

KODIAK CITY COUNCIL

WORK SESSION AGENDA

Tuesday, December 9, 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

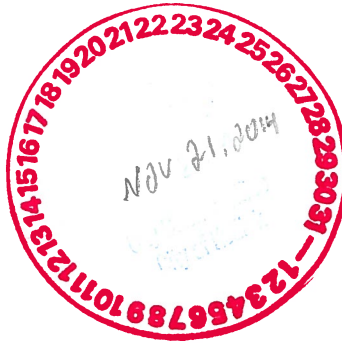
- 1. Public Comments (limited to 3 minutes)
- 2. Prince William Sound RCAC Applicant Interviews1
- 3. Presentation About Current Activities at the Baranov Museum
- 4. Maritime Museum Funding Request8
- 5. Request to Amend the Contract With Quayanna Development Corporation9
- 6. Presentation for Public Works Replacement Vehicle23
- 7. December 11, 2014, Agenda Packet Review

To Be Scheduled

- 1. Planning Meeting Date (Jan 31 or Feb 7 suggested)
- 2. Economic Development Training Dates

TRENTEN T. DODSON

P.O. Box 8320
Kodiak AK 99615



mobile: 586.219.3793
work: 907-486-6555
e-mail: kraa.dodson@gci.net

November 21, 2014

Honorable Pat Branson, Mayor
Kodiak City Council
701 Mill Bay Road, Room 216
Kodiak, AK 99615

RE: Consideration as a City of Kodiak's representative for the Prince William Sound RCAC

Mayor Branson and City Council members,

I am writing this letter to express my interest in serving as the City of Kodiak's representative on the Prince William Sound Regional Citizen's Advisory Council's (Prince William Sound RCAC) board of directors. You will find I am very familiar with the RCAC's operations and its role in oil spill prevention and environmental protection.

Currently, I am a public member of the Cook Inlet Regional Citizen's Advisory Council's (Cook Inlet RCAC) Environmental Monitoring Committee (EMC) and in the past, I have served as member of the EMC, Protocol Committee, and Executive Committee as a Cook Inlet RCAC board member representing the commercial fishing interest groups. Additionally, I was employed by Cook Inlet RCAC as the Director of Public Outreach here I provided outreach and education on Council research projects and oil spill prevention efforts to federal, state, and local governments as well as at national conferences.

I feel that my past Cook Inlet RCAC experience and my background in science and biology - Cook Inlet Aquaculture Association (CIAA) from 2001 to 2007 - will afford me the opportunity to make a positive contribution to the Prince William Sound RCAC. My position current position with the Kodiak Regional Aquaculture Association (KRAA) will also bring an understanding of the importance of Kodiak's salmon resource to our economy and our need to protect that resource. For further information, I have included my resume.

Thank you for your consideration,

A handwritten signature in black ink that reads "Trenten T. Dodson".

Trenten T. Dodson

- Cc/ Randall Bishop
- Charles Davidson
- Terry Haines
- Gabriel Saravia
- Richard Walker
- John Whiddon

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- EMPLOYMENT**
- Kodiak Regional Aquaculture Association (Kodiak, AK) December 2012-Present
Production and Operations Manager
Project Management: Responsible for overseeing, all aspects hatchery operations and field investigations of salmon on Kodiak & Afognak Islands. Develop new projects to increase salmon production.
Outreach: Present research findings to state and local governments and community organizations; Write, design and manage newsletter, annual report and other publications; Maintain website and social media
- Trenten Dodson – Sole Proprietor (Soldotna, AK) October 2007-2012
Independent Design Contractor
Write and design newsletters, annual reports, and informational brochures; Coordinate printing services for client
- Waddell & Reed (Kenai, AK) June 2011-August 2012
Financial Advisor
Worked with clients to find proper investment strategies through detailed financial planning; Sold mutual funds, life and health insurance, and stocks and bonds
- Cook Inlet Regional Citizens Advisory Council (Kenai, AK) October 2007-May 2011
Director of Public Outreach
Media contact and spokesperson; Wrote press releases; Provided outreach and education on Council research projects and oil spill prevention efforts to federal, state, and local governments as well as at national conferences; Provided assistance with grant applications; Wrote, designed and managed newsletter, annual report and other publications; Maintained website and relations with US Coast Guard
- Cook Inlet Aquaculture Association (Kenai, AK) May 2001-September 2007
Senior Biologist
Conducted hatchery evaluation and research projects, analyzed fisheries data, managed budgets and grants; Wrote reports; Procured federal and state permits, oversaw logistics of 12 field camps; Coordinated commercial fishing and fish processing efforts for cost recovery program; Maintained warehouse and procured supplies and materials
- EDUCATION**
- Wabash College (Crawfordsville, IN) 1993-1998
Bachelor of Arts
Biology, Psychology
- Northern Michigan University (Marquette, MI) 2000
Post Baccalaureate Biology Courses
- AWARDS**
- Kenai Rotary Club – Rotarian of the Year 2010-2011
Kenai River Brown Bears – Volunteer of the Year 2011-2012
Waddell & Reed Superstarter Award – Bronze Level

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COMMUNITY INVOLVEMENT

Cook Inlet RCAC Environmental Monitoring Committee (Public Member)	March 2013-Present
Kodiak Maritime Museum Board Member, Secretary	January 2013-Present
Peninsula Oilers - Alaska Baseball League (Kenai, AK) Public Address Announcer	June 2012-July 2012
Alaska Challenger Learning Center (Kenai, AK) Helicopter Underwater Egress Training Safety Diver	March 2012-July 2012
United Way of the Kenai Peninsula Allocation Committee	2010-2012
Kenai Peninsula Youth Foundation Kenai River Brown Bears Junior A Hockey	2009-2012
Junior Achievement of the Kenai Peninsula Board Member	2009-2012
Kenai Chamber of Commerce Ambassador, Scholarship Committee	2008-2012
Kenai Watershed Forum Volunteer, Endowment Committee	2001-2012
Rotary Club of Kenai Scholarship Chair	2008-2012 2010-2012
President	2011-2012
Secretary	2009-2011
Cook Inlet RCAC Board of Directors (Commercial Fishing Representative) Environmental Monitoring Committee Executive Committee Protocol Committee (Vice-Chair)	2006-2007
Cook Inlet Salmon Branding Board Member, Secretary	2003-2005

Wayne K. Donaldson
Box 3312 (1516 Baranof Street)
Kodiak, AK 99615
Cell Phone: 907-654-7350
Home Phone: 907-486-8882
Email: wkdonaldson1@gmail.com



Letter of interest for City of Kodiak representative to Prince William Sound Regional Citizens' Advisory Council.

I've lived in the oil spill region since 1985 and was a resident of Cordova at the time of the *Exxon Valdez* tanker grounding. In 1989, while working for the Alaska Department of Fish and Game (ADF&G), I conducted oil spill damage assessment projects on fishery resources along with managing commercial shellfish resources in Prince William Sound (PWS). From 1991 – 1994 I managed the PWS salmon and herring stocks, and in 1995, transferred to Kodiak and supervised management of commercial salmon and herring fisheries and later shellfish and groundfish fisheries.

In December 2004, the M/V *Selendang Ayu* ran aground off Unalaska Island, and in December 2012 the drilling vessel *Kulluk* grounded on the east side of Kodiak. My involvement with each grounding was to manage fisheries for zero tolerance for product contamination and avoidance of fishing gear interactions.

Board members of the Prince William Sound Regional Citizens' Advisory Council promote environmental safety in the transportation of oil and I would welcome the opportunity to contribute to this independent advisory group. I am knowledgeable of the commercial fisheries and geography of this region, and have previous experience serving on volunteer boards. I believe I could represent the City of Kodiak in this capacity.

EDUCATION University of Alaska
 Fairbanks, Alaska
 Bachelor Science, Biology – May 1980

EMPLOYMENT State of Alaska
 Department of Fish and Game
 Kodiak, Alaska
 1999 – present: Regional Shellfish/Groundfish Management Biologist
 1995 – 1999: Regional Salmon/Herring Management Biologist

 State of Alaska
 Department of Fish and Game
 Cordova, Alaska
 1991 – 1994: Salmon/Herring Area Management Biologist
 1985 – 1990: Shellfish Area management Biologist

VOLUNTEER University of Alaska Fairbanks
Alumni Association Board of Directors
2011 – 2017

St. Mary's Parish, Kodiak
Finance Council member
2012 - present

Professional References

Nick Sagalkin
Regional Supervisor
Alaska Department of Fish & Game
Kodiak, Alaska
Nick.Sagalkin@Alaska.gov
907-486-1801

Doug Pengilly
Regional Research Biologist
Alaska Department of Fish & Game
Kodiak, Alaska
Doug.Pengilly@Alaska.gov
907-486-1865

Heath Hilyard
President
University of Alaska Fairbanks Alumni Association
HeathEdward@gmail.com
907-244-4909

ADDITIONAL INFORMATION

- ADF&G advisor to Alaska Board of Fisheries for the Bering Sea Crab Rationalization Task Force.
- ADF&G advisor to the Bering Sea/Aleutian Islands Crab Observer Oversight Task Force.
- Member of the North Pacific Fishery Management Council's Crab Plan Team, 1999 – present.
- Member of the North Pacific Fishery Management Council's Steller sea lion RPA committee, 2001, 2004.
- Member of the State's Subsistence Policy Advisory Group, 1997-1998. Explore options for dual and comanagement of subsistence hunting and fishing.
- Department of Fish & Game, Commercial Fisheries Division, Fisheries Management Award, 1995, and Director's Meritorious Service Award, 2009.

October 17th, 2014



Dear Mayor Branson and Kodiak City Councilmen,

The following 'announcement' is bitter sweet. I will be resigning from my Kodiak City Representative Position on the Prince William Sound Regional Citizens Advisory Council. I have just this week signed a contract with ALYESKA to be the new Fishing Vessel Spill Response Coordinator for the Kodiak Fleet. When I applied for the position back in August I knew that if I was awarded the contract I would have to resign, but felt that this position would be rewarding and keep me involved with the mission of the RCAC. The good news is I can still participate as a volunteer on committees.

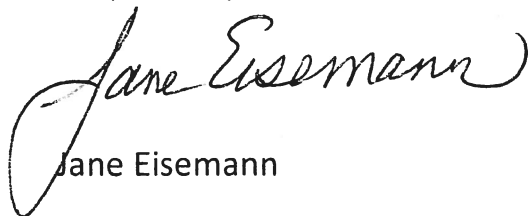
My tenure on the board has been beyond rewarding, and I look back on the last 13 years with gratitude. I have made lifetime friends among staff, committee volunteers and board members of the PWSRCAC and feel that I was (and will continue to be) a part of a process that makes a difference, with people that I am proud to be associated with. I don't think the PWSRCAC is a NOBLE '**EXPERIMENT**' any longer. Perhaps it should read Noble **SUCCESSFUL** experiment. That's not to say that there won't be another disaster – but because of the council and its work – the chances are far less and if a spill event occurs, the outcome will be less devastating.

So with that said -

The bitter: - I will miss sitting at the table representing the City of Kodiak.

The sweet: - I am still involved with the mission of the PWSRCAC in my new position, and hope I can be at the table when recommendations are being made to make the response vessel program even more robust.

Respectfully,


Jane Eisemann

Marlar, Debra

From: Matlock, Lisa M. [lisa.matlock@pwsrcac.org]
Sent: Wednesday, December 03, 2014 11:23 AM
To: Marlar, Debra
Cc: Rothchild, Stephen; Swanson, Mark A; Schantz, Donna; Fleming, Jennifer; Eisemann, Jane
Subject: RE: Kodiak Board Seat Transition

Hi Debra,

We realized that I had not answered the second half of your email about the board seat term. I apologize for missing that.

All Prince William Sound RCAC board seats are filled on a two-year basis, usually starting in May. Officially, the City of Kodiak seat would normally expire May of 2015. However, if it is easier for the city to fill the seat for the completion of the current term and for the next term, you can add language to your new official representative's letter that explains this. Here is a sample, but you can alter it to fit your needs as long as the term of the seat is clear to the board so they can vote appropriately when asked to seat the new City of Kodiak representative in January.

"The City of Kodiak would like to have its representative, ___ , join the Prince William Sound RCAC board not only through the current term which expires in May of 2015, but to extend through the next term which will expire in May of 2017".

Please let me know if you have any questions about this.

Lisa

Lisa Matlock

Outreach Coordinator
Prince William Sound Regional Citizens' Advisory Council
3709 Spenard Road, Suite 100 | Anchorage, Alaska 99503 | 907.273.6235
lisa.matlock@pwsrcac.org

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On the Web: www.pwsrcac.org | Find us on [Facebook](#) | Follow us on [Twitter](#)



From: Marlar, Debra [mailto:dmarlar@city.kodiak.ak.us]
Sent: Thursday, November 13, 2014 10:02 AM

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Kniazowski, Aimee

From: Kniazowski, Aimee
Sent: Thursday, December 04, 2014 8:51 AM
To: 'Toby Sullivan'; Pat Branson; White, Lon; Wallace Fields
Subject: RE: KMM funding request for Harbor Lights Festival

Toby,

Thanks for your response. I'll expect Wallace to attend the work session on Dec. 9th at 7:30 PM in new library multi-purpose room. This is number 4 on the agenda. I would like a better understanding of the amount of money KMM is asking for and if the costs to fund the event at the convention center are shared with other groups or if you are just asking the City to cover the costs.

Thanks,
Aimée Kniazowski
City Manager
City of Kodiak
710 Mill Bay Road
Kodiak, AK 99615
Phone (907) 486-8640 Fax (907) 486-8600

-----Original Message-----

From: Toby Sullivan [<mailto:toby@kodiakmaritimemuseum.org>]
Sent: Thursday, December 04, 2014 6:03 AM
To: Kniazowski, Aimee; Pat Branson; White, Lon; Wallace Fields
Subject: KMM funding request for Harbor Lights Festival

Hi Aimee-

I'm sorry I missed your call on Tuesday afternoon. I've been traveling in the Lower 48 and didn't see it in my voicemail box till this morning.

I'll be out of town, but Wallace Fields, KMM's Board President, will speak briefly to the City Council at the work session on the 6th about our request for funding for the Harbor Lights Festival.

Please let's know if there's anything we can provide before the work session to help the City Council on this.

Thank you

Toby

Sent from my iPhone

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Quayanna Development Corporation

11801 Middle Bay Drive

Kodiak, Alaska 99615

TEL : (907) 487-2291

CELL : (907) 317-0083

e-mail : plarc@alaska.net

November 6, 2014

Ms. Aimee Kniazowski, City Manager
 City of Kodiak
 710 Mill Bay Road, Room 219
 Kodiak, Alaska 99615

RE: Composting Services Interim Rate Adjustment Proposal

Dear Ms. Kniazowski:

Thank you for meeting with me to address the composting rate disparity QDC has demonstrated to exist with the City of Kodiak. In previous meetings and communications over the past year QDC has presented the City with our experienced higher costs and lost revenues that are a direct result of the City's decision to move the composting operation from the proposed Middle Bay site to the Kodiak Island Borough landfill.

As we have made very clear in our meetings on this subject, QDC must see these items addressed as soon as possible. QDC has also expressed our desire to find a solution that is agreeable to both the City and ourselves without undue administrative burden.

Here is a synopsis of the costs QDC has incurred in order to meet the added demands of operating the composting project at the Kodiak Island Borough Landfill:

	Through 2014
Equipment 2013 and 2014	\$ 66,370.40
Wages Overage 2013 and 2014	\$ 21,000.00
Preempted Compost Sales	\$ 63,375.00
TOTAL through October 14	\$ 150,745.40

]

	Monthly Costs	
Equipment	\$	8,275.88
Wages	\$	875.00
Preempted Compost Sales	\$	4,875.00
TOTAL	\$	14,025.88

The equipment costs shown are those QDC has purchased in addition to those we had projected to be necessary if the composting facility were to have been operated at the Middle Bay Site. The assumed additional wages paid shown is a conservative estimate of the additional wages QDC has paid to employees as a result of additional labor required to collect wood and for the extra handling of compost due to the lack of facilities at the landfill. The pre-empted compost sales is an estimate of the lost revenue due to our inability to sell compost produced since October of 2013.

QDC proposes a compromise where the City pays QDC for the added equipment costs and labor described in the above table until the new composting facility is operational. QDC will then forgo the lost revenues from anticipated compost sales while at the landfill.

Total compensation due QDC under this offer is therefore:

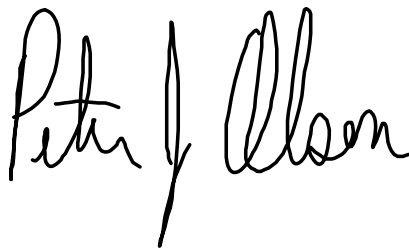
<i>Added Equipment Costs in 2013 and 2014</i>	<i>\$66,370</i>
<i>Added Labor Costs in 2013 and 2014</i>	<i>\$21,000</i>
<i>Total Compensation for 2013 and 2014</i>	<i>\$87,370</i>

In addition, the monthly added equipment costs of \$8,275.88 will be added to the existing contract rate on a monthly basis until the new composting facility is operational.

Please advise of your thoughts in regards to this proposal.

Sincerely,

QUAYANNA DEVELOPMENT CORPORATION



Peter J. Olsen, Executive Director

**FIRST AMENDMENT TO
COMPOSTING AGREEMENT**

THIS FIRST AMENDMENT TO COMPOSTING AGREEMENT (this "Amendment") is entered into as of December 14, 2012, by and between the City of Kodiak, an Alaska municipal corporation (the "City") and Quayanna Development Corporation, an Alaska corporation ("QDC")

WHEREAS, the parties entered into a Composting Agreement as of October 30, 2012 (the "Agreement"); and

WHEREAS, the parties intended that QDC would commence composting operations under the Agreement on or about December 15, 2012; and

WHEREAS, delays in permitting require the parties to establish a temporary solution for composting bio-solids from the City's wastewater treatment facility.

NOW, THEREFORE, in consideration of the foregoing Recitals (which are incorporated herein by this reference), the mutual covenants and conditions hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Purchaser and Seller hereby agree as follows:

1. **Definition of "Borough."** Section 1.0 is amended by adding the following definition, "Borough" means the Kodiak Island Borough, an Alaska municipal corporation.

2. **Definition of "Operational Plan."** The definition of "Operational Plan" in Section 1.0 is amended to read, "Operational Plan" means either (i) for composting at the Borough landfill, the amended operating permit for the Borough landfill and the agreement between the City and Borough regarding the composting of Bio-solids at the Borough landfill; or (ii) for composting at any other Site, the plan approved by ADEC under which QDC will receive and compost Bio-solids at the Site. Upon ADEC approval of the plan, it shall be attached to this Agreement and incorporated by reference herein.

3. **Definition of "Site."** The definition of "Site" in Section 1.0 is amended to read, "Site" means real property located either (i) at the Borough landfill that the Borough has designated for use as a site for the composting of Bio-solids under this Agreement; or (ii) within approximately 25 road miles of the City's wastewater treatment facility, and designated by QDC from time to time and approved by ADEC and other regulatory authorities for the composting of Bio-solids under this Agreement.

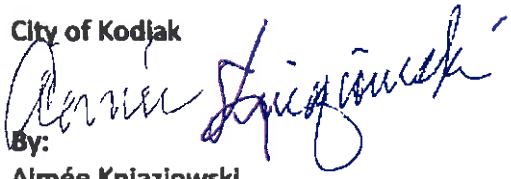
4. **Time for Performance.** Section 2.1 is amended by changing the date, "December 15, 2012" everywhere that it appears to "September 15, 2013."

5. **Termination.** Section 8.1 is amended to read, "This Agreement may be terminated with at least 60 days written notice by either party."

6. **Affirmation of Agreement.** Except as expressly amended herein, all terms and conditions of the Agreement as originally executed shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have hereunto set their hands as set forth below.

City of Kodiak



By:

Almée Kniazowski
City Manager

Quayanna Development Corporation



By:

Peter J. Olsen,
Executive Director

**CITY OF KODIAK
COMPOSTING AGREEMENT
CONTRACT NO. 205796**

This Agreement ("Agreement") is entered into this 30th day of October, 2012 (the "Effective Date"), by and between the City of Kodiak, an Alaska municipal corporation (the "City") and Quayanna Development Corporation, an Alaska corporation ("QDC").

RECITALS

WHEREAS, the City owns and operates a wastewater treatment facility as part of its sanitary sewer utility; and

WHEREAS, periodically bio-solids must be removed from the City's wastewater treatment facility and disposed of; and

WHEREAS, the City has disposed of the bio-solids by delivering them to the Kodiak Island Borough landfill, but the Borough will no longer accept bio-solids at its landfill after December 15, 2012; and

WHEREAS, QDC has offered to accept the bio-solids from the City for composting under the terms and conditions in this agreement; and

WHEREAS, QDC is qualified to provide the services specified in this Agreement and, subject to the terms and conditions set forth in this Agreement, QDC desires to provide such services;

WHEREAS, composting the bio-solids is a waste utilization process that will benefit the public health and welfare and the environment by reducing the volume of material that is disposed of in the Borough landfill and allowing the reuse of this material when converted to compost.

NOW THEREFORE, in consideration of the premises and the mutual covenants contained herein, the City and QDC hereby agree as follows:

AGREEMENT

1.0 Definitions. In this Agreement:

"ADEC" means the Alaska Department of Environmental Conservation.

"Bio-solids" means 'sewage sludge' as defined in 40 C.F.R. §503.9(w) which have less than the Maximum Allowable Amounts of Arsenic, Cadmium, Chromium, Copper, Lead, Mercury Molybdenum, Nickel, Selenium, and Zinc as defined in the EPA Part 503 regulations pertaining to bio-solids pollutant limits, and can be composted using the Aerated Static Pile System to produce a Class A compost with an unrestricted status.

"City" means the City of Kodiak, an Alaska municipal corporation.

"Commencement Date" means the first day of the first month that begins after the date as of which QDC gives Notice to the City that QDC is ready to receive and compost Bio-solids at the Site.

"Notice" means notice given in the manner prescribed in Section 24.

"Operational Plan" means the plan approved by ADEC under which QDC will receive and compost Bio-solids at the Site. Upon ADEC approval of the plan, it shall be attached to this Agreement and incorporated by reference herein.

"QDC" means Quayanna Development Corporation, an Alaska corporation

"Site" means real property located within 25 road miles of the City's Wastewater Treatment facility, and designated by QDC from time to time and approved by ADEC and other regulatory authorities for the composting of Bio-solids under this Agreement.

2.0 Scope of Work.

2.1. Upon the execution of this Agreement, QDC shall proceed with due diligence to acquire all governmental permits required to provide its services under this Agreement. Without limiting the generality of the foregoing, QDC shall obtain an ADEC permit to operate a composting facility at the Site no later than December 15th, 2012. Commencing no later than December 15, 2012 QDC shall have obtained all governmental permits required for it to receive and compost Bio-solids as provided in this section. QDC shall give written Notice to the City promptly if at any time it expects not to be able to obtain a required permit on or before December 15, 2012. In the event QDC is unable to obtain all required permits and approvals in a timely manner, this agreement shall terminate automatically without penalty or other liability of any kind to either party.

2.2. On and after the Commencement Date, the City will make weekly deliveries of Bio-solids to the Site for composting, subject to the testing requirements in this subsection. Before the first delivery of Bio-solids under this Agreement, the first delivery in each of the next four calendar quarters, and the first delivery in each following year, the City shall test the Bio-solids for pollutants and report the results of the test to QDC. The City shall not deliver any Bio-solids which test results show to exceed the limit for any pollutant that appears in Table H under 18 AAC 60.510.

2.3 Under the terms of this Agreement QDC agrees to annually receive up to 3,500 cubic yards of Bio-solids from the City. The quantity of Bio-solids in each weekly delivery shall not generally exceed seventy five (75) cubic yards. Delivery of the Bio-solids to QDC at the Site will be complete when City employees or contractors have deposited the Bio-solids at the location on the Site designated by a QDC employee.

2.4 Upon the delivery of Bio-solids to the Site, title to the Bio-solids shall transfer from the City to QDC without further action on the part of either party. QDC will receive the delivered Bio-solids in "as is condition, and without warranty of the City of any kind, express or implied, except that the Bio-solids do not exceed the limit for any pollutant that appears in Table H under 18 AAC 60.510.

2.5 QDC shall receive and compost in accordance with its Operational Plan all Bio-solids delivered by the City to the Site in accordance with Section 2.3.

2.6 The Operational Plan shall provide for the storage on the Site of Bio-solids awaiting composting, in quantities sufficient to allow the City to make deliveries of Bio-solids in accordance with Section 2.3 in spite of any interruption in the composting process.

2.7 QDC shall conduct all of its operations at the Site in a safe and sanitary manner, in accordance with all requirements of the Operational Plan. QDC shall keep the Site free from trash, litter and debris. QDC shall conduct its operations at the Site in a manner that does not subject persons or property located outside the boundaries of the Site to excessive odor, noise, vibration or dust. QDC shall not permit any conditions on the Site to exist that constitute a nuisance.

3.0 Term of Agreement

Unless earlier terminated as provided for in Section 8.0, this Agreement shall take effect on the Effective Date and continue in effect for a period of five (5) years after the Commencement Date.

4.0 Contract Price

4.1 The City shall pay QDC an annual fee of three hundred thirty two thousand two hundred fifty dollars (\$332,250) for the services that QDC performs under this Agreement. The annual fee shall be payable as provided in Sections 4.2 and 4.3.

4.2 On the Effective Date, the City shall pay QDC the sum of sixty six thousand four hundred fifty dollars (\$66,450). On the Commencement Date, and on the first day of the next eleven (11) months, the City shall pay QDC the sum of twenty two thousand one hundred fifty dollars (\$22,150).

4.3 Commencing on the first anniversary of the Commencement Date, and on the first day of each month during the remainder of the term of this Agreement, the City shall pay QDC the sum of twenty seven thousand six hundred eighty seven and 50/100 dollars (\$27,687.50).

5.0 Project Manager and City Representative

5.1 QDC shall designate in a Notice to the City a single individual to act as the project manager (the "Project Manager"). The Project Manager shall ensure QDC's compliance with, and shall coordinate appropriate schedules in connection with, QDC's obligations hereunder. QDC may change the individual designated hereunder by providing the City with advance Notice designating the new individual authorized to act as the Project Manager.

5.2 The City shall designate in a Notice to QDC a single individual to act as the City's authorized representative for purposes of this Agreement (the "City Representative"). Such individual (a) must be authorized to act on the City's behalf with respect to all matters relating to this Agreement; (b) shall ensure the City's compliance with its responsibilities under this Agreement; and (c) shall coordinate appropriate schedules in connection with QDC's services under this Agreement. The City may change the

individual designated hereunder by providing QDC with advance Notice designating the new individual authorized to act as the City Representative.

6.0 Changes

6.1 The scope and schedule of services provided under this Agreement may be changed from time to time by a written change order (a "Change Order") mutually agreed upon and signed by duly authorized representatives of each of the parties. Changes causing a modification to the Contract Price not exceeding \$15,000 are subject to approval on behalf of the City by the City Manager. Changes causing a modification to the Contract Price exceeding \$15,000 are subject to approval on behalf of the City by its City Council.

6.2 Upon receipt of a written request from QDC, in the event federal health care legislation creates a large enough financial impact on QDC so as to impact the ability to continue this contract, the City may agree to reopen discussions on select provisions of this contract.

7.0 Informal Dispute Resolution

7.1 The parties to this Agreement shall exercise their best efforts to negotiate and settle promptly any dispute that may arise with respect to this Agreement in accordance with the provisions set forth in this Section 7.0.

7.2 If either party (the "Disputing Party") disputes any provision of this Agreement, or the interpretation thereof, or any conduct by the other party under this Agreement, that party shall bring the matter to the attention of the other party at the earliest possible time in order to resolve such dispute.

7.3 If such dispute is not resolved by the employees responsible for the subject matter of the dispute within ten (10) business days, the Disputing Party shall deliver to the first level of representatives below a written statement (a "Dispute Notice") describing the dispute in detail, including any time commitment and any fees or other costs involved.

7.4 Receipt by the first level of representatives of a Dispute Notice shall commence a time period within which the respective representatives must exercise their best efforts to resolve the dispute. If the respective representatives cannot resolve the dispute within the given time period, the dispute shall be escalated to the next higher level of representatives in the sequence as set forth below. If the parties are unable to resolve the dispute in accordance with the escalation procedures set forth below, the parties may assert their rights under this Agreement.

Escalation Timetable (Business Days)	QDC Representative	City Representative
0 to 5 th	Project Manager	City Representative
6th to 10 th	Executive Director	City Manager

7.5 Notwithstanding the fact that the parties may be attempting to resolve a dispute in accordance with the informal dispute resolution procedures set forth in Section 7.0, the parties shall continue without delay to perform all their respective responsibilities under this Agreement that are not affected by the dispute.

7.6 Notwithstanding the foregoing, either party may, before or during the exercise of the informal dispute resolution procedures set forth in Section 7.0, apply to a court having jurisdiction for a temporary restraining order or preliminary injunction where such relief is necessary to protect its interests pending completion of such informal dispute resolution procedures.

7.7 The foregoing provisions relating to Informal Dispute Resolution are aspirational in nature. They are not intended to be treated as administrative remedies which must be completed or exhausted as a prerequisite to the filing of a lawsuit nor shall a failure or alleged failure to invoke or comply with them be regarded as a waiver of any rights or remedies otherwise available to a party to this agreement.

8.0 Termination

8.1 This Agreement may be terminated with at least 180 days written notice by either party.

8.2 Termination for Default. Subject to completion of the dispute resolution procedures set forth in Section 7.0, in the event that either party hereto materially defaults in the performance of any of its obligations hereunder, the other party may, at its option, terminate this Agreement by providing the defaulting party thirty (30) days' prior written Notice of termination, which notice shall identify and describe with specificity the basis for such termination. If, prior to the expiration of such notice period, the defaulting party cures such default to the satisfaction of the non-defaulting party (as evidenced by written Notice delivered by the non-defaulting party), termination shall not take place.

8.3 Termination Without Cause. The City may terminate this Agreement without cause by providing QDC at least thirty (30) days' prior written Notice of termination.

9.0 Consequences of Termination.

9.1 Upon termination of this Agreement for whatever reason, QDC shall be under no further obligation to provide services hereunder.

9.2 In the event of termination by the City for convenience under Section 8.3 hereof, the City shall cause payments to be made to QDC within thirty (30) days after the effective date of termination for all costs and expenses incurred prior to the effective date of the termination. The City shall pay QDC an early termination fee sum according to the following:

If termination occurs in calendar year: 2012, then City will pay QDC \$440,000
2013, then City will pay QDC \$367,000
2014, then City will pay QDC \$285,000
2015, then City will pay QDC \$215,000
2016, then City will pay QDC \$140,000
2017, then City will pay QDC \$70,000

9.3 All provisions of this Agreement that by their nature would reasonably be expected to continue after the termination of this Agreement shall survive the termination of this Agreement.

10.0 Indemnification and Insurance

10.1 QDC agrees to protect, defend, indemnify, and save the City, its agents, officials, employees, or any firm, company, organization, or individual to whom the City may be contracted, harmless from and against any and all claims, demands, actions, and causes of action of which QDC is given prompt notification and over which QDC is given control to resolve (the "Indemnified Matters"), which may arise on account of illness, disease, loss of property, services, wages, death or personal injuries resulting from QDC's negligence or intentional misconduct in the performance of the services hereunder. QDC agrees to further indemnify the City for all reasonable expenses and attorney's fees incurred by the City in connection with the Indemnified Matters. Notwithstanding the foregoing, in no event shall "Indemnified Matters" be interpreted as including, nor shall QDC have any obligation to indemnify or hold the City harmless from, any claims, demands, actions, causes of action or other costs or damages to the extent the same arise out of or are attributable to the sole negligence or fault of the City, its agents or employees, or to the strict liability of the same.

10.2 QDC shall procure and maintain in effect during the term of this Agreement the following insurance coverages with an insurance company or companies authorized to do business in the State of Alaska:

10.2.1 Workers' Compensation and Employers Liability insurance in accordance with the laws of the State of Alaska.

10.2.2 Comprehensive General Liability and Broad Form Comprehensive General Liability or Commercial General Liability including bodily injury, personal injury, and property damage in the amount of a combined single limit of One Million Dollars (\$1,000,000), each occurrence, and Two Million Dollars (\$2,000,000) in aggregate limit.

10.2.3 Comprehensive Auto Liability including bodily injury, personal injury and property damage in the amount of a combined single limit of One Million Dollars (\$1,000,000). Coverage must include all motor vehicles utilized by QDC in connection with its performance of the services hereunder.

The City shall be named as an additional insured under the policies of Comprehensive General Liability and Comprehensive Auto Liability insurance. Each of the insurance policies required above shall include a waiver of subrogation against the City. Thirty (30) days prior written notice will be given to the City in the event of any material change in or cancellation of any required insurance policy.

10.3 QDC shall give prompt written notice to the City of all known losses, damages, or injuries to any person or to property of the City or third persons that may be in any way related to the services being provided hereunder or for which a claim might be made against the City. QDC shall promptly report to the City all such claims that QDC has noticed, whether related to matters insured or uninsured. No settlement or payment for any claim for loss, injury or damage or other matter as to which the City may be charged with an obligation to make any payment or reimbursement shall be made by QDC without the prior written approval of the City.

11.0 Non-Discrimination

QDC agrees that in performing its tasks under this Agreement, it shall not discriminate against any worker, employee, or applicant, or any member of the public, because of age, race, sex, creed, color, religion, or national origin, nor otherwise commit an unfair employment practice in violation of any state or federal law.

12.0 Conflict of Interest

QDC warrants that, to the best of its knowledge and belief, no person except bona fide employees, agents, consultants or representatives of QDC or any of its subcontractors has been employed or retained to solicit or secure this Agreement

13.0 Independent Contractor Status

The City and QDC are independent contractors under this Agreement, and nothing herein shall be construed to create a partnership, joint venture, or agency relationship between the parties hereto. Neither party shall have any authority to enter into agreements of any kind on behalf of the other and shall have no power or authority to bind or obligate the other in any manner to any third party. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever. Each party hereto represents that it is acting on its own behalf and is not acting as an agent for or on behalf of any third party.

14.0 Assignment

Neither party hereto may assign its rights or obligations under this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld; provided, however, that QDC may assign this Agreement to its successor in connection with a sale of its business without obtaining consent of any party. Subject to the foregoing, each and every covenant, term, provision and agreement contained in this Agreement shall be binding upon and inure to the benefit of the parties' permitted successors, executors, representatives, administrators and assigns.

15.0 Third Party Beneficiaries

This Agreement is entered into for the sole benefit of the City and QDC and, where permitted above, their permitted successors, executors, representatives, administrators and assigns. Nothing in this Agreement shall be construed as giving any benefits, rights, remedies or claims to any other person,

firm, corporation or other entity, including without limitation the general public or any member thereof, or to authorize anyone not a party to this Agreement to maintain a suit for personal injuries, property damage, or any other relief in law or equity in connection with this Agreement.

16.0 Governing Law

All questions concerning the validity, operation, interpretation, construction and enforcement of any terms, covenants or conditions of this Agreement shall in all respects be governed by and determined in accordance with the laws of the State of Alaska without giving effect to the choice of law principles thereof.

17.0 Venue

All legal proceedings brought in connection with this Agreement may be brought in the trial courts for the State of Alaska at Kodiak, Alaska. Each party hereby agrees to submit to the personal jurisdiction of those courts for any lawsuits filed there against such party arising under or in connection with this Agreement.

18.0 Advice of Counsel

Each party hereto has been afforded the opportunity to consult with counsel of its choice before entering into this Agreement.

19.0 Amendment

No amendment or other modification of this Agreement shall be valid unless pursuant to a written instrument referencing this Agreement signed by duly authorized representatives of each of the parties hereto.

20.0 Waiver

In order to be effective, any waiver of any right, benefit or power hereunder must be in writing and signed by an authorized representative of the party against whom enforcement of such waiver would be sought, it being intended that the conduct or failure to act of either party shall imply no waiver. Neither party shall by mere lapse of time without giving notice or taking other action hereunder be deemed to have waived any breach by the other party of any of the provisions of this Agreement. No waiver of any right, benefit or power hereunder on a specific occasion shall be applicable to any facts or circumstances other than the facts and circumstances specifically addressed by such waiver or to any future events, even if such future events involve facts and circumstances substantially similar to those specifically addressed by such waiver. No waiver of any right, benefit or power hereunder shall constitute, or be deemed to constitute, a waiver of any other right, benefit or power hereunder. Unless otherwise specifically set forth herein, neither party shall be required to give notice to the other party, or to any other third party, to enforce strict adherence to all terms of this Agreement.

21.0 Force Majeure

Neither party will be liable for any failure or delay in the performance of its obligations under this Agreement (and the failure or delay will not be deemed a default of this Agreement or grounds for termination) if both of the following conditions are satisfied: (1) the failure or delay could not have been prevented by reasonable precautions, and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, work-around plans, or other means; and (2) the failure or delay is caused, directly or indirectly, by reason of fire or other casualty or accident; strikes or labor disputes; inability to procure raw materials, equipment, power or supplies; war, terrorism or other violence; any law, order, proclamation, regulation, ordinance, demand, or requirement of any governmental agency or intergovernmental body other than a party hereto; or any other act or condition beyond the reasonable control of the non-performing party. Upon the occurrence of an event which satisfies both of the above conditions (a "Force Majeure Event"), the non-performing party will be excused from any further performance of those obligations under this Agreement affected by the Force Majeure Event for as long as (a) the Force Majeure Event continues; and (b) the non-performing party continues to use commercially reasonable efforts to recommence performance whenever and to whatever extent possible without delay. Upon the occurrence of a Force Majeure Event, the non-performing party will immediately notify the other party by telephone (to be confirmed by written notice within two (2) business days of the failure or delay) of the occurrence of a Force Majeure Event and will describe in reasonable detail the nature of the Force Majeure Event.

22.0 Severability

If any provision of this Agreement shall for any reason be held to be invalid, illegal, unenforceable, or in conflict with any law of a federal, state, or local government having jurisdiction over this Agreement, such provision shall be construed so as to make it enforceable to the greatest extent permitted, such provision shall remain in effect to the greatest extent permitted and the remaining provisions of this Agreement shall remain in full force and effect.

23.0 Entire Agreement

This Agreement sets forth the final, complete and exclusive agreement and understanding between QDC and the City relating to the subject matter hereof and supersedes all other communications between the parties (oral or written) relating to the subject matter hereof. No affirmation, representation or warranty relating to the subject matter hereof by any employee, agent or other representative of a party shall bind the party or be enforceable by the other party unless specifically set forth in this Agreement.

24.0 Notices

All notices, requests, demands, or other communications required or permitted to be given hereunder must be in writing and must be addressed to the parties at their respective addresses set forth below and shall be deemed to have been duly given when (a) delivered in person; (b) sent by email transmission indicating receipt at the email address where sent, (c) one (1) business day after being deposited with a reputable overnight air courier service; or (d) three (3) business days after being deposited with the United States Postal Service, for delivery by certified or registered mail, postage pre-

paid and return receipt requested. All notices and other communications regarding default or termination of this Agreement shall be delivered by hand or sent by certified mail, postage pre-paid and return receipt requested. Either party may from time to time change the notice address set forth below by delivering notice to the other party in accordance with this section setting forth the new address and the date on which it will become effective.

If to QDC:
Quayanna Development Corporation
Attention: Executive Director
11801 Middle Bay Drive
Kodiak, Alaska 99615
plarc@alaska.net

If to the City:
City of Kodiak
Attention: City Manager
710 Mill Bay Road
Kodiak, Alaska 99615
akniaziowski@city.kodiak.ak.us

25.0 Construction

The paragraph and section headings used in this Agreement or in any exhibit hereto are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content or intent of this Agreement. Any term referencing time, days or period for performance shall be deemed calendar days and not business days, unless otherwise expressly provided herein.

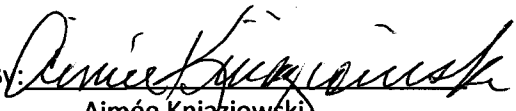
26.0 Counterparts


This Agreement may be signed in two or more counterparts, each of which shall constitute an original, and all of which together shall constitute one and the same document.

IN WITNESS WHEREOF, the parties have hereunto set their hands as set forth below.

City of Kodiak

Quayanna Development Corporation

By: 
Aimée Kniaziowski
City Manager

By: 
Peter J. Oisen
Executive Director

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City of Kodiak Vehicle Evaluation

- Evaluation date 11-5-14
- City vehicle ID number 1FTZF18201NA5845H
- Vehicle odometer reading 89645 miles
- Vehicle history F150 XL Ford 2000 4.2LT
- Vehicle test drive notes Seems to start fine, shifts gear smoothly.
- service engine soon light is on. Noise @ front driverside wheel.
- Assess engine and transmission performance Engine is not running
- exceedingly well. It feels as if it has a slight miss or shake at an idle, shifts smoothly and accelerates @ a reasonable speed.

Under vehicle inspection

- Front brakes condition, amount remaining RF 10% LF 10%
- Rear brakes condition, amount remaining RR 80% LR 80%
- Brake hoses, lines and cables Rear brakes lines are rusty
- (replace soon) cables & hoses are good. Front lines have been replaced.
- Suspension and steering components, including tie rods, drag link, ball joints, springs shackles and shocks Rear leaf springs appear good. shocks need to be
- replaced. Spring shackles good.
- Condition of frame, frame hangers and body mounts See pictures!
- Transmission, transfer case and differentials rear differential pinion seal is leaking, leak between trans and engine. otherwise no visual defects.
- Underside of engine and engine compartment Oil residue at air filter dripping onto front axle.

Under hood inspection

- Check all fluid levels and record All fluids 100%
- Check battery and charging system Good
- Inspect engine for leaks, exhaust, oil, coolant leak around oil filter and between engine and trans. Exhaust appears good.
- Inspect power steering, hoses, belts and accessories hoses well used, belt in good condition. Accessories working except fan switch.
- Inspect electrical components and wiring The heater fan switch only works on high mode.
- See Diagram → Check cylinder power balance or compression P1000, P1451, P0171, P0174
- PCM Memory codes. EVAP canister has been reinserted.
- Check power train control module for codes →

Vehicle exterior

- Check for body damage—fenders, bumpers See pictures.

- o Check glass—windows, windshield Good condition
- o Check lights – lenses and proper operation No high beams. All other lights work
Lenses in good condition

Vehicle interior

- o Check interior—seats, steering wheel, pedals and panels See pictures
- o Check vehicle controls and accessories Blower fan heater switch broken

Added notes:

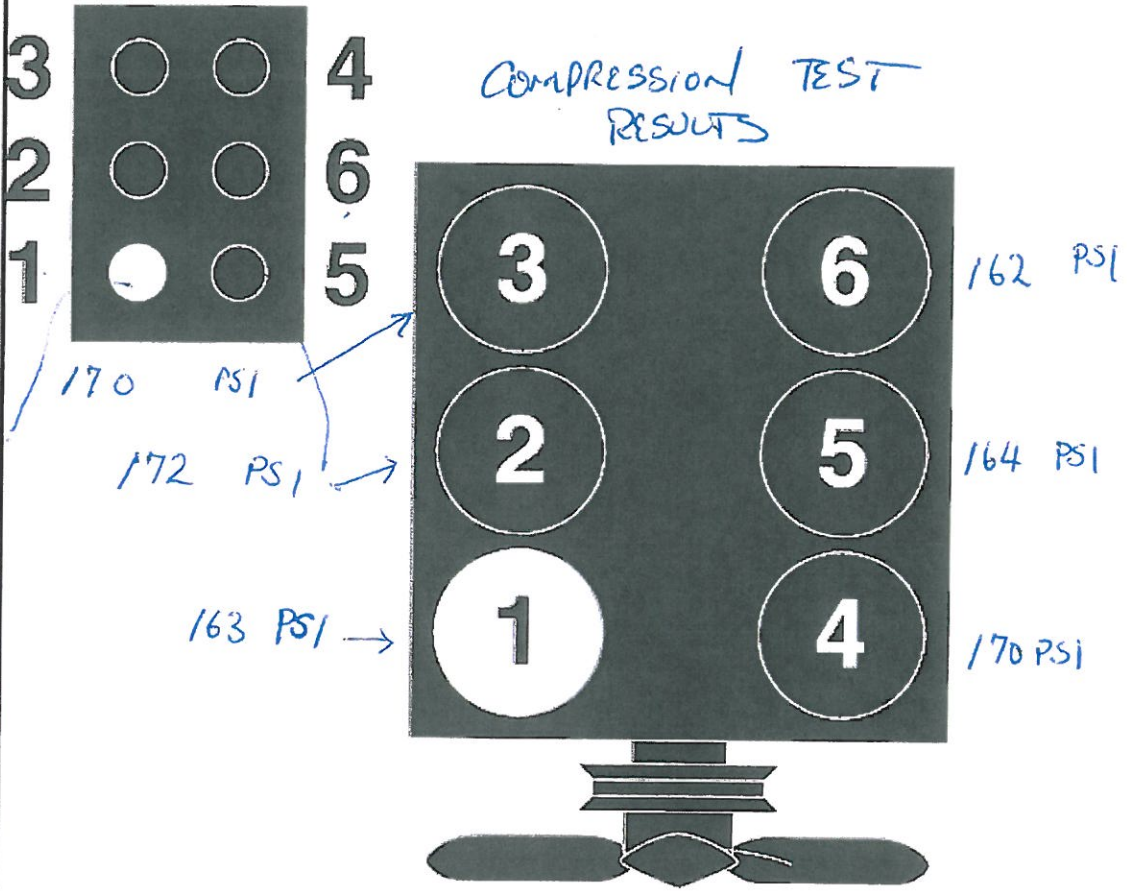
Firing Order

Motor Abbreviation Definitions

Firing Order

1-4-2-5-3-6 4.2LT

COMPRESSION TEST RESULTS



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Cab rusted through, passenger side



Carbon canister gone



Bed supports rusted through



Spring shackle mounts heavily rusted



Cab rusted through, drivers side



Cab rusted through, drivers side



Cab rusted through, passenger side



Door sill rusting