

KODIAK CITY COUNCIL

WORK SESSION AGENDA

Tuesday, May 24, 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

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Office of the City Clerk

710 Mill Bay Road, Room 220, Kodiak, Alaska 99615

MEMORANDUM

To: Mayor Branson and Councilmembers Date: May 24, 2016
From: Debra Marlar, City Clerk *DM* Subject: Collective Bargaining Petition

An application for an initiative petition to put forth a proposition on the October 4, 2016, ballot providing for collective bargaining for the employees of the City of Kodiak was received May 9, 2016. The application was certified May 20, and the petition will be eligible for circulation by authorized sponsors on May 31. The petition will require at least 149 signatures of registered City voters in order to be certified. The petition must be filed with the City Clerk not later than July 5, 2016.

If the petition is certified a proposition will be placed on the October 4, 2016, ballot as Proposition 1 asking voters if the City's current ordinance shall be amended to recognize the right of its public employees to organize for the purpose of collective bargaining.

Ordinance No. 834 states the City exempted itself from the State of Alaska Public Employment Relations Act (PERA) in 1988. If the PERA exemption is removed, the City will be subject to Alaska Statutes Article 02, Public Employment Relations Act.

A copy of the proposed ordinance providing for collective bargaining and Alaska Statutes Article 02 is included for your information.

CITY OF KODIAK

AN ORDINANCE PROVIDING FOR COLLECTIVE BARGAINING FOR THE EMPLOYEES OF THE CITY OF KODIAK.

Section 1: Classification. This ordinance is of a general and permanent nature and shall become part of the City of Kodiak's municipal code.

Section 2: Adoption of Section.

A. The City recognizes the right of its public employees to organize for the purpose of collective bargaining, to form or join employee organizations, and to negotiate with and enter into written agreements with the City on matters of wages, hours, and other terms and conditions of employment.

B. The terms on which City employees may organize and on which the City and its employees will engage in collective bargaining shall be governed by the Public Employment Relations Act (AS 23.40.070 - AS 23.40.260) and the regulations promulgated by the Alaska Public Relations Agency pursuant to AS 23.40.380 or other authority granted by the Alaska legislature. The Alaska labor Relations Agency is designated the administrative agency having jurisdiction to hear and decide questions affecting the employees of the City of Kodiak arising under the Public Employment Relations Act.

Section 3: The following proposition shall be submitted to the qualified voters of the City at the October 4, 2016, regular City election. The proposition must receive an affirmative vote from a majority of those qualified to vote and voting on the question to be approved.

PROPOSITION NO. 1

Shall the City's current ordinance be amended to recognize the right of its public employees to organize for the purpose of Collective bargaining?

PROPOSITION NO. 1

- Yes
- No

Section 4: This ordinance shall become effective only if the proposition is approved by a majority of those qualified to vote and voting on the proposition in the regular City election on October 4, 2016.

Article 02. PUBLIC EMPLOYMENT RELATIONS ACT Sec. 23.40.070.

Declaration of policy. The legislature finds that joint decision-making is the modern way of administering government. If public employees have been granted the right to share in the decision-making process affecting wages and working conditions, they have become more responsive and better able to exchange ideas and information on operations with their administrators. Accordingly, government is made more effective. The legislature further finds that the enactment of positive legislation establishing guidelines for public employment relations is the best way to harness and direct the energies of public employees eager to have a voice in determining their conditions of work, to provide a rational method for dealing with disputes and work stoppages, to strengthen the merit principle where civil service is in effect, and to maintain a favorable political and social environment. The legislature declares that it is the public policy of the state to promote harmonious and cooperative relations between government and its employees and to protect the public by assuring effective and orderly operations of government. These policies are to be effectuated by

- (1) recognizing the right of public employees to organize for the purpose of collective bargaining;
- (2) requiring public employers to negotiate with and enter into written agreements with employee organizations on matters of wages, hours, and other terms and conditions of employment;
- (3) maintaining merit-system principles among public employees.

Sec. 23.40.075. Items not subject to bargaining. The parties may not negotiate terms contrary to the

- (1) reemployment rights for injured state employees under AS 39.25.158;
- (2) reemployment rights of the organized militia under AS 26.05.075;
- (3) authority of the Department of Health and Social Services under AS 47.27.035 to assign Alaska temporary assistance program participants to a work activity considered appropriate by the Department of Health and Social Services;
- (4) authority for agencies to create temporary positions under AS 47.27.055(c); or
- (5) provisions contained in a contract under AS 14.40.210(a)(4).

Sec. 23.40.080. Rights of public employees. Public employees may self-organize and form, join, or assist an organization to bargain collectively through representatives of their own choosing, and engage in concerted activities for the purpose of collective bargaining or other mutual aid or protection.

Sec. 23.40.090. Collective bargaining unit. The labor relations agency shall decide in each case, in order to assure to employees the fullest freedom in exercising the rights guaranteed by AS 23.40.070 - 23.40.260, the unit appropriate for the purposes of collective bargaining, based on such factors as community of interest, wages, hours, and other working conditions of the employees involved, the history of collective bargaining, and the desires of the employees. Bargaining units shall be as large as is reasonable, and unnecessary fragmenting shall be avoided.

Sec. 23.40.100. Representatives and elections. (a) The labor relations agency shall investigate a petition if it is submitted in a manner prescribed by the labor relations agency and is

(1) by an employee or group of employees or an organization acting in their behalf alleging that 30 percent of the employees of a proposed bargaining unit

(A) want to be represented for collective bargaining by a labor or employee organization as exclusive representative, or

(B) assert that the organization which has been certified or is currently being recognized by the public employer as bargaining representative is no longer the representative of the majority of employees in the bargaining unit; or

(2) by the public employer alleging that one or more organizations have presented to it a claim to be recognized as a representative of a majority of employees in an appropriate unit.

(b) If the labor relations agency has reasonable cause to believe that a question of representation exists, it shall provide for an appropriate hearing upon due notice. If the labor relations agency finds that there is a question of representation, it shall direct an election by secret ballot to determine whether or by which organization the employees desire to be represented and shall certify the results of the election. Nothing in this section prohibits the waiving of hearings by stipulation for the purpose of a consent election in conformity with the regulations of the labor relations agency or an election in a bargaining unit agreed upon by the parties. The labor relations agency shall determine who is eligible to vote in an election and shall establish rules governing the election. In an election in which none of the choices on the ballot receives a majority of the votes cast, a runoff election shall be conducted, the ballot providing for selection between the two choices receiving the largest and the second largest number of valid votes cast in the election. If an organization receives the majority of the votes cast in the election it shall be certified by the labor relations agency as exclusive representative of all the employees in the bargaining unit.

(c) An election may not be held in a bargaining unit or in a subdivision of a bargaining unit if a valid election has been held within the preceding 12 months.

(d) Nothing in this chapter prohibits recognition of an organization as the exclusive representative by a public agency by mutual consent.

(e) An election may not be directed by the labor relations agency in a bargaining unit in which there is in force a valid collective bargaining agreement, except during a 90-day period preceding the expiration date. However, a collective bargaining agreement may not bar an election upon petition of persons in the bargaining unit but not parties to the agreement if more than three years have elapsed since the execution of the agreement or the last timely renewal, whichever was later.

Sec. 23.40.110. Unfair labor practices. (a) A public employer or an agent of a public employer may not

(1) interfere with, restrain, or coerce an employee in the exercise of the employee's rights guaranteed in AS 23.40.080;

(2) dominate or interfere with the formation, existence, or administration of an organization;

(3) discriminate in regard to hire or tenure of employment or a term or condition of employment to encourage or discourage membership in an organization;

(4) discharge or discriminate against an employee because the employee has signed or filed an affidavit, petition, or complaint or given testimony under AS 23.40.070 - 23.40.260;

(5) refuse to bargain collectively in good faith with an organization which is the exclusive representative of employees in an appropriate unit, including but not limited to the discussing of grievances with the exclusive representative.

(b) Nothing in this chapter prohibits a public employer from making an agreement with an organization to require as a condition of employment

(1) membership in the organization which represents the unit on or after the 30th day following the beginning of employment or on the effective date of the agreement, whichever is later; or

(2) payment by the employee to the exclusive bargaining agent of a service fee to reimburse the exclusive bargaining agent for the expense of representing the members of the bargaining unit.

(c) A labor or employee organization or its agents may not

(1) restrain or coerce

(A) an employee in the exercise of the rights guaranteed in AS 23.40.080, or

(B) a public employer in the selection of the employer's representative for the purposes of collective bargaining or the adjustment of grievances;

(2) refuse to bargain collectively in good faith with a public employer, if it has been designated in accordance with the provisions of AS 23.40.070 -

23.40.260 as the exclusive representative of employees in an appropriate unit.

Sec. 23.40.120. Investigation and conciliation of complaints. If a verified written complaint by or for a person claiming to be aggrieved by a practice prohibited by AS 23.40.110, or a written accusation that a person subject to AS 23.40.070 - 23.40.260 has engaged in a prohibited practice, is filed with the labor relations agency, it shall investigate the complaint or accusation. If it determines after the preliminary investigation that probable cause exists in support of the complaint or accusation, it shall try to eliminate the prohibited practice by informal methods of conference, conciliation, and persuasion. Nothing said or done during this endeavor may be used as evidence in a subsequent proceeding.

Sec. 23.40.130. Complaint and accusation. If the labor relations agency fails to eliminate the prohibited practice by conciliation and to obtain voluntary compliance with AS 23.40.070 - 23.40.260, or, before it attempts conciliation, it may serve a copy of the complaint or accusation upon the respondent. The complaint or accusation and the subsequent procedures shall be handled in accordance with the administrative adjudication portion of AS 44.62 (Administrative Procedure Act).

Sec. 23.40.140. Orders and decisions. If the labor relations agency finds that a person named in the written complaint or accusation has engaged in a prohibited practice, the labor relations agency shall issue and serve on the person an order or decision requiring the person to cease and desist from the prohibited practice and to take affirmative action which will carry out the provisions of AS 23.40.070 - 23.40.260. If the labor relations agency finds that a person named in the complaint or accusation has not engaged or is not engaging in a prohibited practice, the labor relations agency shall state its findings of fact and issue an order dismissing the complaint or accusation.

Sec. 23.40.150. Enforcement by injunction. The labor relations agency may apply to the superior court in the judicial district in which the prohibited practice occurred for an order enjoining the prohibited acts specified in the order or decision of the labor relations agency. Upon a showing by the labor relations agency that the person has engaged or is about to engage in the practice, an injunction, restraining order, or other order which is appropriate may be granted by the court and shall be without bond.

Sec. 23.40.160. Power to investigate and compel testimony. (a) For the purpose of the investigations, proceedings, or hearings which the labor relations agency considers necessary to carry out the provisions of AS 23.40.070 - 23.40.260, the labor relations agency may issue subpoenas requiring the attendance and testimony of witnesses and the production of

relevant evidence.

(b) The labor relations agency may administer oaths, examine witnesses, and receive evidence.

(c) The attendance of witnesses and the production of evidence may be required from any place in the state at any designated place of hearing.

(d) If a person refuses to obey a subpoena issued under AS 23.40.070 - 23.40.260, the superior court in the district in which the person resides or is found may, upon application by the labor relations agency, issue an order requiring the person to comply with the subpoena.

Sec. 23.40.170. Regulations. The labor relations agency may adopt regulations under AS 44.62 (Administrative Procedure Act) to carry out the provisions of AS 23.40.070 - 23.40.260.

Sec. 23.40.180. Penalty for violation of order or decision. A person who violates a provision of an order or decision of the labor relations agency is guilty of a misdemeanor and is punishable by a fine of not more than \$500.

Sec. 23.40.190. Mediation. If, after a reasonable period of negotiation over the terms of a collective bargaining agreement, a deadlock exists between a public employer and an organization, the labor relations agency may appoint a competent, impartial, disinterested person to act as mediator in any dispute either on its own initiative or on the request of one of the parties to the dispute. The parties may also select a mediator by agreement or mutual consent. It is the function of the mediator to bring the parties together voluntarily under such favorable auspices as will tend to effectuate settlement of the dispute, but neither the mediator nor the labor relations agency has any power of compulsion in mediation proceedings.

Sec. 23.40.200. Classes of public employees; arbitration. (a) For purposes of this section, public employees are employed to perform services in one of the three following classes:

(1) those services which may not be given up for even the shortest period of time;

(2) those services which may be interrupted for a limited period but not for an indefinite period of time; and

(3) those services in which work stoppages may be sustained for extended periods without serious effects on the public.

(b) The class in (a)(1) of this section is composed of police and fire protection employees, jail, prison, and other correctional institution employees, and hospital employees. Employees in this class may not engage in strikes. Upon a showing by a public employer or the labor relations agency that employees in this class are engaging or about to engage in a

strike, an injunction, restraining order, or other order that may be appropriate shall be granted by the superior court in the judicial district in which the strike is occurring or is about to occur. If an impasse or deadlock is reached in collective bargaining between the public employer and employees in this class, and mediation has been utilized without resolving the deadlock, the parties shall submit to arbitration to be carried out under AS 09.43.030 or 09.43.480 to the extent permitted by AS 09.43.010 and 09.43.300.

(c) The class in (a)(2) of this section is composed of public utility, snow removal, sanitation, and educational institution employees other than employees of a school district, a regional educational attendance area, or a state boarding school. Employees in this class may engage in a strike after mediation, subject to the voting requirement of (d) of this section, for a limited time. The limit is determined by the interests of the health, safety, or welfare of the public. The public employer or the labor relations agency may apply to the superior court in the judicial district in which the strike is occurring for an order enjoining the strike. A strike may not be enjoined unless it can be shown that it has begun to threaten the health, safety, or welfare of the public. A court, in deciding whether or not to enjoin the strike, shall consider the total equities in the particular class. "Total equities" includes not only the effect of a strike on the public but also the extent to which employee organizations and public employers have met their statutory obligations. If an impasse or deadlock still exists after the issuance of an injunction, the parties shall submit to arbitration to be carried out under AS 09.43.030 or 09.43.480 to the extent permitted by AS 09.43.010 and 09.43.300.

(d) The class in (a)(3) of this section includes all other public employees who are not included in the classes in (a)(1) or (2) of this section. Subject to (g) of this section, employees in this class may engage in a strike if a majority of the employees in a collective bargaining unit vote by secret ballot to do so.

(e) Notwithstanding the provisions of (b), (c) and (d) of this section, the employees with the concurrence of the employer may agree in writing to submit a dispute arising from interpretation or application of a collective bargaining agreement to arbitration.

(f) The parties to a collective bargaining agreement may provide in the agreement a contract for arbitration to be conducted solely according to AS 09.43.010 - 09.43.180 (Uniform Arbitration Act) or AS 09.43.300 - 09.43.595 (Revised Uniform Arbitration Act) to the extent permitted by AS 09.43.010 and 09.43.300 if either Act is incorporated into the agreement or contract by reference.

(g) Under the provisions of (d) of this section, if an impasse or deadlock is reached in collective bargaining negotiations between a municipal school district, a regional educational attendance area, or a state boarding school

and its employees,

(1) the parties shall submit to advisory arbitration before the employees may vote to engage in a strike; the arbitrator shall

(A) be a member of the American Arbitration Association, Panel of Labor Arbitrators, or the Federal Mediation and Conciliation Service;

(B) have knowledge of and recent experience in the local conditions in the school district, regional educational attendance area, or state boarding school; and

(C) be determined from a list containing at least five nominees who meet the qualifications of this subsection; this list shall be considered a complete list for the purpose of striking names and selecting the arbitrator;

(2) if, under (1) of this subsection, advisory arbitration fails, a strike may not begin until at least 72 hours after notice of the strike is given to the other party; in any event, a strike may not begin on or after the first day of the school term, as that term is described in AS 14.03.030, unless at least one day in session with students in attendance has passed after notice of the strike is given by the employees to the other party.

Sec. 23.40.205. Family leave. Notwithstanding any provision of AS 23.40.070 - 23.40.260 to the contrary, an agreement between the employer subject to AS 39.20.500 - 39.20.550 and an employee bargaining organization that does not contain benefit provisions at least as beneficial to the employee as those provided by AS 39.20.500 - 39.20.550 shall be considered to contain the benefit provisions of those statutes.

Sec. 23.40.210. Agreement; cost-of-living differential. (a) Upon the completion of negotiations between an organization and a public employer, if a settlement is reached, the employer shall reduce it to writing in the form of an agreement. The agreement may include a term for which it will remain in effect, not to exceed three years. The agreement shall include a pay plan designed to provide for a cost-of-living differential between the salaries paid employees residing in the state and employees residing outside the state. The plan shall provide that the salaries paid, as of August 26, 1977, to employees residing outside the state shall remain unchanged until the difference between those salaries and the salaries paid employees residing in the state reflects the difference between the cost of living in Alaska and living in Seattle, Washington. The agreement shall include a grievance procedure which shall have binding arbitration as its final step. Either party to the agreement has a right of action to enforce the agreement by petition to the labor relations agency.

(b) An employee is eligible for the cost-of-living differential under (a) of this section only if the individual is a state resident. The required presence of an employee at a work station where room and board are provided or reimbursed by the employer may not be considered to be physical presence

in the state or physical absence from the state for purposes of determining eligibility for the cost-of-living differential.

(c) The commissioner of administration may adopt regulations under AS 44.62 (Administrative Procedure Act) to clarify and implement the criteria for establishing and maintaining eligibility for the cost-of-living differential.

(d) An agreement entered into under AS 23.40.070 - 23.40.260 must require compliance with the eligibility criteria for receiving the cost-of-living differential contained in this section and the regulations adopted by the commissioner under (c) of this section.

(e) In this section, "state resident" means an individual who is physically present in the state with the intent to remain permanently in the state under the requirements of AS 01.10.055 or, if the individual is not physically present in the state, intends to return to the state and remain permanently in the state under the requirements of AS 01.10.055 and is absent only temporarily for reasons allowed under AS 43.23.008 or a successor statute.

Sec. 23.40.212. Agreement with the Board of Regents. (a) The Board of Regents of the University of Alaska may delegate to the Department of Administration its authority under AS 23.40.070 - 23.40.260 to negotiate with an organization for an agreement.

(b) The Department of Administration shall participate in the negotiations between the Board of Regents and an organization. An agreement between the board and an organization requires the approval of the department.

Sec. 23.40.215. Monetary terms subject to legislative funding.

(a) The monetary terms of any agreement entered into under AS 23.40.070 - 23.40.260 are subject to funding through legislative appropriation.

(b) The Department of Administration shall submit the monetary terms of an agreement to the legislature within 10 legislative days after the agreement of the parties, if the legislature is in session, or within 10 legislative days after the convening of the next regular session. The complete monetary and nonmonetary terms of a tentative agreement shall be submitted to the legislature no later than the 60th day of the legislative session to receive legislative consideration during that calendar year. However, if the department has submitted a tentative agreement in a timely manner and the parties to the agreement decide to renegotiate the terms, the renegotiated agreement shall be considered to have been submitted in a timely manner. In this subsection, "tentative agreement" means an agreement that has been reached by the negotiators for the employer and the bargaining unit but that may not yet have been ratified by the members of the bargaining unit.

(c) Notwithstanding (b) of this section, the monetary terms of an agreement entered into between a school district or regional educational

attendance area and its employees are not required to be submitted to the legislature.

Sec. 23.40.220. Labor or employee organization dues and employee benefits, deduction and authorization. Upon written authorization of a public employee within a bargaining unit, the public employer shall deduct from the payroll of the public employee the monthly amount of dues, fees, and other employee benefits as certified by the secretary of the exclusive bargaining representative and shall deliver it to the chief fiscal officer of the exclusive bargaining representative.

Sec. 23.40.225. Exemption based on religious convictions.

Notwithstanding the provisions of AS 23.40.220, a collective bargaining settlement reached, or agreement entered into, under AS 23.40.210 that incorporates union security provisions, including but not limited to a union shop or agency shop provision or agreement, shall safeguard the rights of nonassociation of employees having bona fide religious convictions based on tenets or teachings of a church or religious body of which an employee is a member. Upon submission of proper proof of religious conviction to the labor relations agency, the agency shall declare the employee exempt from becoming a member of a labor organization or employee association. The employee shall pay an amount of money equivalent to regular union or association dues, initiation fees, and assessments to the union or association. Nonpayment of this money subjects the employee to the same penalty as if it were nonpayment of dues. The receiving union or association shall contribute an equivalent amount of money to a charity of its choice not affiliated with a religious, labor, or employee organization. The union or association shall submit proof of contribution to the labor relations agency.

Sec. 23.40.230. Assistance by Department of Labor. [Repealed, E.O. No. 77 Sec. 8 SLA 1990]. Repealed or Renumbered

Sec. 23.40.235. Public involvement in school district negotiations.

Before beginning bargaining, the school board of a city or borough school district or a regional educational attendance area shall provide opportunities for public comment on the issues to be addressed in the collective bargaining process. Initial proposals, last-best-offer proposals, tentative agreements before ratification, and final agreements reached by the parties are public documents and are subject to inspection and copying under AS 40.25.110 - 40.25.140.

Sec. 23.40.240. Effect on certain units, representatives, and agreements. Nothing in this chapter terminates or modifies a collective bargaining unit, recognition of exclusive bargaining representative, or

collective bargaining agreement if the unit, recognition, or agreement is in effect on September 5, 1972.

Sec. 23.40.245. Postsecondary student involvement in collective bargaining.

(a) When a bargaining unit includes members of the faculty or other employees of a public institution of postsecondary education, the public employer and the representative of the bargaining unit shall permit student representatives of that institution to

(1) attend and observe all meetings between the public employer and the representative of the bargaining unit which are involved with collective bargaining;

(2) have access to all documents pertaining to collective bargaining exchanged by the employer and the representative of the bargaining unit, including copies of transcripts of the meetings.

(b) Student representatives may not disclose information concerning the substance of collective bargaining obtained in the course of their activities under (a) of this section, unless that information is released by the employer or the representative of the bargaining unit.

(c) For the purpose of this section, the students of the institution involved in negotiations shall select their representatives from the institution directly involved in negotiations.

(d) When the institutions are negotiating with bargaining units representing more than one major geographic area of the state, the student representatives shall be from those areas. No more than three student representatives may attend meetings at any time.

Sec. 23.40.250. Definitions. In AS 23.40.070 - 23.40.260, unless the context otherwise requires,

(1) "collective bargaining" means the performance of the mutual obligation of the public employer or the employer's designated representatives and the representative of the employees to meet at reasonable times, including meetings in advance of the budget making process, and negotiate in good faith with respect to wages, hours, and other terms and conditions of employment, or the negotiation of an agreement, or negotiation of a question arising under an agreement and the execution of a written contract incorporating an agreement reached if requested by either party, but these obligations do not compel either party to agree to a proposal or require the making of a concession;

(2) "election" means a proceeding conducted by the labor relations agency in which the employees in a collective bargaining unit cast a secret ballot for collective bargaining representatives, or for any other purpose specified in AS 23.40.070 - 23.40.260;

(3) "labor relations agency" means the Alaska labor relations agency established in AS 23.05.360;

(4) "monetary terms of an agreement" means the changes in the terms and conditions of employment resulting from an agreement that
(A) will require an appropriation for their implementation;
(B) will result in a change in state revenues or productive work hours for state employees; or
(C) address employee compensation, leave benefits, or health insurance benefits, whether or not an appropriation is required for implementation;

(5) "organization" means a labor or employee organization of any kind in which employees participate and which exists for the primary purpose of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, and conditions of employment;

(6) "public employee" means any employee of a public employer, whether or not in the classified service of the public employer, except elected or appointed officials or superintendents of schools;

(7) "public employer" means the state or a political subdivision of the state, including without limitation, a municipality, district, school district, regional educational attendance area, board of regents, public and quasi-public corporation, housing authority, or other authority established by law, and a person designated by the public employer to act in its interest in dealing with public employees;

(8) "regional educational attendance area" means an educational service area in the unorganized borough that may or may not include a military reservation, and that contains one or more public schools of grade levels K - 12 or any portion of those grade levels that are to be operated under the management and control of a single regional school board;

(9) "terms and conditions of employment" means the hours of employment, the compensation and fringe benefits, and the employer's personnel policies affecting the working conditions of the employees; but does not mean the general policies describing the function and purposes of a public employer.

Sec. 23.40.255. Applicability to political subdivisions, including school districts. (a) AS 23.40.070 - 23.40.260 is applicable to organized boroughs and political subdivisions of the state, home rule or otherwise, unless the legislative body of the political subdivision, by ordinance or resolution, rejects having the provisions of AS 23.40.070 - 23.40.260 apply.

(b) Notwithstanding (a) of this section, a municipal school district or regional educational attendance area may not reject application of AS 23.40.070 - 23.40.260 to employment relations with public school employees.

Sec. 23.40.260. Short title. AS 23.40.070 - 23.40.260 may be cited as the Public Employment Relations Act.

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DISCOVER KODIAK
2016 BUDGET PRESENTATION AND ANNUAL REPORT
March 2016

DESTINATION MARKETING & TOURISM DEVELOPMENT PROGRAM
AGREEMENT

Achievements 2015-2016

- www.kodiak.org had over 399,530 hits in 2015.
- Provided membership services to 212 members, added 18 members.
- Hosted the annual meeting for our membership.
- Submitted RFP's to over 10 convention holders around the state.
- Continued our monthly Bear Tracks newsletter.
- Produced additional co-op advertising opportunities for our membership.
- New and updated downtown walking map produced, color coded walking trails added.
- 2 page winter spread introduced in 2015 Visitor Guide, encouraging year round travel.
- Hosted two media/travel writers which resulted in 5 stories, social media exposure, talk show exposure, a part in the Discover America series and a video series.
- Completed the Discover Kodiak Destination Marketing video that has been viewed over 15,850 times since September 11th.
- Hosted our annual fundraising event which was a sold out event.
- Hosted a community scavenger hunt that led the public to membership businesses during the 2015 Crab Festival.
- Featured presenters at the Fairbanks Outdoors Show.
- Hosted a member to member discount shopping month.
- Opened a second visitor center at the airport during summer months. Greeted 536 guests during 2 months.
- Created new proprietary products for the visitor center.
- Created a partnership system to better advertise non-member businesses.
- Was awarded the 2017 Alaska Travel Industry Association Convention.

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

- a. Produce collateral marketing materials, including the Discover Kodiak Visitor Guide.
 - Kodiak Visitor Guide revised and production increased this year.
 - Press media kits developed to target specific media.
 - 2015 membership directory re-created
 - Completed the Discover Kodiak Destination Marketing Video.
 - Downtown walking maps re-created with additional features

- b. Provide information about the City of Kodiak to the traveling public
 - Served approximately 14, 076 cruise ship passengers & crew plus 13,439 independent travelers, Coast Guard families, convention and business travelers and local residents.
 - Partnered with Kodiak Fish N Game to produce bear facts plaque for outside the visitor center.
- c. Maintain and staff the Kodiak Visitor Center
 - Staff visitor center full-time, year round. 6 days a week from May-September.
 - Started an airport visitor center operated July & August, served 536 guests.
- d. Keep the City Council and community at large informed as to the results of the CVB's marketing efforts and the state of the local tourism industry
 - Attend City Council meetings and/or workshops as requested.
 - Provide quarterly reports
 - Provide relevant information to membership in regards to City updates and information
- e. Work with the Alaska Travel Industry Association and other statewide marketing organizations to ensure that the City of Kodiak is represented in their ongoing national and international marketing programs
 - Maintain community partnership level with ATIA.
 - Maintain listing in Official Alaska Travel planner
 - Participated in ATIA cooperative marketing programs
 - Director served on ATIA Marketing & Public Relations Committee
- f. Continue development of the kodiak.org website to improve its usability and visibility to visitors, potential businesses and residents
 - Further developed an IMAP location system
 - Updated Kodiak specific statistics for media/press page
 - Implemented online RFP's and menu services for potential convention & meeting planner clients.
 - Sent over 500 leads from www.kodiak.org and consumer shows to membership businesses.
 - Uploaded all media kits and press information on to website.
 - Created partnership opportunities for purchase by local businesses
- g. Work with the City of Kodiak to determine the role tourism does and can play in the community's economy
 - Participated in the Downtown Beautification Committee
 - Serve in an advisory capacity to the BearTown Market
 - Attended the Welcome Aboard fair at the Coast Guard base
 - Served on KUBS committee
- h. Participate in the Comprehensive Economic Development Strategy committee to foster an understanding of the tourism industry and opportunities and challenges facing the industry
 - Keeping CEDS statistics up to date and keeping abreast of City-wide issues.

- i. Work with the Kodiak Chamber of Commerce to transform the visitor industry into a significant component of the City of Kodiak's economy.
 - Serve as Tourism Representative on the Kodiak Chamber of Commerce Board of Directors
 - Meet regularly with Chamber of Commerce ED to develop ways to improve downtown business, especially as related to cruise tourism
 - Serve on the Crab Fest committee
 - Partnered with Chamber of Commerce for brochure distribution at 2 consumer shows.

- j. Work with the Kodiak Chamber of Commerce, the Kodiak Island Borough School District, Kodiak College and Kodiak Native Organizations, and others to encourage entrepreneurship and assist small business development in the Tourism Industry.
 - Serve as Tourism Representative on the Kodiak Chamber of Commerce Board of Directors
 - Advertised whale pamphlets to visitors made by Karluk schools.
 - Worked to develop Board of Directors with Native Corp. and Village representatives.
 - Entered trade partnerships with Native Organizations for space usage and better advertising.
 - Attended Career Day at the Kodiak HS
 - Partnered with the Learning Café in hiring a student for seasonal help
 - Attended the Kodiak Health Fair at the college
 - Served on the Advisory Council for the Kodiak College

- k. Explore new employment and business opportunities related to the Kodiak visitor industry
 - Serve in advisory capacity to the BearTown Market
 - Assist members in development of business plans; notify membership of gaps in visitor services.
 - Hold roundtable sessions with our members to discuss future business operations and opportunities.
 - Assist members in development of social media as a marketing tool
 - Operated airport visitor center that employed 1 seasonal staff member during summer months.
 - Began offering graphic design to our membership for more expansive business services: brochure creation, ad creation, etc.

- l. Develop a travel press kit to be available on the kodiak.org website, with a broader distribution plan for the kit to a variety of media
 - Developed several travel press kits with different criteria, each with a different target consumer. All downloadable on the website.
 - Developed a "Services Menu" for potential meeting & convention clients.

- Now offering rental services for meeting planners who need decorations, chair covers, etc.
- Distributed to media through one on one appointments at Alaska Media Road Show
- m. Work with the airline industry and the Alaska Marine Highway System to maintain and improve access to the Kodiak region
 - Maintain relationship with Alaska Airlines and Era Aviation to encourage expanded flights and lower airfares to Kodiak.
 - Keep informed about airport closures and/or construction. Lobby for minimal interruptions.
 - Maintained & expanded airport rack brochure program at the Kodiak Airport.
- n. Attend travel trade shows to promote Kodiak to travel agents and consumers.
 - Attended 4 out of state travel consumer shows w/ extended hours for travel agents.
 - Attended 2 in state consumer shows
 - Attended 1 media based show.
- o. Expand advertising and marketing specific to the Kodiak Convention Center.
 - Placed advertising in Smart Meetings Magazine
 - Created and distributed proposals to possible convention holders featuring the Kodiak Convention Center, and other venues.
 - Partnered with the Kodiak Convention Center for bookings.



Board of Directors

- Jim Rippey, President (Russian River Roadhouse)
- Darlene Turner, Vice-President (A Smiling Bear B&B)
- Megan Ivanoff, Secretary (Aleutian Belle Tans)
- Trevor Brown, Treasurer (Kodiak Chamber of Commerce)
- Stacy Simmons, Koniag Inc.
- Jeff Peterson, Kodiak Combos
- Jesse Glamann, Big Ray's Alaskan Outfitters
- Barb Hughes, Pickled Willy's
- Scott Hosier, Walmart

Full- Time Staff:

- Chastity McCarthy, Executive Director
- Jenifer Miranda, Membership Services
- Denise Sproat, Visitor Services

Historical Overview: The Kodiak Island Convention & Visitors Bureau was incorporated as a 501 (c) 6 in 1985. The City of Kodiak allocated bed tax the same year. (COK Code 3.08.025) In 1996 the Kodiak Island Borough passed an ordinance introducing a bed tax to be used solely for the purpose of tourism development, enhancement and beautification.(KIB Code 3.55.010)

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

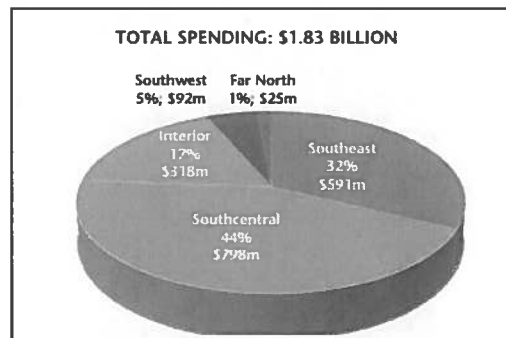
Typical messages we see are:

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

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

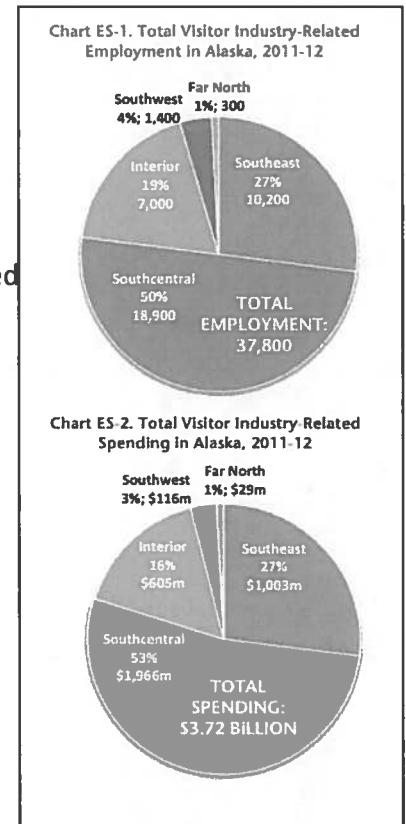
City Numbers in Relation to Tourism:

- Employment: 8%
- Bed Tax: \$188, 298 (FY15)
- Fishing/Tagging License: \$89,000
- & a portion of sales tax.



Accomplishments in FY 2015

- Incorporation of new revenue earning website features
- Increased production of the 2016 Visitors Guide & Mini-International Guide
- Production of the new road system map used at many local retailers and by visitors
- Featured presenters at the 2015 Fairbanks Outdoors Show.
- Awarded the 2017 Alaska Travel Industry Association Convention bid.
- Opened a second visitor center at the airport during summer months. Greeted 536 guests during 2 months.
- Increased traffic to www.kodiak.org to over 399,000 visits.
- Social Media
 - Facebook: 26,787 likes and several give-a-way promotions
 - Twitter: 1198 followers
 - Instagram: 199 followers
 - Pinterest and You Tube: 212 followers
- Sold out fundraiser seven years; meet or exceed fundraising expectations
- Completed market research at independent travel shows to gain consumer leads and visitor statistics.
- Increased retail store revenues as a result of new product development
- Membership drive resulted in 6 new members within a 4-month period
- Director attended the Alaska Travel Industry Convention in Juneau
- Hosted and served 14,076 passengers traveling on 12 cruise ships
- Successful in increasing the number of cruise ships to Kodiak to 14 for 2016
- Served 13, 439 visitors to the visitor information center
- Partnered with KMXT & other nonprofits to promote events and public service announcements
- Partnered with both the Alutiiq and Baranov Museums to do community outreach and cruise ship activities.
- Director elected to serve on the State of Alaska Marketing Committee
- Director serves on LEPC Board for the Borough and City.
- Director serves as tourism representative on Chamber of Commerce Board of Directors.
- Director serves as tourism representative on CEDS committee.
- Director serves on the Kodiak College Advisory Council.



Magazine advertising appeared in the following magazines in 2015-2016

Fish Alaska Magazine
 AAA Midwest Traveler
 AAA Home and Away
 Alaska Magazine
 Reel News
 Vacation Country Travel Guide
 Where Magazine

Outside Magazine
 Alaska State Travel Planner
 Smart Meetings
 Sunset Magazine
 Backpacker
 National Geographic

Kodiak Visitor Guide Placement FY 2015-2016

▪ Seattle Boat Show (consumer) Seattle, WA	Jan 2015
▪ New York Times Travel Show	Jan 2015
▪ International Tourism Exchange (ITB) Berlin	March 2015
▪ World Travel Market (London)	Sept. 2015
▪ JATA World Tourism Congress (Japanese Association of Travel Agents)	Sept 2015
▪ IMEX America (business travel)	Oct. 2015
▪ Travel Leaders Franchise Group Meeting	Nov 2015
▪ Pacific Marine Expo (commercial fish) Seattle, WA	Nov 2015

KICVB Shows Attended by Staff or Board

▪ Adventures in Travel Expo (Chicago, Illinois)	Jan 2015
▪ Los Angeles Times Travel Show (LA, California)	Jan 2015
▪ Boston Globe Travel Show (Boston, MA)	Feb 2015
▪ Great Alaska Sportsman's Show, Anchorage (consumer)	March 2015
▪ Fairbanks Outdoor Show (consumer)	April 2015
▪ Alaska Media Road Show, Santa Barbara, CA	Nov 2015

Proposed Budget Breakdown	FY17	FY16
Public Funding	\$217,000	\$193,000
Earned Revenues	\$147,950	\$149,700
TOTAL:	\$364,950	\$342,700
Program Expenses	\$170,200	\$155,100
Operating Expenses	\$194,750	\$187,600
TOTAL:	\$364,950	\$342,700

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

Meeting increased costs of operating expenses and fulfillment \$4000
Postage, Printing, Staff Hourly Pay, Additional Rent Fees

TOTAL nondiscretionary increases: \$4000

Adventure Travel Trade Association, Pre-Summits

Discover Kodiak Board of Directors and staff has long wanted to engage with the independent adventure travelers of today's world. This goes alongside with additional marketing efforts put forth in showing our community in a more active, people based way. This program allows us to host 6 delegates who advertise and sell adventure travel globally. This is partnership with the State of Alaska, Alaska Travel Industry Association, Adventure Travel Trade Association and Visit Anchorage, who was recently awarded the 2016 Adventure Travel Trade Association Convention!



What is adventure travel?

- Adventure tourism generates at \$89 billion in global spending.
- Compared to non-adventure travelers, adventure travelers are more likely to use guide services, local tour operators, and other local services.
- The average adventure traveler is age 36. Helping us reach the younger generation of travelers.
- 16% of departures from North America and Europe are for adventure travel.
- Adventure travel is growing at a rate of 17%, whereas mass travel grows steadily at a rate of about 4%.
- Adventure travelers spend significant money at local retailers on apparel and outfitting.

Program TOTAL: \$9,000

PANDION Destination Services- Rural Development Facilitator

Kodiak is already world renown for nature-based tourism. Incredible assets exist, or can be developed, to expand offerings in adventure and cultural tourism. By harnessing these assets, and taking advantage in the book in adventure travel worldwide, Kodiak is posed for significant growth over the next decade. To fully capture this growth, there are actions the destination can do to prepare current businesses and incubate future businesses to take full advantage of the growing tourism economy. We would like to bring in this consulting & development group to offer the following services to the Discover Kodiak membership, as well as key players from around the island (including Borough Assembly/City Council members, village fly-ins and corporation stakeholders):

- 10 days of Rural Tourism visioning and planning
- 6 Workshops and seminars
- Create a rural tourism development strategy and implementation plan

Program TOTAL: \$12,000

Total nondiscretionary expense increase:	\$4,000
Total program expense increase:	\$21,000

TOTAL Increase Request for FY2017 Budget: \$14,393

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KODIAK MARITIME MUSEUM

PO Box 1876 Kodiak, AK 99615
907-486-0384
info@kodiakmaritimemuseum.org www.kodiakmaritimemuseum.org

May 17, 2016

Dear Kodiak City Council Members

Due to recently revised construction cost estimates of the Thelma C Project, based on a December 2015 geotech survey by PND Engineering, it has become apparent to the KMM board and myself that it will be very difficult to build the exhibit on the original site on the harbor spit with the funding available. The problem, which we learned about in January, is that the large armor rock underlying the designated exhibit site makes it very expensive to construct the project as planned.

However, after discussing the issue with Jim Graham at Brechan Inc., the City Engineer, and the Kodiak Harbormaster, we believe it is possible to construct the project across the spit from the currently designated site, on City owned land adjacent to the channel, between Trident Seafoods and the gravel channel-side boat launching area. The main components of the exhibit, including the boat mounted on a steel cradle, and a protective roof overhead, would remain as originally planned. Building it at this new site however, would eliminate a significant amount of earthwork and concrete, and reduce the cost significantly.

Harbormaster Lon White believes the proposed new site for the project fits appropriately within the built environment of the harbor. While the new site would eliminate three boat trailer parking spots, the Harbormaster believes these are not integral to the operation of the harbor, and their loss would have a minimal effect on harbor operations.

After inspecting the proposed site with the KMM Board and I, the City Engineer also believes the project would have no adverse impact on any city facilities on the spit, and would pose no danger to the storm sewer recently installed adjacent to the new Trident Seafoods plant.

With these facts in mind, I presented the situation to the Kodiak Ports and Harbors Advisory Board, and the PHAB passed a resolution on April 26 approving use of the proposed site for the Thelma C Project.

KMM is asking the City Council to approve this new site for the project, and to revise the lease recently written for the previously approved site to reflect that approval. We recognize that further approval may be necessary from KIB Planning and Zoning.

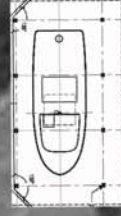
Thank you,

Toby Sullivan
Executive Director

Thelma C Interpretive Project

Currently approved site

Proposed new site



**CITY OF KODIAK
ORDINANCE NUMBER 1340**

AN ORDINANCE OF THE COUNCIL OF THE CITY OF KODIAK AUTHORIZING A LEASE TO KODIAK MARITIME MUSEUM AND ART CENTER OF A 7,224 SQUARE FOOT PORTION OF ALASKA TIDELANDS SURVEY NO.49 LOCATED IN ST. PAUL HARBOR FOR THE THELMA C DISPLAY

WHEREAS, the City of Kodiak (“City”) owns a 7,224 square foot portion of Alaska Tidelands Survey No.49 located in St. Paul Harbor (“Premises”); and

WHEREAS, Kodiak Maritime Museum and Art Center (“Museum”) has requested to lease the Premises from the City as a site for the Thelma C fishing boat historic exhibit; and

WHEREAS, the City has determined that the Premises is not required for any public purpose, and that it is in the best interest of the City to authorize a lease of the Premises to the Museum.

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

Section 1: Notwithstanding anything to the contrary in Kodiak City Code Chapter 18.20, the Council of the City of Kodiak hereby authorizes the lease of the Premises to the Museum in the form now before this meeting (“Lease”), for a term of twenty years, plus two five-year renewal options, and the City Manager hereby is authorized, empowered and directed to execute and deliver the Lease on behalf of the City, in substantially the form and content now before this meeting but with such changes, modifications, additions and deletions therein as shall to her seem necessary, desirable or appropriate, the execution thereof to constitute conclusive evidence of approval of any and all changes, modifications, additions or deletions therein from the form and content of said document now before this meeting, and from and after the execution and delivery of said document, the City Manager and City Clerk, and their respective designees, each hereby is authorized, empowered and directed to do all acts and things and to execute all documents as may be necessary to carry out and comply with the provisions of said document as executed.

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

CITY OF KODIAK



MAYOR

ATTEST:


CITY CLERK

First Reading: December 10, 2015
Second Reading: January 14, 2016
Effective Date: February 20, 2016



**LEASE NO. 221314 BY AND BETWEEN
THE CITY OF KODIAK AND
KODIAK MARITIME MUSEUM AND ART CENTER**

This LEASE (the “Lease”) is entered into as of the 1st day of February 2016, (the “Effective Date”) by and between the CITY OF KODIAK, an Alaska municipal corporation (“Lessor”), and KODIAK MARITIME MUSEUM AND ART CENTER, an Alaska nonprofit corporation (“Lessee”).

1. Premises. Lessor, for and in consideration of the rents, covenants, and conditions hereinafter specified to be paid, performed, and observed by Lessee, hereby leases to Lessee, and Lessee hereby leases from Lessor, the real property located in Kodiak, Alaska, more particularly described on Exhibit A and diagramed on Exhibit B, attached hereto (the “Premises”), pursuant to this Lease.

2. Use and Acceptance of Premises.

2.1 Use. Lessee may use and occupy the Premises solely to install and maintain a historic wooden fishing boat, the Thelma C, and an open air, steel and glass pavilion to shelter the boat. The Premises shall not be used for any other purpose without the prior written consent of Lessor, which Lessor may withhold in its sole discretion. Lessee shall keep the entire Premises in a clean, safe, sanitary, and orderly condition and in good maintenance, repair, and condition at all times. Lessee shall comply with all applicable federal, state, and local statutes, laws, rules, regulations, orders, and ordinances (regardless of their enactment date) affecting, in any manner or portion, the Premises, Lessee’s property, and/or Lessee’s operations. Lessee shall not use or permit any part of the Premises to be used for any unlawful or unauthorized purpose or perform, permit, or suffer any act or omission upon or about the Premises or improvements which would result in a nuisance or a violation of any applicable laws, ordinances, or regulations. Lessee shall not cause or permit any waste, damage, or injury to the Premises and shall not vacate or abandon the Premises at any time during the Term.

2.2 Acceptance. Lessee has inspected the Premises and Lessee accepts the Premises “AS IS, WITH ALL FAULTS.” Lessor makes no warranties, expressed or implied, concerning the title or condition of the Premises, including survey, access, utility availability, or suitability for use, including those uses authorized by this Lease. Lessor shall have no liability or obligation with respect to the condition, maintenance, or use of the Premises or any improvements hereafter placed on the Premises.

3. Term.

3.1 Initial Term. The initial term of this Lease shall be for a period of twenty (20) years, beginning on the Effective Date and expiring at 11:59 pm, January 31, 2036, (the “Initial Term”). On that date the lease will terminate, unless renewed as provided in Section 3.2.

3.2 Renewal Term. Lessee shall have the option to renew this Lease (“Renewal Option”) for two (2) successive five (5) year terms (each a “Renewal Term”) by giving Lessor written notice of its intent to commence a Renewal Term at least thirty (30)

calendar days, but not more than sixty (60) calendar days, before the date the then current term would otherwise expire, provided that at the time of each renewal notice and the date of commencement of each Renewal Term, Lessee is in compliance with all Lease terms. Failure of Lessee to exercise the option as to any Renewal Term shall terminate the option as to all succeeding Renewal Terms. Unless otherwise required by the context, references herein to “Term” include both the Initial Term and any Renewal Term.

3.3 Termination upon Cessation of Use. Any unexpired Term of this Lease shall terminate upon thirty (30) days notice from Lessor to Lessee if Lessee ceases to use the Premises as the site for the Thelma C fishing boat historic exhibit

4 Rent. Lessee shall pay in advance to Lessor annual rent (“Rent”), of Ten and No/100 Dollars (\$10.00) commencing on the Effective Date and due thereafter on each anniversary of the Effective Date during the Term. Rent shall be paid at the address shown in Section 17 below, or such other place as Lessor may designate in writing from time to time. All Rent shall be paid without prior demand or notice and without any deduction or offset whatsoever. All Rent shall be paid in lawful currency of the United States of America.

5. Additional Rent.

5.1. Triple Net Lease. This is a triple net Lease, and Lessee shall be responsible for all costs of operating the Premises. Any payment called for in this Lease other than Rent shall be deemed Additional Rent and shall be due as set forth in this Lease, or in the absence of a contrary provision, within ten (10) days of invoice. The failure to pay Additional Rent shall entitle Lessor to the same remedies as the failure to pay Rent.

5.2. Property Taxes and Assessments. Beginning on the Effective Date Lessee agrees to promptly pay, as Additional Rent, to the public authorities charged with the collection thereof, as the same become due and payable, all taxes, assessments (general and special), permits, inspection, and license fees and other public charges, whether of a like or different nature, levied upon or assessed against the Premises and any buildings, structures, fixtures, or improvements now or hereafter located thereon, or arising in respect to the occupancy, use, or possession of the Premises, and which are assessed and are, or may become, a lien during the Term; Lessee agrees to exhibit to Lessor, on demand, receipts evidencing payment of all taxes, assessments, and public charges so payable by Lessee.

5.3. Other Taxes. As Additional Rent, Lessee further agrees to pay any sales, use, gross receipts, or business revenues tax that may in the future be imposed by any public authority upon the rents payable to Lessor hereunder. Lessor agrees and understands that the payment of Rent to Lessor shall be net of any such tax that may be imposed upon gross rents or revenues, and those taxes shall be paid by Lessee to Lessor as Additional Rent.

5.4. Utilities. All costs for utilities and other services necessary for the operation of the Premises, improvements thereon, and Lessee’s activities thereon, including without limitation water, sewer, garbage, and snow removal, shall be provided by Lessee at Lessee’s sole cost and expense. Lessee shall be solely responsible, at Lessee’s sole cost and expense, for necessary utility hook-ups and connections, including without limitation those necessary for water and sewer service

to the Premises.

5.5. Payment by Lessor. Lessor shall have the right to pay any taxes, assessments, levies, or other charges upon the Premises, or other charges payable by Lessee under the terms of this Lease, and to pay, cancel, and clear off all tax sales, liens, charges, and claims upon or against the Premises or any building or improvement that may be placed thereon, and redeem the Premises from the same, from time to time without being obligated to inquire as to the validity of the same. Any sum so paid by Lessor shall become Additional Rent due and payable by Lessee on the next day after any such payment by Lessor.

6. Quiet Enjoyment. Lessor hereby represents and warrants to Lessee that Lessee, upon paying the Rent, Additional Rent, and other charges provided for in this Lease as well as observing and keeping all of the Lease covenants and conditions required of Lessee, shall lawfully and quietly hold, occupy, and enjoy the Premises during the Term without hindrance or interference by Lessor or by any person or entity claiming a right, title, or interest in or to the Premises through Lessor.

7. Insurance. As of the Effective Date, Lessee shall have obtained and shall maintain throughout the Term public liability insurance coverage as required under this Lease. All coverage shall be with insurance carriers licensed and admitted to do business in the State of Alaska that are acceptable to Lessor. The required lines and limits of insurance shall not be less than (1) \$1,000,000 per person, \$3,000,000 in the aggregate per accident, and \$2,000,000 property damage; or (2) amounts which the Lessor reasonably requires to adequately cover the risks involved. Upon the commencement of the first Renewal Term and each Renewal Term thereafter, upon request of either party, Lessor and Lessee shall agree upon new limits for such insurance coverage, which new limits shall, at a minimum, reflect increases (but not decreases) to the cost of living during the Renewal Term. Lessee shall procure and maintain property insurance on any buildings and improvements on the Premises in a minimum amount equal to the replacement value of such buildings and improvements, and Lessee shall name Lessor and Lessee as insureds on all insurance policies that Lessee is required to maintain under the provisions of this Section 7. Lessee shall furnish copies of certificates evidencing insurance coverage to Lessor automatically, without demand of Lessor, within thirty (30) days of the Effective Date.

8. Indemnification.

8.1 General. Lessee shall save, protect, hold harmless, indemnify, and defend Lessor, and Lessor's officers, directors, employees, agents, and shareholders, of, from, and against any and all liability, damages, demands, penalties, fines, causes of action, losses, costs, or expenses, including attorneys fees, arising from any act, omission, or negligence of Lessee or the officers, contractors, subcontractors, licensees, agents, servants, employees, sublessees, guests, invitees, visitors, customers, or trespassers of Lessee in or about the Premises or improvements located thereon, or arising from any accident, injury, or damages however and by whomever caused, to any person or property, including but not limited to damage to the Premises itself, improvements thereon, or injury to or death of persons, occurring in or about the Premises or improvements located thereon, or in any manner arising out of Lessee's use and occupation of the Premises or improvements thereon, or as a result of the condition of the Premises or improvements thereon.

8.2 Environmental. Lessee shall abide by, and shall cause its employees, agents, customers, any contractors or subcontractors it employs, and any sublessees, and its and all of their invitees and guests, to abide by all applicable rules and regulations related to fire, safety, health, and environmental protection. Lessee shall transport and dispose of any Hazardous Substances in accordance with all applicable laws. Hazardous Substances may not be used or stored on the Premises without Lessor's express written consent. Without limiting the duty to indemnify as provided in Section 8.1 above, Lessee shall save, protect, defend, indemnify, and hold harmless Lessor from and against any and all demands, claims, causes of action (whether in the nature of an action for damages, indemnity, contribution, government cost recovery, or otherwise), lawsuits, settlements, actions, damages, fines, penalties, judgments, costs, and expenses (including without limitation costs of defense, settlement, and reasonable attorneys' fees), charges, forfeitures, liens, liabilities, or losses of any nature and kind whatsoever that arise during or after the Term from or in connection with the presence or suspected presence of Hazardous Substances in the soil, groundwater, or otherwise on, above, or in the Premises, or otherwise generated from the Premises, or operations or activities thereon, or from any alleged or actual violation of an Environmental Law. This indemnification includes, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal, or restoration work. For purposes of this Lease, the term "Hazardous Substance" means any flammables, explosives, radioactive materials, crude or refined petroleum, pollutants, contaminants, or any hazardous, toxic, or dangerous waste, substance, or material, including asbestos, defined as such in (or for purposes of) the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. Sec. 9601 *et. seq.*), any so-called "Superfund" or "Superlien" law, or any other Environmental Law, including, but not limited to, Alaska Statutes Title 46, Chapters .03, .08, and .09, as now or at any time hereafter in effect. For purposes of this Lease, the term "Environmental Law" means any federal, state, or local laws, ordinances, codes, regulations, rules, orders, or decrees, relating to or imposing liability or standards of conduct concerning the treatment, storage, use, or disposal of any Hazardous Substances.

8.3 Survival. All of the indemnification, defense, and hold harmless obligations in Sections 8.1 and 8.2 above survive the expiration or early termination of this Lease.

9. Inspection. Lessor and its authorized representatives and agents shall have the right, but not the obligation, to enter the Premises at any reasonable time to inspect the use and condition of the Premises; to serve, post, or keep posted any notices required or allowed under the provisions of this Lease, including notices of non-responsibility for liens; and to do any act or action necessary for the safety or preservation of the Premises.

10. Condemnation. If all of the Premises or such portion as may be required for the reasonable use of the Premises, are taken by eminent domain, this Lease shall automatically terminate as of the date Lessee is required to vacate the Premises, and all Rent shall be paid, which is due and owing through that date. In the case of a taking of less than that portion of the Premises required for the reasonable use of the Premises, then this Lease shall continue in full force and effect, and the Rent shall be equitably reduced based upon the proportion of the square footage by which the Premises is reduced, such rent reduction to be effective as of the date possession of such portion is delivered to the condemning authority. Lessor reserves all rights to just compensation and/or damage for any taking of the Premises, and Lessee hereby assigns to Lessor, and Lessee shall make no claim against Lessor, for damages arising out of the condemnation, provided Lessee shall

have the right to claim and recover from the condemning authority, to the extent permitted by law, compensation for any loss to which Lessee may be put for the improvements or for Lessee's moving expenses to the extent such damages may be claimed and awarded separately from the damages and/or compensation awarded to Lessor.

11. Assignment or Subletting. Except as provided below, Lessee shall not sublet, mortgage, pledge, or assign its rights under this Lease without the prior written consent of Lessor, which may be withheld in Lessor's sole and absolute discretion. Any purported sublease, mortgage, pledge, or assignment without Lessor's written consent shall be null and void and of no force or effect. Any permitted assignment or sublease will be subject to the terms and conditions of this Lease.

12. Liens. Lessee shall keep the Premises and any part thereof free from liens for labor or materials ordered or supplied upon the express or implied request of Lessee. Should any lien be recorded, Lessee shall forthwith and within ten (10) days of learning of the recording cause the same to be cancelled and discharged of record at Lessee's sole cost and expense.

13. Surrender of Premises. Upon the expiration or sooner termination of the Term, Lessee shall: quit and surrender the Premises to Lessor clean and in the condition existing on the Effective Date, ordinary wear and tear excepted; remove all of Lessee's property; and, at Lessor's option, remove any alteration, addition, and improvement made by Lessee, repairing all damages to the Premises caused by such removal. Any improvements or installations that are required to be removed but are not shall be deemed to have been abandoned by Lessee and may be retained or disposed of by Lessor, as Lessor shall desire and in accordance with the Kodiak City Code, but Lessee shall be responsible for the cost of restoring the Premises as well as all removal and disposal costs.

14. Holding Over. If Lessee fails to surrender the Premises at the expiration or earlier termination of this Lease, occupancy of the Premises shall be deemed to be that of a month-to-month tenancy. Lessee's occupancy of the Premises during the holdover shall be subject to all terms and provisions of this Lease, except Rent shall be 150% of the then-current Rent. No holdover by Lessee or payment by Lessee after the expiration or early termination of this Lease shall be construed to extend the Term or prevent Lessor from immediately recovering possession of the Premises by summary proceedings or otherwise.

15. Subsidence. Lessor shall not be responsible for any washout, subsidence, avulsion, settling or reliction to the Premises, or for any injury caused thereby to Lessee's or any other person's property. Lessor is not obligated to replace, refill, or improve any part of the Premises during Lessee's occupancy in the event of such washout, subsidence, avulsion, settling, or reliction.

16. Default and Remedies.

16.1 Events of Default. The occurrence of any of the following shall constitute a default by Lessee:

(a) If Lessee at any time during the Term shall fail to make payment of any installment of Rent, Additional Rent, or of any other sum herein specified to be paid by Lessee within ten (10) days after such payment is due; or

(b) If Lessee at any time during the Tern shall fail to observe or perform any of Lessee's other material covenants, agreements, or obligations hereunder, and if within thirty (30) days after Lessor has provided Lessee written notice specifying the failure or failures, Lessee has not commenced to correct the same and proceeded diligently to correct the same.

16.2 Remedies. In the event Lessee is in default as defined in Section 16.1 above, Lessor shall have the right at its sole election, then or at any time thereafter, and while such default, defaults, or events shall continue, to avail itself of the following remedies:

(a) Lessor may give Lessee notice of Lessor's intention to terminate this Lease and all Lessee's rights hereunder on a date specified in such notice, which date shall be at least thirty (30) days after the date Lessor provides notice. On the date specified in the notice, the Lease Term and all rights granted Lessee hereunder shall come to an end as fully as if the Lease then expired by its own terms. Upon such termination, Lessor shall also be entitled to sue for and recover all Rent, Additional Rent, and other sums accrued up to the time of such termination, and damages arising out of any breach on the part of Lessee, including damages for Rent not then accrued; and

(b) Lessor may, upon written notice to Lessee, without terminating the Lease, immediately terminate Lessee's right to possession of the Premises and retake possession of the same and eject all persons therefrom, and Lessor may then relet or attempt to relet the Premises for the benefit of Lessee for the remainder of the Term or for a longer or shorter period as Lessor may decide is appropriate; notwithstanding the termination of Lessee's right to possession, Lessee shall nevertheless pay to Lessor on the due dates specified in this Lease all Rent, Additional Rent, and other sums required to be paid under this Lease together with the costs of reletting, less the proceeds of any reletting, and Lessee shall continue to perform all other obligations imposed on it under the Lease; and

(c) Lessor may, whether or not it has terminated this Lease or retaken possession of the Premises, sue Lessee for and recover all Rent, Additional Rent, and other sums, including damages, at any time and from time to time accruing hereunder.

17. Notices. Any and all notices and other communications under this Lease, must be in writing and will be deemed to have been duly provided when (a) delivered by hand, (b) sent by facsimile (with written confirmation of receipt), or (c) when deposited in a United States general or branch post office, enclosed in a registered or certified mail prepaid wrapper or envelope addressed as follows:

Lessor: CITY OF KODIAK
710 Mill Bay Road
Kodiak, Alaska 99615
Attention: City Manager
Facsimile: (907) 486-8600

Lessee: KODIAK MARITIME MUSEUM AND ART CENTER
500 Dog Salmon Bay Road
P.O. Box 1876
Kodiak, Alaska 99615
Attention: _____
Facsimile: (907) 486-2514

Any party may change its address or facsimile number by giving notice in accordance with this Section.

18. Miscellaneous.

18.1 Entire Agreement. This Lease contains the entire agreement between the parties with respect to the subject matter hereof, and there are no other agreements, promises, representations, or covenants of any party with respect to the matters covered by this Lease. This Lease may not be amended, modified, or terminated except by a written agreement signed by each party.

18.2 Attorneys' Fees, Costs, and Expenses. In the event either party commences legal proceedings to enforce any of the terms of this Lease, the prevailing party in such action shall receive from the other a reasonable sum for attorneys' fees and costs to be fixed by the court in the same action.

18.3 Rights and Remedies. No right or remedy conferred upon or reserved to a party hereunder is intended to be exclusive of any other right or remedy. Every right and remedy shall be cumulative and in addition to any other right or remedy provided hereunder, or now or hereafter existing at law or in equity or by statute.

18.4 No Waiver. The failure by Lessor or Lessee to insist upon the strict performance of any term hereof or to exercise any right, power, or remedy consequent upon a breach hereof, and the acceptance of Rent during the continuance of any such breach, shall not constitute a waiver by Lessor of any breach or of any term. No waiver of any breach shall affect or alter this Lease, which shall continue in full force and effect, or the rights of Lessor or Lessee with respect to any other then-existing or subsequent breach.

18.5 Successors in Interest. This Lease shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors, and permitted sublessees and assigns.

18.6 Late Payment. In the event that any Rent, Additional Rent, or other amount due under this Lease is not received by Lessor when due, a late fee of one and one-half percent (1.5%) per month of the principal amount due shall be due and payable until the full amount of

Rent, Additional Rent, or other payment is received by Lessor.

18.7 Applicable Law. This Lease Agreement shall be construed and enforced in accordance with the laws of the State of Alaska.

18.8 Authority. Lessee covenants and acknowledges that it has the full, complete, and absolute authority to enter into this Lease; this Lease has been duly authorized by its governing body; this Lease is a binding and enforceable agreement of and against Lessee; and the person executing the Lease on Lessee’s behalf is duly and properly authorized to do so.

18.9 No Partnership, Joint Venture, Etc. Nothing in this Lease shall be intended or deemed to create a partnership, joint venture, association, or other similar relationship between the parties hereto.

18.10 No Third Party Beneficiaries. This Lease does not create, and shall not be construed as creating, any rights or interests enforceable by any person not a party to this Lease.

18.11 Severability. If any provision of this Lease is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions of this Lease shall remain in full force and effect and shall in no way be affected, impaired, or invalidated.

18.12 No Brokers. Each party represents that it has not dealt with a broker in connection with this Lease. Each party agrees to indemnify, defend, and hold harmless the other party from claims of any person for brokerage or finder’s fees or commissions or similar payments based upon any agreement or understanding alleged to have been made by any such person in connection with this Lease.

18.13 No Recording. The parties agree that this Lease shall not be recorded as a title document with any governmental authority.

18.14 Counterparts. This Lease may be executed in one or more counterparts, and delivered by facsimile or other electronic transmission, each of which when so executed shall be deemed to be an original and all of which taken together shall be deemed to be one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed this Lease as of the Effective Date.

LESSEE:

KODIAK MARITIME MUSEUM AND ART CENTER

By: _____
Its: _____

LESSOR:

CITY OF KODIAK

By: Aimée Kniazowski, City Manager

EXHIBIT A

DESCRIPTION OF PREMISES

A Lease Lot of land for Kodiak Maritime Museum's "Thelma C" Display, Kodiak Spit, Kodiak Channel, City of Kodiak, Kodiak Island, consisting of a 7,224 square foot portion of Alaska Tidelands Survey No.49, according to Plat No. 62-23, in the Kodiak Recording District, Third Judicial District, State of Alaska, more particularly described as follows:

Beginning at a brass monument for the centerline intersection of Shelikof Street and Marine Way,
Thence S 37°24'00" E, 691.00 feet along centerline of Marine Way to a brass monument at the PI of centerline curve,

Thence S 42°30'22" W, 244.98 feet to the true point of beginning,

Thence from said point of beginning, S58° 44' 15" W, 150.00 feet, along the edge of asphalt, edge of curb,

Thence N 31°15'45" W, 32.00 feet,

Thence N 32°38'31" E, 54.56 feet,

Thence N 58°44'15" E, 52.00 feet,

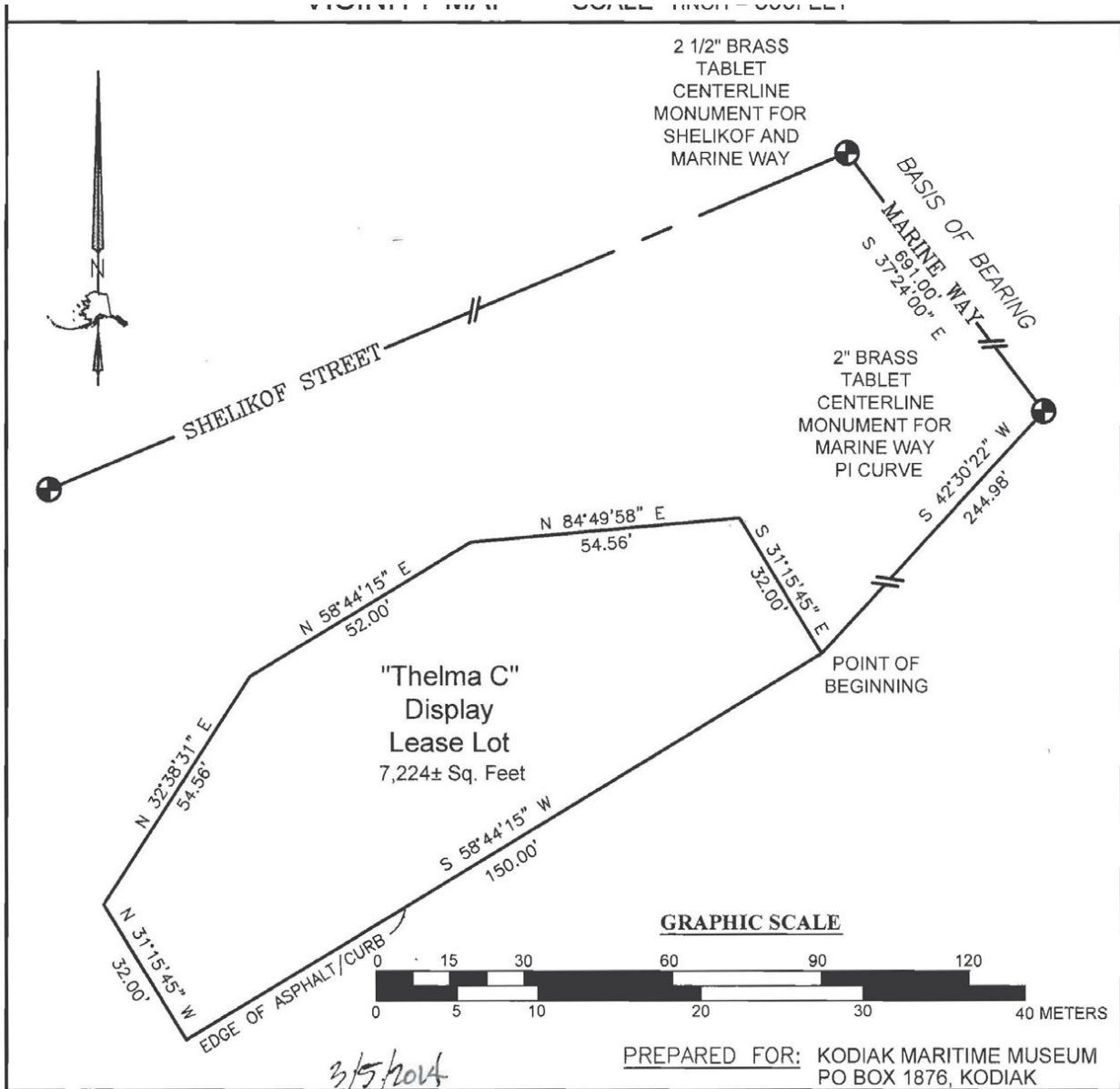
Thence N 84°49'58" E, 54.56 feet,

Thence S 31°15'45" E, 32.00 feet, to the point of beginning,

As depicted as the "Thelma C" Display Lease Lot in Exhibit B.

EXHIBIT B

SURVEY OF LEASE AREA



PREPARED FOR: KODIAK MARITIME MUSEUM
PO BOX 1876, KODIAK

KODIAK LAND SURVEYING

P.O. BOX 2322
KODIAK ALASKA 99615
(907) 486-1945
kodiaklandsurveying@ak.net

3/5/2014

STATE OF ALASKA
49 TH
JAMES PURDY
LS 10201
Registered Professional Land Surveyor

Kodiak Maritime Museum
Thelma C
Lease Parcel

CHANNEL SPIT, - WITHIN
ALASKA TIDELANDS SURVEY 49
CITY OF KODIAK, ALASKA

Scale: 1INCH = 30FEET	Date: 2/28/14
REF: THELMAC.DWG	Drawn: JLP

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FACT SHEET:

What is the Issue?

On March 25, 2016, the Alaska Department of Environmental Conservation and Alaska Regional Response Team proposed changes to the Unified Plan, which guides pollution and oil spill cleanup in Alaska. This change would replace the Regional Stakeholder Committee that has been used to protect your interests and get answers to your questions during a spill with two separate groups: Tribal and Local Government Group and Affected Stakeholders Group. The Regional Stakeholder Committee is the process and forum used to provide access and information for protection of public and tribal interests, to get answers to questions, and to convey local input and concerns to the Unified Command during a major oil spill incident. The Unified Command, made of federal, state, and responsible party on-scene coordinators (may also include a local on-scene coordinator), jointly makes the final decisions on the spill response.

When are Comments Due?

April 29, 2016

How does the Regional Stakeholder Committee currently protect my interests?

The Regional Stakeholder Committee process provides:

1. Access to information about how the spill will be cleaned up;
2. Answers to your questions;
3. Access to the Unified Command and Command Post to know what is happening during the response;
4. The opportunity for experts to represent your interests; and
5. A process for providing input directly to the Unified Command.

How do the proposed changes adversely impact my interests?

1. Decreased expert representation;
2. Decreased access to the Unified Command;
3. Decreased collaboration and cooperation amongst tribes, local governments, and concerned stakeholders;
4. Decreased access to information about how the spill will be cleaned up; and
5. Provides a less effective communication process to address your concerns.

Where Should I Send Comments?

Comments can be submitted electronically to: <http://alaskarrt.org/comment/Default.aspx>; by e-mail to decsparplanning@alaska.gov; or by mail to: Jade Gamble, ADEC, 43335 Kalifornsky Beach Road, Suite 11, Soldotna, AK 99669.

Are there examples letters that I can use to draft my comments?

Yes. Please contact the Prince William Sound Regional Citizens' Advisory Council, by contacting Lisa Matlock at 1-877-478-7221 or lisa.matlock@pwsrca.org to obtain a copy.

4/11/16

Proposed Changes to the Regional Stakeholder Committee in Alaska's Unified Plan

ADEC's Proposed Draft Issued for Public Comment - March 25, 2016

Current Unified Plan (Regional Stakeholder Committee Member)	Proposed Revision Tribal and Local Government (TLG) Group		Proposed Revision Affected Stakeholder (AS) Group	
Current Role	Revised Role	Improved?	Revised Role	Improved?
Access to information on all elements of the spill response effort.	Access to information would be primarily limited to information that the Responsible Party Liaison Officer deems to have a direct impact on the community (e.g., geographic response strategies, potential places of refuge, commercial fisheries or subsistence harvest.)	No	Access to information would be limited to information that the Responsible Party Liaison Officer deems to have a direct impact on the affected public (e.g., commercial or sport fisheries closures, subsistence harvest restrictions, general response operations, public health advisories, maritime safety zones, airspace restrictions)	No
Provide direct advice to Unified Command to provide recommendations, concerns and comments on incident priorities and objectives or to relate local knowledge, expertise or other critical information to protect public interests.	No guaranteed opportunity to provide direct advice to Unified Command. All communication would be routed to Unified Command through the Responsible Party Liaison Officer, and there may be no opportunity to have direct access to the Unified Command.	No	No guaranteed opportunity to provide direct advice to Unified Command. All communication would be routed to Unified Command through the Responsible Party Liaison Officer, and there may be no opportunity to have direct access to the Unified Command.	No
Routine access to Incident Action Plan on the same day as it is developed and revised.	The Responsible Party Liaison Officer would determine when it is appropriate to distribute the Incident Action Plan to the Tribal and Local Government Group and would only provide the sections it deems suitable for public review.	No	No access to Incident Action Plan at all.	No
Provide recommendations on the Incident Action Plan.	Only portions of the Incident Action Plan that the Unified Command has determined are pertinent would be provided for the Tribal and Local Government Group review.	No	No opportunity to provide recommendations on Incident Action Plan because it would not be provided.	No