

KODIAK CITY COUNCIL

WORK SESSION AGENDA

Tuesday, March 15, 2016

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. Discussion About Water Utility Study (PowerPoint)1
- 3. Presentation From Baranov Museum.....21
- 4. Discussion About Dock, Crane, and Icehouse
- 5. Discussion on Economic Development
- 6. Discussion About Charter Section V-15 and KCC 3.16.030, Permissible Investments41
- 7. Discussion About the Need for Covered Storage at the Compost Facility
- 8. Elected Officials Training/Travel Requests
- 9. March 17, 2016, Agenda Packet Review

To Be Scheduled

- 1. Compost Facility and Monashka Pumphouse Tour Dates
- 2. Marijuana Legislation

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2016 City of Kodiak Water Rate Update: Financial Plan

PREPARED FOR: Mark Kozak/Public Works Director
 PREPARED BY: CH2M
 DATE: March 7, 2016
 PROJECT NUMBER: 666763

Executive Summary

CH2M completed a financial analysis and rate study for the City of Kodiak (City) water utility. A 5-year financial model (fiscal year [FY] 2017 through FY 2021) was developed to analyze the impact that implementing the utility's proposed capital improvement plan (CIP) and projected operating expenses will have on the City's water rates. As part of the analysis, CH2M reviewed historical expenses and revenues associated with the utility as well as water consumption records by customer class.

Based on the City's existing rate schedule, and including non-rate revenues (revenue from interest income, connection fees, miscellaneous charges, and intergovernmental sources), that are deducted from the utility revenue requirements, existing rate levels will not be sufficient to cover the projected system revenue requirements, and rate increases or adjustments to the projected costs will be necessary. For this analysis, it was assumed that rate adjustments would be used to generate sufficient revenues to cover the projected system costs.

For this analysis, rate increases are introduced every year beginning in FY 2017. The current rates generate sufficient revenue to fund current operations and maintenance (O&M) and debt service costs. However, because the proposed CIP over the 5 year analysis period totals approximately \$32.2 million (inflation-adjusted), rate increases are required. Table ES-1 presents the projected annual rate increases.

Table ES-1. Projected Annual Rate Increases

| Fiscal Year | Annual Water Increase |
|-------------|-----------------------|
| FY 2017 | 3.0% |
| FY 2018 | 3.0% |
| FY 2019 | 3.0% |
| FY 2020 | 5.0% |
| FY 2021 | 5.0% |

In addition to implementing the proposed rates shown in Table ES-1, CH2M recommends that the City review and update the capital improvement plan on a regular basis, and adjust the schedule and cost estimates to reflect current project timing and cost estimates. The City also should make appropriate adjustments for changes in operations, capital spending, and customer account composition. Rates should be adjusted accordingly.

Introduction

In October 2015, the City of Kodiak, AK, authorized CH2M to proceed with a cost of service analysis and evaluation of the water rates for the water utility. The purpose of this study is to determine if projected rate revenue requirements from operation and maintenance (O&M) and capital improvement costs will require rate increases in the future. The study will also conduct a cost of service analysis where the revenue requirements identified in the financial plan will be allocated to utility functions and customer classes based on user characteristics. A number of rate structure scenarios will be developed. The last rate study for the water utility was performed in 2010 by CH2M HILL and a five-year rate increase schedule was passed by the City council. The last of the planned rate increases was implemented at the beginning of FY 2016.

This Technical Memorandum (TM) summarizes the results of the first phase of the analysis which includes the development of revenue requirements over the study period. A 5-year financial model (fiscal year [FY] 2017 through FY 2021) was developed to analyze the impact that implementing the proposed capital improvement plan (CIP) and projected operating expenses will have on water rates. The TM includes a review of the historical expenses and revenues associated with the water utility and existing water rates; an analysis of the existing rates, including estimating projected water system revenue requirements and revenues; and recommendations for adjusting current rates to meet the projected revenue requirements of the system.

The City of Kodiak maintains and operates a water utility serving residential, commercial, and industrial customers on Kodiak Island, AK. The utility operates as an enterprise fund and is expected to cover its operating and capital costs through user charges. The city council requires enterprise funds to review user fees every 5 years to ensure the fund is generating sufficient revenues. The utility operates two funds: the Water Utility Fund (Fund 550) and the Water Capital Projects Fund (Fund 305). The Water Utility Fund tracks user revenues and operating expenses for the utility while the Capital Projects Fund is used to track capital expenditures. The Water Utility Fund transfers 10 percent of sales revenue each year to the Water Capital Projects Fund to help pay for capital expenditures. The Water Utility will also transfer available fund balances to the Capital Project Fund to help pay for capital projects.

Financial and customer data used in this analysis were provided by the City. The City's fiscal year runs from July 1st to June 30th (that is, "FY 2015" means the data are from July 2014 through June 2015).

Background Information

A majority of the system is unmetered; only larger commercial and industrial customers are metered. The seafood processing industry is the major consumer of water and its operations during the fishing season drives the peak usage for the utility. The City's potable water is supplied by a reservoir behind the Monashaka Dam. In September of 2015, the City experienced a water supply shortage requiring conservation notices from the City to its customers. The water supply issue was resolved after receiving seasonal precipitation in October 2015.

Water Customers

Table 1 presents the total number of customers for the water utility as of September 2015. The total number of accounts is approximately 2,660. Customers are summarized as being located within the city limits ("Inside City") or within the Borough ("Outside City"). Currently, outside city customer rates are 20 percent higher than inside city rates. All residential customers are unmetered as are a majority of commercial accounts. Industrial meters represent seafood processors.

Table 1. Number of Water Accounts

| Customer Type | Accounts | |
|----------------------|--------------|--------------|
| | Inside City | Outside City |
| Single Family Vacant | 15 | 16 |
| Single Family-Half | 244 | 151 |
| Single Family | 762 | 707 |
| Multi family vacant | 25 | 22 |
| Multi family | 284 | 160 |
| Business-vacant | 7 | 1 |
| Business 1 | 141 | 18 |
| Business 2 | 39 | 2 |
| Business 3 | 1 | 0 |
| Commercial 1-2" | 30 | 4 |
| Commercial 3" | 2 | 0 |
| Commercial 4" | 4 | 0 |
| Commercial 6" | 0 | 0 |
| Commercial 8" | 0 | 0 |
| Industrial 1-2" | 11 | 0 |
| Industrial 3" | 1 | 0 |
| Industrial 4" | 2 | 0 |
| Industrial 6" | 5 | 0 |
| Industrial 8" | 7 | 0 |
| VFW | 0 | 1 |
| Total | 1,580 | 1,082 |

Source: City of Kodiak, September 2015 Usage Charges Report

Water Volumes

Table 2 lists total water production from FY 2013 through FY 2015. In FY 2015, the utility produced approximately 1.9 billion gallons, which is an average daily production of approximately 5.2 million gallons per day (gpd). Estimated unaccounted for water is assumed to be 10 percent of total water production. Billed water consumption for each metered customer class was derived from billing records. The industrial class is the utility's largest water user, using over 50 percent of bill water consumption in FY 2015. Total annual water production increased from approximately 1.7 billion gallons in FY 2013 to approximately 1.9 billion gallons in FY 2015, an increase of approximately four percent.

Table 2. Historic Water Consumption (gallons), FY 2013–FY 2015

| Customer Class | FY 2013 | FY 2014 | FY 2015 |
|----------------|-------------|---------------|---------------|
| Unmetered | 631,911,800 | 622,260,421 | 634,131,779 |
| Commercial | 33,583,100 | 45,142,449 | 45,403,371 |
| Industrial | 895,565,200 | 1,140,835,430 | 1,020,717,550 |
| VFW | 374,000 | 751,000 | 1,382,000 |

Table 2. Historic Water Consumption (gallons), FY 2013–FY 2015

| Customer Class | FY 2013 | FY 2014 | FY 2015 |
|------------------|---------------|---------------|---------------|
| Petro | 1,158,900 | 1,062,300 | 983,300 |
| Pool | 837,500 | 745,700 | 759,400 |
| Estimated Losses | 173,714,500 | 201,199,700 | 189,264,156 |
| Total Production | 1,737,145,000 | 2,011,997,000 | 1,892,641,556 |

Source: City of Kodiak, Usage Report Oct. 2014-Sept. 2015.

Largest Customers

Table 3 presents the largest customers for the water utility. All ten of the largest customers are seafood processing plants. Customers are listed multiple times as some customers own multiple facilities or one facility may have multiple meters. For the 12-month period summarized, the ten largest customers used nearly 1 billion gallons of water.

Table 3. Largest Customers

| Customer | Water Use |
|------------------------|-------------|
| International Seafoods | 143,274,100 |
| Ocean Beauty Seafoods | 136,138,300 |
| Ocean Beauty Seafoods | 133,921,000 |
| Trident Seafoods | 117,519,000 |
| Global Seafoods | 106,790,000 |
| Ocean Beauty Seafoods | 69,947,000 |
| Trident Seafoods | 46,365,000 |
| Trident Seafoods | 39,877,000 |
| Pacific Seafoods | 14,364,200 |
| Total | 958,125,100 |

Source: City of Kodiak, Usage Report Oct. 2014-Sept 2015.

Existing Rates

Tables 3 and 4 present the current rate schedules for the City's water system. Water rates for customers outside the city limits are twenty percent higher than inside city customers. Customers consist of unmetered and metered customers. The water rates for residential and most commercial customers are a flat rate monthly charge. Commercial customers are billed a flat monthly fee per unit based on the type of business. There are three different types of unmetered business customers that are defined as follows:

- B1: Healthcare (1 Unit) and Number of exam/chairs (1/2 unit); Beauty Parlor (1 Unit) and Number of chairs (1/2 unit); Hotel/Motel/Lodging Room per room (1/2 unit); School (1 unit per 20 people); Day Care (1/4 unit per 5 people)
- B2: Bars, Cafes,, Auto Shop, Grocery, and Dry Cleaner
- B3: Laundry

Table 3. Current City of Kodiak Non-Metered Water Rates

| Class | Description | Inside City | Outside City |
|------------------------------|--------------------------------------|-------------|--------------|
| Residential (\$/mo) | | | |
| | Single Family Residential | 55.23 | 66.26 |
| | Multi-Family Residential | 49.78 | 59.83 |
| | Single Family Residential, Vacant | 27.62 | 33.14 |
| | Multi-Family Residential, Vacant | 24.89 | 29.92 |
| Commercial (\$/month) | | | |
| | B1, per unit | 55.23 | 66.26 |
| | B2, per unit | 200.41 | 240.36 |
| | B3, per unit | 345.38 | 414.47 |

Metered water rates include a meter charge based on the size of the meter and a volume charge. Volumetric charges are based on each customer's monthly water consumption. Outside City customers' rates are twenty percent higher than inside city rates. There are currently only 5 metered customers located outside the City

Table 4. Current City of Kodiak Metered Water Rates

| Class | Description | Inside City | Outside City |
|--------------------------------------------|-------------|-------------|--------------|
| Meter Charge(\$/month) | | | |
| | 1-2" | 68.88 | 82.62 |
| | 3" | 129.02 | |
| | 4" | 214.83 | |
| | 6" | 429.86 | |
| | 8" | 688.01 | |
| | VFW | 181.76 | |
| Consumption Charge (\$/000 gallons) | | | |
| | Commercial | 2.29 | 2.85 |
| | Industrial | 1.75 | |
| | VFW | 1.95 | |

Historical Revenues –Water Utility Fund

Figure 1 shows historical revenues for the Water Utility Fund for FY 2013 through FY 2015. Total system revenues increased from \$3.7 million in FY 2013 to \$4.6 million in FY 2015. The increase in water consumption and increased water rates during this time period were the reasons for the additional

revenue. In FY 2015, water rate revenues accounted for approximately \$4.4 million, or 96 percent, of total revenue. The remaining non-rate revenue was generated by interest, taxes, hookup fees, and intergovernmental charges.

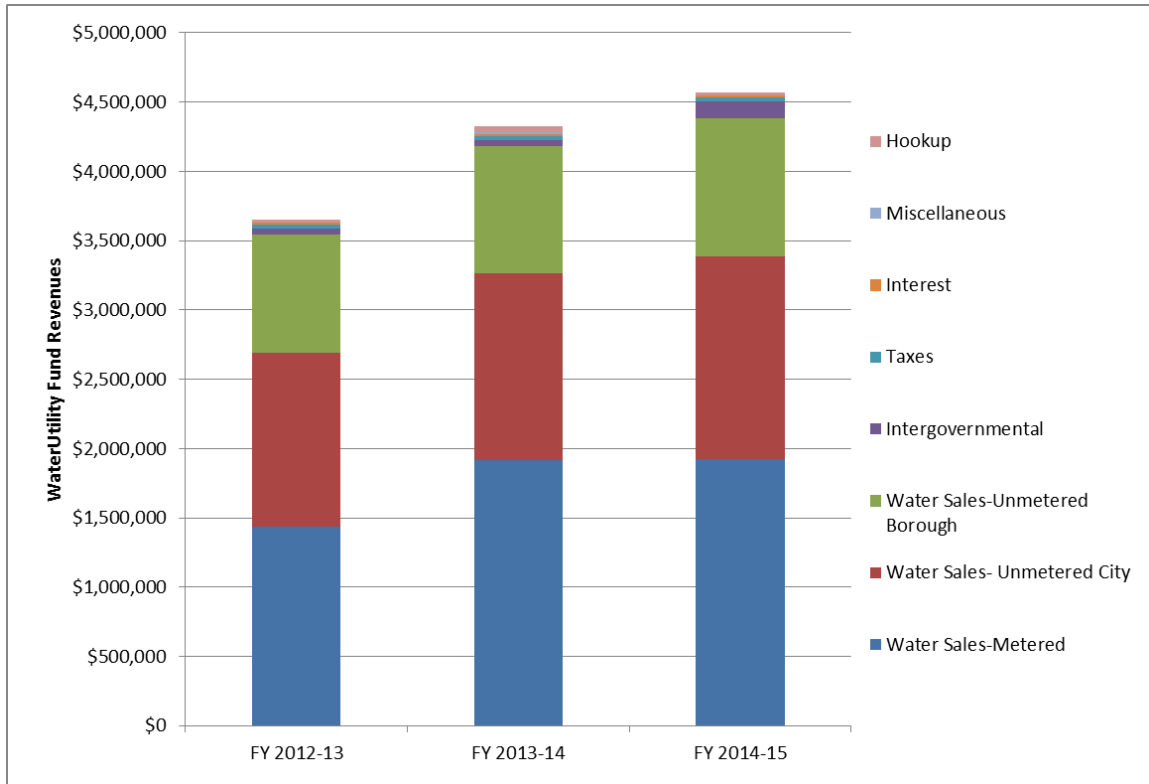


Figure 1. Historical Revenues, FY 2013-2015

Table 5 presents a breakdown of the City’s water revenues by service type. Water revenue from metered accounts, which includes industrial users, represents the largest contributor of total sales revenue at 44 percent. Unmetered customers within the city accounted for 33 percent of sales revenue while unmetered customers outside the city represented 23 percent of sales revenue.

Table 5. Water Revenues by Customer Class

| Service Description | FY 2013 | FY 2014 | FY 2015 |
|-------------------------------|------------------|------------------|------------------|
| Water | | | |
| Water Sales-Metered | 1,434,137 | 1,915,934 | 1,921,671 |
| Water Sales- Unmetered City | 1,258,848 | 1,351,679 | 1,466,382 |
| Water Sales-Unmetered Borough | 850,210 | 917,991 | 993,073 |
| Intergovernmental | 42,937 | 40,054 | 123,975 |
| Taxes | 31,850 | 28,595 | 28,945 |
| Interest | 9,196 | 11,174 | 11,335 |
| Miscellaneous | 6,795 | 15,065 | 4,661 |
| Hookup | 15,837 | 42,684 | 18,017 |
| Total Revenues | 3,649,810 | 4,323,176 | 4,568,058 |

Source: City of Kodiak Budget Worksheet Report, Water Utility Fund

Historical Operation and Maintenance Expenses –Water Utility Fund

O&M expenses include all costs associated with operating and maintaining the water utility, including personnel, utilities, support goods and services, and professional services costs. Interfund charges include transfers to other City departments to cover administrative, financial, public works, and engineering services. Interfund charges also includes a transfer to the Water Capital Projects Fund to help pay for annual capital expenditures. Figure 2 summarizes actual operating expenses for FY 2013 through FY 2015. Cash operating expenses ranged from approximately \$1.7 million in FY 2013 to nearly \$2.0 million in FY 2015.

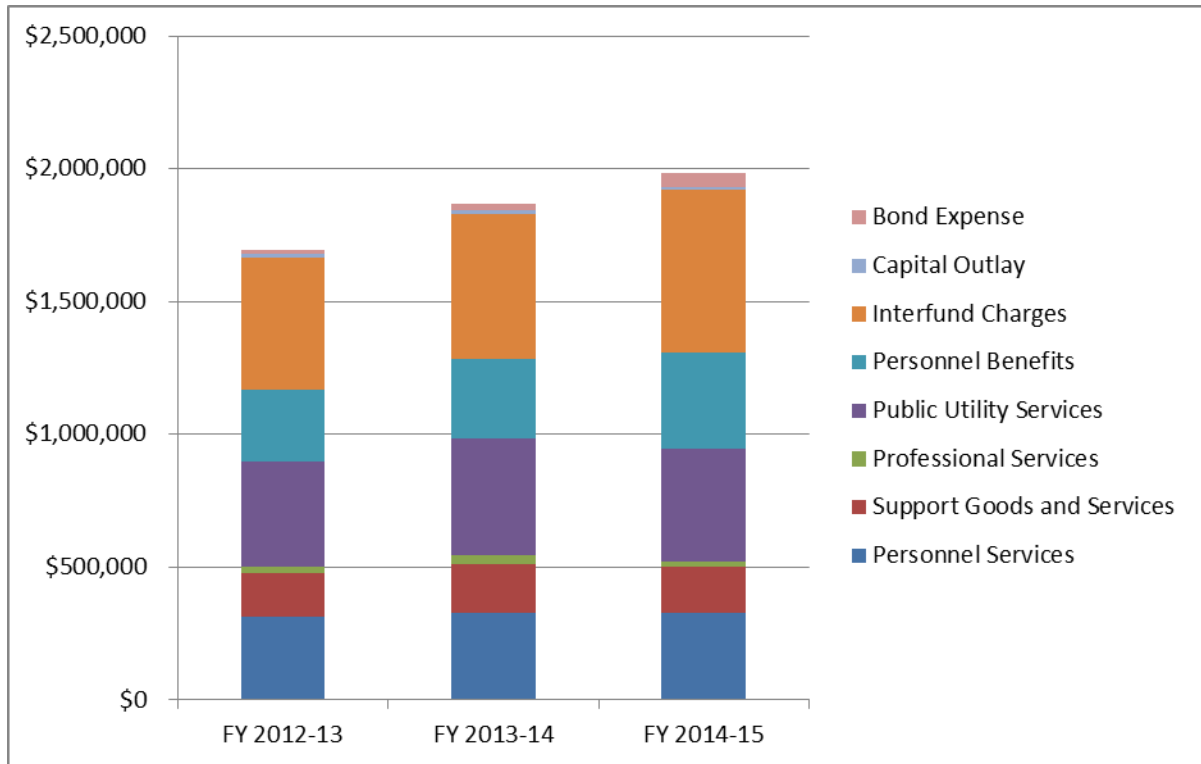


Figure 2. Operation and Maintenance Expenses

Existing Debt Service Expenses

Existing debt service costs are the annual principal and interest payments associated with three outstanding Department of Environmental Conservation Drinking Water Fund loans. For FY 2015, the principal and interest payments were as follows:

- 503071 DEC: PH II Downtown Comprehensive Design: \$75,558
- 503061 DEC: UV Water Treatment Facility: \$85,123
- 503091 DEC: Aleutian Homes Water Replacement Phase IV: \$50,208

The City recently retired an Alaskan Drinking Water Fund loan associated with the Aleutian Homes Water Replacement Phase II.

Water Capital Improvement Fund

The Water Capital Improvement Fund has historically received revenues from state matching grants, federal grants, and interfund transfers from the Water Utility Fund and the Sewer Utility Fund. The Water Utility Fund makes annual transfers of 10 percent of sales revenues as well as available fund

balance for capital projects. Over the past three years, the water utility has completed some major capital improvement projects: the UV Water Treatment Plant, Aleutian Homes Phase V utility pipe replacement, and a portion of the Monashka pump house Project. The remainder of the pump house project will be completed in FY 2016.

Analysis of Rates

Assumptions

This financial analysis and rate study is based on projections of costs (both O&M and capital) that the City will incur during the 5-year planning period, FY 2017 through FY 2021, and the revenues that the City expects to generate during the same period. The financial plan is based on a set of overall assumptions related to customer growth, inflation, and other factors, as well as the specific phasing of the City's capital spending.

The following general assumptions were used in developing the plan:

- Customer growth will occur at the following annual rates:
 - Residential Growth: 0.5%
 - Commercial Growth: 0.5%
 - Industrial Growth: 0.0%
- Operation and maintenance costs – specific annual escalation factors used include:
 - Salaries and wages inflation: 3.0%
 - Group insurance inflation: 8.0%
 - Workmen's comp inflation: 3.0%
 - Public utility service inflation: 3.0%
 - Administrative, financial and public works services inflation: 3.0%
 - General inflation: 3.0%
- Personnel expenses were increased starting in FY 2017 by \$150,000 to account for additional personnel at the treatment plant. Position had previously been allocated to the Wastewater Utility.
- Capital costs will increase at an annual rate of 3.0% to account for inflation
- Debt Service:
 - Interest rate: 4.5%
 - Term: 20 years
 - Issuance cost: 2%
 - Bond reserve amount equal to one year of principal and interest. For this analysis, it was assumed the bond reserve will be funded through debt proceeds.
- Interest earned on investments: 0.5%
- Beginning balance in FY 2016:
 - Water Utility Fund: \$4,276,744
 - Water Capital Projects: \$3,470,331

- An annual operating contingency equal to 45 days of personnel and operating expenses was projected. It was assumed that any unspent contingency would be available the following year.

Revenue Requirements

The costs associated with providing water service that are to be funded from annual revenues are referred to as 'revenue requirements' for rate-making purposes. Total requirements are composed of:

- O&M costs
- Annual capital improvement projects funded by rates and reserves
- Debt service expenditures
- Transfers to other City funds for indirect and direct services provided to the utility

In addition, annual requirements include operating contingencies equal to 60 days of personnel and operating costs. However, 100 percent of annual contingencies are assumed to be unspent and roll forward to subsequent year beginning balances.

Revenue requirements were projected based on data provided by the City. The proposed budget for FY 2016 was used as the base year for the operating cost projects. The proposed CIP with implementation schedule and costs from FY 2016 through FY 2021 was used for the projected capital outlays.

Operation and Maintenance Expenses

Operation and maintenance expenses include all costs associated with operating and maintaining the water utility, including personnel and materials and services costs. Figure 3 shows projected O&M costs from FY 2016 through FY 2021. For budget year FY 2016, O&M expenses are projected to increase to approximately \$2.7 million from \$2.0 million in FY 2015.

One reason for the increase in O&M expenses in FY 2016 is additional Capital expenses, which increased from approximately \$8,500 in FY 2015 to approximately \$173,000 in FY 2016. Personnel, supplies, administrative services, and PERS obligation expenses also experienced larger increases when compared to previous years. Personnel expenses include the estimated costs assuming the department fills all allowed full time equivalents while the City's share of PERS obligation expenses has increased because of additional funding requirements placed by the state. Additional personnel services and benefit expenses occur in FY 2017 as an operator position was moved from the wastewater utility to the water utility. Finally, the budget for FY 2016 also includes a more conservative contingency of 45 days of operating expenses. O&M expenses are projected to increase from \$2.7 million in FY 2016 to approximately \$3.5 million in FY 2021.

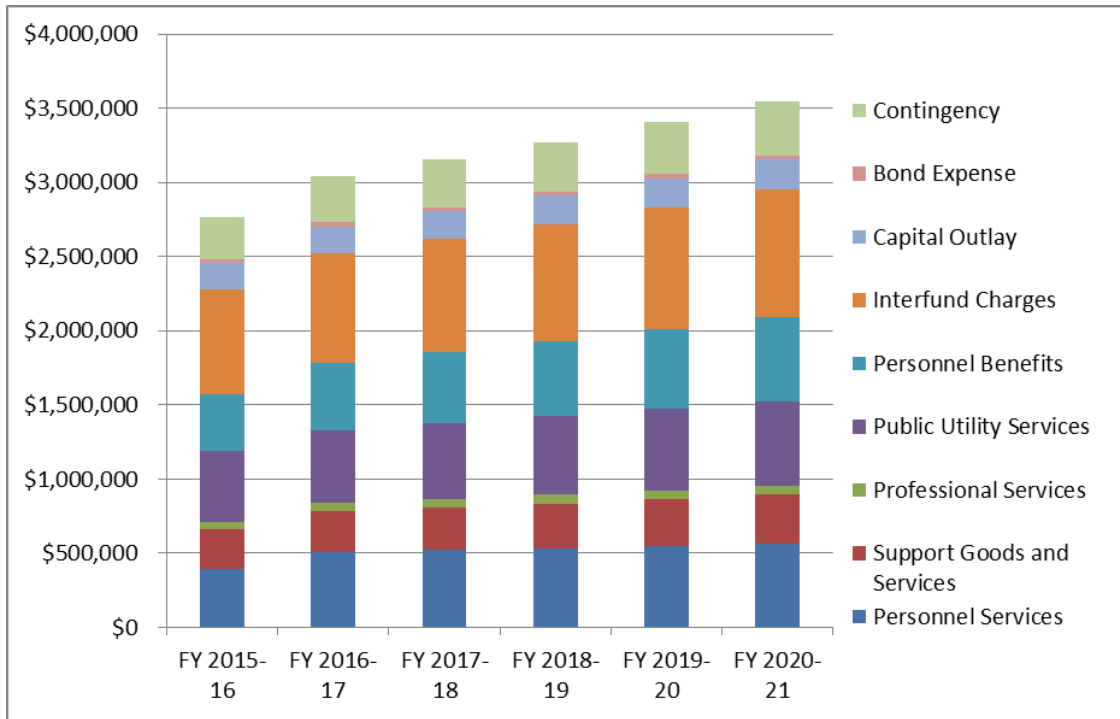


Figure 3. Projected O&M Expenses, FY 2016–FY 2021

Debt Service Costs

The City has existing ADWF loans that will have annual debt service payments over the analysis period. The annual debt service payment schedule (principal and interest) for existing debt is presented in Table 6. The outstanding debts were issued to pay for portions of the UV Treatment Facility, the comprehensive design of Downtown Phase II, and the Aleutian Homes Phase IV project. The loan for the Aleutian Homes Phase IV project is expected to be retired in FY 2020. Annual debt service costs are included in the revenue requirement and will be recovered through water rates.

Table 6. Existing Debt Service Schedule

| Fiscal Year | ADWF # 503061 | | | ADWF # 503071 | | | ADWF # 503091 | | | Total |
|-------------|---------------|-----------|----------|---------------|-----------|----------|---------------|-----------|----------|-----------|
| | Interest | Principal | Total | Interest | Principal | Total | Interest | Principal | Total | |
| FY 2016 | \$17,256 | \$59,912 | \$77,168 | \$10,954 | \$62,694 | \$73,649 | \$9,447 | \$40,761 | \$50,208 | \$201,024 |
| FY 2017 | \$16,357 | \$60,811 | \$77,168 | \$3,905 | \$63,635 | \$67,539 | \$8,835 | \$41,373 | \$50,208 | \$194,915 |
| FY2018 | \$15,445 | \$61,723 | \$77,168 | \$2,950 | \$64,589 | \$67,539 | \$8,215 | \$41,993 | \$50,208 | \$194,915 |
| FY 2019 | \$14,519 | \$62,649 | \$77,168 | \$1,981 | \$65,558 | \$67,539 | \$7,585 | \$42,623 | \$50,208 | \$194,915 |
| FY 2020 | \$13,579 | \$63,588 | \$77,168 | \$998 | \$66,541 | \$67,539 | \$6,945 | \$43,262 | \$50,208 | \$194,915 |
| FY 2021 | \$12,626 | \$64,542 | \$77,168 | | | | \$6,296 | \$43,911 | \$50,208 | \$127,376 |
| FY 2022 | \$11,657 | \$65,510 | \$77,168 | | | | \$5,638 | \$44,570 | \$50,208 | \$127,376 |
| FY 2023 | \$10,675 | \$66,493 | \$77,168 | | | | \$4,969 | \$45,239 | \$50,208 | \$127,376 |
| FY 2024 | \$9,677 | \$67,490 | \$77,168 | | | | \$4,291 | \$45,917 | \$50,208 | \$127,376 |
| FY 2025 | \$8,665 | \$68,503 | \$77,168 | | | | \$3,602 | \$46,606 | \$50,208 | \$127,376 |
| FY 2026 | \$7,638 | \$69,530 | \$77,168 | | | | \$2,903 | \$47,305 | \$50,208 | \$127,376 |

The City also has debt service payments associated with the recent completion of the Monashka pump house project. An additional loan with ADWF totaling approximately \$2.4 million will have annual debt service payment of approximately \$140,000. The first payment is anticipated in FY 2017.

Capital Costs

Table 7 summarizes the capital improvement plan for the water system from FY 2016 through FY 2021 in 2015 dollars. The CIP identifies approximately \$30.3 million (in 2015 dollars) in capital improvements from FY 2016 through FY2021. The projects are necessary to maintain the current level of service provided by existing facilities, comply with state and federal regulations, and provide capacity to meet the needs of projected growth. The largest project in the CIP includes the construction of the Monashaka Transmission Line. The exact timing of this project will be determined after the condition analysis is completed in the spring of 2016. In order to be conservative and to plan for the immediate need to complete the project, it was scheduled earlier than may be necessary. Based on the anticipated project schedules and an estimated annual capital cost escalation rate of 3 percent, the total, inflation-adjusted capital improvement plan for the water system is \$32.9 million through FY 2021.

The projected capital improvements will be paid by a combination of current revenues, available fund balance, debt proceeds, and additional revenue generated by any rate increases that the City may implement. This analysis assumed the City would not receive state matching grants to fund any of the projects as funds are not expected to be available in the near future. In order to provide a conservative estimate for debt financing, it was assumed the City would issue debt through the revenue bond market which has a higher cost of capital than loans received through the ADEC.

For this analysis, it was assumed that the City would issue revenue bonds to pay for a significant portion of the planned improvements. Based on the current CIP schedule, three separate debt issuances, ranging from \$4.4 million to \$14.2 million, are assumed over the 5-year period to allow for more level rate increases. Annual debt service for the water system increases from its current level of approximately \$200,000 to approximately \$1.7 million by FY 2020/21. Debt service payments are based on a 20-year term, 4.25 percent interest, 2.0 percent issuance costs, and a reserve requirement equal to one year principal and interest.



Table 7. Proposed Capital Improvement Program, FY 2016–FY 2021

| Project | FY 2015/16 | FY 2016/17 | FY 2017/18 | FY 2018/19 | FY 2019/20 | FY 2020/21 |
|------------------------------------------------------------------|--------------------|--------------------|---------------------|--------------------|--------------------|--------------------|
| Periodic Dam Safety Insp. | \$60,000 | | | \$80,000 | | |
| W&S Utility Rate Update | \$48,000 | | | | | \$50,000 |
| Underground Fuel Tank Inspect. PW | \$10,000 | | | \$10,000 | | |
| Annual Water Main Replacement Service District | \$500,000 | \$500,000 | \$500,000 | \$500,000 | \$500,000 | \$500,000 |
| CT Tank Painting | | | | \$300,000 | \$1,500,000 | |
| Pillar Creek Spillway | \$100,000 | | | | | |
| Downtown PH 2, Comprehensive Design water, sewer , storm dr. | | | | | | |
| Monashka Pumphouse Rebuilding | | | | | | |
| Monashka Transmission Line | \$200,000 | | \$12,000,000 | | | |
| Aleutian Homes PH 6 Birch St Design | \$465,530 | \$1,872,000 | | | | |
| Downtown PH 3, Center Street | \$119,000 | \$1,915,000 | | | | |
| Downtown PH 4, Mecca to Center St. On Marine Way | | | | \$110,000 | \$2,024,000 | |
| Aleutian Homes PH 7 Hemlock | | | \$100,000 | \$2,207,200 | | |
| Downtown PH 5, Mecca to Rez. On Marine way&Mall | | | | | \$100,800 | \$1,904,400 |
| Downtown PH 6, Alley north of Mall, American Legion, Sunaq Tribe | | | | | | \$120,000 |
| Downtown PH 7, Mission Rd, Marine Way to Kashevarof | | | | | | |
| Downtown PH 8, Kashevarof, Rez to Mission Rd. | | | | | | |
| Aleutian Homes PH 8, Carolyn & Wilson | | | | | | \$2,040,000 |
| Aleutian Homes PH 9 High Avenue, Hillcrest and Lightfoot Ave. | | | | | | |
| Total | \$1,502,530 | \$4,287,000 | \$12,600,000 | \$3,207,200 | \$4,124,800 | \$4,614,400 |

Total Revenue Requirements

Figure 4 presents the total water utility revenue requirements projected for FY 2017 through FY 2021. Total projected revenue requirements are expected to increase from nearly \$4.6 million in FY 2017 to approximately \$5.5 million in FY 2021.

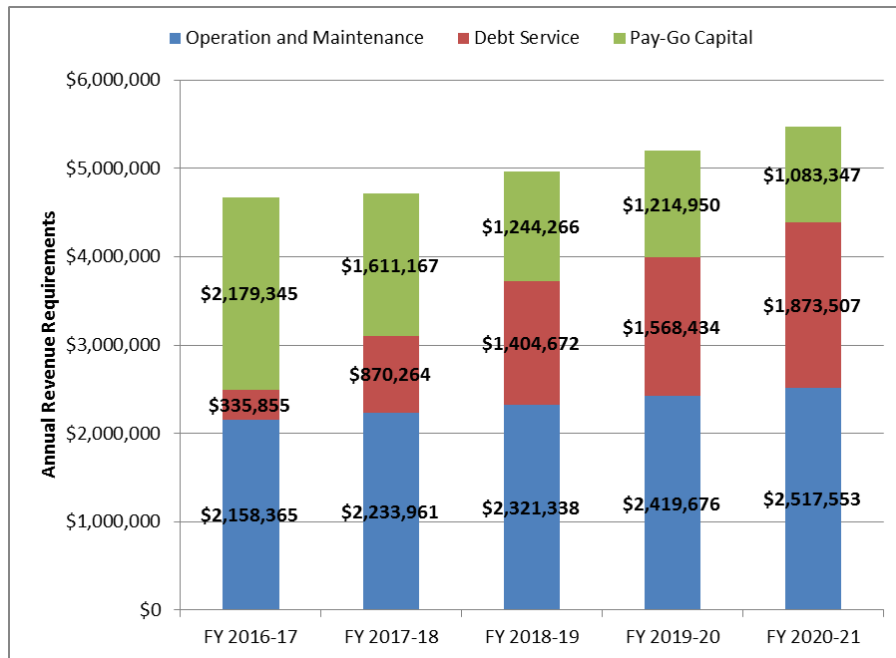


Figure 4. Total Revenue Requirements, FY 2017-FY 2021

Projected Rate Revenues

For this analysis, it was assumed the City would rely on a combination of water rates, including rate increases, available fund balance, and revenue bonds to fund the projected system costs for the next 5 years. Water sales revenues based on existing rates are projected to generate approximately \$4.4 million in FY 2016. This projection is based on the City’s existing rate schedule presented in Tables 3 and 4.

Non-rate revenues, including revenue from interest income, connection fees, miscellaneous charges, and intergovernmental sources, are projected at approximately \$129,000 for the water utility in FY 2016. For this analysis, it was assumed the non-rate revenue would remain relatively stable during the study period. Non-rate revenues are projected to be approximately \$134,000 by the end of the study period.

Non-rate revenues are deducted from the System revenue requirements to determine the amount of revenue that needs to be generated through the utility rates to cover the projected system costs and other cash needs.

Figure 5 presents the revenue requirements for the utility over the analysis period. Revenue requirements consist of O&M expenses, debt service payments, and pay-as-you-go capital expenses. Net O&M expenses are operating and personnel expenses plus additional contingency costs less non-rate revenue. Net Capital Requirements are debt service costs plus pay-as-you-go capital and additions to reserves. As Figure 5 illustrates, existing rate levels will not be sufficient to cover the revenue requirements, and rate increases will be necessary.

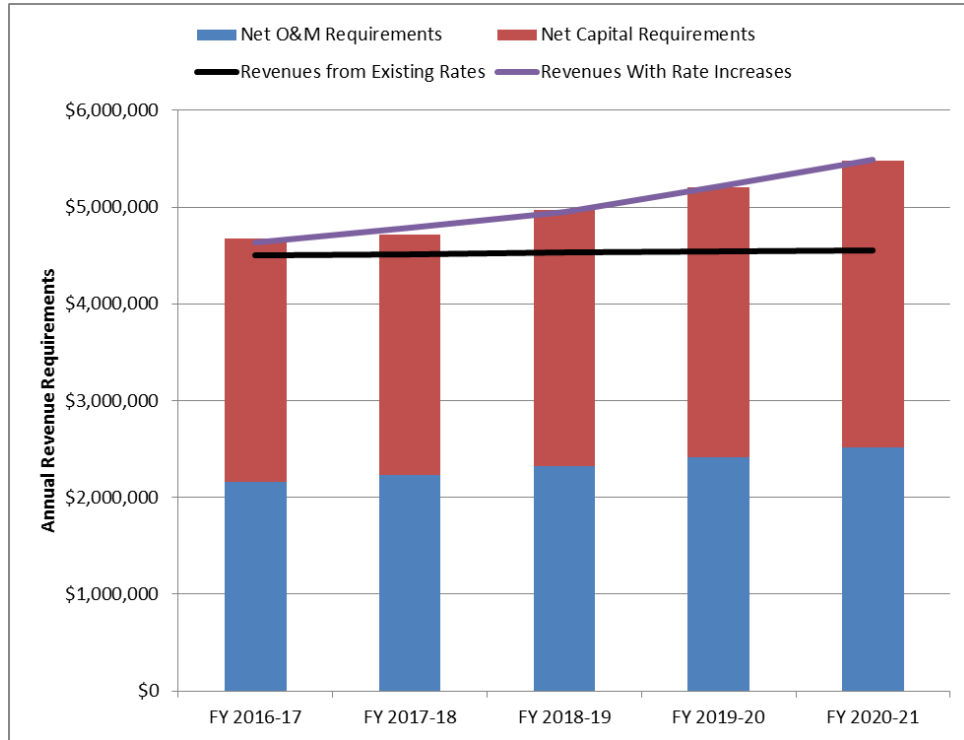


Figure 5. Net Revenue Requirements and Projected Revenues, FY 2017-2021

Results of Rate Study and Recommendations

As of the beginning of FY 2016, the City's has an estimated combined \$7.7 million in available reserves between the water utility fund and the water capital projects fund. As discussed previously, this analysis assumes that the City will use a combination of rate revenue, debt issuance, and existing reserves to pay for the planned projects. To repay the existing and new debt service, maintain appropriate debt service coverage requirements, build reserves, and to pay for the additional capital and operating expenses forecast over the study period, water rate increases will be required.

For this analysis, rate increases are introduced every year beginning in FY 2017. The current rates generate sufficient revenue to fund current O&M and debt service costs. However, because the proposed CIP over the 5 year analysis period total approximately \$32.2 million (inflation-adjusted), rate increases are required. Additionally, the utility will not meet its debt service coverage requirements in the future without increasing rates.

The rate increases have been structured with increases near inflationary levels for FY 2017 through 2021. Table 8 presents the projected annual rate increases needed to meet the City's revenue requirements. The rate increases presented would be applied to both fixed and consumption charges and would impact all customer classes. Attachment I shows projected water rate revenues.

Table 8. Projected Annual Rate Increases

| Fiscal Year | Annual Water Increase |
|-------------|-----------------------|
| FY 2017 | 3.0% |
| FY 2018 | 3.0% |
| FY 2019 | 3.0% |

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| Fiscal Year | Annual Water Increase |
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| FY 2020 | 5.0% |
| FY 2021 | 5.0% |

Attachment II presents the projected sources and uses of funds for the utility. Sources of funds include beginning balance, water rate revenue, non-rate revenues, and interest. Uses of funds include O&M expenses, annual debt service, capital costs, and contingency. As stated previously, this analysis assumed the City would issue new debt to pay for the capital improvement projects. Unused contingency is added to the ending fund balance to estimate the next year's beginning fund balance. At the end of FY 2021, the ending fund balance plus the contingency is estimated to be approximately \$4.7 million.

Table 10 presents an estimated water monthly bill for an unmetered residential customer and the forecast rate increases presented in Table 8 for FY 2017 through FY 2021. The existing water monthly bill is \$55.23 per month. Based on the forecast rate increases, the residential water bill is expected to increase to \$66.54 by FY 2021.

Table 10. Sample Residential Water Monthly Bill

| Scenarios | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Estimated Monthly Bill | \$55.23 | \$56.89 | \$58.59 | \$60.35 | \$63.37 | \$66.54 |
| % Annual Change | | 3.00% | 3.00% | 3.00% | 5.00% | 5.00% |

Debt service coverage requirements require net revenues (system income and revenue less O&M expenses) to be at least 1.20 times the average annual principal and interest requirements of all outstanding bonds. While the City's existing ADEC loans do not have a debt service coverage requirement, this analysis assumes new debt issuance would be revenue bonds and would have a coverage requirement of at least 1.20. The required debt service coverage was included in the analysis for estimating future rate increases. Figure 6 shows the projected debt service coverage based on the projected operating revenues and O&M expenses over the study period. In each year, debt service coverage meets the assumed minimum coverage typically required by bond covenants. This is largely because rates have been set to generate sufficient revenues to cover a significant amount of capital costs. The additional revenue generated for capital projects counts toward meeting the coverage requirements. Without increases to the water rates, the utility would not generate enough revenue under existing rates to meet the minimum debt service coverage requirement.

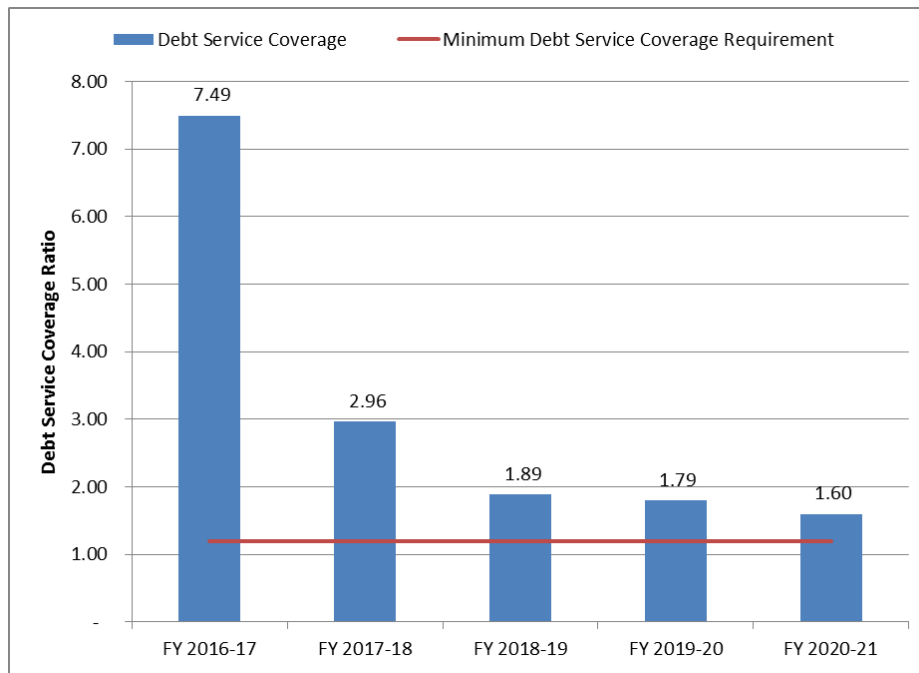


Figure 6. Estimated Debt Service Coverage, FY 2017-FY 2021

Bill Comparison

CH2M conducted a survey of current rates in other communities for residential water customers. A monthly bill for water service for a residential customer consuming 6,000 gallons of water per month was estimated. Table 11 presents the survey results, which include the most current rate structures available on each community's website and may not reflect recent or planned increases. It should be noted that direct bill comparisons between different utilities are difficult because of differing system requirements, rate structures, customer classifications, policy decisions, and usage levels for the various utilities.

Table 11. Estimated Residential Monthly Water Bill

| Utility | Estimated Monthly Water Bill |
|----------------------------------|------------------------------|
| Kodiak | \$55.23 |
| Anchorage | \$49.89 |
| Juneau | \$29.94 |
| Kenai | \$30.87 |
| Homer | \$79.40 |
| Sitka | \$38.96 |
| Ketchikan | \$46.34 |
| Cordova | \$29.58 |
| Fairbanks (Golden Heart Utility) | \$50.14 |
| Unalaska | \$35.59 |

Note:

Assumed water consumption of 6,000 gallons per month

Conclusions

Based on the results of the financial analysis summarized in the previous sections, including the data and assumptions used as a basis for the study, the following recommendations are presented for the City's consideration:

- Implement the rate increases presented in Table 8 (FY 2017 through FY 2021) across the board to all customer classes. Rate increases are needed to meet debt coverage service requirements on new debt, pay for needed capital improvements, maintain pace with inflationary pressure on operating expenses, and meet reserve balance targets.
- Review and update the capital improvement plan on a regular basis, and adjust schedule and cost estimates to reflect current project timing and cost conditions.
- Review financial plan annually to ensure actual revenue and expenditures are tracking with the projections developed herein. The City should make appropriate adjustments for changes in operations, capital spending, and customer account composition. Rates should be adjusted accordingly.

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Attachments I & II

Attachment 1. Projected Water and Sewer Revenues

| | Budget FY 2016 | Projected FY 2017 | Projected FY 2018 | Projected FY 2019 | Projected FY 2020 | Projected FY 2021 |
|-------------------------------------------------------|-------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Water Sales Revenue from Existing Rates (with growth) | 4,400,000 | \$4,401,463 | \$4,414,954 | \$4,428,513 | \$4,442,139 | \$4,455,834 |
| Annual % Rate Increase | | | | | | |
| FY 2017 | | 3.0% | | | | |
| FY 2018 | | 3.0% | | | | |
| FY 2019 | | 3.0% | | | | |
| FY 2020 | | 5.0% | | | | |
| FY 2021 | | 5.0% | | | | |
| Revenue from Rate Increases | | \$135,053 | \$274,983 | \$419,956 | \$669,420 | \$932,842 |
| Total Water Rate Revenue After Increases | \$4,400,000 | \$4,636,811 | \$4,790,303 | \$4,948,906 | \$5,212,068 | \$5,489,257 |
| Debt Svc Coverage | | 7.49 | 2.96 | 1.89 | 1.79 | 1.60 |

Attachment 2: Sources and Uses of Funds

| Item | Budget | Projected | | | | |
|--------------------------------|--------------------|--------------------|---------------------|--------------------|--------------------|--------------------|
| | FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 | FY 2019-20 | FY 2020-21 |
| Water Utility Fund | | | | | | |
| Sources of Funds | | | | | | |
| Beginning Balance | \$4,276,744 | \$4,819,301 | \$1,528,210 | \$2,247,258 | \$987,264 | \$1,204,016 |
| Intergovernmental | 80,280 | 80,280 | 80,280 | 80,280 | 80,280 | 80,280 |
| Taxes | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 |
| Interest | 2,000 | 12,048 | 3,821 | 5,618 | 2,468 | 3,010 |
| Miscellaneous | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| Hookup | 15,000 | 15,075 | 15,150 | 15,226 | 15,302 | 15,379 |
| Water Sales Revenue | 4,400,000 | 4,636,811 | 4,790,303 | 4,948,906 | 5,212,068 | 5,489,257 |
| Miscellaneous | 0 | 0 | 0 | 0 | 0 | 0 |
| Bond Proceeds (funded reserve) | 0 | 0 | 1,067,625 | 0 | 328,500 | 410,625 |
| Appropriation | -1,191,234 | 0 | 0 | 0 | 0 | 0 |
| Total Sources of Funds | \$7,614,790 | \$9,595,515 | \$7,517,389 | \$7,329,289 | \$6,657,883 | \$7,234,566 |
| Uses of Funds | | | | | | |
| Personnel Services | \$392,340 | \$504,110 | \$519,234 | \$534,811 | \$550,855 | \$567,380 |
| Support Goods and Services | \$265,689 | 276,692 | 288,242 | 300,370 | 313,111 | 326,504 |
| Professional Services | \$53,400 | 55,209 | 57,079 | 59,012 | 61,011 | 63,077 |
| Public Utility Services | \$477,250 | 493,414 | 510,126 | 527,404 | 545,268 | 563,736 |
| Personnel Benefits | \$383,890 | 455,102 | 481,639 | 509,912 | 540,046 | 572,171 |
| Interfund Charges | \$709,372 | 741,134 | 764,807 | 789,241 | 824,387 | 861,202 |
| Capital Outlay | \$172,425 | 177,598 | 182,926 | 188,413 | 194,066 | 199,888 |
| Bond Expense | \$28,190 | 28,190 | 28,190 | 28,190 | 28,190 | 28,190 |
| Transfers Out | | | | | | 0 |
| Water Improvements Fund | - | 5,000,000 | 500,000 | 2,000,000 | 500,000 | 600,000 |
| Sewer Improvement Fund | - | 0 | 0 | 0 | 0 | 0 |
| Street Improvement Fund | 110,000 | 0 | 0 | 0 | 0 | 0 |
| Bond Reserve Fund | | | | | | |
| Debt Service | 202,934 | 335,855 | 870,264 | 1,404,672 | 1,568,434 | 1,873,507 |
| Ending Fund Balance | 4,538,301 | 1,217,210 | 1,924,258 | 652,264 | 855,016 | 804,286 |
| Contingency | 281,000 | 311,000 | 323,000 | 335,000 | 349,000 | 364,000 |
| Reserves | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Uses of Funds | \$7,614,790 | \$9,595,515 | \$7,517,389 | \$7,329,289 | \$6,657,883 | \$7,234,566 |
| Water Improvements Fund | | | | | | |
| Sources of Funds | | | | | | |
| Beginning Balance | \$3,470,331 | \$2,701,831 | \$3,624,189 | \$3,747,947 | \$2,608,710 | \$2,825,135 |
| Grants | 0 | 0 | 0 | 0 | 0 | 0 |
| 10% Water Sales | 440,000 | 463,681 | 479,030 | 494,891 | 521,207 | 548,926 |
| Interests | 0 | 6,755 | 9,060 | 9,370 | 6,522 | 7,063 |
| Proceeds from Loan | 0 | 0 | 13,167,375 | 0 | 4,051,500 | 5,064,375 |
| Transfers From | | | | | | |
| Water Utility Fund | 0 | 5,000,000 | 500,000 | 2,000,000 | 500,000 | 600,000 |
| Sewer Utility Fund | 0 | 0 | 0 | 0 | 0 | 0 |
| Street Utility Fund | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Sources of Funds | \$4,249,437 | \$8,172,267 | \$17,779,655 | \$6,252,207 | \$7,687,939 | \$9,045,499 |
| Uses of Funds | | | | | | |
| Capital Improvements | \$0 | \$4,548,078 | \$13,768,360 | \$3,643,497 | \$4,781,774 | \$5,450,132 |
| Debt Issuance | 0 | 0 | 263,348 | 0 | 81,030 | 101,288 |
| Ending Fund Balance | 2,701,831 | 3,624,189 | 3,747,947 | 2,608,710 | 2,825,135 | 3,494,079 |
| Total Uses of Funds | \$4,249,437 | \$8,172,267 | \$17,779,655 | \$6,252,207 | \$7,687,939 | \$9,045,499 |

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Kodiak Historical Society



2015 Annual Report

GOVERNANCE

Mary Munk, President
Deborah Carver, Vice-President
Pat Szabo, Treasurer
Roberta Austring, Secretary
Victoria Vanek
Sarah Harrington
Larry LeDoux
Katie Baxter
Victoria Woodward

STAFF

Tiffany Brunson, Executive Director
Anjuli Grantham, Curator of Collections and Exhibits
Jill Lipka, Curator of Education
Alice Ryser, Archivist
Hannahgrace Lucas, Museum Store Manager
Shaira Dungca, Museum Gallery Host
Martine Chenet, Museum Gallery Host

MISSION STATEMENT

The mission of the Kodiak Historical Society is to collect, preserve, research and exhibit historically significant artifacts, documents, photographs, and other data relative to the Kodiak Island area; and to evaluate and interpret the materials in the collection for educational purposes and presentation to the public through the operation of the Baranov Museum.

COVER PHOTOS CLOCKWISE FROM TOP LEFT:

Participants make paper parols or Filipino lanterns at October's Arts & Crafts at the Baranov Museum for Filipino American History Month.

Jessica Suyat films Tamae Setoe and Emiri Ohki, students of the 2015 Summer Film course offered by the Baranov Museum in partnership with AKTEACH and the Kodiak Island Borough School District, as they volunteer at Threshold Recycling after learning about climate change in Kodiak.

The future Honorable Judge Roy Madsen with his first Kodiak bear, about fourteen years old at the Madsen Bear Camp on Kodiak Island in the 1930s. Kodiak Historical Society, Roy Madsen collection, P-990-56.

Kodiak Girl Scouts help plant annuals in the Baranov Museum flower beds in May.

Center: Lena Amason-Berns' sculpture Sisu was purchased through the Rasmuson Foundation's Art Acquisition Initiative.





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Director's Message

It is truly an honor and a joy to work with a community, board of directors and staff who are so invested in their own history. The operation of a museum and historical society requires a great deal of work that the public never sees, from grant writing and administrative tasks to keep the organization solvent and functional, to collection care to ensure that our priceless objects are preserved for future generations, to cataloging archival photographs and documents so that staff, researchers and the interested public can easily access our outstanding collection, to the development of new educational programming to further engage students, visitors and residents in our history, to even cleaning and stocking the museums store so that it can continue to provide revenue to keep our doors open. These regular museum operations are enough to keep our small staff busy, but each year we also take on additional projects to record, care for, preserve and share Kodiak's unique history.

This year, we shared our collections and Kodiak history with over 9,000 visitors. We strive to make each visitor's experience informative and interesting whether they have lived in Kodiak their whole life or just stepped off a cruise ship. We provided educational programs linked to our collections and Kodiak's history for over 1,400 residents and visitors, including free school tours for over 500 Kodiak students. Our Curator of Education Jill Lipka is developing outstanding educational programs to encourage participation in the arts and history of our Island home.

We completed the design for our new permanent exhibits and I am applying for grants to make those designs a reality. The planned exhibits will convey themes authentic to the *magazin*, our physical building, and will effectively engage visitors and equip them to discover meaningful relationships between present-day issues and related historic events. We hope to begin construction on the new exhibits in the winter of 2016 with the completion and re-opening in early 2017, marking the 50th anniversary of the Kodiak Historical Society operating a museum in our historic building and the 150th anniversary of the Alaska Purchase.

We began a new project, Kodiak's West Side Stories,

in the early spring of 2015 in collaboration with the Kodiak Maritime Museum and Kodiak Public Broadcasting. This is a public arts and humanities project to document, preserve and engage Kodiak people in the history and culture of the west side of Kodiak Island through oral histories, photography, community-created art and writing projects, social media, public radio broadcasting and a museum exhibition. Curator of Collections and Exhibits Anjuli Grantham traveled to the West Side in June with photographer Breanna Peterson, collecting oral histories and taking photographs. She will create an exhibit based on this project, showcasing the photographs, oral histories and story kits to open in the spring of 2016. You can learn more about the West Side Stories Project on page 8.

This summer, Hannah Streicher, a Museum Studies graduate student at the University of Missouri St. Louis, was in Kodiak for eight weeks as our digital collections management intern, supported by the Alaska State Museum Internship program. She created a Digital Collections Management Plan and Procedures Manual to guide the collection, care and cataloging of our digital collections. The Plan and Manual will help us care for the oral histories, documentary films, photographs and other digital materials in our collection.

The staff, board of directors and volunteers of the Kodiak Historical Society work very hard to operate the museum and be stewards of Kodiak's history, but we couldn't do it without the support of our members and community.

Kodiak's history is your history, thank you for helping us tell it.

~ Tiffany Brunson, Executive Director

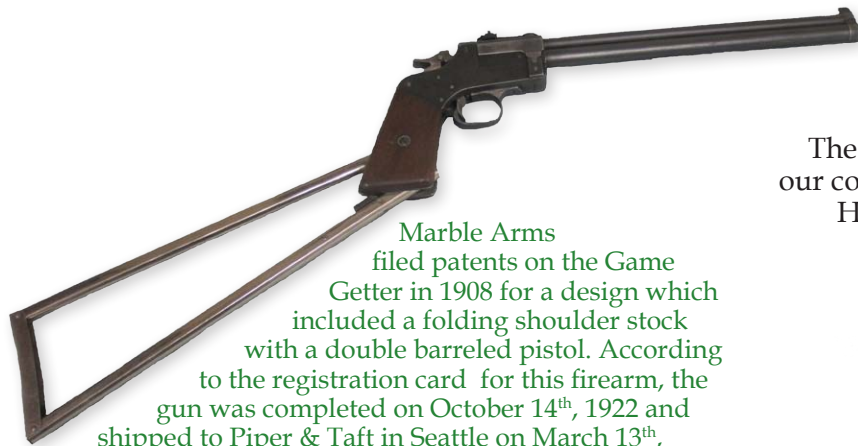
*The Kodiak Historical Society & Baranov Museum
in the summer of 2015.*



Collections

The core asset of the Kodiak Historical Society is our collections. From these collections, the Kodiak Historical Society & Baranov Museum derives identity, strength and, ultimately, purpose.

Anjuli Grantham is our Curator of Collections and Exhibits.



Marble Arms filed patents on the Game Getter in 1908 for a design which included a folding shoulder stock with a double barreled pistol. According to the registration card for this firearm, the gun was completed on October 14th, 1922 and shipped to Piper & Taft in Seattle on March 13th, 1924. Juneau Hardware Company then purchased the gun and sold it to A.J. Sprague, the first territorial Fish Commissioner and the Alaska Superintendent of Hatcheries. In the early 1960s, Walter Kraft received the gun from a Kodiak trapper whose name has been lost. He in turn sold it to ADF&G employee Dexter Lowell, who then passed it to Glenn Davenport in 1965.

Gift of Glenn Davenport



These materials were created to commemorate the 200 year anniversary of the founding of the City of Kodiak in 1992. The Bicentennial Celebration culminated with the Heritage Festival, which took place from June 27-July 5, 1992. Activities included a heritage bike tour given by Gary Stevens, a spaghetti feed at the Senior Center, the Kodiak Heritage Concert featuring the Alutiiq Tribal Dancers, the Russian Balalaika Players, and North of the Black Sea, fireworks, tug-o-war, kayak regatta, and a town party at the City Dock. Found in the Baranov Museum Research Archives

ACQUISITION HIGHLIGHTS

Sea otter jacket, made by Susan Stanford and Walt Cunningham, gift of Laura Resoff

Prayer caps, jewelry and other objects of Rose Madsen Short, gift of Mary Doubt

Alaska Packers Association Can Lid, gift of Rob and Louise Acheson

Cannery seamer used to solder tin cans, likely from Uyak Cannery, gift of Wallace and Beth Fields.

W. E. Erskine lead label, possibly used to label supplies shipped to West Side canneries, gift of Wallace and Beth Fields

A number of objects used or for sale in the Fields' Shoe Shop, now the Baranov Museum, gifts of Wallace and Beth Fields

Harbor seal hat made by Kenny Nekeferoff, gift of Patrick Holmes

Organization records of the Kodiak Council on Alcoholism, gift of Dr. Bob Johnson

Bullet-proof window from old Kodiak Police Station, gift of Rick Ryser

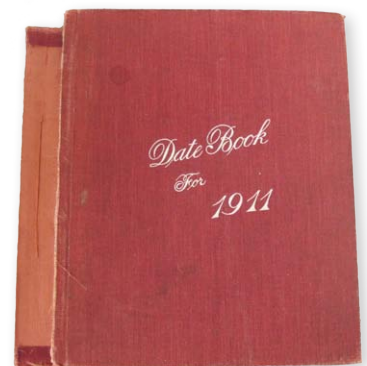
DONORS

Nettie Amason
Mary Doubt
Wallace and Beth Fields
Patrick Holmes
Beverly Horn
Dr. Bob & Marian Johnson
Sally Magnuson
Ron and Connie Moore
Rick Ryser
Fred Sargent
Toby Sullivan
Nick Troxell

ACQUISITION COMMITTEE

All donations to the Kodiak Historical Society collections are reviewed and deliberated by our volunteer Acquisitions Committee:
Ginny Austerman
Libby Eufemio
Mary Guilas-Hawver
Marcia Oswald
Mike Rostad
Victoria Woodward

This diary was kept by the superintendent or foreman of APA's Olga Bay Cannery. The recorder writes of dispatching Italian and Native fishing crews to man the fish traps at Upper Station, of villagers



from Kaguyak kayaking to the cannery to pick up supplies and of hiring and laying off Native crews, based on the intensity of fishing. During the 1911 season, 39,315 cases of red salmon were packed, 10,960 of pink, 152 of coho, and 612 of chum for a total of 51,039 cases of salmon. Gift of Leigh Gorman-Thomet

Archives

The Kodiak Historical Society archives contain a vast collection of materials chronicling the history of the Kodiak and Aleutian Islands region.

Archivist Alice Ryser manages the collection of archival materials, including rare books, newspapers, oral histories, manuscripts, photographs, film and maps. She cares for an outstanding collection of approximately 50,000 historic images. Glass slides, negatives and prints portray the people of southwest Alaska at work, at home, at sea and at leisure.

ACQUISITION HIGHLIGHTS:

An album of studio photographs of Kodiak people with original Russian captions, taken in the 1880s and 1890s. Donated by Beoma Blinn Oakley

Interviews and footage taken by Dawn Lea Black during the 1989 Exxon Valdez Oil Spill, donated with her transcription

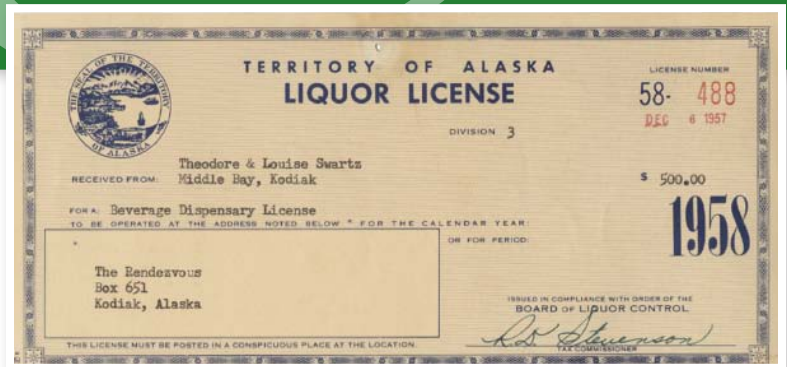
Two menus of the 1950 Thanksgiving dinner and 1950 Christmas dinner on the Navy Base. Donated by Joyce Lotze

A large collection of photographs and documents including two liquor licenses and five Alaska business licences for Theodore & Louise Schwartz 1955-1958. Donated by Kristy Perkins

1986-1988 Cry of the Wild Ram brochures and eight photographs of the actors. Donated by Sue Ann Waller

DONORS:

Virginia Abston, Floyd Anderson, Robert Allen, Dawn Lea Black, Lauren Van Bishler, Ron Erskine, Ken Evans, Diane Fields, Karlene Forester, Anjuli Grantham, Dianne Herman, Hazel Jones, Joyce Lotze, Marian Johnson, Roy and Linda Madsen, Alice E. Madzelan, Michael Nore, Beoma Blinn Oakley, Elizabeth Odell, Marcia J. Oswalt, Kristy Perkins, Pat Morris Rader, Elinor Poll Ramos, Sarah Thayer, Sue Ann Waller, Darlene Wiersum



1958 liquor license for Theodore and Louise Swartz for The Rendezvous. Ted and Lu purchased land from Tom Felton in Middle Bay on which to build the bar, opening in 1955. After a succession of owners, James and Betty Fitzjeal bought it in 1988 and moved it seven miles to its current location in Womens Bay. Toni Munsey and Val Fliners bought it in 2002 and Toni still operates this Kodiak institution today. Kodiak Historical Society, Kristy Perkins Collection, P-943-99



Alf Madsen's Cessna 180. Alf purchased the Karluk Lake and Mush Bay Camps in 1946 from his father Charles Madsen, Kodiak's first registered game guide. The younger Madsen would go on to build cabins and guide hunters from Karluk and Mush Bay as well as Uganik Lake, Little River Lake, Sturgeon Lagoon and two sites on the Alaska Peninsula. Kodiak Historical Society, Roy Madsen Collection, P-990-29.



Unidentified young Kodiakans from an 1880s album. Kodiak Historical Society, Beoma Blinn Oakley Collection, P-985-24.

Educational Programs

The Kodiak Historical Society's Education Programs utilize the Museum's unique collections to meet the needs of our diverse and dispersed island community. On and off-site programs range from tours tailored to the standards and curricula of specific K-12 grade levels, to adult and kid workshops, to lectures and fun educational activities. Jill Lipka serves as our Curator of Education; she can be reached at education@baranovmuseum.org.



Jill shows a young crafter how to make a paper poinsettia



NOAA crab biologist Kathy Swiney is interviewed by the Summer Film Intensive students.



The Kodiak Baptist Mission preschool learns about Kodiak's rich history.

ARTS & CRAFTS AT THE BARANOV MUSEUM

Every month, we offer a free or low cost Arts & Crafts workshop. Suitable for adults and children, the workshops encourage life-long learning in the arts and shares Kodiak's artistic and cultural heritage. It is an opportunity for children and adults to learn new artistic skills, engage their creative and critical thinking, participate in traditional arts and learn more about Kodiak's history. In December, participants made embroidered felt bird ornaments and paper poinsettias. January's Arts & Crafts celebrated Russian New Year with paper masks and in March, the workshop looked to Easter and Kodiak's past with natural egg dying.

SUMMER FILM INTENSIVE

Through partnership with AKTEACH and the Kodiak Island Borough School District, the Kodiak Historical Society offered its summer film intensive, teaching eleven Kodiak 7th-12th graders how to create their own documentary films. This year's intensive focused on climate change in Kodiak. Students conducted research, interviewed community members and shot and edited their own short films on different topics related to the environmental and social effects of climate change on Kodiak Island. You can watch them all at www.YouTube.com/BarMuse.

HISTORY SPEAKS!

Our Spring lecture series offered great presenters and fascinating information. Kodiak National Wildlife Refuge Biologist McCrea Cobb kicked off the lecture series with a history of introduced species in the Kodiak Archipelago. Mary Guilas-Hawver, President of the Filipino American Association of Kodiak, presented the stories and histories behind Filipino traditions and celebrations on Kodiak, UAF School of Fisheries and Ocean Sciences graduate student Danielle Ringer discussed the emerging themes from interviews conducted with Bristol Bay and Kodiak Archipelago fisherman on the greying of the fleet and Daria Safronova-Simeonoff, Stephen Bodnar and Kodiak Alutiiq Elders discussed their project to translate and transcribe rare original Alutiiq and Russian liturgical materials.

ADDITIONAL HIGHLIGHTS

School Tours and Programs: We continue to provide Alaska and Kodiak history lessons for nearly 500 students in grades K-12. We work with teachers to integrate our exhibits, collections and research into their curriculum and provide both general tours of the Museum and specialized lessons here and in the classroom to educate all of Kodiak's students on their rich history.

Storytime: One Saturday a month, we share a story with children, exploring Kodiak and Alaskan history through picture books and tours of the Museum appropriate for young ages to build early literacy, social skills and an early love of history.

Sum'Arts Camp: Balalaika players and folk dancers Casey Janz, Stephen Bodnar, and Nancy Bors co-led a week long Russian Culture Camp in July 2014, culminating in a recital for friends and family.



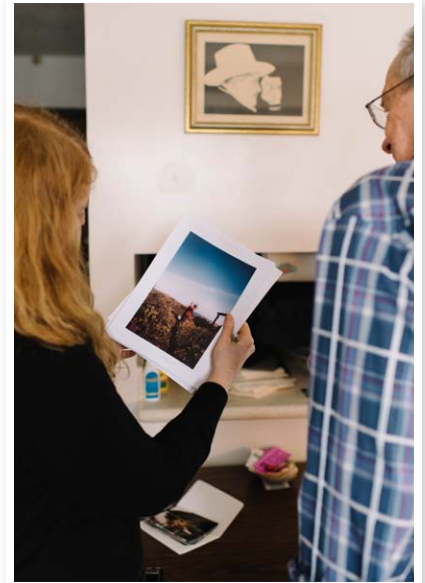
Kodiak's West Side Stories

Kodiak's West Side Stories project documents, preserves and engages Kodiak people in the history and culture of the west side of Kodiak Island through oral histories, photography, community-created art and writing projects, social media, public radio broadcasting and a museum exhibition. This is a collaboration among the Baranov Museum, the Kodiak Maritime Museum and Kodiak Public Broadcasting.

The West Side refers to Uganik Bay, Uyak Bay, and the salmon setnet sites, canneries, and bear camps that stretch from the Kupreanof Strait to the village of Karluk. Outside of the villages of Larsen Bay and Karluk, the west side has a very small year round population spread along the miles of coastline. These year-round residents include winter watchmen at canneries, lodge operators, and the hearty few that still live in the bush, regardless of the season. Yet in the summer, the remote bays and inlets come alive as fishermen return to their setnet sites, cannery workers from all over the world journey to Larsen Bay, and tenders and purse seine boats trawl the waters of the Shelikof Strait. These places deeply matter to those who are connected to them. These are storied places and those that are familiar with them are storytellers.

This project began in June. Baranov Museum Curator of Collections and Exhibits Anjuli Grantham and photographer Breanna Peterson traveled to Uganik Bay to collect oral histories and capture documentary photographs of life on the west side. More travel and interviews were conducted in July and August. Story kits, consisting of journals and art projects, were sent out to West Side sites throughout the summer. The returned materials will be featured in an upcoming exhibit at the Baranov Museum along with the oral histories and photographs.

Short stories and longer programs created from the oral histories are airing on KMXT. Short stories air during the news programs Tuesday at 5pm, Thursday at noon and Sundays at 9pm on 100.1 FM or streaming online at KMXT.org. The photographs and edited audio segments will be made available on a project website to be created this winter. Get updates on the project and connect with us at www.facebook.com/KodiakWestSide



Curator Anjuli Grantham interviews Floyd Anderson about fishing on the West Side.



Left to Right: Beach Seiners at the Karluk Spit, 1889 (NARA 22-faa-1142); Gustav Grantham and Matt Trueman play on the beach at Packers Spit, in Uganik Bay in 1992 (Anjuli Grantham Personal Collection) The Danelski Family at NW Amook in 2015 (Breanna Peterson Photography)

Volunteers

The Kodiak Historical Society was founded in 1954 by volunteers. We continue to grow and flourish because of our many volunteers who contribute their time and talents. Thank you!

SERVICE ON BOARDS AND COMMITTEES:

Marie Acemah, Jim Arneson, Ginny Austerman, Roberta Austring, Michael Bach, Katie Baxter, Bob Brodie, Deborah Carver, Libby Eufemino, Elizabeth Fleming, Mary Guilas-Hawver, Sarah Harrington, Pat Holmes, Larry LeDoux, Mary Munk, Marcia Oswalt, Mike Rostad, Pat Szabo, Victoria Woodward, Vicki Vanek

SERVICE WITH INTERPRETATION AND VISITOR SERVICES:

Randy Busch, Vicki Vanek, Marcia Oswalt, Nancy Pierce, Wenona Suydam, Victoria Woodward

SERVICE WITH COLLECTIONS, RESEARCH AND EXHIBITS:

Alex Amox, Jenya Anichenko, Beverly Beeton, Dawn Lea Black, Deborah Carver, Father Innocent Dresdow, Jake Everich, Mark Galparin, Father Andrew Harrison, Trent MacKenzie, Christine Marasigan, Gabe Nummer, Alex Perry, Diane Rodill, Daria Safronova-Simeonoff, Patrick Saltonstall, Toby Shorey, Natalie Wadle, Anthony White

SERVICE WITH THE BUILDINGS & GROUNDS

Deborah Carver, Don Corwin, Patrick Holmes, Vicki Vanek, Zoya Saltonstall, Kodiak Girl Scouts, Ocean Challenge, Wade Weeks, Sutliff's, Strawberry Fields, Kodiak Garden Club, Nancy Pierce, Wenona Suydam, Teresa Stutes

SERVICE WITH EDUCATIONAL PROGRAMS AND COMMUNITY OUTREACH:

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CLIMATE CHANGE ON KODIAK VOLUNTEERS:

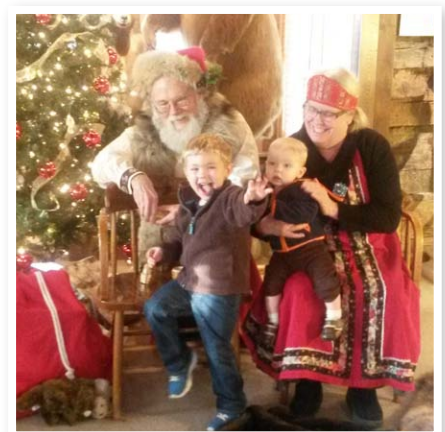
Stosh Anderson, Switgard Duesterloh, George Cusick, Craig Eckert, Robert Foy, Victoria Geyer, Margaret Hall, Phillip Johnson, Mary Jones, Allen Large, Mary Beth Lowen, Laurie Murdock, Marion Owen, Gayla Pedersen, John Reft, Ken Reinke, Jennifer Richcreek, Patrick Saltonstall, Kathy Swiney, Anthony White



Kodiak Alutiiq Elders with Daria Safronova-Simeonoff and Stephen Bodnar gave a wonderful lecture on their work in Project Slawilutiq, translating and transcribing Russian and Alutiiq liturgical materials.



Volunteers Pat Holmes, Deborah Carver and the Kodiak Girls Scouts plant our garden in the spring..



Father Christmas and Babushka with some young, festive Kodiakans.

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Donors

END-OF-YEAR DONATIONS

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IN MEMORY OF BEVERLY HORN

Pat Branson & Gordon Gould, Mary Ann Kondro, Reed & Marcia Oswalt, Alice Ryser, Pat & Nick Szabo

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KODIAK HISTORICAL SOCIETY PARTNERS 2014-2015 (\$500+)

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Since 2012, donors who give \$500 or more receive a listing on our Partners plaque, located near the entrance to the Baranov Museum, to acknowledge their support for Kodiak's history



Kodiak Historical Society Financial Activities

July 1, 2014 - June 30, 2015

Balance Sheet

| | |
|----------------------|------------------------|
| Assets | |
| Total Current Assets | \$ 96,672.04 |
| Total Fixed Assets | \$ 8,094.83 |
| Other Assets | \$ 1,410,550.06 |
| Total Assets | \$ 1,515,316.93 |

Liabilities and Equity

| | |
|---------------------------------------|------------------------|
| Total Liabilities | \$ 12,261.70 |
| Total Equity | \$ 1,504,830.23 |
| Total Liabilities & Equity | \$ 1,517,091.93 |

Income Statement

| | |
|----------------------|----------------------|
| Revenue | |
| Earned Revenue | \$ 62,981.84 |
| Donations | \$ 26,978.27 |
| Grants | \$ 45,200.63 |
| City Contribution | \$ 106,903.30 |
| Interest | \$ 61,542.21 |
| Total Revenue | \$ 303,606.25 |

Expenses

| | |
|--------------------------|----------------------|
| Personnel | \$ 177,369.00 |
| Professional Development | \$ 6,121.70 |
| Collections | \$ 25,946.62 |
| Services | \$ 45,927.09 |
| Supplies | \$ 9,167.50 |
| Education | \$ 7,891.29 |
| Building Care | \$ 1,746.44 |
| Total Expenses | \$ 274,169.64 |

Net Revenue \$ 29,436.61

For more detailed FY2015 Kodiak Historical Society financial activities, please call (907) 486-5920 or email baranov@ak.net.



KODIAK HISTORICAL SOCIETY
 BARANOV MUSEUM
 101 Marine Way
 Kodiak, AK 99615

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Name: _____ Phone: _____

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Please send a gift membership from me to: at the \$_____ level

Name: _____

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My check made payable to the Baranov Museum is enclosed

Please charge my membership(s) to my credit card:

Card Number: _____ Exp Date: _____

Signature: _____

I would like to begin / renew my membership as a:

- Partner \$ 500+
- Friend \$ 200 - 499
- Family \$ 50 - 199
- Individual \$ 30
- Senior 65+ \$ 20
- Business..... \$ 100+

101 Marine Way, Kodiak AK 99615 (907) ♦ 486-5920 ♦ www.baranovmuseum.org





BARANOV QUARTERLY

THE NEWSLETTER OF THE KODIAK HISTORICAL SOCIETY ♦ WINTER 2016

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Archivist Alice Ryser Retires After 40 Years

It was with regret, but warm wishes that the Kodiak Historical Society & Baranov Museum announced the retirement of our long time Archivist, Alice Ryser, on December 31st, 2015.

Alice moved to Alaska at the age of 2, settling with her family in Cordova. In 1963, she came to Kodiak for a visit during Crab Fest. While in Kodiak, her apartment in Cordova burned. Alice and her three children stayed in Kodiak where her mother was also living, as she says, just in time for the 1964 earthquake and tsunami.

After her move, Alice started working at the Point Chehalis Cannery then the King Crab Cannery. She could process 100 lbs of crab a day. Alice also worked at the Naughton Bakery. For many years, she operated her own cake decorating business. In 1975, she began volunteering in the Baranov Museum store and was brought on staff as the first Archivist in 1983. Until 2011, Alice also worked in the Museum store and was familiar to many visitors as a friendly, knowledgeable guide to Kodiak's history.

Alice's dedication to the Kodiak Historical Society and Kodiak's history has built and maintained our extraordinary archives. The Kodiak Historical Society is a stronger organization and Kodiak's history is better documented and preserved due to her service. Her hard work and commitment grew out of her own love of photographs and history. "This hasn't been like a job," Alice explained. "It's been something I've really enjoyed."

After 40 years at the Baranov Museum, Alice looks forward to having the time to organize her own photograph collection and spend time with her children, grandchildren and great-grandchildren. She is also an accomplished seamstress, knitter and basket weaver and looks forward to having more time to devote to her crafts.

A farewell event for Alice was held at the Baranov Museum on December 23rd. Many friends, colleagues and well-wishers joined us to thank Alice for all her hard work and wish her a very happy retirement. "We're sad to see her go," said Executive Director Tiffany Brunson. "Everyone at the Baranov Museum will miss seeing Alice, but we're very happy that she's taking the time to enjoy her retirement. It is very well deserved."



Alice Ryser holds the plaque in recognition of all her hard work at her farewell party.

Kodiak Historical Society Welcomes A New Archivist

The Archivist position was filled by Daria Safronova-Simeonoff, currently the Archivist at the St. Herman Theological Seminary. Originally from St. Petersburg, Russia, Daria has lived in Kodiak for the past five years. She holds two Master's degrees, in English Philology and Translation Studies from St. Petersburg State University in St. Petersburg, Russia and in Slavic Studies from Ohio State University. She is also near to completing her PhD in Slavic and Eastern European Studies from Ohio State with a dissertation titled "The Creation and Dissemination of Sugpiaq Literacy on Kodiak island, Alaska, 1784-1867."

"I am extremely excited to start my archivist position with the Kodiak Historical Society," explained Daria. "I am looking forward to making Kodiak's history more accessible to all Kodiakans, Native and non-Native, young and elderly. To me, it is a mission worth pursuing, for your future is always rooted in your past." Though the Kodiak Historical Society & Baranov Museum board, staff and visitors will wholeheartedly miss Alice, we are pleased to welcome Daria to our team and are confident that she will continue Alice's great work in our archives.



New Archivist Daria Safronova-Simeonoff

MARK YOUR CALENDARS

Upcoming Events at the Baranov Museum

History Speaks: 200 Years of Service
Wednesday, March 2 7pm
Daria Safronova-Simeonoff will explore the history of Kodiak's Russian Orthodox Parish through the lives of its committed servants: Priests, Deacons, Starostas, and Readers. A tour of the Cathedral follows the lecture.

History Speaks: The 1981 Cannery Murders
Wednesday, March 16 7pm
Toby Sullivan will discuss the court cases which started in Alaskan canneries, went to the Supreme Court, resulted in the 1991 Civil Rights Acts and the murder of Filipino cannery worker union organizers Gene Viernes and Silme Domingo.

History Speaks: Fort Kodiak
Wednesday, March 30 7pm
Anjuli Grantham will present new research into Fort Kodiak, 1868-1870, and this period of transition, when Kodiak was no longer Russian, but barely American.

History Speaks: Woodsman Skills
Wednesday, April 13 7pm
Jim Dillard will explain and demonstrate methods for learning skills necessary to make traditional tools and accoutrements for camp or cabin.

History Speaks: Benjamin Woche
Wednesday, April 27 7pm
Deborah Carver will discuss the letters of Alaska Commercial Company storekeeper Benjamin Woche, a vital source of information about economic and cultural change in the village of Kaguyak, 1896-1904.

Arts & Crafts at the Baranov Museum
Saturday, March 19
Saturday, April 9
Saturday, May 7
11:30am - 2:30pm
Each month, the Baranov Museum offers a free arts & craft activity related to Kodiak's history and events. In March, we'll create beautiful paper flowers, in April, we'll explore watercolor painting with natural dyes, and in May, we'll make pop-up cards for Mother's Day. Drop in anytime between 11:30am and 2:30pm to learn these crafts.

Storytime on the Porch
Saturday, March 12
Saturday, April 23
Saturday, May 21
10:30am - 11:30am
We explore Kodiak through picture books and tours of the Museum appropriate for ages 2 to 6. Bring the family to build early literacy, social skills and a love of history.

Want to stay informed about Baranov Museum news, programs and events? All our events are listed in our bimonthly e-newsletter, on our web site, on our Facebook page and through our Twitter account. Sign up for our e-newsletter on our Facebook page or by emailing baranov@ak.net

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 www.baranovmuseum.blogspot.com www.baranovmuseum.org

KODIAK HISTORICAL SOCIETY &
BARANOV MUSEUM
101 MARINE WAY
KODIAK, AK 99615
Phone (907) 486-5920
email: baranov@ak.net
www.baranovmuseum.org

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OUR MISSION STATEMENT

Through the operation of the Baranov Museum, the Kodiak Historical Society creates opportunities for the public to explore the cultural, natural and artistic heritage of Kodiak Island and its neighboring communities. The collections we preserve, interpret and exhibit are catalysts in the learning process and the Museum is a meeting place where knowledge is discovered, shared and exchanged.

MUSEUM STAFF

Tiffany Brunson, Executive Director
Daria Safronova-Simeonoff, Archivist
Anjuli Grantham, Curator of Collections and Exhibits
Jill HH Lipka, Curator of Education
Hannahgrace Lucas, Store Manager
Shaira Dungca, Gallery Host
Martine Chenet, Gallery Host

MUSEUM HOURS

Winter Hours
Monday - Saturday: 10am - 3pm
Admission \$5.00
Kids 12 and under are Free!
Members are always Free
Closed for February

It's always free to shop in our store!

Arts & Crafts: Supported by the Kodiak Community Foundation



Mask makers show off their creations at January's Arts & Crafts, celebrating Kodiak's Russian New Year traditions.

Every month, the Baranov Museum educational program offers a free or low cost Arts & Crafts workshop. Suitable for adults and children, the workshop encourages life-long learning in the arts and shares Kodiak's artistic and cultural heritage. It is an opportunity for children and adults to learn new artistic skills, engage their creative and critical thinking skills and participate in the traditional arts of Kodiak.

This year, the Kodiak Community Foundation is supporting our Arts & Crafts activities. Their funding will help Curator of Education Jill Lipka spend more time researching the traditional crafts of Kodiak, exploring the craft traditions represented in our collections and will help us purchase better supplies to recreate those crafts. Please join us for Arts & Crafts at the Baranov Museum to see the results, get in touch with Kodiak's history and learn a new craft. Please see Page 2 for the days and times of our upcoming workshops.



Kodiak's West Side Stories Exhibit: Opening in May

Kodiak's West Side Stories project documents, preserves and engages Kodiak people in the history and culture of the West Side of Kodiak Island through oral histories, photography, community-created art and writing projects, social media, public radio broadcasting and a museum exhibition. This is a collaboration among the Baranov Museum, the Kodiak Maritime Museum and Kodiak Public Broadcasting.

The West Side refers to Uganik Bay, Uyak Bay, Viekodan Bay and the salmon setnet sites, canneries, and bear camps that stretch from the Kupreanof Strait to the village of Karluk. These places deeply matter to those who are connected to them. We've collected oral histories, photographs and story kits to produce radio programs airing on 100.1 FM and available at kmxt.org and an exhibit that will open at the end of May. Stay tuned!



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The Baranov Museum is a Pick.Click.Give organization and your support through your dividend helps care for and share the rich history of Kodiak island and its people through exhibits, conservation, research, educational programs and more. Thank you!

Setting the Record Straight: Oliver Smith in Uganik Bay

Deep in Uganik Bay, on the south-side of Mush Bay (or, as the chart calls it, the East Arm) there is a sandy stretch that is known as Mission Beach. Yet, as Deedie Pearson clarified in a West Side Stories interview, "People call it Mission Beach, but it's Smith Beach." Deedie started fishing in Uganik Bay in 1946. She believes that people started calling this stretch Mission Beach in honor of Reverend Norman Smith, who visited the area aboard the *Evangel*, but he was not the Smith for which the beach was initially named. The question is - who is Smith? Although Deedie wasn't sure, she did know that she wants the record straight.

After consulting Bureau of Fisheries records, old surveys, and newspaper accounts, I am nearly certain the beach was named for Captain Oliver Smith, who founded the first cannery on Kodiak Island in 1882 along with his partner, Charles Hirsch.

Smith was not a newcomer to Kodiak when he constructed that first cannery at Karluk. According to his obituary, he first arrived to Alaska in 1868, with the US Army. His first trip to Kodiak would have been quite brief, since he returned to Fort Vancouver in Washington Territory that same year and received an honorable discharge from the Army. Smith was soon employed by the Alaska Commercial Company (ACC) which sent him north again, where he was "one of the Company's first store keepers in Alaska remaining in the business about 12 years," as his obituary claims.

Very little information has come to light that traces Smith's specific experiences in the Kodiak region during these first dozen years. Through bits of correspondence from the manager of ACC's trading post in Kodiak, we learn that Smith is the Assistant Agent of the Kodiak District. As the Assistant Agent, he was the right hand man to Charles Hirsch, who was the General Agent of the Kodiak District. Smith's time in Kodiak made him "a master of the Russian language and he spoke the dialects of the Aleutian tribes fluently." He also suffered from asthma.

But Smith was more than an asthmatic storekeeper and underling. He was a ship's captain and he was a fish businessman. It is pertaining to ships and fishing that his name most frequently appears in historic newspapers. By 1879, Smith and Hirsch were no longer primarily employed by ACC. Smith was the captain of the *Calistoga*, a twenty-nine ton schooner. That year, Smith and Hirsch operated a salting operation at Karluk and used the *Calistoga* to transport goods, workers, and "600 barrels of salmon which were shipped to San Francisco, fetching \$6 a barrel," according to an 1887 report from the United States Commission of Fish and Fisheries (USCFF).

They used two beach seines for fishing at Karluk and built a saltery on the Karluk Spit, using six 18-foot dories and twenty five men, "one Swede, one Irishman, and 23 natives" as fishermen, according to the USCFF report. In the summer of 1880, they caught over 400,000 pounds of sockeye for salting and an additional 300,000 pounds of reds for making dried salmon. At the season's end, they sailed it to San Francisco and consigned the pack to ACC, which marketed the salmon for them.

In 1882, Smith married Miss Augusta Ely in St. Helena, California. It was a very busy spring, for he and Hirsch were making preparations to make history: that summer they built the first cannery to operate in the Kodiak archipelago. Smith & Hirsch relied on their former ACC bosses and friends to finance part of the construction of a cannery on the Karluk Spit. They shipped up ten Chinese tinsmiths who knew how to make tin cans by hand, and



*No photos of Oliver Smith have been located, but this could be a photo of his saltery in Uganik Bay in 1897. West Side folks - does it look like Mission or Smith beach to you?
From a Bureau of Fisheries report.*



*Taken on the porch of what would later become the Baranov Museum - Charles Hirsch is standing third from the right.
UAF-1970-0028-01148*

CURATOR'S CORNER

the material required to do so. They had two gangs of Alutiiq fishermen who caught the fish in beach seines.

In 1884, the growing business became known as the Karluk Packing Company. Competition moved in, enough to warrant consolidation in 1891. The Karluk Packing Co. became a part of the Alaska Packers Association (APA). According to an 1898 report, Smith & Hirsch's cannery had packed more salmon than any other in Alaska up to that point in time.

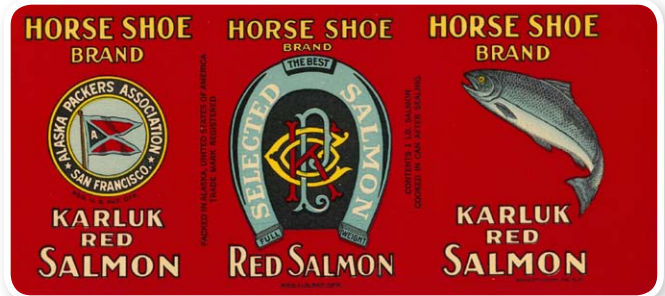
But by then, Smith was on to different things. He likely started spending winters in California following his marriage. In Saint Helena, he had a general merchandise store and a vineyard. Alaska remained his main focus, though. He was a very early instigator of fox farming in the region according to his obituary, in 1892 he "leased the Uyak Island from the United States Government... [who] gave him ten foxes and he purchased twenty-six more. He continued with the industry for six years." At the same time, he returned to his processing roots. He operated a saltery at Red River and opened the Eagle Harbor Packing Company.

He owned several schooners and a steamship, as well, which he used in another industry- mining. In 1895, an article in the *San Francisco Call* writes that he was departing for Kodiak Island "in a little cockle shell of a steamer known as the *Kodiak*... she is only about fifty feet long, but she is built like a tug and is considered quite safe." He reportedly intended to placer mine near Alitak, since the poor price of salmon didn't warrant fishing that year.

With newspaper accounts, federal reports, and brief mentions in other people's correspondence, we can glean good information, but still understand very little of a person's spirit. In this case, Smith's obituary gives us a sense of his character: "Deceased was a very kind and generous man. He had traveled all over the world and was the most entertaining conversationalist... He was considered one of the best posted men on all topics pertaining to Alaska, the Bering sea [sic] or Aleutian Islands. Captain Smith made and lost several fortunes and at one time was very wealthy. He never became discouraged at misfortunes but was always optimistic and of a cheerful disposition. When he had money he was always ready to share it with his friends or with the needy, and it is said of him that he had many times loaned money to friends to put them on their feet and few ever appealed to him in vain. He was generous to a fault, faithfully served his adopted country when she was in need, was a devoted husband and father and a good man."

What about Uganik, though? Well, in an 1897 report: "[Uganik] bay is also seined by the Alaska Packers' Association and by Capt. Oliver Smith, who sells fish to the packing companies." And the next year: "For several years a saltery was operated by Mr. Oliver Smith in a bight on the southern shore of the east arm, a mile within the entrance. This was sold to the [Alaska Packers] Association in 1897 and is now closed." At that bight, he beach seined, he put up salt fish, and he likely sold salmon right across the East Arm at the APA's cannery at Packers Spit. The land was sold to APA, becoming one of just a smattering of pieces of patented land within Uganik Bay. It is now a part of the Kodiak National Wildlife Refuge.

Smith Beach, then, is likely named for the man who truly pioneered Kodiak's commercial seafood industry.



Top: Beach seining at the Karluk Spit in the late 19th century.
NARA 22-FAA-1142

Middle: The ornate initials of KPC in the center of the horseshoe stand for Karluk Packing Company, Smith & Hirsch's cannery in Karluk. It became part of the APA in 1891.
Donated by Glenn Davenport.

Bottom: Packers Spit in Uganik, 1897
NARA 22-FAA-2075

FROM THE ARCHIVES

Recently, Kodiak Elders have started helping the Museum identify some of the photos in its ever-growing photo collection. Mary Haakanson and Florence Pestrikoff worked on pictures from Old Harbor in the Yule Chaffin Collection, Rosabel Baldwin helped identify downtown Kodiak neighborhoods, and Nettie Amason was happy to recognize many of her elder sister Anabelle's friends in the Anabelle Metrokin's Collection. If you would like to come in and identify old photos or have photos of Kodiak's history that you would like to donate so they will be cared for, shared and preserved, please contact Archivist Daria Safronova-Simeonoff at archives@baranovmuseum.org or (907) 486-5920.



Florence Pestrikoff and Mary Haakanson were able to recognize most of the people waiting by the post-office for the arrival of the airplane in Old Harbor in the 1970s.
Yule Chaffin Collection, P-354-103



Nettie Amason identified altar servers on a photo depicting a church procession in the 1950s.
Nancy Sweeney Collection, P-697-94



Rosabel Baldwin talked about the pond that was located across from the Holy Resurrection Cathedral, on the site of the present-day Kodiak Jobs Center.
Carolyn Erskine Andrews Collection, P-368-7-32



MEMBERSHIP

We would like to extend our sincere thanks to all of our new and renewing members for 2016.
Your continuing support is absolutely essential and truly appreciated .

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Sylvia Panzarella, Diane Pleninger, James & Dorothy Poulos, Chris, Mikaela, Mariya & Marne Provost, Debbie & Lyle
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At the Baranov Museum, we are in the business of helping people young and old connect with the past, appreciate
art and ingenuity, and develop a sense of place. Donations from members like you make our work possible.

Thank you so much for your donation.

To become a new or renewing member please complete the form on the back of your newsletter and mail it to us
at 101 Marine Way, Kodiak, AK 99615; or call the Baranov Museum at (907) 486-5920. If we have inadvertently left
you, your spouse, or your business off the list, please call us for corrections.

The Baranov Museum is operated in partnership between the Kodiak Historical Society and the City of Kodiak.
The Kodiak Historical Society is supported by funding from the City of Kodiak, Kodiak Island Borough, Alaska
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We thank you all for your support!



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Thank you for your generous support to Kodiak's rich history!

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MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Aimée Kniazowski, City Manager 
Thru: Kelly Mayes, Finance Director 
Date: March 15, 2016

Agenda Item: **Work Session Item #6, Discussion About Charter Section V-15 and KCC 3.16.030, Permissible Investments**

SUMMARY: The City recently adopted Resolution No. 2016–09 to form an Investment Committee. The Investment Committee’s responsibilities include, but are not limited to, the selection and oversight of an Investment Management and Advisory Firm to manage the City’s investments. Ordinance No. 1345 will amend sections in the Kodiak City Code Chapter 3.16, Investment and Collateralization of Public Funds, and change the authority of investing City funds from the Finance Director to the Investment Committee.

To clarify certain communication roles within the investment committee, there is one item to note:

1. The Finance Director will chair the Investment Committee. As such, when the Investment Committee solicits and ultimately selects the Investment Management and Advisory firm (the “Firm”) to perform services on behalf of the City, the Finance Director will be the direct line of communication between the Firm and the Investment Committee. For example, the Investment Committee will provide oversight to the Firm. Once a decision or change has passed by vote of the committee, the Finance Director will inform the Firm of these changes.

Permissible Investments –

Permissible investments are outlined per the City Charter Article V Section V-15. Permissible investments are also included in the KCC Section 3.16.030. Per discussion with Tom Klinkner, City Attorney, there is a discrepancy between KCC 3.16.030 and Charter Section V-15. (Attachment A – Charter V-15; Attachment B – KCC 3.16.030).

I discussed this discrepancy in detail with Mr. Klinkner. We determined that this had been in place since 1993. As such, the discrepancy includes two permissible investments per KCC 3.16.030 that are not listed in the Charter Section V-15. These two permissible investments are (1) Savings accounts, certificates of deposit, bankers’ acceptances, repurchase agreements, and such other security instruments as may be authorized by law; and (2) The Alaska Municipal League Investment Pool, Inc. made in accordance with the terms of that pool’s Common Investment Agreement.

Mr. Klinkner and I discussed options to change the Charter Investment Policy. Per our experience, we noted that an Investment Charter will allow those charged with governance to provide overall direction for investments. Once the charter has been amended, permissible investments could then be changed by an ordinance adopted by the City Council.

I have provided a draft of the amended Investment Charter to Tom Klinkner for legal review and opinion.

In reviewing these items with Mr. Klinkner, he stated that we can proceed with Ordinance No. 1345 amending the KCC 3.16.030 to redirect authority from the Finance Director to the Investment Committee prior to amending the charter.

ATTACHMENTS:

Attachment A: Kodiak Charter Article V Section V-15

Attachment B: Kodiak City Code Chapter Section 3.16.030

Kodiak Charter Article V Section V-15

V-15 Deposit and investment of funds

The council shall regulate the deposit and investment of city funds, and shall determine what funds of the City may be invested. City funds may be invested only in the following: general-obligation bonds and other general-obligation evidences of indebtedness of the United States, of the State of Alaska, of other states of the United States, of this City, of other cities of this State, and of boroughs of this State; and such other securities as may be authorized by law.

Kodiak City Code Chapter Section 3.16.030

3.16.030 Permissible investments

The finance director shall invest public funds only in the following types of security investments:

- (a) Bonds, notes, or other obligations, direct or otherwise, of the United States;
- (b) Bonds and other evidence of indebtedness of the state of Alaska or its political subdivisions or other states of the United States;
- (c) Savings accounts, certificates of deposit, bankers' acceptances, repurchase agreements, and such other security instruments as may be authorized by law; and
- (d) The Alaska Municipal League Investment Pool, Inc., made in accordance with the terms of that pool's Common Investment Agreement. [Ord. 956 §2, 1993; Ord. 829 §1, 1988]