

City of Kodiak Regular Council Meeting Agenda for June 9, 2016
7:30 p.m., at 710 Mill Bay Road, Assembly Chambers (Room 232)

I. Call to Order/Roll Call	
Invocation/Pledge of Allegiance	
II. Previous Minutes	
Approval of Minutes of the May 26, 2016, Regular Council Meeting and May 31, 2016, Special Council Meeting.....	1
III. Persons to Be Heard	
a. Public Hearing on Resolution No. 2016–17, Amending Section 14, Utilities (Water), of the Schedule of Fees and Charges and Authorizing Implementation of a Five-Year Rate Structure	
b. Public Comments (limited to 3 minutes) (486-3231)	
IV. Unfinished Business	
a. Second Reading and Public Hearing, Ordinance No. 1351, Levying Taxes and Appropriating Funds for the Expenses and Liabilities of the City of Kodiak for the Fiscal Year Commencing on the First Day of July 2016 and Ending on the Thirtieth Day of June 2017.....	12
b. Second Reading and Public Hearing, Ordinance No. 1352, Establishing Supplemental Appropriation No. 2 to the Budget for the Fiscal Year Commencing on the First Day of July 2015 and Ending on the Thirtieth Day of June 2016.....	22
c. Second Reading and Public Hearing, Ordinance No. 1353, Amending Schedules I, II, and III to the Personnel Rules and Regulations to Include a 2.38% Cost of Living Increase..	38
V. New Business	
a. Resolution No. 2016–17, Amending Section 14, Utilities (Water), of the Schedule of Fees and Charges and Authorizing Implementation of a Five-Year Rate Structure.....	48
b. Resolution No. 2016–18, Authorizing a Three-Year Extension of the Lease of Space in the St. Herman Harbor Office to the Kodiak Maritime Museum	66
c. Authorization of Bid Award for Annual Sidewalk, Curb, and Gutter Repairs, Project No. 17-01/5003	74
d. Authorization of Marketing and Tourism Development Agreement With Discover Kodiak.....	78
e. Authorization of FY2017 Special Services Contract with Alaska Department of Public Safety	88
f. Authorization of Animal Shelter Operation Contract With the Humane Society of Kodiak.....	92
g. Authorization of Animal Control Contract.....	106
h. Authorization of Professional Services Contract for Engineering Services for Mill Bay Road Pavement Rehabilitation, Project No. 17-02/5036.....	114
i. Appointment to Marijuana Advisory Special Committee	126
j. Authorization to Cancel the July 28 and August 25, 2016, Regular Meetings and Authorize the City Manager to Schedule a Special Meeting if Needed	130
VI. Staff Reports	

- a. City Manager
- b. City Clerk

VII. Mayor's Comments

VIII. Council Comments

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

X. Adjournment

<p>DRAFT</p>

**MINUTES OF THE REGULAR COUNCIL MEETING
OF THE CITY OF KODIAK
HELD THURSDAY, MAY 26, 2016
IN THE BOROUGH ASSEMBLY CHAMBERS**

I. MEETING CALLED TO ORDER/INVOCATION/PLEDGE OF ALLEGIANCE

Acting Deputy Mayor Gabriel T. Saravia called the meeting to order at 7:31 p.m. Councilmembers Randall C. Bishop, Charles E. Davidson, and John B. Whiddon were present and constituted a quorum. Mayor Pat Branson and Councilmembers Laura B. Arboleda and Richard H. Walker were absent. Deputy City Manager Mike Tvenge, Deputy Clerk Michelle Shuravloff-Nelson, and Assistant Clerk Nanci Sharratt were also present.

Salvation Army Sergeant Major Dave Blacketer gave the invocation and the Pledge of Allegiance was recited.

II. PREVIOUS MINUTES

Councilmember Whiddon MOVED to approve the minutes of the May 12, 2016, regular meeting as presented.

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

III. PERSONS TO BE HEARD

a. Public Comments

Tom Pogson with Island Trails Network has worked on the safe trails to school for the last five years and spoke about a funding opportunity for infrastructure projects. He said he informed the Kodiak Island Borough School District and Kodiak Island Borough Assembly of this funding opportunity.

Kathy Drabek with Sun'aq Tribe provided additional information to City Council regarding the cooperative agreement between the City, Sun'aq Tribe, and the Bureau of Indian Affairs (BIA). She provided names of three tribes that have successfully received BIA money for improvement projects.

IV. UNFINISHED BUSINESS

a. Second Reading and Public Hearing, Ordinance No. 1348, Authorizing a Contract With the Kodiak Historical Society to Operate the Baranov Museum

Acting Deputy Mayor Saravia read Ordinance No. 1348 by title. The City of Kodiak has partially funded the Kodiak Historical Society (KHS) to operate the Baranov Museum for many years. In 2014 KHS requested that the City enter into a multi-year operating agreement or contract with them for the services provided at the Baranov Museum. The most recent contract expires in June 2016, and the Historical Society requested a new two-year agreement. Based on City Charter re-

quirements and legal advice, the approval for a two-year operating agreement is made by Council through the ordinance process.

Councilmember Davidson MOVED to adopt Ordinance No. 1348.

Councilmember Bishop MOVED to amend the lease authorized by Ordinance No. 1348 by inserting under Section 3.3(b), item “(7) Empty trash receptacle outside of building.”

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

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

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

b. Second Reading and Public Hearing, Ordinance No. 1350, Enacting Kodiak City Code Chapter 5.52 Prohibiting Marijuana Establishments in the City

Acting Deputy Mayor Saravia read Ordinance No. 1350 by title. State Ballot Measure 2, An Act to Tax and Regulate the Production, Sale, and Use of Marijuana (AS 17.38), was approved by voters statewide on November 4, 2014. AS 17.38.210 provides that a local government may prohibit the operation of marijuana cultivation facilities, marijuana product manufacturing facilities, marijuana testing facilities, or retail marijuana stores through the enactment of an ordinance or by voter initiative. The City Council voiced a consensus at the April 26, 2016, work session to bring forth an ordinance that allows the City to opt out of allowing marijuana operations within the City limit for a period not to exceed six months. The City’s attorney wrote Ordinance No. 1350 in response to Council direction, which would enact KCC 5.52 Prohibiting Marijuana Establishments in the City and which would expire six months after the ordinance effective date.

Councilmember Whiddon MOVED to adopt Ordinance No. 1350.

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

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

c. Authorization of Cooperative Agreement Between the City, Sun’aq Tribe, and BIA for Improvements to Shelikof Street

The Sun’aq Tribe of Kodiak has approached the City to include Shelikof Street in the Tribe’s existing road inventory to the Bureau of Indian Affairs (BIA) Tribal Transportation Program. A Memorandum of Agreement between the Sun’aq Tribe and the City would potentially bring Federal funding to Kodiak to make improvements to this street.

Councilmember Whiddon MOVED to amend the Memorandum of Agreement between the City and Sun'aq Tribe by inserting at the end of the first paragraph the following: "Any proposed improvements will be presented to the City for approval prior to implementation. This is a one-year agreement with option for renewal annually if both parties agree."

Councilmember Whiddon clarified for the public that this is a good opportunity for a public and private partnership between the Sun'aq Tribe and the City and welcomes their involvement. He said the initial concern was the specificity on the Memorandum of Agreement and clarity on certain statements, which has been cleared up. He stated he looks forward to what the partnership will bring.

Councilmember Davidson stated that it is a win-win for both parties and allows BIA money to help upgrade items.

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

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

V. NEW BUSINESS

a. **First Reading, Ordinance No. 1351, Levying Taxes and Appropriating Funds for the Expenses and Liabilities of the City of Kodiak for the Fiscal Year Commencing on the First Day of July 2016 and Ending on the Thirtieth Day of June 2017**

Acting Deputy Mayor Saravia read Ordinance No. 1351 by title. Ordinance No. 1351 provides for the adoption of the City of Kodiak's FY 2017 budget. The budget document, which supports the ordinance, estimates all sources of revenue the City anticipates receiving between July 1, 2016, and June 30, 2017. The budget document also establishes an operating and capital expenditure plan for FY2017 that is based on staff's assessment of operational and community needs and the Council's FY2017 budget goals. Staff made the FY2017 budget presentation to Council a special budget work session on May 7, 2016.

Councilmember Bishop MOVED to pass Ordinance No. 1351 in the first reading and advance to second reading and public hearing at the next regular or special Council meeting.

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

b. **First Reading Ordinance No. 1352, Establishing Supplemental Appropriation No. 2 to the Budget for the Fiscal Year Commencing on the First Day of July 2015 and Ending on the Thirtieth Day of June 2016**

Acting Deputy Mayor Saravia read Ordinance No. 1352 by title. *[Clerk's Note: The ordinance title read at the meeting contained typographical errors and has been corrected.]* The Supplemental Appropriation No. 2 to the budget for the fiscal year commencing on the first day of July

2015 and ending on the thirtieth day of June 2016 is in the amount of \$3,767,357. It is customary for the City Council to approve at least one supplemental budget annually to authorize the adjustments of current revenues and expenses as detailed in the attachments provided. These adjustments are for the operating funds as well as additions to project funds for grant revenues received and additional expenditures needed that were not known at the time the original budget was adopted or Supplemental No. 1, Ordinance No. 1342 was presented and passed. This is the second and final budget amendment of FY2016.

Councilmember Whiddon MOVED to pass Ordinance No. 1352 in the first reading and advance to second reading and public hearing at the next regular or special Council meeting.

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

c. First Reading, Ordinance No. 1353, Amending Schedules I, II, and III to the Personnel Rules and Regulations to Include a 2.38% Cost of Living Increase

Acting Deputy Mayor Saravia read Ordinance No. 1353 by title. Ordinance No. 1353 provides for the adoption of a cost of living adjustment for all City full-time, part-time, and temporary employees and adjusts the pay scale per the Personnel Rules and Regulations handbook accordingly. The cost of living adjustment was calculated using a recent five-year average of the Anchorage, Alaska CPI-U index from the State of Alaska, Department of Labor website. The latest five-year average calculates to a 2.38% increase and has been incorporated into the Fiscal Year 2017 budget.

Councilmember Whiddon MOVED to pass Ordinance No. 1353 in the first reading and advance to second reading and public hearing at the next regular or special Council meeting.

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

d. Authorization of Extension of the Professional Services Contract With BIRCH, HORTON, BITTNER, and CHEROT for Legal Services

The firm of BIRCH, HORTON, BITTNER, and CHEROT was selected to provide legal services to the City in July 2000. The original contract was for a three-year period, with an option for three additional one-year extensions. The contract and ten extensions have been approved and renewed by Council since that time. The current contract extension is set to expire on June 30, 2016. The firm, and Tom Klinkner, the City's primary municipal attorney, wish to continue to serve the City of Kodiak and recommend a one-year contract extension.

Councilmember Bishop MOVED to authorize the eleventh amendment to the contract dated August 22, 2000, with BIRCH, HORTON, BITTNER, and CHEROT for professional legal services.

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

e. Approval of the 2016 Water Rate Final Report

CH2M has prepared several water and sewer rate studies for the City of Kodiak since 1982. In 2005 the Council adopted rate increases for both water and sewer based on a cost of service study completed by CH2M. In 2011 Council adopted a five-year rate increase plan for water rates, with the last rate increase adopted in FY2016. In August 2015 Council authorized a water rate and cost of service study for the next five-year period in order to evaluate system and capital improvement costs and to develop rates to cover revenue needs.

Councilmember Davidson MOVED to approve the 2016 Water Rate Final Report Prepared by CH2M and direct the City Manager to prepare a resolution for approval at a future meeting amending the City's Schedule of Fees and Charges to reflect rate Option 3.

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

VI. STAFF REPORTS

a. Deputy City Manager

Deputy City Manager Tvenge stated that three long time employees will be retiring this summer. The first employee retiring is Hap Heiberg, the Wastewater Treatment Plant Manager, who has worked over 29 and half years for the City. He has been recognized statewide by other utilities and state regulators as an outstanding operator and manager during his stellar career. He thanked Hap Heiberg for his dedicated commitment to the community.

b. Deputy Clerk

Deputy Clerk Shuravloff-Nelson informed the public of the next scheduled Council special meeting, work session, and regular meeting.

VII. MAYOR'S COMMENTS

Acting Deputy Mayor Saravia stated he will speak during Council comments.

VIII. COUNCIL COMMENTS

Councilmember Bishop thanked the community and all the vendors for making the Crab Festival possible. He also thanked the police, fire, and other departments for their work with Crab Festival to make it a fun and safe festival.

Councilmember Whiddon stated that the special meeting on Tuesday, May 31, 2016, will be to review and approve the letter that the Kodiak Fisheries Work Group (KFWG) drafted to address the Gulf of Alaska Trawl Bycatch motion. He said the letter summarizes the work KFWG has done over the last six months, which outlines positions, asks questions, and addresses concerns the joint bodies have for the North Pacific Fisheries Management Council (NPFMC). He shared the NPFMC will be in Kodiak the week of June 6 through June 14. He said he is pleased with the letter and thanked the members for all their time and effort.

Councilmember Davidson thanked Councilmembers Whiddon and Saravia for their time spent on the KFWG. He wished everyone a great Crab Festival and reminded people to drive safe.

Councilmember Saravia stated he missed KFWG meetings due to being sick and thanked everyone for all their time and work that they put into the KFWG. He thanked City employees and department heads for all their hard work and serving the City. Councilmember Saravia discussed unionization. He said during the last two unionization attempts, he supported money being set aside to inform the people of the pros and cons of the union before they go to vote. He stated he believes it is the Council’s responsibility to help inform the people how unionization and associated costs could impact the City, staff and services.

IX. AUDIENCE COMMENTS

None

X. ADJOURNMENT

Councilmember Davidson MOVED to adjourn the meeting.

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

The meeting adjourned at 8:06 p.m.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

Minutes Approved:

DRAFT

**MINUTES OF THE SPECIAL COUNCIL MEETING
OF THE CITY OF KODIAK
HELD TUESDAY, MAY 31, 2016
IN THE KODIAK CITY CONFERENCE ROOM**

I. MEETING CALLED TO ORDER

Mayor Pat Branson called the meeting to order at 12 p.m. Councilmembers Laura B. Arboleda, Charles E. Davidson, Richard H. Walker, and John B. Whiddon were present. Councilmembers Randall C. Bishop and Gabriel T. Saravia were absent. A quorum was present. City Manager Aimée Kniazowski, Deputy City Manager Mike Tvenge, and Deputy Clerk Michelle Shuravloff-Nelson were also present.

II. PUBLIC COMMENTS ON AGENDA ITEM ONLY

None

III. REVIEW AND APPROVAL OF A LETTER TO THE NORTH PACIFIC FISHERY MANAGEMENT COUNCIL FOR GULF OF ALASKA TRAWL BYCATCH MANAGEMENT

The fisheries analyst and the Kodiak Fisheries Work Group (KFWG) recommend that the Borough and the City submit public comment to the North Pacific Fishery Management Council for Gulf of Alaska Trawl Bycatch Management. Through joint resolutions, the City and Borough have identified ten community goals for fishery management program. The ten goals include maintenance of healthy harvesting and processing sectors, a healthy community, and the letter could support the aspects of a management program that provide for these goals.

Councilmember Whiddon said the KFWG has been working to address the alternatives in the motion. He provided an overview and reviewed each page of the letter to the North Pacific Fishery Management Council for Gulf of Alaska Trawl Bycatch Management. He stated NPFMC will be in Kodiak the week of June 6 through June 14.

Councilmember Davidson MOVED to approve the May 31, 2016, letter to the North Pacific Fishery Management Council for Gulf of Alaska Trawl Bycatch Management Agenda Item C5.

Councilmember Walker voiced his concerns regarding the impact of how the IFQ's limited the fishing industry and supports the communities receiving a percentage for growth.

Mayor Branson referred to the Economic Impact of the Seafood Industry on the Kodiak Island Borough report prepared by McDowell Group.

Councilmember Whiddon said the letter supports the ten goals adopted by Council in Resolution No. 2012-31.

Councilmember Arboleda asked what the major issues of local concern that may arise from this letter.

Councilmember Whiddon clarified that major issues that have voiced concern at the KFWG meetings are in Element 8 of Alternative 2.

Councilmember Whiddon said the letter is meant to analyze the alternatives not support.

Councilmember Walker said he supports the letter to NPFMC.

Mayor Branson recapped the purpose of the letter from the KFWG.

Councilmember Whiddon provided the Council with a copy of a letter he wrote independently addressed to the NPFMC for transparency.

Councilmember Davidson said he supports the letter and there is always diversity in the fishing community and he hopes NPFMC agrees with the letter submitted.

Councilmember Whiddon stated the NPFMC got an advanced copy of the Economic Impact of the Seafood Industry on the Kodiak Island Borough report.

Councilmembers Davidson expressed his appreciation for the time and effort of the KFWG to prepare the letter.

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

Councilmember Whiddon stated he would like the Council to review the membership of the KFWG and determine if three members are needed.

Mayor Branson stated the membership inquiry should be taken to the KFWG prior to Council recommendation.

IV. ADJOURNMENT

Councilmember Davidson MOVED to adjourn the meeting.

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

The meeting adjourned at 12:55 p.m.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

Minutes Approved:

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UNFINISHED BUSINESS

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Aimée Kniaziowski, City Manager *AK*
Thru: Kelly Mayes, Finance Director and Mike Tvenge, Deputy City Manager *MT*
Date: June 9, 2016

Agenda Item: IV. a. **Second Reading and Public Hearing, Ordinance No. 1351, Levying Taxes and Appropriating Funds for the Expenses and Liabilities of the City of Kodiak for the Fiscal Year Commencing on the First Day of July 2016 and Ending on the Thirtieth Day of June 2017**

SUMMARY: Ordinance No. 1351 provides for the adoption of the City of Kodiak's FY2017 budget. The budget document, which supports the ordinance, estimates all sources of revenue the City anticipates receiving between July 1, 2016, and June 30, 2017. The budget document also establishes an operating and capital expenditure plan for FY2017 that is based on staff's assessment of operational and community needs and the Council's FY2017 budget goals. Staff made the FY2017 budget presentation to Council a special budget work session on May 7, 2016. Staff recommends Council adopt Ordinance No. 1351 after the public hearing.

PREVIOUS COUNCIL ACTION:

- Prior to the start of each fiscal year, the City Council adopts the City's operating and capital budget by ordinance.
- Council adopted Resolution No. 2016-07, establishing budget goals for fiscal year 2017, on February 11, 2016.
- Council reviewed projected FY2017 revenues and the FY2017 budget calendar on February 23, 2016.
- Staff presented the proposed FY2017 budget to the mayor and Council at a special budget work session on May 7, 2016.
- Council reviewed the proposed FY2017 budget during the May 24, 2016, work session and passed Ordinance No. 1351 in the first reading and advanced to second reading during the May 26, 2016, regular meeting.

DISCUSSION: The FY2017 budget funds the services provided by the City of Kodiak to residents and visitors: law enforcement (including animal control and contract jail services), fire and emergency medical services (including ambulance services), public works (public water system, wastewater system, street and property maintenance), engineering, port and harbor facilities, parks and recreation facilities and programs, public library, and general administrative functions (municipal recordkeeping and financial management).

The proposed FY2017 budget was developed as a maintenance level budget and will attempt to provide the same level of services as the current year's budget with a reduction in overall expenses. This is a prudent approach since revenues are expected to remain static in some areas and decrease in others while expenses continue to increase. The City Council adopted FY2017 budget goals by resolution in February of this year and staff used the goals to develop and evaluate the proposed operating budget. The proposed budget is consistent with the Council's FY2017 budget goals.

Combined Revenues and Expenses for All Funds

The FY2017 budget projects combined revenues from all funds, excluding capital projects, to be \$35,259,729, which is a decrease of 12.55 percent from FY2016's combined budgeted revenues of \$40,321,286. Revenues are forecasted based on the current fiscal year even though some sources may fluctuate slightly. Expenses for all City funds, excluding capital projects, is expected to also be \$35,259,729, an overall decrease of 12.55 percent from FY2016. Fewer transfers and capital equipment account for the largest decreases in expenses.

Operating Budget

The FY2017 operating budget is primarily a maintenance budget, as it has been for at least the past seven years. As directed, City staff developed a conservative budget. The City, like everyone in the community, continues to face rising costs, but the departments are careful to absorb cost increases whenever and wherever possible. As outlined in the City Council FY2017 goals, a review of all categories of General Fund expenditures was conducted to identify ways to decrease expenses. Even with all the budget cuts, unavoidable cost increases resulted in a 1.35 percent decrease in General Fund expenses before transfers from FY2016.

General Fund

The General Fund provides funding for those City services that aren't required to be accounted for differently, like the enterprise funds. The General Fund uses revenues from sources such as sales and property taxes to fund the City's administrative functions, such as tax collection and audits, billing, emergency preparedness, information technology, and management of all City functions. It also funds services such as, municipal recordkeeping functions, law enforcement, fire and ambulance, library and recreational services and facilities, and public works and engineering services.

General Fund revenues for FY2017 are projected at \$19,578,224, a decrease of approximately 16.83 percent from FY2016 projections with the largest changes due to a decrease in the appropriation of the fund balance, which was required in FY2016 to fund necessary capital projects. The General Fund is projected to recognize a small surplus in the amount of \$72,702. These budget figures are consistent with Council's FY2017 goal that the General Fund would be budgeted without a deficit with appropriations from the fund balance when/if necessary, and that General Fund operating expenses (non-personnel) will be consistent with those of FY2016.

Fund Balance

The City's General Fund balance has been accumulated from various revenue sources, large and small. Even with conservative budgeting, this fund no longer takes in more revenues than it must spend for expenses to operate the General Fund departments and to provide the necessary services. The FY2016 budget is projected to have \$5.7 million remaining in the fund balance. The FY2017 budget is projected to have an estimated \$5.8 million remaining in the fund balance after the surplus of \$72,702 and transfers in the operating budget. The estimated FY2017 fund balance, if projections are correct, will be needed to offset expenses and provide the City with approximately 3.59 months of operating reserves. Of course, there are many budget variables so this is only a projection and cannot be guaranteed so early in the budgeting process. The proposed FY2017 budget anticipates less use of fund balance than the FY2016 budget because less transfers are being made to fund capital projects.

Personnel

Salaries, wages and benefits are the single largest expense in the City's annual budget, totaling 50 percent. Salaries and wages for FY2017 are estimated to total \$9.4 million or 27 percent of the City's overall expenses. This is less than 2 percent change from FY2016 Citywide salaries and wages and reflects scheduled salary increases. Employee benefit costs are projected at \$8.1 million, 23 percent of the City's overall expense budget, which is a 4.72 percent increase from FY2016.

The FY2016 budget reflects an increase of two full-time employees due to the City's new composting facility. This increases the number of City employees from 126.15 to 128.15 for both FY2016 and FY2017. The City's work force for FY2017 remains at 123 regular full-time employees and 5.15 regular part-time positions working from 20-30 hours per week for a total of 128.15 FTEs.

These changes to the FY2017 budget meet Council's personnel goals. The tracking of part-time personnel is a necessary step in meeting Council's goal to complete an analysis of the need, costs, and hiring process for the City's use of temporary or seasonal employees.

Enterprise Funds

The City has eight separate enterprise funds; the Harbor Department's Cargo Terminal, Boat Harbor, Harbor Electric Utility, and the Boat Yard/Vessel Lift funds; the Water, Sewer, and Trident Basin funds managed by Public Works; and the E911 Fund. The FY2017 budgets for these funds reflect a balance of revenues to expenses.

The E911 Fund was established in FY2010 in preparation for the transfer of E911 extraterritorial authority from the Borough to the City. This transfer has not yet taken place, but the Borough staff has agreed to work toward the transfer of authority or find another way to fairly share in the expenses and responsibilities of providing the service to Kodiak.

Enhancement Fund

The FY2017 budget proposes no use of Enhancement Fund monies. Enhancement Fund monies have not been used since FY2013, so the fund balance can build up, per Council's budget goals. The projected fund balance for the Enhancement Fund in FY2016 is estimated to be \$4.05 million, which is an increase of \$1.2 million from the FY2015 balance.

Capital Projects

The FY2017 budget recommends \$8.2 million in capital project expenditures. This includes seven new capital projects in FY2017 ranging in size from \$5,000 to \$4,369,000. It also includes additional funding for established or ongoing capital projects such as annual curb and sidewalk repairs, Mill Bay Road pavement repairs, Fisherman's Hall remodeling, Downtown Revitalization, Sewer Centrifuge, Aleutian Homes Phase VI, rate studies, and large maintenance projects. Costs for the projects will be covered through use of capital project fund balances. Staff presented the capital projects in detail at the budget work session on May 7, 2016.

ALTERNATIVES:

- 1) Adopt Ordinance No. 1351 after the second reading and public hearing at the next regular or special Council meeting. This is staff's recommendation.
- 2) Council may also amend Ordinance No. 1351.

FINANCIAL IMPLICATIONS: The City Council must make appropriations and adopt an annual budget. As presented, this budget retains ongoing service levels while meeting maintenance level budgetary criteria established by Council. The budget meets operational needs and estimates an adequate retention of fund balance in the General Fund.

LEGAL: The Kodiak City Charter and Kodiak City Code grant Council the authority to make appropriations and adopt and amend budgets as required. Article V, Section 2 of the City Charter states the City Manager will prepare and present a proposed budget to the City Council in advance of the fiscal year which begins on July 1st and ends on June 30th. Article V, Section 4 of the City Charter gives the City Council the authority to make appropriations for the next fiscal year and approve or amend the budget. Appropriations must be made and the budget approved by a majority vote of the City Council no later than the third day before the beginning of the new fiscal year, and if the Council fails to approve the budget by that date, the budget as submitted shall go into effect and be considered adopted by the Council.

STAFF RECOMMENDATION: Staff recommends Council adopt Ordinance No. 1351 after the public hearing at the next regular or special Council meeting.

CITY MANAGER’S COMMENTS: We have managed to provide Council with another lean budget and minimal staffing without affecting service provision, per Council’s FY2017 budget goals. The task becomes more challenging as costs continue to rise and other sources of governmental funding become more limited. We do expect to have a modest amount of projected revenues for FY2017 for use on capital project needs, many of which are critical.

The preparation of this document and the presentations at the May 7, 2016, special budget work session reflect a great deal of work by the City staff, including an assessment of operational and community needs necessary to create this annual financial plan. I want to thank our management team for their serious commitment to meeting Council’s goals and for their fiscal responsibility, not just in preparation of this draft budget, but on an ongoing basis.

DEPUTY CITY MANAGER’S COMMENTS: I also wish to thank the City staff for their commitment to a reduced budget for FY2017. The goal with this budget not only aligns with Council goals but is meant to afford Council time to assess our overall fiscal health. We are prudent to maintain an operating reserve and yet we have infrastructure needs which must be addressed, such as roads, harbor upgrades, and facilities and equipment. Kodiak is not alone in this balance of funding services with limited revenues; however, I recommend we dedicate energy towards planning for a sustainable fiscal plan in the coming months.

ATTACHMENTS:

Attachment A: Ordinance No. 1351

PROPOSED MOTION:

Move to adopt Ordinance No. 1351.

**CITY OF KODIAK
ORDINANCE NUMBER 1351**

AN ORDINANCE OF THE COUNCIL OF THE CITY OF KODIAK LEVYING TAXES AND APPROPRIATING FUNDS FOR THE EXPENSES AND LIABILITIES OF THE CITY OF KODIAK FOR THE FISCAL YEAR COMMENCING ON THE FIRST DAY OF JULY 2016 AND ENDING ON THE THIRTIETH DAY OF JUNE 2017

BE IT ORDAINED by the Council of the City of Kodiak as follows:

- Section 1:** A tax in the amount of 2.0 mills is hereby levied against all taxable real property within the City of Kodiak for the fiscal year commencing on the first day of July 2016 and ending on the thirtieth day of June 2017.
- Section 2:** The following sums of money are hereby appropriated for corporate purposes and objects of the City of Kodiak for the fiscal year commencing on the first day of July 2016 and ending on the thirtieth day of June 2017 to defray expenses and liabilities of the City during the fiscal year.

FY2017 BUDGET SUMMARY

GENERAL FUND

	Anticipated Revenues		Planned Expenditures
Taxes	\$ 13,281,000		
Licenses & Permits	52,300		
Intergovernmental Revenues	2,813,431		
Charges for Services	1,661,217		
Fines & Forfeitures	15,000		
Interest	10,000		
Rents & Royalties	230,000		
Miscellaneous	22,000		
Interfund Charges	1,565,978		
Appropriation to Fund Balance	(72,702)		
Total Anticipated Revenues	19,578,224		
Legislative		\$	288,404
Legal			100,000
Executive-Administration			704,353
Executive-Emergency Preparedness			38,000
City Clerk-Administration			350,890
City Clerk-Records Management			189,406

GENERAL FUND EXPENDITURES CONTINUED

Finance	1,421,001
Police	7,139,995
Fire	2,410,371
Public Works	2,228,043
Engineering	280,451
Parks & Recreation	1,513,707
Library	988,352
Non-Departmental	1,925,251
Total Planned Expenditures	19,578,224

SPECIAL REVENUE FUND

	Anticipated Revenues	Planned Expenditures
Tourism Fund	\$ 189,500	\$ 189,500
City Enhancement Fund	-	-
Total Anticipated Revenues	189,500	189,500

CAPITAL PROJECTS FUND

	Anticipated Revenues
General Capital	\$ 83,790
Street Improvements	1,500,000
Building Improvement Fund	-
Water Capital Fund	4,469,000
Sewer Capital Fund	1,515,000
Cargo Development Fund	-
Harbor Development Fund	250,000
Parks & Recreation Fund	134,000
Vehicle Replacement Fund	203,594
Total Anticipated Revenues	8,155,384

CAPITAL PROJECTS FUND CONTINUED

General Capital	\$ 83,790
Street Improvements	1,500,000
Building Improvement Fund	-
Water Capital Fund	4,469,000
Sewer Capital Fund	1,515,000
Cargo Development Fund	-
Harbor Development Fund	250,000
Parks & Recreation Fund	134,000
Vehicle Replacement Fund	203,594
Total Planned Expenditures	8,155,384

ENTERPRISE FUNDS

	Anticipated Revenues
Cargo Fund	\$ 1,066,194
Harbor Fund	3,791,619
Boat Yard Lift	1,283,398
Harbor Electric Fund	637,884
Water Utility Fund	3,365,988
Sewer Utility Fund	4,483,078
Trident Basin Fund	301,293
E-911 Services	13,611
Total Anticipated Revenues	14,943,065

	Planned Expenditures
Cargo Fund	\$ 1,066,194
Harbor Fund	3,791,619
Boat Yard Lift	1,283,398
Harbor Electric Fund	637,884
Water Utility Fund	3,365,988
Sewer Utility Fund	4,483,078
Trident Basin Fund	301,293
E-911 Services	13,611
Total Planned Expenditures	14,943,065

INTERNAL SERVICE FUNDS

	Anticipated	
	Revenues	
Self Insurance Fund	\$	548,940
Total Anticipated Revenues		548,940

		Planned
		Expenditures
Self Insurance Fund	\$	548,940
Total Planned Expenditures		548,940

Grand Total Anticipated Revenues	\$	43,415,113	
Grand Total Planned Expenditures			\$ 43,415,113

Non- Projects	35,259,729
Non- Projects	35,259,729

Projects	8,155,384
Projects	8,155,384

Total	43,415,113
Total	43,415,113

Section 3: All unexpended appropriation balances, with the exception of capital project fund appropriations, shall lapse to the appropriate fund as of June 30, 2017.

Section 4: This ordinance shall go into effect July 1, 2016.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

First Reading: May 26, 2016
 Second Reading:
 Effective Date:

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MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Aimée Kniazowski, City Manager 

Thru: Kelly Mayes, Finance Director and Mike Tvenge, Deputy City Manager 

Date: June 9, 2016

Agenda Item: **IV. b. Second Reading and Public Hearing, Ordinance No. 1352, Establishing Supplemental Appropriation No. 2 to the Budget for the Fiscal Year Commencing on the First Day of July 2015 and Ending On the Thirtieth Day of June 2016**

SUMMARY: The Supplemental Appropriation No. 2 to the budget for the fiscal year commencing on the first day of July 2015 and ending on the thirtieth day of June 2016 is in the amount of \$3,767,357. It is customary for the City Council to approve at least one supplemental budget annually to authorize the adjustments of current revenues and expenses as detailed in the attachments provided. These adjustments are for the operating funds as well as additions to project funds for grant revenues received and additional expenditures needed that were not known at the time the original budget was adopted or Supplemental No. 1, Ordinance No. 1342 was presented and passed. This is the second and final budget amendment of FY2016. Staff recommends Council adopt Ordinance No. 1352 after the public hearing at the next regular or special Council meeting.

PREVIOUS COUNCIL ACTION:

- June 11, 2015, Council adopted Ordinance No. 1334 for the FY2016 budget in the amount of \$42,503,069 commencing on the first day of July 2015 and ending on the thirtieth day of June 2016.
- January 26, 2016, Council reviewed the budget amendment at the work session.
- February 11, 2016, Council adopted Ordinance No. 1342 for the FY2016 Supplemental Appropriation No. 1 to the budget for the fiscal year commencing on the first day of July 2015 and ending on the thirtieth day of June 2016 in the amount of \$2,886,917.
- May 26, 2016, Council passed Ordinance No. 1352 in the first reading and advanced to second reading and public hearing.

DISCUSSION: The adoption of the budget by the City Council puts the budget into effect for the budget year July 1 through June 30. Amendments to the budget can occur anytime during the fiscal year through a supplemental budget ordinance, which is introduced at one Council meeting and typically adopted at the next Council meeting.

All new appropriations are authorized by an ordinance that amends the annual budget ordinance. An ordinance is required to move amounts between funds, departments and projects. An ordinance is

required to move funds, to add permanent personnel, or to grant unscheduled salary increases. The Supplemental Appropriation No. 2 is requesting the addition of \$3,767,357 to the adopted budget bringing the total amended budget to \$50,467,343 for FY2016.

The Supplemental Appropriation No. 2 is requesting an increase in non-capital funds in the amount of \$1,870,092 and an increase in capital funds in the amount of \$1,897,265. Of the \$1,870,092 increase for non-capital funds, 1,878,492 is related to the State of Alaska loan funds that were received by the Water Utility fund and transferred to the Water Capital Improvement fund for the Monashka Pump House project. The remaining non-capital funds are to correct a typo for an account classification related to the transfer to the Enhancement fund during Supplemental Appropriation No. 1, discounts recognized for health insurance, and necessary adjustments for unanticipated grant funds received, and additional funds for the new Compost Facility. Additions to capital projects included the transfer of the State of Alaska loan funds received related to the Monashka Pump House, grant funds received for the 2015 Federal Department of Justice grant, and adjustments for new vehicles to the vehicle replacement fund.

FINANCIAL IMPLICATIONS: All expense appropriations requested in Supplemental Appropriation No. 2 are funded by increased revenue sources, additional state and federal grant sources, and use of fund balances and transfers. The ordinance makes a number of changes in the FY2016 budget reflecting increased revenues and expenditures, new project and grant funding, and movement of funds to more accurately reflect current City operations. Details of funding sources and expenses have been submitted in the attachments.

LEGAL: The Kodiak City Charter and Kodiak City Code grant Council the authority to make appropriations and adopt and amend budgets as required.

STAFF RECOMMENDATION: Staff recommends Council adopt Ordinance No. 1352 after public hearing at the next regular or special Council meeting.

CITY MANAGER'S and DEPUTY CITY MANAGER'S COMMENTS: The City traditionally adopts one or more major budget amendments each fiscal year to make necessary adjustments to cover changes or additions to projects, to account for the receipt of additional revenues, and increased operating expenses. This ordinance is a final adjustment needed for the City's FY2016 budget. The ordinance and attachments detail the sections of the City's operating and capital budget that require changes. I recommend Council adopt Ordinance No. 1352 after public hearing.

ATTACHMENTS:

Attachment A: Ordinance 1352

Attachment B: Detail of supplemental budget No. 2

PROPOSED MOTION:

Move to adopt Ordinance No. 1352.

JUNE 9, 2016
Agenda Item IV. b. Memo Page 3 of 3

**CITY OF KODIAK
ORDINANCE NUMBER 1352**

**AN ORDINANCE OF THE COUNCIL OF THE CITY OF KODIAK ESTABLISHING
SUPPLEMENTAL APPROPRIATION NO. 2 TO THE BUDGET FOR THE FISCAL YEAR
COMMENCING ON THE FIRST DAY OF JULY 2015 AND ENDING ON THE THIRTIETH
DAY OF JUNE 2016**

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

Section 1: The following estimated revenues and expenditures are hereby appropriated for the corporate purposes and objects of the City of Kodiak for fiscal year 2016.

	GENERAL FUND				Final FY 2016 Budget
	Budget	Supplemental #1	Resolutions	Supplemental # 2	
Anticipated Revenues:					
Property Tax	\$ 1,003,500	\$ -	\$ -	\$ -	\$ 1,003,500
Sales Tax	12,027,500	-	-	-	12,027,500
Licenses and Permits	89,800	-	-	-	89,800
Intergovernmental	2,948,420	15,000	-	-	2,963,420
Charges for Services	1,660,317	-	-	-	1,660,317
Fines and Forfeitures	15,000	-	-	-	15,000
Interest Income	10,000	-	-	-	10,000
Rental Income	230,000	-	-	-	230,000
Other Revenues	22,000	-	-	322,384	344,384
Interfund Charges	1,198,832	-	-	11,577	1,210,409
Use of Fund Balance	3,346,341	973,880	-	(333,961)	3,986,260
Transfers In	-	-	-	-	-
Total Amended Revenues	\$ 22,551,710	\$ 988,880	\$ -	\$ -	\$ 23,540,590
Planned Expenditures:					
Legislative	\$ 296,454	\$ -	\$ -	\$ -	\$ 296,454
Legal	50,000	150,000	-	-	200,000
Executive	663,067	7,886	-	-	670,953
Emergency Preparedness	56,500	-	-	-	56,500
City Clerk	492,970	-	-	-	492,970
Finance	1,529,160	-	-	-	1,529,160
Police	6,868,059	57,738	-	-	6,925,797
Fire	2,208,736	8,475	-	-	2,217,211
Public Works	2,748,851	-	-	-	2,748,851
Engineering	294,070	-	-	-	294,070
Parks & Recreation	1,479,354	-	-	-	1,479,354
Library	1,044,680	-	-	-	1,044,680
Non-Departmental	658,790	24,267	-	-	683,057
Transfers	4,161,019	740,514	-	-	4,901,533
Total Amended Expenditures	\$ 22,551,710	\$ 988,880	\$ -	\$ -	\$ 23,540,590

SPECIAL REVENUE FUNDS

	Budget	Supplemental #1	Resolutions	Supplemental # 2	Final FY 2016 Budget
Anticipated Revenues:					
Tourism Development	\$ 189,500	\$ -			\$ 189,500
Disaster Administration	-	10,356			\$ 10,356
City Enhancement	-	748,400		(748,400)	\$ -
Total Amended Revenues	\$ 189,500	\$ 758,756	\$ -	\$ (748,400)	\$ 199,856
Planned Expenditures:					
Tourism Development	\$ 189,500	\$ -			\$ 189,500
Disaster Administration	-	10,356			\$ 10,356
City Enhancement	-	748,400		(748,400)	\$ -
Total Amended Expenditures	\$ 189,500	\$ 758,756	\$ -	\$ (748,400)	\$ 199,856

CAPITAL PROJECTS

	Budget	Supplemental #1	Resolutions	Supplemental # 2	Final FY 2016 Budget
Anticipated Revenues:					
300 General Capital Projects	\$ 20,000	\$ 289,281	\$ -	\$ 15,129	\$ 324,410
315 Vehicle Replacement Capital	171,019	-	-	3,644	174,663
301 Street Improvements	2,190,000	-	-	-	2,190,000
302 Building Improvements	1,000,000	-	-	-	1,000,000
305 Water Capital Fund	315,000	-	-	1,878,492	2,193,492
306 Sewer Capital Fund	235,000	250,000	-	-	485,000
307 Cargo Development Fund	-	-	655,000	-	655,000
308 Harbor Development	475,000	-	-	-	475,000
309 Parks & Recreation Fund	30,000	-	-	-	30,000
Total Amended Revenues	\$ 4,436,019	\$ 539,281	\$ 655,000	\$ 1,897,265	\$ 7,527,565
Planned Expenditures:					
300 General Capital Projects	\$ 20,000	\$ 289,281	\$ -	\$ 15,129	\$ 324,410
315 Vehicle Replacement Capital	171,019	-	-	3,644	174,663
301 Street Improvements	2,190,000	-	-	-	2,190,000
302 Building Improvements	1,000,000	-	-	-	1,000,000
305 Water Capital Fund	315,000	-	-	1,878,492	2,193,492
306 Sewer Capital Fund	235,000	250,000	-	-	485,000
307 Cargo Development Fund	-	-	655,000	-	655,000
308 Harbor Development	475,000	-	-	-	475,000
309 Parks & Recreation Fund	30,000	-	-	-	30,000
Total Amended Expenditures	\$ 4,436,019	\$ 539,281	\$ 655,000	\$ 1,897,265	\$ 7,527,565

ENTERPRISE FUNDS

	Budget	Supplemental #1	Resolutions	Supplemental # 2	Final FY 2016 Budget
Anticipated Revenues:					
Cargo Fund 500	\$ 1,051,529	\$ -	\$ 655,000	\$ -	\$ 1,706,529
Harbor Fund 510	3,605,033	-	-	-	3,605,033
Boat Yard/Lift 512	1,276,715	-	-	-	1,276,715
Electric Fund 515	616,590	-	-	-	616,590
Water Fund 550	3,338,046	-	-	2,193,492	5,531,538
Sewer Fund 570	4,570,353	350,000	-	425,000	5,345,353
Trident Basin Fund 580	305,454	-	-	-	305,454
E-911 Services	13,180	-	-	-	13,180
Total Amended Revenues	\$ 14,776,900	\$ 350,000	\$ 655,000	\$ 2,618,492	\$ 18,400,392
Planned Expenditures:					
Cargo Fund 500	\$ 1,051,529	\$ -	\$ 655,000	\$ -	\$ 1,706,529
Harbor Fund 510	3,605,033	-	-	-	3,605,033
Boat Yard/Lift 512	1,276,715	-	-	-	1,276,715
Electric Fund 515	616,590	-	-	-	616,590
Water Fund 550	3,338,046	-	-	2,193,492	5,531,538
Sewer Fund 570	4,570,353	350,000	-	425,000	5,345,353
Trident Basin Fund 580	305,454	-	-	-	305,454
E-911 Services	13,180	-	-	-	13,180
Total Amended Expenditures	\$ 14,776,900	\$ 350,000	\$ 655,000	\$ 2,618,492	\$ 18,400,392

INTERNAL SERVICE FUND

	Budget	Supplemental #1	Resolutions	Supplemental # 2	Final FY 2016 Budget
Anticipated Revenues:					
Self Insurance Fund	\$ 548,940	\$ -	\$ -	\$ -	\$ 548,940
Appropriation of Fund Balance	-	250,000	-	-	250,000
Total Amended Revenues	\$ 548,940	\$ 250,000	\$ -	\$ -	\$ 798,940
Planned Expenditures:					
Self Insurance Fund	\$ 548,940	\$ 250,000	\$ -	\$ -	\$ 798,940
Total Amended Expenditures	\$ 548,940	\$ 250,000	\$ -	\$ -	\$ 798,940
Total Revenues	\$ 42,503,069	\$ 2,886,917	\$ 1,310,000	\$ 3,767,357	\$ 50,467,343
Total Expenditures	\$ 42,503,069	\$ 2,886,917	\$ 1,310,000	\$ 3,767,357	\$ 50,467,343

Section 2: This ordinance shall be in full force and effect from and after its passage as required by law.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

First Reading: May 26, 2016

Second Reading:

Effective Date:

CITY OF KODIAK
FY 2016 Supplemental Budget

	Adopted Budget 2016	Capital Projects LTD	Resolutions FY 2016	Supplemental #1 2016	Supplemental # 2 2016	Total Budget 2016
Fund 100 General Fund						
REVENUES:						
310.100 Property Taxes	1,000,000					1,000,000
310.111 PILOT from KIHA	3,500					3,500
310.200 Sales Taxes	12,000,000					12,000,000
310.900 Penalty & Interest	27,500					27,500
320.000 License & Permits	89,800					89,800
330.100 PERS Relief	1,357,920					1,357,920
330.105 State Revenue Sharing	150,000					150,000
330.130 Fish Tax - Dept of Rev	1,283,000					1,283,000
330.131 Fish Tax - DCED (Shared Fish Tax)	75,000					75,000
330.140 Fuel Tax Sharing	7,500					7,500
330.150 Alcohol Beverage Sharing	20,000					20,000
330.160 Utility Revenue Sharing	45,000					45,000
330.300 State Grant Capital	10,000					10,000
330.325 Federal Grt - Operating	-			15,000		15,000
340.100 Boarding of Prisoners	991,552					991,552
340.110 State Trooper Comm Contract	78,750					78,750
340.120 Other Police Services	5,000					5,000
340.130 Police Protective Custody	2,000					2,000
340.210 Borough Animal Control Services	109,415					109,415
340.240 Borough Building Inspections	120,000					120,000
340.300 Ambulance Services	200,000					200,000
340.310 Fire Miscellaneous	5,000					5,000
340.405 School Lifeguard Services	15,000					15,000
340.405 Parks & Recreation Revenues	108,500					108,500
340.520 Library Revenue	15,900					15,900
340.545 Miscellaneous Service Charges	9,200					9,200
350.100 Fines & Forfeits	15,000					15,000
360.100 Interest on Investments	10,000					10,000
363.100 Rents & Royalties	230,000					230,000
375.600 Miscellaneous other	22,000					22,000
375.605 Insurance discounts received	-				322,384	322,384
380.100 Cargo Terminal Services	86,996					86,996
380.110 Boat Harbor Services	211,466					211,466
380.115 Boat Yard Service	59,651					59,651
380.118 Electric	38,864					38,864
380.120 Water Services	253,506					253,506
380.121 Sewer Services	268,048					268,048
380.125 Trident Basin	8,601					8,601
380.130 Tourism Services	45,150					45,150
380.150 Public Works	55,531				7,933	63,464
380.400 Vehicle Replacement	171,019				3,644	174,663
385.100 Approp. From Fund Balance	3,346,341			973,880	(333,961)	3,986,260
TOTAL REVENUES	22,551,710			988,880	-	23,540,590

EXPENDITURES:

Legislative	296,454					296,454
Legal	50,000			150,000		200,000
Executive	663,067			7,886		670,953
Emergency Preparedness	56,500					56,500
City Clerk - Clerk	324,210					324,210
City Clerk - Records	168,760					168,760
Finance	1,529,160					1,529,160
Police	6,868,059			57,738		6,925,797
Fire	2,208,736			8,475		2,217,211
Public Works	2,748,851					2,748,851
Engineering	294,070					294,070

CITY OF KODIAK
FY 2016 Supplemental Budget

	Adopted Budget 2016	Capital Projects LTD	Resolutions FY 2016	Supplemental #1 2016	Supplemental # 2 2016	Total Budget 2016
Parks & Recreation	1,479,354					1,479,354
Library	1,044,680					1,044,680
Non-Departmental	658,790			24,267		683,057
Transfers	4,161,019			740,514		4,901,533
TOTAL EXPENDITURES	22,551,710		-	988,880	-	23,540,590

Fund 251 Tourism Development

Revenues:						
Hotel/Motel Tax	170,500					170,500
Approp. From Fund Balance	19,000					19,000
Revenues:	189,500		-	-	-	189,500

Expenditures:	189,500			-		189,500
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Fund 298 Disaster Administration

Revenues:						
Revenues from AK Forestry Service	-			2,470		2,470
Transfer from General Fund	-			7,886		7,886
Revenues:	-		-	10,356	-	10,356

Expenditures:	-			10,356		10,356
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Fund 299 City Enhancement

Revenues:						
Interest on Investments	40,000					40,000
Rentals from others	66,800					66,800
Approp. From Fund Balance	(106,800)				(748,400)	(855,200)
Transfer from General Fund	-			748,400		748,400
Revenues:	-		-	748,400	(748,400)	-

Expenditures:	-			748,400	(748,400)	-
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Fund 300 General Capital Projects

Revenue:						
State Grants	-	381,472				381,472
Federal Grants	-	327,684		64,281	15,129	407,094
Approp. From Fund Balance	-	50,000				50,000
Transfer from General Fund	20,000	2,379,500				2,399,500
Transfer from Tourism Fund	-	25,000				25,000
Transfer from Insurance Fund	-			225,000		225,000
Transfer from Enhancement Fund		100,000				100,000
Transfer from Harbor Fund		20,000				20,000
Transfer from Land Development		70,000				70,000
Revenues:	20,000	3,353,656	-	289,281	15,129	3,678,066

Expenditures:						
4002 City Land Development		170,000				170,000
4009 Compr Records Management Prog		275,000				275,000
4013 Museum Building - Phase I		250,000				250,000
4015 Fire Station Upgrades		550,000				550,000
4028 Financial Software Upgrade		530,000				530,000
4029 E-911 Upgrade System		656,472				656,472
4030 Classification & Compensation Study		100,000				100,000
4035 Demolition of Old KPD & 1118 Mission		545,500				545,500
4039 Downtown Revitalization Project		175,000				175,000
4040 Assistance to Firefighters Grant		81,684				81,684
4041 City Website Development Project		20,000				20,000

CITY OF KODIAK
FY 2016 Supplemental Budget

	Adopted Budget 2016	Capital Projects LTD	Resolutions FY 2016	Supplemental #1 2016	Supplemental # 2 2016	Total Budget 2016
4042 Long Term Records Storage	20,000					20,000
4043 2015 SHSP Grant				64,281		64,281
4044 Storm Damage				225,000		225,000
4045 KPD DOJ Grant					15,129	15,129
Expenditures:	20,000	3,353,656	-	289,281	15,129	3,678,066

Fund 315 Vehicle Replacement Capital Fund

Revenue:						
Transfer from General Fund	171,019	272,580			3,644	447,243
Revenues:	171,019	272,580	-	-	3,644	447,243

Expenditures:						
4900 Vehicle Replacement Capital	171,019	272,580			3,644	447,243
Expenditures:	171,019	272,580	-	-	3,644	447,243

Fund 301 Street Improvement

Revenue:						
Interest on Investments	-	120,000				120,000
Approp. From Fund Balance	(450,000)	653,000				203,000
Transfer from General Fund	2,420,000	1,961,000				4,381,000
Transfer from Cargo Fund	-	5,000				5,000
Transfer from Shipyard Fund	-	11,000				11,000
Transfer from Water Fund 550	110,000	684,032				794,032
Transfer from Sewer Fund 570	110,000	99,000				209,000
Revenues:	2,190,000	3,533,032	-	-	-	5,723,032

Expenditures:						
5003 Annual Sidewalk/Curb	30,000	720,032				750,032
5025 Pavement Repairs	-	1,600,000				1,600,000
5030 Preliminary Design of Snow Dump Storage Yard	500,000	570,000				1,070,000
5031 Storm Drainage Repair on Shelikof	-	-				-
5032 Storm Drainage Repair on Simeonof	450,000	465,000				915,000
5033 Pillar-Mountain Waste Material Dump Site	-	60,000				60,000
5034 Public Works Rock for Maintenance	-	60,000				60,000
5035 SPCC Spill Prevention	-	58,000				58,000
5036 Mill Bay Road Rebuild	1,200,000	-				1,200,000
5037 Underground Storage Tank Inspection, Testing & Maintenance	10,000	-				10,000
Expenditures:	2,190,000	3,533,032	-	-	-	5,723,032

Fund 302 Building Improvement Fund

Revenues:						
Interest on Investments	-	1,185				1,185
State Grants	-	6,900,000				6,900,000
Local Funding - Pledges	-	750,000				750,000
Local Funding Grant	-	500,000				500,000
Other Local Funding	-	46,763				46,763
In-Kind City Owned Land	-	650,000				650,000
In-Kind Pre Development	-	85,000				85,000
Transfer from General Fund	1,000,000	1,110,000				2,110,000
Transfer from New Library Fund 255	-	5,424				5,424
Transfer from Enhancement Fund	-	2,510,000				2,510,000
Revenues:	1,000,000	12,558,372	-	-	-	13,558,372

CITY OF KODIAK
FY 2016 Supplemental Budget

	Adopted Budget 2016	Capital Projects LTD	Resolutions FY 2016	Supplemental #1 2016	Supplemental # 2 2016	Total Budget 2016
Expenditures:						
6012 New Library	-	12,448,372				12,448,372
6015 New Fire Station	1,000,000	110,000				1,110,000
Expenditures:	1,000,000	12,558,372	-	-	-	13,558,372

Fund 305 Water Capital

Revenues:						
Interest on Investments						
State Grants	-	13,541,547				13,541,547
Federal Grants	-	768,000				768,000
Approp. From Fund Balance	-	464,106				464,106
ADEC Drinking Loans	-	7,284,890			1,878,492	9,163,382
Water Sales Fee	-	-				-
Transfer from Water Fund 550	315,000	4,427,712				4,742,712
ADEC Clean Water Loans		341,930				341,930
Transfer from Sewer Fund 570		2,447,712				2,447,712
Transfer from Street Improvement Fund		78,000				78,000
Revenues:	315,000	29,353,897	-	-	1,878,492	31,547,389

Expenditures:						
7023 UV Water Treatment Facility Construction	-	6,859,589				6,859,589
7024 Utility Rate Study	-	96,000				96,000
7026 Aleutian Homes Water & Sewer Replacement Proj Phase V	-	10,001,792				10,001,792
7029 Monashka Pump House Feasibility Study	-	11,530,986			1,878,492	13,409,478
7031 Monashka Watershed Survey	-	250,000				250,000
7033 Pillar Creek Dam Spillway Repair Work	-	100,000				100,000
7036 Annual Electric Maintenance	50,000	50,000				100,000
7037 Aleutian Homes Water & Sewer Replacement Project: Phase VI	-	465,530				465,530
7038 Monashka Transmission Line	205,000					205,000
7039 Dam Safety	60,000					60,000
Expenditures:	315,000	29,353,897	-	-	1,878,492	31,547,389

Fund 306 Sewer Capital Fund

Revenues:						
Interest on Investments						
Charges for Sewer Sales (10%)	-	26,000				26,000
Approp. From Fund Balance	235,000	1,610,000		250,000		2,095,000
Sewer Sales Fee						-
Transfer from Sewer fund 570	-	6,000,000				6,000,000
Transfer from Water fund 550	-	1,200,000				1,200,000
Transfer from Street Improvement Fund 301	-	15,000				15,000
Revenues:	235,000	8,851,000	-	250,000	-	9,336,000

Expenditures:						
7508 Lift Station Electric (5)	-	26,000				26,000
7509 Upgrade Lift Station #1	175,000	1,050,000		250,000		1,475,000
7512 Aeration Basin Air Control System	-	150,000				150,000
7513 Inflow & Infiltration Repair materials	-	25,000				25,000
7514 Rehabilitate Press pump Station	-	400,000				400,000
7517 Bio Solid Management Project	-	7,200,000				7,200,000
7518 APDES Permit Renewal	60,000	-				60,000
Expenditures:	235,000	8,851,000	-	250,000	-	9,336,000

CITY OF KODIAK
FY 2016 Supplemental Budget

	Adopted Budget 2016	Capital Projects LTD	Resolutions FY 2016	Supplemental #1 2016	Supplemental # 2 2016	Total Budget 2016
Fund 307 Cargo Development Fund						
Revenues:						
State Grants	-	35,784,000				35,784,000
Transfer from Cargo Fund	-	2,240,000	655,000			2,895,000
Transfer from General Fund	-	100,000				100,000
Approp. From Fund Balance	-	847,700				847,700
Revenues:	-	38,971,700	655,000	-	-	39,626,700

Expenditures:						
8016 Pedestrian Access from Pier II	-	2,400,000				2,400,000
8017 Inspection Pier II and Inner Harbor Docks	-	85,700				85,700
8018 Security Improvements	-	50,000				50,000
8023 Pedestrian Pathway	-	384,000				384,000
8024 Pier III Replacement	-	36,052,000	655,000			36,707,000
Expenditures:	-	38,971,700	655,000	-	-	39,626,700

Fund 308 Harbor Development

Revenues:						
Interest on Investments						
State Grant	-	1,500,000				1,500,000
Approp. From Fund Balance	(25,000)	885,000				860,000
Transfer from General Fund	500,000	780,000				1,280,000
Transfer from Boat Harbor	-	1,000,000				1,000,000
Revenues:	475,000	4,165,000	-	-	-	4,640,000

Expenditures:						
8516 Float, Boat Launch, SPH	-	150,000				150,000
8517 Restrooms, Fisherman's Hall	-	200,000				200,000
8520 SHH Repairs	-	745,000				745,000
8521 Channel Transient Float/ Bull Rails	-	25,000				25,000
8523 Oscar's Dock Fender Pilling Replacement	-	45,000				45,000
8525 Channel Transient Float Replacement	-	3,000,000				3,000,000
8526 Oscar's Dock Electric	150,000	-				150,000
8527 Decking for Dock 1	100,000	-				100,000
8528 Security Cameras	25,000	-				25,000
8529 St Herman's Harbor Parking Improvements	200,000	-				200,000
Expenditures:	475,000	4,165,000	-	-	-	4,640,000

Fund 309 Parks & Rec Capital

Revenue:						
Interest on Investments						
State Grants	-	5,850,000				5,850,000
Local Grants	-	500,000				500,000
Approp. From Fund Balance	(20,000)	331,000				311,000
Transfer from Enhancement Fund	-	500,000				500,000
Transfer from General Fund	50,000	278,094				328,094
Revenues:	30,000	7,459,094	-	-	-	7,489,094

Expenditures:						
9001 Baranof Park Improvements (E&D)	(16,001)	7,015,000				6,998,999
9004 Playground Equipment & Improve		-				-
9007 Storage Building - Baranof Park	-	115,000				115,000

CITY OF KODIAK
FY 2016 Supplemental Budget

	Adopted Budget 2016	Capital Projects LTD	Resolutions FY 2016	Supplemental #1 2016	Supplemental # 2 2016	Total Budget 2016
9012 Baranof Baseball Field Improvements	-	48,094				48,094
9013 Major Park Maintenance	-	121,000				121,000
9014 Building Improvement (Weatherization)	-	50,000				50,000
9015 Skate Park Improvements	16,001	110,000				126,001
9016 Teen Center Floor Replacement	30,000	-				30,000
Expenditures:	30,000	7,459,094	-	-	-	7,489,094

Fund 500 Cargo Terminal

Revenue:						
PERS Relief	33,570					33,570
Dockage Pier III	130,000					130,000
Cruise Ship Revenues	70,000					70,000
Pier III Lease	280,500					280,500
Wharf	475,000					475,000
Interest on Investments	7,000					7,000
Warehouse Rental	202,500					202,500
Van Storage Rental	20,000					20,000
Other Miscellaneous Revenues	-				12,070	12,070
Approp. From Retained Earnings	(167,041)		655,000		(12,070)	475,889
Revenues:	1,051,529		655,000	-	-	1,706,529

Expenditures:						
Cargo Terminal Administration	385,120					385,120
Cargo Terminal Interfund Charges	123,103					123,103
Cargo Terminal Warehouse	42,000					42,000
Cargo Terminal Pier II	482,306					482,306
Cargo Terminal Pier III	19,000					19,000
Transfer	-		655,000			655,000
Expenditures:	1,051,529		655,000	-	-	1,706,529

Fund 510 Boat Harbor Fund

Revenue:						
PERS Relief	144,670					144,670
Dockage AMHS	65,000					65,000
Exclusive Moorage	1,240,000					1,240,000
Transient Moorage	525,000					525,000
Harbormaster Service	10,000					10,000
Gridiron Fees	15,000					15,000
Pier/Dock Fees	175,000					175,000
Used Oil Fees	15,000					15,000
Waiting List Fees	3,000					3,000
Trailer Parking Fees	35,000					35,000
Bulk Oil Sales/Charges	20,000					20,000
Gear Storage	50,000					50,000
Parking Meters	7,500					7,500
Launch Ramp Fees	19,000					19,000
Interest on Investments	14,000					14,000
Office Rent AMHS	16,500					16,500
Other Revenues	7,300				38,964	46,264
Harbor Services to Cargo	70,435					70,435
Harbor Services to Boat Yard						-
Harbor Services to Electric						-
Approp from Retained Earnings	1,172,628				(38,964)	1,133,664
Revenues:	3,605,033		-	-	-	3,605,033

Expenditures:						
Boat Harbor Administration	3,385,634					3,385,634
Boat Harbor Interfund	219,399					219,399

CITY OF KODIAK
FY 2016 Supplemental Budget

	Adopted Budget 2016	Capital Projects LTD	Resolutions FY 2016	Supplemental #1 2016	Supplemental # 2 2016	Total Budget 2016
Transfer to Harbor Capital Expenditures:	-					-
	3,605,033		-	-	-	3,605,033
Fund 512 Shipyard						
Revenues:						
PERS Relief	22,220					22,220
Customer Fees	693,000					693,000
Interest on Investments	1,000					1,000
Other Revenue	2,000				5,352	7,352
Approp from Retained Earnings	558,495				(5,352)	553,143
Revenues:	1,276,715		-	-	-	1,276,715
Expenditures:						
Yard Administration	1,180,957					1,180,957
Boat Yard Interfund	95,758					95,758
Expenditures:	1,276,715		-	-	-	1,276,715
Fund 515 Harbor Electrical						
Revenues:						
Non-Meter Charge	15,000					15,000
Customer Charge recurring	115,000					115,000
Connect/Disconnect fee	7,000					7,000
Energy Charge	530,000					530,000
Record Fee	1,000					1,000
HM Service	5,000					5,000
Interest on Investments	1,000					1,000
Approp from Retained Earnings	(57,410)					(57,410)
Transfer	-					-
Revenues:	616,590		-	-	-	616,590
Expenditures:						
Electric Utility Administration	563,042					563,042
Electric Utility Interfund	53,548					53,548
Expenditures:	616,590		-	-	-	616,590
Fund 550 Water Utility						
Revenues:						
PERS Relief	80,280					80,280
Water Sales Metered	1,900,000					1,900,000
Water Sales City	1,500,000					1,500,000
Water Sales Borough	1,000,000					1,000,000
Water Service Connections	15,000					15,000
Interest on Investments	2,000					2,000
Other Revenues	32,000				23,548	55,548
Approp From Retained Earnings	(1,191,234)			-	2,169,944	978,710
Revenues:	3,338,046		-	-	2,193,492	5,531,538
Expenditures:						
Water Utility Transfers	110,000					110,000
Water Utility	2,813,771					2,813,771
Water Treatment Plant	414,275					414,275
Transfer	-				2,193,492	2,193,492
Expenditures:	3,338,046		-	-	2,193,492	5,531,538
Fund 570 Sewer Utility						
Revenues:						
PERS Relief	138,190					138,190
Sewer Service Charges - City	2,500,000					2,500,000

CITY OF KODIAK
FY 2016 Supplemental Budget

	Adopted Budget 2016	Capital Projects LTD	Resolutions FY 2016	Supplemental #1 2016	Supplemental # 2 2016	Total Budget 2016
Sewer Service Charges - Outside	1,400,000					1,400,000
Sewer Connections	9,800					9,800
Septic Truck Discharge	62,000					62,000
Lab Testing Fee	23,000					23,000
Interest on Investments	4,000					4,000
Other Revenues	-				42,950	42,950
Approp From Retained Earnings	433,363			350,000	382,050	1,165,413
Revenues:	4,570,353		-	350,000	425,000	5,345,353
Expenditures:						
Sewer Utility Transfers	110,000				175,000	285,000
Sewer Utility	827,918					827,918
Wastewater Treatment Plant	3,632,435					3,632,435
Compost Facility				350,000	250,000	600,000
Expenditures:	4,570,353		-	350,000	425,000	5,345,353
Fund 580 Trident Basin						
Revenues:						
Trident Basin - Charges	13,000					13,000
Rentals from Others	33,300					33,300
Approp From Retained Earnings	259,154					259,154
Transfer from Trident Basin Capital Fund	-					-
Revenues:	305,454		-	-	-	305,454
Expenditures:	305,454					305,454
Fund 585 E-911 Services						
Revenues:						
PERS Relief	1,070					1,070
Customer Charges	36,700					36,700
Other Revenues - Discounts received	-				300	
Approp From Retained Earnings	(24,590)				(300)	(24,890)
Revenues:	13,180		-	-	-	12,880
Expenditures:	13,180		-	-	-	12,880
Fund 780 Self-Insurance						
Revenue:						
Interest on Investments	500					500
Insurance Refund/Reserve	40,000					40,000
Charges to General Fund	234,840					234,840
Charges to Trident Basin	11,690					11,690
Charges to Cargo Terminal	25,140					25,140
Charges to Boat Harbor	114,720					114,720
Charges to Boat Yard	19,840					19,840
Charges to Boat Electric	140					140
Charges to Water Utility	49,040					49,040
Charges to Sewer Utility	52,920					52,920
Charges to E-911	110					110
Approp Fund	-			250,000		250,000
Revenues:	548,940		-	250,000	-	798,940
Expenditures:						
Insurance Expenses	548,940			250,000		798,940
Expenditures:	548,940		-	250,000	-	798,940
Totals						
Non Capital Projects Revenue	38,067,050		-	655,000	2,347,636	1,870,092

**CITY OF KODIAK
FY 2016 Supplemental Budget**

	Adopted Budget 2016	Capital Projects LTD	Resolutions FY 2016	Supplemental #1 2016	Supplemental # 2 2016	Total Budget 2016
Non Capital projects Expenses	38,067,050	-	655,000	2,347,636	1,870,092	42,939,478
Capital Projects Revenue	4,436,019	108,518,331	655,000	539,281	1,897,265	116,045,896
Capital Projects Expenses	4,436,019	108,518,331	655,000	539,281	1,897,265	116,045,896
Total Revenues	42,503,069	108,518,331	1,310,000	2,886,917	3,767,357	158,985,374
Total Expenses	42,503,069	108,518,331	1,310,000	2,886,917	3,767,357	158,985,374
Total Non-Capital Projects for FY	38,067,050	-	655,000	2,347,636	1,870,092	42,939,478
Total Capital Projects for FY	4,436,019	108,518,331	655,000	539,281	1,897,265	116,045,896
	<u>\$ 42,503,069</u>		<u>\$ 1,310,000</u>	<u>\$ 2,886,917</u>	<u>\$ 3,767,357</u>	<u>\$ 158,985,374</u>

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Aimée Kniaziowski, City Manager *AK*
Thru: *KMM* Kelly Mayes, Finance Director and Mike Tvenge, Deputy City Manager *MT*
Date: June 9, 2016

Agenda Item: IV. c. Second Reading and Public Hearing, Ordinance No. 1353, Amending Schedules I, II, and III to the Personnel Rules and Regulations to Include a 2.38% Cost of Living Increase

SUMMARY: Ordinance No. 1353 provides for the adoption of a cost of living adjustment for all City full-time, part-time, and temporary employees and adjusts the pay scale per the Personnel Rules and Regulations handbook accordingly. The cost of living adjustment was calculated using a recent five-year average of the Anchorage, Alaska CPI-U index. The Anchorage CPI-U index is located on the State of Alaska, Department of Labor website. The latest five-year average calculates to a 2.38% increase and has been incorporated into the Fiscal Year 2017 budget.

PREVIOUS COUNCIL ACTION:

- Council gave direction during a work session to investigate the cost of living adjustment for the City staff.
- Staff investigated the cost of living adjustment and presented the findings to Council during a work session on April 12, 2016. The calculations provided have been included in Attachment B.
- On May 26, 2016, Council passed Ordinance No. 1353 in the first reading and advanced to second reading and public hearing.
- June 7, 2016, Council reviewed the ordinance at the scheduled work session.

DISCUSSION: The Finance Director investigated several alternatives to a cost of living adjustment for City staff. Based on the State of Alaska, Department of Labor website, the Finance Director calculated a five-year average based on the latest Anchorage CPI-U index to be 2.38% (Attachment B). The Finance Director then calculated the impact of the cost of living adjustment to the General Fund and to the Enterprise Funds, noting this would increase the General Fund by approximately \$293,568 and the Enterprise Funds by approximately \$97,438 for salaries and wages, including related benefits. These increases have been incorporated into the Fiscal Year 2017 budget.

ALTERNATIVES:

- 1) Adopt Ordinance No. 1353 after the public hearing. This is staff's recommendation.
- 2) Council may also amend Ordinance No. 1353.

FINANCIAL IMPLICATIONS:

JUNE 9, 2016
Agenda Item IV. c. Memo Page 1 of 2

Financial implications have been noted herein and is reflected in the FY2017 budget.

LEGAL:

The Kodiak City Charter and Kodiak City Code grant Council the authority to make appropriations and adopt and amend budgets as required.

STAFF RECOMMENDATION: Staff recommends Council adopt Ordinance No. 1353 after the public hearing.

ATTACHMENTS:

Attachment A: Ordinance No. 1353

Attachment B: Cost of Living Calculation and FY2017 Budget Implications

PROPOSED MOTION:

Move to adopt Ordinance No. 1353.

**CITY OF KODIAK
ORDINANCE NUMBER 1353**

**AN ORDINANCE OF THE COUNCIL OF THE CITY OF KODIAK AMENDING
SCHEDULES I, II, AND III TO THE PERSONNEL RULES AND REGULATIONS TO
INCLUDE A 2.38% COST OF LIVING INCREASE**

WHEREAS, the City of Kodiak adopted Ordinance No. 1307 on June 1, 2013, to amend the Personnel Rules and Regulations based on the Classification and Compensation study performed by Fox Lawson & Associates, and this ordinance defines regular merit increases and special merit increases; and

WHEREAS, based on section 4.06.1 and 4.06.2 of the Personnel Rules and Regulations, as defined by Ordinance No. 1307, a cost-of-living adjustment for all City employees and the City pay scale would not constitute a regular merit increase or special merit increase; and

WHEREAS, a cost-of-living adjustment is calculated to be 2.38% based on the most recent five-year average for Anchorage, Alaska CPI-U index; and

WHEREAS, this increase has been incorporated into the Fiscal Year 2017 budget presented to the Mayor and members of the City Council on May 7, 2016.

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

- Section 1:** A 2.38% cost-of-living adjustment will constitute an increase for all City full-time, part-time, and temporary positions who are actively employed on the first day of the pay period following the effective date of this ordinance, and
- Section 2:** The cost-of-living adjustment constitutes a one-time adjustment and will not be retroactively applied prior to the implementation date of this ordinance.
- Section 3:** A 2.38% increase to the salary structure and band, grade, and sub-grade placements shall be implemented on the first day of the pay period following the effective date of this ordinance for employees as follows:

Schedule I
General Annual Salary Structure

Regular Employees	Min to Max 50% Increase		
	Min to Mid 25% Increase		
	Mid to Max 20% Increase		
	DBM	Minimum	Midpoint
A11	\$ 32,159	\$ 40,198	\$ 48,237
A12	\$ 34,459	\$ 43,073	\$ 51,688
A13	\$ 36,759	\$ 45,948	\$ 55,138
B21	\$ 39,065	\$ 48,832	\$ 58,598
B22	\$ 41,366	\$ 51,707	\$ 62,048
B23	\$ 43,665	\$ 54,582	\$ 65,499
B24/B31	\$ 45,973	\$ 57,466	\$ 68,958
B25/B32	\$ 48,272	\$ 60,341	\$ 72,408
C41	\$ 52,879	\$ 66,099	\$ 79,319
C42	\$ 55,179	\$ 68,974	\$ 82,769
C43	\$ 57,479	\$ 71,849	\$ 86,219
C44/C51	\$ 59,786	\$ 74,732	\$ 89,679
C45/C52	\$ 62,086	\$ 77,608	\$ 93,129
D61	\$ 66,693	\$ 83,366	\$ 100,040
D62	\$ 68,993	\$ 86,241	\$ 103,490
D63	\$ 71,293	\$ 89,117	\$ 106,939
E81	\$ 80,507	\$ 100,633	\$ 120,760
E82	\$ 82,807	\$ 103,508	\$ 124,210
E83	\$ 85,106	\$ 106,383	\$ 127,660
E84	\$ 89,376	\$ 111,714	\$ 134,052

**Schedule II
General Per Hour Salary Structure**

2080 Hours Regular Employees	Min to Max 50% Increase		
	Min to Mid 25% Increase		
	Mid to Max 20% Increase		
	DBM	Minimum	Midpoint
A11	\$ 15.46	\$ 19.33	\$ 23.19
A12	\$ 16.57	\$ 20.71	\$ 24.85
A13	\$ 17.67	\$ 22.09	\$ 26.51
B21	\$ 18.78	\$ 23.48	\$ 28.17
B22	\$ 19.89	\$ 24.86	\$ 29.83
B23	\$ 20.99	\$ 26.24	\$ 31.49
B24/B31	\$ 22.10	\$ 27.63	\$ 33.15
B25/B32	\$ 23.21	\$ 29.01	\$ 34.81
C41	\$ 25.42	\$ 31.78	\$ 38.13
C42	\$ 26.53	\$ 33.16	\$ 39.79
C43	\$ 27.63	\$ 34.54	\$ 41.45
C44/C51	\$ 28.74	\$ 35.93	\$ 43.11
C45/C52	\$ 29.85	\$ 37.31	\$ 44.77
D61	\$ 32.06	\$ 40.08	\$ 48.10
D62	\$ 33.17	\$ 41.46	\$ 49.75
D63	\$ 34.28	\$ 42.84	\$ 51.41
E81	\$ 38.71	\$ 48.38	\$ 58.06
E82	\$ 39.81	\$ 49.76	\$ 59.72
E83	\$ 40.92	\$ 51.15	\$ 61.37
E84	\$ 42.97	\$ 53.71	\$ 64.45

Schedule III
Fire Department Employees on Platoon System Per Hour Salary Structure

2764 Hours Fire Department Employees	Min to Max 50% Increase		
	Min to Mid 25% Increase		
	Mid to Max 20% Increase		
	DBM	Minimum	Midpoint
A11	\$ 11.63	\$ 14.54	\$ 17.45
A12	\$ 12.47	\$ 15.58	\$ 18.70
A13	\$ 13.30	\$ 16.62	\$ 19.95
B21	\$ 14.13	\$ 17.67	\$ 21.20
B22	\$ 14.97	\$ 18.71	\$ 22.45
B23	\$ 15.80	\$ 19.75	\$ 23.70
B24/B31	\$ 16.63	\$ 20.79	\$ 24.95
B25/B32	\$ 17.46	\$ 21.83	\$ 26.20
C41	\$ 19.13	\$ 23.91	\$ 28.70
C42	\$ 19.96	\$ 24.95	\$ 29.95
C43	\$ 20.80	\$ 25.99	\$ 31.19
C44/C51	\$ 21.63	\$ 27.04	\$ 32.45
C45/C52	\$ 22.46	\$ 28.08	\$ 33.69
D61	\$ 24.13	\$ 30.16	\$ 36.19
D62	\$ 24.96	\$ 31.20	\$ 37.44
D63	\$ 25.79	\$ 32.24	\$ 38.69
E81	\$ 29.13	\$ 36.41	\$ 43.69
E82	\$ 29.96	\$ 37.45	\$ 44.94
E83	\$ 30.79	\$ 38.49	\$ 46.19

Section 4: A 2.38% cost of living increase shall be granted to the City Manager and City Clerk and shall be implemented on the first day of the pay period following the effective date of this ordinance.

Section 5: This ordinance shall be effective one month after its final passage and publication in accordance with Kodiak Charter Section 2-13.

Section 6: The City Clerk is hereby authorized and directed to make all corresponding amendments to the Personnel Rules and Regulations necessitated by these changes.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

First Reading: May 26, 2016
Second Reading & Public Hearing:
Effective Date:

FY 2017 Budget

	<u>Total Wages</u>	<u>TOTAL Benefits</u>	<u>Total Wages & Benefits</u>	COLA 5-yr Average based on Anchorage CPI = 2.38% Increase \$	<u>Total Wages & Benefits including COLA</u>
General Fund	5,581,657.30	6,753,121.96	12,334,779.26	293,567.75	12,628,347.00
Enterprise Funds	1,816,551.25	2,277,456.57	4,094,007.82	97,437.39	4,191,445.21
Totals	7,398,208.55	9,030,578.53	16,428,787.08	391,005.13	16,819,792.21


**State of Alaska - Dept of Labor and Workforce
Development Analysis**

Anchorage CPI	Year 2014	1.60%
Anchorage CPI	Year 2013	3.10%
Anchorage CPI	Year 2012	2.20%
Anchorage CPI	Year 2011	3.20%
Anchorage CPI	Year 2010	1.80%
	Average	2.38%

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NEW BUSINESS

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Aimée Kniazowski, City Manager 
Thru: Mark Kozak, Public Works Director
Date: June 9, 2016

Agenda Item: V. a. **Resolution No. 2016-17, Amending Section 14, Utilities (Water), of the Schedule of Fees and Charges and Authorizing Implementation of a Five-Year Rate Structure**

SUMMARY: CH2M has prepared several water and sewer rate studies for the City of Kodiak going back to 1982. In 2005 the Council adopted rate increases for both water and sewer based on a cost of service study completed by CH2M. In 2011 Council adopted a five year rate increase plan for water rates, with the last rate increase adopted in FY2016. In August 2015 Council authorized a water rate and cost of service study for the next five year period in order to evaluate system and capital improvement cost and to develop rates to cover revenue needs, and CH2M presented the rate study on April 26, 2016. Council approved the final report on May 26, 2016, and requested implementing option 3 from the study's recommendations. Staff recommends Council adopt the five year proposed rate increase for the water enterprise fund for FY2017-FY2021 by adopting Resolution No. 2016-17, which reflects their direction to reflect option 3 from the study.

PREVIOUS COUNCIL ACTION: The City has undertaken water and sewer rate studies at various times over the years and since 2005 has been on a five year cycle in order to assess system and capital improvement cost as well as revenue requirements.

- CH2MHILL completed a water and sewer rate study for the City of Kodiak in 1982.
- The City Public Works Department did an in-house rate evaluation in 1993.
- CH2MHILL did a complete cost of service study for both a water and sewer rate and new rates were approved by the Council in 2005.
- CH2MHILL completed another rate study for water and a single year for sewer in 2011 and Council approved the adoption of a five year rate plan for water and a single year rate increase for sewer in September 2011.
- CH2MHILL completed the sewer rate study and Council approved a five year rate plan in May 2014. The completion of sewer rate study was delayed until the composting construction cost estimates and operation cost could be determined.
- Council approved a Water Rate and Cost of Service study with CH2M in August 2015.
- CH2M presented the five year cost of service and water rate study to Council on April 26, 2016.
- Council formally approved the five year rate structure on May 26, 2016, and reviewed the resolution adopting the new rates at the work session on June 7, 2016.

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

The system consists of 52.4 miles of water distribution and transmission lines and 46.3 miles of sewer collection system. The system also has three reservoirs made up of nine dams and two pumphouses that pump water from the Monashka and Pillar creek reservoir systems. The water treatment plant includes a new UV Water Treatment plant, onsite chlorine generator facility and two 2.2 million gallon storage tanks for contact time of disinfectant.

The City of Kodiak’s water system is unique in that we experience large flow changes depending on the time of the year and the seafood processing industry needs. In 2015 daily flows in December were as low as 2.3 million gallons a day (MGD) and a high in March of 9.6 MGD. Not many public water systems see these kinds of extreme flow ranges. Another way to look at it is December 2015 was the lowest flow average for the year of 2.66 MGD; in March 2015 water usage averaged 8.22 MGD.

Given the City’s extensive infrastructure, regular rate studies are critical in keeping up with operation and maintenance costs and to have resources to plan for capital improvement of existing infrastructure.

In September 2004 the City Council authorized a cost of service and rate study for both water and sewer. Prior to that study the water and sewer rates had not changed in 11 years. With an aging infrastructure and new regulatory requirements it was necessary to evaluate revenue and expenses in relation to the needs of both the water and sewer enterprise funds. The cost of service study showed the distribution of cost throughout the system and how the cost was distributed amongst the rate payers.

In 2011 the Council adopted the last set of rates for the water utility that went through FY2016. That rate study evaluated only the operation and maintenance cost and capital improvement plan and then compared to the revenue stream needs to cover the expected cost.

It had been ten years since the last cost of service study was conducted, and staff recommended the full cost of service study be completed again. The result of the cost of service study is a more detailed analysis that shows how customer use affects the cost of the system. The cost of service study adds another layer of modeling, data collection, and analysis to the process.

The completed cost of service study shows the allocation of cost is very similar to the results of the study completed ten years ago. At the time of the 2004 study it was estimated that the unmetered customers (mostly residential homes) represented approximately 40 percent of the total cost and industrial users represent nearly 59 percent of the cost, the remaining 1 percent was allocated to metered commercial accounts. The current study indicates that approximately 38 percent of the total cost is unmetered customers and 58 percent is industrial users with the remaining amount allocated to metered

commercial users as explained in the 2016 City of Kodiak Water Rate Update: Financial Plan (section 4.4 pg. 4-18 Water System User Characteristic).

One of the key aspects of utility rates is to not only provide for the cost of operation and maintenance but just as important is to be taking care of the aging infrastructure. Within the existing water distribution system we have extensive rebuilding and replacement needs. The entire downtown water and sewer was replaced after the 1964 earthquake and tsunami, but there are several more phases to complete in the Aleutian Homes. In addition, most of the Mission Road system is from the 1950s or early 1960s. Over the last ten years there has been a significant increase in water main leaks in the service district area. These leaks are from completely deteriorated ductile iron pipe from the outside. These failures are widespread throughout the developed area and this will need continual attention as replacement or other repair options must be undertaken.

In addition, it is important that the financial plan be regularly reviewed to make sure revenues and expenses are tracking with the assumptions identified in the rate study. During the evaluation staff looked at potential changes within the fishing industry that may have an impact to water consumption by the processing industry. With the issue of Gulf of Alaska Trawl Bycatch Management currently being addressed by the North Pacific Fishery Management Council, and the unknown outcome or timeline for the decision-making process, it is difficult to know the effect it may have on the local processing industry.

Staff also contacted Alaska Groundfish Data Bank (AGDB) seeking information on the biological forecasts for the Pollock fisheries, which have a large amount of water consumption. Julie Bonney owner of AGDB provided an extremely informational short paper on the fisheries outlook for the next several years. The Pollock quota is extremely high at the present time, but is expected to start dropping off gradually after year 2017. However, there is concern over the lack of positive signal years beyond the 2012 year class. This leaves a significant question mark about the strength of the Pollock fisheries beyond the next three years.

In general the Pacific cod resource is expected to have a continual gradual reduction in quota to 2019. Beyond that it is not known what to expect.

The data provided by AGDB is extremely helpful in trying to evaluate the next five years. The information included historical landing data in millions of pounds landed on an annual basis. Year 2008 was the lowest poundage year since 2004. Staff was able to look at the industrial usage for calendar year 2008 (lower pounds landed) and it was 995 million gallons. In FY2015 total industrial usage was 1.02 billion gallons with record landings of over 556 million pounds. The lower total landing poundage did not have a significant impact on total water consumption by the industrial users. This creates difficulty in projecting the impacts that reductions to catch limits or potential regulatory changes might have on future water consumption.

With the rate and cost of service study completed, staff and CH2M evaluated and presented options to keep the water enterprise fund in a good position to deal with an aging infrastructure and increasing operation cost. The study indicates in order to keep the current capital improvement schedule as well as meet expected increase in cost, rate increases are needed.

ALTERNATIVES: Below are the primary options for adopting new rates over the next five year period that the study evaluated:

- 1) Adopt Resolution No. 2016–17, which will formally adopt option 3 of the study. This is consistent with Council direction and is staff’s recommendation. Staff believes the best option is number 3 in the Executive Summary for FY2017 through FY2021.
- 2) Amend, delay, or do not adopt Resolution No. 2016–17. This is not recommended because the City water enterprise fund must have adequate revenues to operate, maintain, and plan for needed infrastructure improvements in its very complex system.

FINANCIAL IMPLICATIONS: The adoption of Resolution No. 2016–17 for a five year water rate schedule will assure the Water Enterprise fund is meeting system operating cost, debt service, and capital improvement plan over the next five years and into the future. The FY2017 budget reflects an averaged increase in revenues to reflect the potential outcome of the recent rate and cost of service study.

It is important that the financial plan be regularly reviewed to ensure revenues and expenses are tracking with the assumptions identified in the rate study. As we looked at the next five years there are potentially some significant changes that may occur within the fishing industry that could change the way our fisheries operate. This makes it difficult to determine beyond about a three year window what impact any changes within the industry may have on water demand and consumption. The changes could have potentially significant impacts on water revenue.

LEGAL: N/A

STAFF RECOMMENDATION: Staff recommends Council adopt Resolution No. 2016–17, accepting the proposed five years of rate increases for the water system using option 3 as recommended in the Executive Summary of the 2016 Water Rate Final Report.

CITY MANAGER’S COMMENTS: We have an exceptionally complex water infrastructure. The system has ongoing need of repairs, scheduled upgrades, and replacement of elements as we’ve seen over the past ten years. We have or are planning to replace key components of the water system, which cost money and have operational cost implications. The best way to run this public utility is to routinely review rates to ensure expenses and capital needs are covered by ratepayers, and Council agrees as this

has been an ongoing budget goal. Council clearly supported option 3 in the current study and it is presented in the resolution. I recommend Council adopt Resolution No. 2016–17 after a public hearing.

ATTACHMENT:

Attachment A: Resolution No. 2016–17

Attachment B: Insert from Executive Summary from CH2M

PROPOSED MOTION:

Move to adopt Resolution No. 2016–17.

**CITY OF KODIAK
RESOLUTION NUMBER 2016-17**

A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK AMENDING SECTION 14, UTILITIES (WATER), OF THE SCHEDULE OF FEES AND CHARGES AND AUTHORIZING IMPLEMENTATION OF A FIVE-YEAR RATE STRUCTURE

WHEREAS, in 2015 the City contracted with CH2M to review and recommend an updated rate structure for the water system; and

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

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

WHEREAS, the Council of the City of Kodiak desires to amend water fees in Section 14 of the City's Schedule of Fees and Charges to sufficiently fund system costs; and

WHEREAS, the recommended rate structure has been reviewed and this resolution will adopt the first five years and that the rate study will be updated in fiscal year 2021; and

WHEREAS, at the April 26, 2016, work session the updated five-year rate study was presented to the Council; and

WHEREAS, at the May 26, 2016, regular meeting Council approved the 2016 Water Rate Final Report Prepared by CH2M and directed the City Manager to prepare a resolution for approval at a future meeting amending the City's Schedule of Fees and Charges to reflect rate Option 3; and

WHEREAS, at the June 9, 2016, regular meeting the Council held a public hearing on the proposed five-year rate structure.

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

BE IT FURTHER RESOLVED that the changes to the Schedule of Fees and Charges herein shall be effected on July 1, 2016, unless subsequently amended by the City Council.

BE IT FURTHER RESOLVED that Resolution No. 2011-35 is hereby repealed.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

Adopted:

**Water Fee Schedule Amendments
July 1, 2016**

City of Kodiak Water Fee Schedule, FY 2017-FY 2021	Existing		Projected					
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21		
Service Charge - Inside City								
Residential (no additional charge for home-based office/retail use)	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	
Residential Senior Citizen (primary residence)	\$27.62	\$27.62	\$27.62	\$27.62	\$27.62	\$27.62	\$27.62	
Apartments, per dwelling unit	\$49.78	\$49.78	\$49.78	\$49.78	\$49.78	\$49.78	\$49.78	
Auditorium/Theater, per facility	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	
Bakery, per business	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	
Bars, per business	\$200.41	\$200.41	\$200.41	\$200.41	\$200.41	\$200.41	\$200.41	
Beauty Shops/Barbershops/Animal Grooming								
per business/dwelling unit	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	
plus, per operator chair/tub	\$27.62	\$27.62	\$27.62	\$27.62	\$27.62	\$27.62	\$27.62	
Bed & Breakfast/Boarding House								
per business/dwelling unit	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	
plus, per each guest room	\$27.62	\$27.62	\$27.62	\$27.62	\$27.62	\$27.62	\$27.62	
Churches, per facility	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	
Construction, 1/2 the regular rate for the intended use of the building								
Day care facilities								
per business/dwelling unit	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	
plus, for each 5 persons or fraction thereof	\$13.81	\$13.81	\$13.81	\$13.81	\$13.81	\$13.81	\$13.81	
Dining facility/Café, per business	\$200.41	\$200.41	\$200.41	\$200.41	\$200.41	\$200.41	\$200.41	
Doctor's office, medical clinic, dentist								
per business	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	
plus, per exam room or dental chair	\$27.62	\$27.62	\$27.62	\$27.62	\$27.62	\$27.62	\$27.62	
Dry Cleaners, per business	\$200.41	\$200.41	\$200.41	\$200.41	\$200.41	\$200.41	\$200.41	
Gas Station/Auto Repair shops	\$200.41	\$200.41	\$200.41	\$200.41	\$200.41	\$200.41	\$200.41	
Hospital/Major care center, per bed, or applicable metered rate	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	
Hotel, motels								
per guest room without cooking facilities	\$27.62	\$27.62	\$27.62	\$27.62	\$27.62	\$27.62	\$27.62	
per guest room with cooking facilities	\$41.48	\$41.48	\$41.48	\$41.48	\$41.48	\$41.48	\$41.48	
Laundries and bath houses, per business	\$345.38	\$345.38	\$345.38	\$345.38	\$345.38	\$345.38	\$345.38	
Meat or produce/grocery store, per business	\$200.41	\$200.41	\$200.41	\$200.41	\$200.41	\$200.41	\$200.41	
Museums, per business	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	
Office/retail, per business	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	
Powerhouses, per business	\$345.38	\$345.38	\$345.38	\$345.38	\$345.38	\$345.38	\$345.38	
Rest home/Long Term care, per 2 beds or fraction thereof	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	
Schools, per 20 persons in daily attendance including staff, or metered rate	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	
Vacant rate, 1/2 the regular rate for the intended use of the building								
Vacant rate, non compliance fee	\$218.32	\$218.32	\$218.32	\$218.32	\$218.32	\$218.32	\$218.32	

**Water Fee Schedule Amendments
July 1, 2016**

	Existing		Projected				
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	
Service Charge - Inside City							
Warehouses, per business	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	
Metered Service Charge (\$/mo) - Inside City							
1 or 1 1/2"	\$68.88	\$68.88	\$68.88	\$68.88	\$68.88	\$68.88	
2"	\$68.88	\$68.88	\$68.88	\$68.88	\$68.88	\$68.88	
3"	\$129.02	\$129.02	\$129.02	\$129.02	\$134.36	\$141.09	
4"	\$214.83	\$214.83	\$214.83	\$214.83	\$222.97	\$234.16	
6"	\$429.86	\$429.86	\$429.86	\$429.86	\$444.50	\$466.83	
8"	\$688.01	\$688.01	\$688.01	\$688.01	\$710.33	\$746.03	
Volume Charge (\$/000 gallons) - Inside City							
Commercial	\$2.29	\$2.32	\$2.36	\$2.39	\$2.43	\$2.47	
Industrial	\$1.75	\$1.94	\$2.14	\$2.37	\$2.62	\$2.90	
Wholesale	\$1.85	\$1.87	\$1.91	\$1.93	\$1.96	\$2.00	

**Water Fee Schedule Amendments
July 1, 2016**

Service Charge - Outside City	Existing			Projected					
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21			
Residential (no additional charge for home-based office/retail use)	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	
Residential, Senior Citizen (primary residence)	\$33.14	\$33.14	\$33.14	\$33.14	\$33.14	\$33.14	\$33.14	\$33.14	
Apartments, per dwelling unit	\$59.83	\$59.83	\$59.83	\$59.83	\$59.83	\$59.83	\$59.83	\$59.83	
Auditorium/Theater, per facility	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	
Bakery, per business	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	
Bars, per business	\$240.36	\$240.36	\$240.36	\$240.36	\$240.36	\$240.36	\$240.36	\$240.36	
Beauty Shops/Barbershops/Animal Grooming									
per business/dwelling unit	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	
plus, per operator chair/tub	\$33.14	\$33.14	\$33.14	\$33.14	\$33.14	\$33.14	\$33.14	\$33.14	
Bed & Breakfast/Boarding House									
per business/dwelling unit	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	
plus, per each guest room	\$33.14	\$33.14	\$33.14	\$33.14	\$33.14	\$33.14	\$33.14	\$33.14	
Churches, per facility	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	
Construction, 1/2 the regular rate for the intended use of the building									
Day care facilities									
per business/dwelling unit	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	
plus, for each 5 persons or fraction thereof	\$16.57	\$16.57	\$16.57	\$16.57	\$16.57	\$16.57	\$16.57	\$16.57	
Dining facility/Cafe, per business	\$240.36	\$240.36	\$240.36	\$240.36	\$240.36	\$240.36	\$240.36	\$240.36	
Doctor's office, medical clinic, dentist									
per business	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	
plus, per exam room or dental chair	\$33.14	\$33.14	\$33.14	\$33.14	\$33.14	\$33.14	\$33.14	\$33.14	
Dry Cleaners, per business	\$240.36	\$240.36	\$240.36	\$240.36	\$240.36	\$240.36	\$240.36	\$240.36	
Gas Station/Auto Repair shops	\$240.36	\$240.36	\$240.36	\$240.36	\$240.36	\$240.36	\$240.36	\$240.36	
Hospital/Major care center, per bed, or applicable metered rate	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	
Hotel, motels									
per guest room without cooking facilities	\$33.14	\$33.14	\$33.14	\$33.14	\$33.14	\$33.14	\$33.14	\$33.14	
per guest room with cooking facilities	\$49.67	\$49.67	\$49.67	\$49.67	\$49.67	\$49.67	\$49.67	\$49.67	
Laundries and bath houses, per business	\$414.47	\$414.47	\$414.47	\$414.47	\$414.47	\$414.47	\$414.47	\$414.47	
Meat or produce/grocery store, per business	\$240.36	\$240.36	\$240.36	\$240.36	\$240.36	\$240.36	\$240.36	\$240.36	
Museums, per business	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	
Office/retail, per business	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	
Powerhouses, per business	\$414.47	\$414.47	\$414.47	\$414.47	\$414.47	\$414.47	\$414.47	\$414.47	
Rest home/Long Term care, per 2 beds or fraction thereof	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	
Schools, per 20 persons in daily attendance including staff, or metered rate	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	
Vacant rate, 1/2 the regular rate for the intended use of the building									
Vacant rate, non compliance fee	\$218.32	\$218.32	\$218.32	\$218.32	\$218.32	\$218.32	\$218.32	\$218.32	
Warehouses, per business	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	

**Water Fee Schedule Amendments
July 1, 2016**

	Existing FY 2015/16	FY 2016/17	FY 2017/18	Projected					
				FY 2018/19	FY 2019/20	FY 2020/21			
Service Charge - Outside City									
Metered Service Charge (\$/mo) - Outside City									
1 or 1 1/2"	\$82.62	\$82.62	\$82.62	\$82.62	\$82.62	\$82.62	\$82.62	\$82.62	\$82.62
2"	\$82.62	\$82.62	\$82.62	\$82.62	\$82.62	\$82.62	\$82.62	\$82.62	\$82.62
3"	\$154.89	\$154.89	\$154.89	\$154.89	\$154.89	\$161.23	\$161.23	\$169.31	\$169.31
4"	\$257.94	\$257.94	\$257.94	\$257.94	\$257.94	\$267.56	\$267.56	\$280.99	\$280.99
6"	\$516.00	\$516.00	\$516.00	\$516.00	\$516.00	\$533.40	\$533.40	\$560.20	\$560.20
8"	\$825.56	\$825.56	\$825.56	\$825.56	\$825.56	\$852.40	\$852.40	\$895.24	\$895.24
VFW/Landfill	\$181.76	\$181.76	\$181.76	\$181.76	\$181.76	\$181.76	\$181.76	\$181.76	\$181.76
Volume Charge (\$/000 gallons) - Outside City									
Commercial	\$2.85	\$2.85	\$2.85	\$2.85	\$2.87	\$2.92	\$2.92	\$2.96	\$2.96
VFW/Landfill	\$1.95	\$1.17	\$1.18	\$1.18	\$1.26	\$1.32	\$1.32	\$1.39	\$1.39
Wholesale	\$2.14	\$2.25	\$2.29	\$2.29	\$2.32	\$2.36	\$2.36	\$2.39	\$2.39

Executive Summary

Introduction

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. In addition, a cost of service analysis was conducted to determine the cost of providing service to each of the water system's customer classes. As part of the analysis, CH2M reviewed historical expenses and revenues associated with the utility as well as water consumption records by customer class.

Revenue Requirements

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 the additional revenues needed to cover the projected system costs.

Figure ES-1 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.

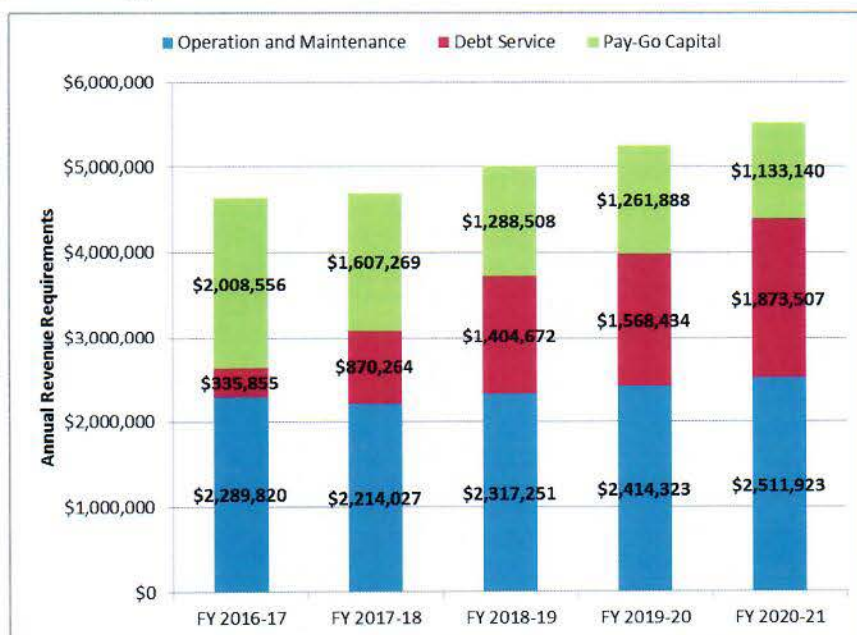


Figure ES-1. Total Revenue Requirements, FY 2017-FY 2021

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 to cover the projected debt service requirements on the anticipated bonds that would be issued to finance these improvements, and improvements that were assumed to be funded from current revenues or reserves. Table ES-1 presents the projected annual rate

revenue increases assuming the proposed increases were applied uniformly to all customer classes and rates.

Table ES-1. Projected Annual Rate Increases

Fiscal Year	Annual Water Increase
FY 2017	4.0%
FY 2018	4.0%
FY 2019	4.0%
FY 2020	5.0%
FY 2021	5.0%

Allocation of System Costs

A fundamental principle for developing an equitable system of user charges is to ensure that all users pay (through user charges or other fees) for their share of the total costs imposed on the system. A financial plan is used to determine annual costs and associated funding sources for a particular planning horizon (e.g., 5 to 10 years). The process of then allocating utility system costs to customer classes based on service demands is referred to as a cost of service analysis. This analysis generally includes the following steps:

- Allocate costs to system functions and service characteristics
- Analyze user characteristics
- Allocate costs to users in proportion to demands

The resulting total costs allocated to each customer class is their estimated cost of service. Rates can then be designed to generate revenues from the customers comprising each class approximately equal to their cost of service.

Table ES-2 presents the results of the cost of service analysis or projected cost of service by customer class over the 5-year projection period.

Table ES-2. Summary of Water System Cost by Customer Class

Customer Class	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Unmetered	\$1,813,325	\$1,841,108	\$1,971,397	\$2,068,614	\$2,182,139
Commercial-metered	\$129,251	\$131,476	\$140,907	\$147,907	\$156,114
Industrial-metered	\$2,689,305	\$2,716,556	\$2,895,529	\$3,025,408	\$3,177,456
VFW/Landfill	\$2,350	\$2,419	\$2,597	\$2,715	\$2,861
Total	\$4,634,231	\$4,691,559	\$5,010,430	\$5,244,645	\$5,518,570

Water Rate Design

Scenarios were developed using the City's existing rate structure which consists of a flat rate per equivalent service unit (ESU) for unmetered customers and fixed and variable charges for metered commercial and industrial customers. The scenarios presented in this section differ from the City's current rates in how they recover revenue from different customer classes and how much revenue is recovered from fixed vs. variable charges. Implementing changes to the City's rates that shift revenue

recovery among customer classes is always challenging. This is particularly true in the context of projected system-wide revenue increases, as the cumulative impacts may be significant for some customers.

The specific rate scenarios developed for this analysis are as follows:

- Option 1: Across-the-board rate increases
- Option 2: Cost of service rates
- Option 3: Phased cost of service rates
- Option 4: Alternative phased cost of service rates

All of the options are designed to generate the same amount of revenue for the water utility in each year – equal to the revenue requirements identified in the financial plan. The scenarios differ in how much revenue is recovered from each customer class and rate component. For each scenario, the charges per ESU for unmetered customers located inside and outside the City are presented (see Appendix C for ESU schedule), along with the ready to serve charge (i.e., the fixed charge per month that varies by meter size) and the volume charges for metered customers.

Figure ES-2 presents the monthly residential rate for inside city customers for each scenario. Option 1 would incorporate the system wide percentage increases presented previously in Table ES-1. Adopting Option 2 (Cost of Service) would result in an initial decrease in the monthly rate followed by steady increases each year. The phased approach (Option 3) would keep the residential monthly rate constant throughout the analysis period. Option 4 differs from Option 3 by introducing a 4.5 percent rate increase the last two year of the analysis.

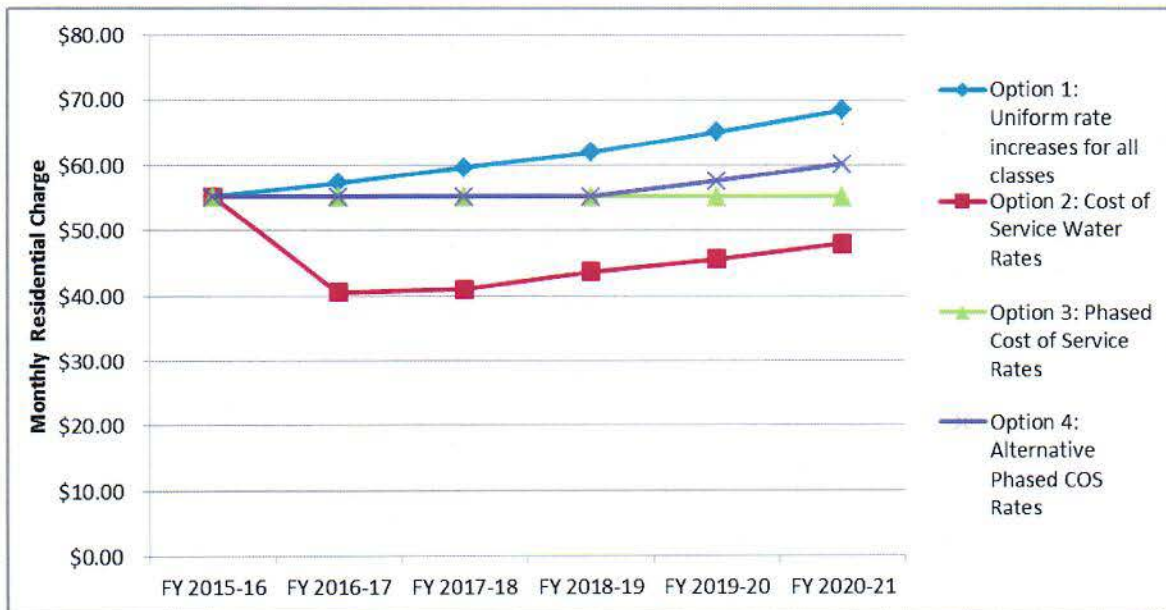


Figure ES-2. Monthly Residential Rate by Scenario

Figure ES-3 presents the industrial volume rate for each scenario. Option 1 would incorporate the system wide increases presented previously in Table ES-1. Adopting Option 2 (Cost of Service) would result in large increase in FY 2016/17 followed by steady increases each year. The phased approach (Option 3) would move the industrial rate closer to the cost of service rate more gradually over the analysis period, reducing the rate impact to the customers. Option 4 differs from Option 3 by lowering the rate increase the last two years of the analysis.

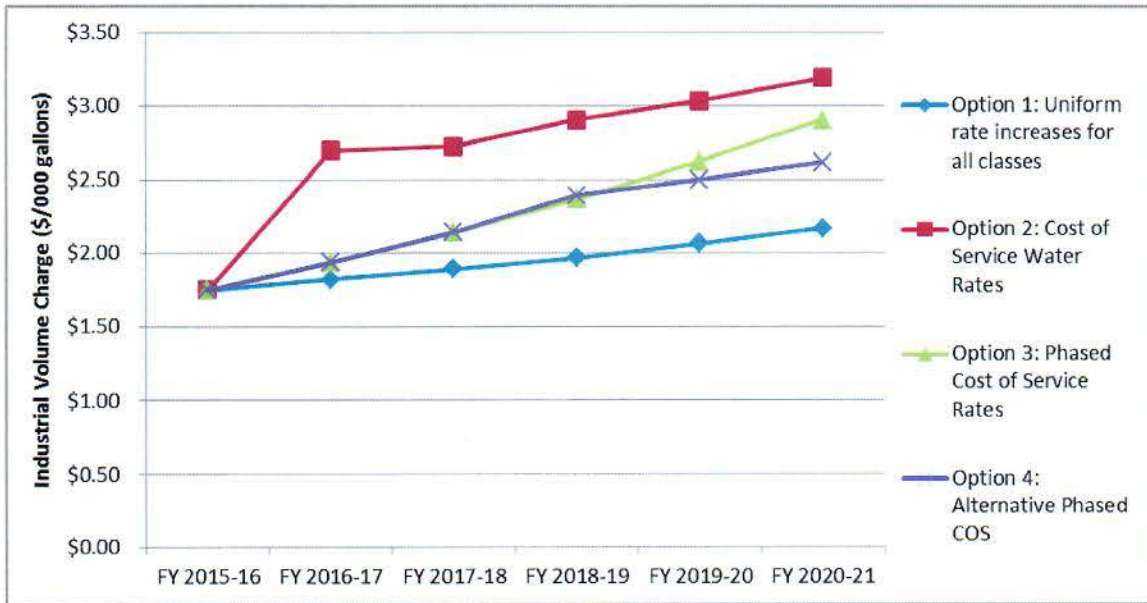


Figure ES-3. Industrial Volume Charge by Scenario

Figure ES-4 presents the revenue recovery by customer class for existing rates and for each of the rate options. The revenue recovery for the rate options is for FY2016/17. Revenue recovery for FY 2020/21 for Options 3 and 4 is also presented to illustrate the change in revenue recovery over time by implementing the phased cost of service approach. All of the rate options are designed to generate approximately \$4.6 million in rate revenue in FY 2016/17. Depending on the rate design option, revenue recovery shifts between the rate components and customer classes. For example, revenue recovered from unmetered customers’ ranges from about \$1.8 million under Option 2 to \$2.5 million under Option 1. For metered commercial and industrial customers, revenue recovery ranges from \$2.0 million under Option 1 to \$2.8 million under Option 2 (a 48% increase over existing rates).

It should be noted that the revenue recovery by customer class will vary from year to year as revenue requirements change.

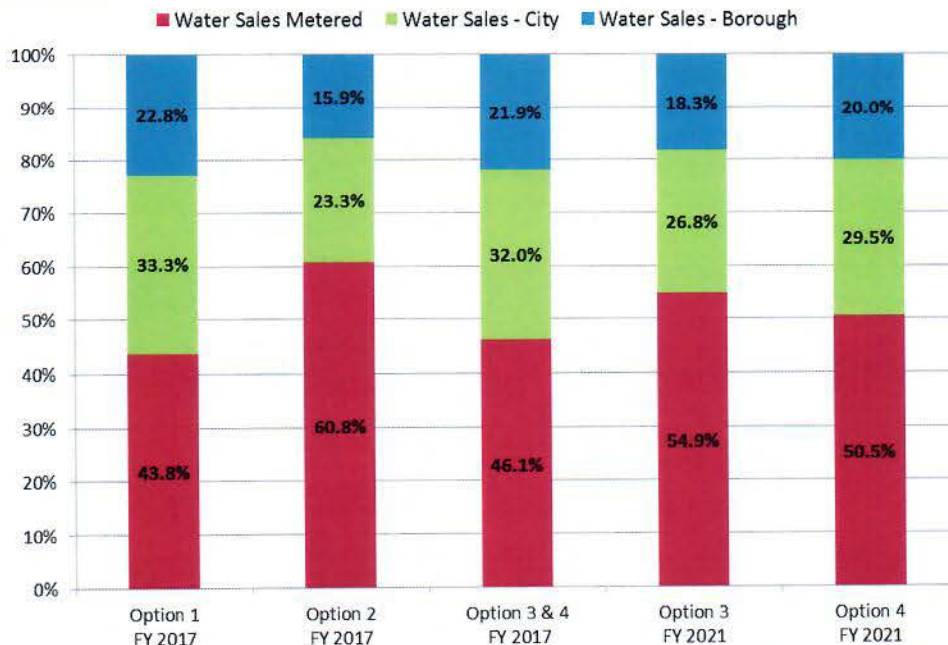


Figure ES-4. Revenue Recovery by Customer Class

Sample Monthly Water Bills

Sample bills under current rates and the three options are shown in Table ES-3 for FY 2016/17. The first rate increase is scheduled for FY 2016/17. Option 1 represents customer bills under a uniform rate increase scenario. Under the cost of service option (Option 2), bills for unmetered customers decrease dramatically while metered industrial customers experience very large increases. Bills for large users increase under each option because of the higher volume rates. Under the phased approach (Option 3 & 4), rates remain unchanged for unmetered customers and commercial metered accounts. Industrial customers would experience an increase of approximately 10 percent.

Table ES-3. Sample Water Bills

Customer Type	Monthly Water Consumption (000 gallons)	Existing Rate	Option 1	FY 2016/17 Option 2	Option 3 & 4
Sample Monthly Bill					
Residential-Inside City		\$55.23	\$57.44	\$40.67	\$55.23
Residential-Outside City		\$66.26	\$68.93	\$48.80	\$66.26
Commercial 2"	15	\$103.23	\$107.36	\$76.66	\$103.74
Commercial 4"	30	\$283.53	\$294.87	\$265.08	\$284.55
Industrial 6"	1,000	\$2,179.86	\$2,267.05	\$3,086.95	\$2,366.03
Industrial 8"	5,000	\$9,438.01	\$9,815.53	\$14,102.61	\$10,368.84
Percent Change from Existing					
Residential-Inside City			4%	-26%	0%
Residential-Outside City			4%	-26%	0%
Commercial 2"	15		4%	-26%	0%
Commercial 4"	30		4%	-7%	0%
Industrial 6"	1,000		4%	42%	9%
Industrial 8"	5,000		4%	49%	10%

Summary

Table ES-4 presents a summary of each option with the advantages/disadvantages of each rate option.

Table ES-4. Summary of Rate Design Options

Rate Design	Description	Advantage	Disadvantage
Option 1	Across the board increases	Easy to implement/explain; greater revenue stability	Equity; cost of service analysis supports a change in revenue recovery among customer classes
Option 2	Cost of service rates	Rate equity—recovers revenue in proportion to estimated system demands	Shifts revenue recovery to volume charge; less revenue stability; harder to explain; significant bill impacts to some users
Option 3	Phased cost of service rates	Phases in potentially significant impacts to some users; provides greater revenue stability than Option 2	Shifts more revenue recovery to volume charge; unmetered customers continue to subsidize metered customers

Table ES-4. Summary of Rate Design Options

Option 4	Alternative Phased cost of service rates	Phases in potentially significant impacts to some users; provides greater revenue stability than Option 2 & 3	Shifts more revenue recovery to volume change; unmetered customers continue to subsidize industrial customers; does not provide as much rate equity as Option 3
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Recommendations


Based on the study findings summarized in previous sections, the following recommendations are presented for the City's consideration:

- Implement rate increases presented in Section 5, Option 3 (phased cost of service) in the current fiscal year (FY2016/17) and for the remainder of the forecast period, so that the rates in FY 2020/21 approach each classes' cost of service. Option 3 was the scenario selected by the City Council during the April 26, 2016 work session.
- A proposed rate structure and projected rate increases under Option 3 for Inside City customers and Outside City customers are presented in Appendix C.
- Increase rates as needed in future years to meet the financial needs of the systems. The projected rate increases shown in Section 4, Option 3, are based on the best available data and assumptions developed by the City and CH2M HILL as of April 2016. CH2M HILL has no control over market conditions or bidding procedures and cannot warrant that actual financial results for the water utility will not vary from projections presented herein.
- Review financial plan regularly to ensure actual revenues and expenditures are tracking with the projections developed in this analysis. The City should review the financial plan annually and adjust the rates as needed to reflect current construction schedules and costs, conditions and assumptions.

Option 3: Phased Cost of Service

	Existing	Projected				
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Service Charge - Inside City						
Single Family, Vacant	\$27.62	\$27.62	\$27.62	\$27.62	\$27.62	\$27.62
Single Family, senior citizen	\$27.62	\$27.62	\$27.62	\$27.62	\$27.62	\$27.62
Single Family	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23
Multi-family, Vacant	\$24.89	\$24.89	\$24.89	\$24.89	\$24.89	\$24.89
Multi-family	\$49.78	\$49.78	\$49.78	\$49.78	\$49.78	\$49.78
Business, Vacant	\$27.62	\$27.62	\$27.62	\$27.62	\$27.62	\$27.62
Business 1	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23	\$55.23
Business 2	\$200.41	\$200.41	\$200.41	\$200.41	\$200.41	\$200.41
Business 3	\$345.38	\$345.38	\$345.38	\$345.38	\$345.38	\$345.38
Service Charge - Outside City						
Single Family, Vacant	\$33.14	\$33.14	\$33.14	\$33.14	\$33.14	\$33.14
Single Family, senior citizen	\$33.14	\$33.14	\$33.14	\$33.14	\$33.14	\$33.14
Single Family	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26
Multi-family, Vacant	\$29.92	\$29.92	\$29.92	\$29.92	\$29.92	\$29.92
Multi-family	\$59.83	\$59.83	\$59.83	\$59.83	\$59.83	\$59.83
Business, Vacant	\$33.14	\$33.14	\$33.14	\$33.14	\$33.14	\$33.14
Business 1	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26	\$66.26
Business 2	\$240.36	\$240.36	\$240.36	\$240.36	\$240.36	\$240.36
Business 3	\$414.47	\$414.47	\$414.47	\$414.47	\$414.47	\$414.47
Meter Charge - Inside City						
1-2"	\$68.88	\$68.88	\$68.88	\$68.88	\$68.88	\$68.88
3"	\$129.02	\$129.02	\$129.02	\$129.02	\$134.36	\$141.09
4"	\$214.83	\$214.83	\$214.83	\$214.83	\$222.97	\$234.16
6"	\$429.86	\$429.86	\$429.86	\$429.86	\$444.50	\$466.83
8"	\$688.01	\$688.01	\$688.01	\$688.01	\$710.33	\$746.03
Meter Charge - Outside City						
1-2"	\$82.62	\$82.62	\$82.62	\$82.62	\$82.62	\$82.62
VFW	\$181.76	\$181.76	\$181.76	\$181.76	\$181.76	\$181.76
Volume Charge						
Commercial	\$2.29	\$2.32	\$2.36	\$2.39	\$2.43	\$2.47
Industrial	\$1.75	\$1.94	\$2.14	\$2.37	\$2.62	\$2.90
VFW/Landfill	\$1.95	\$1.17	\$1.18	\$1.26	\$1.32	\$1.39

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Aimée Kniazowski, City Manager 
Thru: Lon White, Harbormaster
Date: June 9, 2016

Agenda Item: V. b. **Resolution No. 2016–18, Authorizing a Three-Year Extension of the Lease of Space in the St. Herman Harbor Office to the Kodiak Maritime Museum**

SUMMARY: The City Council has provided office space at the St. Herman Harbor support building to the Kodiak Maritime Museum at no cost since 2002. The same office space is shared with Harbor staff who work in St. Herman Harbor. Additionally, the building houses the St. Herman Harbor maintenance shop and public restrooms. Extension of this office use agreement for three years through June 2019 has been requested by the Museum. Staff recommends Council approve the requested lease extension by adopting Resolution No. 2016–18.

PREVIOUS COUNCIL ACTION: Council has approved office use agreements with the Maritime Museum since 2002.

DISCUSSION: The City Council has approved the lease of office space in the St. Herman Harbor support building by the Kodiak Maritime Museum since 2002. The Museum has requested an extension to the agreement for three years for the use of the space. Neither the City nor the Maritime Museum is proposing a change in terms or conditions of the agreement. It should be noted that use of the building by the Maritime Museum is not the only use. In addition to the office space, which is shared with harbor staff working in St. Herman Harbor, the building also contains public restrooms and the Harbor’s maintenance shop for St. Herman Harbor.

ALTERNATIVES:

- 1) Adopt Resolution No. 2016–18, approving the lease extension for the requested three years, which is staff’s recommendation.
- 2) Do not authorize the lease extension, which would require the Museum to find another facility.
- 3) Council could authorize the lease extension but for a shorter term than requested.

LEGAL: The City attorney reviewed the lease and acknowledges Council can approve a three year lease extension by resolution. The attorney wrote the resolution as well.

STAFF RECOMMENDATION: Staff recommends Council adopt Resolution No. 2016–18, which will authorize the Kodiak Maritime Museum’s request to renew their office use agreement for three years through June 2019 for the use of office space in the St. Herman Harbor support building.

CITY MANAGER’S COMMENTS: The City has provided a no-cost use of office space in the St. Herman Harbor building to the Maritime Museum since 2002. The Museum has made regular requests for extensions to the lease agreement and Council has approved the extensions on a year-to-year basis since 2004. I support the Harbormaster’s recommendation in support of the Museum’s request for an extension to the agreement through June 2019. The lease can be terminated with 30 days notice by either party. Therefore, I recommend Council adopt the attached resolution.

ATTACHMENTS:

Attachment A: Resolution No. 2016–18

Attachment B: Kodiak Maritime Museum lease extension agreement

Attachment C: Kodiak Maritime Museum Request for lease extension, dated April 28, 2016

PROPOSED MOTION:

Move to adopt Resolution No. 2016–18.

**CITY OF KODIAK
RESOLUTION NUMBER 2016-18**

A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK AUTHORIZING A THREE-YEAR EXTENSION OF THE LEASE OF SPACE IN THE ST. HERMAN HARBOR OFFICE TO THE KODIAK MARITIME MUSEUM

WHEREAS, the City entered into a lease dated May 10, 2002 to lease space in the St. Herman Harbor Office to the Kodiak Maritime Museum; and

WHEREAS, since the expiration of the initial term, the lease has been extended from year to year; and

WHEREAS, the Kodiak Maritime Museum has requested that the lease now be extended for a three-year term, expiring June 30, 2019.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, that the Lease Extension Agreement between the City and the Kodiak Maritime Museum that now is before this meeting is hereby approved, the City Manager is authorized to execute and deliver the Lease Extension Agreement, and from and after the execution and delivery of said document, the City Manager hereby is authorized, empowered and directed to do all acts and things and to execute all documents as may be necessary to carry out and comply with the provisions of the Agreement as executed.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

Adopted:

**LEASE EXTENSION AGREEMENT
CITY OF KODIAK AND KODIAK MARITIME MUSEUM**

THIS LEASE, initially made the 10th day of May 2002, by and between the CITY OF KODIAK, an Alaska municipal corporation, herein referred to as “Lessor,” and Kodiak Maritime Museum, herein referred to as “Lessee,” provides as follows:

1. Leased Premises. Upon the terms and conditions herein set forth and subject to the prompt payment and performance by Lessee of each and every sum and other obligation herein-after referred to, the Lessor does hereby lease, let, and demise to the Lessee, and the Lessee does hereby lease from the Lessor the following described premises: St. Herman Harbor Office space at 500 Alimaq Drive (formerly Dog Salmon Bay Road) comprising approximately 200 square feet. The leased premises is hereinafter referred to as the “Site.”

2. Term. This Lease shall be extended and continue in effect from July 1, 2016, through June 30, 2019, provided, however, that either party shall have the right to cancel this Lease upon thirty (30) days written notice in advance of the date of such cancellation, such notice to be by certified mail sent to the usual mailing address of the party to be notified.

3. Rental. Lessor agrees to provide the space at no cost.

4. Conditions of Lease. The premises shall be used solely as an office for the Kodiak Maritime Museum

5. Improvements. Lessee is not authorized to make any structural improvements to the Site without the written consent of the Lessor.

6. Maintenance. Except as otherwise specifically provided herein, the Lessee shall, at all times and at its sole expense, keep and maintain the premises in good repair, and in neat, orderly, and sightly condition.

7. Insurance. (a) Workers’ Compensation Insurance. The Lessee shall maintain Workers’ Compensation insurance, if applicable, which shall contain an express waiver of any right of subrogation against City.

(b) Public Liability Insurance. The Lessee shall maintain Public Liability Insurance with a minimum of \$1,000,000 per occurrence and/or aggregate combined single limit, personal injury, bodily injury, and property damage.

(c) Additional Insured. The following shall be listed as Additional Insureds: “The City of Kodiak, including all elected and appointed officials, all employees and volunteers, all boards, commissions and/or authorities and their board members, employees, and volunteers. This coverage shall be primary to the City of Kodiak and not contributing with any other insurance or similar protection available to the City of Kodiak, whether other available coverage be primary, contributing, or excess.”

(d) Indemnification. To the fullest extent permitted by law, Lessee agrees to defend, indemnify and hold harmless the City of Kodiak, its elected and appointed officials, employees, and volunteers against any and all liabilities, claims, demands, lawsuits, or losses, including costs

and attorney fees incurred in defense thereof, arising out of or in any way connected or associated with this Lease.

(e) Notice of Cancellation Required. Sixty (60) days Notice of Cancellation or Change, Non-Renewal, Reduction and/or Materials Change shall be sent to: City Clerk, 710 Mill Bay Road, Kodiak, AK 99615.

(f) Evidence of Coverage Required. Lessee shall provide to the City of Kodiak at the time that the lease is presented to the City for execution, certificates of insurance acceptable to the City of Kodiak as listed below:

One (1) copy of Certificate of Public Liability Insurance

One (1) copy of Workers' Compensation Insurance

(g) Continuation of Coverage. If the above coverage expires during the term of this Lease, Lessee shall deliver renewal certificates and/or policies to the City of Kodiak at least ten (10) days prior to the expiration date. Lessee shall not commence with operations under this agreement until they have obtained the coverage required under the terms of this agreement. All coverage shall be with insurance carriers licensed and admitted to do business in the State of Alaska. All coverage shall be with carriers acceptable to the City of Kodiak. If Lessee fails to comply with the insurance requirements of this agreement, the City of Kodiak may terminate the agreement on ten (10) day's written notice. Lessee covenants to maintain all insurance policies required in this agreement for the period of time in which a person may commence a civil action as prescribed by the applicable statute of limitations. The coverage required by this agreement shall cover all claims arising in connection with Lessee's use under this agreement, whether or not asserted during the term of this agreement and even though judicial proceedings may not be commenced until after this agreement expires.

8. Condition of Site. The Lessee takes the Site in its present condition; and the Lessor shall have no responsibility for its condition or for any damage suffered by the Lessee or any other person due to such conditions.

9. Assignment and Subleasing. Lessee may not assign or sublease the premises, either in whole or in any portion, without prior written permission signed by the city manager and approved by the council. Approved subleases shall be in writing and subject to the terms and conditions of the original lease.

10. Default and Re-Entry. If Lessee fails to cure any default of the conditions of this Lease within thirty (30) days after written notice thereof by Lessor, or in the event insolvency proceedings should be instituted by or against Lessee, then Lessor may terminate the Lease as of such date and re-enter the premises and remove all property there from and Lessee shall remain liable for the payment of rental to the extent provided by law.

11. Applicable Law. Lessee shall, at all times, in its use and occupancy of the premises and in the conduct of its operations thereon, comply with all applicable federal, state, and local laws, ordinances, and regulations.

IN WITNESS WHEREOF, the parties executed this instrument the day and month first above written.

CITY OF KODIAK

LESSEE/KODIAK MARITIME MUSEUM

Aimée Kniazowski, City Manager

Attest:

Witness:

Debra L. Marlar, City Clerk



KODIAK MARITIME MUSEUM

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

April 28, 2016

Kodiak City Clerk
710 Mill Bay Rd.
Room 216
Kodiak, AK 99615



Re: Kodiak Maritime Museum Office Lease

Dear Mayor Branson and City Council Members:

The Kodiak Maritime Museum greatly appreciates the City Council’s continued support of our museum through the in-kind granting of city-owned office space in the St. Herman Harbor building on Alimaq Drive on Near Island.

The use of this office space is essential to the museum as we work to recognize, preserve, and interpret Kodiak’s maritime heritage. Your generosity is an example of the high degree of local support which non-profit entities such as Kodiak Maritime Museum receive from the City. We would not be able to operate without this office space.

We have made good use of this office space this year, with programs such as the Harbor Lights Festival, Kodiak King Crab Fishery Portrait Series, and our continuing efforts to move the *Thelma C* Project forward.


We therefore request an extension of our office lease for three years, through the 2019 fiscal year.

Sincerely,

Toby Sullivan
Director

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MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Aimée Kniazowski, City Manager 
Thru: Mark Kozak, Public Works Director, and Glenn Melvin PE, City Engineer
Date: June 9, 2016

Agenda Item: V. c. **Authorization of Bid Award for Annual Sidewalk, Curb, and Gutter Repairs, Project No. 17-01/ 5003**

SUMMARY: Annually the City issues bids for the repair and replacement of damaged sections of sidewalk, curb, and gutters at various locations throughout the City. Actual quantities of each bid item will vary in response to need and approved FY2017 budget. The Bid was advertised on April 25 and opened on May 26, 2016. Three bids were received. Staff recommends Council authorize the bid award to Unitemp Mechanical Insulation LLC, the low bidder, in the amount of \$54,488.

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

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

The project runs from July 1, 2016, through June 30, 2017. Areas of work are identified and then given to the contractor for repair or replacement. This project has evolved into the current format in order to reduce the amount of engineering, design and survey required. As staff becomes aware of areas that need repair or replacement, the work is coordinated with the contractor. Work is then laid out in the field with the contractor and performed on a unit price basis.

The project went out to bid in April and bids were opened on May 26th. Three bids were received. The bid results are summarized below and complete bid tabulation is attached (Attachment A).

Belarde Custom Concrete.	\$70,630
AIM Maintenance	\$55,010
Unitemp Mechanical Insulation LLC	\$54,488
Public Works Director Estimate	\$64,460

ALTERNATIVES:

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

FINANCIAL IMPLICATIONS: There is approximately \$75,000 available in the Street Improvement Capital Fund, Annual Sidewalk, Curb, and Gutter project number 5003, which is adequate to approve this bid award.

LEGAL: N/A

STAFF RECOMMENDATION: Staff recommends Council award the Annual Sidewalk Curb and Gutter Project, Project No. 17-01/5003 to Unitemp Mechanical Insulation LLC in the amount of \$54,488, with funds coming from the Street Improvement Capital Fund, Annual Sidewalk, Curb, and Gutter project, Project No. 5003.

CITY MANAGER'S COMMENTS: Maintenance of the City's sidewalks and curbs are important to keep Kodiak looking well maintained and to provide safe walking surfaces to users. Therefore, I support staff's recommendation to award the annual sidewalk, curb, and gutter bid to Unitemp Mechanical Insulation LLC as the lowest bidder.

ATTACHMENTS:

Attachment A: Bid Tabulation Sheet.

PROPOSED MOTION:

Move to authorize the bid award for the annual sidewalk, curb, and gutter project to Unitemp Mechanical Insulation LLC in the amount of \$54,488 with funds coming from the Street Improvement Capital Fund, Annual Sidewalk Curb and Gutter Project, Project No. 17-01/5003 and authorize the City Manager to execute the award documents on behalf of the City.


**Bid Tab****2016 Sidewalk, Curb and Gutter****PN 17-01****Bid Date: Thursday, May 26, 2016**

Bid Item	Description	Quantity	Units	Engineers Estimate	Unitemp Mechanical Insulation LLC	AIM Maintenance	Belarde Custom Concrete Company				
1	Removal of Sidewalk	2350	square foot	\$2.00	\$4,700.00	\$2.00	\$4,700.00	\$4.00	\$9,400.00		
2	Removal of curb and gutter	480	linear foot	\$12.00	\$5,760.00	\$11.10	\$5,328.00	\$11.00	\$5,280.00	\$14.00	\$6,720.00
3	Curb and gutter	480	linear foot	\$50.00	\$24,000.00	\$46.00	\$22,080.00	\$46.00	\$22,080.00	\$58.00	\$27,840.00
4	PCC Sidewalk	240	square yard	\$100.00	\$24,000.00	\$73.25	\$17,580.00	\$75.00	\$18,000.00	\$88.00	\$21,120.00
5	PCC Curb Ramp	30	square yard	\$120.00	\$3,600.00	\$98.00	\$2,940.00	\$100.00	\$3,000.00	\$110.00	\$3,300.00
6	Detectable Warnings	30	square foot	\$80.00	\$2,400.00	\$62.00	\$1,860.00	\$65.00	\$1,950.00	\$75.00	\$2,250.00
Grand Total				\$64,460.00	\$54,488.00	\$55,010.00	\$70,630.00	9			

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MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Aimée Kniaziowski, City Manager 

Date: June 9, 2016

Agenda Item: V. d. **Authorization of Marketing and Tourism Development Agreement With Discover Kodiak**

SUMMARY: Council has authorized agreements with the Kodiak Island Convention and Visitors Bureau, known as Discover Kodiak, to provide marketing and tourism outreach for Kodiak since FY2009. This Council action will approve the agreement for FY2017, although Discover Kodiak is requesting a three year contract with annual payments based on audited, not budgeted revenues. Due to the FY2017 budget direction from Council to maintain a status quo budget and the complexity of this request (including possible Code amendments), staff reflected the rollover amount of \$108,000 in the FY2017 budget.

PREVIOUS COUNCIL ACTION:

- July 22, 2010, Council authorized the FY2011 Destination Marketing and Tourism Development Program Agreement in the amount of \$90,000
- June 23, 2011, Council authorized the FY2012 program agreement in the amount of \$100,000
- June 21, 2012, Council authorized the FY2013 program agreement in the amount of \$90,000
- May 9, 2013, Council authorized the FY2014 program agreement in the amount of \$90,000
- March 25, 2014, Discover Kodiak made a presentation to Council regarding their request for \$100,000 in funding for FY2015
- June 12, 2014, Council approved the FY2015 contract for \$100,000
- May 26, 2015, Discover Kodiak made their FY2016 request for funding at \$108,000
- June 11, 2015, Council approved additional funding in FY2016 budget
- Discover Kodiak's Executive Director attended several Council meetings to provide a report of work accomplished and to request a three year contract based on 65 percent of the previous year's collected bed tax
- May 7, 2016, staff presented the proposed FY2017 budget to Council which reflected the carryover contract amount of \$108,000 for Discover Kodiak
- Council reviewed the budget at the work session on May 24, 2016, and passed the budget Ordinance No. 1351 in the first reading on May 26, 2016. The budget included the carryover amount of \$108,000 for Discover Kodiak.

DISCUSSION: The City has participated in a community-based tourism development program managed by the Kodiak Island Convention and Visitors Bureau, known as Discover Kodiak, for many

JUNE 9, 2016

Agenda Item V. d. Memo Page 1 of 4

years. Funding support from the City of Kodiak and the Kodiak Island Borough has been used to establish a marketing and tourism development program that benefits the City of Kodiak and the Kodiak region.

The City and the Borough agree that economic development and diversification are important aspects of a sustainable economy for Kodiak. Tourism is an important aspect of that diversification, and Discover Kodiak has worked to expand and promote tourism in the region. They have been successful in promoting Kodiak to vacationers and other visitors. Discover Kodiak requested and was approved for \$108,000 in funding from the City for FY2016 to provide the contracted services and help fund a new trails kiosk project. This was \$8,000 above what was funded in the FY2015 budget to be used to produce a new trails kiosk, which Council supported at previous discussions in May and June.

Chastity McCarthy, the Executive Director of Discover Kodiak, made several presentations of her proposal to Council starting with the budget process in January. She described the funding request which includes a three year contract based on 65 percent of the previous year's tourism fund revenues (audited). The proposal will require a Code change if approved and will provide Discover Kodiak with an additional \$14,393 for a total of \$122,393. This would affect the fund balance and other uses for revenues from the fund. Based on initial Council budget direction and the complexity of the request, staff prepared a proposed one year contract for the same amount that was provided in FY2016 (Attachment A). The Financial Implications section contains more detailed information.

ALTERNATIVES: Council may authorize the FY2017 agreement with Discover Kodiak for \$108,000 as presented in the FY2017 budget, may decide not to authorize the agreement, or decide to amend the agreement. Staff recommends Council authorize the agreement as presented because it is consistent with Council direction and intent to date and because the request as presented would require additional Code changes and put some funding limits on the Tourism Fund.

FINANCIAL IMPLICATIONS: The FY2017 budget reflects an expenditure of \$108,000 for this contracted service in the Tourism Development Fund.

The proposed contract from Discover Kodiak allows for a flat percentage of bed tax revenues for the next three years. The proposed percentage equals 65 percent of the most recent prior year audited bed tax revenues.

Per Chapter 3.08.25, the tourism fund shall be spent based on the following: 70 percent or less to a Council approved tourism program; 20 percent or more for tourism enhancement projects (development of which shall be solely at the Council's discretion); and 10 percent for administration of the bed tax funds. The City allocates all sales tax revenues, including bed tax revenues, based on the upcoming year's budgeted revenues.

Based on the percentage breakdown in Chapter 3.08.25 for the Tourism Fund, FY2017 and FY2016 budgeted revenues were \$170,500, therefore, \$119,350 (i.e. 70 percent) is for the Council approved tourism program; \$34,100 (i.e. 20 percent) for Council directed tourism enhancement projects; and \$17,050 (i.e. 10 percent) for administration. Therefore, 65 percent of audited revenues would exceed the 70 percent allocation for the Council approved tourism program. The most recent City audit was for the FY2015 year. Audited bed tax revenues for FY2015 were approximately \$212,228. The proposed contract of 65 percent of \$212,228 would equal approximately \$148,560, which exceeds the budgeted 70 percent allocation of \$119,350 by \$29,210. In addition, the FY2016 audited revenues will not be completed until December 2016, approximately six months in to the new fiscal year.

Per a recent work session discussion, Discover Kodiak also noted a request for approximately \$123,000 rather than the 65 percent proposed in the contract. It should be noted that anything greater than 70 percent of budgeted revenues (i.e. \$119,350), regardless if this is a flat amount or flat percentage, would require a change to the City Code.

Based on this information noted, for Council to approve the proposed agreement from Discover Kodiak, the City code relating to this section would need to be changed to reflect the appropriate percentages as the proposed contract amount exceeds 70 percent of budgeted revenues. The City Code would also need to be updated to reflect the most recent year audited revenues to be utilized for calculations rather than the standard practice of budgeted revenues.

The Tourism Fund has been budgeted for a deficit for FY2016 and FY2017 of \$19,000. The current FY2016 deficit as of 6/2/2016 is approximately \$15,700. The current Tourism Fund balance is approximately \$389,175. If this fund continues to operate at a deficit balance, the fund balance will consistently decrease year over year.

It should also be noted that the Chamber of Commerce also receives \$7,000 annually from the Tourism fund for annual litter patrol. In addition, Council approved two nonprofit grant awards, the Alutiiq Museum and the Maritime Museum, a total of approximately \$9,620, with Tourism Fund monies during FY2016. All other expenses for the Tourism Fund are for beautification costs and administrative costs.

STAFF RECOMMENDATION: Staff recommends Council approve the FY2017 Marketing and Tourism Development Agreement with Discover Kodiak in the amount previously supported by Council of \$108,000, with funds coming from the Tourism Development Fund.

CITY MANAGER'S COMMENTS: The City realizes that economic development and diversification are keys to a sustainable economy for Kodiak. Council has identified economic development as one of its budget goals for several years now. With financial support from the Borough and the City, Discover Kodiak works to promote Kodiak as a visitor destination. This group is successful and works effectively to draw visitor business to Kodiak. However, as mentioned above the Discover Kodiak request is

complex and would require alteration to the Tourism Fund as it currently stands. Therefore, I recommend Council approve the agreement for one year at \$108,000 for FY2017.

ATTACHMENTS:

Attachment A: Marketing and Tourism Development Agreement, FY2016-2017

Attachment B: Discover Kodiak's Proposal

Attachment C: Discover Kodiak's Letter of Request

PROPOSED MOTION:

Move to authorize the FY2017 Marketing and Tourism Development Agreement No. 222510 with Discover Kodiak in the amount of \$108,000, with funds coming from the Special Revenue Funds, Tourism Development Fund, Tourism, Administration, Contributions account and authorize the City Manager to sign the agreement on behalf of the City.

**MARKETING AND
TOURISM DEVELOPMENT PROGRAM
AGREEMENT NO. 222510**

THIS AGREEMENT is entered into by and between the City of Kodiak, Alaska, (City) and Discover Kodiak (CVB) for the purpose of setting forth the terms and conditions pursuant to which the CVB will be contracted to provide destination marketing and tourism development activities for the City of Kodiak.

Section 1. INTENT OF AGREEMENT. The CVB is hereby contracted to provide a Board of Directors, which will serve as a policy making body for the CVB and will employ a minimum of one full time equivalent employee (FTE) to focus on destination marketing and tourism development for the City of Kodiak.

Section 2. SCOPE OF WORK. The CVB's executive director (ED) will be hired by and work at the direction of the Board of Directors and the (ED) will hire and manage necessary staff to carry out the following tasks:

- a. Produce marketing materials, including the Discover Kodiak Visitor Guide.
- b. Provide information about the City of Kodiak to the traveling public.
- c. Maintain and staff the Kodiak Visitor Center.
- d. Keep the City Council and community at large informed about the results of the CVB's marketing efforts and the state of the local tourism industry.
- e. Work with the Alaska Travel Industry Association (ATIA) and other statewide tourism marketing organizations to ensure that the City of Kodiak is represented in their ongoing national and international marketing programs.
- f. Continue development of the www.kodiak.org website to improve its usability and visibility to visitors, potential businesses, and residents.
- g. Work with the City of Kodiak to determine the role tourism does and can play in the community's economy.
- h. Participate in the Comprehensive Economic Development Strategy committee to foster an understanding of the tourism industry and opportunities and challenges facing the industry.
- i. Work with the Kodiak Chamber of Commerce to transform the visitor industry into a significant component of the City of Kodiak's economy.
- j. Work with the Kodiak Chamber of Commerce, the Kodiak Island Borough School District, Kodiak College, Kodiak Native organizations, and others to encourage entrepreneurship and assist small business development in the tourism industry.
- k. Explore new employment and business opportunities related to the Kodiak tourism industry.
- 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 travel media.
- m. Work with the airline industry and the Alaska Marine Highway System to maintain and improve access for visitors to Kodiak.
- n. Attend travel trade show to promote Kodiak to travel agents and consumers.
- o. Expand advertising and marketing specific to the Kodiak Convention Center.

A minimum of four DISCOVER KODIAK Board of Directors meetings will be held during the term of this Agreement for the purpose of maintaining Board input and guiding the efforts of the CVB. A report of all marketing activities of the CVB will be submitted to the City Manager quarterly and a report will be submitted/presented to the Kodiak City Council annually.

Section 3. TERM. This agreement will remain in effect July 1, 2016, through June 30, 2017, unless earlier terminated. Either party shall have the right to terminate the agreement without penalty upon one month's written notice to the other.

Section 4. COMPENSATION. As compensation for all services rendered under this agreement, contractor shall be paid \$108,000 by the City of Kodiak. Said compensation shall be paid in equal installments of \$27,000 on the second Friday of July and October 2016, and January and April 2017.

IN WITNESS WHEREOF the parties have executed this Agreement on this ____ day of _____, 2016.

CITY OF KODIAK

DISCOVER KODIAK

Aimée Kniazowski, City Manager

Chastity McCarthy, Discover Kodiak Director

Attest:

Debra Marlar, City Clerk

Organization Overview

Discover Kodiak is a scope of work contractor for the City of Kodiak. Our organization reports to a nine member board of directors. The organization began in 1985 and promotes the entire geographic area of Kodiak Island, Alaska. Our major focus is the leisure traveler with a high percentage of our visitors coming for fishing and/or bear viewing. We also reach out to the media as well as convention and meeting planners.

The most recent research on Kodiak Island visitors and non-visitors can be found by requesting a copy of our annual report. Attractions in the destination include a historical downtown, six surrounding villages, and a beautiful, scenic outdoor haven. The region is often referred to as Alaska untamed. More information about Discover Kodiak can be obtained at our website www.kodiak.org.

Historical Funds 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. This ordinance was placed regarding the overnight stays.

3.08.010 Levy of sales tax

(a) A sales tax of 12 percent of the rental charge, consisting of a levy of 5% in addition to the general sales tax levy of seven percent levied under subsection (b) of this section, is levied on all transient room rentals within the city. This sales tax will also be known as the “bed tax.”

(c) Five-twelfths of the sales taxes collected under KCC [3.08.010\(a\)](#) shall be allocated to a separate fund or account to be appropriated and utilized solely for increased development of the tourist industry, and is to be allocated as follows:

- (1) Seventy percent or less to a council-approved tourism program;*
- (2) Twenty percent or more for tourism enhancement projects, such as beautification within the city, development of which shall be solely at the council’s discretion; and*
- (3) Ten percent for the administrative costs associated with such programs.*

Currently, Discover Kodiak does a yearly request for the City Bed Tax funds based on scope of work, quarterly reporting, upcoming projects, etc.

Discover Kodiak believes that allocating a certain percentage of the bed tax funds to our organization promotes a stronger incentive to keep driving for bed tax and eliminates much of the political process that often wastes bureau resources.

We typically receive about 50% of the yearly produced bed tax funds (only the 5% of levied sales).

Purpose & Services Required

***highlighted on contract below.**

DESTINATION MARKETING & TOURISM DEVELOPMENT PROGRAM AGREEMENT

THIS AGREEMENT is entered into by and between the City of Kodiak, Alaska, (City) and the Kodiak Island Convention and Visitors Bureau (contractor) for the purpose of setting forth the terms and conditions pursuant to which the CVB shall be contracted to provide destination marketing and tourism development activities for the City of Kodiak.

Section 1. INTENT OF AGREEMENT. The CVB is hereby contracted to provide a Board of Directors, which will serve as the policy making body for the CVB and will employ a minimum of one full time equivalent employee (FTE) to focus on destination marketing and tourism development for the City of Kodiak.

Section 2. SCOPE OF WORK. The CVB's executive director (ED) will be hired by and work at the direction of the Board of Directors and the (ED) will hire and manage necessary staff to carry out the following tasks:

- a. Produce marketing materials, including the Discover Kodiak Visitor Guide.
- b. Provide information about the City of Kodiak to the traveling public.
- c. Maintain and staff the Kodiak Visitor Center.
- 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.
- e. Work with the Alaska Travel Industry Association (ATIA) and other statewide marketing organizations to ensure that the City of Kodiak is represented in their ongoing national and international marketing programs.
- f. Continue development of the www.kodiak.org website to improve usability and visibility to visitors, potential businesses, and residents.
- g. Work with the City of Kodiak to determine the role tourism does and can play in the communities economy.
- h. Participate in the Comprehensive Economy Development Strategy committee to foster an understanding of the tourism industry and opportunities and challenges facing the industry.
- i. Work with the Kodiak Chamber of Commerce to transform the visitor industry into a significant component of the City of Kodiak's economy.
- j. Work with Kodiak College, the Kodiak Island Borough School District, Kodiak Area Native organizations, and other organizations to encourage entrepreneurship and assist small business development in the visitor industry
- k. Explore new employment and business opportunities related to the Kodiak visitor industry
- l. Develop a travel press kit to be available on the kodiak.org website, develop a distribution plan for the kit to a variety of travel media.

- m. Work with the airline industry and the Alaska Marine Highway System to maintain and improve access for visitors to Kodiak.
- n. Attend travel trade show to promote Kodiak to travel agents and consumers.
- o. Expand advertising and marketing specific to the Kodiak Convention Center.

A minimum of four Marketing Committee (Board of Directors) meetings will be scheduled during the term of this Agreement for the purpose of maintaining committee input and guiding the efforts of the CVB. A report of all marketing activities of the contractor will be submitted to the City Manager on a quarterly basis and a report will be submitted/presented to the Kodiak City Council annually.

Section 3. TERM. This agreement will remain in effect July 1, 2016 through June 30, 2019, unless earlier terminated. This is a three year contract. Either party shall have the right to terminate the agreement without penalty upon one month's written notice to the other.

Section 4. COMPENSATION. As compensation for all services rendered under this agreement, the CVB shall be paid 65% of the previous years bed tax revenue by the City of Kodiak. Said compensation shall be paid in equal installments of \$_____ on the second Friday of July and October, and January and April of each said year.

From: Chastity McCarthy [director@kodiak.org]
Sent: Friday, October 02, 2015 3:58 PM
To: Kniazowski, Aimee
Cc: Marlar, Debra; Branson, Pat; Bishop, Randall; Haines, Terry; Davidson, Charles; Saravia, Gabriel; Walker, Rich; jwiddon@city.kodiak.ak.us
Subject: Discover Kodiak Proposal
Attachments: bedtaxcontract.docx

Categories: Council Agenda Items

Mayor Branson, Manager Kniazowski & City Council,

Discover Kodiak would like to be placed on the agenda for the City to discuss a rotating contract based on the previous years earned bed tax revenue. We feel this could ensure Discover Kodiak's funding at a sustainable level, based on the work we put in, and also provide us with further incentive to drive tourism to the City. Furthermore, this eliminates Discover Kodiak's unnecessary involvement in council politics and budgeting, freeing up more resources to our organization.

Please see the attached proposal from Discover Kodiak.


Chastity

Chastity McCarthy
Executive Director
Discover Kodiak
100 Marine Way, Suite 200
Kodiak, AK 99615
(907) 486-4782
(907)486-6545 fax
www.kodiak.org

Discover Kodiak's mission is to promote sustainable development of the tourism industry throughout Kodiak Island Borough, thereby increasing economic opportunities, jobs and local tax revenues.

 Please consider the environment before printing this email.

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Aimée Kniazowski, City Manager 
Thru: Ronda Wallace, Chief of Police, and Mike Tvenge, Deputy City Manager 
Date: June 9, 2016 

Agenda Item: V. e. Authorization of FY2017 Special Services Contract with Alaska Department of Public Safety

SUMMARY: The Alaska Department of Public Safety (DPS) requests the renewal of its contract with the City to provide services, which support the mission and operations of the Alaska State Troopers (AST) and Alaska Wildlife Troopers (AWT) in Kodiak. In exchange for providing these services, DPS will compensate the City \$78,750 for FY2017, which is the same amount as the FY2016 agreement. Staff recommends Council authorize the FY2017 Special Services Contract with the Alaska Department of Public Safety.

PREVIOUS COUNCIL ACTION: Council approved this contract in FY2016, and has approved annual contracts for more than fifteen years.

DISCUSSION: The Alaska Department of Public Safety has contracted with the City to provide support services to Kodiak based Alaska State Troopers for over fifteen years.

If Council approves this contract, the City will provide the following services:

1. Dispatch service and support to AST working in vehicles, vessels, and foot or in aircraft during emergencies for up to 48-consecutive hours.
 - a. Emergencies are defined as those instances where natural or manmade disasters have disabled AST dispatch capabilities.
 - b. In the event the City is required to provide more than 48-consecutive hours of dispatch service to AST, the City shall be reimbursed for the costs of services at a rate of \$24.43 per hour.
2. Provide administrative support to AST by processing, filing, recording, entering into/deleting from the Alaska Public Safety Information Network (APSIN)/National Crime Information Center (NCIC) database, and returning to the court all process relative to Kodiak Police Department cases, investigations and business.
3. Provide field support to AST, by serving in the corporate limits of the City of Kodiak, court process relative to Kodiak Police Department cases, investigations, and business.

4. Provide one correctional transport officer or one police officer, to transport and guard prisoners appearing in the Kodiak Court.

ALTERNATIVES:

- 1) Council may approve this contract in which case continuity of operations with essential criminal justice services, i.e. process service, and prisoner guarding and transportation shall be maintained. Staff believes it is in the best interest of public safety in Kodiak.
- 2) Council may choose not to approve this contract. If this contract is not approved AST will be responsible for providing these services. The Department does not have the local resources to do this. Staff's assessment is this would be contrary to the interest of public safety.

FINANCIAL IMPLICATIONS: The City's FY2017 budget reflects \$78,750 in revenue for this contract. Staff does not foresee any financial implications to the City, and under the terms of FY2017 contract, staff believes the City will be adequately compensated for the services KPD will be obligated to provide.

LEGAL: N/A

STAFF RECOMMENDATION: Staff recommends Council authorize the FY2017 Special Services Contract with the Alaska Department of Public Safety for \$78,750.

CITY MANAGER'S COMMENTS: The City has contracted these services with the Alaska State Troopers to support their operations in Kodiak for over fifteen years. The FY2017 contract contains the same terms and funding level as the one approved last year. The Chief believes the services are manageable and worthwhile to both the City and Alaska State Troopers. I support staff's recommendation and ask Council to authorize me to sign the contract for FY2017.

ATTACHMENTS:

Attachment A: Alaska Department of Public Safety Contract for Special Services FY2017

PROPOSED MOTION:

Move to authorize the FY2017 Special Services Contract with the Alaska Department of Public Safety, Division of Alaska State Troopers in the amount of \$78,750 and authorize the City Manager to sign the contract on behalf of the City.

**ALASKA DEPARTMENT OF PUBLIC SAFETY
CONTRACT FOR SPECIAL SERVICES**

July 1, 2016 to June 30, 2017

GENERAL PROVISIONS

The parties. The parties to this contract are the Alaska Department of Public Safety (hereinafter referred to as the “Department”) and the City of Kodiak (hereinafter referred to as the “City”).

Sole Agreement. The City and the Department undertake this contract under the terms set forth below. This contract is the sole agreement between the parties relating to special services, and there are no other agreements, express or implied.

Effective Date/Termination/Amendments. This contract is effective July 1, 2016 and continues in force until June 30, 2017. Either party may terminate the agreement with thirty (30) days written notice to the other party. This agreement may be amended by written agreement of the parties.

1. The Department will pay the City for services provided in accordance with, and under the terms of, this contract. Payments will be made quarterly in the amount of \$19,687.50, for a total of \$78,750.00. Payment for services provided under this contract will be made in four payments in the amount of and covering the period indicated below:

Period Covered	Amount	Payment Process Can Be Initiated
07/01/16 - 09/30/16	\$19,687.50	10/01/16
10/01/16 - 12/31/16	\$19,687.50	01/01/17
01/01/17 - 03/31/17	\$19,687.50	04/01/17
04/01/17 - 06/30/17	\$19,687.50	06/01/17
12 Month Total	\$78,750.00	

2. The City will provide and perform the services specified in this contract to the satisfaction of the Department, in support of Department personnel and operations.

**ALASKA DEPARTMENT OF PUBLIC SAFETY
CONTRACT FOR SPECIAL SERVICES**

July 1, 2016 to June 30, 2017

SPECIFIC PROVISIONS

4. The City will:
- a. Dispatch services will be provided in emergency situations. Emergency situations are those instances where natural or man-made disasters disable DPS dispatch capabilities; such as earthquakes, fires, etc. The need for the City to provide dispatch service in these situations is not anticipated to last longer than forty eight hours. In the event the City is required to provide more than 48 consecutive hours of dispatch service, the City shall be reimbursed for all dispatch related services provided at the rate of \$24.43 per hour.
 - b. Provide administrative support to the Department by processing, filing, recording, entering into/deleting from APSIN/NCIC, and returning to the court, all process relative to Kodiak Police Department cases, investigations, and business;
 - c. Provide field support to the Department by serving in the corporate limits of the City of Kodiak court process relative to Kodiak Police Department cases, investigations, and business;
 - d. Provide one correctional transport officer or one police officer, to transport and guard prisoners appearing in the Kodiak Court.

IN WITNESS OF THIS AGREEMENT, the undersigned duly authorized officers have subscribed their names on behalf of the Department and the City respectively.

For the City of Kodiak:

For the Department of Public Safety:

By _____

By _____

Printed Name _____

Printed Name _____

Official Title _____

Official Title _____

Date _____

Date _____

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Aimée Kniazowski, City Manager *AK*
Thru: Mike Tvenge, Deputy City Manager and Ronda Wallace, Chief of Police *MT*
Date: June 9, 2016 *RW*

Agenda Item: V. f. Authorization of Animal Shelter Operation Contract With the Humane Society of Kodiak

SUMMARY: The City of Kodiak has contracted with the Humane Society of Kodiak (HSK) for the operation of the City animal shelter since 1995. The Council will insert the annual rates of their choice for the renewed contract by motion. HSK has requested nominal increases for both years of the proposed agreement. Staff supports the work the Humane Society does for the City and community and recommends Council authorize the two-year contract with the Humane Society of Kodiak at an annual amount determined by Council.

PREVIOUS COUNCIL ACTION:

- Council has reviewed and approved multiple service contracts with the Humane Society since 1995.
- Council authorized the contract for FY2013-FY2014 on June 14, 2012.
- Humane Society representatives made a presentation on the services provided and the FY2015-FY2016 funding request to the Council at the March 25 and May 10, 2014, work sessions.
- Council approved the FY2015 and 2016 contract in June 2014.
- Council reviewed the proposed FY2017 and FY2018 contract at the June 7, 2016, work session.

DISCUSSION: The City and the Humane Society have been partners in providing a successful animal shelter for the past twenty-one years. The Council authorizes two-year agreements for the operation of the shelter, the last of which will expire on June 30, 2016. The term of this proposed contract is once more a two-year term. The City's FY2017 budget as presented to Council in Ordinance No. 1351 reflects the FY2017 amount of \$121,500. The HSK's budget request show a FY2017 total of \$121,500 and the FY2018 total at \$125,000 reflecting cost increases for supplies and services and to address staff salaries.

Staff recognizes the effort the Society puts into looking for supplementary funding, including active local fundraising efforts. Staff also understands the need for incremental funding increases and supports the proposed increases. However, Council will identify the funding amount for both fiscal years in the motion and the contract as well.

JUNE 9, 2016
Agenda Item V. f. Memo Page 1 of 2

ALTERNATIVES:

- 1) Council may authorize the new two year agreement with the Humane Society of Kodiak at the level requested for FY2017 of \$121,500 and \$125,000 for FY2018. This is staff's recommendation as the increase is reasonable and costs well-documented.
- 2) Council may amend, reduce, or fund the two-year contract as the same level as the current year.

FINANCIAL IMPLICATIONS: The current version of the FY2017 budget reflects an expenditure of \$121,500 for this contracted service in the General Fund, Police, Animal Control section of the budget and the amount was presented to Council at the May 7, 2016, budget work session for the FY2017 budget review as part of the KPD budget.

LEGAL: Kodiak City Code 3.12.010 provides for contracted services with the City.

STAFF RECOMMENDATION: Staff recommends Council approve the attached two-year contract, ending June 30, 2018, with the Humane Society of Kodiak for the operation of the Kodiak Animal Shelter in an amount requested for each of the two years, with funds coming from the General Fund, Police Department, Animal Control account.

CITY MANAGER'S COMMENTS: The City is fortunate to have a viable and active nonprofit organization run the animal shelter. The shelter enjoys wide community support. Costs would be much higher if City employees staffed the shelter. I support the Humane Society's request for a renewed two-year agreement. I recommend Council authorize the two-year agreement at the proposed amount. However, Council may approve the contract at an amount determined by the majority of Council.

ATTACHMENTS:

- Attachment A: FY2017-2018 contract between the Humane Society of Kodiak and The City
- Attachment B: Humane Society budget request and narrative for shelter operations

PROPOSED MOTION:

Move to authorize the two year service contract ending June 30, 2018, with the Humane Society of Kodiak for animal shelter operations in the amount of \$121,500 for FY2017 and in the amount of \$125,000 for FY2018, with funds coming from the General Fund, Police Department, Animal Control account, and authorize the City Manager to insert the final annual amounts into the contract document and sign it on behalf of the City.

**CITY OF KODIAK
CONTRACT NO. 222511
ANIMAL SHELTER SERVICES**

THIS CONTRACT is made and executed on the date and year hereinafter last specified by and between the City of Kodiak, 710 Mill Bay Road, Kodiak Alaska (“the City”), and the Humane Society of Kodiak, P.O. Box 8783 Kodiak Alaska (“the Contractor”).

ARTICLE I

For and in consideration of the terms, covenants, conditions, and provisions contained herein, it is mutually agreed between the parties hereto as follows:

1. Agreement to Perform. The Contractor agrees to perform, complete, provide, and furnish in a timely manner all of the work, services, labor, and materials required to accomplish the work described in Article II hereof at the times, and in the manner, and for the consideration hereinafter set forth.

2. Term of Contract. This contract will be effective from July 1, 2016, and continue in force until June 30, 2018, except that, in addition to the termination provisions in Section 6 (Insurance), it may be terminated by either party upon thirty (30) days written notification to the other. This Contract may also be amended by written agreement of the parties.

3. Independent Contractor. The parties expressly agree that the Contractor shall be and is an independent contractor and is not an employee or agent of the City for any purpose, and the employees of the Contractor are not entitled to any of the benefits the City provides for the City's employees, including but not limited to, health insurance, life insurance, disability insurance, sick or annual leave, or workers' compensation. The City is interested only in the results to be achieved, and the contract and control of the work will lie solely with the Contractor. It is understood that the City agrees to use the Contractor exclusively for management and operation of the animal shelter.

4. Contractor Authority. The Contractor is hereby authorized to receive all domestic animals coming into its custody (i.e., impounded or owner surrendered), to place or humanely dispose of such animals that come into the animal shelter, and to manage and enforce the animal regulations for all impounded animals pursuant to all ordinances now in effect, or which may hereinafter be adopted. The Contractor shall accept all animals that can be safely maintained and cared for within the shelter facility provided by the City of Kodiak.

5. Contractor Qualified and Responsible for Personnel. (a) The Contractor represents it has, or will secure at its own expense, all personnel required to perform this Contract in a timely and proper manner. Such personnel shall not be employees or have any contractual relationship with the City, and the City shall have no responsibility or liability whatsoever to any of said persons, or for the acts or omissions of any said persons.

(b) All of the services required under this Contract shall be performed by the Contractor or under its supervision.

(c) None of the work or services covered by this Contract shall be subcontracted without prior written approval of the City.

6. Insurance/Indemnification. (a) Public Liability Insurance. The Contractor shall maintain Public Liability Insurance with a minimum of \$1,000,000 per occurrence and/or aggregate combined single limit, personal injury, bodily injury, and property damage.

(b) Additional Insured. The following shall be listed as Additional Insureds: “The City of Kodiak, including all elected and appointed officials, all employees and City volunteers, all boards, commissions and/or authorities and their board members, employees, and volunteers. This coverage shall be primary to the City of Kodiak and not contributing with any other insurance or similar protection available to the City of Kodiak, whether other available coverage be primary, contributing, or excess.”

(c) Indemnification. To the fullest extent permitted by law, Contractor agrees to defend, indemnify, and hold harmless the City of Kodiak, its elected and appointed officials, employees, and volunteers against any and all liabilities, claims, demands, lawsuits, or losses, including costs and attorney fees incurred in defense thereof, arising out of or in any way connected or associated with this contract.

(d) Notice of Cancellation Required. Ten (10) days Notice of Cancellation or Change, Non-Renewal, Reduction and/or Materials Change shall be sent to: City Clerk, 710 Mill Bay Road, Room 216, Kodiak AK 99615.

(e) Evidence of Coverage Required. Contractor shall provide to the City of Kodiak at the time that the Contract is presented to the City for execution, certificates of insurance and/or policies acceptable to the City of Kodiak as listed below:

One (1) copy of Certificate of Public Liability Insurance Workers’ Compensation Insurance

One (1) copy of Certificate of Public Liability Insurance

(f) Continuation of Coverage. If the above coverage expires during the term of this Contract, Contractor shall deliver renewal certificates and/or policies to the City of Kodiak at least ten (10) days prior to the expiration date. Contractor shall not commence with operations under this Contract until they have obtained the coverage required under the terms of this Contract. All coverage shall be with insurance carriers licensed and admitted to do business in the State of Alaska. All coverage shall be with carriers acceptable to the City of Kodiak. If Contractor fails to comply with the insurance requirements of this Contract, the City of Kodiak may terminate the Contract on ten (10) days written notice. Contractor covenants to maintain all insurance policies required in this Contract for the period of time in which a person may commence a civil action as prescribed by the applicable statute of limitations. The coverage required by this Contract shall cover all claims arising in connection with Contractor’s use under this Contract, whether or not asserted during the term of this Contract and even though judicial proceedings may not be commenced until after this Contract expires.

(g) Workers' Compensation Insurance. The Contractor shall provide and maintain, for all employees of the Contractor engaged in work under this Contract, Workers' Compensation Insurance as required by AS 23.30.045 or any other applicable statutes or regulations. The Contractor shall be responsible for Workers' Compensation Insurance for any subcontractor who directly or indirectly provides services under this Contract.

7. Assignment or Delegation. The Contractor may not assign its rights or delegate its duties under this Contract, or any part of it, except with the prior written consent of the City.

8. Governing Law. This Contract shall be governed by the laws of the State of Alaska and any suit or legal action hereon shall be brought only in the courts of said State, in the Third Judicial District at Kodiak, Alaska.

9. Miscellaneous. (a) Relationship of Parties. Nothing herein contained shall be deemed or construed by the parties hereto, nor by any third party, as creating the relationship of principal and agent or of partnership or of joint venture between the parties hereto. It being understood and agreed that neither method of computation of payment or any other provision contained herein, nor any act of the parties hereto, shall be deemed to create any relationship between the parties hereto other than the relationship of the City and an independent contractor.

(b) Nonwaiver. The failure of the City to insist in any one or more instances upon the strict performance by the Contractor of any provision or covenant in this Contract may not be considered as a waiver or relinquishment for the future, but the provision or covenant will continue in full force. The waiver by the City of any provision or covenant in this Contract cannot be enforced or relied upon unless the waiver is in writing signed on behalf of the City by the City Manager or the City Manager's designee.

(c) Improvements. The Contractor shall make no alterations or additions to the Animal Shelter, or any City property associated with it, without first obtaining the written consent of the City Manager and, unless otherwise provided in such written consent, any improvements or additions constructed by the Contractor shall become the City's property upon their substantial completion.

(d) Liens. The Contractor shall keep the Animal Shelter free of all liens, pay all costs for labor and materials arising out of any construction or improvements by the Contractor on the Animal Shelter, and hold the City harmless from liability for any such liens, including costs and attorney fees.

(e) Severability. If any provision or covenant of this Contract is declared to be invalid by a court of competent jurisdiction, the remaining covenants and provisions will continue in full force.

(f) Corporate Authority. If the Contractor is a corporation, the Contractor shall deliver to the City at the time of execution of this Contract a copy of a resolution of its board of directors authorizing the execution of this Contract and naming the officers that are authorized to execute this agreement on behalf of the corporation.

(g) Entire Agreement. This Contract sets forth all the terms, conditions, and agreements of the parties and supersedes any previous understandings or agreements regarding the Animal Shelter whether oral or written. No modification or amendment of this Contract is effective unless in writing and signed by both the parties.

(h) Notice. Any notice required by this Contract must be hand delivered or sent by first class mail to the appropriate party at the address set forth on the last page of this Contract or to any other address, which the parties subsequently designate in writing.

ARTICLE II

In furtherance of these obligations, the Contractor shall perform, supply, and provide all the work, services, and materials as follows:

1. Management and Operation of Animal Shelter. (a) The Contractor shall furnish animal shelter services and humane disposal of animals, including but not limited to euthanasia at the Contractor's expense. Animal remains shall be incinerated at the Kodiak Island Borough Landfill at the Contractor's expense.

(b) The Contractor shall maintain proper housing for all animals, which come into its custody.

(c) The animal shelter shall be open a minimum of four hours per day, five days a week, including one weekend day, for the convenience of the public and to transact business in connection with the duties under this Contract and to receive animals or for the redemption of impounded animals. The shelter may be closed to the public two days a week and on national and state holidays.

(d) The Contractor shall consult directly with the City in developing programs and policies regarding operation of the animal shelter, implementing new program components, and recommending ordinance revisions.

2. Care of Impounded Animals. (a) Proper care includes, but is not limited to, adequate and sanitary food and water, regular cleaning of kennels and cages, and humane handling.

(b) The animal food used by the Contractor shall be of a satisfactory quality. Food and water shall be provided animals in adequate amounts and frequencies with water being supplied each animal at least once every twelve hours.

(c) The Contractor shall clean, disinfect and otherwise maintain the cages and pens where animals are kept frequently enough to assure animal health, prevent the spread of disease, and present a good appearance to visitors. Cleaning and disinfecting shall be no less than once per day.

(d) Consultations with a licensed veterinarian shall be made when veterinary care of impounded animals is necessary at the Contractor's expense, excluding animals impounded as a result of pending or potential civil or criminal prosecution.

(e) Transportation of sick or injured animals from the Animal Shelter to a veterinary is the responsibility of the Contractor.

3. Redemption, Adoption, and Disposition of Animals. (a) The Contractor shall, in accordance with Kodiak City Code Chapter 7.04, release animals impounded by the City Animal Control Officer to their owners upon presentation of a receipt from the Kodiak Police Department showing that all impound charges or other fees owed to the City have been paid in full.

(b) The Contractor shall promote and administer the adoption of unclaimed animals to responsible owners. The Contractor shall develop and have on file a program for adoption. The Contractor shall adhere to the City's policy of, wherever feasible, spaying or neutering and vaccinating all animals prior to adoption.

(c) Animals which are not reclaimed by owners within seventy-two hours after compliance with the provisions of KCC 7.04.118(a) or any other applicable provisions of law governing notification to the owner or custodian and are deemed suitable for adoption will become

available for adoption to responsible persons.

(d) Animals not suitable for adoption will be humanely euthanized. The Contractor shall develop and have on file procedures regarding selection of animals to be euthanized.

4. Education on Animal Care and Treatment. The Contractor shall promote the proper and humane care and treatment of animals and to stimulate public support for such treatment and for the enforcement of City ordinances relating to animal control. The Contractor shall conduct tours of the animal shelter upon reasonable request. The Contractor shall educate the community through classroom visitations, radio interviews, newspaper articles, and public service announcements.

5. Training. The Contractor shall designate an employee as shelter manager and this employee is required to annually attend and complete a course in professional services relating to management and operation of an animal shelter or animal behavior. The Contractor shall provide the Kodiak Police Department with an outline of the course of instruction.

6. Enforcement of Animal Control Ordinances. (a) The Contractor shall, through qualified agents, observe and assist in the enforcement of all animal control ordinances relating to impounded animals.

(b) The Contractor shall cooperate with the City by following procedures required by Kodiak City Code Chapter 7.04 and Kodiak Island Borough Code Chapter 6.04 concerning persons or animals bitten by an animal in the City of Kodiak and the Kodiak Island Borough.

7. Collection of Fees and Keeping of Records. (a) The Contractor shall follow established City and/or Borough procedures regarding collection of dog license fees and impound fines, as applicable. Fees for animal licensing and impoundment are established by the Kodiak City Council and the Kodiak Island Borough Assembly and retained by them respectively. The Contractor has no authority to waive or reduce these fees. Other fees for services (e.g., adoption) will be established by the Contractor and retained by the contractor. Donations made to the animal shelter by members of the public will also be retained by the Contractor. The Contractor shall permit the City, at all reasonable times, to inspect and audit any records and shall make such reports of monies received and operational statistics as shall be required. The records shall be open to City inspection during regular office hours.

(b) The Contractor shall daily maintain, at the animal shelter, records of all animals impounded. Records shall include dates of intake and notation of history, behavior, health status, and any veterinary procedures of each animal while retained; detailed information on redemptions and adoptions (e.g., dates, fees, owner data, spay/neuter deadline, etc.); date and reason euthanized; licenses issued; correspondence with State and federal agencies; and complaints made by the public with response indicated.

(c) The Contractor shall submit a monthly activity report to the Kodiak Police Department by the twentieth day of the following month detailing the category of animals impounded at the shelter, disposition of animals, licenses issued, number of hours shelter was open to the public, fees collected by category, and veterinary services by category.

(d) The Contractor shall on July 31 of each year submit to the City a program report of the previous fiscal year's activities.

8. Liaison. The Contractor shall report to the City Animal Control Officer (ACO), who shall act a liaison between the Contractor and the City, for all matters relating to the Contractor's performance of its obligations pursuant to this Contract.

ARTICLE III

In accordance with the terms and conditions of this Contract, the parties hereto further agree as follows:

1. Assistance to Contractor's Agents. The ACO will provide assistance to the Contractor's agents upon the agent's request. Upon receiving a request for assistance, the ACO will evaluate the priority of the agent's request and respond in accordance with the terms of this contract, the policies and procedures of the City of Kodiak and the Kodiak Police Department, as time and other duties permit.

2. Amount of Contract, Method and Computation of Payment.

(a) The City shall pay the Contractor \$121,500 for FY2017 and \$125,000 for FY2018.

(b) The City shall pay the Contractor in equal quarterly installments, in advance.

(c) The Contractor shall be required to provide and pay for all consumable supplies and equipment, including but not limited to, food, cat litter, body bags, leashes, cleaning materials, paper, and medicines. The Contractor shall pay for veterinary care, and all utilities, with the exception of sewer and water services.

(d) The City shall provide the facility, license forms, dog license tags, and one telephone line.

IN WITNESS WHEREOF, the parties hereto have hereunder set their hands this _____ day of _____ 2016.

CITY OF KODIAK
710 Mill Bay Road
Kodiak, AK 99615

HUMANE SOCIETY OF KODIAK
P. O. Box 8783
Kodiak, AK 99615

Aimée Kniazowski, City Manager

Linda Lance, President

Attest:

Witness:

Debra L. Marlar, City Clerk



Humane Society of Kodiak

"The Humane Society of Kodiak is committed to preventing animal cruelty, reducing the homeless and abandoned pet population, and promoting the proper care of animals."

P.O. Box 8783, Kodiak AK 99615

Phone: (907) 486-8077

www.kodiakanimalshelter.org

March 04, 2016

City of Kodiak
710 Mill Bay Road
Kodiak, Alaska 99615

RE: FY17/FY18 Budget and Budget Narrative- HSK

Enclosed you will find the HSK/Kodiak Animal Shelter budget request for contract years FY17 and FY18. A budget narrative is included to explain any changes reflected in the budget. The HSK is requesting a total of \$121,500 for contract year FY17, and a total of \$125,400 for contract year FY18.

If you have any questions, or need additional information regarding the budget or narrative, you may contact the HSK Treasurer, Lorraine Stewart by phone at 907-539-5727 or by email at lestewart@kodiak.alaska.edu.

On behalf of the HSK Board of Directors, I'd like to thank you for allowing us the opportunity to manage the Kodiak Animal Shelter.

Respectfully,



Linda Lance, President

cc: Lorraine Stewart, Treasurer

HUMANE SOCIETY OF KODIAK
FY17 and FY18 BUDGET NARRATIVE
Kodiak Animal Shelter Operations

Payroll –Current Staffing and Pay Rate

The mandated minimum wage increase to \$9.75 per hour beginning January 2016 has significantly impacted payroll, which is reflected in the fiscal year operating budget. In order to accommodate for this increase, the HSK has tried to reduce other costs associated with Shelter operation, as much as possible.

We currently employ one full-time Shelter Manager, who is responsible for maintaining all records for the effective operation of the Shelter, as well as scheduling of employees, arrangement of veterinary care for shelter residents, transporting of animals and/or materials to the vet, the airport, etc. Additionally, the Shelter Manager may perform any of the general operating duties such as facility/kennel cleaning and animal care when necessary. It is critical that the HSK pay a competitive wage for the Shelter Manager position to ensure a high level of quality, competency, and efficiency in overall shelter operations management.

The shelter currently maintains one full-time shelter assistant who also acts as “Assistant Manager” when current manager is out of the shelter or off-island. The primary responsibility of the full-time shelter assistant is to maintain the health and welfare of the animals in residence at the Shelter in addition to assisting the current manager with a variety of administrative duties when necessary. The primary role of the Kennel Technician is to assist shelter manager with general operating duties, in addition to cleaning and maintaining kennel areas and provide direct care for the animals residing in the shelter. The Kennel Cleaner provides immediate assistance with the kennel area cleaning and maintenance.

This level of staffing is necessary, as well as the quality of staffing, to ensure that the shelter operations run efficiently and the shelter itself is a safe and healthy environment for both the animals and the public. Employee raises are granted upon satisfactory employment evaluation on the anniversary hire date. It should be noted that Shelter employees do not have benefits (i.e. insurance or retirement).

Positions, average hours, and pay rate is as follows:

1. Shelter Manager – 40hrs per week/\$18.00 per hour with \$1 per hour annual raise in January
2. Shelter Assistant – 32hrs per week/\$10.75 per hour with .50 per hour annual raise in March
3. Kennel Technician – 35hrs per week/\$11.00 per hour with .50 per hour annual raise in September
4. Kennel Assistant – 33hrs per week/\$10.50 per hour with .50 per hour annual raise in September
5. Kennel Cleaner – 25hrs per week/\$10.25 per hour with .50 per hour annual raise in March

Payroll Taxes – The current rate of payroll taxes is 11% of personnel expenses. The taxes include, but are not limited to, all required federal payroll taxes and state unemployment. The budget reflects the 11% payroll tax based on budgeted personnel expenses.

Public Education – This includes, but is not limited to, expenses incurred for materials (handouts) and travel expenses to visit local schools, programs, etc, to teach children (primarily) about responsible pet ownership.

Staff Training - In hiring new staff as noted above, we propose to bring in trainers from off-island for all staff, rather than send individuals for training.

Euthanasia – Disposal and related veterinary expenses – With the closure of the KIB incinerator, the HSK now disposes of euthanized and other deceased animals off island for cremation at an estimated cost of \$2.17 per pound instead of the previous \$3.00 per pound for incineration. This budget line item has been adjusted to reflect the reduced costs.

Cleaning Supplies - We anticipate maximum capacity, which will require a great deal of time and cleaning materials, to maintain a healthy environment, for animals, staff and the public in general.

Building Maintenance – This category includes any emergency situation, i.e. water line break on the washing machine, broken windows, vandalism which would have to be repaired immediately, etc. This line item also included an annual cost of \$450 for facility alarm services.

Electricity - The cost of electricity to run the facility is kept as low as possible. In addition to minimized usage, energy efficient appliances are being purchased through grants and donations to replace older, inefficient units, which will further reduce costs over time.

Garbage Service – The shelter staff make every attempt to minimize the usage of the on-site dumpster in order to avoid excessive costs.

Heating Fuel - We have, historically, kept the thermostat at the lowest temperature necessary to maintain a marginally warm environment for staff and shelter residents, while preserving the overall health of the building. This budget line item has been decreased to reflect the reduction in per/gallon costs for heating fuel.

Telephone/Internet - Phone service and internet costs have increased slightly. This category includes \$325 per year for shelter management software necessary for required recordkeeping and reporting services. An additional \$200 annual website host fee is also included in this line item.

Insurance (Workmen's Comp and General Liability) Workers Compensation is at an approximate rate of 9.45% per \$100 in payroll expenses. General Liability insurance is on average \$1400 per year.

Kodiak Animal Shelter Yearly Operational Budget FY17



EXPENSES	July	August	September	October	November	December	January	February	March	April	May	June	Total
Personnel:													
Shelter Manager	\$ 3,120.00	\$ 3,120.00	\$ 3,120.00	\$ 3,120.00	\$ 3,120.00	\$ 3,120.00	\$ 3,393.33	\$ 3,393.33	\$ 3,393.33	\$ 3,393.33	\$ 3,393.33	\$ 3,393.33	\$ 39,079.98
Shelter Assistant 1	\$ 1,490.67	\$ 1,490.67	\$ 1,490.67	\$ 1,490.67	\$ 1,490.67	\$ 1,490.67	\$ 1,490.67	\$ 1,490.67	\$ 1,560.00	\$ 1,560.00	\$ 1,560.00	\$ 1,560.00	\$ 18,165.36
Kennel Technician	\$ 1,668.33	\$ 1,668.33	\$ 1,744.17	\$ 1,744.17	\$ 1,744.17	\$ 1,744.17	\$ 1,744.17	\$ 1,744.17	\$ 1,744.17	\$ 1,744.17	\$ 1,744.17	\$ 1,744.17	\$ 20,778.36
Kennel Assistant	\$ 1,501.50	\$ 1,573.00	\$ 1,573.00	\$ 1,573.00	\$ 1,573.00	\$ 1,573.00	\$ 1,573.00	\$ 1,573.00	\$ 1,573.00	\$ 1,573.00	\$ 1,573.00	\$ 1,573.00	\$ 18,804.50
Kennel Cleaner	\$ 1,110.42	\$ 1,110.42	\$ 1,110.42	\$ 1,110.42	\$ 1,110.42	\$ 1,110.42	\$ 1,110.42	\$ 1,110.42	\$ 1,164.58	\$ 1,164.58	\$ 1,164.58	\$ 1,164.58	\$ 13,541.68
Payroll Total	\$ 8,890.92	\$ 8,962.42	\$ 9,038.26	\$ 9,038.26	\$ 9,038.26	\$ 9,038.26	\$ 9,311.59	\$ 9,311.59	\$ 9,435.08	\$ 9,435.08	\$ 9,435.08	\$ 9,435.08	\$ 110,369.88
Payroll Taxes 14%	\$ 883.67	\$ 883.67	\$ 883.67	\$ 883.67	\$ 883.67	\$ 883.67	\$ 899.43	\$ 899.43	\$ 899.43	\$ 899.43	\$ 899.43	\$ 899.43	\$ 10,698.60
Total Personnel	\$ 9,774.59	\$ 9,846.09	\$ 9,921.93	\$ 9,921.93	\$ 9,921.93	\$ 9,921.93	\$ 10,211.02	\$ 10,211.02	\$ 10,334.51	\$ 10,334.51	\$ 10,334.51	\$ 10,334.51	\$ 121,068.48
Facilities													
Electricity	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 3,480.00
Heating Fuel	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 3,600.00
Garbage Services	\$ 275.00	\$ 275.00	\$ 275.00	\$ 275.00	\$ 275.00	\$ 275.00	\$ 275.00	\$ 275.00	\$ 275.00	\$ 275.00	\$ 275.00	\$ 275.00	\$ 3,300.00
Telephoner/Internet	\$ 153.75	\$ 153.75	\$ 153.75	\$ 153.75	\$ 153.75	\$ 153.75	\$ 153.75	\$ 153.75	\$ 153.75	\$ 153.75	\$ 153.75	\$ 153.75	\$ 1,845.00
Cleaning Supplies	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 3,000.00
Maintenance	\$ 950.00	\$ -	\$ -	\$ 500.00	\$ -	\$ -	\$ 500.00	\$ -	\$ -	\$ 500.00	\$ -	\$ -	\$ 2,450.00
Total Facilities	\$ 2,218.75	\$ 1,268.75	\$ 1,268.75	\$ 1,768.75	\$ 1,268.75	\$ 1,268.75	\$ 1,768.75	\$ 1,268.75	\$ 1,268.75	\$ 1,768.75	\$ 1,268.75	\$ 1,268.75	\$ 17,675.00
Euthanasia													
Disposal	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 3,000.00
Vet Services	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.63	\$ 1,400.00
Total Euthanasia	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.63	\$ 4,400.00
Educations & Training													
Employee Training					\$ 250.00								\$ 500.00
Community Education					\$ 250.00								\$ 500.00
Total Training					\$ 500.00								\$ 1,000.00
Insurance													
General Liability	\$ 1,400.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,400.00
Workers Comp	\$ 4,300.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,300.00
Total Insurance	\$ 5,700.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,700.00
Total Expenses	\$ 18,060.01	\$ 11,481.51	\$ 12,057.35	\$ 12,057.35	\$ 11,557.35	\$ 11,557.35	\$ 12,346.44	\$ 11,846.44	\$ 12,469.93	\$ 12,469.93	\$ 11,969.93	\$ 11,969.89	\$ 149,843.48
INCOME													
City of Kodiak	\$ 10,125.00	\$ 10,125.00	\$ 10,125.00	\$ 10,125.00	\$ 10,125.00	\$ 10,125.00	\$ 10,125.00	\$ 10,125.00	\$ 10,125.00	\$ 10,125.00	\$ 10,125.00	\$ 10,125.00	\$ 121,500.00
Adoption Fees	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 15,000.00
Shelter Fundraisers	\$ -	\$ 400.00	\$ -	\$ -	\$ -	\$ 500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 900.00
Kennel Fees	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 4,200.00
HSK Donation	\$ 6,163.00	\$ -	\$ 300.00	\$ 300.00	\$ -	\$ -	\$ 300.00	\$ 140.00	\$ 661.43	\$ 379.05	\$ -	\$ -	\$ 8,243.48
Total Income	\$ 17,888.00	\$ 12,125.00	\$ 12,025.00	\$ 12,025.00	\$ 11,725.00	\$ 12,225.00	\$ 12,025.00	\$ 11,865.00	\$ 12,386.43	\$ 12,104.05	\$ 11,725.00	\$ 11,725.00	\$ 149,843.48

Kodiak Animal Shelter Yearly Operational Budget FY18

EXPENSES	July	August	September	October	November	December	January	February	March	April	May	June	Total
Personnel:													
Shelter Manager	\$ 3,393.33	\$ 3,393.33	\$ 3,393.33	\$ 3,393.33	\$ 3,393.33	\$ 3,393.33	\$ 3,466.67	\$ 3,466.67	\$ 3,466.67	\$ 3,466.67	\$ 3,466.67	\$ 3,466.67	\$ 41,160.00
Shelter Assistant I	\$ 1,560.00	\$ 1,560.00	\$ 1,560.00	\$ 1,560.00	\$ 1,560.00	\$ 1,560.00	\$ 1,560.00	\$ 1,560.00	\$ 1,629.33	\$ 1,629.33	\$ 1,629.33	\$ 1,629.33	\$ 18,997.32
Kennel Technician	\$ 1,744.17	\$ 1,744.17	\$ 1,820.00	\$ 1,820.00	\$ 1,820.00	\$ 1,820.00	\$ 1,820.00	\$ 1,820.00	\$ 1,820.00	\$ 1,820.00	\$ 1,820.00	\$ 1,820.00	\$ 21,688.34
Kennel Assistant	\$ 1,573.00	\$ 1,644.50	\$ 1,644.50	\$ 1,644.50	\$ 1,644.50	\$ 1,644.50	\$ 1,644.50	\$ 1,644.50	\$ 1,644.50	\$ 1,644.50	\$ 1,644.50	\$ 1,644.50	\$ 19,682.50
Kennel Cleaner	\$ 1,164.58	\$ 1,164.58	\$ 1,164.58	\$ 1,164.58	\$ 1,164.58	\$ 1,164.58	\$ 1,164.58	\$ 1,164.58	\$ 1,218.75	\$ 1,218.75	\$ 1,218.75	\$ 1,218.75	\$ 14,191.64
Payroll Total	\$ 9,435.08	\$ 9,506.58	\$ 9,582.41	\$ 9,582.41	\$ 9,582.41	\$ 9,582.41	\$ 9,655.75	\$ 9,655.75	\$ 9,779.25	\$ 9,779.25	\$ 9,779.25	\$ 9,779.25	\$ 115,699.80
Payroll Taxes 11%	\$ 883.67	\$ 883.67	\$ 883.67	\$ 883.67	\$ 883.67	\$ 883.67	\$ 899.43	\$ 899.43	\$ 899.43	\$ 899.43	\$ 899.43	\$ 899.43	\$ 10,696.60
Personnel Total	\$ 10,318.75	\$ 10,390.25	\$ 10,466.08	\$ 10,466.08	\$ 10,466.08	\$ 10,466.08	\$ 10,555.18	\$ 10,555.18	\$ 10,678.68	\$ 10,678.68	\$ 10,678.68	\$ 10,678.68	\$ 126,396.40
Facilities													
Electricity	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 3,480.00
Heating Fuel	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 3,600.00
Garbage Services	\$ 275.00	\$ 275.00	\$ 275.00	\$ 275.00	\$ 275.00	\$ 275.00	\$ 275.00	\$ 275.00	\$ 275.00	\$ 275.00	\$ 275.00	\$ 275.00	\$ 3,300.00
Telephone/Internet	\$ 153.75	\$ 153.75	\$ 153.75	\$ 153.75	\$ 153.75	\$ 153.75	\$ 153.75	\$ 153.75	\$ 153.75	\$ 153.75	\$ 153.75	\$ 153.75	\$ 1,845.00
Cleaning Supplies	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 3,000.00
Maintenance	\$ 950.00	\$ -	\$ -	\$ 500.00	\$ -	\$ -	\$ 500.00	\$ -	\$ -	\$ 500.00	\$ -	\$ -	\$ 2,450.00
Total Facilities	\$ 2,218.75	\$ 1,268.75	\$ 1,268.75	\$ 1,768.75	\$ 1,268.75	\$ 1,268.75	\$ 1,768.75	\$ 1,268.75	\$ 1,268.75	\$ 1,768.75	\$ 1,268.75	\$ 1,268.75	\$ 17,675.00
Euthanasia													
Disposal	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 3,000.00
Vet Services	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.63	\$ 1,400.00
Total Euthanasia	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.63	\$ 4,400.00
Edu. & Training													
Employee Training			\$ 250.00						\$ 250.00				\$ 500.00
Community Education			\$ 250.00						\$ 250.00				\$ 500.00
Total Training			\$ 500.00						\$ 500.00				\$ 1,000.00
Insurance													
General Liability	\$ 1,400.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,400.00
Workers Comp	\$ 4,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000.00
Total Insurance	\$ 5,400.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,400.00
Total Expenses	\$ 18,304.17	\$ 12,025.67	\$ 12,601.50	\$ 12,601.50	\$ 12,101.50	\$ 12,101.50	\$ 12,690.60	\$ 12,190.60	\$ 12,814.10	\$ 12,814.10	\$ 12,314.10	\$ 12,314.06	\$ 154,873.40
INCOME													
City of Kodiak	\$ 10,450.00	\$ 10,450.00	\$ 10,450.00	\$ 10,450.00	\$ 10,450.00	\$ 10,450.00	\$ 10,450.00	\$ 10,450.00	\$ 10,450.00	\$ 10,450.00	\$ 10,450.00	\$ 10,450.00	\$ 125,400.00
Adoption Fees	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 15,000.00
Shelter Fundraisers	\$ -	\$ 400.00	\$ -	\$ -	\$ -	\$ 500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 900.00
Kennel Fees	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 4,200.00
HSK Donation	\$ 6,163.00	\$ 264.00	\$ 300.00	\$ 300.00	\$ 264.00	\$ 264.00	\$ 300.00	\$ 140.00	\$ 661.44	\$ 300.00	\$ 264.00	\$ 152.96	\$ 9,373.40
Total Income	\$ 18,213.00	\$ 12,714.00	\$ 12,350.00	\$ 12,350.00	\$ 12,314.00	\$ 12,814.00	\$ 12,350.00	\$ 12,190.00	\$ 12,711.44	\$ 12,350.00	\$ 12,314.00	\$ 12,202.96	\$ 154,873.40

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MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Aimée Kniazowski, City Manager 
Thru: Mike Tvenge, Deputy City Manager 
Date: June 9, 2016

Agenda Item: V. g. Authorization of Animal Control Contract

SUMMARY: This is a joint contract between the City of Kodiak and the Kodiak Island Borough for the City to provide animal control services to the Borough through June 30, 2019. City and Borough staff negotiated a three-year contract and the Borough Assembly is scheduled to authorize this joint contract during the June 2, 2016, KIB Assembly meeting. The City Council must also approve the contract, which is the staff recommendation.

PREVIOUS COUNCIL ACTION: The City provided animal control services to the Borough from 1993 through June of 2011. Council approved contracts starting in May of 2000. Council also approved animal control contracts on September 27, 2001; May 9, 2002; July 8, 2004; June 29, 2006; August 26, 2010 and the last one on October 2013. Council also amended Ordinance No. 1287, the FY2012 budget ordinance, by removing the amount budgeted for that year's contract (\$84,125) when the Borough Assembly decided it no longer wanted animal control services from the City. Council approved the existing contract in October 2013, which expires June 30, 2016.

DISCUSSION: The City provided animal control services to the Borough on and off over the past 20 years. Borough and City staff met in February to negotiate continuing terms for a contract renewal. City and Borough staff exchanged information and discussed terms before coming to an agreement, which is reflected in the attached contract. The Borough will pay the City a portion of the animal control officer (ACO) position, including payroll, evaluation, training, and vehicle costs and share in the cost of running the shelter by the Humane Society of Kodiak. The new contract is valid from July 1, 2016, through June 30, 2019. The annual payment is \$109,415 per year (no increase from previous contract) made in semi-annual payments on July 1 and January 1. The contract terms include the option for the parties to renegotiate terms and costs annually.

ALTERNATIVES:

- 1) Approve the contract with the Kodiak Island Borough for animal control services, which is the staff recommendation. Both parties wanted the agreement to reflect an equal share in the cost of those services, which staff feels it does. It is scheduled for approval by the Borough Assembly on June 2, 2016.

- 2) Postpone or do not approve the contract, which is not recommended. The contract terms will help offset the costs of operating animal control services and the Kodiak Animal Shelter.

FINANCIAL IMPLICATIONS: Once authorized, the three-year contract will provide the City with \$109,415 per year for the remainder of the term, with the option to review and update fees annually.

CITY MANAGER'S COMMENTS: I worked with now retired Borough Manager Bud Cassidy and Bob Pederson to negotiate the current contract which expires on June 30. Bob Pederson worked to renew the three year agreement with the Borough and I appreciated his support and efforts. City and Borough staff as well as the Humane Society agree that the agreement is beneficial. I believe this contract reflects a good deal for the City in terms of recompense for services and for the Borough, as well. I recommend Council approve this three year contract.

ATTACHMENTS:

Attachment A: Animal control contract with KIB for FY2017-FY2019.

PROPOSED MOTION:

Move to authorize the animal control contract between the City and the Borough effective from July 1, 2016, through June 30, 2019, and authorize the City Manager to sign the contract for the City.

ANIMAL CONTROL CONTRACT

Between the

CITY OF KODIAK

and the

KODIAK ISLAND BOROUGH

THIS AGREEMENT is made and entered into by and between the KODIAK ISLAND BOROUGH, hereinafter "KIB" and the CITY OF KODIAK, hereinafter "CITY," in consideration of the mutual promises contained herein and shall be effective (date) July 1, 2016 , as specified herein.

WHEREAS, the KIB adopted Ordinance No. 86-16-0(A) authorizing the control of animals outside of cities for the purpose of protecting the public health and safety; and

WHEREAS, the KIB wishes and is authorized to contract for animal control service by Kodiak Island Borough Subsection 6.04.200(C); and

WHEREAS, the CITY is willing to provide said services to the KIB.

NOW, THEREFORE, the parties hereto covenant and agree as follows:

Section 1. DEFINITIONS.

In this contract:

- A. "KIB" means the Kodiak Island Borough.
- B. "Animal Code" means Chapter 6.04 of the Kodiak Island Borough Code and any amendments thereto.
- C. "Animal Shelter" means the City of Kodiak Animal Shelter.
- D. "Chief Animal Control Officer" means the Kodiak Island Borough Manager or his/her designee.
- E. "Complaint" means a request to the CITY for service or services.
- F. "CITY" means City of Kodiak, its agents and employees.

Section 2. SCOPE OF SERVICES.

The CITY shall provide non-law enforcement personnel and resources to enforce KIB animal control and related codes and ordinances, supplies, equipment, and a facility to perform those animal control services set forth in this contract.

Section 3. ENFORCEMENT AND COMPLAINT RESPONSE; ANIMAL CONTROL OFFICER(S).

- A. The CITY shall employ Community Service Officer(s)/Animal Control Officer(s) who shall respond to complaints in the Kodiak Island Borough in the following priority: (1) Kodiak Police Department and Alaska Troopers emergency calls; (2) quarantine violations; (3) dog bites or vicious dogs; (4) injured animals; (5) cruelty to animals; (6) trapped animals; (7) loose animals; (8) animal noise complaints; and (9) patrol of neighborhoods experiencing animal nuisance problems.
- B. The CSO/ACO will patrol and respond to complaints originating within the communities of Monashka Bay, Spruce Cape Road, Anton Larsen, Woman's Bay, Chiniak, and Pasagshak. The CSO/ACO will not patrol or respond to areas off the road system.
- C. CSO/ACO(s) shall issue citations for subject violations of the Animal Code, participate in the prosecution of such citations, and investigate and prepare reports regarding serious code violations. Officers shall impound stray dogs and other animals which are subject to impoundment; when necessary, bring animals into the Animal Shelter under protective custody; enforce the quarantine of animals that have bitten persons; inspect, for sanitary conditions, premises where animals are kept; administer first aid to animals; participate in administrative hearings at the request of the Chief Animal Control Officer; and generally assist, in a professional manner, citizens and other law enforcement agencies who have requested help with animal problems.
- D. The CITY shall provide around-the-clock, seven-days-per-week telephone answering service to accept and record animal complaint and information calls from the public.
- E. The CITY shall use its best efforts to respond in a timely manner to all complaint calls of an emergency nature (e.g., vicious animals, cruelty to animals, trapped animals) received. A timely response is one in which the Officer arrives not more than seventy-five (75) minutes after the request for service has been made.
Patrol and non-emergency CSO/ACO response service shall be made available to the public on a regular basis

Section 4. CARE, REDEMPTION, ADOPTION, AND DEPOSITION OF ANIMALS.

Care, redemption, adoption, and deposition of animals and hours of Animal Shelter operation shall coincide with those established by the CITY, as a municipal government, for Animal Control operations presently administered within the city limits. The CITY will provide the facility and furnishings, patrol vehicles, operating supplies, and insurance.

Section 5. INSURANCE.

- A. The CITY shall provide insurance coverage in the following amounts:
 - a. Workers' Compensation insurance as required by AS 23.30.045 or any other applicable statutes or regulations.
 - b. General Liability insurance with a minimum of \$10,250,000 per occurrence and/or aggregate combined single limit, personal injury, bodily injury, and property damage.
 - c. Vehicle Liability insurance including applicable uninsured/underinsured coverage, with limits of liability of not less than a minimum of \$1,000,000 per occurrence combined single limit bodily injury and property damage.

- B. The following shall be Additional Insureds: The KIB, including all elected and appointed officials, all employees and volunteers, all boards, commissions and/or authorities and their board members, employees and volunteers. This coverage shall be primarily to the KIB, and not contributing with any other insurance or similar protection available to the KIB, whether other available coverage be primary, contributing, or excess.
- C. To the extent allowed by law and subject to appropriation, KIB and City each hereby releases and agrees to defend, indemnify, and hold the other party, elected and appointed officials, employees, contractors, and volunteers harmless from and against all claims, demands, causes of action, suits, damages, liabilities, losses, and expenses including court costs and reasonable attorney's fees, and all loss, damage, injury, or death resulting to the indemnifying party's property, subcontractors, or personnel, arising out of or in connection with the services, or the performance of this agreement, whether or not such loss, damage, injury, or death is alleged to be due to the act, omission, negligence (whether contributory, joint, or sole) fault or strict liability of the indemnified party.

In no event shall either party be liable to the other for indirect, special, incidental or consequential damages, including, but not limited to, loss of profits, loss of use of assets or loss of product or facilities downtime.

- D. A sixty (60) day Notice of Cancellation or Change, Non-Renewal, Reduction and/or Materials Change shall be sent to the KIB at the address indicated in Section 11 (Notices) of this agreement.
- E. The CITY shall provide evidence of coverage, with endorsements, to the KIB at the time that the contract is executed, as listed below:
- Certificate of Workers' Compensation Insurance
 - Certificate of General Liability Insurance
 - Certificate of Vehicle Liability Insurance
- F. If any of the above coverage is amended or expires during the term of the contract, the CITY shall deliver renewal certificates and/or policies to the KIB at least ten (10) days prior to the expiration date.

The CITY shall not commence operations under this agreement until it has obtained the coverage required under the terms of this agreement. All coverage shall be with insurance carriers licensed and admitted to do business in the State of Alaska. All coverage shall be with carriers acceptable to the KIB.

If the CITY fails to comply with the insurance requirements of this agreement, the KIB may terminate the agreement on ten (10) days written notice. The CITY covenants to maintain all insurance policies required in this agreement for the period of time in which a person may commence a civil action as prescribed by the applicable statute of limitations.

The coverage required by this agreement shall cover all claims arising in connection with the CITY activity authorized under this agreement, whether or not asserted during the term of this agreement and even though judicial proceedings may not be commenced until after this agreement expires.

Section 6. LICENSING.

- A. The CITY shall administer the licensing of individual dogs as stated in the Animal Code and in the KIB fee schedule.
- B. The CITY shall post a public notice in the Animal Shelter lobby, as well as provide periodic newspaper and public service announcements, stating that all dogs over three months of age must be licensed.
- C. All tags, certificates, and other supplies necessary for licensing will be provided by the CITY.

Section 7. CUSTOMER SERVICE.

The CITY will publish hours for public access to recover or adopt animals five days per week, and have available emergency response capability to access the Animal Shelter on a twenty-four (24) hour per day basis.

Section 8. FEE COLLECTION.

- A. The CITY shall collect any licensing fees authorized by the Animal Code and periodically transfer the amount collected to the KIB.
- B. Kodiak Island Borough may conduct a periodic audit or review of the CITY's fee collection process.

Section 9. CONTRACT TERM.

This contract is effective from the date of execution through June 30, 2019 and the parties may review and renegotiate terms and costs annually.

Section 10. CONTRACT ADMINISTRATION AND MANAGEMENT.

- A. The Community Development Department shall administer this contract on behalf of KIB.
- B. The Kodiak City Manager shall administer this contract on behalf of the CITY.

Section 11. NOTICES.

Any notice required pertaining to the subject of this contract shall be personally delivered or mailed by prepaid first class registered or certified mail, return receipt requested, to the following addresses:

KODIAK ISLAND BOROUGH
Borough Manager
710 Mill Bay Road #125
Kodiak, AK 99615

CITY OF KODIAK
City Manager
710 Mill Bay Road #220
Kodiak, AK 99615

Section 12. INSPECTION AND RETENTION OF RECORDS.

The CITY shall maintain an accounting and documentation of expenditures and shall allow KIB to examine such records as well as any of the CITY's records with respect to animal control matters at all times during normal business hours and as often as KIB may deem necessary, including the City's approved records retention period after the termination of this contract. The CITY shall permit KIB to audit, examine, and make copies, and/or excerpts or transcripts from such records and to audit all invoices, materials, payrolls, records or personnel, and other data relating to any matter covered by this contract. The CITY shall maintain all of its records pertaining to this contract for a period of not less than two years after termination of this contract.

Section 13. BUDGET AND REIMBURSEMENT OF EXPENSES.

- A. Upon condition of satisfactory performance in all respects by the CITY and subject to the remainder of this section, KIB shall pay the CITY a sum of \$109,415.00 per year. The compensation shall be paid in advance in semi-annual installments, July 1 and January 1.
- B. The CITY and KIB shall separately assume any legal costs associated with animal control enforcement within their respective areas of jurisdiction.
- C. The KIB shall be responsible for direct costs associated with the transportation, lodging, feeding, and veterinarian services for animals outside the CITY that cannot be transported by the Animal Control Officer and/or are not able to be lodged at the Kodiak Animal Shelter, provided prior written approval has been obtained from KIB.

Section 14. AMENDMENT OR TERMINATION.

This Agreement will become effective July 1, 2016, and continue in force until June 30, 2019, except that, in addition to the termination provisions in Section 6.F. (Insurance), it may be terminated by either party upon thirty (30) days written notification to the other. The City will refund any prepaid amount within ten days of termination, on a pro-rata basis. This Agreement may be amended by written agreement of the parties.

IN WITNESS WHEREOF, the parties have executed this contract on the date and at the place shown below:

CITY OF KODIAK

KODIAK ISLAND BOROUGH

Aimée Kniaziowski, City Manager

Michael Powers, Borough Manager

ATTEST:


ATTEST:

Debra Marlar, MMC, City Clerk

Nova Javier, MMC, Borough Clerk

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Aimée Kniazowski, City Manager 

Thru: Mark Kozak, Public Works Director and Glenn Melvin, City Engineer

Date: June 9, 2016

Agenda Item: V. h. **Authorization of a Professional Services for Engineering Services for Mill Bay Road Pavement Rehabilitation, Project No. 17-02/5036**

SUMMARY: The FY2017 Mill Bay Road Pavement Rehabilitation is a continuation of pavement repair, replacement, and overlay work performed over the last two construction seasons. This year's work is the last of the three segments to be rehabilitated and the most "at-risk" segment due to having an additional year of traffic wear in the ruts. This project will complete the Mill Bay Road Rehabilitation and should last for six or seven years before needing to be done again. This memorandum discusses the engineering services needed in order to prepare for bidding in July. Staff is recommending Council authorize a professional services contract with DOWL for engineering services for the FY2017 Mill Bay Road Pavement Rehabilitation project for the lump sum amount of \$44,815.

PREVIOUS COUNCIL ACTION: Previous professional service agreements for Mill Bay Pavement Rehabilitation work have been within the City Manager's spending authority and no Council action has been required.

DISCUSSION: The work for this project includes two sections of pavement rehabilitation totaling approximately 5,400 lineal feet, beginning in front of McDonalds and stopping just short of Birch Street and starting again after Birch Street and extending to Bartell Street (Attachment B).

This year we are bidding the work because we anticipate at least two qualified contractors will be interested. There is a State road paving project being done this year and we understand that the bid was awarded to a mainland contractor. Because there will be at least two qualified contractors we are obligated to bid the project so we get the best price. During FY2016 when the only qualified contractor was local, we were authorized to negotiate the work. This is the main reason we are requesting engineering assistance from DOWL to put together the Bid Documents.

At staff's request, DOWL provided a scope and fee proposal for engineering services. DOWL assisted the City last year by providing pavement assessment and preparing a report of findings for Mill Bay Road. The DOWL proposal for this work is shown in (Attachment A).

DOWL proposes a lump sum fee of \$44,815 for the following scope of services:

- DOWL will provide design services at 50 percent and Final Design.
- Design will include methods of pavement rehabilitation, typical sections for milling and paving, full depth paving, and leveling course replacement.
- Pavement striping plan and detail.
- Drawing set will total 11-13 sheets.
- Engineer's cost estimate, and draft special provisions.

The schedule for this work needs to be expedited in order to fit within this summer's work season. DOWL has committed to get the work done in time for us to advertise for bid by July 1st and award the project during the August Council meeting. This will give enough time to complete the pavement work before fall weather sets in.

ALTERNATIVES:

- 1) Authorize the professional services contract with DOWL for work to be performed on a lump sum basis in the amount of \$44,815. Staff supports this alternative as the design is critical to beginning this phase of the Mill Bay Road pavement project.
- 2) Do not authorize the contract. This alternative is not recommended because of the risk that continued deterioration of Mill Bay Road pavement will wear through to the base gravel and result in significant cost of repairs.

FINANCIAL IMPLICATIONS: The current available funding in the budget for the project is approximately \$1,541,500 and is adequate to award the professional services contract with DOWL in the amount of \$44,815.

LEGAL: N/A

STAFF RECOMMENDATION: Staff recommends Council authorize the professional services contract with DOWL for engineering services in the amount of \$44,815 with funds coming from the Streets Improvement Fund, Project No. 17-02/5036.

CITY MANAGER'S COMMENTS: As staff, we have been very concerned that we address the paving wear and failure in some areas for several years. Council made this a number one priority request to the State for two years and, in the end, we are forced to cover the cost of remediation using City funds. We do not expect to receive any State funding for the remediation so we have to move forward as soon as possible to mitigate the road surface condition. I support this recommendation from Glenn and Mark so we are able to bid the project and award it during the construction season. I recommend Council approve this award as stated in the memo.

ATTACHMENTS:

Attachment A: DOWL Proposal dated May 27, 2016

Attachment B: Mill Bay Road Pavement Rehabilitation Exhibit

PROPOSED MOTION:

Move to approve a professional services contract with DOWL for engineering services for the FY2017 Mill Bay Road Pavement Rehabilitation project in the amount of \$44,815 with funds coming from the Streets Improvement Project No. 17-02/5036 and authorize the City Manager to execute the documents for the City.



May 27, 2016
W.O. 01100

Mr. Mark Kozak
Director, Public Works
City of Kodiak
2410 Mill Bay Road
Kodiak, Alaska 99615

Subject: City of Kodiak Mill Bay Road Pavement Rehabilitation
Scope and Fee for Design Services

Dear Mr. Kozak:

DOWL is pleased to submit this scope of services and cost proposal to the City of Kodiak (City) for design of approximately 5,480 feet of pavement rehabilitation consisting of two segments of Mill Bay Road as shown in Figure 1.



Figure 1: Mill Bay Road Pavement Rehabilitation Project Limits (Indicated in RED)

SCOPE OF WORK

Based on our understanding of the City's goals for this project and the assumptions provided, we propose to complete the following tasks:

- Phase 1: 50% Design for Pavement Rehabilitation
- Phase 2: Final Design for Pavement Rehabilitation

PHASE 1: 50% DESIGN FOR PAVEMENT REHABILITATION

Using a basemap prepared by DOWL as part of a separate proposal DOWL will perform 50% design for the pavement rehabilitation of two sections of Mill Bay Road. The design will include identification of the appropriate method of pavement rehabilitation and locations. Design will include typical sections for milling and paving and full depth pavement and leveling course replacement. Utility structures requiring adjustment to finished grades will be identified in table format. Pavement transitions at the beginning and end of each roadway segment will be detailed. DOWL will attend one meeting with the City to present the 50% Design and collect any comments and recommended changes from the City.

In this submittal, we envision a total sheet count as follows:

Sheet Count (11" X 17")	Estimated Number of Sheets
Cover Sheet	1
Index, Notes, Key Map, Legend, and Abbreviations	1
Utility Adjustment Summary Tables	1
Typical Sections	1
Plan and Profile Sheets (40-Scale)	6 -7
<u>Details Sheets</u>	<u>1- 2</u>
Total	11-13

This submittal would include the drawings listed above, a detailed engineer's cost estimate, and draft special provisions.

Deliverables

- 50% Design drawings, engineer's estimate, and draft special provisions

PHASE 2: FINAL DESIGN FOR PAVEMENT REHABILITATION

After the presentation to the City of the 50% Design for the Mill Bay Road Pavement Rehabilitation, recommended changes will be incorporated into the plan set and final bid documents will be prepared.

Assumptions

- All construction for pavement rehabilitation will be bid under a single contract, without alternatives, which would require additional drawings.

Deliverables

- Final signed drawings, engineer’s estimate, and special provisions

SCHEDULE

This schedule has been prepared with an assumed notice-to-proceed (NTP) date that is subject to change. Regardless of the NTP date, the schedule is intended to demonstrate the expected timeframe to complete each task.

Notice-to-Proceed (NTP)Assume June 10th, 2016
 50% Design Presentation – Mill Bay Road Pavement RehabilitationJune 17th, 2016
 Final Design – Mill Bay Road Pavement RehabilitationJune 29th, 2016

FEE PROPOSAL

We propose to complete the described tasks for a total of **\$44,815** a breakout of cost for each task is below:


Task	Fee
Phase 1: 50% Design for Mill Bay Road Pavement Rehabilitation	\$23,685
Phase 2: Final Design for Mill Bay Road Pavement Rehabilitation	\$21,130
TOTALS	\$44,815

Services performed by DOWL under this agreement will be conducted in a manner consistent with that level of care and skill ordinarily exercised by members of the profession currently practicing in the same locality under similar conditions. No other representation, express or implied, and no warranty or guarantee is included or intended in this agreement, or in any report, opinion, document, or otherwise.

Mr. Mark Kozak
Director, Public Works
City of Kodiak
May 27, 2016
Page 4

Thank you again for considering DOWL for this project. We look forward to working with you and will be happy to answer any questions you may have.

Sincerely,
DOWL


Michael D Kozak, P.E. for Aaron Christie

Aaron R. Christie, P.E.
Senior Project Manager

20160525.Kozak.DS.ARC.jah

Attachment: Detailed Fee Estimate

This proposal/agreement and the Standard Contract Terms and Conditions are accepted, and DOWL is authorized to proceed with this work.

Signature

Date

DOWL
ESTIMATE FOR PROFESSIONAL SERVICES

PROJECT:	Mill Bay Road Pavement Rehabilitation Design	WO#:	
		DATE:	May 27, 2016
		Prepared by:	MDK/ARC
CLIENT:	City of Kodiak		

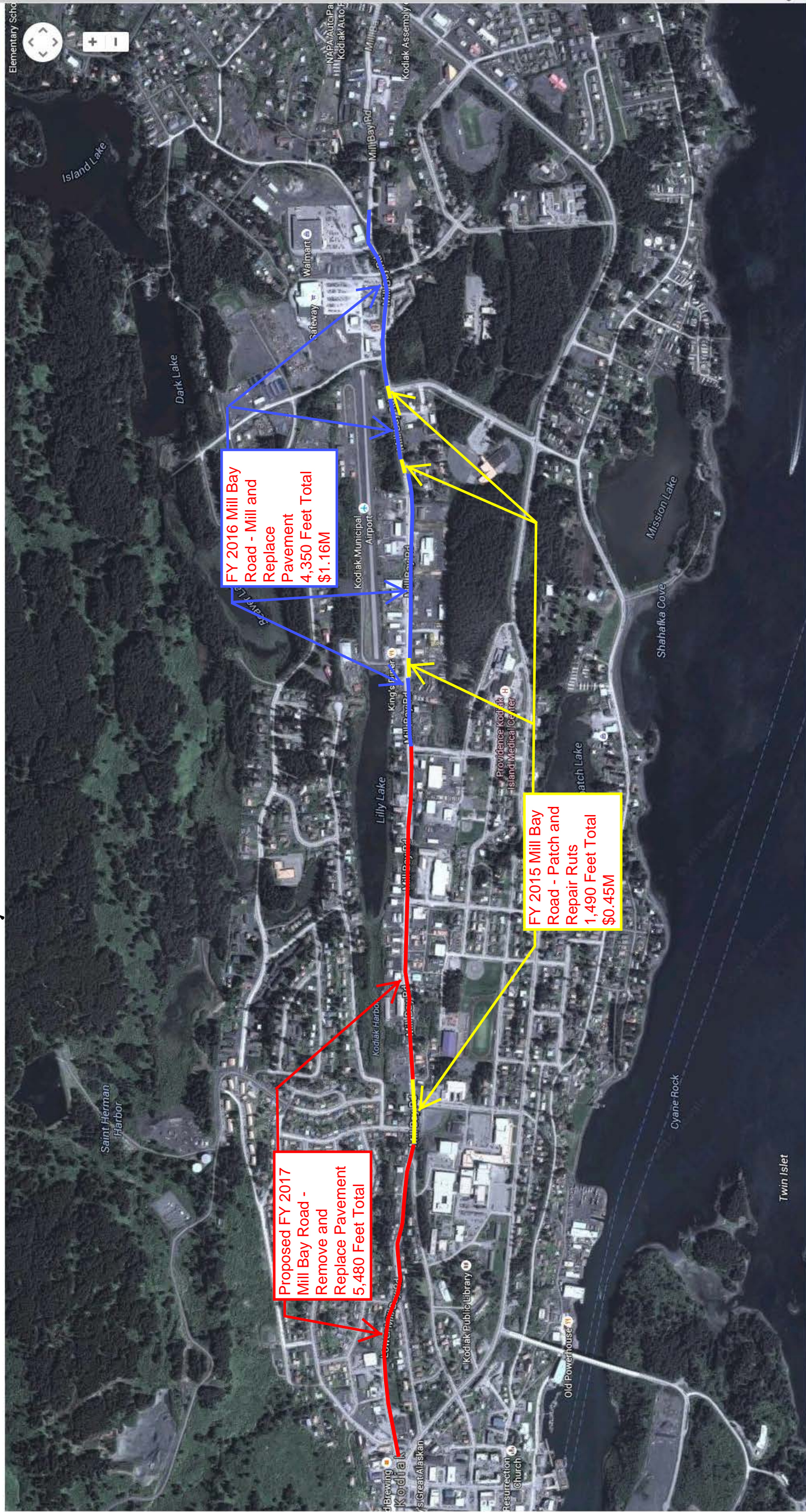
Phase	Basic Services	Total Fees
Phase 1	50% Design for Pavement Rehabilitation (LS)	\$23,685
Phase 2	Final Design for Bulkhead Parking (LS)	\$21,130
	<i>Total For Basic Services</i>	\$44,815

DOWL

ESTIMATE FOR PROFESSIONAL SERVICES

PROJECT: Mill Bay Road Pavement Rehabilitation		WO#		DATE:		May 27, 2016		
CLIENT: City of Kodiak		Prepared by		MIDK/ARC				
	Labor Category	Project Manager	Senior Engineer	Senior Technical	Design Engineer	Engineering Technician	Admin	TOTALS
	Staff Person	Christie	Michelle	Eric V.	Irene M.			
	Hourly Rate	\$180.00	\$155.00	\$140.00	\$140.00	\$115.00	\$110.00	10% Markup
Phase	Task Description							
Phase 2	<i>Final Design for Bulhead Parking (LS)</i>							
	Project Meetings	1	2					
	Project Management, Budgeting, Schedule	4						
	Final Design Submittal							
	Index, Notes, Key Map, Legend, and Abbreviations		1					
	Utility Adjustment Summary Tables		2					
	Typical Sections	1	2	2	4	8		
	Plan and Profiles	1	4	8	8	16		
	Details		1	2	1	12		
	Engineer's Estimate	2	2	6	2			
	Special Provisions	1	8	2				
	QA/QC Review	4	4	4	2	2		
	Respond to Review Comments	1	2	2	4	8		
	<i>Subtotal - Hours</i>	15	28	26	27	58	0	154
	<i>Subtotal - Costs</i>	\$2,700.00	\$4,340.00	\$3,640.00	\$3,780.00	\$6,670.00	\$0.00	\$21,130.00

City of Kodiak, Alaska Mill Bay Road Pavement Rehabilitation



FY 2016 Mill Bay Road - Mill and Replace Pavement
4,350 Feet Total
\$1.16M

Proposed FY 2017 Mill Bay Road - Remove and Replace Pavement
5,480 Feet Total
\$1.48M

FY 2015 Mill Bay Road - Patch and Repair Ruts
1,490 Feet Total
\$0.45M

Legend:

- Proposed FY 2017 Remove and Replace Pavement
- Completed FY 2016 Mill and Overlay Pavement
- Completed FY 2015 Patch and Repair Ruts

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MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Aimée Kniazowski, City Manager and Debra Marlar, City Clerk *AK MS for DM*
Date: June 9, 2016

Agenda Item: V. i. Appointments to Marijuana Advisory Special Committee

SUMMARY: Council adopted Resolution No. 2016–16, Establishing a Marijuana Advisory Special Committee, whose task is to review various elements of State marijuana laws and act in an advisory capacity to the Council and City Manager on the regulation of marijuana and operation of marijuana facilities within the City. Council reviewed applications at the June 7 work session, and should appoint by motion an at-large community member to complete the compilation of the committee established by Resolution No. 2016–16.

PREVIOUS COUNCIL ACTION:

- January 27, 2016, joint work session – Cynthia Franklin, Director of the Marijuana Control Board presented information about marijuana laws to the Council and Assembly.
- April 12, 2016, City work session – City attorney Holly Wells presented marijuana information to the Council.
- April 26, 2016, City work session – the Council voiced a consensus and directed staff to prepare an ordinance to opt out of marijuana establishments within the Kodiak City limit for not more than six months and directed that a resolution be brought forth to establish a marijuana advisory committee appointed by the Council to be comprised of two Councilmembers, two Kodiak business owners, and two City resident at-large members to review and recommend regulations and policies for establishing marijuana establishments within the Kodiak City limit.
- May 10, 2016, City work session – the Council reviewed applications from City business owners and City resident at-large members.
- May 12, 2016, Council appointed Councilmembers Arboleda and Bishop with Councilmember Bishop to serve as Chair and Councilmember Arboleda as Vice-chair and Janiese Stevens and Jonathan Strong as business owners within the City and Glenn Yngve as a City resident at-large member of the Marijuana Advisory Special Committee established by Resolution No. 2016–16.

DISCUSSION: The City Council gave direction at the April 26, 2016, work session that the City opt out of allowing marijuana establishments within the Kodiak City limit for a period not to exceed six months while a marijuana advisory committee appointed by the Council reviews and recommends regulations and policies to establish marijuana establishments in the City. The City Clerk placed ads in the newspaper seeking applicants to serve on this committee and submitted public service

announcements to the local radio stations. The Council reviewed applications at Tuesday's work session.

ALTERNATIVES:

- 1) The Council may proceed with an appointment to the committee.
- 2) The Council may postpone appointment.

FINANCIAL IMPLICATIONS: N/A

LEGAL: N/A

CITY MANAGER'S COMMENTS: On April 26, 2016, Council voiced a consensus to adopt a short-term opt out ordinance to give them time to consider how to move forward with marijuana legalization. Council adopted Ordinance No. 1350 at the May 26, 2016, regular meeting. Council also adopted Resolution No. 2016-16, outlining the duties and composition of a marijuana advisory committee. The next step as outlined in this memo is to review applicants and appoint an at-large member. A meeting schedule will be developed in the near future.

ATTACHMENTS:

- Attachment A: Advisory Committee Applications
Martin Barton –City Resident, At-Large Member
Lisa Zeimer –City Resident, At-Large Member

PROPOSED MOTION:

Move to appoint _____ as a City resident at-large member of the Marijuana Advisory Special Committee established by Resolution No. 2016-16.



Martin Barton
1016 Stellar Way
Kodiak, Ak 99615
907-539-1249

May 18, 2016

To whom it concerns;

I would like to throw my name into the hat for consideration on the marijuana task force.

I am a 49 year resident. I currently work as head bartender for the Elks Club. A position I have held for 6 years. Prior to this, I worked for 5 years as a bartender downstairs at the Tropic Lounge. I am job foreman for C&M Painting and I own M. Barton Painting contracting to the hospital.

I feel I would have a lot to offer this group. I would like to see this group succeed. I see an opportunity for the city to make their share of revenue through taxes.

The people voted it in and I would like to help make sure they get what they voted for. Thank you for your consideration.

Sincerely,

Martin Barton

ZEIMER
PO BOX 8513
KODIAK AK 99615
907-539-1609
LZEIMERA1@GMAIL.COM



May 13, 2016

Re: Marijuana Advisory Task Force

To Whom It May Concern:

I would like to turn in my name for consideration for the Task Force.

I am a successful realtor and resident of the island for 8 years. I have prior experience in government, including the privilege of working for Governor Frank Murkowski.


I understand that this position require fairness and a judicious approach that seeks to be fair to all parties concerned. I feel that I have the intelligence and experience to successfully serve on this board.

Please feel free to contact me if you should have any questions or require further information.

Sincerely,

Lisa Zeimer

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Aimée Kniazowski, City Manager 
Date: June 9, 2016

Agenda Item: V. j. **Authorization to Cancel the July 28 and August 25, 2016, Regular Meetings and Authorize the City Manager to Schedule a Special Meeting if Needed**

SUMMARY: The regularly scheduled Council meetings for July and August may be cancelled to reflect the summer meeting schedule. Elected officials and staff will attend the summer Alaska Municipal League conference August 17 through August 19. Staff discussed the meeting schedule with the Council at the May 10 work session, and Council recommended cancelling the July 28 and August 25, 2016, regular meetings and scheduling a special meeting if needed.

PREVIOUS COUNCIL ACTION: The City Council cancels regular meetings and schedules special meetings from time to time due to travel and other scheduling conflicts.

LEGAL: Kodiak City Code identifies regular meetings are held on the second and fourth Thursdays of each month. If a regular meeting must be cancelled, a special meeting may be scheduled. The attendance requirements do not apply to special meetings.

PROPOSED MOTION:

Move to cancel the July 28 and August 25, 2016, regular meetings and authorize the City Manager to schedule a special meeting if needed.

JUNE 9, 2016
Agenda Item V. j. Memo Page 1 of 1