29	117.71	110.29
R-4 Residential, care/assisted living facilities	177.76	171.50	166.52	159.45	146.31	142.45	159.13	131.29	126.72
S-1 Storage, moderate hazard	100.53	95.44	89.29	85.49	75.57	71.95	81.34	61.02	56.71
S-2 Storage, low hazard	99.53	94.44	89.29	84.49	75.57	70.95	80.34	61.02	55.71
U Utility, miscellaneous	75.59	71.22	66.78	63.37	56.99	53.22	60.41	44.60	42.48

- Private Garages use Utility, miscellaneous
- Unfinished basements (all use group) = \$15.00 per sq. ft.
- For shell only buildings deduct 20 percent
- N.P. = not permitted

### Building Permit Fees Based on Cost Recovery Scenarios<sup>1</sup>

<b>Example 1:</b>		<b>1,508 sq. ft. house and 364 Sq. ft. garage</b>									
<b>Value<sup>2</sup></b>	<b>Actual Fee Paid<sup>2</sup></b>	<b>Cost Recovery Options w/ Permit Fee Multiplier</b>									
	<b>\$1,069</b>	55%	60%	65%	70%	75%	80%	85%	90%	95%	100%
\$171,720	New Fee	\$1,184.87	\$1,287.90	\$1,408.10	\$1,511.14	\$1,614.17	\$1,734.37	\$1,837.40	\$1,940.44	\$2,060.64	\$2,163.67
	Fee Increase	\$115.87	\$218.90	\$339.10	\$442.14	\$545.17	\$665.37	\$768.40	\$871.44	\$991.64	\$1,094.67
	% Increase	10.84%	20.48%	31.72%	41.36%	51.00%	62.24%	71.88%	81.52%	92.76%	102.40%
<b>Same house with 2014 construction values</b>											
<b>Value</b>	<b>\$181,780</b>	<b>Cost Recovery Options w/ Permit Fee Multiplier</b>									
		55%	60%	65%	70%	75%	80%	85%	90%	95%	100%
\$181,780	New Fee	\$1,254.28	\$1,363.35	\$1,490.60	\$1,599.66	\$1,708.73	\$1,835.98	\$1,945.05	\$2,054.11	\$2,181.36	\$2,290.43
	Fee Increase	\$185.28	\$294.35	\$421.60	\$530.66	\$639.73	\$766.98	\$876.05	\$985.11	\$1,112.36	\$1,221.43
	% Increase	17.33%	27.54%	39.44%	49.64%	59.84%	71.75%	81.95%	92.15%	104.06%	114.26%

<b>Example 2:</b>		<b>2,700 sq. ft. house</b>									
<b>Value<sup>2</sup></b>	<b>Actual Fee Paid<sup>2</sup></b>	<b>Cost Recovery Options w/ Permit Fee Multiplier</b>									
	<b>\$1,551</b>	55%	60%	65%	70%	75%	80%	85%	90%	95%	100%
\$280,287	New Fee	\$1,933.98	\$2,102.15	\$2,298.35	\$2,466.53	\$2,634.70	\$2,830.90	\$2,999.07	\$3,167.24	\$3,363.44	\$3,531.62
	Fee Increase	\$382.98	\$551.15	\$747.35	\$915.53	\$1,083.70	\$1,279.90	\$1,448.07	\$1,616.24	\$1,812.44	\$1,980.62
	% Increase	24.69%	35.53%	48.19%	59.03%	69.87%	82.52%	93.36%	104.21%	116.86%	127.70%
<b>Same house with 2014 construction values</b>											
<b>Value</b>	<b>\$297,783</b>	<b>Cost Recovery Options w/ Permit Fee Multiplier</b>									
		55%	60%	65%	70%	75%	80%	85%	90%	95%	100%
\$297,783	New Fee	\$2,054.70	\$2,233.37	\$2,441.82	\$2,620.49	\$2,799.16	\$3,007.61	\$3,186.28	\$3,364.95	\$3,573.40	\$3,752.07
	Fee Increase	\$503.70	\$682.37	\$2,441.82	\$1,069.49	\$1,248.16	\$1,456.61	\$1,635.28	\$1,813.95	\$2,022.40	\$2,201.07
	% Increase	32.48%	44.00%	57.44%	68.95%	80.47%	93.91%	105.43%	116.95%	130.39%	141.91%

**Notes:**

1. All examples use 4 year average (FY2010-FY2013) of total program costs for City and Borough
2. Actual fee paid under current methodology (1993 sq. ft. construction costs w/ Alaska multiplier)
3. Value from Bid Price

<b>Example 3:</b>		<b>New Commercial Office Building</b>									
<b>Value<sup>3</sup></b>	<b>Actual Fee Paid</b>	<b>Cost Recovery Options w/ Permit Fee Multiplier</b>									
<b>\$6,500,000</b>	<b>\$23,990</b>	55%	60%	65%	70%	75%	80%	85%	90%	95%	100%
<b>\$6,500,000</b>	New Fee	\$44,850	\$48,750	\$53,300	\$57,200	\$61,100	\$65,650	\$69,550	\$73,450	\$78,000	\$81,900
	Fee Increase	\$20,860	\$24,760	\$29,310	\$33,210	\$37,110	\$41,660	\$45,560	\$49,460	\$54,010	\$57,910
	% Increase	86.95%	103.21%	122.18%	138.43%	154.69%	173.66%	189.91%	206.17%	225.14%	241.39%

<b>Example 4:</b>		<b>New 10,500 sq. ft. Commercial Building w/ apts.</b>									
<b>Value<sup>2</sup></b>	<b>Actual Fee Paid<sup>2</sup></b>	<b>Cost Recovery Options w/ Permit Fee Multiplier</b>									
<b>\$1,096,260</b>	<b>\$6,160</b>	55%	60%	65%	70%	75%	80%	85%	90%	95%	100%
<b>\$855,645</b>	New Fee	\$5,903.95	\$6,417	\$7,016	\$7,530	\$8,043	\$8,642	\$9,155	\$9,669	\$10,268	\$10,781
	Fee Increase	-\$256.05	\$257.34	\$856.29	\$1,369.68	\$1,883.06	\$2,482.01	\$2,995.40	\$3,508.79	\$4,107.74	\$4,621.13
	% Increase	-24.69%	35.53%	48.19%	59.03%	69.87%	82.52%	93.36%	104.21%	116.86%	127.70%

**Permit Fee Multiplier**

% Desired Cost Recovery	X	Annual Budget		<u>%*1,122,980</u>
Total Annual Construction Value				
55%	x	1,122,980	=	617,639 / 88,672,86
60%	x	1,122,980	=	673,788 / 88,672,86
65%	x	1,122,980	=	729,937 / 88,672,86
70%	x	1,122,980	=	786,086 / 88,672,86
75%	x	1,122,980	=	842,235 / 88,672,86
80%	x	1,122,980	=	898,384 / 88,672,86
85%	x	1,122,980	=	954,533 / 88,672,86
90%	x	1,122,980	=	1,010,682 / 88,672,86
95%	x	1,122,980	=	1,066,831 / 88,672,86
100%	x	1,122,980	=	1,122,980 / 88,672,86
				88,672,861

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November XX, 2014

The Honorable Lisa Murkowski  
United States Senate  
Washington, D.C. 20510

The Honorable Mark Begich  
United States Senate  
Washington, D.C. 20510

The Honorable Don Young  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Senator Murkowski, Senator Begich and Representative Young:

On behalf of the Kodiak Island Borough and the City of Kodiak, we are writing to urge the Congress to act promptly on legislation that would make permanent the existing moratorium on Clean Water Act NPDES permitting requirements on commercial fishing vessels and prevent yet another layer of unnecessary Federal regulation on our already overburdened fishing industry.

Kodiak is home to the 3<sup>rd</sup> largest and most valuable seafood port in the U.S., in 2013 landing 426 million pounds of fish valued at over \$150 million in ex-vessel prices. The species landed are diverse, including crab, pollock, salmon, cod, and rockfish, and are critical to our economic and employment base. Most of our fleet is made up of smaller fishing vessels, run as small businesses, frequently with an owner-operator on board and just a small crew. These vessels are not in any way significant contributors to water pollution and are already subject to Federal and State environmental regulation for anything that might take place on board that could result in a harmful discharge such as a fuel tank rupture or release of raw sewage.

Once the moratorium expires in December, the new regulations will require permitting, notification and reporting for discharges that are routine in the standard operation of fishing vessels. This would cover relatively environmentally-benign activities such as deck-washing, gray water discharge and bilge operation. Kodiak's fleet will be faced with a potentially onerous permitting regime that includes the threat of significant penalties (up to \$32,500 per day) and citizen lawsuits that could devastate small family-owned businesses. The Congress has already permanently reinstated the exemption for privately owned pleasure boats. If similar legislative relief is not obtained for the commercial fishing fleet, we will be faced with the irony of large private yachts being free from regulation while small commercial fishing and commercial charter vessels are subject to a crippling Federal regulatory and enforcement regime.

A 2010 report ordered by Congress and published by EPA confirms that making this exemption permanent will not contribute to pollution of our inshore or coastal waters, nor is there any evidence that the existing regulations contribute to decline of fish stocks.

We understand that House has passed its version of the Coast Guard Reauthorization Bill (HR 4005) that includes language making the NPDES exemption permanent for commercial fishing vessels and that the Senate has pending a bi-partisan bill (S. 2094) that would accomplish the same goal. We appreciate your support on these bills and ask that you move expeditiously once the Congress reconvenes for the Lame Duck session to enact into law the permanent exemption before the moratorium expires next month.

Thank you for considering these views and for being a supporter of Kodiak, our island communities, and our fishing industry.

Sincerely,

The Honorable Jerrol Friend  
Mayor  
Kodiak Island Borough

The Honorable Pat Branson  
Mayor  
City of Kodiak

DRAFT