

**City of Kodiak Regular Council Meeting Agenda for September 22, 2016**  
**7:30 p.m., at 710 Mill Bay Road, Assembly Chambers (Room 232)**

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- I. Call to Order/Roll Call**  
Invocation/Pledge of Allegiance
  
- II. Previous Minutes**  
Approval of Minutes of the September 8, 2016, Special Meeting and September 8, 2016, Regular Council Meeting.....1
  
- III. Persons to Be Heard**
  - a. Public Comments (limited to 3 minutes) (486-3231)
  
- IV. Unfinished Business**
  - a. Resolution No. 2016–30(SUB), Authorizing the Issuance of a Series of Boat Lift Special Facility Revenue Refunding Bonds in the Principal Amount of Not To Exceed \$3,900,000 to Refund Certain Outstanding Boat Lift Special Facility Revenue Bonds of the City, Fixing Certain Details of Such Bonds and Authorizing Their Sale .....12
  - b. Resolution No. 2016–31(SUB), Authorizing the Issuance of a Series of Boat Lift Special Facility Revenue Refunding Bonds in the Principal Amount of Not To Exceed \$1,100,000 to Refund Certain Outstanding Boat Lift Special Facility Revenue Bonds of the City, Fixing Certain Details of Such Bonds and Authorizing Their Sale .....32
  - c. Resolution No. 2016–32(SUB), Authorizing the Issuance of a Series of Harbor Revenue Refunding Bonds in the Principal Amount of Not To Exceed \$2,100,000 to Refund Certain Outstanding Harbor Revenue Bonds of the City, Fixing Certain Details of Such Bonds and Authorizing Their Sale.....52
  
- V. New Business**
  - a. First Reading, Ordinance No. 1359, Adopting Kodiak City Code 8.96.010, Discharge of Firearms and Other Dangerous Weapons Prohibited; Exceptions, and Amending Kodiak City Code 1.12.040, Disposition of Offenses—Fine Schedule, to Enact a Prohibition on Discharging Firearms in the City Subject to Certain Exceptions and a Penalty for Its Violation .....72
  - b. Resolution No. 2016–34, Accepting a FY2016 State Homeland Security Program Grant .....76
  - c. Authorization of a Professional Services Contract for Design of Wastewater Treatment Plant Centrifuge Project, Project No. 17-03/7519 .....88
  - d. Authorization of Agreement for Parks and Recreation Officiating Services .....112
  - e. Authorization of Purchase of Pumps, Motors and Control Panel for the Trident Basin Lift Station .....116
  - f. Authorization of Sole Source Purchase of Replacement ClorTec Unit at the Water Treatment Plant.....122
  - g. Authorization of Amendment No. 2 to the Professional Services Agreement with Solstice Alaska Consulting, Inc. to Assist in Permitting for the Channel Transient Float Replacement Project No. 8525 .....132
  - h. Authorization to Cancel the October 27, November 10, November 24, and December 22, 2016, Regular Meetings, Schedule a Special Meeting for November 3, 2016, and Authorize the City Manager to Schedule Additional Special Meetings if Needed .....138

**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**

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**MINUTES OF THE SPECIAL COUNCIL MEETING  
OF THE CITY OF KODIAK  
HELD THURSDAY, SEPTEMBER 8, 2016  
IN THE CITY CONFERENCE ROOM**

**I. Meeting Called to Order**

Mayor Pat Branson called the meeting to order at 6:30 p.m. Councilmembers Randall C. Bishop, Gabriel T. Saravia, Richard H. Walker, and John B. Whiddon were present and constituted a quorum. Councilmembers Laura B. Arboleda and Charles E. Davidson were absent. City Manager Aimée Kniaziowski, City Clerk Debra L. Marlar, and Deputy City Manager Mike Tvenge were also present.

**II. Public Comments on Agenda Items**

None

**III. Executive Session**

**a. Review Options for Public Outreach Regarding the City Collective Bargaining and/or KIB Consolidation Ordinance Initiatives**

Councilmember Bishop MOVED to enter into executive session pursuant to AS 44.62.310( c )(1) to discuss matters, the immediate knowledge of which would clearly have an adverse effect upon the finances of the City, specifically the City's outreach strategy regarding the City collective bargaining and/or KIB consolidation ordinance initiatives.

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

Council entered into Executive Session at 6:32 p.m.

Mayor Branson reconvened the special meeting at 7:15 p.m.

**V. Adjournment**

Councilmember Whiddon MOVED to adjourn the meeting.

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

Mayor Branson adjourned the meeting at 7:15 p.m.

CITY OF KODIAK

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MAYOR

ATTEST:

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CITY CLERK

Minutes Approved:





**MINUTES OF THE REGULAR COUNCIL MEETING  
OF THE CITY OF KODIAK  
HELD THURSDAY, SEPTEMBER 8, 2016  
IN THE BOROUGH ASSEMBLY CHAMBERS**

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

Mayor Pat Branson called the meeting to order at 7:30 p.m. Councilmembers Laura B. Arboleda, Randall C. Bishop, Gabriel T. Saravia, Richard H. Walker, and John B. Whiddon were present and constituted a quorum. Councilmember Charles E. Davidson was absent. City Manager Aimée Kniaziowski, City Clerk Debra L. Marlar, and Deputy Clerk Michelle Shuravloff-Nelson 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 August 11, 2016, regular meeting and August 30, 2016, special meeting as presented.

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

**III. PERSONS TO BE HEARD**

**a. Public Comments**

**Alexis Kwatcha**, 30-year Kodiak resident, voiced distress about the condition of downtown, which has an abundance of transient and homeless in the area and drug paraphernalia on the grounds. He stated concern about transients given free transportation from Homer to Kodiak. He suggested citizens lobby their legislatures regarding the effects of Senate Bill 91. He believes Senate Bill 91 is deterring the Kodiak Police Department from dealing with criminal behaviors in the downtown area.

**Dave Blacketer**, Senior Citizen of Kodiak, provided a report of their FY2016 services, which include home delivered meals, transportation via KATS, Medicare assistance, and other services that allow seniors to live at home independently. He thanked the Council for their continued support and nonprofit funding contribution. He said the nonprofit funding is used as matching grant funds for senior programs.

**IV. UNFINISHED BUSINESS**

- a. Second Reading and Public Hearing, Ordinance No. 1349, Authorizing a Lease Between the City of Kodiak and GCI Communication Corporation for Pillar Mountain Communication Lease Site No. 9, Described as a Portion of Tract B, U.S. Survey 2538-A**

Mayor Branson read Ordinance No. 1349 by title. City Council and the City Manager approve communication site leases/subleases as required by Kodiak City Code 18.20.230. The existing lease with GCI Communication Corporation expired June 30, 2016. This new lease has a term of five years and requires approval by ordinance. GCI continues to operate from Site No. 9 located on Pillar Mt. The Alaska Wireless Network LLC will also sublease from GCI.

Councilmember Walker MOVED to adopt Ordinance No. 1349.

Mayor Branson 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 Arboleda, Bishop, Saravia, Walker, and Whiddon in favor. Councilmember Davidson was absent. The motion passed.

**b. Termination of the Building Inspection Program MOA**

On April 15, 1988, the Kodiak Island Borough and the City of Kodiak established a single program for inspection of buildings within the jurisdiction of both governments. This agreement was modified in May 1997 and stands as the MOA used today. The Borough has breached the agreement objective to ensure a consistent application of building regulations in the City of Kodiak and the Kodiak Island Borough. A vote to postpone the termination was originally made at the August 11, 2016, Council meeting.

Councilmember Walker MOVED to further postpone termination of the Building Inspection Program Memorandum of Agreement between the Kodiak Island Borough and City of Kodiak until such time as the City Manager recommends Council adopt a revised agreement that can be enforced consistently.

Councilmember Whiddon MOVED to amend the motion to further postpone termination of the Building Inspection Program Memorandum of Agreement between the Kodiak Island Borough and City of Kodiak for 90 days effective September 8, 2016.

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

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

**V. NEW BUSINESS**

**a. Resolution No. 2016–29, Naming Election Workers for the October 4, 2016, Regular Municipal Election**

Mayor Branson read Resolution No. 2016–29 by title. Resolution No. 2016–29 names election workers and canvass board members for the October 4, 2016, regular municipal election and authorizes the City Clerk to appoint other persons, if necessary, to ensure that an adequate number of workers are present to conduct and canvass the election.

Councilmember Bishop MOVED to adopt Resolution No. 2016–29.

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

**b. Resolution No. 2016–30, Authorizing the Issuance of a Series of Boat Lift Special Facility Revenue Refunding Bonds in the Principal Amount of Not to Exceed \$4,000,000 to Refund Certain Outstanding Boat Lift Special Facility Revenue Bonds of the City, Fixing Certain Details of Such Bonds, and Authorizing Their Sale**

Mayor Branson read Resolution No. 2016–30 by title. Resolution No. 2016–30 authorizes the City Manager to proceed with bond refunding for the 2007 Harbor Revenue Bonds in an amount not to exceed \$4,000,000. The Alaska Municipal Bond Bank (AMBB) is issuing General Obligation and Refunding Bonds, 2016 Series Three and Series Four Bonds. A portion of the proceeds of the 2016 Series Three and Series Four Bonds is being used to refund and redeem certain outstanding bonds of the Bond Bank, including the 2007 Series Five Boat Lift Revenue Bonds issued by the City of Kodiak. Depending on the market conditions on the pricing date and resulting savings available as a result of the refunding, the Bond Bank may refund all or none of the refunding candidates. The Bond Bank is not obligated to refund any of the candidates. A market analysis was performed on August 10, 2016, to determine the potential savings to the City. The potential savings for the City of Kodiak 2007 Series Five Boat Lift Revenue Bonds could be as much as \$465,071 over the term of the bonds. The City’s attorney notified the City of potential changes to the resolution and requested it be postponed until the next meeting.

Councilmember Bishop MOVED to adopt Resolution No. 2016–30.

Councilmember Whiddon MOVED to postpone the vote on Resolution No. 2016–30 until the next regular or special meeting.

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

**c. Resolution No. 2016–31, Authorizing the Issuance of a Series of Boat Lift Special Facility Revenue Refunding Bonds in the Principal Amount of Not to Exceed \$1,000,000 to Refund Certain Outstanding Boat Lift Special Facility Revenue Bonds of The City, Fixing Certain Details of Such Bonds, and Authorizing Their Sale**

Mayor Branson read Resolution No. 2016–31 by title. Resolution No. 2016–31 authorizes the City Manager to proceed with bond refunding for the 2007 Harbor Revenue Bonds not to exceed \$1,000,000. The Alaska Municipal Bond Bank is issuing General Obligation and Refunding Bonds, 2016 Series Three and Series Four Bonds. A portion of the proceeds of the 2016 Series Three and Series Four Bonds is being used to refund and redeem certain outstanding bonds of the Bond Bank, including the 2009 Series One Boat Lift Revenue Bonds issued by the City of Kodiak. Depending on the market conditions on the pricing date and resulting savings available as a result of the refunding, the Bond Bank may refund all or none of the refunding candidates. The Bond Bank is not obligated to refund any of the candidates. A market analysis was performed on August 10, 2016, to determine the potential savings to the City. The potential savings for the

City of Kodiak 2009 Series One Boat Lift Revenue Bonds could be as much as \$157,405 over the term of the bonds. The City’s attorney notified the City of potential changes to the resolution and requested it be postponed until the next meeting.

Councilmember Whiddon MOVED to adopt Resolution No. 2016–31.

Councilmember Bishop MOVED to postpone the vote on Resolution No. 2016–31 until the next regular or special meeting.

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

**d. Resolution No. 2016–32, Authorizing the Issuance of a Series of Harbor Revenue Refunding Bonds in the Principal Amount Not to Exceed \$2,000,000 to Refund Certain Outstanding Harbor Revenue Bonds of the City, Fixing Certain Details of Such Bonds, and Authorizing Their Sale**

Mayor Branson read Resolution No. 2016–32 by title. Resolution No. 2016–32 authorizes the City Manager to proceed with bond refunding for the 2007 Harbor Revenue Bonds in an amount not to exceed \$2,000,000. The Alaska Municipal Bond Bank is issuing General Obligation and Refunding Bonds, 2016 Series Three and Series Four Bonds. A portion of the proceeds of the 2016 Series Three and Series Four Bonds is being used to refund and redeem certain outstanding bonds of the Bond Bank, including the 2007 Series Five Boat Harbor Revenue Bonds issued by the City of Kodiak. Depending on the market conditions on the pricing date and resulting savings available as a result of the refunding, the Bond Bank may refund all or none of the refunding candidates. The Bond Bank is not obligated to refund any of the candidates. A market analysis was performed on August 10, 2016, to determine the potential savings to the City. The potential savings for the City of Kodiak 2007 Series Five Boat Harbor Revenue Bonds could be as much as \$226,199 over the term of the bonds. The City’s attorney notified the City of potential changes to the resolution and requested it be postponed until the next meeting.

Councilmember Walker MOVED to adopt Resolution No. 2016–32.

Councilmember Whiddon MOVED to postpone the vote on Resolution No. 2016–32 until the next regular or special meeting.

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

**e. Resolution No. 2016–33, Appointing a Member to the Kodiak Fisheries Development Association**

Mayor Branson read Resolution No. 2016–33 by title. The Joint City-Borough appointed seat on the Kodiak Fisheries Development Association (KFDA) held by Stosh Anderson has expired. Mr. Anderson has requested reappointment to the three-year seat. The Borough Assembly is expected to approve this reappointment during the September 15, 2016, regular Assembly meeting.

Councilmember Arboleda MOVED to adopt Resolution No. 2016–33.

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

**f. Authorization of Vehicle Purchases for Kodiak Police Department**

This authorization is for the replacement of three older, high mileage police SUVs that were recommended for replacements with current model all wheel drive police interceptor utility vehicles in FY2017. The existing vehicles have been in service well beyond their useful life and were evaluated for replacement. The replacement is consistent with the Council’s Vehicle Replacement Policy, and the need to replace the three police SUVs was discussed with Council during the FY2017 budget process.

Councilmember Arboleda MOVED to authorize the City to attach to the State of Alaska Light Duty Contract with Cal Worthington Ford to purchase three current model year Ford all wheel drive police interceptor utility vehicles for a total of \$90,000, with funds for one vehicle coming from the FY2017 Kodiak Police Department Operation Budget, Police Canine Sub-Department Machinery and Equipment line item and two vehicles from the Uniformed Patrol Sub-Department Machinery and Equipment line item and authorize the City Manager to execute the documents for the City.

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

**g. Authorization of Professional Services Contract for Investment Management and Advisory Services**

The City currently self-manages City investments. These are invested based on the investment policy within the City of Kodiak municipal code at the discretion of the Finance Director. The Finance Director presented an overview to the City Council on February 9, 2016, of the City’s investments, investment policy, and returns on investments. The Finance Director suggested that an Investment Committee be formed to oversee the selection of an Investment Management and Advisory Company, and thus, monitor the performance of the company chosen. The Investment Committee performed a search through a Request for Proposal for Investment Management and Advisory Services.

Councilmember Arboleda MOVED to authorize professional services contract No. 224984 with Alaska Permanent Capital Management and authorize the City Manager to execute the documents on behalf of the City.

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

**h. Appointment to Parks and Recreation Advisory Board**

The Parks and Recreation’s ex-officio advisory board seat for the US Coast Guard (USCG) position is vacant. The Parks and Recreation Director received a letter of endorsement for an interested individual from the USCG Commanding Officer at Base Kodiak on August 8, 2016. This

board appointment is made by the Mayor and confirmed by the Council. The term for the Parks and Recreation Advisory Board ex-officio position is set at the time of appointment. The USCG position requires a letter of endorsement from the USCG Commanding Officer.

Mayor Branson appointed LCDR Kyle Ensley for a term of three years to the ex-officio USCG seat on the Parks and Recreation Advisory Board.

Councilmember Arboleda MOVED to confirm the Mayoral advisory board appointment and term to the Parks and Recreation Advisory Board as stated.

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

**VI. STAFF REPORTS**

**a. City Manager**

Manager Kniazowski said she, Deputy City Manager Tvenge, and Councilmembers Davidson and Saravia attended the Alaska Municipal League meeting in August. She said she and Deputy Manager Tvenge attended the Alaska Municipal Manager Association meeting, and she shared that Deputy Manager Tvenge is the President of the Association. She said Governor Walker, OMB Director Pat Pitney, and Don Walker were in attendance at AML. She commented there were discussions regarding the recent elections following the primary and the impact to various seats. She said she was pleased to go and extended her appreciation to Deputy Manager Tvenge on his work for AML. She said the old Pier III gantry crane will be demolished next week once all the insurance requirements are met. She said paving at Pier III was complete. She said Harbormaster White is working diligently on the grant award for replacement of the Channel Transient Float. She said the Fisherman Hall building has been undergoing renovation, meeting space is now usable, and the bathroom and showers remodel is underway. She said the Kodiak Island Racing Association will be displaying their cars on the spit on Friday. She said staff worked with the processors twice since last month regarding the water rate increases, and it will come before the Council again next month. She commented that she is working with the City's insurance carrier for human resource training for newly hired supervisors. She said the Natives of Kodiak (NOK), Stantec, and City and Borough staff met to discuss the development of NOK's property at Swampy Acres and NOK's request for water lines onto their property at Swampy Acres. She said NOK is seeking sponsorship of a Brownfields grant. She commended and thanked the Fire department for firefighting the recent warehouse fire, which included collaboration with the USCG and Bayside Fire departments. She mentioned the City park hours change to the Fall schedule on September 15. She informed she will be out on medical leave from September 12 through September 19 and Deputy Manager Tvenge will be acting Manager.

**b. City Clerk**

City Clerk Marljar encouraged and reminded citizens to vote at the Municipal Election on October 4, 2016. She said the precincts for the City are the Harbor and Teen Center buildings. She invited citizens to contact the Clerk's Office if they are unsure of their voting precinct. She informed the public of the next scheduled Council committee meetings, work session and regular meeting.

**VII. MAYOR’S COMMENTS**

Mayor Branson said Governor Walker is coming to Kodiak on October 7, 2016. She said there will be a joint City-Borough meeting and a Community Forum scheduled. She said more information will be forthcoming. She referred to the public comments earlier regarding the downtown area and mentioned there is a Homeless Coalition headed by Danya Meyer, Brother Francis, which works on social issues. She shared she spoke with a Homer food bank about its practice of providing free transportation of indigents to Kodiak, and the practice will cease.

**VIII. COUNCIL COMMENTS**

Councilmember Walker received phone calls regarding the downtown; he acknowledged the poor behaviors of some, and said it is important to continue to work as a group to address this social issue. He is pleased about the Transient Float grant. He supports the discussion regarding Swampy Acres.

Councilmember Arboleda encouraged citizens to vote in the Municipal Election, especially the younger generation.

Councilmember Whiddon complimented the Fire department for their work on industrial fires and highlighted their scope of work is not limited to residential fire fighting. He said he is on the Alaska Marine Highway System Steering Committee and they have discussed ways to improve the ferry system. He said a design group has been chosen to see how ferries are managed worldwide. He shared he will be in Petersburg, Alaska next week for Governance of the Alaska Marine Highway System. He said the Fisheries Work Group will meet on September 15, 2016. He said Representative Stutes has worked on a declaration of economic disaster for the Kodiak Island for the fisherman affected by the poor pink salmon fishery. He referred to the Borough resolutions and conveyed his support.

Councilmember Saravia thanked the Fire department, USCG, and Bayside for their work. He said dealing with homeless is difficult and commends KPD for their work. He commented the downtown area is a problem and is concerned it is not safe for young girls.

Councilmember Bishop said he appreciates all City employees. He referred to Senate Bill 91 as an obstacle in addressing downtown criminal activity and encouraged citizens to seek out legislators to address the issue.

**IX. AUDIENCE COMMENTS**

None

**X. ADJOURNMENT**

Councilmember Whiddon MOVED to adjourn the meeting.

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

The meeting adjourned at 8:34 p.m.

CITY OF KODIAK

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MAYOR

ATTEST:

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CITY CLERK

Minutes Approved:



# **UNFINISHED BUSINESS**

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## MEMORANDUM TO COUNCIL

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**To:** Mayor Branson and City Councilmembers  
**From:** Aimée Kniazowski, City Manager  
**Thru:** Mike Tvenge, Deputy City Manager and Kelly Mayes, Finance Director  
**Date:** September 22, 2016

**Agenda Item:** IV. a. **Resolution No. 2016–30(SUB), Authorizing the Issuance of a Series of Boat Lift Special Facility Revenue Refunding Bonds in the Principal Amount of Not to Exceed \$3,900,000 to Refund Certain Outstanding Boat Lift Special Facility Revenue Bonds of the City, Fixing Certain Details of Such Bonds, and Authorizing Their Sale**

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**SUMMARY:** Resolution No. 2016–30 (SUB) authorizes the City Manager to proceed with bond refunding for the 2007 Harbor Revenue Bonds in an amount not to exceed \$3,900,000. The Alaska Municipal Bond Bank (AMMB) is issuing General Obligation and Refunding Bonds, 2016 Series Three and Series Four Bonds. A portion of the proceeds of the 2016 Series Three and Series Four Bonds is being used to refund and redeem certain outstanding bonds of the Bond Bank, including the 2007 Series Five Boat Lift Revenue Bonds issued by the City of Kodiak. Depending on the market conditions on the pricing date and resulting savings available as a result of the refunding, the Bond Bank may refund all or none of the refunding candidates. The Bond Bank is not obligated to refund any of the candidates. A market analysis was performed on August 10, 2016, to determine the potential savings to the City. The potential savings for the City of Kodiak 2007 Series Five Boat Lift Revenue Bonds could be as much as \$465,071 over the term of the bonds.

**PREVIOUS COUNCIL ACTION:** Council authorized the issuance of boat lift special facility revenue bonds in one or more series pursuant to Resolution No. 07–32 adopted on October 25, 2007. Bonds were issued under the Master Resolution and Resolution No. 07–33.

**DISCUSSION:** The City has two outstanding revenue bonds for the boat lift. These bonds were previously issued for the purpose of constructing the boat lift in the shipyard. The 2007 Series Five Boat Lift Revenue Bond annual debt service is approximately \$241,000 for fiscal year 2017 and will range from \$241,000 to \$300,000 annually until the bonds reach maturity. Annual coupon rates range from four percent to six percent per annum until maturity on 09/01/2037. Resolution No. 2016–30 authorizes the City Manager to proceed if terms and conditions remain favorable to the City. Additional considerations include market conditions at the pricing date and overall lower costs to the City over the term of the bonds.

Market conditions at the pricing date: The Alaska Municipal Bond Bank has offered to refinance the bonds outstanding to the City at this time due to favorable market conditions. Pricing for the refinancing

and issuance of bonds is scheduled to take place on October 18, 2016. Market conditions could change to reevaluate the refinancing of outstanding bonds, the issuance of additional bonds by the AMBB, or both. Should the market interest rates increase by 0.25 percent, the potential overall savings to the City would decrease to \$392,575. Industry standard savings for choosing to refinance outstanding bonds is three percent of the outstanding principle balance. The City's outstanding principal balance on the bonds eligible for refunding is currently \$3,565,000.

A market analysis was performed on August 10, 2016, to determine the market sensitivity and yield rates for the bond refunding. At this time, the bonds would receive a premium price of \$494,597.35 over par value, which results from the bonds being issued at higher-than-market interest rates. However, on the date of pricing, this premium could be lower. If the bonds were sold at par value or at a discount from par value, additional bonds would be required to meet the sources of funds required for refunding (Attachment C). Therefore, Resolution No. 2016-30(SUB) authorizes an increase in principal up to \$3,900,000.

The City of Kodiak would also incur costs of issuance due to refinancing in the amount of \$15,658.65, underwriter's discount costs in the amount of \$10,710, and costs recovered by the City at issuance that total \$4,194.40. These costs include the attorney's fees but would not include the costs of City employees to travel to Seattle, Washington for closing in November.

Overall cost savings: The City would recognize overall savings over the life of the bonds in the estimated amount of \$465,071 due to the lower debt service payments made each year. Per the current amortization schedules, debt service payments average approximately \$245,000 per year. These debt service payments include interest and principal based on the stated rates and range from \$245,000 to \$300,000 each year until maturity. Under the terms of the refinancing, annual debt service payments would decrease on average \$20,000 - \$30,000 per year, resulting in annual debt service payments ranging from \$215,000 to \$225,000. The amortization schedules for current debt service requirements (Attachment D) and refunded debt service (Attachment E) provide annual debt service requirements and detailed amounts for each year under the bonds.

**ALTERNATIVES:** Council has two options to consider:

- 1) Adopt Resolution No. 2016-30 (SUB), which authorizes the City Manager to proceed if terms and conditions remain favorable to the City. This is the City Attorney and staff's recommendation.
- 2) Do not adopt the resolution and opt not to proceed with refunding at this time. Annual debt service requirements, outstanding principal, and terms would remain the same.

**FINANCIAL IMPLICATIONS:** Due to the nature of the subject, financial implications have been noted throughout.

**LEGAL:** The City Attorney has worked closely with the Bond Bank and Finance Director on this process. The attorney wrote the resolution due to the financial complexity.

**STAFF RECOMMENDATION:** Staff recommends Council adopt Resolution No. 2016–30(SUB) to be prepared with a refunding option if pricing is favorable in October as outlined.

**CITY MANAGER’S COMMENTS:** This bond refunding or refinancing by the Bond Bank could result in substantial savings to the City if the market is favorable. As the Finance Director explained, the City could likely recognize savings due to the lower debt service payments made each year. That could reduce our annual debt service on the Boat Lift bonds by between \$20,000 to \$30,000 for a potential estimated amount overall savings over the life of the bonds of approximately \$465,071. Per Tom Klinkner, once adopted Resolution No. 2016–30(SUB) will position the City to participate in the bond sale along with several other municipal governments if the market is favorable. Therefore, I recommend Council adopt Resolution No. 2016–30(SUB) and the other similar resolutions on this agenda dealing with bond refunding.

**ATTACHMENTS:**

Attachment A: Resolution No. 2016–30(SUB)

Attachment B: Refunding Candidates and Potential Savings

Attachment C: Market Conditions Boat Lift Resolution No. 2016–30

Attachment D: Market Conditions Boat Lift Bonds Resolution No. 2016–30

Attachment E: Refund BL GO Bonds 2016 Series Three & Four Resolution No. 2016–30

*{Clerk’s Note: The motion to adopt Resolution No. 2016–30 is on the floor from the September 8, 2016, regular meeting.}*

**PROPOSED MOTION:**

Move to amend by substituting Resolution No. 2016–30(SUB) for Resolution No. 2016–30.

**CITY OF KODIAK  
RESOLUTION NUMBER 2016-30(SUB)**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK  
AUTHORIZING THE ISSUANCE OF A SERIES OF BOAT LIFT SPECIAL FACILITY  
REVENUE REFUNDING BONDS IN THE PRINCIPAL AMOUNT OF NOT TO  
EXCEED \$3,900,000 TO REFUND CERTAIN OUTSTANDING BOAT LIFT SPECIAL  
FACILITY REVENUE BONDS OF THE CITY, FIXING CERTAIN DETAILS OF SUCH  
BONDS AND AUTHORIZING THEIR SALE**

WHEREAS, the City of Kodiak (the “City”) has authorized the issuance of boat lift special facility revenue bonds in one or more series pursuant to Resolution Number 07–32 adopted October 25, 2007 (the “Master Resolution”); and

WHEREAS, there are now outstanding Boat Lift Special Facility Revenue Bonds, 2007A of the City maturing on September 1 in the years 2017 through 2037 in the aggregate principal amount of \$3,490,000 (the “2007 Bonds”), issued under the Master Resolution and Resolution Number 07–33 of the City; and

WHEREAS, the Council finds that it is in the best interest of the City to provide for the refunding, including the payment of principal of, and premium and interest on, those maturities of the 2007 Bonds (the “Refunded Bonds”) whose refunding the City Manager or City Finance Director determines will produce the percentage debt service savings specified in this Series Resolution, by the issuance of boat lift special facility revenue refunding bonds (the “2016A Bonds”) in the aggregate principal amount of not to exceed \$3,900,000; and

WHEREAS, Article VI, Section 3 of the Kodiak City Charter authorizes the City to borrow money and issue evidences of indebtedness therefor, the principal and interest of which are payable solely out of and the only security of which is the revenue of a revenue-producing utility or enterprise when authorized by the council for the acquisition, construction, reconstruction, repair, improvement, extension, enlargement, and/or equipment of the utility or enterprise; and

WHEREAS, Article VI, Section 3 of the Kodiak City Charter requires that revenue obligations of the City be ratified by a majority of the qualified voters of the City only so long as voter approval is required by state law, and under the constitution and statutes of the State of Alaska the City may issue revenue obligations without voter approval; and

WHEREAS, the Alaska Municipal Bond Bank and the City intend to enter into an Amendatory Loan Agreement, which amends the Loan Agreement dated as of December 1, 2007 (the “2007 Loan Agreement”) between the Alaska Municipal Bond Bank and the City to provide for the refunding of the Refunded Bonds through their exchange for the 2016A Bonds and related matters; and

WHEREAS, the Council finds that it is necessary and appropriate to delegate to each of the City Manager and City Finance Director authority to determine the maturity amounts, interest

rates and other details of the 2016A Bonds, and to determine other matters that are not provided for in this resolution.

NOW, THEREFORE, BE IT RESOLVED by the council of the City of Kodiak, Alaska:

Section 1. Definitions. The terms used in this Series Resolution which are defined in the Master Resolution shall have the meanings set forth in the Master Resolution. In addition the following terms shall have the following meanings in this Series Resolution:

“Amendatory Loan Agreement” means the Amendatory Loan Agreement between the City and the Bond Bank, amending the 2007 Loan Agreement to provide for the refunding of the Refunded Bonds through their exchange for the 2016A Bonds, and related matters.

“Bond Bank” means the Alaska Municipal Bond Bank, a public corporation of the State of Alaska.

“Bond Bank Bonds” means general obligation bonds issued by the Bond Bank to refund all or part of its outstanding General Obligation Bonds, 2007 Series Five.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, together with all regulations applicable thereto.

"Government Obligations" means obligations that are either (i) direct obligations of the United States of America or (ii) obligations of an agency or instrumentality of the United States of America the timely payment of the principal of and interest on which are unconditionally guaranteed by the United States of America.

“Loan Agreement” means the 2007 Loan Agreement as amended by the Amendatory Loan Agreement.

“2007 Loan Agreement” means the Loan Agreement dated as of December 1, 2007 between the Bond Bank and the City.

“2016A Bond Fund” means the Boat Lift Special Facility Revenue Refunding Bond Fund, 2016A, established by Section 13 of this Series Resolution.

"2016A Bonds" means the City of Kodiak, Alaska, Boat Lift Special Facility Revenue Refunding Bonds, 2016A authorized by this Series Resolution.

“2016A Debt Service Account” means the account of that name created in the 2016A Bond Fund by Section 13(a) of this Series Resolution.

“2016A Reserve Account” means the account of that name created in the 2016A Bond Fund by Section 13(b) of this Series Resolution.

“2016A Reserve Requirement” means an amount equal to the least of (i) Maximum Annual Debt Service with respect to the Outstanding 2016A Bonds; (ii) 125% of average Annual Debt Service with respect to the Outstanding 2016A Bonds; (iii) 10% of the initial principal amount of the 2016A Bonds; and (iv) any lesser amount that may be required from time to time under the Code for the exclusion of interest on the 2016A Bonds from gross income for federal income tax purposes.

Section 2. Authorization of 2016A Bonds and Purpose of Issuance. For the purpose of effecting the refunding by exchange of the Refunded Bonds in the manner set forth in this Series Resolution and the Amendatory Loan Agreement, to make any required deposit into the 2016A Reserve Account, and to pay all costs incidental thereto and to the issuance of the 2016A Bonds, the City hereby authorizes and determines to issue and sell as a series of Bonds under the Master Resolution the 2016A Bonds in the aggregate principal amount of not to exceed \$3,900,000.

Section 3. Obligation of 2016A Bonds. The 2016A Bonds shall be an obligation only of the 2016A Bond Fund and shall be payable and secured as provided herein and in the Master Resolution. Neither the faith and credit nor the taxing power of the City is pledged for the payment of the 2016A Bonds.

Section 4. Description of 2016A Bonds. The 2016A Bonds shall be designated "City of Kodiak, Alaska, Boat Lift Special Facility Revenue Refunding Bonds, 2016A." The 2016A Bonds shall be in the denomination of \$5,000 or any integral multiple thereof, shall be numbered separately in the manner and with such additional designation as the Registrar deems necessary for purposes of identification, and may have endorsed thereon such legends or text as may be necessary or appropriate to conform to the rules and regulations of any governmental authority or any usage or requirement of law with respect thereto.

The 2016A Bonds shall mature in one or more years commencing no earlier than 2017 and ending no later than 2037. The 2016A Bonds shall bear interest from their date, payable commencing on a date on or after December 1, 2016, and semi-annually thereafter in each year. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Subject to Section 2 and the remainder of this section, the dated date, the principal and interest payment dates, the record dates for interest payments, the aggregate principal amount, the principal amount of each maturity, and the interest rates on the 2016A Bonds shall be determined at the time of execution of the Amendatory Loan Agreement under Section 17.

Section 5. Optional Redemption. The 2016A Bonds, if any, subject to optional redemption by the City, the time or times when such Bonds are subject to optional redemption, the terms upon which such Bonds may be redeemed, and the redemption price or redemption prices for such 2016A Bonds, shall be determined at the time of execution of the Amendatory Loan Agreement under Section 17.

Section 6. Selection of 2016A Bonds for Redemption; Notice of Redemption.

(a) Selection of 2016A Bonds for Redemption. When the Bond Bank is the Registered Owner of the 2016A Bonds, the selection of 2016A Bonds to be redeemed shall be made as provided in the Loan Agreement. When the Bond Bank is not the Registered Owner of the 2016A Bonds, the selection of 2016A Bonds to be redeemed shall be made as provided in this subsection (a). If the City redeems at any one time fewer than all of the 2016A Bonds having the same maturity date, the particular 2016A Bonds or portions of 2016A Bonds of such maturity to be redeemed shall be selected by lot (or in such other manner determined by the Registrar) in increments of \$5,000. In the case of a 2016A Bond of a denomination greater than \$5,000, the City shall treat such 2016A Bond as representing such number of separate 2016A Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such 2016A Bond by \$5,000. In the event that only a portion of the principal amount of a 2016A Bond is redeemed, upon surrender of such 2016A Bond at the office of the Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a 2016A Bond or Bonds of like maturity and interest rate in any of the denominations authorized herein.

(b) Notice of Redemption. When the Bond Bank is the Registered Owner of the 2016A Bonds, notice of any intended redemption of 2016A Bonds shall be given as provided in the Loan Agreement. When the Bond Bank is not the Registered Owner of the 2016A Bonds, notice of any intended redemption of 2016A Bonds shall be made as provided in this subsection (b). Notice of redemption shall be mailed not less than 30 nor more than 45 days prior to the date fixed for redemption by first class mail to the Registered Owners of the 2016A Bonds to be redeemed at their addresses as they appear on the Bond Register on the day the notice is mailed. Notice of redemption shall be deemed to have been given when the notice is mailed as herein provided, whether or not it is actually received by the Registered Owners. All notices of redemption shall be dated and shall state: (1) the redemption date; (2) the redemption price; (3) if fewer than all outstanding 2016A Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the 2016A Bonds to be redeemed; (4) that on the redemption date the redemption price will become due and payable upon each such 2016A Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and (5) the place where such 2016A Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the office of the Registrar.

Official notice of redemption having been given as aforesaid, 2016A Bonds or portions of 2016A Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date, such 2016A Bonds or portions of 2016A Bonds shall cease to bear interest. Upon surrender of such 2016A Bonds for redemption in accordance with said notice, such 2016A Bonds shall be paid at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender of any 2016A Bond for partial redemption, there shall be prepared for the Registered Owner a new 2016A Bond or Bonds of the same maturity in the amount of the unpaid principal. All 2016A Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.



Each check or other transfer of funds issued to pay the redemption price of 2016A Bonds shall bear the CUSIP number, if any, identifying, by maturity, the 2016A Bonds being redeemed with the proceeds of such check or other transfer.

Section 7. Form of Bond. Each 2016A Bond shall be in substantially the following form, with such variations, omissions and insertions as may be required or permitted by this Series Resolution or the Master Resolution:

UNITED STATES OF AMERICA  
STATE OF ALASKA  
CITY OF KODIAK

NO. \_\_\_\_\_ \$ \_\_\_\_\_

BOAT LIFT SPECIAL FACILITY REVENUE REFUNDING BOND, 2016A

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The City of Kodiak, a municipal corporation of the State of Alaska (the "City"), acknowledges itself indebted and for value received promises to pay (but only out of the sources mentioned herein) to the Registered Owner identified above, or its registered assigns, the principal amount shown above in the following installments on \_\_\_\_\_ 1 of each of the following years, and to pay interest on such installments from the date hereof, payable on December 1, 2016 and semiannually thereafter on the 1<sup>st</sup> days of \_\_\_\_\_ and \_\_\_\_\_ of each year, at the rates per annum as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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When this 2016A Bond is owned by the Alaska Municipal Bond Bank (the "Bond Bank"), payment of principal and interest shall be made as provided in the Loan Agreement between the Bond Bank and the City dated as of December 1, 2007, as amended (the "Loan Agreement"). When this 2016A Bond is not owned by the Bond Bank, installments of principal and interest on this 2016A Bond shall be paid by check or draft mailed by first class mail to the Registered Owner as of the close of business on the \_\_\_\_\_ day of the month \_\_\_\_\_ each installment payment date; provided that the final installment of principal and interest on this 2016A Bond shall be payable upon presentation and surrender of this 2016A Bond by the Registered Owner at the office of the Registrar. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. Both principal of and interest on this 2016A Bond are payable in lawful money of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

Installments of principal of this 2016A Bond due on and after \_\_\_\_\_, 20\_\_, shall be subject to prepayment on and after \_\_\_\_\_, 20\_\_, at the option of the City (subject to any

applicable provisions of the Loan Agreement), in such principal amounts and from such maturities as the City may determine, and by lot within a maturity, at a redemption price equal to the principal amount to be prepaid, plus accrued interest to the date of prepayment.

This 2016A Bond is transferable as provided in the Series Resolution, (i) only upon the bond register of the City, and (ii) upon surrender of this 2016A Bond together with a written instrument of transfer duly executed by the Registered Owner or the duly authorized attorney of the Registered Owner, and thereupon a new fully registered 2016A Bond or Bonds in the same aggregate principal amount and maturity shall be issued to the transferee in exchange therefor as provided in the Series Resolution and upon the payment of charges, if any, as therein prescribed. The City may treat and consider the person in whose name this 2016A Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price, if any, hereof and interest due hereon and for all other purposes whatsoever.

This 2016A Bond is a special obligation of the City and is one of a duly authorized issue of Bonds of the City designated "City of Kodiak, Alaska, Boat Lift Special Facility Revenue Bonds" (the "Bonds"), issued and to be issued in various series under Resolution Number 07-32 (the "Master Resolution"), adopted October 25, 2007, and a Series Resolution authorizing each such series. As provided in the Master Resolution, the Bonds may be issued from time to time pursuant to Series Resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and, subject to the provisions thereof, may otherwise vary. The aggregate principal amount of Bonds which may be issued under the Master Resolution is not limited, and all Bonds issued and to be issued under said Master Resolution are and will be equally and ratably secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the Master Resolution.

This 2016A Bond is one of a series of Bonds issued in the aggregate principal amount of \$ \_\_\_\_\_ under the Master Resolution and Resolution Number 16-30 (the "Series Resolution"), adopted September \_\_, 2016, for the purpose of refunding certain boat lift special facility revenue bonds issued by the City.

This 2016A Bond shall be an obligation only of the 2016A Bond Fund and shall be payable and secured as provided in the Master Resolution and the Series Resolution. Neither the faith and credit nor the taxing power of the City is pledged for the payment of the 2016A Bonds. The City has pledged to pay into the 2016A Bond Fund from Net Revenue or money in the Boat Lift Special Facility Revenue Fund, on or prior to the respective dates on which the same become due, such amounts as are required to pay the interest and principal to become due on this 2016A Bond. Said amounts so pledged are hereby declared to be a lien and charge upon Gross Revenue superior to all other charges of any kind or nature whatsoever, except for Operating Expenses and except that the amounts so pledged are of equal lien to any lien and charge thereon which may hereafter be made to pay and secure the payment of the principal of and interest on any Parity Bonds.

IT IS HEREBY CERTIFIED and declared that this 2016A Bond is issued pursuant to and in strict compliance with the constitution or statutes of the State of Alaska and the home rule charter of the City, and that all acts, conditions and things required to happen, to be done, and to

be performed precedent to and on the issuance of this 2016A Bond have happened, been done and been performed.

IN WITNESS WHEREOF, THE CITY OF KODIAK, ALASKA, has caused this 2016A Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Mayor and its corporate seal (or a facsimile thereof) to be impressed or otherwise reproduced hereon and attested by the manual or facsimile signature of its Clerk, all as of the \_\_\_\_ day of \_\_\_\_\_ 2016.

CITY OF KODIAK

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

[SEAL]

Section 8. Execution. The 2016A Bonds shall be executed in the name of the City by the manual or facsimile signature of the Mayor, and its corporate seal (or a facsimile thereof) shall be impressed or otherwise reproduced thereon and attested by the manual or facsimile signature of the City Clerk. The execution of a 2016A Bond on behalf of the City by persons who at the time of the execution are duly authorized to hold the proper offices shall be valid and sufficient for all purposes, although any such person shall have ceased to hold office at the time of delivery of the 2016A Bond or shall not have held office on the date of the 2016A Bond.

Section 9. Payment of Principal and Interest. The 2016A Bonds shall be payable in lawful money of the United States of America which at the time of payment is legal tender for the payment of public and private debts. When the Bond Bank is the Registered Owner of the 2016A Bonds, payment of principal and interest on the 2016A Bonds shall be made as provided in the Loan Agreement. When the Bond Bank is not the Registered Owner of the 2016A Bonds, installments of principal and interest on the 2016A Bonds shall be paid by check mailed by first class mail to the Registered Owner as of the record date for the installment payment at the address appearing on the Bond Register; provided that the final installment of principal and interest on a 2016A Bond shall be payable upon presentation and surrender of the 2016A Bond by the Registered Owner at the office of the Registrar.

Section 10. Registration. The 2016A Bonds shall be issued only in registered form as to both principal and interest. The Registrar shall keep, or cause to be kept, the Bond Register at the principal office of the City. The City and the Registrar may treat the person in whose name any 2016A Bond shall be registered as the absolute owner of such 2016A Bond for all purposes,

whether or not the 2016A Bond shall be overdue, and all payments of principal of and interest on a 2016A Bond made to the Registered Owner thereof or upon its order shall be valid and effectual to satisfy and discharge the liability upon such 2016A Bond to the extent of the sum or sums so paid, and neither the City nor the Registrar shall be affected by any notice to the contrary.

Section 11. Transfer and Exchange. 2016A Bonds shall be transferred only upon the books for the registration and transfer of 2016A Bonds kept at the office of the Registrar. Upon surrender for transfer or exchange of any 2016A Bond at such office, with a written instrument of transfer or authorization for exchange in form and with guaranty of signature satisfactory to the Registrar, duly executed by the Registered Owner or the duly authorized attorney of the Registered Owner, the City shall execute and deliver an equal aggregate principal amount of 2016A Bonds of the same maturity of any authorized denominations, subject to such reasonable regulations as the City may prescribe and upon payment sufficient to reimburse it for any tax, fee or other governmental charge required to be paid in connection with such transfer or exchange. All 2016A Bonds surrendered for transfer or exchange shall be canceled by the Registrar.

Section 12. 2016A Bonds Mutilated, Destroyed, Stolen or Lost. Upon surrender to the Registrar of a mutilated 2016A Bond, the City shall execute and deliver a new 2016A Bond of like maturity and principal amount. Upon filing with the Registrar of evidence satisfactory to the City that a 2016A Bond has been destroyed, stolen or lost and of the ownership thereof, and upon furnishing the City with indemnity satisfactory to it, the City shall execute and deliver a new 2016A Bond of like maturity and principal amount. The person requesting the execution and delivery of a new 2016A Bond under this section shall comply with such other reasonable regulations as the City may prescribe and pay such expenses as the City may incur in connection therewith.

Section 13. 2016A Bond Fund. A special fund of the City designated the "Boat Lift Special Facility Revenue Refunding Bond Fund, 2016A" is hereby created for the purpose of paying and securing the payment of the 2016A Bonds. The 2016A Bond Fund shall be held separate and apart from all other funds and accounts of the City and shall be a trust fund for the owners, from time to time, of the 2016A Bonds.

(a) 2016A Debt Service Account. A 2016A Debt Service Account is hereby created in the 2016A Bond Fund for the purpose of paying the principal of and interest on the 2016A Bonds. The City hereby irrevocably obligates and binds itself for as long as the 2016A Bonds remain Outstanding to set aside and pay into the 2016A Debt Service Account from Net Revenue or money in the Boat Lift Special Facility Revenue Fund, on or prior to the respective dates on which the same become due (i) such amounts as are required to pay the interest scheduled to become due on the Outstanding 2016A Bonds, and (ii) such amounts as are required to pay maturing principal of the Outstanding 2016A Bonds.

(b) 2016A Reserve Account. A 2016A Reserve Account is hereby created in the 2016A Bond Fund for the purpose of securing the payment of the principal of and interest on the 2016A Bonds. On the date of issuance of the 2016A Bonds, the City shall deposit a sum in the 2016A Reserve Account that is equal to the 2016A Reserve Requirement. If a deficiency occurs in the

2016A Debt Service Account, an amount sufficient to make up the deficiency shall be withdrawn from the 2016A Reserve Account and transferred to the 2016A Debt Service Account. The City shall make up any deficiency in the 2016A Reserve Account resulting from such a withdrawal within one year out of Net Revenue or out of any other moneys legally available for such purpose, after providing for the payments required to be made into the 2016A Debt Service Account within such year.

Any amount in the 2016A Reserve Account in excess of the 2016A Reserve Requirement may be transferred to the 2016A Debt Service Account and used to pay the principal of and interest on the 2016A Bonds as the same becomes due and payable. Whenever there is a sufficient amount in the 2016A Bond Fund, including the 2016A Reserve Account and the 2016A Debt Service Account, to pay the principal of and interest on all Outstanding 2016A Bonds, the amount in the 2016A Reserve Account may be used to pay such principal and interest.

(c) Pledge and Lien. Said amounts so pledged to be paid into the 2016A Debt Service Account and the 2016A Reserve Account are hereby declared to be a lien and charge upon Gross Revenue superior to all other charges of any kind or nature whatsoever, except for Operating Expenses and except that the amounts so pledged are of equal lien to any lien and charge thereon which may hereafter be made to pay and secure the payment of the principal of and interest on any Parity Bonds.

Section 14. Designation of Refunded Bonds. The City Manager and City Finance Director each is authorized to designate which, if any, maturities of the 2007 Bonds authorized to be refunded in this Series Resolution shall be refunded, provided that the refunding of the 2007 Bonds so designated shall realize a debt service savings in the aggregate of at least three percent of their principal amount, net of all issuance costs and underwriting discount, on a present value basis.

Section 15. Tax Covenants. The City covenants to comply with any and all applicable requirements set forth in the Code in effect from time to time to the extent that such compliance shall be necessary for the exclusion of the interest on the 2016A Bonds from gross income for federal income tax purposes. Without limiting the generality of the foregoing, the City covenants that it will make no use or investment of the proceeds of the 2016A Bonds which will cause the 2016A Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 148 of the Code, and that it will not take or permit any action that would cause the 2016A Bonds to be "private activity bonds" as defined in Section 141 of the Code.

Section 16. Defeasance. In the event money and/or non-callable Government Obligations maturing at such times and bearing interest to be earned thereon in amounts sufficient to redeem and retire any or all of the 2016A Bonds in accordance with their terms are set aside in a special trust account to effect such redemption or retirement and such moneys and the principal of and interest on such Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made to pay or secure the payment of the principal of and interest on such 2016A Bonds and such 2016A Bonds shall be deemed not to be Outstanding.

Section 17. Exchange of Bonds; Amendatory Loan Agreement. The 2016A Bonds shall be delivered to the Bond Bank in exchange for the Refunded Bonds. Subject to the limitations provided in Sections 2 and 4, each of the City Manager and City Finance Director is hereby authorized to determine the aggregate principal amount, maturity amounts, interest rates, yields, dated date, principal and interest payment dates, record dates for principal and interest payments, redemption terms, if any, for the 2016A Bonds, and other details of the 2016A Bonds; provided that: (i) the principal amount of each maturity of the 2016A Bonds shall not exceed the principal amount of the portion of the corresponding maturity of the Bond Bank Bonds that is allocated to the making of a loan to the City; and (ii) the interest rate on each maturity of the 2016A Bonds shall not exceed the interest rate on the corresponding maturity of the Bond Bank Bonds. Based upon the foregoing determinations, the City Manager and City Finance Director each is authorized to negotiate and execute the Amendatory Loan Agreement.

Section 18. Authority of Officers. The City Manager, the acting City Manager, the Finance Director, the acting Finance Director, the Clerk and the acting Clerk are, and each of them hereby is, authorized and directed to do and perform all things and determine all matters not determined by this Series Resolution, to the end that the City may carry out its obligations under the 2016A Bonds and this Series Resolution.

Section 19. Ongoing Disclosure. The City acknowledges that, under Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), the City may now or in the future be an “obligated person” with respect to the Bond Bank Bonds. In accordance with the Rule and as the Bond Bank may require, the City shall enter into a continuing disclosure agreement and undertake to provide certain annual financial information and operating data as shall be set forth in the Amendatory Loan Agreement.

Section 20. Miscellaneous.

(a) All payments made by the City of, or on account of, the principal of or interest on the 2016A Bonds shall be made on the several 2016A Bonds ratably and in proportion to the amount due thereon, respectively, for principal or interest as the case may be.

(b) No recourse shall be had for the payment of the principal of or the interest on the 2016A Bonds or for any claim based thereon or on the Master Resolution or this Series Resolution against any member of the Council or officer of the City or any person executing the 2016A Bonds. The 2016A Bonds are not and shall not be in any way a debt or liability of the State of Alaska or of any political subdivision thereof, except the City, and do not and shall not create or constitute an indebtedness or obligation, either legal, moral or otherwise, of said state or of any political subdivision thereof, except the City.

Section 21. Severability. If any one or more of the provisions of this Series Resolution shall be declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provisions of this Series Resolution and shall in no way affect the validity of the other provisions of this Series Resolution or of the 2016A Bonds.

Section 22. Effective Date. This Series Resolution shall become effective upon passage and approval.

ADOPTED by the City Council of the City of Kodiak, Alaska, this \_\_\_\_\_ day of September 2016.

CITY OF KODIAK

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MAYOR

ATTEST:

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CITY CLERK

**Alaska Municipal Bond Bank  
Refunding Candidates for GO 2016 Series Three & Four**

Borrower	Refunded Bonds			Refunding Results Under Current Market Conditions					Sensitivity Analysis	
	Series	Refunded Par	Call Date	PV Savings (\$)	PV Savings (%)	Annual Savings	Negative Arbitrage	Neg Arb as % of PV Savings	PV Savings at +25 bps (\$)	PV Savings at +25 bps (%)
1 City of Petersburg	2007-1	\$1,270,000	12/03/2016	\$126,344	9.9%	\$12,412	\$1,997	1.6%	\$111,054	8.7%
2 City of Nome	2007-1	\$665,000	12/03/2016	\$44,900	6.8%	\$8,237	\$1,045	2.3%	\$40,413	6.1%
3 Northwest Arctic Borough	2007-1	\$4,595,000	12/03/2016	\$327,962	7.1%	\$66,383	\$7,224	2.2%	\$296,834	6.5%
4 City of Seward	2007-1	\$1,075,000	12/03/2016	\$68,718	6.4%	\$11,116	\$1,690	2.5%	\$60,008	5.6%
5 City of Wasilla	2007-1	\$810,000	12/03/2016	\$37,946	4.7%	\$12,117	\$1,275	3.4%	\$34,622	4.3%
6 City and Borough of Sitka	2007-1	\$1,625,000	12/03/2016	\$74,183	4.6%	\$24,408	\$2,559	3.4%	\$67,567	4.2%
7 Aleutians East Borough	2007-2	\$19,445,000	12/03/2016	\$3,019,787	15.5%	\$263,960	\$30,590	1.0%	\$2,667,181	13.7%
8 Kenai Peninsula Borough	2007-2	\$2,945,000	12/03/2016	\$399,385	13.6%	\$53,305	\$4,631	1.2%	\$357,223	12.1%
9 City of Bethel	2007-3	\$2,295,000	09/01/2017	\$340,604	14.8%	\$38,379	\$31,417	9.2%	\$301,795	13.2%
10 City of Kodiak (Harbor)	2007-5	\$1,650,000	09/01/2017	\$226,199	13.7%	\$14,167	\$22,531	10.0%	\$190,508	11.5%
11 City of Kodiak (Lift)	2007-5	\$3,410,000	09/01/2017	\$465,071	13.6%	\$29,131	\$46,570	10.0%	\$392,575	11.5%
12 City of Dillingham	2008-1	\$9,190,000	04/01/2018	\$1,182,480	12.9%	\$114,961	\$200,254	16.9%	\$1,014,339	11.0%
13 City of Kodiak	2008-1	\$6,280,000	04/01/2018	\$994,288	15.8%	\$63,721	\$137,279	13.8%	\$851,234	13.6%
14 Kodiak Island Borough	2008-1	\$5,620,000	04/01/2018	\$606,991	10.8%	\$76,640	\$117,074	19.3%	\$517,816	9.2%
15 Municipality of Skagway	2008-2	\$3,060,000	06/01/2018	\$402,858	13.2%	\$39,591	\$73,789	18.3%	\$345,281	11.3%
16 City of Kodiak	2009-1	\$800,000	09/01/2018	\$157,405	19.7%	\$9,817	\$22,022	14.0%	\$137,429	17.2%
17 City and Borough of Juneau	CBJ 2006B	\$18,560,000	12/03/2016	\$1,408,586	7.6%	\$250,651	28,816.68	0.02	\$1,328,901	7.2%
18 City of Ketchikan (AMT)	2006-2	\$30,845,000	12/03/2016	\$5,505,387	17.8%	\$386,339	\$48,716	0.9%	\$4,874,710	15.9%
<b>Total Candidates</b>		<b>\$114,140,000</b>		<b>\$15,389,113</b>	<b>13.5%</b>		<b>\$779,480</b>	<b>5.1%</b>	<b>\$13,589,491</b>	<b>11.9%</b>

Borrower	# of Loans	Total Refunded
1 Aleutians East Borough	1	\$19,445,000
2 City and Borough of Sitka	1	\$1,625,000
3 City of Bethel	1	\$2,295,000
4 City of Dillingham	1	\$9,190,000
5 City of Ketchikan (AMT)	1	\$30,845,000
6 City of Kodiak	4	\$12,140,000
7 City of Nome	1	\$665,000
8 City of Petersburg	1	\$1,270,000
9 City of Seward	1	\$1,075,000
10 City of Wasilla	1	\$810,000
11 Kenai Peninsula Borough	1	\$2,945,000
12 Kodiak Island Borough	1	\$5,620,000
13 Municipality of Skagway	1	\$3,060,000
14 Northwest Arctic Borough	1	\$4,595,000
15 City and Borough of Juneau	1	\$18,560,000
<b>Totals</b>	<b>18</b>	<b>\$114,140,000</b>

Assumptions:  
Annual principal payments on December 1  
Closing on November 3, 2016  
Market conditions as of August 10, 2016

Refunds CBJ bonds



## SOURCES AND USES OF FUNDS

City of Kodiak -- Refund GO 2007-5 (Lift)  
 Alaska Municipal Bond Bank  
 GO Bonds 2016 Series Three & Four  
 Market Conditions as of August 10, 2016

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Dated Date 11/03/2016  
 Delivery Date 11/03/2016

## Sources:

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<b>Bond Proceeds:</b>	
Par Amount	3,060,000.00
Premium	494,597.35
	<u>3,554,597.35</u>

<b>Other Sources of Funds:</b>	
Prior Borrower Reserve Fund	302,831.25
	<u>3,857,428.60</u>

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## Uses:

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<b>Refunding Escrow Deposits:</b>	
Cash Deposit	0.55
SLGS Purchases	3,554,765.00
	<u>3,554,765.55</u>

<b>Other Fund Deposits:</b>	
Borrower Reserve Fund	272,100.00

<b>Cost of Issuance:</b>	
Fitch Rating	860.19
S&P Rating	860.19
AMBB Costs	573.46
Miscellaneous Printing, etc.	215.05
Trustee/Escrow Agent	80.28
AMBB FA	979.76
AMBB BC	4,702.87
Verification Agent	149.39
Borrower Costs of Issuance	7,237.46
	<u>15,658.65</u>

<b>Delivery Date Expenses:</b>	
Underwriter's Discount	10,710.00

<b>Other Uses of Funds:</b>	
Additional Proceeds	4,194.40
	<u>3,857,428.60</u>

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Boat Lift Special Facility Revenue Bonds, 2007A  
Boat Lift Project - \$4M

Fiscal Year	Date	Principal	Coupon	Interest	Total	Fiscal Year Total
2016	9/1/2015	70,000.00	6.00%	86,215.00	156,215.00	
	3/1/2016			84,115.00	84,115.00	240,330.00
FY 2016 not included in totals at the bottom; shown for FY 2016 purposes and not CP / LTP calcs						
2017	9/1/2016	75,000.00	6.00%	84,115.00	159,115.00	
	3/1/2017			81,865.00	81,865.00	240,980.00
2018	9/1/2017	80,000.00	6.00%	81,865.00	161,865.00	
	3/1/2018			79,465.00	79,465.00	241,330.00
2019	9/1/2018	85,000.00	6.00%	79,465.00	164,465.00	
	3/1/2019			76,915.00	76,915.00	241,380.00
2020	9/1/2019	90,000.00	4.00%	76,915.00	166,915.00	
	3/1/2020			75,115.00	75,115.00	242,030.00
2021	9/1/2020	95,000.00	4.125%	75,115.00	170,115.00	
	3/1/2021			73,155.63	73,155.63	243,270.63
2022	9/1/2021	100,000.00	4.25%	73,155.63	173,155.63	
	3/1/2022			71,030.63	71,030.63	244,186.26
2023	9/1/2022	105,000.00	4.30%	71,030.63	176,030.63	
	3/1/2023			68,773.13	68,773.13	244,803.76
2024	9/1/2023	110,000.00	4.40%	68,773.13	178,773.13	
	3/1/2024			66,353.13	66,353.13	245,126.26
2025	9/1/2024	115,000.00	4.50%	66,353.13	181,353.13	
	3/1/2025			63,765.63	63,765.63	245,118.76
2026	9/1/2025	120,000.00	4.50%	63,765.63	183,765.63	
	3/1/2026			61,065.63	61,065.63	244,831.26
2027	9/1/2026	125,000.00	4.50%	61,065.63	186,065.63	
	3/1/2027			58,253.13	58,253.13	244,318.76
2028	9/1/2027	130,000.00	4.625%	58,253.13	188,253.13	
	3/1/2028			55,246.88	55,246.88	243,500.01
2029	9/1/2028	135,000.00	4.625%	55,246.88	190,246.88	
	3/1/2029			52,125.00	52,125.00	242,371.88
2030	9/1/2029	200,000.00	4.625%	52,125.00	252,125.00	
	3/1/2030			47,500.00	47,500.00	299,625.00
2031	9/1/2030	210,000.00	4.75%	47,500.00	257,500.00	
	3/1/2031			42,512.50	42,512.50	300,012.50
2032	9/1/2031	220,000.00	4.75%	42,512.50	262,512.50	
	3/1/2032			37,287.50	37,287.50	299,800.00
2033	9/1/2032	230,000.00	4.75%	37,287.50	267,287.50	
	3/1/2033			31,825.00	31,825.00	299,112.50
2034	9/1/2033	245,000.00	4.75%	31,825.00	276,825.00	
	3/1/2034			26,006.25	26,006.25	302,831.25
2035	9/1/2034	255,000.00	4.75%	26,006.25	281,006.25	
	3/1/2035			19,950.00	19,950.00	300,956.25
2036	9/1/2035	265,000.00	4.75%	19,950.00	284,950.00	
	3/1/2036			13,656.25	13,656.25	298,606.25
2037	9/1/2036	280,000.00	4.75%	13,656.25	293,656.25	
	3/1/2037			7,006.25	7,006.25	300,662.50
2038	9/1/2037	295,000.00	4.75%	7,006.25	302,006.25	302,006.25
		<u>3,565,000.00</u>		<u>2,301,860.08</u>	<u>5,866,860.08</u>	<u>5,866,860.08</u>

## SAVINGS

City of Kodiak -- Refund GO 2007-5 (Lift)  
 Alaska Municipal Bond Bank  
 GO Bonds 2016 Series Three & Four  
 Market Conditions as of August 10, 2016

Date	Prior Debt Service	Refunding Debt Service	Savings	Annual Savings	Present Value to 11/03/2016 @ 3.0624990%
12/01/2016		10,620.56	-10,620.56		-10,595.48
03/01/2017	79,465.00		79,465.00		78,677.29
06/01/2017		68,275.00	-68,275.00		-67,086.53
06/30/2017				569.44	
09/01/2017	79,465.00		79,465.00		77,490.71
12/01/2017		68,275.00	-68,275.00		-66,074.76
03/01/2018	79,465.00		79,465.00		76,322.03
06/01/2018		68,275.00	-68,275.00		-65,078.25
06/30/2018				22,380.00	
09/01/2018	164,465.00		164,465.00		155,577.86
12/01/2018		143,275.00	-143,275.00		-134,506.99
03/01/2019	76,915.00		76,915.00		71,661.46
06/01/2019		67,150.00	-67,150.00		-62,089.87
06/30/2019				30,955.00	
09/01/2019	166,915.00		166,915.00		153,168.77
12/01/2019		147,150.00	-147,150.00		-134,009.40
03/01/2020	75,115.00		75,115.00		67,889.37
06/01/2020		65,550.00	-65,550.00		-58,796.02
06/30/2020				29,330.00	
09/01/2020	170,115.00		170,115.00		151,432.12
12/01/2020		150,550.00	-150,550.00		-133,001.42
03/01/2021	73,155.63		73,155.63		64,139.18
06/01/2021		63,850.00	-63,850.00		-55,556.73
06/30/2021				28,870.63	
09/01/2021	173,155.63		173,155.63		149,524.57
12/01/2021		153,850.00	-153,850.00		-131,848.01
03/01/2022	71,030.63		71,030.63		60,411.81
06/01/2022		62,050.00	-62,050.00		-52,374.29
06/30/2022				28,286.26	
09/01/2022	176,030.63		176,030.63		147,456.77
12/01/2022		157,050.00	-157,050.00		-130,561.32
03/01/2023	68,773.13		68,773.13		56,740.81
06/01/2023		59,675.00	-59,675.00		-48,861.78
06/30/2023				28,078.76	
09/01/2023	178,773.13		178,773.13		145,271.11
12/01/2023		154,675.00	-154,675.00		-124,737.57
03/01/2024	66,353.13		66,353.13		53,105.40
06/01/2024		57,300.00	-57,300.00		-45,512.64
06/30/2024				33,151.26	
09/01/2024	181,353.13		181,353.13		142,956.07
12/01/2024		157,300.00	-157,300.00		-123,057.02
03/01/2025	63,765.63		63,765.63		49,506.76
06/01/2025		54,800.00	-54,800.00		-42,223.92
06/30/2025				33,018.76	
09/01/2025	183,765.63		183,765.63		140,521.37
12/01/2025		159,800.00	-159,800.00		-121,270.45
03/01/2026	61,065.63		61,065.63		45,991.25
06/01/2026		52,175.00	-52,175.00		-38,997.88
06/30/2026				32,856.26	
09/01/2026	186,065.63		186,065.63		138,020.88
12/01/2026		162,175.00	-162,175.00		-119,388.55
03/01/2027	58,253.13		58,253.13		42,559.66
06/01/2027		49,425.00	-49,425.00		-35,836.51
06/30/2027				32,718.76	
09/01/2027	188,253.13		188,253.13		135,463.21
12/01/2027		164,425.00	-164,425.00		-117,421.37
03/01/2028	55,246.88		55,246.88		39,155.00
06/01/2028		46,550.00	-46,550.00		-32,741.55
06/30/2028				32,525.01	
09/01/2028	190,246.88		190,246.88		132,799.75
12/01/2028		166,550.00	-166,550.00		-115,378.39
03/01/2029	52,125.00		52,125.00		35,836.54
06/01/2029		43,550.00	-43,550.00		-29,714.49
06/30/2029				32,271.88	
09/01/2029	252,125.00		252,125.00		170,724.62
12/01/2029		228,550.00	-228,550.00		-153,589.53
03/01/2030	47,500.00		47,500.00		31,679.19
06/01/2030		39,850.00	-39,850.00		-26,376.00
06/30/2030				31,225.00	
09/01/2030	257,500.00		257,500.00		169,144.55
12/01/2030		234,850.00	-234,850.00		-153,098.69
03/01/2031	42,512.50		42,512.50		27,504.12
06/01/2031		35,950.00	-35,950.00		-23,082.35
06/30/2031				29,212.50	
09/01/2031	262,512.50		262,512.50		167,275.10
12/01/2031		235,950.00	-235,950.00		-149,211.20
03/01/2032	37,287.50		37,287.50		23,401.56
06/01/2032		31,950.00	-31,950.00		-19,899.98
06/30/2032				31,900.00	
09/01/2032	267,287.50		267,287.50		165,219.19
12/01/2032		241,950.00	-241,950.00		-148,425.19

SAVINGS

City of Kodiak -- Refund GO 2007-5 (Lift)  
 Alaska Municipal Bond Bank  
 GO Bonds 2016 Series Three & Four  
 Market Conditions as of August 10, 2016

Date	Prior Debt Service	Refunding Debt Service	Savings	Annual Savings	Present Value to 11/03/2016 @ 3.0624990%
03/01/2033	31,825.00		31,825.00		19,375.39
06/01/2033		27,750.00	-27,750.00		-16,766.61
06/30/2033				29,412.50	
09/01/2033	276,825.00		276,825.00		165,992.21
12/01/2033		247,750.00	-247,750.00		-147,433.50
03/01/2034	26,006.25		26,006.25		15,358.91
06/01/2034		23,350.00	-23,350.00		-13,685.78
06/30/2034				31,731.25	
09/01/2034	281,006.25		281,006.25		163,455.26
12/01/2034		253,350.00	-253,350.00		-146,252.73
03/01/2035	19,950.00		19,950.00		11,429.47
06/01/2035		18,750.00	-18,750.00		-10,660.67
06/30/2035				28,856.25	
09/01/2035	284,950.00		284,950.00		160,787.44
12/01/2035		253,750.00	-253,750.00		-142,098.55
03/01/2036	13,656.25		13,656.25		7,589.54
06/01/2036		12,875.00	-12,875.00		-7,101.19
06/30/2036				31,981.25	
09/01/2036	293,656.25		293,656.25		160,739.74
12/01/2036		262,875.00	-262,875.00		-142,801.72
03/01/2037	7,006.25		7,006.25		3,777.20
06/01/2037		6,625.00	-6,625.00		-3,544.62
06/30/2037				31,162.50	
09/01/2037	302,006.25		302,006.25		160,361.63
12/01/2037		271,625.00	-271,625.00		-143,137.83
06/30/2038				30,381.25	
	5,622,945.08	4,982,070.56	640,874.52	640,874.52	491,607.52

Savings Summary

PV of savings from cash flow	491,607.52
Less: Prior funds on hand	-302,831.25
Plus: Refunding funds on hand	276,294.40
Net PV Savings	465,070.67

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## MEMORANDUM TO COUNCIL

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**To:** Mayor Branson and City Councilmembers

**From:** Aimée Kniazowski, City Manager

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

**Date:** September 22, 2016

**Agenda Item:** IV. b. **Resolution No. 2016–31(SUB), Authorizing the Issuance of a Series of Boat Lift Special Facility Revenue Refunding Bonds in the Principal Amount of Not to Exceed \$1,100,000 to Refund Certain Outstanding Boat Lift Special Facility Revenue Bonds of the City, Fixing Certain Details of Such Bonds, and Authorizing Their Sale**

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**SUMMARY:** Resolution No. 2016–31(SUB) authorizes the City Manager to proceed with bond refunding for the 2007 Harbor Revenue Bonds not to exceed \$1,100,000. The Alaska Municipal Bond Bank is issuing General Obligation and Refunding Bonds, 2016 Series Three and Series Four Bonds. A portion of the proceeds of the 2016 Series Three and Series Four Bonds is being used to refund and redeem certain outstanding bonds of the Bond Bank, including the 2009 Series One Boat Lift Revenue Bonds issued by the City of Kodiak. Depending on the market conditions on the pricing date and resulting savings available as a result of the refunding, the Bond Bank may refund all or none of the refunding candidates. The Bond Bank is not obligated to refund any of the candidates. A market analysis was performed on August 10, 2016, to determine the potential savings to the City. The potential savings for the City of Kodiak 2009 Series One Boat Lift Revenue Bonds could be as much as \$157,405 over the term of the bonds.

**PREVIOUS COUNCIL ACTION:** Council authorized the issuance of boat lift special facility revenue bonds in one or more series pursuant to Resolution No. 07–32, adopted on October 25, 2007. Council issued these bonds under the Master Resolution and Resolution No. 07–33, and amended Resolution No. 07–33 with Resolution No. 08–30.

**DISCUSSION:** The City has two revenue bonds outstanding for the Boat Lift. These bonds were previously issued for the purpose of constructing the Boat Lift in the Ship Yard. The 2009 Series One Boat Lift Revenue Bond annual debt service is approximately \$68,000 for fiscal year 2017 and will range from \$67,000 to \$70,000 annually until the bonds reach maturity. Annual coupon rates range from five percent to six percent per annum until maturity on 09/01/2037. Resolution No. 2016–31(SUB) authorizes the City Manager to proceed if terms and conditions remain favorable to the City. Additional considerations include market conditions at the pricing date and overall lower costs to the City over the term of the bonds.

Market conditions at the pricing date: The Alaska Municipal Bond Bank has offered to refinance the bonds outstanding to the City at this time due to favorable market conditions. Pricing for the refinancing, and issuance of bonds is scheduled to take place on October 18, 2016. Market conditions could change to reevaluate the refinancing of outstanding bonds, the issuance of additional bonds by the AMBB, or both. Should the market interest rates increase by 0.25 percent, the potential overall savings to the City would decrease to \$137,429. Industry standard savings for choosing to refinance outstanding bonds is three percent of the outstanding principle balance. The City's outstanding principal balance on the bonds eligible for refunding is currently \$870,000.

A market analysis was performed on August 10, 2016, to determine the market sensitivity and yield rates for the bond refunding. At this time, the bonds would receive a premium price of \$127,868.45 over par value, which results from the bonds being issued at higher-than-market interest rates. However, on the date of pricing, this premium could be lower. If the bonds were sold at par value or at a discount from par value, additional bonds would be required to meet the sources of funds required for refunding (Attachment C). Therefore, Resolution No. 2016-31(SUB) authorizes an increase in principal up to \$1,100,000.

The City of Kodiak would also incur costs of issuance due to refinancing in the amount of \$3,837.91, underwriter's discount costs in the amount of \$2,625, and costs recovered by the City at issuance that total \$2,945.02. These costs include the attorney's fees but would not include the costs of City employees to travel to Seattle, Washington for closing in November.

Overall cost savings: The City would recognize overall savings over the life of the bonds in the estimated amount of \$157,405 due to the lower debt service payments made each year. Per the current amortization schedules, debt service payments are approximately \$68,000 per year. These debt service payments include interest and principal based on the stated rates and will remain consistent each year until maturity. Under the terms of the refinancing, annual debt service payments would decrease on average \$8,000 to \$12,000 per year, resulting in annual debt service payments ranging from \$58,000 to \$60,000. The amortization schedules for current debt service requirements (Attachment D) and refunded debt service (Attachment E) provide annual debt service requirements and detailed amounts for each year under the bonds.

**ALTERNATIVES:** Council has two alternatives to consider:

- 1) Adopt Resolution No. 2016-31(SUB), which authorizes the City Manager to proceed with bond refunding if terms and conditions remain favorable to the City.
- 2) Do not adopt the resolution and do not proceed with refunding at this time. Annual debt service requirements, outstanding principal, and terms would remain the same.

**FINANCIAL IMPLICATIONS:** Due to the nature of the subject, financial implications have been noted throughout.

**LEGAL:** The City Attorney has worked closely with the Bond Bank and Finance Director on this process. The attorney wrote the resolution due to the financial complexity.

**STAFF RECOMMENDATION:** Staff recommends Council adopt Resolution No. 2016–31(SUB) to be prepared with a refunding option if pricing is favorable in October as outlined.

**CITY MANAGER’S COMMENTS:** This bond refunding or refinancing by the Bond Bank could result in savings to the City if the market remains favorable. As the Finance Director explained above, the City could likely recognize savings due to the lower debt service payments made each year. That could reduce our annual debt service on this series of the Boat Lift bonds by a decrease on average \$8,000 to \$12,000 per year, resulting in annual debt service payments ranging from \$58,000 to \$60,000. This is an estimated overall savings of approximately \$157,405 over the life of the bonds. Adopting the resolution will position the City to participate in the bond sale along with several other municipal governments if the market is favorable. Therefore, I recommend Council adopt Resolution No. 2016–31 (SUB) and the other similar resolutions on this agenda dealing with bond refunding.

**ATTACHMENTS:**

Attachment A: Resolution No. 2016–31(SUB)

Attachment B: Refunding Candidates and Potential Savings

Attachment C: Market Conditions Boat Lift Resolution No. 2016–31

Attachment D: Market Conditions Boat Lift Project Resolution No. 2016–31

Attachment E: Refund BL GO Bonds Resolution No. 2016–31

*{Clerk’s Note: The motion to adopt Resolution No. 2016–31 is on the floor from the September 8, 2016, regular meeting.}*

**PROPOSED MOTION:**

Move to amend by substituting Resolution No. 2016–31(SUB) for Resolution No. 2016–31.



**CITY OF KODIAK  
RESOLUTION NUMBER 2016–31(SUB)**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK  
AUTHORIZING THE ISSUANCE OF A SERIES OF BOAT LIFT SPECIAL FACILITY  
REVENUE REFUNDING BONDS IN THE PRINCIPAL AMOUNT OF NOT TO  
EXCEED \$1,100,000 TO REFUND CERTAIN OUTSTANDING BOAT LIFT SPECIAL  
FACILITY REVENUE BONDS OF THE CITY, FIXING CERTAIN DETAILS OF SUCH  
BONDS AND AUTHORIZING THEIR SALE**

WHEREAS, the City of Kodiak (the “City”) has authorized the issuance of boat lift special facility revenue bonds in one or more series pursuant to Resolution Number 07–32 adopted October 25, 2007 (the “Master Resolution”); and

WHEREAS, there are now outstanding Boat Lift Special Facility Revenue Bonds, 2009A of the City maturing on September 1 in the years 2017 through 2037 in the aggregate principal amount of \$850,000 (the “2009 Bonds”), issued under the Master Resolution and Resolution Number 07-33 of the City, as amended by Resolution Number 08–30 of the City; and

WHEREAS, the Council finds that it is in the best interest of the City to provide for the refunding, including the payment of principal of, and premium and interest on, those maturities of the 2009 Bonds (the “Refunded Bonds”) whose refunding the City Manager or City Finance Director determines will produce the percentage debt service savings specified in this Series Resolution, by the issuance of boat lift special facility revenue refunding bonds (the “2016B Bonds”) in the aggregate principal amount of not to exceed \$1,100,000; and

WHEREAS, Article VI, Section 3 of the Kodiak City Charter authorizes the City to borrow money and issue evidences of indebtedness therefor, the principal and interest of which are payable solely out of and the only security of which is the revenue of a revenue-producing utility or enterprise when authorized by the council for the acquisition, construction, reconstruction, repair, improvement, extension, enlargement, and/or equipment of the utility or enterprise; and

WHEREAS, Article VI, Section 3 of the Kodiak City Charter requires that revenue obligations of the City be ratified by a majority of the qualified voters of the City only so long as voter approval is required by state law, and under the constitution and statutes of the State of Alaska the City may issue revenue obligations without voter approval; and

WHEREAS, the Alaska Municipal Bond Bank and the City intend to enter into an Amendatory Loan Agreement, which amends the Loan Agreement dated as of January 1, 2009 (the “2009 Loan Agreement”) between the Alaska Municipal Bond Bank and the City to provide for the refunding of the Refunded Bonds through their exchange for the 2016B Bonds and related matters; and

WHEREAS, the Council finds that it is necessary and appropriate to delegate to each of the City Manager and City Finance Director authority to determine the maturity amounts, interest

rates and other details of the 2016B Bonds, and to determine other matters that are not provided for in this resolution.

NOW, THEREFORE, BE IT RESOLVED by the council of the City of Kodiak, Alaska:

Section 1. Definitions. The terms used in this Series Resolution which are defined in the Master Resolution shall have the meanings set forth in the Master Resolution. In addition the following terms shall have the following meanings in this Series Resolution:

“Amendatory Loan Agreement” means the Amendatory Loan Agreement between the City and the Bond Bank, amending the 2009 Loan Agreement to provide for the refunding of the Refunded Bonds through their exchange for the 2016B Bonds, and related matters.

“Bond Bank” means the Alaska Municipal Bond Bank, a public corporation of the State of Alaska.

“Bond Bank Bonds” means general obligation bonds issued by the Bond Bank to refund all or part of its outstanding General Obligation Bonds, 2009 Series One.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, together with all regulations applicable thereto.

"Government Obligations" means obligations that are either (i) direct obligations of the United States of America or (ii) obligations of an agency or instrumentality of the United States of America the timely payment of the principal of and interest on which are unconditionally guaranteed by the United States of America.

“Loan Agreement” means the 2009 Loan Agreement as amended by the Amendatory Loan Agreement.

“2009 Loan Agreement” means the Loan Agreement dated as of January 1, 2009 between the Bond Bank and the City.

“2016B Bond Fund” means the Boat Lift Special Facility Revenue Refunding Bond Fund, 2016B, established by Section 13 of this Series Resolution.

"2016B Bonds" means the City of Kodiak, Alaska, Boat Lift Special Facility Revenue Refunding Bonds, 2016B authorized by this Series Resolution.

“2016B Debt Service Account” means the account of that name created in the 2016B Bond Fund by Section 13(a) of this Series Resolution.

“2016B Reserve Account” means the account of that name created in the 2016B Bond Fund by Section 13(b) of this Series Resolution.

“2016B Reserve Requirement” means an amount equal to the least of (i) Maximum Annual Debt Service with respect to the Outstanding 2016B Bonds; (ii) 125% of average Annual Debt Service with respect to the Outstanding 2016B Bonds; (iii) 10% of the initial principal amount of the 2016B Bonds; and (iv) any lesser amount that may be required from time to time under the Code for the exclusion of interest on the 2016B Bonds from gross income for federal income tax purposes.

Section 2. Authorization of 2016B Bonds and Purpose of Issuance. For the purpose of effecting the refunding by exchange of the Refunded Bonds in the manner set forth in this Series Resolution and the Amendatory Loan Agreement, to make any required deposit into the 2016B Reserve Account, and to pay all costs incidental thereto and to the issuance of the 2016B Bonds, the City hereby authorizes and determines to issue and sell as a series of Bonds under the Master Resolution the 2016B Bonds in the aggregate principal amount of not to exceed \$1,100,000.

Section 3. Obligation of 2016B Bonds. The 2016B Bonds shall be an obligation only of the 2016B Bond Fund and shall be payable and secured as provided herein and in the Master Resolution. Neither the faith and credit nor the taxing power of the City is pledged for the payment of the 2016B Bonds.

Section 4. Description of 2016B Bonds. The 2016B Bonds shall be designated "City of Kodiak, Alaska, Boat Lift Special Facility Revenue Refunding Bonds, 2016B." The 2016B Bonds shall be in the denomination of \$5,000 or any integral multiple thereof, shall be numbered separately in the manner and with such additional designation as the Registrar deems necessary for purposes of identification, and may have endorsed thereon such legends or text as may be necessary or appropriate to conform to the rules and regulations of any governmental authority or any usage or requirement of law with respect thereto.

The 2016B Bonds shall mature in one or more years commencing no earlier than 2017 and ending no later than 2037. The 2016B Bonds shall bear interest from their date, payable commencing on a date on or after December 1, 2016, and semi-annually thereafter in each year. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Subject to Section 2 and the remainder of this section, the dated date, the principal and interest payment dates, the record dates for interest payments, the aggregate principal amount, the principal amount of each maturity, and the interest rates on the 2016B Bonds shall be determined at the time of execution of the Amendatory Loan Agreement under Section 17.

Section 5. Optional Redemption. The 2016B Bonds, if any, subject to optional redemption by the City, the time or times when such Bonds are subject to optional redemption, the terms upon which such Bonds may be redeemed, and the redemption price or redemption prices for such 2016B Bonds, shall be determined at the time of execution of the Amendatory Loan Agreement under Section 17.

Section 6. Selection of 2016B Bonds for Redemption; Notice of Redemption.

(a) Selection of 2016B Bonds for Redemption. When the Bond Bank is the Registered Owner of the 2016B Bonds, the selection of 2016B Bonds to be redeemed shall be made as provided in the Loan Agreement. When the Bond Bank is not the Registered Owner of the 2016B Bonds, the selection of 2016B Bonds to be redeemed shall be made as provided in this subsection (a). If the City redeems at any one time fewer than all of the 2016B Bonds having the same maturity date, the particular 2016B Bonds or portions of 2016B Bonds of such maturity to be redeemed shall be selected by lot (or in such other manner determined by the Registrar) in increments of \$5,000. In the case of a 2016B Bond of a denomination greater than \$5,000, the City shall treat such 2016B Bond as representing such number of separate 2016B Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such 2016B Bond by \$5,000. In the event that only a portion of the principal amount of a 2016B Bond is redeemed, upon surrender of such 2016B Bond at the office of the Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a 2016B Bond or Bonds of like maturity and interest rate in any of the denominations authorized herein.

(b) Notice of Redemption. When the Bond Bank is the Registered Owner of the 2016B Bonds, notice of any intended redemption of 2016B Bonds shall be given as provided in the Loan Agreement. When the Bond Bank is not the Registered Owner of the 2016B Bonds, notice of any intended redemption of 2016B Bonds shall be made as provided in this subsection (b). Notice of redemption shall be mailed not less than 30 nor more than 45 days prior to the date fixed for redemption by first class mail to the Registered Owners of the 2016B Bonds to be redeemed at their addresses as they appear on the Bond Register on the day the notice is mailed. Notice of redemption shall be deemed to have been given when the notice is mailed as herein provided, whether or not it is actually received by the Registered Owners. All notices of redemption shall be dated and shall state: (1) the redemption date; (2) the redemption price; (3) if fewer than all outstanding 2016B Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the 2016B Bonds to be redeemed; (4) that on the redemption date the redemption price will become due and payable upon each such 2016B Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and (5) the place where such 2016B Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the office of the Registrar.

Official notice of redemption having been given as aforesaid, 2016B Bonds or portions of 2016B Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date, such 2016B Bonds or portions of 2016B Bonds shall cease to bear interest. Upon surrender of such 2016B Bonds for redemption in accordance with said notice, such 2016B Bonds shall be paid at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender of any 2016B Bond for partial redemption, there shall be prepared for the Registered Owner a new 2016B Bond or Bonds of the same maturity in the amount of the unpaid principal. All 2016B Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

Each check or other transfer of funds issued to pay the redemption price of 2016B Bonds shall bear the CUSIP number, if any, identifying, by maturity, the 2016B Bonds being redeemed with the proceeds of such check or other transfer.

Section 7. Form of Bond. Each 2016B Bond shall be in substantially the following form, with such variations, omissions and insertions as may be required or permitted by this Series Resolution or the Master Resolution:

UNITED STATES OF AMERICA  
STATE OF ALASKA  
CITY OF KODIAK

NO. \_\_\_\_\_ \$ \_\_\_\_\_

BOAT LIFT SPECIAL FACILITY REVENUE REFUNDING BOND, 2016B

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The City of Kodiak, a municipal corporation of the State of Alaska (the "City"), acknowledges itself indebted and for value received promises to pay (but only out of the sources mentioned herein) to the Registered Owner identified above, or its registered assigns, the principal amount shown above in the following installments on \_\_\_\_\_ 1 of each of the following years, and to pay interest on such installments from the date hereof, payable on December 1, 2016 and semiannually thereafter on the 1<sup>st</sup> days of \_\_\_\_\_ and \_\_\_\_\_ of each year, at the rates per annum as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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When this 2016B Bond is owned by the Alaska Municipal Bond Bank (the "Bond Bank"), payment of principal and interest shall be made as provided in the Loan Agreement between the Bond Bank and the City dated as of December 1, 2007, as amended (the "Loan Agreement"). When this 2016B Bond is not owned by the Bond Bank, installments of principal and interest on this 2016B Bond shall be paid by check or draft mailed by first class mail to the Registered Owner as of the close of business on the \_\_\_\_\_ day of the month \_\_\_\_\_ each installment payment date; provided that the final installment of principal and interest on this 2016B Bond shall be payable upon presentation and surrender of this 2016B Bond by the Registered Owner at the office of the Registrar. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. Both principal of and interest on this 2016B Bond are payable in lawful money of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

Installments of principal of this 2016B Bond due on and after \_\_\_\_\_, 20\_\_, shall be subject to prepayment on and after \_\_\_\_\_, 20\_\_, at the option of the City (subject to any

applicable provisions of the Loan Agreement), in such principal amounts and from such maturities as the City may determine, and by lot within a maturity, at a redemption price equal to the principal amount to be prepaid, plus accrued interest to the date of prepayment.

This 2016B Bond is transferable as provided in the Series Resolution, (i) only upon the bond register of the City, and (ii) upon surrender of this 2016B Bond together with a written instrument of transfer duly executed by the Registered Owner or the duly authorized attorney of the Registered Owner, and thereupon a new fully registered 2016B Bond or Bonds in the same aggregate principal amount and maturity shall be issued to the transferee in exchange therefor as provided in the Series Resolution and upon the payment of charges, if any, as therein prescribed. The City may treat and consider the person in whose name this 2016B Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price, if any, hereof and interest due hereon and for all other purposes whatsoever.

This 2016B Bond is a special obligation of the City and is one of a duly authorized issue of Bonds of the City designated "City of Kodiak, Alaska, Boat Lift Special Facility Revenue Bonds" (the "Bonds"), issued and to be issued in various series under Resolution Number 07-32 (the "Master Resolution"), adopted October 25, 2007, and a Series Resolution authorizing each such series. As provided in the Master Resolution, the Bonds may be issued from time to time pursuant to Series Resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and, subject to the provisions thereof, may otherwise vary. The aggregate principal amount of Bonds which may be issued under the Master Resolution is not limited, and all Bonds issued and to be issued under said Master Resolution are and will be equally and ratably secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the Master Resolution.

This 2016B Bond is one of a series of Bonds issued in the aggregate principal amount of \$ \_\_\_\_\_ under the Master Resolution and Resolution Number 2016-31 (the "Series Resolution"), adopted September \_\_, 2016, for the purpose of refunding certain boat lift special facility revenue bonds issued by the City.

This 2016B Bond shall be an obligation only of the 2016B Bond Fund and shall be payable and secured as provided in the Master Resolution and the Series Resolution. Neither the faith and credit nor the taxing power of the City is pledged for the payment of the 2016B Bonds. The City has pledged to pay into the 2016B Bond Fund from Net Revenue or money in the Boat Lift Special Facility Revenue Fund, on or prior to the respective dates on which the same become due, such amounts as are required to pay the interest and principal to become due on this 2016B Bond. Said amounts so pledged are hereby declared to be a lien and charge upon Gross Revenue superior to all other charges of any kind or nature whatsoever, except for Operating Expenses and except that the amounts so pledged are of equal lien to any lien and charge thereon which may hereafter be made to pay and secure the payment of the principal of and interest on any Parity Bonds.

IT IS HEREBY CERTIFIED and declared that this 2016B Bond is issued pursuant to and in strict compliance with the constitution or statutes of the State of Alaska and the home rule charter of the City, and that all acts, conditions and things required to happen, to be done, and to

be performed precedent to and on the issuance of this 2016B Bond have happened, been done and been performed.

IN WITNESS WHEREOF, THE CITY OF KODIAK, ALASKA, has caused this 2016B Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Mayor and its corporate seal (or a facsimile thereof) to be impressed or otherwise reproduced hereon and attested by the manual or facsimile signature of its Clerk, all as of the \_\_\_\_ day of \_\_\_\_\_ 2016.

CITY OF KODIAK

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

[SEAL]

Section 8. Execution. The 2016B Bonds shall be executed in the name of the City by the manual or facsimile signature of the Mayor, and its corporate seal (or a facsimile thereof) shall be impressed or otherwise reproduced thereon and attested by the manual or facsimile signature of the City Clerk. The execution of a 2016B Bond on behalf of the City by persons who at the time of the execution are duly authorized to hold the proper offices shall be valid and sufficient for all purposes, although any such person shall have ceased to hold office at the time of delivery of the 2016B Bond or shall not have held office on the date of the 2016B Bond.

Section 9. Payment of Principal and Interest. The 2016B Bonds shall be payable in lawful money of the United States of America which at the time of payment is legal tender for the payment of public and private debts. When the Bond Bank is the Registered Owner of the 2016B Bonds, payment of principal and interest on the 2016B Bonds shall be made as provided in the Loan Agreement. When the Bond Bank is not the Registered Owner of the 2016B Bonds, installments of principal and interest on the 2016B Bonds shall be paid by check mailed by first class mail to the Registered Owner as of the record date for the installment payment at the address appearing on the Bond Register; provided that the final installment of principal and interest on a 2016B Bond shall be payable upon presentation and surrender of the 2016B Bond by the Registered Owner at the office of the Registrar.

Section 10. Registration. The 2016B Bonds shall be issued only in registered form as to both principal and interest. The Registrar shall keep, or cause to be kept, the Bond Register at the principal office of the City. The City and the Registrar may treat the person in whose name any 2016B Bond shall be registered as the absolute owner of such 2016B Bond for all purposes,

whether or not the 2016B Bond shall be overdue, and all payments of principal of and interest on a 2016B Bond made to the Registered Owner thereof or upon its order shall be valid and effectual to satisfy and discharge the liability upon such 2016B Bond to the extent of the sum or sums so paid, and neither the City nor the Registrar shall be affected by any notice to the contrary.

Section 11. Transfer and Exchange. 2016B Bonds shall be transferred only upon the books for the registration and transfer of 2016B Bonds kept at the office of the Registrar. Upon surrender for transfer or exchange of any 2016B Bond at such office, with a written instrument of transfer or authorization for exchange in form and with guaranty of signature satisfactory to the Registrar, duly executed by the Registered Owner or the duly authorized attorney of the Registered Owner, the City shall execute and deliver an equal aggregate principal amount of 2016B Bonds of the same maturity of any authorized denominations, subject to such reasonable regulations as the City may prescribe and upon payment sufficient to reimburse it for any tax, fee or other governmental charge required to be paid in connection with such transfer or exchange. All 2016B Bonds surrendered for transfer or exchange shall be canceled by the Registrar.

Section 12. 2016B Bonds Mutilated, Destroyed, Stolen or Lost. Upon surrender to the Registrar of a mutilated 2016B Bond, the City shall execute and deliver a new 2016B Bond of like maturity and principal amount. Upon filing with the Registrar of evidence satisfactory to the City that a 2016B Bond has been destroyed, stolen or lost and of the ownership thereof, and upon furnishing the City with indemnity satisfactory to it, the City shall execute and deliver a new 2016B Bond of like maturity and principal amount. The person requesting the execution and delivery of a new 2016B Bond under this section shall comply with such other reasonable regulations as the City may prescribe and pay such expenses as the City may incur in connection therewith.

Section 13. 2016B Bond Fund. A special fund of the City designated the "Boat Lift Special Facility Revenue Refunding Bond Fund, 2016B" is hereby created for the purpose of paying and securing the payment of the 2016B Bonds. The 2016B Bond Fund shall be held separate and apart from all other funds and accounts of the City and shall be a trust fund for the owners, from time to time, of the 2016B Bonds.

(a) 2016B Debt Service Account. A 2016B Debt Service Account is hereby created in the 2016B Bond Fund for the purpose of paying the principal of and interest on the 2016B Bonds. The City hereby irrevocably obligates and binds itself for as long as the 2016B Bonds remain Outstanding to set aside and pay into the 2016B Debt Service Account from Net Revenue or money in the Boat Lift Special Facility Revenue Fund, on or prior to the respective dates on which the same become due (i) such amounts as are required to pay the interest scheduled to become due on the Outstanding 2016B Bonds, and (ii) such amounts as are required to pay maturing principal of the Outstanding 2016B Bonds.

(b) 2016B Reserve Account. A 2016B Reserve Account is hereby created in the 2016B Bond Fund for the purpose of securing the payment of the principal of and interest on the 2016B Bonds. On the date of issuance of the 2016B Bonds, the City shall deposit a sum in the 2016B Reserve Account that is equal to the 2016B Reserve Requirement. If a deficiency occurs in the



2016B Debt Service Account, an amount sufficient to make up the deficiency shall be withdrawn from the 2016B Reserve Account and transferred to the 2016B Debt Service Account. The City shall make up any deficiency in the 2016B Reserve Account resulting from such a withdrawal within one year out of Net Revenue or out of any other moneys legally available for such purpose, after providing for the payments required to be made into the 2016B Debt Service Account within such year.

Any amount in the 2016B Reserve Account in excess of the 2016B Reserve Requirement may be transferred to the 2016B Debt Service Account and used to pay the principal of and interest on the 2016B Bonds as the same becomes due and payable. Whenever there is a sufficient amount in the 2016B Bond Fund, including the 2016B Reserve Account and the 2016B Debt Service Account, to pay the principal of and interest on all Outstanding 2016B Bonds, the amount in the 2016B Reserve Account may be used to pay such principal and interest.

(c) Pledge and Lien. Said amounts so pledged to be paid into the 2016B Debt Service Account and the 2016B Reserve Account are hereby declared to be a lien and charge upon Gross Revenue superior to all other charges of any kind or nature whatsoever, except for Operating Expenses and except that the amounts so pledged are of equal lien to any lien and charge thereon which may hereafter be made to pay and secure the payment of the principal of and interest on any Parity Bonds.

Section 14. Designation of Refunded Bonds. The City Manager and City Finance Director each is authorized to designate which, if any, maturities of the 2009 Bonds authorized to be refunded in this Series Resolution shall be refunded, provided that the refunding of the 2009 Bonds so designated shall realize a debt service savings in the aggregate of at least three percent of their principal amount, net of all issuance costs and underwriting discount, on a present value basis.

Section 15. Tax Covenants. The City covenants to comply with any and all applicable requirements set forth in the Code in effect from time to time to the extent that such compliance shall be necessary for the exclusion of the interest on the 2016B Bonds from gross income for federal income tax purposes. Without limiting the generality of the foregoing, the City covenants that it will make no use or investment of the proceeds of the 2016B Bonds which will cause the 2016B Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 148 of the Code, and that it will not take or permit any action that would cause the 2016B Bonds to be "private activity bonds" as defined in Section 141 of the Code.

Section 16. Defeasance. In the event money and/or non-callable Government Obligations maturing at such times and bearing interest to be earned thereon in amounts sufficient to redeem and retire any or all of the 2016B Bonds in accordance with their terms are set aside in a special trust account to effect such redemption or retirement and such moneys and the principal of and interest on such Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made to pay or secure the payment of the principal of and interest on such 2016B Bonds and such 2016B Bonds shall be deemed not to be Outstanding.

Section 17. Exchange of Bonds; Amendatory Loan Agreement. The 2016B Bonds shall be delivered to the Bond Bank in exchange for the Refunded Bonds. Subject to the limitations provided in Sections 2 and 4, each of the City Manager and City Finance Director is hereby authorized to determine the aggregate principal amount, maturity amounts, interest rates, yields, dated date, principal and interest payment dates, record dates for principal and interest payments, redemption terms, if any, for the 2016B Bonds, and other details of the 2016B Bonds; provided that: (i) the principal amount of each maturity of the 2016B Bonds shall not exceed the principal amount of the portion of the corresponding maturity of the Bond Bank Bonds that is allocated to the making of a loan to the City; and (ii) the interest rate on each maturity of the 2016B Bonds shall not exceed the interest rate on the corresponding maturity of the Bond Bank Bonds. Based upon the foregoing determinations, the City Manager and City Finance Director each is authorized to negotiate and execute the Amendatory Loan Agreement.

Section 18. Authority of Officers. The City Manager, the acting City Manager, the Finance Director, the acting Finance Director, the Clerk and the acting Clerk are, and each of them hereby is, authorized and directed to do and perform all things and determine all matters not determined by this Series Resolution, to the end that the City may carry out its obligations under the 2016B Bonds and this Series Resolution.

Section 19. Ongoing Disclosure. The City acknowledges that, under Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), the City may now or in the future be an “obligated person” with respect to the Bond Bank Bonds. In accordance with the Rule and as the Bond Bank may require, the City shall enter into a continuing disclosure agreement and undertake to provide certain annual financial information and operating data as shall be set forth in the Amendatory Loan Agreement.

Section 20. Miscellaneous.

(a) All payments made by the City of, or on account of, the principal of or interest on the 2016B Bonds shall be made on the several 2016B Bonds ratably and in proportion to the amount due thereon, respectively, for principal or interest as the case may be.

(b) No recourse shall be had for the payment of the principal of or the interest on the 2016B Bonds or for any claim based thereon or on the Master Resolution or this Series Resolution against any member of the Council or officer of the City or any person executing the 2016B Bonds. The 2016B Bonds are not and shall not be in any way a debt or liability of the State of Alaska or of any political subdivision thereof, except the City, and do not and shall not create or constitute an indebtedness or obligation, either legal, moral or otherwise, of said state or of any political subdivision thereof, except the City.

Section 21. Severability. If any one or more of the provisions of this Series Resolution shall be declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provisions of this Series Resolution and shall in no way affect the validity of the other provisions of this Series Resolution or of the 2016B Bonds.

Section 22. Effective Date. This Series Resolution shall become effective upon passage and approval.

ADOPTED by the City Council of the City of Kodiak, Alaska, this \_\_\_\_ day of September 2016.

CITY OF KODIAK

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MAYOR

ATTEST:

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CITY CLERK

**Alaska Municipal Bond Bank  
Refunding Candidates for GO 2016 Series Three & Four**

Borrower	Refunded Bonds			Refunding Results Under Current Market Conditions					Sensitivity Analysis	
	Series	Refunded Par	Call Date	PV Savings (\$)	PV Savings (%)	Annual Savings	Negative Arbitrage	Neg Arb as % of PV Savings	PV Savings at +25 bps (\$)	PV Savings at +25 bps (%)
1 City of Petersburg	2007-1	\$1,270,000	12/03/2016	\$126,344	9.9%	\$12,412	\$1,997	1.6%	\$111,054	8.7%
2 City of Nome	2007-1	\$665,000	12/03/2016	\$44,900	6.8%	\$8,237	\$1,045	2.3%	\$40,413	6.1%
3 Northwest Arctic Borough	2007-1	\$4,595,000	12/03/2016	\$327,962	7.1%	\$66,383	\$7,224	2.2%	\$296,834	6.5%
4 City of Seward	2007-1	\$1,075,000	12/03/2016	\$68,718	6.4%	\$11,116	\$1,690	2.5%	\$60,008	5.6%
5 City of Wasilla	2007-1	\$810,000	12/03/2016	\$37,946	4.7%	\$12,117	\$1,275	3.4%	\$34,622	4.3%
6 City and Borough of Sitka	2007-1	\$1,625,000	12/03/2016	\$74,183	4.6%	\$24,408	\$2,559	3.4%	\$67,567	4.2%
7 Aleutians East Borough	2007-2	\$19,445,000	12/03/2016	\$3,019,787	15.5%	\$263,960	\$30,590	1.0%	\$2,667,181	13.7%
8 Kenai Peninsula Borough	2007-2	\$2,945,000	12/03/2016	\$399,385	13.6%	\$53,305	\$4,631	1.2%	\$357,223	12.1%
9 City of Bethel	2007-3	\$2,295,000	09/01/2017	\$340,604	14.8%	\$38,379	\$31,417	9.2%	\$301,795	13.2%
10 City of Kodiak (Harbor)	2007-5	\$1,650,000	09/01/2017	\$226,199	13.7%	\$14,167	\$22,531	10.0%	\$190,508	11.5%
11 City of Kodiak (Lift)	2007-5	\$3,410,000	09/01/2017	\$465,071	13.6%	\$29,131	\$46,570	10.0%	\$392,575	11.5%
12 City of Dillingham	2008-1	\$9,190,000	04/01/2018	\$1,182,480	12.9%	\$114,961	\$200,254	16.9%	\$1,014,339	11.0%
13 City of Kodiak	2008-1	\$6,280,000	04/01/2018	\$994,288	15.8%	\$63,721	\$137,279	13.8%	\$851,234	13.6%
14 Kodiak Island Borough	2008-1	\$5,620,000	04/01/2018	\$606,991	10.8%	\$76,640	\$117,074	19.3%	\$517,816	9.2%
15 Municipality of Skagway	2008-2	\$3,060,000	06/01/2018	\$402,858	13.2%	\$39,591	\$73,789	18.3%	\$345,281	11.3%
16 City of Kodiak	2009-1	\$800,000	09/01/2018	\$157,405	19.7%	\$9,817	\$22,022	14.0%	\$137,429	17.2%
17 City and Borough of Juneau	CBJ 2006B	\$18,560,000	12/03/2016	\$1,408,586	7.6%	\$250,651	28,816.68	0.02	\$1,328,901	7.2%
18 City of Ketchikan (AMT)	2006-2	\$30,845,000	12/03/2016	\$5,505,387	17.8%	\$386,339	\$48,716	0.9%	\$4,874,710	15.9%
<b>Total Candidates</b>		<b>\$114,140,000</b>		<b>\$15,389,113</b>	<b>13.5%</b>		<b>\$779,480</b>	<b>5.1%</b>	<b>\$13,589,491</b>	<b>11.9%</b>

Borrower	# of Loans	Total Refunded
1 Aleutians East Borough	1	\$19,445,000
2 City and Borough of Sitka	1	\$1,625,000
3 City of Bethel	1	\$2,295,000
4 City of Dillingham	1	\$9,190,000
5 City of Ketchikan (AMT)	1	\$30,845,000
6 City of Kodiak	4	\$12,140,000
7 City of Nome	1	\$665,000
8 City of Petersburg	1	\$1,270,000
9 City of Seward	1	\$1,075,000
10 City of Wasilla	1	\$810,000
11 Kenai Peninsula Borough	1	\$2,945,000
12 Kodiak Island Borough	1	\$5,620,000
13 Municipality of Skagway	1	\$3,060,000
14 Northwest Arctic Borough	1	\$4,595,000
15 City and Borough of Juneau	1	\$18,560,000
<b>Totals</b>	<b>18</b>	<b>\$114,140,000</b>

Refunds CBJ bonds

Assumptions:  
Annual principal payments on December 1  
Closing on November 3, 2016  
Market conditions as of August 10, 2016

## SOURCES AND USES OF FUNDS

City of Kodiak -- Refund GO 2009-1  
 Alaska Municipal Bond Bank  
 GO Bonds 2016 Series Three & Four  
 Market Conditions as of August 10, 2016

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Dated Date 11/03/2016  
 Delivery Date 11/03/2016

## Sources:

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Bond Proceeds:	
Par Amount	750,000.00
Premium	127,868.45
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	877,868.45

Other Sources of Funds:	
Prior Borrower Reserve Fund	72,637.50
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	950,505.95

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## Uses:

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Refunding Escrow Deposits:	
Cash Deposit	0.02
SLGS Purchases	879,298.00
	<hr/>
	879,298.02

Other Fund Deposits:	
Borrower Reserve Fund	61,800.00

Cost of Issuance:	
Fitch Rating	210.83
S&P Rating	210.83
AMBB Costs	140.55
Miscellaneous Printing, etc.	52.71
Trustee/Escrow Agent	19.68
AMBB FA	240.14
AMBB BC	1,152.66
Verification Agent	36.62
Borrower Costs of Issuance	1,773.89
	<hr/>
	3,837.91

Delivery Date Expenses:	
Underwriter's Discount	2,625.00

Other Uses of Funds:	
Additional Proceeds	2,945.02

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950,505.95

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Boat Lift Special Facility Revenue Bonds, 2009  
Boat Lift Project - \$1M

Fiscal Year	Date	Principal	Coupon	Interest	Total	Fiscal Year Total
2016	9/1/2015	20,000	5.000%	24,606.25	44,606.25	68,712.50
	3/1/2016			24,106.25	24,106.25	
FY 2016 not included in totals at the bottom; shown for FY 2016 purposes and not CP / LTP calcs						
2017	9/1/2016	20,000	5.000%	24,106.25	44,106.25	67,712.50
	3/1/2017			23,606.25	23,606.25	
2018	9/1/2017	25,000	5.000%	23,606.25	48,606.25	71,587.50
	3/1/2018			22,981.25	22,981.25	
2019	9/1/2018	25,000	5.000%	22,981.25	47,981.25	70,337.50
	3/1/2019			22,356.25	22,356.25	
2020	9/1/2019	25,000	5.000%	22,356.25	47,356.25	69,087.50
	3/1/2020			21,731.25	21,731.25	
2021	9/1/2020	25,000	5.000%	21,731.25	46,731.25	67,837.50
	3/1/2021			21,106.25	21,106.25	
2022	9/1/2021	30,000	5.000%	21,106.25	51,106.25	71,462.50
	3/1/2022			20,356.25	20,356.25	
2023	9/1/2022	30,000	5.000%	20,356.25	50,356.25	69,962.50
	3/1/2023			19,606.25	19,606.25	
2024	9/1/2023	30,000	5.250%	19,606.25	49,606.25	68,425.00
	3/1/2024			18,818.75	18,818.75	
2025	9/1/2024	30,000	5.250%	18,818.75	48,818.75	66,850.00
	3/1/2025			18,031.25	18,031.25	
2026	9/1/2025	35,000	5.375%	18,031.25	53,031.25	70,121.88
	3/1/2026			17,090.63	17,090.63	
2027	9/1/2026	35,000	5.500%	17,090.63	52,090.63	68,218.75
	3/1/2027			16,128.13	16,128.13	
2028	9/1/2027	40,000	5.500%	16,128.13	56,128.13	71,156.25
	3/1/2028			15,028.13	15,028.13	
2029	9/1/2028	40,000	5.500%	15,028.13	55,028.13	68,956.25
	3/1/2029			13,928.13	13,928.13	
2030	9/1/2029	40,000	5.625%	13,928.13	53,928.13	66,731.25
	3/1/2030			12,803.13	12,803.13	
2031	9/1/2030	45,000 *	5.750%	12,803.13	57,803.13	69,312.50
	3/1/2031			11,509.38	11,509.38	
2032	9/1/2031	45,000 *	5.750%	11,509.38	56,509.38	66,725.00
	3/1/2032			10,215.63	10,215.63	
2033	9/1/2032	50,000 *	5.750%	10,215.63	60,215.63	68,993.75
	3/1/2033			8,778.13	8,778.13	
2034	9/1/2033	55,000	5.750%	8,778.13	63,778.13	70,975.00
	3/1/2034			7,196.88	7,196.88	
2035	9/1/2034	55,000 *	5.875%	7,196.88	62,196.88	67,778.13
	3/1/2035			5,581.25	5,581.25	
2036	9/1/2035	60,000 *	5.875%	5,581.25	65,581.25	69,400.00
	3/1/2036			3,818.75	3,818.75	
2037	9/1/2036	65,000 *	5.875%	3,818.75	68,818.75	70,728.13
	3/1/2037			1,909.38	1,909.38	
2038	9/1/2037	65,000	5.875%	1,909.38	66,909.38	66,909.38
		<u>870,000.00</u>		<u>649,268.75</u>	<u>1,519,268.75</u>	<u>1,519,268.75</u>

## SAVINGS

City of Kodiak -- Refund GO 2009-1  
Alaska Municipal Bond Bank  
GO Bonds 2016 Series Three & Four  
Market Conditions as of August 10, 2016

Date	Prior Debt Service	Refunding Debt Service	Savings	Annual Savings	Present Value to 11/03/2016 @ 2.9770113%
12/01/2016		2,644.44	-2,644.44		-2,638.37
03/01/2017	22,356.25		22,356.25		22,140.75
06/01/2017		17,000.00	-17,000.00		-16,712.21
06/30/2017				2,711.81	
09/01/2017	22,356.25		22,356.25		21,816.02
12/01/2017		17,000.00	-17,000.00		-16,467.10
03/01/2018	22,356.25		22,356.25		21,496.05
06/01/2018		17,000.00	-17,000.00		-16,225.58
06/30/2018				10,712.50	
09/01/2018	22,356.25		22,356.25		21,180.77
12/01/2018		17,000.00	-17,000.00		-15,987.60
03/01/2019	22,356.25		22,356.25		20,870.12
06/01/2019		17,000.00	-17,000.00		-15,753.12
06/30/2019				10,712.50	
09/01/2019	47,356.25		47,356.25		43,559.85
12/01/2019		42,000.00	-42,000.00		-38,348.64
03/01/2020	21,731.25		21,731.25		19,695.95
06/01/2020		16,500.00	-16,500.00		-14,844.57
06/30/2020				10,587.50	
09/01/2020	46,731.25		46,731.25		41,733.31
12/01/2020		41,500.00	-41,500.00		-36,788.75
03/01/2021	21,106.25		21,106.25		18,572.47
06/01/2021		16,000.00	-16,000.00		-13,975.59
06/30/2021				10,337.50	
09/01/2021	51,106.25		51,106.25		44,311.42
12/01/2021		46,000.00	-46,000.00		-39,590.51
03/01/2022	20,356.25		20,356.25		17,390.92
06/01/2022		15,400.00	-15,400.00		-13,059.82
06/30/2022				10,062.50	
09/01/2022	50,356.25		50,356.25		42,389.80
12/01/2022		45,400.00	-45,400.00		-37,936.34
03/01/2023	19,606.25		19,606.25		16,262.44
06/01/2023		14,650.00	-14,650.00		-12,062.03
06/30/2023				9,912.50	
09/01/2023	49,606.25		49,606.25		40,542.51
12/01/2023		44,650.00	-44,650.00		-36,223.24
03/01/2024	18,818.75		18,818.75		15,154.73
06/01/2024		13,900.00	-13,900.00		-11,111.27
06/30/2024				9,875.00	
09/01/2024	48,818.75		48,818.75		38,737.11
12/01/2024		43,900.00	-43,900.00		-34,577.74
03/01/2025	18,031.25		18,031.25		14,097.74
06/01/2025		13,150.00	-13,150.00		-10,205.66
06/30/2025				9,800.00	
09/01/2025	53,031.25		53,031.25		40,854.38
12/01/2025		48,150.00	-48,150.00		-36,820.92
03/01/2026	17,090.63		17,090.63		12,973.23
06/01/2026		12,275.00	-12,275.00		-9,249.18
06/30/2026				9,696.88	
09/01/2026	52,090.63		52,090.63		38,961.23
12/01/2026		47,275.00	-47,275.00		-35,099.12
03/01/2027	16,128.13		16,128.13		11,886.12
06/01/2027		11,400.00	-11,400.00		-8,339.74
06/30/2027				9,543.76	
09/01/2027	56,128.13		56,128.13		40,758.67
12/01/2027		51,400.00	-51,400.00		-37,050.50
03/01/2028	15,028.13		15,028.13		10,752.95
06/01/2028		10,400.00	-10,400.00		-7,386.65
06/30/2028				9,356.26	
09/01/2028	55,028.13		55,028.13		38,796.31
12/01/2028		50,400.00	-50,400.00		-35,271.81
03/01/2029	13,928.13		13,928.13		9,675.68
06/01/2029		9,400.00	-9,400.00		-6,481.99
06/30/2029				9,156.26	
09/01/2029	53,928.13		53,928.13		36,913.68
12/01/2029		49,400.00	-49,400.00		-33,565.30
03/01/2030	12,803.13		12,803.13		8,635.18
06/01/2030		8,600.00	-8,600.00		-5,757.65
06/30/2030				8,731.26	
09/01/2030	57,803.13		57,803.13		38,414.01
12/01/2030		53,600.00	-53,600.00		-35,358.56
03/01/2031	11,509.38		11,509.38		7,536.56
06/01/2031		7,700.00	-7,700.00		-5,005.00
06/30/2031				8,012.51	
09/01/2031	56,509.38		56,509.38		36,460.70
12/01/2031		47,700.00	-47,700.00		-30,550.23
03/01/2032	10,215.63		10,215.63		6,494.61
06/01/2032		6,900.00	-6,900.00		-4,354.40
06/30/2032				12,125.01	
09/01/2032	60,215.63		60,215.63		37,720.73
12/01/2032		51,900.00	-51,900.00		-32,272.29

SAVINGS

City of Kodiak -- Refund GO 2009-1  
 Alaska Municipal Bond Bank  
 GO Bonds 2016 Series Three & Four  
 Market Conditions as of August 10, 2016

Date	Prior Debt Service	Refunding Debt Service	Savings	Annual Savings	Present Value to 11/03/2016 @ 2.9770113%
03/01/2033	8,778.13		8,778.13		5,418.21
06/01/2033		6,000.00	-6,000.00		-3,676.18
06/30/2033				11,093.76	
09/01/2033	63,778.13		63,778.13		38,789.03
12/01/2033		56,000.00	-56,000.00		-33,807.78
03/01/2034	7,196.88		7,196.88		4,312.85
06/01/2034		5,000.00	-5,000.00		-2,974.28
06/30/2034				9,975.01	
09/01/2034	62,196.88		62,196.88		36,725.86
12/01/2034		55,000.00	-55,000.00		-32,237.22
03/01/2035	5,581.25		5,581.25		3,247.27
06/01/2035		4,000.00	-4,000.00		-2,310.14
06/30/2035				8,778.13	
09/01/2035	65,581.25		65,581.25		37,596.67
12/01/2035		54,000.00	-54,000.00		-30,729.46
03/01/2036	3,818.75		3,818.75		2,157.12
06/01/2036		2,750.00	-2,750.00		-1,541.97
06/30/2036				12,650.00	
09/01/2036	68,818.75		68,818.75		38,303.88
12/01/2036		57,750.00	-57,750.00		-31,906.52
03/01/2037	1,909.38		1,909.38		1,047.16
06/01/2037		1,375.00	-1,375.00		-748.54
06/30/2037				11,603.13	
09/01/2037	66,909.38		66,909.38		36,156.74
12/01/2037		56,375.00	-56,375.00		-30,239.90
06/30/2038				10,534.38	
	1,421,412.60	1,205,444.44	215,968.16	215,968.16	165,297.30

Savings Summary

PV of savings from cash flow	165,297.30
Less: Prior funds on hand	-72,637.50
Plus: Refunding funds on hand	64,745.02
Net PV Savings	157,404.82



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## MEMORANDUM TO COUNCIL

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**To:** Mayor Branson and City Councilmembers

**From:** Aimée Kniazowski, City Manager

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

**Date:** September 22, 2016

**Agenda Item:** IV. c. **Resolution No. 2016–32(SUB), Authorizing the Issuance of a Series of Harbor Revenue Refunding Bonds in the Principal Amount Not to Exceed \$2,100,000 to Refund Certain Outstanding Harbor Revenue Bonds of the City, Fixing Certain Details of Such Bonds, and Authorizing Their Sale**

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**SUMMARY:** Resolution No. 2016–32(SUB) authorizes the City Manager to proceed with bond refunding for the 2007 Harbor Revenue Bonds in an amount not to exceed \$2,100,000. The Alaska Municipal Bond Bank is issuing General Obligation and Refunding Bonds, 2016 Series Three and Series Four Bonds. A portion of the proceeds of the 2016 Series Three and Series Four Bonds is being used to refund and redeem certain outstanding bonds of the Bond Bank, including the 2007 Series Five Boat Harbor Revenue Bonds issued by the City of Kodiak. Depending on the market conditions on the pricing date and resulting savings available as a result of the refunding, the Bond Bank may refund all or none of the refunding candidates. The Bond Bank is not obligated to refund any of the candidates. A market analysis was performed on August 10, 2016, to determine the potential savings to the City. The potential savings for the City of Kodiak 2007 Series Five Boat Harbor Revenue Bonds could be as much as \$226,199 over the term of the bonds.

**PREVIOUS COUNCIL ACTION:** Council authorized the issuance of Harbor Revenue bonds in one or more series pursuant to Resolution No. 07–30, adopted on October 25, 2007. Council issued these bonds under the Master Resolution and Resolution No. 07–31.

**DISCUSSION:** The City has one revenue bond outstanding for the Boat Harbor. These bonds were previously issued for the purpose of replacing M, N, and P floats in St. Herman Harbor. The 2007 Series Five Harbor Revenue Bond annual debt service is approximately \$126,000 for fiscal year 2017 and will range from \$125,000 to \$130,000 annually until the bonds reach maturity. Annual coupon rates range from four percent to six percent per annum until maturity on 09/01/2037.

Resolution No. 2016–32(SUB) authorizes the City Manager to proceed if terms and conditions remain favorable to the City. Additional considerations include market conditions at the pricing date and overall lower costs to the City over the term of the bonds.

Market conditions at the pricing date: The Alaska Municipal Bond Bank has offered to refinance the bonds outstanding to the City at this time due to favorable market conditions. Pricing for the refinancing and issuance of bonds are scheduled to take place on October 18, 2016. Market conditions could change to reevaluate the refinancing of outstanding bonds, the issuance of additional bonds by the AMBB, or both. Should the market interest rates increase by 0.25 percent, the potential overall savings to the city would decrease to \$190,508. Industry standard savings for choosing to refinance outstanding bonds is three percent of the outstanding principle balance. The City's outstanding principal balance on the bonds eligible for refunding is currently \$1,745,000.

A market analysis was performed on August 10, 2016, to determine the market sensitivity and yield rates for the bond refunding. At this time, the bonds would receive a premium price of \$246,681.20 over par value, which results from the bonds being issued at higher-than-market interest rates. However, on the date of pricing, this premium could be lower. If the bonds were sold at par value or at a discount from par value, additional bonds would be required to meet the sources of funds required for refunding (Attachment C). Therefore, Resolution No. 2016-32(SUB) authorizes an increase in principal up to \$2,100,000.

The City of Kodiak would also incur costs of issuance due to refinancing in the amount of \$7,547.90, underwriter's discount costs in the amount of \$5,162.50, and costs recovered by the City at issuance that total \$983.86. These costs include the attorney's fees but would not include the costs of City employees to travel to Seattle, Washington for closing in November.

Overall cost savings: The City would recognize overall savings over the life of the bonds in the estimated amount of \$226,199 due to the lower debt service payments made each year. Per the current amortization schedules, debt service payments are approximately \$128,000 per year. These debt service payments include interest and principal based on the stated rates and will remain consistent each year until maturity. Under the terms of the refinancing, annual debt service payments would decrease on average \$10,000 to \$15,000 per year, resulting in annual debt service payments ranging from \$118,000 to \$108,000. The amortization schedules for current debt service requirements (Attachment D) and refunded debt service (Attachment E) provide annual debt service requirements and detailed amounts for each year under the bonds.

**ALTERNATIVES:** The Council has two alternatives for this request:

- 1) Adopt Resolution No. 2016-32(SUB) to authorize the City Manager to proceed if terms and conditions remain favorable to the City.
- 2) Do not adopt Resolution No. 2016-32(SUB) and do not proceed with refunding at this time. Annual debt service requirements, outstanding principal, and terms would remain the same.

**FINANCIAL IMPLICATIONS:** Due to the nature of the subject, financial implications have been noted throughout.

**LEGAL:** The City Attorney has worked closely with the Bond Bank and Finance Director on this process. The attorney wrote the resolution due to the financial complexity.

**STAFF RECOMMENDATION:** Staff recommends Council adopt Resolution No. 2016–32(SUB) to be prepared with a refunding option if pricing is favorable in October as outlined.

**CITY MANAGER’S COMMENTS:** This bond refunding or refinancing by the Bond Bank could result in savings to the City if the market remains favorable. As the Finance Director explained, the City could likely recognize savings on the Harbor debt by lowering debt service payments made each year. That could decrease debt payments on average \$10,000 - \$15,000 per year, saving a projected \$226,199 over the life of the bonds. Adopting the resolution will position the City to participate in the bond sale along with several other municipal governments if the market is favorable. Therefore, I recommend Council adopt Resolution No. 2016–32(SUB) and the other similar resolutions on this agenda dealing with bond refunding.

**ATTACHMENTS:**

Attachment A: Resolution No. 2016–32(SUB)

Attachment B: Refunding Candidates and Potential Savings Resolution No. 2016–32

Attachment C: Harbor Bonds Resolution No. 2016–32

Attachment D: Harbor Bonds Series 2007 Resolution No. 2016–32

Attachment E: Harbor Bond Series 2007-5, Resolution No. 2016–32

*{Clerk’s Note: The motion to adopt Resolution No. 2016–32 is on the floor from the September 8, 2016, regular meeting.}*

**PROPOSED MOTION:**

Move to amend by substituting Resolution No. 2016–32(SUB) for Resolution No. 2016–32.

**CITY OF KODIAK  
RESOLUTION NUMBER 2016-32(SUB)**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK  
AUTHORIZING THE ISSUANCE OF A SERIES OF HARBOR REVENUE  
REFUNDING BONDS IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED  
\$2,100,000 TO REFUND CERTAIN OUTSTANDING HARBOR REVENUE BONDS OF  
THE CITY, FIXING CERTAIN DETAILS OF SUCH BONDS AND AUTHORIZING  
THEIR SALE**

WHEREAS, the City of Kodiak (the "City") has authorized the issuance of harbor revenue bonds in one or more series pursuant to Resolution Number 07-30 adopted October 25, 2007 (the "Master Resolution"); and

WHEREAS, there are now outstanding Harbor Revenue Bonds, 2007A of the City maturing on September 1 in the years 2017 through 2037 in the aggregate principal amount of \$1,700,000 (the "2007 Bonds"), issued under the Master Resolution and Resolution Number 07-31 of the City; and

WHEREAS, the Council finds that it is in the best interest of the City to provide for the refunding, including the payment of principal of, and premium and interest on, those maturities of the 2007 Bonds (the "Refunded Bonds") whose refunding the City Manager or City Finance Director determines will produce the percentage debt service savings specified in this Series Resolution, by the issuance of harbor revenue refunding bonds (the "2016A Bonds") in the aggregate principal amount of not to exceed \$2,100,000; and

WHEREAS, Article VI, Section 3 of the Kodiak City Charter authorizes the City to borrow money and issue evidences of indebtedness therefor, the principal and interest of which are payable solely out of and the only security of which is the revenue of a revenue-producing utility or enterprise when authorized by the council for the acquisition, construction, reconstruction, repair, improvement, extension, enlargement, and/or equipment of the utility or enterprise; and

WHEREAS, Article VI, Section 3 of the Kodiak City Charter requires that revenue obligations of the City be ratified by a majority of the qualified voters of the City only so long as voter approval is required by state law, and under the constitution and statutes of the State of Alaska the City may issue revenue obligations without voter approval; and

WHEREAS, the Alaska Municipal Bond Bank and the City intend to enter into an Amendatory Loan Agreement, which amends the Loan Agreement dated as of December 1, 2007 (the "2007 Loan Agreement") between the Alaska Municipal Bond Bank and the City to provide for the refunding of the Refunded Bonds through their exchange for the 2016A Bonds and related matters; and

WHEREAS, the Council finds that it is necessary and appropriate to delegate to each of the City Manager and City Finance Director authority to determine the maturity amounts, interest

rates and other details of the 2016A Bonds, and to determine other matters that are not provided for in this resolution.

NOW, THEREFORE, BE IT RESOLVED by the council of the City of Kodiak, Alaska:

Section 1. Definitions. The terms used in this Series Resolution which are defined in the Master Resolution shall have the meanings set forth in the Master Resolution. In addition the following terms shall have the following meanings in this Series Resolution:

"Amendatory Loan Agreement" means the Amendatory Loan Agreement between the City and the Bond Bank, amending the 2007 Loan Agreement to provide for the refunding of the Refunded Bonds through their exchange for the 2016A Bonds, and related matters.

"Bond Bank" means the Alaska Municipal Bond Bank, a public corporation of the State of Alaska.

"Bond Bank Bonds" means general obligation bonds issued by the Bond Bank to refund all or part of its outstanding General Obligation Bonds, 2007 Series Five.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, together with all regulations applicable thereto.

"Government Obligations" means obligations that are either (i) direct obligations of the United States of America or (ii) obligations of an agency or instrumentality of the United States of America the timely payment of the principal of and interest on which are unconditionally guaranteed by the United States of America.

"Loan Agreement" means the 2007 Loan Agreement as amended by the Amendatory Loan Agreement.

"2007 Loan Agreement" means the Loan Agreement dated as of December 1, 2007 between the Bond Bank and the City.

"2016A Bond Fund" means the Harbor Revenue Refunding Bond Fund, 2016A, established by Section 13 of this Series Resolution.

"2016A Bonds" means the City of Kodiak, Alaska, Harbor Revenue Refunding Bonds, 2016A authorized by this Series Resolution.

"2016A Debt Service Account" means the account of that name created in the 2016A Bond Fund by Section 13(a) of this Series Resolution.

"2016A Reserve Account" means the account of that name created in the 2016A Bond Fund by Section 13(b) of this Series Resolution.

"2016A Reserve Requirement" means an amount equal to the least of (i) Maximum Annual Debt Service with respect to the Outstanding 2016A Bonds; (ii) 125% of average Annual Debt Service with respect to the Outstanding 2016A Bonds; (iii) 10% of the initial principal amount of the 2016A Bonds; and (iv) any lesser amount that may be required from time to time under the Code for the exclusion of interest on the 2016A Bonds from gross income for federal income tax purposes.

Section 2. Authorization of 2016A Bonds and Purpose of Issuance. For the purpose of effecting the refunding by exchange of the Refunded Bonds in the manner set forth in this Series Resolution and the Amendatory Loan Agreement, to make any required deposit into the 2016A Reserve Account, and to pay all costs incidental thereto and to the issuance of the 2016A Bonds, the City hereby authorizes and determines to issue and sell as a series of Bonds under the Master Resolution the 2016A Bonds in the aggregate principal amount of not to exceed \$2,100,000.

Section 3. Obligation of 2016A Bonds. The 2016A Bonds shall be an obligation only of the 2016A Bond Fund and shall be payable and secured as provided herein and in the Master Resolution. Neither the faith and credit nor the taxing power of the City is pledged for the payment of the 2016A Bonds.

Section 4. Description of 2016A Bonds. The 2016A Bonds shall be designated "City of Kodiak, Alaska, Harbor Revenue Refunding Bonds, 2016A." The 2016A Bonds shall be in the denomination of \$5,000 or any integral multiple thereof, shall be numbered separately in the manner and with such additional designation as the Registrar deems necessary for purposes of identification, and may have endorsed thereon such legends or text as may be necessary or appropriate to conform to the rules and regulations of any governmental authority or any usage or requirement of law with respect thereto.

The 2016A Bonds shall mature in one or more years commencing no earlier than 2017 and ending no later than 2037. The 2016A Bonds shall bear interest from their date, payable commencing on a date on or after December 1, 2016, and semi-annually thereafter in each year. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Subject to Section 2 and the remainder of this section, the dated date, the principal and interest payment dates, the record dates for interest payments, the aggregate principal amount, the principal amount of each maturity, and the interest rates on the 2016A Bonds shall be determined at the time of execution of the Amendatory Loan Agreement under Section 17.

Section 5. Optional Redemption. The 2016A Bonds, if any, subject to optional redemption by the City, the time or times when such Bonds are subject to optional redemption, the terms upon which such Bonds may be redeemed, and the redemption price or redemption prices for such 2016A Bonds, shall be determined at the time of execution of the Amendatory Loan Agreement under Section 17.

Section 6. Selection of 2016A Bonds for Redemption; Notice of Redemption.

(a) Selection of 2016A Bonds for Redemption. When the Bond Bank is the Registered Owner of the 2016A Bonds, the selection of 2016A Bonds to be redeemed shall be made as provided in the Loan Agreement. When the Bond Bank is not the Registered Owner of the 2016A Bonds, the selection of 2016A Bonds to be redeemed shall be made as provided in this subsection (a). If the City redeems at any one time fewer than all of the 2016A Bonds having the same maturity date, the particular 2016A Bonds or portions of 2016A Bonds of such maturity to be redeemed shall be selected by lot (or in such other manner determined by the Registrar) in increments of \$5,000. In the case of a 2016A Bond of a denomination greater than \$5,000, the City shall treat such 2016A Bond as representing such number of separate 2016A Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such 2016A Bond by \$5,000. In the event that only a portion of the principal amount of a 2016A Bond is redeemed, upon surrender of such 2016A Bond at the office of the Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a 2016A Bond or Bonds of like maturity and interest rate in any of the denominations authorized herein.

(b) Notice of Redemption. When the Bond Bank is the Registered Owner of the 2016A Bonds, notice of any intended redemption of 2016A Bonds shall be given as provided in the Loan Agreement. When the Bond Bank is not the Registered Owner of the 2016A Bonds, notice of any intended redemption of 2016A Bonds shall be made as provided in this subsection (b). Notice of redemption shall be mailed not less than 30 nor more than 45 days prior to the date fixed for redemption by first class mail to the Registered Owners of the 2016A Bonds to be redeemed at their addresses as they appear on the Bond Register on the day the notice is mailed. Notice of redemption shall be deemed to have been given when the notice is mailed as herein provided, whether or not it is actually received by the Registered Owners. All notices of redemption shall be dated and shall state: (1) the redemption date; (2) the redemption price; (3) if fewer than all outstanding 2016A Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the 2016A Bonds to be redeemed; (4) that on the redemption date the redemption price will become due and payable upon each such 2016A Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and (5) the place where such 2016A Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the office of the Registrar.

Official notice of redemption having been given as aforesaid, 2016A Bonds or portions of 2016A Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date, such 2016A Bonds or portions of 2016A Bonds shall cease to bear interest. Upon surrender of such 2016A Bonds for redemption in accordance with said notice, such 2016A Bonds shall be paid at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender of any 2016A Bond for partial redemption, there shall be prepared for the Registered Owner a new 2016A Bond or Bonds of the same maturity in the amount of the unpaid principal. All 2016A Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.



Each check or other transfer of funds issued to pay the redemption price of 2016A Bonds shall bear the CUSIP number, if any, identifying, by maturity, the 2016A Bonds being redeemed with the proceeds of such check or other transfer.

Section 7. Form of Bond. Each 2016A Bond shall be in substantially the following form, with such variations, omissions and insertions as may be required or permitted by this Series Resolution or the Master Resolution:

UNITED STATES OF AMERICA  
STATE OF ALASKA  
CITY OF KODIAK

NO. \_\_\_\_\_ \$ \_\_\_\_\_

HARBOR REVENUE REFUNDING BOND, 2016A

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The City of Kodiak, a municipal corporation of the State of Alaska (the "City"), acknowledges itself indebted and for value received promises to pay (but only out of the sources mentioned herein) to the Registered Owner identified above, or its registered assigns, the principal amount shown above in the following installments on \_\_\_\_\_ 1 of each of the following years, and to pay interest on such installments from the date hereof, payable on \_\_\_\_\_ 1, 2016 and semiannually thereafter on the 1<sup>st</sup> days of \_\_\_\_\_ and \_\_\_\_\_ of each year, at the rates per annum as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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When this 2016A Bond is owned by the Alaska Municipal Bond Bank (the "Bond Bank"), payment of principal and interest shall be made as provided in the Loan Agreement between the Bond Bank and the City dated as of December 1, 2007, as amended (the "Loan Agreement"). When this 2016A Bond is not owned by the Bond Bank, installments of principal and interest on this 2016A Bond shall be paid by check or draft mailed by first class mail to the Registered Owner as of the close of business on the \_\_\_\_\_ day of the month \_\_\_\_\_ each installment payment date; provided that the final installment of principal and interest on this 2016A Bond shall be payable upon presentation and surrender of this 2016A Bond by the Registered Owner at the office of the Registrar. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. Both principal of and interest on this 2016A Bond are payable in lawful money of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

Installments of principal of this 2016A Bond due on and after \_\_\_\_\_, 20\_\_, shall be subject to prepayment on and after \_\_\_\_\_, 20\_\_, at the option of the City (subject to any

applicable provisions of the Loan Agreement), in such principal amounts and from such maturities as the City may determine, and by lot within a maturity, at a redemption price equal to the principal amount to be prepaid, plus accrued interest to the date of prepayment.

This 2016A Bond is transferable as provided in the Series Resolution, (i) only upon the bond register of the City, and (ii) upon surrender of this 2016A Bond together with a written instrument of transfer duly executed by the Registered Owner or the duly authorized attorney of the Registered Owner, and thereupon a new fully registered 2016A Bond or Bonds in the same aggregate principal amount and maturity shall be issued to the transferee in exchange therefor as provided in the Series Resolution and upon the payment of charges, if any, as therein prescribed. The City may treat and consider the person in whose name this 2016A Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price, if any, hereof and interest due hereon and for all other purposes whatsoever.

This 2016A Bond is a special obligation of the City and is one of a duly authorized issue of Bonds of the City designated "City of Kodiak, Alaska, Harbor Revenue Bonds" (the "Bonds"), issued and to be issued in various series under Resolution Number 07-30 (the "Master Resolution"), adopted October 25, 2007, and a Series Resolution authorizing each such series. As provided in the Master Resolution, the Bonds may be issued from time to time pursuant to Series Resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and, subject to the provisions thereof, may otherwise vary. The aggregate principal amount of Bonds which may be issued under the Master Resolution is not limited, and all Bonds issued and to be issued under said Master Resolution are and will be equally and ratably secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the Master Resolution.

This 2016A Bond is one of a series of Bonds issued in the aggregate principal amount of \$ \_\_\_\_\_ under the Master Resolution and Resolution Number 2016-32 (the "Series Resolution"), adopted September \_\_, 2016, for the purpose of refunding certain harbor revenue bonds issued by the City.

This 2016A Bond shall be an obligation only of the 2016A Bond Fund and shall be payable and secured as provided in the Master Resolution and the Series Resolution. Neither the faith and credit nor the taxing power of the City is pledged for the payment of the 2016A Bonds. The City has pledged to pay into the 2016A Bond Fund from Net Revenue or money in the Harbor Revenue Fund, on or prior to the respective dates on which the same become due, such amounts as are required to pay the interest and principal to become due on this 2016A Bond. Said amounts so pledged are hereby declared to be a lien and charge upon Gross Revenue superior to all other charges of any kind or nature whatsoever, except for Operating Expenses and except that the amounts so pledged are of equal lien to any lien and charge thereon which may hereafter be made to pay and secure the payment of the principal of and interest on any Parity Bonds.

IT IS HEREBY CERTIFIED and declared that this 2016A Bond is issued pursuant to and in strict compliance with the constitution or statutes of the State of Alaska and the home rule charter of the City, and that all acts, conditions and things required to happen, to be done, and to

be performed precedent to and on the issuance of this 2016A Bond have happened, been done and been performed.

IN WITNESS WHEREOF, THE CITY OF KODIAK, ALASKA, has caused this 2016A Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Mayor and its corporate seal (or a facsimile thereof) to be impressed or otherwise reproduced hereon and attested by the manual or facsimile signature of its Clerk, all as of the \_\_\_\_ day of \_\_\_\_\_ 2016.

CITY OF KODIAK

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

[SEAL]

Section 8. Execution. The 2016A Bonds shall be executed in the name of the City by the manual or facsimile signature of the Mayor, and its corporate seal (or a facsimile thereof) shall be impressed or otherwise reproduced thereon and attested by the manual or facsimile signature of the City Clerk. The execution of a 2016A Bond on behalf of the City by persons who at the time of the execution are duly authorized to hold the proper offices shall be valid and sufficient for all purposes, although any such person shall have ceased to hold office at the time of delivery of the 2016A Bond or shall not have held office on the date of the 2016A Bond.

Section 9. Payment of Principal and Interest. The 2016A Bonds shall be payable in lawful money of the United States of America which at the time of payment is legal tender for the payment of public and private debts. When the Bond Bank is the Registered Owner of the 2016A Bonds, payment of principal and interest on the 2016A Bonds shall be made as provided in the Loan Agreement. When the Bond Bank is not the Registered Owner of the 2016A Bonds, installments of principal and interest on the 2016A Bonds shall be paid by check mailed by first class mail to the Registered Owner as of the record date for the installment payment at the address appearing on the Bond Register; provided that the final installment of principal and interest on a 2016A Bond shall be payable upon presentation and surrender of the 2016A Bond by the Registered Owner at the office of the Registrar.

Section 10. Registration. The 2016A Bonds shall be issued only in registered form as to both principal and interest. The Registrar shall keep, or cause to be kept, the Bond Register at the principal office of the City. The City and the Registrar may treat the person in whose name any 2016A Bond shall be registered as the absolute owner of such 2016A Bond for all purposes,

whether or not the 2016A Bond shall be overdue, and all payments of principal of and interest on a 2016A Bond made to the Registered Owner thereof or upon its order shall be valid and effectual to satisfy and discharge the liability upon such 2016A Bond to the extent of the sum or sums so paid, and neither the City nor the Registrar shall be affected by any notice to the contrary.

Section 11. Transfer and Exchange. 2016A Bonds shall be transferred only upon the books for the registration and transfer of 2016A Bonds kept at the office of the Registrar. Upon surrender for transfer or exchange of any 2016A Bond at such office, with a written instrument of transfer or authorization for exchange in form and with guaranty of signature satisfactory to the Registrar, duly executed by the Registered Owner or the duly authorized attorney of the Registered Owner, the City shall execute and deliver an equal aggregate principal amount of 2016A Bonds of the same maturity of any authorized denominations, subject to such reasonable regulations as the City may prescribe and upon payment sufficient to reimburse it for any tax, fee or other governmental charge required to be paid in connection with such transfer or exchange. All 2016A Bonds surrendered for transfer or exchange shall be canceled by the Registrar.

Section 12. 2016A Bonds Mutilated, Destroyed, Stolen or Lost. Upon surrender to the Registrar of a mutilated 2016A Bond, the City shall execute and deliver a new 2016A Bond of like maturity and principal amount. Upon filing with the Registrar of evidence satisfactory to the City that a 2016A Bond has been destroyed, stolen or lost and of the ownership thereof, and upon furnishing the City with indemnity satisfactory to it, the City shall execute and deliver a new 2016A Bond of like maturity and principal amount. The person requesting the execution and delivery of a new 2016A Bond under this section shall comply with such other reasonable regulations as the City may prescribe and pay such expenses as the City may incur in connection therewith.

Section 13. 2016A Bond Fund. A special fund of the City designated the "Harbor Revenue Refunding Bond Fund, 2016A" is hereby created for the purpose of paying and securing the payment of the 2016A Bonds. The 2016A Bond Fund shall be held separate and apart from all other funds and accounts of the City and shall be a trust fund for the owners, from time to time, of the 2016A Bonds.

(a) 2016A Debt Service Account. A 2016A Debt Service Account is hereby created in the 2016A Bond Fund for the purpose of paying the principal of and interest on the 2016A Bonds. The City hereby irrevocably obligates and binds itself for as long as the 2016A Bonds remain Outstanding to set aside and pay into the 2016A Debt Service Account from Net Revenue or money in the Harbor Revenue Fund, on or prior to the respective dates on which the same become due (i) such amounts as are required to pay the interest scheduled to become due on the Outstanding 2016A Bonds, and (ii) such amounts as are required to pay maturing principal of the Outstanding 2016A Bonds.

(b) 2016A Reserve Account. A 2016A Reserve Account is hereby created in the 2016A Bond Fund for the purpose of securing the payment of the principal of and interest on the 2016A Bonds. On the date of issuance of the 2016A Bonds, the City shall deposit a sum in the 2016A Reserve Account that is equal to the 2016A Reserve Requirement. If a deficiency occurs in the

2016A Debt Service Account, an amount sufficient to make up the deficiency shall be withdrawn from the 2016A Reserve Account and transferred to the 2016A Debt Service Account. The City shall make up any deficiency in the 2016A Reserve Account resulting from such a withdrawal within one year out of Net Revenue or out of any other moneys legally available for such purpose, after providing for the payments required to be made into the 2016A Debt Service Account within such year.

Any amount in the 2016A Reserve Account in excess of the 2016A Reserve Requirement may be transferred to the 2016A Debt Service Account and used to pay the principal of and interest on the 2016A Bonds as the same becomes due and payable. Whenever there is a sufficient amount in the 2016A Bond Fund, including the 2016A Reserve Account and the 2016A Debt Service Account, to pay the principal of and interest on all Outstanding 2016A Bonds, the amount in the 2016A Reserve Account may be used to pay such principal and interest.

(c) Pledge and Lien. Said amounts so pledged to be paid into the 2016A Debt Service Account and the 2016A Reserve Account are hereby declared to be a lien and charge upon Gross Revenue superior to all other charges of any kind or nature whatsoever, except for Operating Expenses and except that the amounts so pledged are of equal lien to any lien and charge thereon which may hereafter be made to pay and secure the payment of the principal of and interest on any Parity Bonds.

Section 14. Designation of Refunded Bonds. The City Manager and City Finance Director each is authorized to designate which, if any, maturities of the 2007 Bonds authorized to be refunded in this Series Resolution shall be refunded, provided that the refunding of the 2007 Bonds so designated shall realize a debt service savings in the aggregate of at least three percent of their principal amount, net of all issuance costs and underwriting discount, on a present value basis.

Section 15. Tax Covenants. The City covenants to comply with any and all applicable requirements set forth in the Code in effect from time to time to the extent that such compliance shall be necessary for the exclusion of the interest on the 2016A Bonds from gross income for federal income tax purposes. Without limiting the generality of the foregoing, the City covenants that it will make no use or investment of the proceeds of the 2016A Bonds which will cause the 2016A Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 148 of the Code, and that it will not take or permit any action that would cause the 2016A Bonds to be "private activity bonds" as defined in Section 141 of the Code.

Section 16. Defeasance. In the event money and/or non-callable Government Obligations maturing at such times and bearing interest to be earned thereon in amounts sufficient to redeem and retire any or all of the 2016A Bonds in accordance with their terms are set aside in a special trust account to effect such redemption or retirement and such moneys and the principal of and interest on such Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made to pay or secure the payment of the principal of and interest on such 2016A Bonds and such 2016A Bonds shall be deemed not to be Outstanding.

Section 17. Exchange of Bonds; Amendatory Loan Agreement. The 2016A Bonds shall be delivered to the Bond Bank in exchange for the Refunded Bonds. Subject to the limitations provided in Sections 2 and 4, each of the City Manager and City Finance Director is hereby authorized to determine the aggregate principal amount, maturity amounts, interest rates, yields, dated date, principal and interest payment dates, record dates for principal and interest payments, redemption terms, if any, for the 2016A Bonds, and other details of the 2016A Bonds; provided that: (i) the principal amount of each maturity of the 2016A Bonds shall not exceed the principal amount of the portion of the corresponding maturity of the Bond Bank Bonds that is allocated to the making of a loan to the City; and (ii) the interest rate on each maturity of the 2016A Bonds shall not exceed the interest rate on the corresponding maturity of the Bond Bank Bonds. Based upon the foregoing determinations, the City Manager and City Finance Director each is authorized to negotiate and execute the Amendatory Loan Agreement.

Section 18. Authority of Officers. The City Manager, the acting City Manager, the Finance Director, the acting Finance Director, the Clerk and the acting Clerk are, and each of them hereby is, authorized and directed to do and perform all things and determine all matters not determined by this Series Resolution, to the end that the City may carry out its obligations under the 2016A Bonds and this Series Resolution.

Section 19. Ongoing Disclosure. The City acknowledges that, under Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), the City may now or in the future be an "obligated person" with respect to the Bond Bank Bonds. In accordance with the Rule and as the Bond Bank may require, the City shall enter into a continuing disclosure agreement and undertake to provide certain annual financial information and operating data as shall be set forth in the Amendatory Loan Agreement.

Section 20. Miscellaneous.

(a) All payments made by the City of, or on account of, the principal of or interest on the 2016A Bonds shall be made on the several 2016A Bonds ratably and in proportion to the amount due thereon, respectively, for principal or interest as the case may be.

(b) No recourse shall be had for the payment of the principal of or the interest on the 2016A Bonds or for any claim based thereon or on the Master Resolution or this Series Resolution against any member of the Council or officer of the City or any person executing the 2016A Bonds. The 2016A Bonds are not and shall not be in any way a debt or liability of the State of Alaska or of any political subdivision thereof, except the City, and do not and shall not create or constitute an indebtedness or obligation, either legal, moral or otherwise, of said state or of any political subdivision thereof, except the City.

Section 21. Severability. If any one or more of the provisions of this Series Resolution shall be declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provisions of this Series Resolution and shall in no way affect the validity of the other provisions of this Series Resolution or of the 2016A Bonds.

Section 22. Effective Date. This Series Resolution shall become effective upon passage and approval.

ADOPTED by the City Council of the City of Kodiak, Alaska, this \_\_\_\_\_ day of September 2016.

CITY OF KODIAK

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MAYOR

ATTEST:

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CITY CLERK

**Alaska Municipal Bond Bank  
Refunding Candidates for GO 2016 Series Three & Four**

Borrower	Refunded Bonds			Refunding Results Under Current Market Conditions					Sensitivity Analysis	
	Series	Refunded Par	Call Date	PV Savings (\$)	PV Savings (%)	Annual Savings	Negative Arbitrage	Neg Arb as % of PV Savings	PV Savings at +25 bps (\$)	PV Savings at +25 bps (%)
1 City of Petersburg	2007-1	\$1,270,000	12/03/2016	\$126,344	9.9%	\$12,412	\$1,997	1.6%	\$111,054	8.7%
2 City of Nome	2007-1	\$665,000	12/03/2016	\$44,900	6.8%	\$8,237	\$1,045	2.3%	\$40,413	6.1%
3 Northwest Arctic Borough	2007-1	\$4,595,000	12/03/2016	\$327,962	7.1%	\$66,383	\$7,224	2.2%	\$296,834	6.5%
4 City of Seward	2007-1	\$1,075,000	12/03/2016	\$68,718	6.4%	\$11,116	\$1,690	2.5%	\$60,008	5.6%
5 City of Wasilla	2007-1	\$810,000	12/03/2016	\$37,946	4.7%	\$12,117	\$1,275	3.4%	\$34,622	4.3%
6 City and Borough of Sitka	2007-1	\$1,625,000	12/03/2016	\$74,183	4.6%	\$24,408	\$2,559	3.4%	\$67,567	4.2%
7 Aleutians East Borough	2007-2	\$19,445,000	12/03/2016	\$3,019,787	15.5%	\$263,960	\$30,590	1.0%	\$2,667,181	13.7%
8 Kenai Peninsula Borough	2007-2	\$2,945,000	12/03/2016	\$399,385	13.6%	\$53,305	\$4,631	1.2%	\$357,223	12.1%
9 City of Bethel	2007-3	\$2,295,000	09/01/2017	\$340,604	14.8%	\$38,379	\$31,417	9.2%	\$301,795	13.2%
10 City of Kodiak (Harbor)	2007-5	\$1,650,000	09/01/2017	\$226,199	13.7%	\$14,167	\$22,531	10.0%	\$190,508	11.5%
11 City of Kodiak (Lift)	2007-5	\$3,410,000	09/01/2017	\$465,071	13.6%	\$29,131	\$46,570	10.0%	\$392,575	11.5%
12 City of Dillingham	2008-1	\$9,190,000	04/01/2018	\$1,182,480	12.9%	\$114,961	\$200,254	16.9%	\$1,014,339	11.0%
13 City of Kodiak	2008-1	\$6,280,000	04/01/2018	\$994,288	15.8%	\$63,721	\$137,279	13.8%	\$851,234	13.6%
14 Kodiak Island Borough	2008-1	\$5,620,000	04/01/2018	\$606,991	10.8%	\$76,640	\$117,074	19.3%	\$517,816	9.2%
15 Municipality of Skagway	2008-2	\$3,060,000	06/01/2018	\$402,858	13.2%	\$39,591	\$73,789	18.3%	\$345,281	11.3%
16 City of Kodiak	2009-1	\$800,000	09/01/2018	\$157,405	19.7%	\$9,817	\$22,022	14.0%	\$137,429	17.2%
17 City and Borough of Juneau	CBJ 2006B	\$18,560,000	12/03/2016	\$1,408,586	7.6%	\$250,651	28,816.68	0.02	\$1,328,901	7.2%
18 City of Ketchikan (AMT)	2006-2	\$30,845,000	12/03/2016	\$5,505,387	17.8%	\$386,339	\$48,716	0.9%	\$4,874,710	15.8%
<b>Total Candidates</b>		<b>\$114,140,000</b>		<b>\$15,389,113</b>	<b>13.5%</b>		<b>\$779,480</b>	<b>5.1%</b>	<b>\$13,589,491</b>	<b>11.9%</b>

Borrower	# of Loans	Total Refunded
1 Aleutians East Borough	1	\$19,445,000
2 City and Borough of Sitka	1	\$1,625,000
3 City of Bethel	1	\$2,295,000
4 City of Dillingham	1	\$9,190,000
5 City of Ketchikan (AMT)	1	\$30,845,000
6 City of Kodiak	4	\$12,140,000
7 City of Nome	1	\$665,000
8 City of Petersburg	1	\$1,270,000
9 City of Seward	1	\$1,075,000
10 City of Wasilla	1	\$810,000
11 Kenai Peninsula Borough	1	\$2,945,000
12 Kodiak Island Borough	1	\$5,620,000
13 Municipality of Skagway	1	\$3,060,000
14 Northwest Arctic Borough	1	\$4,595,000
15 City and Borough of Juneau	1	\$18,560,000
<b>Totals</b>	<b>18</b>	<b>\$114,140,000</b>

Refunds CBJ bonds

Assumptions:  
Annual principal payments on December 1  
Closing on November 3, 2016  
Market conditions as of August 10, 2016



SOURCES AND USES OF FUNDS

City of Kodiak -- Refund GO 2007-5 (Harbor)  
 Alaska Municipal Bond Bank  
 GO Bonds 2016 Series Three & Four  
 Market Conditions as of August 10, 2016  
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Dated Date 11/03/2016  
 Delivery Date 11/03/2016

Sources:

<b>Bond Proceeds:</b>	
Par Amount	1,475,000.00
Premium	246,681.20
	1,721,681.20
<b>Other Sources of Funds:</b>	
Prior Borrower Reserve Fund	129,581.25
	1,851,262.45

Uses:

<b>Refunding Escrow Deposits:</b>	
Cash Deposit	0.19
SLGS Purchases	1,719,768.00
	1,719,768.19
<b>Other Fund Deposits:</b>	
Borrower Reserve Fund	117,800.00
<b>Cost of Issuance:</b>	
Fitch Rating	414.64
S&P Rating	414.64
AMBB Costs	276.42
Miscellaneous Printing, etc.	103.66
Trustee/Escrow Agent	38.70
AMBB FA	472.27
AMBB BC	2,266.91
Verification Agent	72.01
Borrower Costs of Issuance	3,488.65
	7,547.90
<b>Delivery Date Expenses:</b>	
Underwriter's Discount	5,162.50
<b>Other Uses of Funds:</b>	
Additional Proceeds	983.86
	1,851,262.45

Harbor Revenue Bonds, Series 2007A  
M&P Float Project

Fiscal Year	Date	Principal	Coupon	Interest	Total	Fiscal Yr. Total
2016	9/1/2015	45,000	6.00%	42,510.63	87,510.63	128,671.26
	3/1/2016			41,160.63	41,160.63	
FY 2016 not included in totals at the bottom; shown for FY 2016 purposes and not CP / LTP calcs						
2017	9/1/2016	45,000	6.00%	41,160.63	86,160.63	125,971.26
	3/1/2017			39,810.63	39,810.63	
2018	9/1/2017	50,000	6.00%	39,810.63	89,810.63	128,121.26
	3/1/2018			38,310.63	38,310.63	
2019	9/1/2018	50,000	6.00%	38,310.63	88,310.63	125,121.26
	3/1/2019			36,810.63	36,810.63	
2020	9/1/2019	55,000	4.00%	36,810.63	91,810.63	127,521.26
	3/1/2020			35,710.63	35,710.63	
2021	9/1/2020	55,000	4.125%	35,710.63	90,710.63	125,286.88
	3/1/2021			34,576.25	34,576.25	
2022	9/1/2021	60,000	4.25%	34,576.25	94,576.25	127,877.50
	3/1/2022			33,301.25	33,301.25	
2023	9/1/2022	60,000	4.30%	33,301.25	93,301.25	125,312.50
	3/1/2023			32,011.25	32,011.25	
2024	9/1/2023	65,000	4.40%	32,011.25	97,011.25	127,592.50
	3/1/2024			30,581.25	30,581.25	
2025	9/1/2024	65,000	4.50%	30,581.25	95,581.25	124,700.00
	3/1/2025			29,118.75	29,118.75	
2026	9/1/2025	70,000	4.50%	29,118.75	99,118.75	126,662.50
	3/1/2026			27,543.75	27,543.75	
2027	9/1/2026	75,000	4.50%	27,543.75	102,543.75	128,400.00
	3/1/2027			25,856.25	25,856.25	
2028	9/1/2027	75,000	4.625%	25,856.25	100,856.25	124,978.12
	3/1/2028			24,121.87	24,121.87	
2029	9/1/2028	80,000	4.625%	24,121.87	104,121.87	126,393.75
	3/1/2029			22,271.88	22,271.88	
2030	9/1/2029	85,000	4.625%	22,271.88	107,271.88	127,578.13
	3/1/2030			20,306.25	20,306.25	
2031	9/1/2030	90,000	4.75%	20,306.25	110,306.25	128,475.00
	3/1/2031			18,168.75	18,168.75	
2032	9/1/2031	95,000	4.75%	18,168.75	113,168.75	129,081.25
	3/1/2032			15,912.50	15,912.50	
2033	9/1/2032	100,000	4.75%	15,912.50	115,912.50	129,450.00
	3/1/2033			13,537.50	13,537.50	
2034	9/1/2033	105,000	4.75%	13,537.50	118,537.50	129,581.25
	3/1/2034			11,043.75	11,043.75	
2035	9/1/2034	105,000	4.75%	11,043.75	116,043.75	124,593.75
	3/1/2035			8,550.00	8,550.00	
2036	9/1/2035	115,000	4.75%	8,550.00	123,550.00	129,368.75
	3/1/2036			5,818.75	5,818.75	
2037	9/1/2036	120,000	4.75%	5,818.75	125,818.75	128,787.50
	3/1/2037			2,968.75	2,968.75	
2038	9/1/2037	125,000	4.75%	2,968.75	127,968.75	127,968.75
		<u>\$ 1,745,000</u>		<u>\$ 1,053,823.17</u>	<u>\$ 2,798,823.17</u>	<u>2,798,823.17</u>

## SAVINGS

City of Kodiak -- Refund GO 2007-5 (Harbor)  
 Alaska Municipal Bond Bank  
 GO Bonds 2016 Series Three & Four  
 Market Conditions as of August 10, 2016

Date	Prior Debt Service	Refunding Debt Service	Savings	Annual Savings	Present Value to 11/03/2016 @ 2.9715510%
12/01/2016		5,156.67	-5,156.67		-5,144.85
03/01/2017	38,310.63		38,310.63		37,942.01
06/01/2017		33,150.00	-33,150.00		-32,589.82
06/30/2017				3.96	
09/01/2017	38,310.63		38,310.63		37,386.53
12/01/2017		33,150.00	-33,150.00		-32,112.70
03/01/2018	38,310.63		38,310.63		36,839.18
06/01/2018		33,150.00	-33,150.00		-31,642.56
06/30/2018				10,321.26	
09/01/2018	88,310.63		88,310.63		83,675.54
12/01/2018		73,150.00	-73,150.00		-68,801.40
03/01/2019	36,810.63		36,810.63		34,367.95
06/01/2019		32,550.00	-32,550.00		-30,166.77
06/30/2019				19,421.26	
09/01/2019	91,810.63		91,810.63		84,463.32
12/01/2019		82,550.00	-82,550.00		-75,385.82
03/01/2020	35,710.63		35,710.63		32,371.85
06/01/2020		31,550.00	-31,550.00		-28,390.09
06/30/2020				13,421.26	
09/01/2020	90,710.63		90,710.63		81,025.74
12/01/2020		81,550.00	-81,550.00		-72,307.98
03/01/2021	34,576.25		34,576.25		30,432.49
06/01/2021		30,550.00	-30,550.00		-26,691.21
06/30/2021				13,186.88	
09/01/2021	94,576.25		94,576.25		82,023.17
12/01/2021		85,550.00	-85,550.00		-73,649.86
03/01/2022	33,301.25		33,301.25		28,458.36
06/01/2022		29,450.00	-29,450.00		-24,982.28
06/30/2022				12,877.50	
09/01/2022	93,301.25		93,301.25		78,565.45
12/01/2022		84,450.00	-84,450.00		-70,589.68
03/01/2023	32,011.25		32,011.25		26,560.83
06/01/2023		28,075.00	-28,075.00		-23,123.64
06/30/2023				12,787.50	
09/01/2023	97,011.25		97,011.25		79,315.10
12/01/2023		88,075.00	-88,075.00		-71,479.89
03/01/2024	30,581.25		30,581.25		24,636.77
06/01/2024		26,575.00	-26,575.00		-21,251.97
06/30/2024				12,942.50	
09/01/2024	95,581.25		95,581.25		75,874.55
12/01/2024		86,575.00	-86,575.00		-68,220.26
03/01/2025	29,118.75		29,118.75		22,776.71
06/01/2025		25,075.00	-25,075.00		-19,469.58
06/30/2025				13,050.00	
09/01/2025	99,118.75		99,118.75		76,395.70
12/01/2025		90,075.00	-90,075.00		-68,915.16
03/01/2026	27,543.75		27,543.75		20,918.52
06/01/2026		23,450.00	-23,450.00		-17,678.61
06/30/2026				13,137.50	
09/01/2026	102,543.75		102,543.75		76,738.26
12/01/2026		93,450.00	-93,450.00		-69,419.18
03/01/2027	25,856.25		25,856.25		19,066.15
06/01/2027		21,700.00	-21,700.00		-15,883.81
06/30/2027				13,250.00	
09/01/2027	100,856.25		100,856.25		73,281.64
12/01/2027		91,700.00	-91,700.00		-66,139.23
03/01/2028	24,121.88		24,121.88		17,270.24
06/01/2028		19,950.00	-19,950.00		-14,178.41
06/30/2028				13,328.13	
09/01/2028	104,121.88		104,121.88		73,455.45
12/01/2028		94,950.00	-94,950.00		-66,492.77
03/01/2029	22,271.88		22,271.88		15,482.24
06/01/2029		18,075.00	-18,075.00		-12,472.47
06/30/2029				13,368.76	
09/01/2029	107,271.88		107,271.88		73,478.04
12/01/2029		93,075.00	-93,075.00		-63,285.20
03/01/2030	20,306.25		20,306.25		13,705.54
06/01/2030		16,575.00	-16,575.00		-11,104.97
06/30/2030				17,928.13	
09/01/2030	110,306.25		110,306.25		73,360.36
12/01/2030		96,575.00	-96,575.00		-63,756.35
03/01/2031	18,168.75		18,168.75		11,906.42
06/01/2031		14,975.00	-14,975.00		-9,741.38
06/30/2031				16,925.00	
09/01/2031	113,168.75		113,168.75		73,076.46
12/01/2031		99,975.00	-99,975.00		-64,082.55
03/01/2032	15,912.50		15,912.50		10,124.75
06/01/2032		13,275.00	-13,275.00		-8,384.51
06/30/2032				15,831.25	
09/01/2032	115,912.50		115,912.50		72,672.64
12/01/2032		103,275.00	-103,275.00		-64,273.69

SAVINGS

City of Kodiak -- Refund GO 2007-5 (Harbor)  
 Alaska Municipal Bond Bank  
 GO Bonds 2016 Series Three & Four  
 Market Conditions as of August 10, 2016

Date	Prior Debt Service	Refunding Debt Service	Savings	Annual Savings	Present Value to 11/03/2016 @ 2.9715510%
03-01/2033	13,537.50		13,537.50		8,363.23
06-01/2033		11,475.00	-11,475.00		-7,036.97
06-30/2033				14,700.00	
09-01/2033	118,537.50		118,537.50		72,158.26
12-01/2033		101,475.00	-101,475.00		-61,317.83
03-01/2034	11,043.75		11,043.75		6,624.33
06-01/2034		9,675.00	-9,675.00		-5,760.68
06-30/2034				18,431.25	
09-01/2034	116,043.75		116,043.75		68,586.98
12-01/2034		99,675.00	-99,675.00		-58,479.49
03-01/2035	8,550.00		8,550.00		4,979.44
06-01/2035		7,875.00	-7,875.00		-4,552.63
06-30/2035				17,043.75	
09-01/2035	123,550.00		123,550.00		70,901.00
12-01/2035		107,875.00	-107,875.00		-61,450.84
03-01/2036	5,818.75		5,818.75		3,290.29
06-01/2036		5,375.00	-5,375.00		-3,017.03
06-30/2036				16,118.75	
09-01/2036	125,818.75		125,818.75		70,104.29
12-01/2036		110,375.00	-110,375.00		-61,047.43
03-01/2037	2,968.75		2,968.75		1,629.93
06-01/2037		2,750.00	-2,750.00		-1,498.73
06-30/2037				15,662.50	
09-01/2037	127,968.75		127,968.75		69,229.76
12-01/2037		112,750.00	-112,750.00		-60,548.43
06-30/2038				15,218.75	
	2,659,662.56	2,350,706.67	308,955.89	308,955.89	236,996.77

Savings Summary

PV of savings from cash flow	236,996.77
Less: Prior funds on hand	-129,581.25
Plus: Refunding funds on hand	118,783.86
Net PV Savings	226,199.38

# **NEW BUSINESS**

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## MEMORANDUM TO COUNCIL

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**To:** Mayor Branson and City Councilmembers

**From:** Aimée Kniaziowski, City Manager

**Thru:** Mike Tvenge, Deputy City Manager 

**Date:** September 22, 2016

**Agenda Item:** V. a. **First Reading, Ordinance No. 1359, Adopting Kodiak City Code 8.96.010, Discharge of Firearms and Other Dangerous Weapons Prohibited; Exceptions, and Amending Kodiak City Code 1.12.040, Disposition of Offenses—Fine Schedule, to Enact a Prohibition on Discharging Firearms in the City Subject to Certain Exceptions and a Penalty for Its Violation**

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**SUMMARY:** This ordinance (Attachment A) is intended to restrict the discharge of firearms and other dangerous weapons within the City of Kodiak jurisdiction. Alaska Statute 29.35.145 (b) (2) authorizes a municipality to enact and enforce an ordinance restricting discharge of firearms. Staff recommends Council pass Ordinance No. 1359 in the first reading and advance to second reading and public hearing.

**PREVIOUS COUNCIL ACTION:** Council repealed a discharge of firearms ordinance more than a decade ago. Discussions to bring back a firearms ordinance have occurred during previous Council work sessions.

**BACKGROUND:** During hunting season August 2015, a deer was killed with a firearm on Near Island (within City jurisdiction). Questions arose whether this was legal and safe. It was researched and discovered there is no City restriction to hunt deer or other big game within the Kodiak City limits.

**DISCUSSION:** There has not been a recent accident or injury relating to rightful discharge of a firearm; however this situation is particularly dangerous within a densely populated area also common to hikers and businesses. As the City moves forward to adopting a Land Use Plan for Near Island it would seem prudent to enact a no “hunting” policy in and amongst businesses, boaters, hikers, air taxi’s, housing, and other development. Therefore, it is in the best interest of the City and its residents to restrict the use of firearms and dangerous weapons within City limits. This ordinance does not prohibit the discharge of firearms or other weapons for the lawful protection of persons or property, or preventing crime, or use on an established firing range.

**ALTERNATIVES:**

- 1) Adopt Ordinance No. 1359, which is recommend by staff.
- 2) Consider not adopting Ordinance No. 1359, which is not recommended by staff.

**FINANCIAL IMPLICATIONS:** There may be the need to post signage to notify the public of the firearm restriction. Cost for signage has not been determined.

**LEGAL:** A legal opinion has been researched and this ordinance was drafted by the law firm of Birch Horton Bittner and Cherot.

**STAFF RECOMMENDATION:** Staff recommends Council adopt this ordinance to protect individuals and property from accidental injury by discharge of a firearm or dangerous weapon in a high density environment.

**DEPUTY CITY MANAGER'S COMMENTS:** I recommend Council adopt this Ordinance to protect the safety of all individuals in the community. When you think of all the activity that occurs within a mile radius of town, particularly Near Island, we should restrict the discharge of firearms within the city limits.

**ATTACHMENTS:**

Attachment A: Ordinance No. 1359

**PROPOSED MOTION:**

Move to pass Ordinance No. 1359 in the first reading and advance to second reading and public hearing at the next special or regular meeting.

**CITY OF KODIAK  
ORDINANCE NUMBER 1359**

**AN ORDINANCE OF THE COUNCIL OF THE CITY OF KODIAK ADOPTING KODIAK CITY CODE 8.96.010, DISCHARGE OF FIREARMS AND OTHER DANGEROUS WEAPONS PROHIBITED; EXCEPTIONS, AND AMENDING KODIAK CITY CODE 1.12.040, DISPOSITION OF OFFENSES—FINE SCHEDULE, TO ENACT A PROHIBITION ON DISCHARGING FIREARMS IN THE CITY SUBJECT TO CERTAIN EXCEPTIONS AND A PENALTY FOR ITS VIOLATION**

WHEREAS, AS 29.35.145(b)(2) authorizes a municipality to enact and enforce ordinances restricting the discharge of firearms in any portion of its jurisdiction where there is a reasonable likelihood that people, domestic animals or property will be jeopardized; and

WHEREAS, the Council finds that there is a reasonable likelihood that people, domestic animals or property will be jeopardized by the discharge of firearms and other dangerous weapons anywhere within the City; and

WHEREAS, the Council finds that it is in the best interest of the City and its residents to permit the discharge of firearms and other dangerous weapons in the City for the protection of persons and property, and for other specified purposes.

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

**Section 1:** Kodiak City Code 8.96.010, Discharge of firearms and other dangerous weapons prohibited; Exceptions, is hereby enacted to read as follows:

**8.96.010 Discharge of firearms and other dangerous weapons prohibited; Exceptions.**

(a) Except as provided in subsection (b) of this section, no person may discharge a firearm and other dangerous weapons within the city.

(b) Subsection (a) of this section does not prohibit the discharge of a firearm:

(1) By a peace officer in the performance of his or her duty;

(2) By any person when lawfully defending persons or property, or preventing crime; or

(3) On a firing range established and operated in accordance with applicable state and local law.

**(c) Dangerous weapon for purposes of this section is defined as any instrument designed to propel an object with deadly force including blow guns, BB guns, Pellet guns, paintball guns, bows, compound bows, crossbows**

**[Bold and underlined added. Deleted language stricken through.]**



**or other similar instruments. This definition specifically does not include children’s toys or other items of entertainment that are not designed to apply deadly force.**

**Section 2:** Subsection (c) of Kodiak City Code Section 1.12.040, Disposition of offenses—fine schedule, is hereby amended by adding a new line to read as follows:

City Code Provision	Offense	Fine
8.96.010	Discharge of firearms <b><u>and other dangerous weapons</u></b> prohibited; Exceptions	\$300

**Section 3:** This ordinance shall be effective one month following final passage and publication in accordance with Kodiak Charter Article II Section 13.

CITY OF KODIAK

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

First Reading:  
Second Reading:  
Effective Date:

**[Bold and underlined added. Deleted language stricken through.]**

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## MEMORANDUM TO COUNCIL

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**To:** Mayor Branson and City Councilmembers

**From:** Aimée Kniazowski, City Manager

**Thru:** Mike Tvenge, Deputy City Manager and James R. Mullican Jr., Fire Chief 

**Date:** September 22, 2016

**Agenda Item:** V. b. **Resolution No. 2016–34, Accepting a FY2016 State Homeland Security Program Grant**

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**SUMMARY:** The City has been awarded a State Homeland Security Program Grant to provide funding for approved equipment purchases. This grant, State Grant No. 20SHSP-GY16, will repay costs associated with the purchase of approved equipment used to upgrade the City of Kodiak Emergency Operations Center. Staff recommends Council accept this grant in the amount of \$36,862.96 by adopting Resolution No. 2016–34.

**PREVIOUS COUNCIL ACTION:** Council routinely accepts grants from federal or state agencies by resolution.

**DISCUSSION:** The City of Kodiak staffs and operates the Emergency Operations Center (EOC) for both the City of Kodiak and the Kodiak Island Borough road system. The purpose of the EOC is to provide a centralized location where public safety, emergency response, and support agencies coordinate planning, preparedness, and response activities to large scale emergencies in our community. In August of 2015 the EOC was activated in response to the Chiniak Wild Land fire. As noted in the after action report from that incident, information flow inside the EOC was hampered by the lack of equipment. Fire Chief James Mullican Jr. wrote a grant to request funding support, which would enable the City to purchase approved equipment designed to improve the collecting, evaluating, and dissemination of incident information. The grant for \$36,862.96 was awarded to the City through the Alaska Department of Military and Veteran Affairs and repays costs associated with the purchase of approved equipment for the purpose of upgrading the City of Kodiak Emergency Operations Center. Staff recommends Council accept the grant funds to offset the expenses encumbered for said equipment purchases.

**ALTERNATIVES:**

- 1) Adopt Resolution No. 2016–34, which is the recommendation of staff, because it will offset the costs of equipment purchase.
- 2) Do not adopt Resolution No. 2016–34, which is not recommended because it would shift the cost burden for equipment directly on the City.

**FINANCIAL IMPLICATIONS:** The grant amount of \$36,862.96 will be used for reimbursement of City costs to purchase approved equipment.

**STAFF RECOMMENDATION:** Staff recommends Council adopt Resolution No. 2016–34 to accept the 2016 State Homeland Security Program Grant No. 20SHSP-GY16. The City benefits from the financial support and demonstrates our commitment to improve our response to emergencies in our community.

**CITY MANAGER’S COMMENTS:** I appreciate the effort and dedication Fire Chief Mullican committed to this successful grant application. The actual Emergency Operations conducted and after action report did reveal a lack of equipment necessary to update efficiently and regularly information for all responders to keep on top of the incident. Training in the EOC will continue and with the additional resources purchased through this State Homeland Security Program Grant, we will continue to provide emergency response for our community.

**ATTACHMENTS:**

- Attachment A: Resolution No. 2016–34
- Attachment B: SHSP grant award notice

**PROPOSED MOTION:**

Move to adopt Resolution No. 2016–34.

**CITY OF KODIAK  
RESOLUTION NUMBER 2016-34**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK ACCEPTING  
A FY2016 STATE HOMELAND SECURITY PROGRAM GRANT**

WHEREAS, the City of Kodiak has been awarded a 2016 State Homeland Security Program Grant, Grant No. 20SHSP-GY16, in the amount of thirty six thousand, eight hundred sixty two dollars and ninety six cents (\$36,862.96) to assist with costs associated with approved equipment purchase costs to upgrade the City of Kodiak Emergency Operations Center; and

WHEREAS, these funds will be used to support the purchase of equipment which will improve emergency management response to area wide emergencies; and

WHEREAS, emergency management and all-hazards preparations have been incorporated into the on-going operations of the City of Kodiak; and

WHEREAS, the grant funds will ensure that the City of Kodiak can meet the challenges of complex area wide emergency response.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, that the City Manager is hereby authorized to sign the State of Alaska Department of Military and Veterans Affairs, Division of Homeland Security Grant document.

BE IT FURTHER RESOLVED by the Council of the City of Kodiak that the City Manager is hereby authorized to execute and administer any and all documents required for the acceptance and management of this grant award.

CITY OF KODIAK

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

Adopted:





THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

**Attachment B**  
Department of Military and  
Veterans Affairs

**COPY**

Division of Homeland Security  
and Emergency Management

P.O. Box 5750  
JBER, AK 99505-0750  
Main: 907.428.7000  
Fax: 907.428.7009  
www.ready.alaska.gov

September 6, 2016

Ms. Aimée Kniaziowski, City Manager  
City of Kodiak  
710 Mill Bay Road  
Kodiak, AK 99615

RE: 2016 State Homeland Security Program, EMW-2016-SS-0002  
State Grant No.: 20SHSP-GY16

Certified Mail #: 9171 9690 0935 0126 7427 51

Dear Ms. Kniaziowski:

The Division of Homeland Security and Emergency Management (DHS&EM) received funds from the U.S. Department of Homeland Security under the 2016 State Homeland Security Program. We are pleased to award the City of Kodiak the amount of \$36,862.96 under this grant. Funding from this program is provided to support, build, and sustain the ability of states, territories, and urban areas to prevent, protect against, mitigate, respond to, and recover from terrorist attacks and other all-hazards events.

Please review the Grant Requirement and Program Terms and Conditions as articles have changed to incorporate the provisions of 2 CFR Part 200. All changes to these items will be discussed at the 2016 Grant Kick-Off Meetings. Participation at a Kick-Off Meeting is required.

Please review Project Budget Details for Environmental and Historical Preservation requirements and approved project specifics. As a reminder, all procurement transactions must be conducted in a manner providing full and open competition. To ensure this, DHS&EM requires a Procurement Method Report with every expense (with the exception of local advertising, legal notices, and travel arrangements) submitted for reimbursement under this grant. In addition, all service contracts, purchases over \$25,000, and non-competitive/sole source purchases must be pre-approved by DHS&EM. Please see the Procurement Method Report for additional details.

Enclosed are two pre-signed Obligating Award Documents (OAD). Please review the information for accuracy and review any Special Conditions. Sign both OADs, keep one original for your records, and return the other original within 30 days of jurisdiction receipt to:

State Administrative Agency (SAA) Point of Contact  
PO Box 5750  
JBER, AK 99505

COPY

Ms. Kniaziowski  
September 6, 2016  
Page 2 of 2

If the OADs cannot be returned within 30 days due to local jurisdiction policies, a Notice of Intent to Accept Grant Award form and instructions are available for download on DHS&EM's Grants website, <http://ready.alaska.gov/grants.htm>.

If signatory points of contacts have changed since submittal of the application, please complete and return a Signatory Authority Form with the signed OAD. The Signatory Authority Form is available for download on DHS&EM's Grants website. If needed, Electronic Payment enrollment forms are also available upon request.

If you have any questions, please contact the Division Project Manager for this grant, Adrian Avey, at (907) 428-7027, (800) 478-2337, or by email at [mva.grants@alaska.gov](mailto:mva.grants@alaska.gov).

Sincerely,



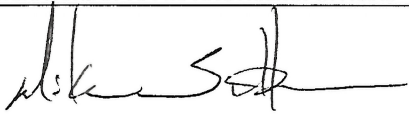
Michael J. Sutton  
Deputy Director

Enclosures: (2 originals) Obligating Award Document  
Project Budget Details Report  
Quarterly Activities Plan  
EHP Screening Memo

cc: James Mullican, Jurisdiction Project Manager  
Kelly Mayes, Jurisdiction Chief Financial Officer



COPY

<b>State of Alaska</b>						Page 1 of 7	
<b>Division of Homeland Security and Emergency Management</b>						FEDERAL AWARD DATE	
Under US Department of Homeland Security Federal Emergency Management Agency Grant Programs Directorate						July 28, 2016	
						FEDERAL GRANT PROGRAM	
						2016 State Homeland Security Program	
<b>OBLIGATING AWARD DOCUMENT</b>						FEDERAL GRANT NUMBER	
						EMW-2016-SS-0002	
RECIPIENT NAME AND ADDRESS		PERFORMANCE PERIOD		AMENDMENT		CFDA: 97.067	
City of Kodiak 710 Mill Bay Road Kodiak, AK 99615		FROM:	September 01, 2016	AMENDMENT #:		AWARD AMOUNT	
		TO:	September 30, 2018	EFFECTIVE DATE:		\$36,862.96	
		STATE PROGRAM NUMBER				20SHSP-GY16	
DUNS NUMBER		078191970		FUNDING ALLOCATION			
EIN		92-6000083		PLANNING		EXERCISE	
METHOD OF PAYMENT		Electronic		TRAINING		EQUIPMENT \$36,862.96	
PURPOSE OF AWARD							
<p>The attached Project Budget Details is the funding allocation. Grant program guidelines and federal, state, and local contracting and procurement compliance requirements apply.</p>							
GRANT REQUIREMENTS AND PROGRAM TERMS AND CONDITIONS							
<p>The acceptance of a grant from the United States government creates a legal duty on the part of the recipient to use the funds or property made available in accordance with the conditions of the grant. [GAO Accounting Principles and Standards for Federal Agencies, Chapter 2, Section 16.8(c)] See attached for continued Grant Requirements and Program Terms and Conditions</p>							
SPECIAL CONDITIONS (Grant funds cannot be expended until these conditions have been met. See Obligating Award for details)							
See Attached							
AGENCY INFORMATION							
ADDRESS Division of Homeland Security and Emergency Management PO Box 5750 JBER, AK 99505-5750		WEBSITE		http://ready.alaska.gov			
		EMAIL		mva.grants@alaska.gov			
		PHONE		907-428-7000			
		FAX		907-428-7009			
STATE PROJECT MANAGER		PHONE		FAX		EMAIL	
Adrian Avey		(907) 428-7027		(907) 428-7009		adrian.avey@alaska.gov	
AGENCY APPROVAL				RECIPIENT ACCEPTANCE			
NAME AND TITLE OF APPROVING AGENCY OFFICIAL				NAME AND TITLE OF AUTHORIZED RECIPIENT OFFICIAL			
Michael J. Sutton, Deputy Director				Aimée Kniazowski, City Manager			
SIGNATURE OF APPROVING AGENCY OFFICIAL				SIGNATURE OF AUTHORIZED RECIPIENT OFFICIAL			
			DATE 9/2/16				DATE
FOR STATE USE ONLY							
Division File Number:		1.6.2.13		Date Returned			
Fund	Unit	AR Unit	Object	Activity	Function	Program	PPC
1004	2001	099170010	7001	2012	16 SHSP KODK	2SHSP2016	GYSHSP



## Grant Requirements

(A) Monies may not be obligated outside of the time period as stated on the grant document. An obligation occurs when funds are encumbered, as with a purchase order and/or commitment of salaries and benefits. All obligated and encumbered funds must be liquidated within 45 days of the end of the performance period (unless otherwise specified in the Program Terms and Conditions) when the *Final Performance Progress Reports* are due.

(B) The signature of the signatory officials on this award certifies that all financial expenditures, including all supporting documentation submitted for reimbursement, have been incurred by the jurisdiction, and are eligible and allowable expenditures consistent with the grant guidelines for this project. The jurisdiction shall follow the financial management requirements imposed on them by the Division of Homeland Security and Emergency Management (DHS&EM).

(C) The signature of the signatory officials on this award attests to the jurisdiction's understanding, acceptance, and compliance with Acknowledgement of Federal Funding; Lobbying; Debarment, Suspension and other responsibility matters; Drug-free Workplace; Conflict of Interest, and Non-Supplanting certifications. Federal funds will not be used to supplant state or local funds. Federal funds may be used to supplement existing funds to augment program activities, and not replace those funds which have been appropriated in the budget for the same purpose. Potential supplanting may be the subject of application and pre-award, post-award monitoring, and audit. Any cost allocable to a particular Federal award or cost objectives under the principles provided for in 2 CFR Part 200, Subpart E, may not be charged to other Federal awards to overcome fund deficiencies.

(D) The jurisdiction shall ensure the accounting system used allows for separation of fund sources. These grant funds cannot be commingled with funds from other federal, state or local agencies, and each award is accounted for separately.

(E) The jurisdiction shall comply with the requirements under 2 CFR 25, Appendix A, to maintain and keep jurisdiction information current within the System of Award Management (SAM). Also the jurisdiction is requirement to be non-delinquent to the Federal government as required in OMB Circular A-129.

(F) The jurisdiction shall comply with Federal Laws and Regulations: Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, Age Discrimination Act of 1975, Americans with Disabilities Act of 1990. Per Executive Order 13166. The jurisdiction will take reasonable steps to ensure Limited English Proficient (LEP) persons have meaningful access to its programs and activities. Executive Order 13347 Individuals with Disabilities in Emergency Preparedness requires government to support safety and security for individuals with disabilities in situations involving disasters, including earthquakes, tornadoes, fires, floods, hurricanes, and acts of terrorism. Executive Order 13224 prohibits transactions with and support to organizations associated with terrorism. Energy Policy and Conservation Act, National Environmental Policy Act (NEPA) of 1969 and the Coastal Wetlands Planning, Protection, and Restoration Act of 1990 (as applicable.) The USA PATRIOT Act of 2001, Trafficking Victims Protection Act of 2000, Hotel and Motel Fire Safety Act of 1990, Fly America Act of 1974, subrecipients who collect Personally Identifiable Information (PII) are required to have a publically-available privacy policy that describes what PII they collect, how they use the PII, whether they share PII with third parties, and how individuals may have their PII corrected where appropriate.

(G) The jurisdiction certifies that it has an Affirmative Action Plan/Equal Employment Opportunity Plan. An EEOP is not required for subrecipients of less than \$25,000.00 or fewer than 50 employees.

(H) The jurisdiction certifies that its employees are eligible to work in the U.S. as verified by Form I-9, Immigration & Naturalization Service Employment Eligibility.

(I) It is the responsibility of the jurisdiction as the subrecipient of these federal funds to fully understand and comply with the requirements of:

1. Administrative requirements

2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*  
[http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)

2. Cost Principles

2 CFR Part 200 Subpart E *Cost Principles*  
<http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=a470d16f3403a225479f2a8a6c7c4058&n=pt2.1.200&r=PART&ty=HTML#sp2.1.200.e>

3. Audit Requirements

2 CFR Part 200 *Subpart F Audit Requirements*  
<http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=a470d16f3403a225479f2a8a6c7c4058&n=pt2.1.200&r=PART&ty=HTML#sp2.1.200.f>

- a. **Federal:** The applicant agrees that, as a condition of receiving any federal financial assistance, a Single audit of those federal funds will be performed, if required by law, and further agrees it will comply with all applicable audit requirements.
- b. **State:** If the applicant is an entity that received state financial assistance the applicant shall submit to the State coordinating agency, within one year after the end of the audit period, an annual audit report covering the audit period as required by 2 AAC 45.010.
- c. Subrecipients identified as "non-compliant" by the Alaska Dept. of Administration, Division of Finance, Single Audit Coordinator shall be subject to the following grant payment restrictions:
  - 1) The Division of Homeland Security & Emergency Management (DHS&EM) will not process grant payments of any nature directly to the subrecipient.
  - 2) Subrecipients will be required to meet the Single Audit requirements as specified by the Alaska Dept. of Administration, Division of Finance, Single Audit Coordinator.



**SHSP Program Terms and Conditions**

The total allocation of the 2016 State Homeland Security Program awarded to the Division of Homeland Security and Emergency Management (DHS&EM) is \$3,734,500.00 under *Federal Grant EMW-2016-SS-0002, CFDA# 97.067*. The City of Kodiak has been awarded \$36,862.96, which shall be used to support activities essential to the ability of states, territories, and urban areas to prevent, protect against, mitigate, respond to, and recover from terrorist attacks and other all-hazards events. The performance period of this grant award is September 1, 2016 through September 30, 2018. Project conditions must be completed by this date. The City of Kodiak cannot sub-grant all or any part of this award to any other entity or organization. All awards require confirmation within the first reporting quarter that activities toward projects will be made, or DHS&EM may execute de-obligation of the funds.

**(A) Changes to Award:** All change requests must be submitted in writing, or electronically to the DHS&EM project manager, accompanied by a justification narrative and budget/spending plan, for review and approval. Changes must be consistent with the scope of the project and grant guidelines. Requests for changes will be considered only if the reporting requirements are current, and if terms and conditions have been met at the time of the request. Changes in the programmatic activities, or purpose of the project, changes in key persons specified on the grant award, contractual services for activities central to the purposes of the award, requests for additional funding, change in project site, or release of special conditions may result in an amendment to this award. No transfers of funds between budget categories will be authorized, only de-obligation of funds, except on a case-by-case basis.

**(B) Reporting Requirements:** The City of Kodiak shall submit timely quarterly *Performance Progress Reports* and *Financial Progress Reports* to the project manager at DHS&EM. Instructions and blank forms are located electronically at <http://ready.alaska.gov/grants>, and may be reproduced. Jurisdictions must check the web site quarterly for the most current forms. Use of outdated forms will not be accepted. Quarterly reports are due:

Number of Scheduled Report Due	Jurisdiction Performance Period	Performance Progress and Financial Progress Report Due Dates
1	09/01/2016-09/30/2016	Waived
2	10/01/2016-12/31/2016	01/20/2017
3	01/01/2017-03/31/2017	04/20/2017
4	04/01/2017-06/30/2017	07/20/2017
5	07/01/2017-09/30/2017	10/20/2017
6	10/01/2017-12/31/2017	01/20/2018
7	01/01/2018-03/31/2018	04/20/2018
8	04/01/2018-06/30/2018	07/20/2018
9	07/01/2018-09/30/2018	10/20/2018
10	Final Report	11/15/2018

**Invoices with progress reports will be submitted to DHS&EM by the due date as specified in the above schedule. Should the grant period be extended for any reason, a modified report schedule will accompany the award amendment.**

The *Performance Progress Report* (PPR) contains an AK-PPR-A cover page form and an AK-PPR-B Program Indicators form. Both forms must be completed and submitted by the report due date. Requests for grant extensions, budget adjustments, project realignments, and significant problems or delays are reported on the AK-PPR-A. An AK-PPR-A must be submitted even if no additional information is required. The AK-PPR-B shall describe the progress and percent completed of projects and detail any related expenditures submitted on the *Financial Progress Report*. *Financial Progress Reports* shall describe the status of the funds, show encumbrances, and receipts of program income, cash or in-kind contributions to the project, whether or not a local match is required. A final PPR is a summary report, showing project completion, evaluating project activities and measuring performance against project goals for the entire performance period, and is required in addition to the last quarterly PPR. An *After-Action Report/Improvement Plan* (AAR/IP) is required within 30 days of the conduct of an exercise.

**(C) Signatory Requirements:** The primary signatory official, project manager and financial officer as listed on the *Signatory Authority Form* must sign the original obligating award document and any amendments. Delegates may sign quarterly and final reports, however, the signatures of the project manager, signatory official and the financial officer must be three different signatures.

**(D) Reimbursements:** Submit on the *Financial Progress Report* form. Reimbursement shall be based upon authorized and allowable expenditures consistent with project narrative and budget detail and grant guidelines, and submission of timely quarterly *Performance Progress* and *Financial Progress Reports*. Payments may be withheld pending correction of deficiencies or for use of outdated forms. Reimbursement of expenditures may be requested at any time within the performance period. Expenditures must be supported with source documentation (e.g. copies of invoices, receipts, timesheets with name/wage/hours, cost allocation, warrants, etc.), method of solicitation must be documented with a *Procurement Method Report* and documentation of payment must be included.

- **Personnel Costs:** Payroll reports signed and certified by the Chief Financial Officer that capture the employee name, position, coded allocation to the project, amount paid, are acceptable. Staff may not self-certify their own time and wages. The City of Kodiak shall retain all supporting payroll records, including time and attendance records signed by the employee and supervisor and copies of warrants as per the recordkeeping requirements in Section N. Limited to 50 percent for employees assigned to program management functions, not operational duties. The limit does not apply to contractors.
- **Contracts:** All sole-source procurements, single vendor response to a competitive bid, service contracts of any value, and contracts over \$25,000 require DHS&EM pre-approval prior to implementation. Final signed copies of all contracts are required for submission to DHS&EM with the request for reimbursement.



COPY

**(K) Acknowledgement of Federal Funding:** All subrecipients must acknowledge their use of federal funding when issuing statements, press releases, requests for proposals, bid invitations, and other documents describing projects or programs funded in whole or in part with Federal funds.

**(L) Federal Debt Status:** All subrecipients are required to be non-delinquent in their repayment of any Federal debt. Examples of relevant debt include delinquent payroll and other taxes, audit disallowances, and benefit overpayments. See OMB Circular A-129 and form SF-424, item number 17 for additional information and guidance.

**(M) False Claims Act and Program Fraud Civil Remedies:** All subrecipients must comply with the requirements of 31 U.S.C. § 3729 which set forth that no subrecipient of federal payments shall submit a false claim for payment. See also 38 U.S.C. § 3801-3812 which details the administrative remedies for false claims and statements made.

**(N) Recordkeeping Requirements:** Grant financial and administrative records shall be maintained for a period of three (3) years following the date of the closure of the grant award, or audit if required. Time and effort, personnel and payroll records for all individuals reimbursed under the award must be maintained. Property and equipment records shall be maintained for a period of three (3) years following the final disposition, replacement or transfer of the property and equipment.

**(O) Performance Measures:** Quarterly Progress Reports shall demonstrate performance and progress relative to:

1. Acceptable performance on applicable critical tasks in Exercises using approved scenarios
2. Progress in achieving project timelines and milestones identified on the Grant Activities Plan
3. Percent measurable progress toward completion of project
4. How funds have been expended during reporting period, and explains expenditures related to the project

**(P) Subrecipient Monitoring Policy:** Periodic monitoring is required to ensure that program goals, objectives, timelines, budgets and other related program criteria are being met. DHS&EM reserves the right to periodically monitor, review and conduct analysis of the City of Kodiak's financial, programmatic and administrative policies and procedures such as, accounting for receipts and expenditures, cash management, maintaining adequate financial records, means of allocating and tracking costs, contracting and procurement policies and records, payroll records and means of allocating staff costs, property/equipment management system(s), progress of project activities, etc. This may include desk and field audits. Technical assistance is available from DHS&EM staff. The Monitoring Policy is available in the Grants Management Handbook at <http://ready.alaska.gov/grants>.

**(Q) Penalty for Non-Compliance:** For the reasons listed below, special conditions may be imposed, reimbursements may be partially or wholly withheld, the award may be wholly or partly suspended or terminated, or future awards, reimbursements and award modifications may be withheld. DHS&EM may institute the following, but is not limited to, withholding authority to proceed to the next phase of a project, requiring additional or more detailed financial reports, additional project monitoring, and/or establish additional prior approvals. DHS&EM shall notify the City of Kodiak of its decision in writing stating the nature and the reason for imposing the conditions/restrictions, the corrective action required and timeline to remove them, and the method of requesting reconsideration of the imposed conditions/restrictions. The City of Kodiak must respond within five (5) days of receipt of notification.

1. Unwillingness or inability to attain project goals
2. Unwillingness or inability to adhere to Special Conditions or Grant Assurances.
3. Failure or inability to adhere to grant guidelines and federal compliance requirements
4. Improper procedures regarding contracts and procurements
5. Inability to submit reliable and/or timely reports
6. Management systems which do not meet federal required management standards

**(R) Termination for Cause:** If performance is not occurring as agreed, the award may be reduced or terminated without compensation for reduction or termination costs. DHS&EM will provide five (5) days notice to City of Kodiak stating the reasons for the action, steps taken to correct the problems, and the commencement date of the reduction or termination. DHS&EM will reimburse City of Kodiak only for acceptable work or deliverables, necessary and allowable costs incurred through the date of reduction or termination. Final payment may be withheld at the discretion of DHS&EM until completion of a final DHS&EM review. Any equipment purchased under a terminated grant may revert to DHS&EM at the option of DHS&EM.

**(S) Termination for Convenience:** Any project may be terminated upon convenience, in whole or in part, for the convenience of the Government. The U.S. Department of Homeland Security and the DHS&EM, by written notice, may terminate this grant, in whole or in part, when it is in the Government's interest. Allowable costs obligated and/or incurred through the date of termination shall be reimbursed. Any equipment purchased under a terminated grant may revert to DHS&EM at the option of DHS&EM.

**(T) Project Implementation:** Due to the competitiveness of the 2016 State Homeland Security Grant, approved projects must be ready-to-go. Project implementation shall begin within the first reporting quarter.

1. If a project cannot be operational within the first reporting quarter of the approved award date, the subrecipient should provide notice to DHS&EM, stating the implementation delay and expected starting date. At the discretion of DHS&EM, the grant award is subject to cancellation and funds may be de-obligated and reallocated to other projects if project implementation is unjustifiably delayed.

**(U)** The City of Kodiak shall comply with the requirements and restrictions of the Federal Fiscal Year (FFY) 2016 Homeland Security Grant Program (HSGP) Program Guidance, State Overview and Guidelines, State Preparedness Report, and the State Homeland Security Strategy. By signing this obligating award document, the City of Kodiak certifies it has read, understood and accepted these documents as binding.

**(V)** No funds will be reimbursed until City of Kodiak fiscal and programmatic representatives attend a 2016 Grant Kick-Off Meeting to be held throughout the state in September and October, 2016. Activity towards grant acceptance and projects may take place prior to Kick-Off meeting attendance.

**(W)** The City of Kodiak must complete a Quarterly Activities Plan by January 20, 2017. Information on this requirement will be provided at 2016 Grant Kick-off meetings.

**(X)** The City of Kodiak must complete/update the Alaska Assessment annually by December 31.

**(Y)** The City of Kodiak must have programmatic jurisdictional representatives at the annual DHS&EM Multiyear Training and Exercise Plan Workshop (TEPW).

# Project Budget Details Report

2016 State Homeland Security Grant Program / SHSP

**COPY**

Kodiak, City of

Reported Category = ALL. Reported Revision = 0 of 0.

<u>PBD#</u>	<u>Expense Category</u>	<u>Solution Area</u>	<u>Discipline</u>	<u>Qty</u>	<u>Budgeted Cost</u>	<u>PBD# Amt Spent</u>	<u>PBD# Balance</u>
1	Equipment	Other	EMA				
EHP					State		
<input checked="" type="checkbox"/> EHP					Federal	\$36,862.96	\$36,862.96
Item:		EOC Equipment					
Description		Purchase equipment for Kodiak's Emergency Operations Center.					

Adjusted Grant Award	
State	
Federal	\$36,862.96
Total Budgeted Allocated (Fed & State)	
	\$36,862.96

PBD Total Allocations:	
State	
Federal	\$36,862.96
Total Expenses: State	
Federal	
Summary Balance: State	
Federal	\$36,862.96
PBD Non-Budgeted Funds:	
	\$0.00

2016 SHSP Quarterly Activities Plan

Provide milestones (bullets) for each Project Budget Details # (PBD#) in each quarter to implement the approved project.  
 Reminder: Project implementation must begin within 90 days of award date.

PBD#1—EOC Equipment	
FFY	Milestone Bullets
17-Q1	
17-Q2	
17-Q3	
17-Q4	
18-Q1	
18-Q2	
18-Q3	
18-Q4	

Quarters	Dates
FFY17-Q1	10/01/16 – 12/31/16
FFY17-Q2	01/01/17 – 03/31/17
FFY17-Q3	04/01/17 – 06/30/17
FFY17-Q4	07/01/17 – 09/30/17

Quarters	Dates
FFY18-Q1	10/01/17 – 12/31/17
FFY18-Q2	01/01/18 – 03/31/18
FFY18-Q3	04/01/18 – 06/30/18
FFY18-Q4	07/01/18 – 09/30/18

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## MEMORANDUM TO COUNCIL

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**To:** Mayor Branson and City Councilmembers

**From:** Aimée Kniaziowski, City Manager

**Thru:** Mike Tvenge, Deputy City Manager Mark Kozak, Public Works Director & Glenn Melvin PE, City Engineer

**Date:** September 22, 2016

**Agenda Item V. c. Authorization of a Professional Services Contract for Design of Wastewater Treatment Plant Centrifuge Project, Project No. 17-03/7519**

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**SUMMARY:** The City's Wastewater Treatment Plant (WWTP) produces approximately 2,000 wet tons of bio-solids annually. The sludge is run through an Andritz belt filter press (belt press), which results in the bio-solids product. The belt press is 24 years old and has been assessed several times in the last five years. The evaluations show that the belt press is in need of some significant rebuilding if it is to remain the only means of dewatering sludge. With the City operating the composting facility and the need to rebuild the belt press within a few years we requested a proposal from CH2M for design and bid documents for a Centrifuge dewatering system. Staff recommends that Council approve the Professional Services Contract for Design of Wastewater Treatment Plant Centrifuge Project No. PN 17-03/7519 to CH2M in the amount of \$161,000.

**DISCUSSION:** The City of Kodiak operates a secondary wastewater treatment plant. The secondary treatment plant treats to a much higher level than a primary plant that most communities in Alaska operate. During the biological treatment process solids are reduced to a waste product called sludge. This product is then run through the belt press and the final de-watered product is bio-solids. We now compost the bio-solids at our new Composting Facility into Class A, EQ compost that is available for unrestricted use.

Using the belt press for the de-watering process typically results in bio-solid cake solids content between 16 percent and 22 percent solids sludge. The de-watering process is normally two days per week, with a weekly production between 40 and 55 cubic yards per week.

We have had the belt press evaluated by the manufacture several time over the last five years because of the concern for this critical piece of equipment. The belt press is the only means we have to de-water sludge. Because of the age of the belt press the assessment indicated that within the next three to five years significant investment will be required if this machine is the only de-watering means available. I have attached an email between Hap Heiberg and Jeff Fedosoff, Andritz sale representative for our area. It identifies significant cost to rebuild the belt press. The need is not critical that it be done right away

but fairly soon. The problem is we do not have any alternative way to de-water if the belt press is off line for rebuilding.

There are a couple of primary reasons for installing a centrifuge for de-watering at this time. The first is the increased solids content of the bio-solids produced. Todd Williams (Compost Design Engineer) used a solids content of 18 percent solids content for the bio-solids during the composting facility design. This was based on the average solids content over the entire year. We see periods that solids content is as low as 16 percent to a high of 22 percent.

Todd has done some calculations on the effect of increasing to an average of 24 percent solids for the bio-solids. This results in a reduction in the use of new wood amendment from an estimated 2,500 cubic yard to 1,400 cubic yard or a 44 percent savings annually. This quantity is just for batch mixing. Wood chips (about 30 cubic yards) are used in other areas each week and those quantities will not change. When we bid for wood amendments in the spring of 2016 we had three local suppliers propose and the lowest price was \$27.50/cubic yard. That equates to roughly a \$30,000 savings in wood amendment at that price. Depending on the price paid for wood amendments, savings will vary. There are additional cost savings as well. Less product reduces mixing, stacking and screening time. There is a slight reduction in finished compost produced once screening is completed.

The second reason is the need to either rebuild or replace the belt press with a de-watering machine. Centrifuges have improved significantly over the years and are now the preferred method for de-watering. By undertaking this installation of a centrifuge at this time we would still have many years of serviceable life remaining in the belt press as a back up to the centrifuge. As it is now if the belt press was to fail, we have no means to de-water. We have operated that way since the WWTP was built but the concern over this issue has always been there.

We have had Andritz here on numerous occasions for service and assessments of the belt press. One of the major issues is the belt press uses 14 rollers. Of the rollers only a few are the same size. At the high cost of the rollers we have not tried to stock them. Not too many years ago they were an on the shelf stocked item. That is no longer the case because of age of our model. During Andritz visit in 2015 we requested that the available space in the belt press room be evaluated for the purpose of fitting a centrifuge into the building. We can fit an Andritz centrifuge into the existing room. We have also had tests run on our sludge by Andritz to evaluate potential solids content. The lab results using both a belt filter press and centrifuge showed we should see solids 25 percent plus or minus two percent. At the same time the belt filter press resulted in 14 to 16 percent solids.

We requested the proposal from CH2M for the design and bidding phase of the project. The key elements of the design will include structural evaluation of the flooring system, electrical supply, configuration of the conveyor system; sludge pumping and chemical feed system will all be evaluated

and designed so that the centrifuge will be the primary de-watering method. The belt press will remain in place and would be available as a backup for de-watering if needed.

We requested the proposal with CH2M because of their understanding of the composting operation and the effect the centrifuge will have on it.

We do know that a centrifuge uses slightly more electrical energy and more chemical in the de-watering process. We have not evaluated that cost increase, however Fairbanks went to centrifuges a couple of years ago and is very pleased with the positive impact it had on the composting operation.

**ALTERNATIVES:**

- 1) Approve the design contract with CH2M, which is staff's recommendation. Moving forward with the design and installation of the centrifuge will realize a long term savings at the composting facility. It will also allow for the first time for the WWTP to have a redundant back up to a critical piece of operation machinery.
- 2) Council may delay or not approve the design contract, but this is not recommended. We know we have some time based on evaluations completed on assessing the belt press. However it will need to be done within a few years and if we have a failure of certain parts we have no operational means to de-water sludge which than could lead to significant permit violation.

**FINANCIAL IMPLICATIONS:** The design and installation of a centrifuge was included in the FY 2017 budget. This project will have a positive cost savings in the operation of the Composting Facility. Staff submitted an Alaska Clean Water Fund loan questionnaire with the State in February 2016. We are eligible to submit for a loan in the amount up to \$800,000.

**LEGAL:** N/A

**STAFF RECOMMENDATION:** Staff recommends Council authorize the professional services contract with CH2M for design and bidding, to install a Centrifuge for de-watering sludge with funds coming from the Sewer Capital Improvement Fund, WWTP Centrifuge Project No. 7519.

**CITY MANAGER'S COMMENTS:** I support the recommendation from staff for this initial process to design and draft the bid documents. We are so dependent on this process of de-watering that a replacement to the belt press is needed. As stated above this will give some redundancy to our operation provided the belt press hold up. The overall shift to a centrifuge is much more efficient and will give us years more in operational life. The rollers of the belt press must be individually manufactured and to do that I understand the worn or broken roller must be shipped out to use as a pattern for build. This automatically places us without the use of the press. Let's avoid a predictable emergency and move towards the installation of a modern centrifuge.



**ATTACHMENTS:**

Attachment A: CH2M Design Proposal letter dated September 1, 2016

Attachment B: CH2M HILL Agreement for Professional Services

Attachment C: Exhibit A Scope of Work, Schedule, Team, and Engineering

Attachment D: Exhibit B Fee Schedule for Time and Expense Services

**PROPOSED MOTION:**

Move to authorize the professional services contract with CH2M for design and bidding, to install a Centrifuge for de-watering sludge with funds coming from the Sewer Capital Improvement Fund, WWTP Centrifuge Project, Project No. 17-03/7519 in the amount of \$161,000 and authorize the City Manager to execute the documents on behalf of the City.



CH2M HILL  
949 East 36<sup>th</sup> Ave  
Suite 500  
Anchorage, AK 99508  
Tel 907.762.1500  
Fax 907.257.2017

September 1, 2016

Glenn Melvin, P.E., City Engineer  
City of Kodiak  
2410 Mill Bay Road  
Kodiak, AK 99615

Subject: Engineering Design and Bidding Services Proposal for City of Kodiak WWTP  
Centrifuge Addition Project

Dear Mr. Melvin:

CH2M very much appreciates this opportunity to submit our proposal for the City of Kodiak's  
WWTP Centrifuge Addition Project Engineering Services.

Attached are 1) the proposed City of Kodiak Agreement for Professional Services, 2)  
Appendix A, which our proposed Scope of Services. Appendix A contains our Exhibit A:  
Scope of Work, Schedule, Team, and Engineering Fees, and Exhibit B: Fee Schedule for  
Time and Expense Services.

Within Attachment A we are requesting lump sum basis compensation for Task 1, Design  
Services, and Task 2, Bid Phase Services. Those tasks will be invoiced monthly on a  
percent complete basis. Any time and expense work will be invoiced monthly based on  
actual labor, using Exhibit B labor rates, and actual expenses, with our standard 10%  
expense markup.

We are ready to begin work on this most important WWTP upgrade project that will provide  
multiple benefits to the community. We look forward to working with you and your staff from  
project kick-off to our project completion services.

Our pre-kick-off meeting with you in Kodiak on August 30<sup>th</sup> was quite successful and helped  
us complete our design and bidding phase proposal. Please let me know if you have any  
questions or would like to discuss our proposal.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Floyd J. Damron', written over a blue line.

Floyd J. Damron, P.E.  
VP and Senior Project Manager  
CH2M HILL Engineers, Inc.

C: Mark Kozak /Public Works Director

Attach: Agreement for Professional Services  
Attachment A - Scope of Services

**City of Kodiak**  
**AGREEMENT FOR PROFESSIONAL SERVICES**

This agreement is between the City of Kodiak and CH2M HILL Engineers, Inc. for a PROJECT known as the WWTP Centrifuge Addition Project.

**PART I**  
**SPECIAL PROVISIONS**

**SECTION 1 DEFFINITIONS**

In this AGREEMENT:

- A. AGREEMENT means this document with all attachments
- B. CITY means the City of Kodiak
- C. CITY MANAGER means the City Manager of the City of Kodiak or his/her designee who is responsible for approving and signing this AGREEMENT and any amendments.
- D. CITY ENGINEER means the City Engineer of the City of Kodiak who is responsible for the day-to-day coordination and communication with the ENGINEER. The CITY ENGINEER does not have authority to execute a change of this AGREEMENT or to otherwise bind the City of Kodiak for purposes of this AGREEMENT.
- E. ENGINEER means CH2M HILL Engineers, Inc.
- F. PROJECT means the object of the design or study that the ENGINEER is to perform under this AGREEMENT.

**SECTION 2 SCOPE OF SERVICES**

- A. The ENGINEER is responsible for the professional quality, technical accuracy, timely completion, and the coordination of all designs, drawings, specifications, reports and other services furnished by the ENGINEER under this AGREEMENT. The ENGINEER shall perform its services in a manner consistent with the level of care and skill normally exercised by professional engineers or consultants performing the same or similar services during the time of this AGREEMENT. The ENGINEER shall, without additional compensation, correct or revise any errors or deficiencies in his design drawings, specifications, reports and other services.
- B. Approval by the CITY of drawings, designs, specifications, reports, and incidental engineering work or materials furnished hereunder shall not in any way relieve the ENGINEER of responsibility for the technical adequacy of the work. Neither the CITY's review, approval or acceptance of, nor payment for, any of the services shall be construed to operate as a waiver of any rights under this AGREEMENT, and the ENGINEER shall be and

remain liable in accordance with applicable law and the language herein for the damages to the CITY caused by the ENGINEER's errors, omissions, or negligent performance of any of the services furnished under this AGREEMENT.

- C. The ENGINEER shall perform the scope of services set forth in Appendix A, which includes the ENGINEER's proposal letter dated September 1, 2016.
- D. The CITY may make or approve changes to the scope of services in this AGREEMENT. If such changes affect the ENGINEER's cost or time required for performance of the services, an equitable adjustment to the ENGINEER's contract price and schedule will be made through an amendment to this AGREEMENT.
- E. The ENGINEER may not subcontract or assign any portion of the scope of services to any party not identified in this AGREEMENT without prior written approval of the CITY.
- F. The CITY shall not allow any claim for services other than those described in this section.
- G. In the performance of this AGREEMENT, the ENGINEER shall, to the extent practicable, provide for maximum use of structures, machines, products, materials, construction methods, and equipment which are readily available through competitive procurement, or through standard or proven production techniques, methods and processes.
- H. The ENGINEER shall not, in the performance of the work called for by this AGREEMENT, produce a design or specification that requires the use of structures, machines, products, materials, construction methods, equipment or processes which are known by the ENGINEER to be available only from a sole source, unless such use has been adequately justified in writing by the ENGINEER as necessary for the minimum needs of the PROJECT.

### **SECTION 3 TIME FOR PERFORMANCE**

- A. This AGREEMENT becomes effective when signed on behalf of the CITY.
- B. The ENGINEER shall promptly commence performance of the work described in Section 2 and shall complete that performance on or before December 31, 2017.
- C. The CITY may suspend, delay, or interrupt the services of the ENGINEER for the convenience of the CITY. In such an event, the ENGINEER's contract price and schedule shall be equitably adjusted.
- D. The CITY will examine the ENGINEER's studies, reports, sketches, drawings, specifications, proposals, and other documents, obtain the advice of other professionals and consultants as the CITY deems appropriate, and render in writing decisions required of the CITY in a timely manner.
- E. The CITY will give prompt written notice to the ENGINEER whenever the CITY observes or becomes aware of any development that affects the scope or timing of the ENGINEER's services or of any defect in the work of the ENGINEER.

## **SECTION 4 COMPENSATION**

- A. Subject to the ENGINEER's performance, the CITY shall pay the ENGINEER \$153,500,000.00, Lump Sum Amount for design and bidding phase services and no more than \$7,500.00 for Time and Expense services in accordance with this section. Total compensation shall not exceed \$161,000.00.
- B. The actual costs for all services requested and rendered shall be in accordance with the information set forth in Appendix A, which includes the ENGINEER's proposal letter dated September 1, 2016. The compensation shall as set forth in Appendix A.
- C. The ENGINEER may submit invoices for services under this AGREEMENT no more frequently than monthly. The CITY will review each invoice for accuracy and compliance with this AGREEMENT and uncontested charges will be due and payable within 30 days of receipt. If any payment is withheld because the charges are not approved or the ENGINEER's performance is unsatisfactory, the CITY ENGINEER must, within 30 days after the payment denial, notify the ENGINEER in writing of the payment denial and set forth, with reasonable specificity, what charges are not being paid and why. No interest will accrue on any disputed charges until mutually resolved.
- D. The ENGINEER is not entitled to any compensation under this AGREEMENT, other than is expressly provided for in this section.

## **SECTION 5 TERMINATION**

The ENGINEER's services under Section 2 may be terminated:

- A. By mutual consent of the parties.
- B. For the convenience of the CITY, provided that the CITY notifies the ENGINEER in writing of its intent to terminate under this paragraph at least ten (10) days prior to the effective date of the termination.
- C. For cause, by either party where the other party fails in any material way to perform its obligations under this AGREEMENT. Termination under this subsection is subject to the condition that the terminating party notifies the other party of its intent to terminate, stating with reasonable specificity the grounds therefore, and the other party fails to cure the default within thirty (30) days after receiving the notice.
- D. On termination, the ENGINEER shall deliver all work products, completed or not, to the CITY ENGINEER and the ENGINEER will be paid for all authorized services performed up to the termination date.
- E. If the ENGINEER's services are terminated, for whatever reason, the ENGINEER shall not claim any compensation under this AGREEMENT, other than that allowed herein.

- F. If a final audit has not been performed before the ENGINEER's services are terminated, the CITY may recover any payments for costs disallowed as a result of the final audit.
- G. Except as provided in this section, termination of the ENGINEER's services does not affect any other right or obligation of a party under this AGREEMENT.
- H. If, after the CITY terminates this AGREEMENT for cause, and it is determined that such cause did not exist, the termination shall be deemed to have been effected for the convenience of the CITY.
- I. The ENGINEER warrants that no person or selling agency has been employed or retained to solicit or secure this AGREEMENT upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee. For breach or violation of this warranty, the CITY shall terminate this AGREEMENT without liability and shall deduct from the contract price, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.
- J. The CITY shall terminate this AGREEMENT if it is found by the CITY that gratuities (in the form of entertainment, gifts or otherwise) were offered or given by the ENGINEER, or any agent or representative of the ENGINEER, to any official or employee of the CITY, or any citizen serving on an advisory board to the CITY, with a view toward securing a contract, or securing favorable treatment with respect to the awarding or amending, or the making of any determinations with respect to the performance of this AGREEMENT.

## **SECTION 6 INSURANCE**

- A. The ENGINEER shall maintain the following insurance throughout the term of ENGINEER's performance under this AGREEMENT:
  - 1. Worker's compensation and employer's liability insurance as required by the State of Alaska.
  - 2. Comprehensive automobile and vehicle liability insurance covering claims for injuries to members of the public and/or damages to property of the others arising from use of motor vehicles, including on-site and off-site operations, and owned, non-owned, or hired vehicles, with \$1,000,000 combined single limits.
  - 3. Commercial general liability insurance covering claims for injuries to members of the public or damage to property of others arising out of any covered negligent act or omission of the ENGINEER or of any of its employees, agents, or subcontractors with \$1,000,000 per occurrence and in the aggregate.
  - 4. Professional liability insurance of \$1,000,000 per occurrence and in the aggregate. If written on a "Claims Made" basis, engineer shall keep policy in force for three years after project completion

- B. The CITY shall be named as an additional insured with respect to the ENGINEER's liabilities hereunder in insurance coverages identified in items 2 and 3 and the ENGINEER's insurer shall waive subrogation against the CITY under all policies required by this section. The ENGINEER shall provide the CITY with certificates of insurance.
- C. Each policy of insurance required by this section shall provide for no less than sixty (60) days written notice to the CITY prior to cancellation.

**SECTION 7 ASSIGNMENT**

- A. This is a bilateral AGREEMENT. Neither party shall have the power to, or will, assign any of the duties or rights or any claim arising out of or related to this AGREEMENT, whether arising in tort, contract or otherwise, without the written consent of the other party. Any unauthorized assignment is void and unenforceable. These conditions and the entire AGREEMENT are binding in the heirs, successors, and assigns of the parties hereto.

**SECTION 8 OWNERSHIP; PUBLICATION, REPRODUCTION & USE OF MATERIAL**

- A. Except as otherwise provided herein, all data, reports, drawings, specifications, documents, and other deliverables of the ENGINEER, whether in hard copy or electronic form, prepared as a part of the scope of work are the property of the CITY, which shall retain the exclusive right to publish, disclose, distribute and otherwise use, in whole or in part, any such data, reports, drawings, specifications, documents or other materials. Exclusive rights shall not be attributed to portions of such materials presently in the public domain or which are not subject to copyright.
- B. Equipment purchased by the ENGINEER with contract funds shall be the sole property of the CITY and shall be marked and inventoried as such with a copy of the inventory forwarded to the CITY.
- C. The ENGINEER's work products are for the PROJECT identified in this AGREEMENT, whether completed or not. The CITY agrees to indemnify the ENGINEER from all claims, damages, losses, and costs, including, but not limited to, litigation expenses and attorney's fees arising out of or related to the unauthorized reuse, change or alteration of these work products.

**SECTION 9 NOTICES**

- A. Any notice required pertaining to the subject matter of this AGREEMENT shall be either sent via facsimile (FAX) or mailed by prepaid first class registered or certified mail, return receipt requested to the following addresses:

CITY:                    Glenn Melvin, P.E.  
                              2410 Mill Bay Road  
                              Kodiak, Alaska 99615  
                              Tel: (907) 486-8065 Fax: (907) 486-8066

ENGINEER: Floyd Damron, P.E.  
CH2M Hill Engineers, Inc.  
949 E 36th Avenue Ste 500  
Anchorage AK 99508  
Tel: (907) 762-1359 Fax: (907) 257-2017

B. Notices are effective upon the earlier of receipt, proof of good transmission (facsimiles only), or five (5) days after proof of proper posting.

### **SECTION 10 FORCE MAJEURE**

A. Any failure to perform by either party due to force majeure shall not be deemed a violation or breach hereof.

B. As used in this AGREEMENT, force majeure is an act or event of substantial magnitude beyond the control of the affected party, which delays the completion of this AGREEMENT, including without limitation:

1. Any interruption, suspension or interference resulting solely from the act of the CITY or neglect by the CITY not otherwise governed by the terms of this AGREEMENT.
2. Strikes or work stoppages.
3. Any interruptions, suspensions or interference with the PROJECT caused by act of GOD, or acts of a public enemy, wars, blockades, insurrections, riots, arrests or restraints or government and people, civil disturbances or similar occurrences.
4. Order of court, administrative agencies or governmental officers other than the CITY.



## **PART II**

### **GENERAL PROVISIONS**

#### **SECTION 1 RELATIONSHIPS OF PARTIES**

- A. The ENGINEER shall perform its obligations hereunder as an independent contractor of the CITY, and nothing herein shall be construed to create a partnership, joint venture, or agency relationship between ENGINEER and CITY. Neither party shall have any authority to enter into agreements of any kind on behalf of the other or have any power or authority to bind or obligate the other in any manner to any third party. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever. The CITY may administer the AGREEMENT and monitor the ENGINEER's compliance with its obligations hereunder. The CITY shall not supervise or direct the ENGINEER other than as provided in this AGREEMENT.

#### **SECTION 2 NONDISCRIMINATION**

- A. The ENGINEER shall not discriminate against any employee or applicant for employment because of race, color, religion, national origin, ancestry, age, sex, or marital status or who is a "qualified individual with a disability" (as that phrase is defined in the Americans With Disabilities Act of 1990). The ENGINEER shall take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, national origin, ancestry, age, sex, marital status or mental or physical impairment/disability. Such action shall include, without limitation, employment, upgrading, demotion or transfer, recruitment or recruiting advertising, layoff or termination, rate of pay or other forms of compensation, and selection for training including apprenticeship. The ENGINEER agrees to post, in conspicuous places available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause.
- B. The ENGINEER shall state, in all solicitations or advertisements for employees to work on contract jobs, that all qualified applicants will receive equal consideration for employment with regard to race, color, religion, national origin, ancestry, age, sex, marital status, or mental or physical impairment/disability.
- C. The ENGINEER shall include the provisions of subsections A and B of this section in every subcontract or purchase order under this AGREEMENT, so as to be binding upon every such subcontractor or vendor of the ENGINEER under this AGREEMENT.

#### **SECTION 3 PERMITS, LAWS, AND TAXES**

- A. The ENGINEER shall acquire and maintain in good standing all permits, licenses and other entitlements necessary to its performance under this AGREEMENT. All actions taken by the ENGINEER under this AGREEMENT shall comply with all applicable statutes, ordinances,

rules and regulations. The ENGINEER shall pay all taxes pertaining to its performance under this AGREEMENT.

#### **SECTION 4 NONWAIVER**

- A. The failure of either party at any time to enforce a provision of this AGREEMENT shall in no way constitute a waiver of the provision, nor in any way affect the validity of this AGREEMENT or any part hereof, or the right of such party thereafter to enforce each and every provision hereof.

#### **SECTION 5 AMENDMENT**

- A. This AGREEMENT shall only be amended, modified or changed in writing, executed by authorized representatives of the parties, with the same formality as this AGREEMENT was executed.
- B. For the purposes of any amendment modification or change to the terms and conditions of this AGREEMENT, the only authorized representatives of the parties are:

CITY:                    Aimée Kniaziowski  
                              City Manager  
                              PO Box 1397  
                              Kodiak, Alaska 99615  
                              Tel: (907) 486-8640 Fax: (907) 486-8600

ENGINEER:            Floyd Damron, P.E.  
                              CH2M Hill Engineers, Inc.  
                              949 E 36th Avenue Ste 500  
                              Anchorage AK 99508  
                              Tel: (907) 762-1359 Fax: (907) 257-2017

- C. Any attempt to amend, modify, or change this AGREEMENT by either an unauthorized representative or unauthorized means shall be void.

#### **SECTION 6 JURISDICTION**

- A. The Substantive law of the State of Alaska shall govern the validity of this AGREEMENT, its interpretation and performance, and any other claims related to it. Any civil action rising from This AGREEMENT shall be brought in the trial courts of the State of Alaska for the Third Judicial District at Kodiak.

#### **SECTION 7 SEVERABILITY AND SURVIVAL**

- A. If any of the provisions contained in this AGREEMENT are held for any reason to be invalid, illegal, or unenforceable, the enforceability of the remaining provisions shall not be impaired thereby.

- B. Limitations of liability, indemnities, and other express representations shall survive termination of this AGREEMENT for any cause.

## **SECTION 8 INDEMNIFICATION**

- A. The ENGINEER shall indemnify, defend, save and hold the CITY harmless from any claims, damages, losses, and costs, including, but not limited to, litigation expenses and attorney's fees, arising out of claims by third parties for property damage or bodily injury, including death, to the proportionate extent caused by the errors, omissions, negligence, or willful misconduct of the ENGINEER, the ENGINEER's employees, affiliated corporations, and subcontractors in connection with this PROJECT.
- B. The ENGINEER shall not indemnify, defend, save and hold the CITY harmless from claims, lawsuits, liability, or attorney's fees and costs arising from wrongful or negligent acts, errors or omissions solely of the CITY occurring during the course of or as a result of the performance of this AGREEMENT.
- C. Where claims, lawsuits or liability, including attorneys' fees and costs arise from wrongful or negligent acts of both the CITY and the ENGINEER, the ENGINEER shall indemnify, defend, save, and hold the CITY harmless from only that portion of claims, lawsuits, liability, including attorneys' fees and costs, which result from the ENGINEER's or any subcontractor's wrongful or negligent acts.

## **SECTION 9 ACCESS AND RETENTION OF RECORDS**

- A. The ENGINEER shall maintain accounting records regarding its performance under this AGREEMENT in accordance with generally accepted accounting principles.
- B. The ENGINEER shall, at any time during normal business hours and as often as the CITY may deem necessary, make available to the CITY, for examination, all of its records with respect to all matters covered by this AGREEMENT for a period ending three (3) years after the date the ENGINEER completes performance in accordance with Section 2 of the Special Provisions. Upon request, and within a reasonable time, the ENGINEER shall submit such other information and reports relating to its activities under this AGREEMENT to the CITY, in such form and at such times as the CITY may reasonably require. The ENGINEER shall permit the CITY to audit, examine and make copies of such records, and to make audits of all invoices, materials, payrolls, records of personnel and other data relating to all matters covered by this AGREEMENT. The CITY may, at its option, permit the ENGINEER to submit its records to the CITY in lieu of the retention requirements of this section.

## **SECTION 10 DISPUTE RESOLUTION**

- A. The CITY and the ENGINEER shall use their best efforts to resolve amicably any dispute, including use of alternative dispute resolution options.

**SECTION 11 APPENDICES, SCHEDULES, AND SIGNATURES**

A. This AGREEMENT, including its attachments and schedules, constitutes the entire AGREEMENT, supersedes all prior written or oral understandings, and may only be changed by a written amendment executed by both parties. The following appendices and schedules are hereby made a part of this AGREEMENT.

Appendix A, Scope of Services

Appendix B, Compensation

IN WITNESS WHEREOF, the parties have executed this AGREEMENT on the date shown below.

CITY OF KODIAK

CH2M Hill Engineers, Inc.

\_\_\_\_\_  
Aimée Kniaziowski  
City Manager

\_\_\_\_\_  
Floyd Damron, P.E.  
VP and Senior Project Manager

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

ATTEST

ATTEST

\_\_\_\_\_  
Debra Marlar  
City Clerk

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

**City of Kodiak**  
**AGREEMENT FOR PROFESSIONAL SERVICES**  
**with**  
**CH2M Hill Engineers, Inc.**  
**for**  
**WWTP Centrifuge Project**

**APPENDIX A**  
**SCOPE OF SERVICES**

Appendix A consists of the following:

Exhibit A – CH2M HILL proposal letter dated September 1, 2016, Subject: Engineering Design and Bidding Services Proposal for City of Kodiak WWTP Centrifuge Addition Project

Exhibit B – Fee Schedule for Time and Expense Services

# Exhibit A

## Kodiak WWTP

### City of Kodiak

## Engineering Design and Bidding Phase Professional Engineering Services for WWTP Centrifuge Addition

### Scope of Work, Schedule, Team, and Engineering Fees

#### Background

City of Kodiak (City) has been evaluating sewage sludge (biosolids) dewatering options to provide high cake dryness compared the cake from the existing belt filter press (BFP). High cake solid dryness is expected to save money on the City's composting operation and replace the normal operation of the BFP as it nears the end of its service life. The goal is to leave the BFP in place to be available for use whenever the new centrifuge is out of service for maintenance or for other reasons. The City desires CH2M HILL Engineer's Inc (CH2M) to provide the professional engineering services for this WWTP Centrifuge Addition Project.

This scope of work is to assist the City with a project that would provide:

- A skid-mounted Series D Andritz sludge thickening and dewatering centrifuge. The unit is to be located in the existing sludge dewatering area of the City's Wastewater Treatment Plant (WWTP). The City will procure the centrifuge under a different contract directly with the manufacturer or its authorized supplier. CH2M will support the City in this procurement as described in the scope of work below.
- All ancillary equipment and connections for successful centrifuge operation, O&M manuals, operator training, and startup services are to be provided by the Designer, equipment supplier, and construction contractor per the Contract Documents that are to be developed by the design engineer, CH2M. Only design and bid phase professional services are included in this Scope of Work for CH2M.

#### Scope of Work

##### Task 1: Design

Provide City with Basis of Design Report, drawings, details, and specifications required to install a centrifuge dewatering system.

The following packages will be developed:

- 50%, 95%, and 100% contract documents for centrifuge installation/construction package including:
  - Evaluation of existing concrete slab and potential reinforcements required to support the centrifuge dewatering system

- 
- Centrifuge system procurement specification (assumes Andritz will be sole-sourced or pre-purchased)
  - Installation location and detail for the skid-mounted centrifuge
  - Power for the centrifuge and related equipment and instruments (including transformer and feed conductor).
  - Non-Potable Service water tie-in (including a hose bib inside the building for wash-down)
  - Pumped centrate return system
  - Feed sludge supply line tie-in (assumes use of existing BFP feed pumps for centrifuge)
  - Polymer solution line tie-in (assumes use of existing BFP polymer solution system for centrifuge)
  - Centrifuge and WWTP SCADA Control interface
  - Cake Conveyor System to move cake to existing BFP conveyor
  - Construction cost estimate

A 50% and 95% submittal of the construction/procurement packages will be prepared for review by City staff one week before the 50% and 95% design review meetings. A two hour review meeting will be scheduled for each procurement/construction packages. CH2M will provide one stamped original and one electronic copy (searchable PDF) of each final deliverable.

***Assumptions:***

The following services and activities will be provided or performed by City.

1. City will manage all aspects of Contract award, grant and loan applications, processing, and administration, and coordination with all governing bodies for the construction project. City shall manage, coordinate, and undertake all aspects of Owner defined activities as presented in Division 1 and elsewhere in the Bidding Requirements and Contract Documents for the construction project, except as indicated otherwise elsewhere in this scope of work, within the limitations of the budget. City will be responsible for final approval of all change orders, claims, dispute resolution, pay requests and similar items based on input from CH2M. (CH2M has no scope of work under Bidding Requirements and Contract Documents Article 15 and 16 items related to Construction Contractor Suspension of Work and Termination and Dispute Resolution.)
2. City will pay any and all permit, printing, inspection, testing, and other construction related fees, fines, or assessments.
  - The City will provide new equipment connection points for:
    - Non-Potable Service Water
    - Feed Sludge Supply
    - Polymer Solution Supply
    - Centrate Return
    - Existing electrical switchgear

- 
- SCADA connection points
  - Existing Kodiak WWTP systems assumptions:
    - Adequate supply and pressure exists for the potable and non-potable water systems.
    - Adequate electrical capacity exists at the Switchgear
    - No new computer equipment and software will be required other than what is included with the Andritz equipment package that is pre-purchased by the City.
    - City will remove the existing lime storage and conveyor system.
  - Existing BFP feed pumps are to be utilized to pump feed sludge to the centrifuge. It is assumed that these existing pumps have the capacity to feed the centrifuge at an acceptable rate and that a new pump system will not have to be designed, supplied, and installed.
  - Existing polymer solution feed pumps are to be utilized to pump polymer solution to the centrifuge. It is assumed that these existing pumps have the capacity to feed the centrifuge at an acceptable rate and that a new pump system will not have to be designed, supplied, and installed.
  - The City will identify an empty power bucket in the existing switchgear
  - CH2M will prepare an engineer's opinion of probable cost based on the 50% and 95% design drawings and specifications. The engineer's opinion of probable cost will be itemized by technical specification section. The City will have the opportunity to review the costs and provide comments. Any cost opinions or project economic evaluations provided by CH2M will be on a basis of experience and judgment, but, since CH2M has no control over market conditions or bidding procedures, CH2M cannot warrant that bids, ultimate construction cost, or project economics will not vary from these opinions.
  - City staff will provide all needed information for Parts 1 and 2 of the Bidding Requirements and Contract Documents that will follow the format and structure used for the Monashka Pump House project by CH2M.
  - City staff will take the lead in procuring the sole-source centrifuge equipment. CH2M will provide assistance to the City for technical aspects of equipment procurement and review of equipment submittals.
  - CH2M is responsible for coordinating technical specifications, drawings, and details to provide a complete bid-ready package for the construction work required to accommodate the new centrifuge.
  - SCADA software programming is not included in this scope and will have to be provided under a separate agreement or by the Contractor's integration subcontractor.
  - No seismic structural, mechanical, or electrical upgrades will be required.



- The level of effort is based on a design package that will include a total of 17 drawing as provided in the Drawing List table below:

<b>DRAWING LIST</b>	
1	Cover and Site Plan
2	Notes, Symbols, and Abbrev
3	Codes and Special Inspections
4	Structural Notes
5	Structural Plan
6	Structural Sections
7	Structual Details
8	Process Legd/Abbrev/Sch/Des Crit
9	Process Piping & Connection Plan
10	Process Details
11	Electrical Legend
12	Electrical One-Line
13	Electrical Schedules
14	Electrical Details
15	I&C Legend
16	P&ID
17	Standard Details

### Task 2: Bidding/Procurement Period Services

Assist with technical questions during the equipment procurement and bidding phase of this project, addenda, and assist the City with bid evaluations.

### Task 3: Construction Phase Engineering Services

It is anticipated that in the future the City will amend CH2M's scope of work to include construction phase services. None of those services are included in this scope of work.

If construction phase engineering services are provided after a contract amendment adding those services the presence or duties of CH2M's personnel at a construction site, whether as onsite representatives or otherwise, do not make CH2M or CH2M's personnel in any way responsible for those duties that belong to the City and/or the construction contractors or other entities, and do not relieve the construction contractors or any other entity of their obligations, duties, and responsibilities, including, but not limited to, all construction methods, means, techniques, sequences, and procedures necessary for coordinating and completing all portions of the construction work in accordance with the construction Contract Documents and any health or safety precautions required by such construction work. CH2M and CH2M's personnel have no authority to exercise any control over any construction contractor or other entity or their employees in connection with their work or any health or safety precautions and have no duty for inspecting, noting, observing, correcting, or reporting on health or safety deficiencies of the construction contractor(s) or other entity or any other persons at the site except CH2M's own personnel. The presence of

CH2M's personnel at a construction site is for the purpose of providing to the City a greater degree of confidence that the completed construction work will conform generally to the construction documents and that the integrity of the design concept as reflected in the construction documents has been implemented and preserved by the construction contractor(s). CH2M neither guarantees the performance of the construction contractor(s) nor assumes responsibility for construction contractor's failure to perform work in accordance with the construction documents.

**Task 4: Startup/Warranty Phase Assistance**

Startup and Warranty Phase services are not included in this scope of work. It is anticipated the City will add these professional services at a later date.

**Schedule:**

Project is assumed to be conducted between October 2016 and September 2017 as shown the Schedule table below:

<b>SCHEDULE</b>	
NTP	Week of Sept 26
Project Setup	Week of Sept 26
Field Trip	Week of October 3
Evaluation	Week of October 10
BOD Tech Memo	Week of October 17
Eqpt Prepurchase	Week of October 17
50% Design	Oct 17 - Nov 11
City Review	Nov 11 - Nov 25
95% Design	Nov 11 - Dec 9
City Review	Dec 9 - Dec 20
100% Design	Dec 20 - Jan 14
Bid	Jan 14 to Feb 14
Bid Open	2/14/2017
Bid Award	3/1/2017
Construction	March - September

**Key CH2M Engineering Staff**

Project Manager – Floyd Damron, PE

Process Engineer/Design Manager – Ian Van Blankenstein, PE

Structural Engineer – Mark Parent, PE

Electrical Engineer and I&C Engineer – Breck Alderson, PE

Process Senior Consultant – David Oerke, PE

All staff are in CH2M’s Anchorage office except David Oerke.

Other engineers and technicians will be utilized, as needed, to complete the design and construction phase tasks.

### Engineering Services Lump Sum and T&M Fees Summary Table

CH2M proposes to perform the Task 1 Design and Task 2 Bid Phase Services for a Lump Sum Fee Amount of \$153,500. \$7,500 is provided as Time and Expense services as needed. The total proposed contract amount is \$161,000. Note that Exhibit B is CH2M’s Fee Schedule for Time and Expense Services.

<b>ENGINEERING FEE SCHEDULE OF VALUES</b>	
<b>Task 1 - Design - Lump Sum Amount</b>	
Site Visit	\$9,000
Equipment Space and Utility Reqmts	\$8,500
Basis of Design Report	\$10,000
Centrifuge Procurment Assistance	\$9,000
50% Design	\$40,000
95% Design	\$36,000
100% Design	\$22,000
<b>Task 2 - Bid Phase - Lump Sum Amount</b>	
Bid Phase Services	\$4,000
<b>Project Management - Lump Sum Amount</b>	
PM, Contracts, Accounting	\$15,000
<b>TOTAL LUMP SUM AMOUNT</b>	<b>\$153,500</b>
Allowance for Addition Scope of Work	\$7,500
<b>TOTAL CONTRACT AMOUNT</b>	<b>\$161,000</b>

**EXHIBIT B**  
**FEE SCHEDULE FOR TIME AND EXPENSE SERVICES**  
**CH2M HILL 2016 - 2017 SCHEDULE OF LABOR AND SERVICE CENTER RATES**  
**CITY OF KODIAK WWTP CENTRIFUGE ADDITION PROJECT**

<b>JOB TITLE</b>	<b>PER DIEM CODE</b>	<b>GRADE</b>	<b>2016 LABOR RATE PER HOUR</b>	<b>2017 LABOR RATE PER HOUR</b>
Principal Project Manager (PPM)	03	Engineer 7	\$243	\$245
Regional Project Delivery Manager				
Client Service Manager				
Client Service Manager 2 (CSM2)	04	Engineer 6	\$229	\$231
Senior Technologist				
Senior Project Manager (SPM)				
Engineer Specialist	05	Engineer 5	\$220	\$224
Project Manager (PM)				
Contracts Manager				
Project Consultant 2				
Project Consultant	06	Engineer 4	\$201	\$205
Tech Pubs Supervisor				
Associate Project Manager				
Project Engineer				
Project Planner				
Proposal Process Manager				
Project Resident Representative				
Senior Contracts Administrator				
Associate Consultant	07	Engineer 3	\$176	\$180
Associate Engineer				
PC Systems Specialist				
Associate Scientist				
Contracts Administrator				
Technical Publishing Spclst 4				
Staff GIS Developer/Analyst	08	Engineer 2	\$158	\$161
Staff Engineer 2				
Staff Consultant 1				
Staff Engineer 1	09	Engineer 1	\$138	\$141
Staff Consultant 1				
Staff Scientist 2				
Scientist 1	10	Engineer 0	\$120	\$125
Associate Technical Lead	11	Technician 5	\$164	\$167
Graphic Design Supervisor				
Associate Resident Representative				
Associate Technical Lead				
Associate Designer				
Staff Tech 2	12	Technician 4	\$153	\$156
Graphic Designer Lead 4				
Graphic Designer 3	13	Technician 3	\$143	\$146
Administrative Assistant 2	19	Office	\$100	\$102
Administrative Assistant 1				
Facilities Operations Assistant 2				
Facilities Operations Lead				
Project Assistant 3				
Engineer Intern				
Purchasing Tech				
Administrative Assistant 3				
<b>Service Center Charges**</b>				
Health & Safety (Comprehensive hourly rate for staff enrolled in the H&S Monitoring Program)				\$1.75
Fleet Vehicles	Fleet Cars - Miles	Standard Billing		\$0.70 Per Mile
	Fleet Cars - Days	Rate		\$42.00 Per Day
Personal Vehicles	Current IRS reimbursement rate			Per Mile

CH2M HILL Engineers Inc considers merit and cost of living adjustments each year. If the project extends into 2018 our labor shall be billed at our standard 2018 hourly billing rates.

\*\* Service Center Rates are reviewed periodically and are subject to change during review.

CH2M HILL Engineers Inc expenses and outside services & subconsultants shall be billed with a 10% markup.

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## MEMORANDUM TO COUNCIL

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**To:** Mayor and City Councilmembers  
**From:** Aimee Kniazowski, City Manager  
**Thru:** Mike Tvenge, Deputy City Manager and Corey Gronn, Parks and Recreation Director  
**Date:** September 22, 2016

**Agenda Item:** V. d. Authorization of Agreement for Parks and Recreation Officiating Services

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**SUMMARY:** The Parks and Recreation Department offers a variety of sporting programs that require sport officials. These programs include basketball (youth and adult), volleyball, soccer, and softball. The Department established an approved budget based on average cost per program from the last five years. Contracting of services is new to the Department and these officiating services are critical to the sports as well as maintaining cost efficiency. Kodiak Island Recreational Referee Association (KIRRA) provided these services last season. Staff recommends Council authorize this officiating agreement.

**PREVIOUS COUNCIL ACTION:** Council approved this funding in the FY2017 budget.

**DISCUSSION:** Alaska legislative actions no longer allowed the hiring of sports officials as independent contractors; this is how sports officials were utilized in the past. The City tried a season of hiring sports officials on as employees, which was very cumbersome and not as effective. KIRRA was formed to accommodate the City's needs for recreational officiating services. KIRRA was utilized last season for some of the programs offered; the other programs utilized temporary employees. The Parks and Recreation Department has since discussed the movement of all of the officiating services to KIRRA. KIRRA has agreed to terms under the MOA (Attachment A). These services are in line with the FY2017 budget as well as the Parks and Recreation Department's mission of keeping offerings affordable to the diverse Kodiak Community.

**ALTERNATIVES:**

- 1) Authorize the City to enter into agreement with KIRRA for officiating services. This is staff's recommendation.
- 2) Delay or do not authorize this agreement. This alternative is not recommended because a significant amount of human resource and finance would be required as a substitute. An estimate of 25 temporary employees would be necessary to fulfill this officiating service

**FINANCIAL IMPLICATIONS:** Funds for this agreement are included in the Parks & Recreation-Administration-Officiating Services line item that was approved for FY2017 by Council in June 2016.

**LEGAL:** The Kodiak Island Recreational Referee Association is a nonprofit corporation in good standing with the Internal Revenue Service.

**STAFF RECOMMENDATION:** Staff recommends that Council approve the MOA with KIRRA in the amount not to exceed \$35,000 with funds coming from the Parks & Recreation-Administration-Officiating Services line item 100-170-100-430.114; these funds were approved for FY2017.

**CITY MANAGER'S COMMENTS:** This is the second year the City has worked with KIRRA to provide officiating services for the local sports. So far it has proven to be more efficient and financially beneficial to contract rather than provide City employees for each and every scheduled game. I support the Memorandum of Agreement with Kodiak Island Recreational Referee Association.

**ATTACHMENTS:**

Attachment A: MOA with Kodiak Island Recreational Referee Association

**PROPOSED MOTION:**

Move to authorize the Memorandum of Agreement No. 225117 with Kodiak Island Recreational Referee Association in the amount not to exceed \$35,000 with funds coming from the Parks & Recreation-Administration-Officiating Services line item and authorize the City Manager to execute the documents on behalf of the City.

## MEMORANDUM OF AGREEMENT

MEMORANDUM OF AGREEMENT dated as of September 22, 2016, between Kodiak Island Recreational Referee Association ("KIRRA"), an Alaska nonprofit corporation, whose address is 408 Lily Drive, Kodiak, AK 99615, and the City of Kodiak ("City"), an Alaska municipal corporation, whose address is P.O. Box 1397, Kodiak, AK 99615.

WHEREAS, City's Parks and Recreation Department will host recreational sporting leagues commencing September 22, 2016 and ending September 22, 2017; and

WHEREAS, KIRRA is willing to provide qualified persons to act as officials at all recreational sport league games.

NOW, THEREFORE, in consideration of the premises and the mutual covenants below, the parties agree as follows:

1. City shall manage all games during the season described above. City is responsible for scheduling all games, and will schedule games on four nights per week unless KIRRA agrees to a greater number. City will provide KIRRA at least four days in advance with a schedule of games for which KIRRA is to provide officials under this Agreement. City will provide KIRRA with at least 24 hours' notice of game date or time changes.

2. KIRRA shall provide a minimum of 1 official per game for little dribblers and volleyball and a minimum of two officials per city league game. KIRRA shall receive compensation only to the extent that officials timely appear at a game and perform their required duties throughout the game.

3. City shall pay KIRRA \$25 per little dribbler game, \$35 per softball game, \$25 per volleyball match, and \$75 per city league basketball game at which KIRRA provides officials as required by this Agreement. KIRRA shall invoice the City at the end of each half for services provided under this Agreement. City shall pay each invoice within 10 days after its receipt.

4. KIRRA shall perform its duties under this Agreement as an independent contractor of City. Each person that KIRRA provides to act as an official at a game under this Agreement performs duties as such official as an independent contractor of KIRRA and not as an employee or contractor of the City. KIRRA shall indemnify and hold the City harmless from any claim resulting from its independent contractors.

5. KIRRA will require its officials to be members of one of three federations: 1) International Association of Approved Basketball Association, or 2) National Association of Sports Officials, 3) National Federation of State High School Associations. KIRRA shall provide evidence of each official's good standing in their respective federation and shall provide the City evidence of the federation's liability insurance with coverage limits not to be less than \$2,000,000 combined single limit per occurrence. Failure to furnish satisfactory evidence of insurance or any lapse of the policy is a material breach and grounds for termination of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

KODIAK RECREATIONAL REFEREE ASSOCIATION

CITY OF KODIAK

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Bob Murphy, President

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Aimee Kniazowski, City Manager



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## MEMORANDUM TO COUNCIL

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**To:** Mayor Branson and City Councilmembers

**From:** Aimée Kniazowski, City Manager

**Thru:** Mike Tvenge, Deputy City Manager, Mark Kozak, Public Works Director and Glenn  
WA Melvin PE, City Engineer

**Date:** September 22, 2016

**Agenda Item:** V. e. **Authorization of Purchase of Pumps, Motors and Control Panel for the Trident Basin Lift Station**

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**SUMMARY:** There are two sanitary sewer lift stations located in Trident Basin. This spring, the smaller station had an electrical failure. During efforts to repair the station it was determined that the existing station was not appropriately designed for the environment it was installed in. The only solution to correct the failure is to replace the pumps and control panel with an approved system for use in a hazardous environment. We requested a quote from Alaska Pump & Supply Inc. We selected Alaska Pump & Supply Inc. because of the compatibility with an existing lift station on Spruce Cape Native of Kodiak Subdivision. Staff recommends Council authorize the purchase of replacement pumps, control panel and fittings from Alaska Pump & Supply Inc. in the amount of \$15,132 with funds coming from the Sewer Utility Fund, wastewater treatment machinery and equipment account.

**DISCUSSION:** The water and sewer system were extended to Trident Basin during the development stages of the road construction and the moving of the float plane ramps from the channel to Trident Basin in approximately 1995.

As part of the sewer system design it was planned that upland development was intended to be in the upper parking lot area. Later when the existing layout was designed another lift station was added on the lower parking lot area. It is the lower lift station that we have had the electrical and pump failure.

Sewer lift stations are designed to have explosion proof equipment including all fittings, pump, motors and control panels. When this station failed it was found to not be compliant with the standards used in sewer lift stations and parts are not available without complete replacement of the electrical system.

Staff evaluated the option of trying to repair and correct the electrical problems within the station but the condition of the existing equipment and trying to piece together a complete correction to the safety issue ruled that out. Correcting the lack of explosion proof equipment just was not feasible without complete replacement.

WWTP staff and City Engineer will work with Alaska Pump & Supply Inc. to retro fit the station using new Flygt pumps and control panel as a complete unit. We considered other suppliers but Smith and Loveless does not make a submersible station this small and we do not prefer Hydromatic Pumps. We have some Hydromatic installed pump stations and they do not hold up or perform as well as the Flygt Pump.

We requested the quote from Alaska Pump & Supply Inc. since they are the Flygt supplier. We have Flygt pumps in other stations and the Trident Basin station will be retrofitted with the same pumps used in another station. This allows us to stock only one type of pump for both stations.

City Engineer Glenn Melvin will coordinate the electrical work; staff will install the new pumps and motors. We may use some additional help from Alaska Pump & Supply Inc. for installation support but that has not been determined at this time.

**ALTERNATIVES:**

- 1) Authorize the purchase for the Flygt system from Alaska Pump & Supply Inc., which is staff's recommendation.
- 2) Do not authorize the purchase from Alaska Pump & Supply Inc., which is not recommended.

**FINANCIAL IMPLICATIONS:** As the sewer collection system ages we will continually see pump failures within our system. With the repair and maintenance schedule for the Waste Water Treatment Plant we budget funding to replace pumps, motors, and electrical equipment annually.

In addition in the FY2017 budget we created a deferred maintenance capital improvement project to help manage this kind of repair work.

**LEGAL:** KCC 3.12.070 (d) allows for sole source purchases as determined by the City Manager.

**STAFF RECOMMENDATION:** Staff recommends Council approve the purchase of the pumps, motors, and control panel for the retrofitting of the Trident Basin lift station from Alaska Pump & Supply Inc. in the amount of \$15,132 with funds coming from the Sewer Utility Fund, wastewater treatment repair and maintenance account.

**CITY MANAGER'S COMMENTS:** The lift station is not currently working and this replacement will install the proper pump and electrical equipment for this type of condition. With the potential for gaseous vapor buildup in a lift station, installation of an explosion proof pump is an electrical code requirement. I support the work our Public Works Department has done on this procurement and recommend Council approve the purchase through Alaska Pump & Supply Inc.

**ATTACHMENTS:**

Attachment A: Price quote from Alaska Pump & Supply Inc. (includes shipping cost to Kodiak)

**PROPOSED MOTION:**

Move to authorize the purchase of the pumps, motors and control panel for the Trident Basin lift station from Alaska Pump & Supply Inc. in the amount of \$15,132 with funds coming from the Sewer Utility Fund, wastewater treatment repair and maintenance account and authorize the City Manager to execute the documents on behalf of the City.



# ALASKA

## PUMP & SUPPLY, INC

www.alaskapump.com

A DXP COMPANY

261 EAST 56TH AVE, BLDG. A • ANCHORAGE, ALASKA 99518 • PHONE: (907)563-3424 • FAX: (907)562-5449

August 19, 2016

**ATTN: Glenn Melvin - City of Kodiak**  
 2853 Spruce Cape Rd  
 Kodiak, Alaska  
 PH: 907-486-8068  
 FAX: 907-486-8066  
 Email: gmelvin@city.kodiak.ak.us

**QUOTE: AKP16-0737R1**  
 Project: Flygt Pump w/ Control Panel  
 and lift station components

Glenn

We are pleased to provide pricing for the following equipment:

Qty	Description	Each	Total
2	Flygt MP3068.218 Explosion Proof- FM Fluid Leak Sensor- FLS 2.7Hp 3~ 230V 60Hz 5" Impeller	\$ 2,423.50	\$ 4,847.00
4	Upper Guiderail Brackets	\$ 97.25	\$ 389.00
2	Discharge Elbow 2"	\$ 300.00	\$ 600.00
2	Ball Checks 2"	\$ 142.50	\$ 285.00
4	Level Controls (Floats)	\$ 47.50	\$ 190.00
4	3/4" 304 Schedule 40 Stainless Steel Guide Rail Pipes- 20ft Sticks	\$ 139.50	\$ 558.00
1	Stacon Rapid Release 600 Control Panel - 2.7 Hp, 3ph/230V/60Hz, 7.5 FLA - NEMA 3R Steel w/ Aluminum Inner Deadfront Door - Heavy Duty Square H Frame Motor Circuit Breakers. - Square D - NEMA Rated Motor Starters w/ Overloads for Each Pump - NEMA HOA Switches - High/Low Voltage, Phase Monitor, Elapse Time Meter - High Water Alarm Light w/ Flasher - 50W Condensation Prevention Panel Heater w/ Thermostat - Floats supplied will be SJE Rhombus, Normal Open with 40 ft Of Cable - Transducer supplied will be MPE (moisture sensor) with 40 ft Of Cable - Intrinsically Safe Barrier Inputs - Control Panel is UL 508 Serialized	\$ 7,429.00	\$ 7,429.00
1	ABS Junction Box: 12 X 12 X 6- UL Listed Power Terminals Remote Alarm Terminal FRP Box for 4 floats, 2 pumps with FLS 2 Seal Offs for pumps and 1 for the floats	\$ 834.00	\$ 834.00

**Please reference AKP16-0737R1 when placing order.**

**Total: \$15,132.00**

This quotation is the sole property of Alaska Pump & Supply, Inc. It is issued to you for your confidential use only. In consideration of this quote, the issued party agrees that this quotation shall not be reproduced or copied or disposed of directly or indirectly, or issued for the purpose other than that for which it has been supplied for without written permission. Alaska Pump & Supply, Inc. reserves the right to refuse to sell all or part of this quotation. Quote is valid for 30 days unless noted.

**Alaska Pump & Supply, Inc. Terms and Conditions Apply**

Subject to Alaska Pumps Terms & Conditions of Sale. Net Thirty (30) Terms are subject to Alaska Pumps' credit department approval.

F.O.B: Kodiak  
Ships: 12 Weeks

Regards,



**Jesse James**  
*Outside Sales*  
*Alaska Pump & Supply, Inc.*  
PH: (907) 563-3424  
FAX: (907) 562-5449  
Jesse.James@dxpe.com

**ALASKA PUMP & SUPPLY, INC.  
STANDARD TERMS & CONDITIONS OF SALE**

Terms of Payment: Payment is due thirty (30) days after the date of the invoice. Interest on the unpaid balance will be charged on all overdue monies at the rate of 18% per annum or the highest rate allowable by law, whichever is less. Customer agrees to pay all collection costs, including actual reasonable attorney's fees incurred in collecting monies due hereunder. Seller reserves the right to require payment in advance or provide other credit terms if Buyer's credit is not acceptable to Seller.

Identification and Risk of Loss: The products, goods and/or equipment shall be identified to the contract and risk of loss shall pass to Buyer when the products, goods and/or equipment are placed in the hands of the carrier.

Freight: All prices are FOB point of manufacture and do not include freight unless specifically listed as included. Seller shall not be responsible for actions, inactions or delays by the carrier.

Conditions: All orders are accepted with the understanding that they are subject to Seller's ability to obtain the necessary products, goods and/or equipment.

Not Included: Unless specifically provided herein, the products, goods, equipment, and/or services listed do not include freight, haulage, unloading, freight claims, installation, erection, concrete, grout, water, utilities, lubricating grease and oil, power, tools, labor, controls, conduit, wiring, meters, main disconnects, piping, valves, fittings, gaskets, hardware, taxes, covers, field painting, insurance, testing, royalties, maintenance, operation, erection supervision, start-up services, personnel transportation, anchor bolts, welding rod, or asset.

Inspection: Buyer shall inspect Seller's products, goods and/or equipment upon receipt and if Buyer's inspection reveals any defects, Buyer shall notify the Seller within three (3) days after receipt of the products, goods and/or equipment of any claim Buyer might have concerning such defects or of any claim discovered by Buyer. Buyer's failure to notify Seller within such three day period shall constitute a waiver by Buyer of all claims covering such defects.

Errors: Seller reserves the right to correct any clerical and/or stenographic error or omission.

Cancellation: Buyer may cancel this order only upon written notice and payment to Seller of reasonable cancellation charges.

Returns: Seller will not accept returns of chemicals, electrical items or special orders. Seller will not accept returns of any products, goods and/or equipment after ninety (90) days from the date of the invoice. Buyer will be assessed a reasonable restocking fee on any accepted returns.

Approvals: Buyer is responsible for obtaining any required engineers', owners', and/or governmental agencies' approval of the products, goods, equipment and/or services. Seller does not warrant that the products, goods, equipment and/or services will meet any such approvals or specifications.

Limitation of Liability: In no event shall Seller be liable for any lost profits, down time, lost sales, operating or maintenance costs, or for any other special, indirect, incidental or consequential damages of Buyer.

Warranties: SELLER MAKES NO EXPRESS WARRANTIES WITH RESPECT TO ANY PRODUCT, GOODS AND/OR EQUIPMENT SOLD OR SERVICES PERFORMED AND SELLER SPECIFICALLY DISCLAIMS ANY IMPLIED WARRANTIES, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. Seller does not authorize anyone to make a warranty of any kind on its behalf and Buyer should not rely on any statement to that effect. Seller is not the manufacturer of the products, goods and/or equipment. If the manufacturer of the products, goods and/or equipment warrants the products, goods and/or equipment that Buyer has purchased, Buyer shall have whatever manufacturer's warranty there is subject to the terms and conditions of the warranty. The Buyer's sole and exclusive remedy, if any, shall be against the manufacturer and not Seller.

Integration: These Terms and Conditions constitute the entire agreement between Buyer and Seller with respect to this transaction and supercede and replace all prior negotiations agreements, and representation, oral or written. These Terms and Conditions may not be amended or modified except pursuant to a written document signed by both parties.

Governing Law: The terms of this agreement and all rights and obligations of the parties hereunder shall be governed by the laws of the State of Alaska.

Binding Effect: These Terms and Conditions shall be binding on the parties hereto and their heirs, personal representatives, successors, and assigns. The undersigned acknowledges and agrees to Alaska Pump & Supply, Inc. terms and conditions of sale/quote as referenced in our quote AKP16-0737R1 and is subject to Alaska Pump & Supply Inc.'s Standard Terms and Conditions of Sale which are outlined above and agrees to be bound by said Terms and Conditions. No other conditions previous or after date below apply.

Letters and Quotes: Notwithstanding any language to the contrary, nothing contained in our letters or quotes constitutes or is intended to constitute engineering work requiring a stamp or engineering seal by Alaska Pump & Supply, Inc.. We neither convey nor imply that the company or persons are practicing engineering herein.

\_\_\_\_\_  
Customer Name Printed

\_\_\_\_\_  
Company Name Printed

X \_\_\_\_\_  
Customer Signature

\_\_\_\_\_  
Date:

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## MEMORANDUM TO COUNCIL

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**To:** Mayor Branson and City Councilmembers

**From:** Aimée Kniazowski, City Manager

**Thru:** Mike Menge, Deputy City Manager and Mark Kozak, Public Works Director

**Date:** September 22, 2016

**Agenda Item:** V. f. **Authorization of Sole Source Purchase of Replacement ClorTec Unit at the Water Treatment Plant**

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**SUMMARY:** As a Surface Water System that is unfiltered, we are required by Environmental Protection Agency (EPA) and Alaska Department of Environmental Conservation (ADEC) regulation to use two disinfectants. We use sodium hypochlorite (chlorine) and Ultra Violet (UV) as our two disinfectants. The sodium hypochlorite is generated on site by two independent ClorTec systems that create a 0.08 percent chlorine solution. The ClorTec units consist of three main components; the rectifier, control panel and cells. This purchase will replace one entire unit. De Nora Water Technologies is the current manufacture of the ClorTec systems. Staff recommends Council approve the purchase agreement with De Nora Water Technologies for a complete ClorTec CT 150 system in the amount of \$80,132.29 with funds coming from the Water Utility, Water Treatment machinery and equipment account.

**BACKGROUND:** Prior to the year 2000, the City used chlorine gas for its disinfectant in the water treatment process. New regulations about management and handling of large quantities of chlorine gas led the City to look at other treatment disinfectant options. Several other communities in Alaska switched to onsite generation of chlorine disinfectant rather than trying to comply with the very burdensome regulations. CH2M Hill designed a switch-over-system to onsite chlorine generation. The as-built from the construction plans indicate the switch over to the onsite ClorTec chlorine generation system was completed in April 2000.

**DISCUSSION:** The City switched from chlorine gas to onsite chlorine generation in April 2000. (The ClorTec system selected and installed system for onsite generation.) Several other communities in Alaska (Juneau, Anchorage, and USCG Base Kodiak) are all using the ClorTec systems.

The ClorTec system uses a combination of water, water treatment salt, and electricity to create a very weak disinfectant solution of 0.08 percent chlorine. Because of water treatment regulations, we are required to have redundant capability and capacity for all critical functions within the treatment system. When the City switched to onsite chlorine generation, two completely separate systems were installed that operate independently of each other.



ClorTec unit 1 has approximately 50,377 hours on it. The cells were replaced in 2015 and have 5,377 hours on them. Since unit 1 has newer cells, our plan is to replace unit 2. Unit 2 has 34,489 hours on it and the cells have 17,643 hours on them. Unit 2 has experienced the most problems during operation, even with less operating hours on it. This is likely attributable to the difference in hours between the two units. It is best to keep the two units in balance with one another.

When we replaced the cells on unit 1 in 2015, they had 29,000 hours on them; they were previously replaced in 2006. Since the manufacture no longer made the smaller 50 pound cells, the two replacement cells in 2015 were the newer larger 75 pound cells. The rectifier can only produce 100 pounds per hour. When the units were installed, as far as I understand, only the 100 pound per hour rectifier units were available. However, during high flows and certain water conditions it takes both units to produce enough chlorine to meet demand.

Unit 2 will be replaced with a larger rectifier and cell system capable of producing 150 pounds per hour. This single 150 pound unit will have the ability to meet peak historic demand by itself. In the future, when unit 1 will need to be replaced, it will be replaced with the larger 150 pound unit.

In order to replace the existing unit with the larger capacity unit, we do have some additional preparation work prior to the installation. We need to increase the power supply for the larger rectifier and the installation of a new breaker and disconnect switch in compliance with electrical code. The new electrical service will be completed prior to arrival of the manufacture personnel for installation of the new unit. This work is all within the existing facility and we have confirmed the power service into the building is adequate for the new system.

**ALTERNATIVES:** With the high number of operational hours it is very important that we replace this unit now.

- 1) Replacing the existing unit with a completely new system will increase the production capacity to meet peak demands for disinfectant. By doing this now, the removed unit will be able to provide parts for other remaining system. Since the older units are no longer supported by the manufacture, it will give us additional time before we have to replace the other unit. Staff recommends replacement now, so we can have it installed and operational prior to the start of the new fisheries seasons after the first of the year.
- 2) Continue to operate until failure. This is not a good option since during peak water flow it takes both units to keep up with the consumption of disinfectant. The long lead time for a replacement unit creates critical operational issues in the event of a failure during high flow periods. Staff does not recommend delaying the replacement.

**FINANCIAL IMPLICATIONS:** The slightly larger ClorTec unit may have slight power consumption increase, however it will also require less run time to keep up with chlorine production. Staff does not

expect any noticeable difference to operational cost to the budget. The funds for the replacement of one ClorTec unit were included in the Water Treatment budget machinery and equipment account.

**LEGAL:** N/A.

**STAFF RECOMMENDATION:** Staff recommends Council approve the sole source purchase per City Code Section 3.12.070 2 (d) of a ClorTec CT 150 system unit from De Nora Water Technologies in the amount of \$80,132.29 with funds coming from the Water Utility, Water Treatment machinery and equipment account.

**CITY MANAGER'S COMMENTS:** I support staffs recommendation to replace the ClorTec unit 2 and make available parts for the unit 1 system until such a time that unit is replaced. This is another of our sensitive and critical components in the Water Treatment Plant providing safe, clean, available water for the community. I recommend Council authorize this purchase from De Nora Technologies.

**ATTACHMENTS:**

Attachment A: De Nora Water Technologies quote for CT 150 ClorTec System

**PROPOSED MOTION:**

Move to authorize the sole source purchase of replacement ClorTec CT 150 system unit from De Nora Water Technologies in the amount of \$80,132.29 with funds coming from the Water Utility, Water Treatment machinery and equipment account and authorize the City Manager to execute the documents on behalf of the City.



# DE NORA QUOTATION

Attachment A  
8/16/2016

Quote #: QS00241  
Att: Mark Kozak

Company: Kodiak, City Of  
Address\_1: 2853 Spruce Cape Road  
Address\_2:  
Address\_3:

City: Kodiak  
State: Ak  
ZIP Code: 99615-  
Country:

Phone: (907) 486-8076  
Fax:  
Email: mkozak@city.kodiak.ak.us

Project #:   
Project Desc.: Upgrade

System Size: MC 100  
Site: Kodiak

Line #	Part #	Description	QTY	Price Each	Price Extended
1	RCT-150-208	Rectifier air cooled, input 208vac 3ph, Output 300adc and 56vdc. CT 150 system. QPS certification for UL508A and UL1012 listing. FLA 65-70 Amps AC. (Standard lead time 8-10 weeks from date of order)	1	\$26,120.00	\$26,120.00
2		Control panel, painted steel enclosure with 6" color touchscreen display and Allen Bradley 1400 processor. UL/MET (Standard lead time 6-8 weeks)	2	\$9,600.00	\$19,200.00
3	CT6-0075B2	Cell Assembly CT 75 (In Stock)	2	\$11,000.00	\$22,000.00
4		Optional- system commissioning by factory technician. 5 days onsite 2days travel. Includes interconnecting wiring termination between existing and new equipment. Verifying proper system operation.	7	\$1,200.00	\$8,400.00
5		Optional- Travel expenses	1	\$1,800.00	\$1,800.00

**Terms: Net 30 Days**  
Quote is valid for 30 days  
This Quote does not include Shipping Tax, Mileage and Mileage surcharge, it will be billed separately  
Price in US Dollars

Prepared By: Dave McWalters

Remit to:

Accepted By: \_\_\_\_\_

PO #: \_\_\_\_\_

Date: \_\_\_\_\_

De Nora Water Technologies. LLC  
1110 Industrial Blvd Sugarland Texas 77478 United States  
T: +1 281 274-8495 F: +1 281 240-6762  
www.denora.com



# DE NORA QUOTATION

8/16/2016

**Quote #:** QS00241

**Att:** Mark Kozak

**Company:** Kodiak, City Of  
**Address\_1:** 2853 Spruce Cape Road  
**Address\_2:**  
**Address\_3:**

**City:** Kodiak  
**State:** Ak  
**ZIP Code:** 99615-  
**Country:**

**Phone:** (907) 486-8076  
**Fax:**  
**Email:** mkozak@city.kodiak.ak.us

**Project #:**  
**Project Desc.:** Upgrade

**System Size:** MC 100  
**Site:** Kodiak

6	8000-010A	Roto Meter 0-2 gpm	1	\$212.29	\$212.29
7		Shipping Ex-works- 8-12 days delivery time	1	\$2,400.00	\$2,400.00
<b>Total:</b>					<b>\$80,132.29</b>

**Notes** De Nora terms and conditions apply.

Rectifier disconnect and wire size may need to be increased.

Exclusions:

- 1) Any power to equipment
- 2) Disposal of old equipment
- 3) New breaker/disconnect for rectifier.

**Terms: Net 30 Days**  
**Quote is valid for 30 days**  
**This Quote does not include Shipping Tax, Mileage and Mileage surcharge, it will be billed separately**  
**Price in US Dollars**

**Prepared By:** Dave McWalters

**Remit to:**

**Accepted By:** \_\_\_\_\_

**PO #:** \_\_\_\_\_

**Date:** \_\_\_\_\_

De Nora Water Technologies. LLC  
 1110 Industrial Blvd Sugarland Texas 77478 United States  
 T: +1 281 274-8495 F: +1 281 240-6762  
 www.denora.com

## GENERAL TERMS AND CONDITIONS OF AGREEMENT

**Definitions.** As used herein, the following terms shall have the following meanings:

-- "Contract" means the Service Proposal / Contract, these terms and conditions, any additional terms and conditions attached hereto and/or expressly incorporated herein directly or by reference including, without limitation, the Rate Schedule attached hereafter as Attachment A and the Parts Return Policy attached hereafter as Attachment B; and any Change Orders issued for additional work, or scope increase including parts, materials or supplies attached hereafter as Attachment C.

-- "Contract Price" means the compensation to be paid by the Client to the Contractor in accordance with the terms of this Contract;

-- "Contractor" means Severn Trent Water Purification, Inc. and its permissible successors and/or assigns. Any reference to actions taken or not taken by the Contractor shall include those actions taken or not taken on Contractor's behalf.

-- "Services" means the services to be provided by the Contractor to the Client as identified in Service Proposal / Contract.

-- "Work Site" means each site at which the Contractor is undertaking Services

Other terms not expressly defined above have the meaning so given to them in this Contract.

**Construction of Agreement.** Whenever the context requires, the gender of all words used in this Contract includes the masculine, feminine, and neuter. All references to Articles and Sections refer to articles and sections of this Contract, and all references to Attachments are to Attachments attached to this for all purposes. Captions, headings, cover pages, tables of contents and footnote instructions contained in this Contract are inserted only to facilitate reference and for convenience and in no way define, limit or describe the scope, intent or meaning of any provisions of this Contract. Words and abbreviations that have well known technical or trade meanings are used in this Contract in accordance with such recognized meanings.

**Offer to Contract.** Contractor's proposal and the accompanying documents referred to under the definition of the term "Contract" herein (including the terms and conditions set forth herein) constitute an offer to contract which may be accepted by the client within thirty (30) days from the date hereof (or within such shorter or longer period of time, if any is specified in the Contractor's proposal) and only on the exact terms hereof. If additional or different terms are proposed by Client, such proposal or request shall constitute a counter offer which Contractor may, at its option, accept by written notice to the Client signed by the Contractor. This Contract shall not be binding on the Contractor unless it is executed by the Client and a duly executed copy is delivered to the Contractor within the period of time specified above.

**Entire Agreement.** The terms and conditions set out herein are the entire terms and conditions of this Contract and any prior or contemporaneous understandings or agreements, oral or written, are merged herein. There are no representations or warranties, agreements, or covenants other than those expressly set forth in this Contract. This Contract may be amended or modified and/or any right or obligation arising under this Contract may be waived from time to time only by a written instrument executed by the Client and the Contractor. The failure of either party at any time to enforce any of the provisions of this Contract shall not constitute a waiver of such provision.

**Quality of Work and Materials.** The Services to be provided hereunder shall be performed by qualified personnel in accordance with standards generally acceptable in Contractor's industry. Contractor shall use the effort, skill, diligence and quality control/quality assurance measures expected of a qualified firm performing services of a similar nature to the Services to be performed by the Contractor pursuant to this Contract. Materials furnished by the Contractor, if any, shall be current, of merchantable quality and in compliance with any technical standards or specifications incorporated into this Contract. When certain materials are specified by a reference standard, Contractor may select any suitable commercially acceptable material meeting the standard.

The Services are of such nature that no certainty of results can be assured by the Contractor and the Contractor makes no warranty concerning the accuracy or completeness of any data, the effectiveness of any material used, recommendations given, or the results of the services rendered.

There are no warranties or conditions, express or implied, statutory or otherwise as to the merchantability or fitness for a particular purpose of any equipment, material and supplies incorporated into or utilized in the

performance of the Services, other than the equipment, materials and supplies shall be free from defects in materials and workmanship for a period of ninety (90) days from the earlier of the date the equipment, materials or supplies are delivered to the Work Site or were incorporated or utilized in the performance of the Services.

The Client's sole and exclusive remedy at law or equity, whether in contract, tort or other theory of law is limited to the repair, or the replacement, or credit for the equipment, material or supplies proven to the satisfaction of the Contractor, acting reasonably, to have been defective.

**Access.** Client shall secure and maintain rights of access for Contractor to the Work Site. Client shall advise Contractor of any limitations or restrictions affecting access and Contractor shall abide by such limitations or restrictions. Should Contractor be denied free access to a Work Site for any reason not within the control of the Contractor, Client shall pay Contractor during the time of such denial at the rates set forth in Attachment A.

**Compliance with Law.** The parties shall comply with relevant laws, regulations and/or official government orders in performing their respective obligations hereunder.

**Contract Schedule.** The Contractor's completion of the Services within a reasonable time shall constitute the Contractor's full compliance with any specific schedule requirement, if any, contained in this Contract. The date of completion provided in this Contract, if any, is approximate and is based upon prompt receipt by Contractor of all necessary information and data required to be supplied by the Client, and is subject to weather, unforeseen site conditions and all Force Majeure events.

**Additional Work.** The Client may add, delete, modify, alter, or accelerate the Services to be performed hereunder, including without limitation, order changes to the Services, or require the Contractor to perform additional services but only through a duly executed change order. All change orders shall be in writing and require the signature and acceptance by the Contractor prior to becoming effective. Unless agreed to otherwise by the Contractor, all such change orders shall reflect the parties' agreement regarding price and proposed completion date. The General Terms and Conditions shall apply to such change order.

**Employee Safety.** Contractor shall be responsible for the safety, efficiency and adequacy of its employees and any vehicles and/or machinery, equipment or materials furnished or utilized by the Contractor during the performance of Services. Contractor, however, shall not assume any obligation or incur any liability for personal injury or property damage caused by (i) unsafe site conditions not created by the Contractor or by any of its agents, employees and subcontractors, (ii) work being performed by other parties not related to the Contractor, (iii) the negligence of the Client, and/or (iv) the negligence of any third party not related to the Contractor.

**Risk of Loss.** Any losses or other liabilities resulting from theft, damage or unauthorized use of Client's property, by any party other than Contractor, shall be borne by the Client.

**Force Majeure.** Any event of Force Majeure that directly or indirectly causes a party to be unable to perform its obligations under this Contract shall not be deemed a breach of this Contract. Force Majeure means any event beyond the reasonable control and is not a result of the willful or negligent act, error or omission or failure to exercise reasonable diligence on the part of the party claiming to be affected thereby, including but not limited to acts of God, explosion, flood, fire, hurricane, tornado, sabotage, or similar acts of a public enemy, nation or industry-side strikes, acts of terrorism, blockade or insurrection, riots, acts of civil disturbance, or rules or regulations of any governmental authority asserting jurisdiction or control, the compliance with which makes performance of the Services impossible. The occurrence of such event shall suspend the obligations of the affected party for only so long as the impact of such event continues. The obligation to pay amounts due and owing shall not be suspended by such event. The party affected will use commercially reasonable efforts to mitigate the effect of the event.

**Ownership of Documents and Inventions.** (a) All tracing, specifications, computations, notes and other original documents as instruments of service are and shall remain the property of Contractor unless otherwise provided by law; (b) All inventions, discoveries and copyright in work of authorship, including those in formative stages, made by the Contractor (either alone or jointly with the Client) shall from the time of conception or, in the case of works of authorship, from the time of creation be the property of Contractor.

**Approval of Work.** Services performed by Contractor shall be deemed approved and accepted by Client within a reasonable period of time (but in no event longer than thirty (30) days) after the Client has had the opportunity to review and/or inspect such services unless Client objects within such period of time by written notice specifically stating the details in which Client believes such services are incomplete or defective. Under all circumstances, final payment of the Contract Price shall be deemed as conclusive evidence that the Client has accepted all Services provided.

**Payment Terms.** Unless specifically stated otherwise, all payments are due Net 30 days from the date of invoice. Any payment delayed beyond thirty (30) days from the specified due date, unless occasioned by fault of the Contractor, shall be subject to one and one-half (1.5) percent per month penalty on the unpaid balance.

**Taxes.** The prices hereunder do not include any sales, use, excise, ad valorem, property or other taxes. Client shall pay all such excise, sales, use and other taxes associated with the Services imposed directly or indirectly, by any governmental authority or agency with respect to this Contract and the Services provided and materials furnished hereunder, other than taxes imposed on Contractor's net income or Contractor's payroll. Client shall pay directly or reimburse Contractor for any such taxes that Contractor may be required to pay, including without limitation, sales and/or use taxes that Contractor may be required to pay in connection with Contractor's purchase or use, in performing the Services hereunder, of equipment, supplies, material and/or subcontracted services.

**Default and Termination.** The persistent or repeated failure or refusal of either party to comply with the terms of this Contract shall constitute a default. Upon default by one party, the other party shall send written notice. Such notice shall clearly specify the nature of the default and provide the defaulting party thirty (30) days to cure the default. If the default is capable of being cured within thirty (30) days but is not cured within thirty (30) days, the Contract shall terminate at midnight of the thirtieth day following receipt of the default notice. In the case of default that cannot be cured within thirty (30) days, this Contract shall not terminate so long as the defaulting party has given written notice to the other party that the defaulting party has commenced and is diligently pursuing a cure. Evidence of such cure shall be provided from the defaulting party to the reasonable satisfaction of the other party. In the event of any termination, Contractor shall be paid for all services rendered and materials supplied (including materials specifically manufactured/made for the Client or special materials ordered for the project that have yet to be supplied), if any, through the date of termination, including any mobilization costs incurred by the Contractor to transport equipment or personnel to the job site. For purposes of this section, the failure of the Client to pay Contractor in accordance with the payment terms of this Contract shall be considered such a substantial failure for which no notice or opportunity to cure is required. In the event of a substantial failure on the part of the Client, Contractor, in addition to the right to terminate set forth in this paragraph, may also elect to suspend work until the default in question has been cured. No delay or omission on the part of either party in exercising any right or remedy hereunder shall constitute a waiver of any such right or remedy on any future occasion.

**Indemnification.** Each party (the "Indemnifying Party") shall defend, indemnify and hold harmless the other party, its shareholders, officers, directors, agents and employees, and their respective successors and assigns (each is referred to herein as an "Indemnified Party") against any and all liability for damages, costs, losses, penalties and expenses, including reasonable attorney's fees, resulting from any claim asserted by a third party for wrongful death, bodily injury and/or property damage which are caused solely by the willful or negligent acts of the Indemnifying Party. However, to the extent that both Client and Contractor are determined to be negligent and the negligence of both is the proximate cause of a claim against either party for any of the damages subject to indemnity as set forth above, then in such event, Client and Contractor shall each be responsible for the portion of the liability equal to its proportionate share of the total negligence.

**Contractor's Liability.** In the event that claims(s) raised against the Contractor on account of this Contract, or on account of the Services performed hereunder, is/are covered under the insurance policies required of the Contractor hereunder, the Contractor shall not be responsible for any loss, damage or liability beyond the policy amounts contractually required hereunder and the limits and conditions of such insurance policies. With respect to any other cause of action and/or claim arising under this Contract or otherwise arising as a result of, or on account of, the Services provided hereunder, Contractor's liability shall not exceed the Contract Price.

**Consequential Damages.** In no event shall either party be liable, either directly or as an indemnitor of the other party, for any special, punitive, indirect and/or consequential damages, including damages attributable to loss of use, loss of income or loss of profit even if the party has been advised of the possibility of such damages.

**Insurance.** Contractor shall procure and maintain through the period of this Contract, at Contractor's own cost and expense (a) general liability insurance in the amount of one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) in the aggregate; and (b) worker's compensation insurance in accordance with all statutory requirements.

**Disclosure of Information and Cooperation of the Parties.** (a) Each party agrees that it has disclosed, and it will continue to disclose, any and all information it now has, or may have in the future, to the extent that such information is relevant to the other party in performing its duties and obligations hereunder; (b) Each party hereto agrees that it will cooperate in good faith with the other and its agents, employees, representatives, officers, contractors and subcontractors to facilitate the performance of the mutual obligations set forth in this Contract.

**No Third Party Beneficiaries.** This Contract is entered into solely between, and may be enforced only by the Contractor and Client; and this Contract shall not be deemed to create any rights in third parties, including clients, suppliers, or customers of a party, or to create any obligations of a party to any such third parties.

**Notices.** Wherever under this Contract one party is required or permitted to give notice to the other party, such notice shall be in writing and shall be delivered personally, sent by facsimile transmission, sent by nationally recognized express courier or sent by certified, registered, first class mail, postage prepaid, but not by electronic mail. Any such notice shall be deemed given when actually received when delivered either personally, by facsimile transmission or by express courier, or if mailed, on the fifth day after its mailing, postage prepaid to the recipient party.

**Governing Law and Venue.** This Contract and performance under it shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

**Severability.** If this Contract contains any unlawful provision, the same shall be deemed of no effect and shall, upon the application of either party, be deemed stricken from this Contract without affecting the binding force of the remainder.

**Successors and Assigns.** Neither Client or Contractor shall assign or transfer any rights under or interest in this Contract including, but without limitation, moneys that may become due or moneys that are due without the written consent of the other, except to the extent that any assignment or transfer is mandated by law or the effect of this limitation may be restricted by law. Notwithstanding the foregoing, Contractor may subcontract any or all of its obligations hereunder to a third party and/or assign its rights and obligations under this Contract to an affiliate upon the written notice to Client.

**ATTACHMENT A**  
**RATE SCHEDULE**

DNWT Services Price Sheet Attachment 1
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Price of service call per hour up to 8-hours/per day – Monday through Friday	\$150.00
Minimum service hours per call <ul style="list-style-type: none"> <li>▪ Unless air travel required or extended road trip is required.</li> </ul> For any time in excess of 4-hours, the customer shall be charged a minimum of the full daily rate. Minimum service hours per call off-shore - including stand-by time	Four  Eight
Daily rate up to 8-hours/per day – Monday through Friday	\$1200.00
Overtime rate for any service call over 8-hours in a single day – Monday through Friday	\$225.00
Saturday rate	\$225.00/per hour
Sunday rate	\$300/per hour
De Nora Water Technologies Holiday rate	\$375/per hour
Parts needed for service call	DNWT prices

Domestic Reimbursed Actual Service Call Expenses are as follows:

- Air fare (Coach Class)
- Hotel (Non-resort only)
- Rental car (Mid-size)
- Mileage for personal or company vehicle at \$0.50/mile with supervisor's authorization.
- Fuel surcharge of 5% of total miles driven.
- Parking
- Meals: \$50/per day maximum
- Laundry if trip exceeds one week
- Exclusions: Movie rentals, cell phone related expenses, air plane head sets, traffic fines, court costs and personal services/items.

Travel time in route from home base to job site area and return are charged at the hourly or daily rate as applicable. The rate applied depends on whether the travel is on Monday through Friday, Saturday, Sunday or an DNWT Holiday.

Total travel time in excess of 8-hours per day – Monday through Friday - is charged at overtime rates. Saturday, Sunday and Holiday travel time is charged at the stated hourly rate, including any time in excess of 8- hours.

For fatigue and safety reasons, DNWT employees shall not work in excess of 12-hours per day or 60-hours per week – with travel time excluded or emergencies. In the case of an emergency, management approval is required in advance. For emergencies that occur on Saturday or Sunday

## **ATTACHMENT B** **PARTS RETURN POLICY**

### **DNWT PURCHASED PARTS RETURN POLICY AND PROCEDURE**

#### **INTRODUCTION**

Parts are generally returned for one of two reasons:

1. The customer ordered the incorrect part or does not need a part. This is a return for credit.
2. The part is damaged or defective and needs replacement.

In both cases, a Returns Material Authorization (RMA - Attachment 1) is required. This policy explains the terms and process for

returned parts for each of the above two cases.

#### **RETURNS FOR CREDIT**

Severn Trent Water Purification (DNWT) will accept returns for credit if a Return Material Authorization (RMA) is issued, and the returned product is received in our warehouse within 30 days of the original shipping date. Products must be returned with complete original shipping and product packaging material and contents, and the product and packaging must be in the original, "as shipped" condition. All returns for credit will be charged a 35% restock fee, however if the customer exchanges it for a part of equal or greater value the restocking fee will be 10%. The restocking fees are a percentage of the part price or the part purchase order. Customers are responsible for any shipping charges and insurance associated with products returned for credit.

**IMPORTANT:** If it is determined that the wrong product was received by the customer due to (DNWT) error, DNWT will waive our restocking fee and provide a FedEx or UPS account number to ship the items back to (DNWT). Our restocking fee will not be waived if the wrong part was ordered due to customer error.

#### **ELECTRICAL RETURNS**

DNWT will not accept any electrical parts back for credit unless they were installed and uninstalled by a trained DNWT employee or authorized service technician and found to be in good working condition for return; or the item is still in the original sealed shipping container.

#### **CUSTOM PARTS RETURNS**

DNWT will not accept any custom order part(s) that is returned for credit unless it was deemed defective at the time it was shipped. A report that the part is defective including a digital photo of the defective area must be received by DNWT, Inc., within 24-hours of the customer receiving the part.

#### **INITIATING A PARTS RETURN**

Returns must be received in our warehouse, based on return shipping postmark date, within the specified time frame of original shipment and be in acceptable condition based on the type of return. It is important to pay close attention to return dates and to return the customer's products immediately after receiving a return authorization number. Returned products must meet our criteria of acceptance before DNWT will issue a credit or ship a replacement.

If the returned product does not meet our acceptance criteria, DNWT will make a reasonable attempt to contact the customer, using the contact phone number and contact e-mail address provided on the original order or return request to arrange for return or disposal of the item. Please make sure to check the customer's e-mail, and make sure that our correspondence is not being blocked as spam. If DNWT does not receive a response to rejected items within two weeks of our attempted contacts, including instructions for return shipping pickup, rejected items will be discarded. No exchanges or refunds will be granted after 30 days.

#### **PARTS RETURN SHIPPING INSTRUCTIONS**

All returns must have the return authorization number clearly written, preferably in black marker, on the outside of the shipping box. This is critical for us to clearly identify the item when it is received into our return warehouse. Please also include a copy of the original sales order, packing list or invoice.

Ship all returns to the following address:

De Nora Water Technologies  
1110 Industrial Blvd  
Sugar Land, TX 77478 USA

#### **SHIPPING DAMAGE RETURNS**

If the customer receives a product that is damaged during shipment, the customer is responsible to initiate a claim with the Freight Company executing the delivery. All claims for freight damage must be notated on the delivery receipt. The only exception to this rule is when the contract calls for freight to be shipped FOB Destination. FOB Destination, freight allowed is defined as:

Title passes to the buyer when freight reaches its destination. In the event of loss or damage in transit, the seller must file claim (as the beneficial owner of the property). Freight will be paid by the seller and the cost of freight is figured into the cost of goods.

Seller pays freight charges

Seller owns goods in transit

Seller files freight claims

DNWT Traffic Department must be notified within 24 hours

Do not throw away or alter any of the product and packaging. It must be in the same condition as it was received in order for the Freight Company to properly establish that damage incurred was the fault of the Freight Company and not due to other causes.

1. For some claims, DNWT will issue a return authorization number to return the package to the DNWT returns warehouse, following the normal return procedure.



After customer, in conjunction with responsible freight company, is able to properly establish that the product was damaged during shipping, DNWT will work with customer to determine course of action to replace or repair damaged parts based on our Warranty Replacement Policy. It is always the customers' responsibility to seek monetary compensation from the Freight Company in the event the components are not salvageable. If the customer chooses to return the product for credit, our Return for Credit policy will apply, including restocking fee as described in the Returns for Credit paragraph above.

**REPAIR RETURN FOR PARTS NOT COVERED BY WARRANTY**

The customer will be advised of the price of any repairs and DNWT will require a credit card number or purchase order prior to any work being started. Incoming and outgoing freight for all returned goods will be charged to the customer. The warranty of a repaired item is 30-days. If the customer decides not to repair the item, a service charge of USD \$200.00 applies and the item will be charged to the customer or, at the customers instructions, disposed. The service charge includes disposition of the non-repaired item per customer instructions, return or disposal of the item. De Nora is not responsible for the condition of a non-repaired returned item.

**Agreed to:**

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**Client Initials**

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## MEMORANDUM TO COUNCIL

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**To:** Mayor Branson and City Councilmembers

**From:** Aimee Kniazowski, City Manager

**Thru:** Mike Tvenge, Deputy City Manager and Lon White, Harbormaster

**Date:** September 22, 2016

**Agenda Item:** V. g. **Authorization of Amendment No. 2 to the Professional Services Agreement with Solstice Alaska Consulting Inc. to Assist in Permitting for the Channel Transient Float Replacement Project No. 8525**

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**SUMMARY:** This memo recommends Council authorize Amendment No. 2 to the professional service agreement with Solstice Alaska Consulting Inc. to prepare the necessary documents to obtain permitting for the Channel Transient Float (CTF) Replacement Project, in the amount of \$17,220.

**PREVIOUS ACTION:**

- Council approved \$1.5 million in City funds for the CTF replacement project.
- Council adopted a resolution supporting the State municipal harbor matching grant program.
- On December 22, 2015, City Manager authorized a professional service agreement with Windward Project Solutions Inc. for \$14,800, to prepare the Request for Proposal (RFP) documents that will be used to solicit the CTF project.
- On December 22, 2015, City Manager authorized a professional service agreement with Solstice Alaska Consulting Inc. to perform an initial regulatory consultation for the sum of \$14,630.
- On March 15, 2016, Council authorized Amendment No. 1 to Solstice Alaska Consulting Inc. contract in the amount of \$41,260.

**DISCUSSION:** The CTF is the oldest harbor facility owned by the City and imminently needs to be replaced. As of today, \$1.5 million in City funds has been appropriated for the project. In September 2015, the City applied for matching funds through the States of Alaska Municipal Harbors Matching Grant Program. On July 5, 2016, the State grant was awarded to the City of Kodiak for the sum of \$1,365,792. Total funding available for the project with the City matching funds is \$2,865,792.

Moving forward, the City intends to solicit the CTF Replacement Project as a “design-build” project. Windward Project Solutions Inc. was hired to draft the RFP that will be used to solicit the project for bid. The design is not complex so design-build should be the most cost effective way to accomplish the project. Permitting is the longest lead time item and needs to be in place at or near the time when the project is solicited.

Solstice Alaska Consulting Inc. was hired to perform initial regulatory/permitting work. Due to the Sea Lion issues at the Pier I Ferry Terminal Project, the regulatory agencies have changed their requirements and now have included requirements for an Incidental Harassment Authorization (IHA). Amendment No. 1 to Solstice Alaska Consulting Inc. contract was to cover the projected cost for the additional scope of work. The permit application was completed in July and submitted for approval. The process has been much more time consuming than anticipated and the regulatory agencies are requesting more documentation. Solstice Alaska Consulting Inc. projects the need for an additional \$17,220 to complete the permitting process (Attachment A).

**ALTERNATIVES:**

- 1) Council may authorize the revised scope of work for the sum of \$17,220. This authorization will allow the required permitting effort to move forward, which is staff's recommendation.
- 2) Council may delay or not authorize the revised scope of work. This will delay the permitting process and ultimately the CTF project. This is not recommended.

**FINANCIAL IMPLICATIONS:** Funds are available in the Harbor Enterprise Fund for the CTF Replacement, Capital Project No. 8525.

**LEGAL:** NA

**STAFF RECOMMENDATION:** Staff recommends Council authorize Amendment No. 2 to the professional service agreement with Solstice Alaska Consulting Inc. to continue preparing the necessary documents to obtain permitting for the Channel Transient Float (CTF) Replacement Project, in the amount of \$17,220.

**CITY MANAGER'S RECOMMENDATION AND COMMENTS:** As stated in the Solstice Alaska Consulting Inc. letter dated September 7, 2016, the original scope of work has expanded with additional agency requirements imposed on the permitting process. I recommend Council approve the funding request.

**ATTACHMENT:**

Attachment A: Solstice: Amendment Request Letter (Dated 9-7-16)

**PROPOSED MOTION:**

Move to authorize Amendment No. 2 to the professional service agreement with Solstice Alaska Consulting Inc., in the amount of \$17,220 with funds from the Harbor Enterprise Fund, Capital Project No. 8525 and authorize the City Manager to execute the documents on behalf of the City.

Solstice Alaska Consulting, Inc.  
2607 Fairbanks Street, Suite B  
Anchorage, AK 99503  
907.929.5960

September 7, 2016

Lon A. White  
Port & Harbor Director  
403 Marine Way  
Kodiak Alaska 99615

Re: Amendment Request; Transient Float Improvements Regulatory Consultation Permitting

Dear Mr. White,

The purpose of this letter is to give you an update on the status of the permitting process for the City's Transient Float Replacement Project and to request an amendment to our budget. Since we started the Transient Float Replacement Project's permitting effort, Solstice Alaska Consulting (SolsticeAK) has accomplished many tasks, including:

- Prepared and submitted an U.S. Army Corps of Engineers (USACE) Permit Application.
- Facilitated an initial agency teleconference to discuss permitting needs.
- Worked with the USACE to obtain permission to consult with other agencies on their behalf.
- Prepared and submitted a Biological Assessment (BA) to National Marine Fisheries Service (NMFS) for impacts to Steller sea lions.
- Prepared and submitted an Incidental Harassment Authorization (IHA) request to NMFS.
- Consulted with the USACE and prepared documentation to ensure that the project complied with the Sea Otter Memorandum of Understanding between the USACE and the USFWS.
- Prepared a letter of no adverse effect to Steller's Eiders to the U.S. Fish and Wildlife Service.
- Facilitated two teleconferences with NMFS to: 1) answer questions regarding the IHA request and 2) obtain comments on the IHA request.

We have accomplished many successes; however, we have over spent our budget on this effort. There are two main reasons why the budget is overspent.

1. Although NMFS indicated during project scoping that the Alaska Department of Transportation and Public Facilities' (DOT&PF's) Ferry Dock BA and IHA were directly applicable to the project and information in the documents used for the City's project, this was not the case. Once it was determined that an underwater sound study had been completed during construction of the Ferry Dock improvements, NMFS instructed us to use the sound study as the basis for the construction action area. Using the new sound study required us to analyze new data and then develop a new action area description and action area figures for the BA. In addition, new marine mammal "take" calculations had to be developed for the IHA. This was an unexpected cost.



2. Later, during an August 1 teleconference with NMFS, we were told that we would have to revisit the information contained in the BA and IHA because the guidance for determining “take” had been changed (see: <http://www.nmfs.noaa.gov/pr/acoustics/guidelines.htm>). We were required to prove that we had not been given this direction when starting the effort. We were then required to answer questions regarding our methods for determining the action area and “take.” This was an unexpected cost.

We are respectfully requesting additional funds to complete the permitting process. The funds are needed to cover the abovementioned costs and to address additional questions and comments received during an August 31 teleconference with NMFS. These comments are based on the new guidance and will involve additional research and effort, including developing action areas for Level A take and new take calculations. Finally, funds are needed to continue to expedite the permitting process.

We are requesting a budget amendment of \$17,220. This would cover the additional time needed to amend and complete the final IHA and BA and to continue to expedite the permitting process. **See the summary budget below.**

<b>Amendment Details</b>	<b>Amount</b>	<b>Balance</b>
<b>Initial Budget (Consultation Initiation) Approved Dec 22, 2015</b>	<b>\$14,630.00</b>	<b>\$14,630.00</b>
Total Invoiced (Through February 29, 2016)	-\$8,160.00	\$6,470.00
<b>Amendment #1 (Permitting) Approved March 18, 2106</b>	<b>\$41,260.00</b>	<b>\$47,730.00</b>
Total Invoiced (Through August 31, 2016)	-\$47,680.14	\$49.86
<b>Amendment #2 Requested September 7, 2016</b>	<b>\$17,220.00</b>	

Please see attached budget for details. ***Work will be completed on a time and expenses basis and the project would only be charged for the time that is needed.***

We appreciate the opportunity to work on this project. Please let me know if you have any questions on amendment request.

Sincerely,



President  
Solstice Alaska Consulting, Inc.

Attachment: Detailed budget





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## MEMORANDUM TO COUNCIL

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**To:** Mayor Branson and City Councilmembers  
**From:** Aimée Kniaziowski, City Manager  
**Thru:** Mike Tyenge, Deputy City Manager  
**Date:** September 22, 2016

**Agenda Item:** V. h. **Authorization to Cancel the October 27, November 10, November 24, and December 22, 2016, Regular Meetings, Schedule a Special Meeting for November 3, 2016, and Authorize the City Manager to Schedule Additional Special Meetings if Needed**

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**SUMMARY:** The regularly scheduled Council meetings for October, November and December may be cancelled to reflect the holidays and elected official and staff travel schedules. Elected Officials and staff attend the winter Annual Alaska Municipal League Conference November 14 through November 18. Thanksgiving is on November 24 and December 22 is entering into the Christmas holiday weekend, these are both regular meeting days. Staff discussed the meeting schedule with the Council at the September 6, 2016, work session, and Council recommended cancelling the October 27, November 10, November 24, and December 22, 2016, regular meetings and scheduling a special meeting for November 3, 2016, and authorize the City Manager to schedule additional special meetings 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 October 27, November 10, November 24, and December 22, 2016, regular meetings and schedule a special meeting for November 3, 2016, and authorize the City Manager to schedule additional special meetings if needed.