

**City of Kodiak Special Council Meeting Agenda for February 28, 2017  
7:30 p.m., Kodiak Public Library Multi-Purpose Room (Egan Way)**

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**I. Call to Order**

Roll Call

**II. Public Comments**

**III. Unfinished Business**

a. Second Reading and Public Hearing, Ordinance No. 1361, Enacting Kodiak City Code 2.04.160, Teleconference Participation In Meetings.....1

**IV. New Business**

a. Resolution No. 2017–04, Rescinding Resolution No. 2016–43, Which Will Eliminate the Previously Allocated Human Resource Specialist Position, and Reallocating Funds Between General Fund Departments to Support the Addition of a Human Resource Manager in the Executive Administration Department .....7

b. Resolution No. 2017–05, Approving the City Council’s Budget Goals for FY2018..13

c. Resolution No. 2017–06, Adopting an Alternative Allocation Method for the FY17 Shared Fisheries Business Tax Program and Certifying that this Allocation Method Fairly Represents the Distribution of Significant Effects of Fisheries Business Activity in Fisheries Management Area 13: Kodiak Island .....23

d. Resolution No. 2017–07, Adopting the Federal Fiscal Year 2017 Federal Capital Needs and Issues List.....31

**V. Adjournment**

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**UNFINISHED BUSINESS**


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## MEMORANDUM TO COUNCIL

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**To:** Mayor Branson and City Councilmembers  
**From:** Aimée Kniazowski, City Manager   
**Date:** February 28, 2017

**Agenda Item:** III. a. Second Reading and Public Hearing, Ordinance No. 1361, Enacting Kodiak City Code 2.04.160, Teleconference Participation In Meetings

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**SUMMARY:** The Council began discussing teleconferencing participation in meetings during a planning work session. The current Kodiak City Code does not permit the elected and/or appointed officials to participate telephonically at work sessions and other committee/board meetings comprised of City officials. Staff drafted Ordinance No. 1361, which incorporates these changes. Staff recommends the Council adopt Ordinance No. 1361 after the public hearing.

**PREVIOUS COUNCIL ACTION:**

- January 16, 2016, during the planning session the Council discussed participation of teleconferencing and reviewed the other statewide municipalities that participate by teleconference.
- January 24, 2017, the Council voiced a consensus at the work session to move the drafted ordinance to the next regular meeting.
- February 7, 2017, the Council reviewed the ordinance in preparation for its introduction at the February 9, 2017, regular meeting.
- February 9, 2017, the Council passed the ordinance in the first reading and advanced to second reading and public hearing.

**DISCUSSION:** The option to teleconference was requested by the Mayor and Council during multiple work sessions over the last year. This ordinance will clearly permit the Mayor and Council to attend the work sessions telephonically, and allow guest speakers appearing on the agenda to call in to work sessions, regular, and special meeting. The request for teleconferencing was also made by the Kodiak Fisheries Work Group for their meetings.

**ALTERNATIVES:**

- 1) Adopt Ordinance No. 1361 after the public hearing, which is recommended, because it reflects Council's expressed desire.
- 2) Amend or do not adopt Ordinance No. 1361 in the second reading, which is not recommended, because it would be counter to Council's direction.

**LEGAL:** The City attorney reviewed Ordinance No. 1361 and had no substantive changes.



**CITY MANAGER'S COMMENTS:** This ordinance has full Council support; therefore, I support its passage. I recommend Council adopt the ordinance in the second reading after the public hearing.

**ATTACHMENTS:**

Attachment A: Ordinance No. 1361

**PROPOSED MOTION:**

Move to adopt Ordinance No. 1361.

**CITY OF KODIAK  
ORDINANCE NUMBER 1361**

**AN ORDINANCE OF THE COUNCIL OF THE CITY OF KODIAK ENACTING  
KODIAK CITY CODE 2.04.160, TELECONFERENCE PARTICIPATION IN  
MEETINGS**

WHEREAS, the City of Kodiak desires to permit elected and/or appointed officials (City official(s)) to participate telephonically in work sessions and other committee/board meetings comprised of City officials; and

WHEREAS, the City of Kodiak desires to permit the public to call into regular and special meetings to provide for public comments and testimony at public hearings at the time those items appear on the agenda; and

WHEREAS, the City of Kodiak desires to permit guest speakers appearing on the agenda to call in to work sessions, regular, and special meetings when they cannot attend in person; and

WHEREAS, it is necessary to amend the Kodiak City Code to provide for participation via teleconference as stated herein.

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

**Section 1:** Kodiak City Code 2.04.160, Teleconference Participation in Meetings, is hereby enacted to read as follows:

**2.04.160 Teleconference participation in meetings**

- (a) Teleconference participation by City officials in regular, special, or emergency meetings of the City Council is not permitted.
- (b) Teleconference participation by City officials at City Council work sessions and committee/board meetings is permitted for the convenience of City officials who are unable to attend in person due to:
  - (1) An illness or injury of the City official or family member.
  - (2) The death of a family member.
  - (3) An employment-related commitment.
  - (4) A commitment for city business.
  - (5) An out-of-town commitment that prevents the City official from attending in person.
- (c) A City official participating by teleconference shall, while actually on the teleconference, be deemed to be present at the meeting for all purposes and shall make every effort to participate in the entire meeting.
- (d) If the Mayor participates telephonically in work sessions, the Deputy Mayor, if present, or another Councilmember physically present and designated by consensus shall preside over and perform functions of the Mayor at the meeting, if applicable.

(e) Prior to the meeting reasonable efforts will be made to ensure that the City official participating by teleconference is provided with the meeting agenda and other pertinent documents to be discussed and/or acted upon; access to the agenda and documents from the city's website will be considered sufficient access.

(f) Teleconference participation by the public for public comments and testimony at public hearings or scheduled guest speakers for a specific agenda item is permitted at regular and special meetings when teleconference equipment is available.

(g) Teleconference participation by guest speakers at work sessions is permitted when teleconference equipment is available.

(g) "Teleconference" means a method used for remote participation by a City official for a work session or committee meeting of the City Council that must enable the remote City official, for the duration of the meeting, to clearly hear and to be clearly heard by the Mayor, all Council members, staff, and public giving testimony. It also means a method used for remote participation by members of the public, guest speakers, and appointed committee/board members as provided herein.

(h) Teleconference procedures for City officials:

(1) Notification of City officials to the City Clerk prior to publication of the meeting agenda of his or her request to participate in the meeting by telephonic means is required. If notice is not provided prior to publication of the meeting agenda, telephonic participation shall not be allowed. Prior to the meeting the City Clerk shall notify other City officials of those participating by teleconference.

(2) The Mayor and up to the first three Councilmembers who notify the City Clerk prior to the meeting agenda being published may participate by teleconference as long as three elected officials are present at the work session. If three elected officials are not present at a City work session, the meeting shall be adjourned and rescheduled.

(3) The City Clerk shall open a teleconference connection at least three minutes prior to the start of the meeting. After a telephonic connection is established and it is time for the meeting to commence, the Mayor, or person presiding over the meeting, shall call the meeting to order.

(4) City officials may attend a maximum of four City Council work sessions and additional specific committee meetings by teleconference during a 12-month period commencing January 1 each year.

(5) City officials shall not incur communication charges for their participation by teleconference.

(i) Teleconference procedures for members of the public:

(1) If teleconference equipment is available at the meeting location, members of the public shall call the published phone number to provide public comments and testimony at public hearings at regular and special meetings during the time the agenda item is being heard. The time allotted for public comments per speaker is published on the agenda and may be changed if authorized by the Mayor.

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

CITY OF KODIAK

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MAYOR

ATTEST:

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CITY CLERK

First Reading: February 9, 2017

Second Reading:

Effective Date:

# **NEW BUSINESS**


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## MEMORANDUM TO COUNCIL

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**To:** Mayor Branson and City Councilmembers  
**From:** Aimée Kniaziowski, City Manager   
**Date:** February 28, 2017

**Agenda Item: IV. a. Resolution No. 2017-04, Rescinding Resolution No. 2016-43, Which Will Eliminate the Previously Allocated Human Resource Specialist Position, and Reallocating Funds Between General Fund Departments to Support the Addition of a Human Resource Manager in the Executive Administration Department**

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**SUMMARY:** This resolution provides the required action for Council to remove authorization to hire a Human Resource Administrative Specialist and adjusts the budget accordingly. Staff recommends Council adopt Resolution No. 2017-04.

**PREVIOUS COUNCIL ACTION:**

- December 8, 2016, Council adopted Resolution No. 2016-43, which authorized the addition of two human resource positions and associated costs.
- February 7, 2017, Council voiced a consensus to rescind approval to hire the Human Resource Administrative Specialist position.

**DISCUSSION:** Council approved the addition of two human resource positions in December 2016 to support the workload in Administration due to new workload demands. Following an update on the hiring process for the positions at the February 7, 2017, work session the Council voiced concern that the process be reevaluated due to an expected downturn in the FY2018 budget revenues. Council voiced a consensus to stop recruitment of the Human Resource Administrative Specialist position. Staff agreed to bring Council the required action to remove the authorization for one position and adjust the budget by rescinding the previous resolution.

**ALTERNATIVES:**

- 1) Adopt Resolution No. 2017-04, which reflects Council direction to remove the Human Resource Administrative Specialist position and adjusts the FY2017 budget accordingly.
- 2) Amend or do not pass the resolution, which would be counter to Council's direction.

**LEGAL:** N/A

**FINANCIAL IMPLICATIONS:** The resolution amends the initial allocation of funds to cover the costs of adding two human resource positions in Administration. It amends the FY2017 budget to return

\$88,350 of unused salaries and benefits back to the various General Fund departments and reallocate \$58,650 from the identified salary and benefit line item to cover the remaining four months in FY2017 for a Human Resource Manager position.

**CITY MANAGER'S COMMENTS:** This resolution reflects direction from Council at the February 7 work session to adjust recruiting efforts due to budget concerns. I recommend Council adopt Resolution No. 2017-04 to formalize the direction given during the work session.

**ATTACHMENTS:**

Attachment A: Resolution No. 2017-04

Attachment B: Resolution No. 2016-43

**PROPOSED MOTION:**

Move to adopt Resolution No. 2017-04

**CITY OF KODIAK  
RESOLUTION NUMBER 2017-04**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK RESCINDING RESOLUTION NUMBER 2016-43, WHICH WILL ELIMINATE THE PREVIOUSLY ALLOCATED HUMAN RESOURCE SPECIALIST POSITION AND REALLOCATING FUNDS BETWEEN GENERAL FUND DEPARTMENTS TO SUPPORT THE ADDITION OF A HUMAN RESOURCE MANAGER IN THE EXECUTIVE ADMINISTRATION DEPARTMENT**

WHEREAS, on December 8, 2016, the Kodiak City Council adopted Resolution No. 2016-43, which reallocated funds between general fund departments to support the addition of a Human Resource Manager and Human Resource Specialist in the executive administration department; and

WHEREAS, these positions were added following recent developments that placed a strain on City resources, which now require the hiring of Human Resource personnel; and

WHEREAS, the Council had previously authorized the hiring of two Human Resource positions to ensure the new workload is accomplished; and

WHEREAS, at the February 6, 2017, work session the Council voiced concern about proceeding with hiring two positions at this time because of anticipated budget constraints and voiced a consensus to proceed with hiring a Human Resource Manager only; and

WHEREAS, the process to reverse the Council's previous action that authorized the hiring of two positions requires rescinding Resolution No. 2016-43 and reallocating funds to hire the Human Resource Manager; and

WHEREAS, funds to cover the estimated cost of adding the position can be moved from unused salary line items due to vacant positions in three City departments - Public Works, Finance, and the Police Department for the remainder of Fiscal Year 2017; and

WHEREAS, Article V of the City of Kodiak Charter provides that an appropriation or transfer of funds separate from the budget document may be made by resolution.

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

Section 1. Resolution No. 2016-43 is hereby rescinded.



Section 2. The Fiscal Year 2017 Operating Budget is amended by reallocating \$58,650 from unused salary line items from the Public Works, Finance, and Kodiak Police Departments to the Executive Administration Department for the remainder of Fiscal Year 2017 to pay for the new Human Resource Manager position as follows:

Reallocation From:

<u>Account Description</u>	<u>Amount</u>
Public Works – Building Inspections	\$20,382
Finance – Administration	\$16,683
Police – Canine	\$21,585

Reallocation to:

<u>Account Description</u>	<u>Amount</u>
Executive Admin – Salaries / Benefits	\$ 51,250
Nondepartmental – Rent 6 Months	\$ 7,400

Section 3. This resolution shall become effective upon adoption.

CITY OF KODIAK

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MAYOR

ATTEST:

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CITY CLERK

Adopted:

**CITY OF KODIAK  
RESOLUTION NUMBER 2016-43**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK  
REALLOCATING FUNDS BETWEEN GENERAL FUND DEPARTMENTS TO  
SUPPORT THE ADDITION OF A HUMAN RESOURCE MANAGER AND A  
HUMAN RESOURCE SPECIALIST IN THE EXECUTIVE ADMINISTRATION  
DEPARTMENT**

WHEREAS, on October 4, 2016, the qualified voters of the City of Kodiak approved a voter initiative, Proposition 1, to require the City of Kodiak employees to be allowed to organize for the purposes of collective bargaining under the State of Alaska's Public Employment Relations Act of 1972; and

WHEREAS, this vote formally and permanently removed the City of Kodiak from the "opt out" provision it selected following passage of the Public Employment Relations Act (PERA); and

WHEREAS, the City of Kodiak must now follow the requirements laid out in PERA and allow employees to select a union or association to represent them in a formal collective bargaining unit in a voting process supervised by the State of Alaska Labor Relations Agency; and

WHEREAS, the process of following the new labor rules and the work required to implement various processes and to ensure existing personnel policies, practices, and duties continue to be met requires the addition of a professional Human Resource Manager and a Human Resource Specialist to be hired in the Executive Administration department; and

WHEREAS, funds to cover the estimated cost of adding the positions can be moved from unused salary and benefit line items in three City departments - Public Works, Finance, and the Police Department for the remainder of Fiscal Year 2017; and

WHEREAS, Article V of the City of Kodiak Charter provides that an appropriation or transfer of funds separate from the budget document may be made by resolution.

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

Section 1. The Fiscal Year 2017 Operating Budget is amended by reallocating \$147,000 from unused and unneeded salary and benefit line items from the Public Works, Finance, and Kodiak Police Departments to the Executive Administration Department for the remainder of Fiscal Year 2017 to pay for the new HR positions as follows:

Reallocation From:

<u>Account Description</u>	<u>Amount</u>
Public Works – Building Inspections	\$52,233
Finance – Administration	\$39,632
Police – Canine	\$55,135

Reallocation to:

<u>Account Description</u>	<u>Amount</u>
Executive Admin – Salaries / Benefits	\$139,600
Nondepartmental – Rent 6 Months	\$ 7,400

Section 2. This resolution shall become effective upon adoption.



CITY OF KODIAK

MAYOR

ATTEST:



CITY CLERK

Adopted: December 8, 2016

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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   
**Date:** February 28, 2017

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**Agenda Item: IV. b. Resolution No. 2017-05, Approving the City Council's Budget Goals for FY2018**

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**SUMMARY:** The Council reviewed a draft list of proposed budget goals for FY2018 (Attachment A) at the annual planning meeting on January 14, 2017. The goals are similar to those of FY2017 with some changes and suggested deletions for clarification. The approved goals will be used by staff in the development of the FY2018 City budget. Staff recommends Council approve the budget goals as discussed on January 14, 2017, by adopting Resolution No. 2017-05.

**PREVIOUS COUNCIL ACTION:** Council has adopted annual budget goals each year following discussions at the annual planning session. The goals are used in development of the City's operating and capital budget.

- March 3, 2011, adopted FY2012 budget goals by Resolution No. 2011-04
- February 23, 2012, adopted FY2013 budget goals by Resolution No. 2012-04
- February 28, 2013, adopted FY2014 budget goals by Resolution No. 2013-04
- February 13, 2014, adopted FY2015 budget goals by Resolution No. 2014-08
- February 12, 2015, adopted FY2016 budget goals by Resolution No. 2015-03
- February 11, 2016, adopted FY2017 budget goals by Resolution No. 2016-07
- January 14, 2017, discussed proposed FY 2018 budget goals at annual planning meeting

**DISCUSSION:** For the past seven fiscal years the Mayor and Council have reviewed and discussed annual budget goals at the Council planning meeting and then adopted final goals by resolution at a regular meeting. The goals reflect Council's philosophy and direction for the upcoming fiscal year. The process of adopting formal budget goals gives the elected officials the opportunity to define the budget direction at the outset of the budget cycle. The City Manager then uses the goals as a guide in preparation of the City's operating and capital budget. The goals focus on specific areas of the budget, such as revenue, personnel, operating expenses, capital expenditures, enterprise fund performance, and debt service.

Goals like these provide guidance to management as operating and capital budgets are prepared for the new fiscal year. The departmental budgets should reflect the overall budget goals with written

justification provided if variations are needed for operational reasons. Written justifications are reviewed internally and presented to the Council during budget presentations.

Council discussed budget goals for FY2018 at the annual planning meeting on January 14. The proposed goals are similar to those from FY2017 (Attachment B). The goals have been well developed over time because the City's organization, infrastructure needs, and overall financial condition remain similar from year to year. In general, Council supported the goals as drafted, but expressed concern about the unknowns that will likely affect the City in the upcoming year due to lack of state revenue and the support the state traditionally provides in the form of specialty grants, matching, and legislative grants. This concern is shared by the management staff as intergovernmental sources of funds like community assistance (formerly revenue sharing), PERS on behalf payments, and grants will be reduced, making up a smaller percentage of the City's General Fund revenue stream. The General Fund provides the financial resources for most of the City's services like fire, police, engineering, public works and utilities, and more. If the legislature reduces or eliminates state programs, the City would have to carry the burden of costs to maintain services.

The budget goals are the elected officials' policy statement that tells the Manager how to utilize the City's resources and provision of services for the next fiscal year. They are goals and therefore are both a policy statement and a planning tool. They may be accomplished in a single year or two as some have, or they can carry over from year to year because they are needed each year, or because they have not yet been completed. Management uses the goals as a template in preparation of the City's operating and capital budget. This process improves accountability by making the management staff and employees aware of Council's concerns and gives staff the direction necessary to help work toward and achieve the goals.

When Council adopts the resolution, the Manager will provide a copy to department heads and review the process to be used in the development of the departmental operating and capital budgets.

**ALTERNATIVES:** There are three primary alternatives for Council to consider.

- 1) Adopt the budget goals as identified. This is staff's recommendation because the goals reflect Council's budgetary philosophy and will provide guidance to management and improve budget accountability.
- 2) Amend the list of budget goals.
- 3) Decide not to adopt budget goals for FY2018.

**FINANCIAL IMPLICATIONS:** The use of formal budget goals does not have a direct financial impact to the City. However, increased Council participation at the outset provides clear guidance to staff on areas of importance to the Council. Budget goals improve planning at the departmental level, provide important information on how departmental budgets interrelate to the entire budget, and provide a means for staff at all levels to understand and work toward reaching Council's goals.

**LEGAL:** N/A

**CITY MANAGER'S RECOMMENDATION AND COMMENTS:** The process of adopting formal budget goals gives Council the opportunity to define its direction at the outset of the budget cycle. This process improves accountability by making the management staff and employees aware of Council's concerns and gives them the direction necessary to help achieve the goals. I recommend Council adopt the FY2018 budget goals by resolution, which will help us set the right course as we begin work on the upcoming budget.

**ATTACHMENTS:**

Attachment A: Resolution No. 2017-05, FY2018 Budget Goals

Attachment B: Resolution No. 2016-07, FY2017 Budget Goals

Attachment C: FY2018 Budget Calendar

**PROPOSED MOTION:**

Move to adopt Resolution No. 2017-05.

**CITY OF KODIAK  
RESOLUTION NUMBER 2017-05**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK APPROVING  
THE CITY COUNCIL'S BUDGET GOALS FOR FY2018**

WHEREAS, budget guidelines help ensure that the City's budget is prepared in a manner consistent with City Council desires; and

WHEREAS, the City Council discussed and selected the list of budget goals at their January 14, 2017, planning meeting; and

WHEREAS, management will use the listed budget goals as a framework when developing the FY2018 budget.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, that the following budget goals will be used in the development of the City of Kodiak's FY2018 budget:

**Revenue**

Revenues will continue to be estimated conservatively using an analytical and objective approach.

One-time revenues will be used only for one-time expenditures. The City will avoid using temporary revenues or grants to fund routine City services or positions.

Charges for Fees and Services will be reviewed and updated annually to ensure quality service delivery and adequate revenues.

**Operating Expenses**

General Fund operating (non-personnel) expenses for FY2018 will be at a level consistent with FY2017. Required increases will be justified to the City Manager in writing and, if approved, presented by department heads to the City Council for final consideration during budget presentations.

Review existing programs and services to assess how well budgeted performance indicators met goals and objectives.

City management will continue to examine ways to maintain efficiencies of expenditures without significant impact to level and quality of services provided to residents.

### **Personnel Goals**

The increase in personnel includes the Council approved Human Resource Manager. The City will not increase the current number of FTEs from 129.15 in FY2018 unless new operational needs or mandates require additional employee positions.

Sections of the PR&R will continue to be reviewed and amended to improve practices that reflect recognized Human Resources standards.

### **General Fund**

Council will review ways to increase revenues in the General Fund to help offset increases in operating expenses, meet infrastructure needs, and increase the fund balance, per the plan outlined in "Setting the Course for the Future," 1/14/12.

General Fund revenues will be forecast conservatively and take into consideration possible state funding policies that may affect City revenues such as, community assistance program, shared fisheries and other shared business taxes, pension costs and liabilities, and the required allocation of sales tax.

The General Fund will be budgeted without a deficit through appropriations from the fund balance when/if necessary, and with a goal to maintain up to three months' operating reserves. Council may appropriate additional funds for capital projects.

### **Enterprise Funds**

The major enterprise funds will develop long-term plans to include maintenance and repairs, needed facility replacement or expansion, and a schedule for rate reviews.

Enterprise Funds will continue to conduct rate studies every five years and present them to the City Council for implementation.

The Shipyard will strive to maintain positive cash flows through charges for services to meet debt service payments and maintain facilities operations and maintenance costs. The Shipyard will highlight the services offered by developing a business plan and marketing campaign to maximize revenues. This plan will be reviewed annually for marketing effectiveness.

Ensure adequate revenues are established to continue to maintain and improve Harbor facilities that support fisheries and support sector services and activities.

### **Community Support**

The total amount available to fund non-profit requests will continue to follow the Council established level of funding which is based on 1% of budgeted General Fund revenues.

### **Capital**

Within resources available, the City will maintain capital assets and infrastructure at a level that is adequate to protect its investment, to minimize future replacement and maintenance costs, and to maintain existing service levels.



The City Manager and management staff developed the City's first formal five-year capital improvement plan (CIP) that identifies and ranks projects for capital and major maintenance projects. The plan has additional information for ten-year expense projections for all departments and funds. The City will utilize the planning document and develop policies and procedures identifying criteria and steps for implementation. The capital budget will link to, and flow from, the multi-year capital improvement plan.

**Debt Service**

The City will not incur new debt without appropriate analysis to:

- Show impacts on rates or taxpayers, or
- Analyze financial capacity for proposed capital projects, or
- Determine if the debt is required for projects mandated by the state or federal government, needed for economic development, environmental, aesthetic or quality of life, or health and safety improvements.

**Quality of Life**

The City will provide adequate services that meet the community needs, priorities, challenges and opportunities with consideration given to the condition of the economy, the composition of the population, technology, legal or regulatory issues, intergovernmental issues, and physical or environmental issues.

**Economic Development**

The City will continue to promote and support economic development to help ensure a sustainable and healthy economy for Kodiak.

CITY OF KODIAK

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MAYOR

ATTEST:

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CITY CLERK

Adopted:

**CITY OF KODIAK  
RESOLUTION NUMBER 2016-07**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK APPROVING  
THE CITY COUNCIL'S BUDGET GOALS FOR FY2017**

WHEREAS, budget guidelines help ensure that the City's budget is prepared in a manner consistent with City Council desires; and

WHEREAS, the City Council discussed and selected the list of budget goals at their January 16, 2016 planning meeting; and

WHEREAS, management will use the listed budget goals as guidelines when developing the FY2017 budget.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, that the following budget goals will be used in the development of the City of Kodiak's FY2017 budget:

**Revenue**

Revenues will continue to be estimated conservatively using an analytical and objective approach.

One-time revenues will be used only for one-time expenditures. The City will avoid using temporary revenues or grants to fund routine City services or positions.

Charges for Fees and Services will be reviewed and updated annually to ensure quality service delivery and adequate revenues.

**Operating Expenses**

General Fund operating (non-personnel) expenses for FY 2017 will be at a level consistent with FY 2016. Required increases will be justified to the City Manager in writing and, if approved, presented by department heads to the City Council for final consideration during budget presentations.

Review existing programs and services to assess how well budgeted performance indicators met goals and objectives.

City management will continue to examine ways to hold the line on expenditures without significant impact to level and quality of services provided to residents.

### **Personnel Goals**

There will be an increase in the number of employee full-time equivalents (FTEs) from the FY 2016 total of 126.15 to 128.15 due to the need to operate the City's new compost facility and meet permit requirements and operational needs.

Sections of the PR&R will continue to be reviewed and amended to improve practices that reflect recognized Human Resources standards.

### **General Fund**

Council will review ways to increase revenues in the General Fund to help offset increases in operating expenses, meet infrastructure needs, and increase the fund balance, per the plan outlined in "Setting the Course for the Future," 1/14/12.

General Fund revenues will be forecast conservatively and take into consideration possible state funding policies that may affect City revenues such as, community revenue sharing, shared fisheries and other shared business taxes, pension costs and liabilities, and the required allocation of sales tax.

The General Fund will be budgeted without a deficit through appropriations from the fund balance when/if necessary, and with a goal to maintain up to three months' operating reserves. Council may appropriate additional funds for capital projects.

### **Enterprise Funds**

The major enterprise funds will develop long-term plans to include maintenance and repairs, needed facility replacement or expansion, and a schedule for rate reviews.

Enterprise Funds will continue to conduct rate studies every five years and present them to the City Council for implementation.

The Shipyard will continue to maintain and achieve revenue increases on a cash flow basis through charges for services to meet debt payments and operational expenses without transfers from other funds. The business plan and marketing campaign for services will be evaluated yearly for its effectiveness to capture maximum revenues.

Ensure adequate revenues are established to continue to maintain and improve Harbor facilities that support fisheries and support sector services and activities.

### **Community Support**

The total amount available to fund non-profit requests will continue to follow the Council established level of funding which is based on 1% of General Fund revenues.

### **Capital**

Within resources available, the City will maintain capital assets and infrastructure at a level that is adequate to protect its investment, to minimize future replacement and maintenance costs, and to maintain existing service levels.

The City Manager and management staff will continue to develop and refine the City's formal five-year capital improvement plan (CIP) that identifies and ranks projects for capital and major maintenance projects. The City will utilize the planning document and develop policies and procedures identifying criteria and steps for implementation. Once complete, the capital budget will link to, and flow from, the multi-year capital improvement plan.

**Debt Service**

The City will not incur new debt without appropriate analysis to:

- Show impacts on rates or taxpayers, or
- Analyze financial capacity for proposed capital projects, or
- Determine if the debt is required for projects mandated by the state or federal government, needed for economic development, environmental, aesthetic or quality of life, or health and safety improvements.

**Quality of Life**

The City will provide adequate services that meet the community needs, priorities, challenges and opportunities with consideration given to the condition of the economy, the composition of the population, technology, legal or regulatory issues, intergovernmental issues, and physical or environmental issues.

**Economic Development**

The City will continue to promote economic development to help ensure a sustainable and healthy economy for Kodiak.



ATTEST:

*Debra Martin*

CITY CLERK

CITY OF KODIAK

*Pat Ryan*

\_\_\_\_\_  
MAYOR



Adopted: February 11, 2016

<b>City of Kodiak</b>		
<b>Budget Calendar FY 2018</b>		
<b>DATE</b>	<b>ITEM</b>	<b>BY</b>
January 14, 2017	Review City Council Goals and prepare suggested changes	City Manager & City Council
February 7, 2017	City Council Presentation FY 2016 Revenue Projections, & Budget Calendar	City Manager & Finance Director
February 9, 2017	City Council adopts Goals by Resolution	City Manager & City Council
March 10, 2017	Meeting of City Manager & Department Heads to distribute budget packets and provide overview of information in packets.	City Manager & Department Heads
March 31, 2017	Final day for departmental budget requests to be returned to Manager (via Finance Department)	Department Heads
April 10-14, 2017	City Manager & Finance Director reviews departmental budget with respective Department Heads.	City Manager/ Finance Director & Department Heads
April 27, 2017	Distribute Manager's Budget to City Council	City Manager
May 6, 2017	Budget presentation to City Council by management staff	City Manager/ Department Heads & City Council
May 25, 2017	First reading of budget ordinance	City Manager/ Finance Director & City Council
May 26, 2017	Advertisement for overall City Council agenda including budget	Clerk
June 8, 2017	Second reading and public hearing of budget ordinance; adoption of budget	City Manager/ Finance Director & City Council
July 1, 2017	Budget Implementation	Finance Director
September 6, 2017	90 day Submittal to Distinguished Budget Presentation Awards Program - Government Finance Officers Association	Finance Director

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## MEMORANDUM TO COUNCIL

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**To:** Mayor Branson and City Councilmembers  
**From:** Aimée Kniaziowski, City Manager   
**Thru:** Kelly Mayes, Finance Director   
**Date:** February 28, 2017

**Agenda Item: IV. c. Resolution No. 2017-06, Adopting an Alternative Method for the FY17 Shared Fisheries Business Tax Program and Certifying That This Allocation Method Fairly Represents the Distribution of Significant Effects of Fisheries Business Activity in Fisheries Management Area 13: Kodiak Island**

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**SUMMARY:** Resolution No. 2017-06 adopts an alternative allocation method and certifies that the allocation method fairly represents the distribution of significant effects of Fisheries Business activity in Fishing Management Area (FMA) 13. This resolution adopts an alternative allocation from the long form, which was used in the past. The decision to use the short or alternative form is agreed upon by the Kodiak Island Borough, other Kodiak local governments, and the City each year by resolution. Staff recommends Council adopt Resolution No. 2017-06.

**PREVIOUS COUNCIL ACTION:** Each year, the City Council adopts a resolution to identify a method of payment of the shared fisheries taxes available to communities in the Kodiak Island area. Last year the Council adopted Resolution No. 2016-06 on February 11, 2016, identifying the alternative allocation method for the shared fisheries business tax program.

**BACKGROUND:** The State of Alaska Shared Fisheries Business Tax Program was created in 1990 to help municipalities impacted by the effects of the rapidly expanding offshore fish processing industry. A previously existing fish tax sharing program (commonly referred to as the Raw Fish Tax Program), administered by the Department of Revenue, shares back to municipalities half of the state fisheries business tax collected from fish processors operating inside municipal boundaries. The Department's program extends tax sharing to include a sharing of fish taxes collected outside of municipal boundaries, primarily from floating processors.

There are two application methods available to the municipalities in each Fisheries Management Area

1. Under the **Standard Method**, each municipality in the FMA must determine and document the cost of fisheries business impacts experienced by the community in the previous calendar year. These impacts are submitted by each municipality in their applications. The department reviews the applications and determines if the impacts submitted are valid. Once

the impacts have been established for each of the municipalities in the FMA, the department calculates the allocation for each municipality using the following formula:

One half of the funding available within a FMA is divided up among participating municipalities on the basis of the relative dollar amount of impact in each municipality. The other half of the funding available to that area is divided equally among all eligible municipalities.

2. Under the **Alternative Method**, municipalities within the FMA agree on a distribution formula. The department only approves the use of a proposed alternative method if all the municipalities in the area agree to use the method, and if the method includes some measure of the relative effects of the fishing industry on the respective municipalities in the area.

The proposed alternative method divides half of the funding available equally among all eligible municipalities. The other half would be divided within the area and is based on population.

Due to the time and expense involved in determining and documenting the standard method, all of the FMAs have used the Alternative Method to determine the allocation of the Shared Fisheries Business Tax for the past several years. The Kodiak Management Area, FMA13, is the only FMA in Alaska that used the long form to distribute the Shared Fisheries Taxes to the communities up until FY2014.

**DISCUSSION:** The municipalities located in this region's FMA include Akhiok, Kodiak, Kodiak Island Borough, Larsen Bay, Old Harbor, Ouzinkie, and Port Lions. The total FY2017 program allocation to be shared within FMA13 is estimated to be \$247,159.31 compared to be \$254,248.16 in FY2016. Kodiak's share for FY2017 is estimated to be \$73,886.15. (Attachment B). The program requires that funding be first allocated to fisheries management areas around the state based on the level of fish processing in each area compared to the total fish processing for the whole state. Then the funding is further allocated among the municipalities located within each fisheries management area based on the relative level of impacts experienced by each municipality.

Based on capital expenditures made by the other municipalities in FMA13, it appears unlikely that the City of Kodiak would receive a larger allocation for FY2017 by using the standard method. The alternative allocation method allocates 50 percent shared equally among the municipalities located within the FMA 13 region. The remaining 50 percent is shared among the municipalities on a per capita basis. The City has opted, along with the other communities on Kodiak and the Borough, to use the alternative method (short form) since FY2015. Using the



alternative method this year does not preclude the City from using the standard method in future years.

Based on the cost and time needed to prepare the standard form, staff believes the alternative method will provide the available funds more easily to offset some of the impacts from fisheries-related activities in the community.

**ALTERNATIVES:**

- 1) Adopt Resolution No. 2017-06, which is the staff recommendation, because it provides the City with funding to offset impacts to fisheries business conducted in Kodiak.
- 2) Council could require the City to complete the standard method application. This is not recommended because it is inconsistent with the agreed upon method currently used by local governments in the Kodiak Island Borough.

**FINANCIAL IMPLICATIONS:** By adopting the resolution and completing the application, the City will receive funding from the Department of Commerce, Community and Economic Development. In FY2016 the City received \$88,138.45 and expects to receive \$73,886.13 for the FY2017 year. This funding is recorded in the general fund.

**STAFF RECOMMENDATION:** Staff recommends Council adopt Resolution No. 2017-06, in order for the City to receive funding using the alternative method.

**CITY MANAGER'S COMMENTS:** The City has received funds through this program since its inception, and Council approves application process for the funds by resolution each year. Receipt of the shared fisheries tax helps to offset expenses that result from impacts to the City's facilities, operations, and services created by fisheries activities. I support staff's recommendation that Council adopt Resolution No. 2017-06.

**ATTACHMENTS:**

- Attachment A: Resolution No. 2017-06
- Attachment B: DCCED FY17 Shared Fisheries application letter

**PROPOSED MOTION:**

Move to adopt Resolution No. 2017-06.



**CITY OF KODIAK  
RESOLUTION NUMBER 2017-06**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK ADOPTING AN ALTERNATIVE ALLOCATION METHOD FOR THE FY17 SHARED FISHERIES BUSINESS TAX PROGRAM AND CERTIFYING THAT THIS ALLOCATION METHOD FAIRLY REPRESENTS THE DISTRIBUTION OF SIGNIFICANT EFFECTS OF FISHERIES BUSINESS ACTIVITY IN FISHERIES MANAGEMENT AREA 13: KODIAK ISLAND**

WHEREAS, AS 29.60.450 requires that for a municipality to participate in the FY17 Shared Fisheries Business Tax Program, the municipality must demonstrate to the Department of Commerce, Community, and Economic Development that the municipality suffered significant effects during calendar year 2015 from fisheries business activities; and

WHEREAS, 3 AAC 134.060 provides for the allocation of available program funding to eligible municipalities located within fisheries management areas specified by the Department of Commerce, Community, and Economic Development; and

WHEREAS, 3 AAC 134.070 provides for the use, at the discretion of the Department of Commerce, Community, and Economic Development, of alternative allocation methods which may be used within fisheries management areas if all eligible municipalities within the area agree to use the method, and the method incorporates some measure of the relative significant effect of fisheries business activity on the respective municipalities in the area; and

WHEREAS, The City of Kodiak proposes to use an alternative allocation method for allocation of FY17 funding available within the Fisheries Management Area 13: Kodiak Island in agreement with all other municipalities in this area participating in the FY17 Shared Fisheries Business Tax Program.

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Kodiak, Alaska, by this resolution certifies that the following alternative allocation method fairly represents the distribution of significant effects during 2015 of fisheries business activity in FMA 13: Kodiak Island:

All municipalities share equally 50% of allocation; all municipalities share the remaining 50% on a per capita basis.

The Kodiak Island Borough population is reduced by the population of the Cities of Akhiok, Kodiak, Larsen Bay, Old Harbor, Ouzinkie, and Port Lions.

CITY OF KODIAK

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MAYOR

ATTEST:

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CITY CLERK

Adopted:



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

Department of Commerce, Community,  
and Economic Development

DIVISION OF COMMUNITY AND REGIONAL AFFAIRS

P.O. Box 110809  
Juneau, AK 99811-0809  
Phone: 907.465.5541  
Fax: 907.465.5867

January 30, 2017

Dear Municipal Official,

Attached please find the 2017 Shared Fisheries Business Tax Program application. I am sorry for the delay in getting this distributed to you. There have been many changes in DCRA over the past year, and so along with the changes come learning challenges. Having said that, next year should be smooth sailing!

The purpose of the *Shared Fisheries Business Tax Program (SFBT)* is to provide for a sharing of state fish tax collected outside municipal boundaries with municipalities that have been affected by fishing industry activities. Municipalities around the state will share approximately \$2.60 million based on 2015 fisheries activity as reported by fish processors on their fish tax returns.

The law that created this program requires that program funding be first allocated to fisheries management areas around the state based on the level of fish processing in each area compared to the total fish processing for the whole state. Then the funding is further allocated among the municipalities located within each fisheries management area based on the relative level of impacts experienced by each municipality. Details of how the program works are presented in the application under *Program Description*.

Your municipality is located in the Kodiak Fisheries Management Area (FMA 13). The municipalities located in this area include Akhiok, Kodiak, Kodiak Island Borough, Larsen Bay, Old Harbor, Ouzinkie, Port Lions. The FY 17 program allocation to be shared within this area is estimated to be \$247,159.31.

The fisheries management areas where the program allocation is greater than \$4,000 multiplied by the number of municipalities in the area, program regulations provide for a "long-form" application. In your area, the threshold value equals \$28,000, (7 municipalities x \$4,000) and you are therefore receiving the attached Long-Form Application. The long-form application provides for a "standard" and an "alternative" method of funding allocation. We encourage your municipality to complete the FY 17 SFBT application as soon as possible. Due to the delay in sending these applications out, the **deadline to return them has been extended to March 17, 2017**.

If you have any questions about the program or require assistance in completing the application, please call me at 465-5541.

Sincerely,

A handwritten signature in blue ink that reads "Debi Kruse".

Debi Kruse  
Community Aid and Accountability Manager

FMA 13: Kodiak Area						
Alternative Method*	Business Tax Total allocation: \$231,585.51	50% Divided \$115,792.75	50% per capita \$115,792.75	Calculated Allocation	Landing Tax Total allocation \$15,573.80	TOTAL Estimated Payment
Community	Population	50% divided share	50% per capita share	Allocation		
Akhiok	90	\$16,541.82	\$754.13	\$17,295.95	\$1,163.13	\$18,459.08
Kodiak	6,288	\$16,541.82	\$52,688.68	\$69,230.50	\$4,655.65	\$73,886.15
KIB	6,782	\$16,541.82	\$56,828.02	\$73,369.85	\$4,934.02	\$78,303.86
Larsen Bay	85	\$16,541.82	\$712.24	\$17,254.06	\$1,160.31	\$18,414.37
Old Harbor	228	\$16,541.82	\$1,910.47	\$18,452.29	\$1,240.89	\$19,693.18
Ouzinkie	172	\$16,541.82	\$1,441.23	\$17,983.05	\$1,209.33	\$19,192.39
Port Lions	174	\$16,541.82	\$1,457.99	\$17,999.81	\$1,210.46	\$19,210.27
Totals	13,819	\$115,792.75	\$115,792.75	\$231,585.51	\$15,573.80	\$247,159.31
Community Count	7					

\*50% divided equally and 50% per capita basis.



\*\*Kodiak Island Borough population = population less population of cities.

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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:** February 28, 2017

**Agenda Item:** IV. d. Resolution 2017–07, Adopting the Federal Fiscal Year 2017 Federal Capital Needs and Issues List

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**SUMMARY:** Each year the City identifies capital improvement projects important to the maintenance and/or improvement of the City’s infrastructure as well as issues that are important to the City or greater community. The Council reviewed the draft outlining the proposed federal requests and issues at the February 7, 2017, work session. Resolution No. 2017–07 reflects the list which Council, staff, and the City’s federal lobbyist recommend for approval.

**PREVIOUS COUNCIL ACTION:** Council adopts a resolution each year identifying the City’s prioritized list of projects for federal funding assistance.

- January 26, 2016, Council reviewed the proposed FFY2016 draft.
- February 9, 2016, Council reviewed Resolution No. 2016–08 identifying the City’s FFY2016 federal projects and issues and agreed to move the resolution forward for approval at the coming regular meeting.
- February 7, 2017, Council reviewed the proposed FFY2017 draft CIP and supported issues.

**DISCUSSION:** As mentioned above, the Council reviewed and discussed a list of proposed federal projects for FFY17 during the February 7, 2017, work session. Staff worked closely with the City’s federal lobbyists’ Brad Gilman and Sebastian O’Kelly to articulate the list of projects and issues, which they will promote this year in Washington, D.C.

Brad Gillman reviewed the proposed CIP list and supported issues. While approving of the City’s request it was suggested to include the Pink Salmon Fishery Resource Disaster Declaration. A 2016 disaster declaration was submitted to the United States Department of Commerce in September by Governor Walker and Lt. Governor Mallot.

The resolution also contains a list of issues that the City has supported in past federal requests. Two additional Clean Water Act issues have potential local impact; the EPA’s Waters of the U.S. Rule and Fishing Vessel Discharge Rule. Federal permit requirements may soon be necessary for “other waters” where State and local governments have current jurisdiction.

Resolution No. 2017–07 reflects the prioritized list of funding for the City’s main infrastructure related projects and other federal issues as outlines above for FFY17 and will be submitted to our Alaska delegation upon adoption by Council. These are not the only funding and policy issues the City will pursue in the coming year, but they are important because they benefit the community and region. The four projects and three issues included in the resolution will provide formality to the City’s concerns and allow Brad Gilman and staff to promote the City’s interests.

**ALTERNATIVES:** Council may adopt, amend, or reprioritize Resolution No. 2017–07. Staff recommends Council approve the resolution as submitted. The list reflects City needs and is based on advice from our federal lobbyist.

**FINANCIAL IMPLICATIONS:** The City and its residents will benefit if the City is successful in obtaining an additional capital funding source to help offset losses of funding at the state level and by reducing reliance on local contributions.

**CITY MANAGER’S COMMENTS:** Mike Tvenge and I worked with Brad Gilman and Seb O’Kelly to scope the development of this year’s resolution, which identifies specific capital projects and amounts. This resolution still reflects our needs and follows Brad’s advice to advocate for smaller requests with a focus on infrastructure and transportation type projects. It also lists the key issues the City has advocated for in the past and should keep an eye on during this congressional cycle. Brad helped develop the list and is comfortable with the capital requests and the issues. Mike and I recommend Council adopt the resolution.

**ATTACHMENTS:**

- Attachment A: Resolution No. 2017–07 FFY17 Capital Requests and Issues
- Attachment B: Resolution No. 2016–08 FFY16 Capital Requests and Issues
- Attachment C: Governor Bill Walker’s letter to US Dept. of Commerce
- Attachment D: US Dept. of Commerce Secretary’s Response

**PROPOSED MOTION:**

Move to adopt Resolution No. 2017–07.

**CITY OF KODIAK  
RESOLUTION NUMBER 2017-07**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK ADOPTING  
THE FEDERAL FISCAL YEAR 2017 FEDERAL CAPITAL NEEDS AND ISSUES LIST**

WHEREAS, the City of Kodiak uses a Capital Improvements Program planning process to identify the capital needs of the community; and

WHEREAS, this identification and planning process plays a vital role in directing the City's administration and is utilized as a long-range planning and policy setting tool for City infrastructure maintenance and enhancement; and

WHEREAS, the City of Kodiak is committed to paying its way, to the greatest extent possible, but the cost of some of the City's capital project needs are greater than resources available locally; and

WHEREAS, Kodiak City Council has identified capital project needs for submission to the Alaska Congressional Delegation for funding consideration due to their significance and/or magnitude; and

WHEREAS, changes may be required as to how capital funding contributions for smaller communities like Kodiak, Alaska can be made at the Federal level; and

WHEREAS, the City of Kodiak faces several issues generated by Federal legislation or rulemaking that are of importance to the City of Kodiak, Alaska, and which may adversely impact life in Kodiak by placing undue burdens on those who work and live in the community.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, that the following projects and issues are high priorities for the community and are hereby adopted as the City of Kodiak Federal Fiscal Year 2017 prioritized federal capital project and issues list:

**1. Fire Station Phase II \$2,000,000**

The City of Kodiak identified the need to replace its fire station and has been working toward a replacement plan since 2004. The City of Kodiak's Fire Department is a paid department that serves both the City residents, and those who live and have businesses in mutual aid response districts. The services provided include 2 commercial boat harbors containing 600 slips and vessels, the island fish processing plants which are heavily dependent upon safety inspections and response equipment from the firefighters and emergency medical technicians. The Kodiak City fire station has clearly outlived its design life. The building is composed of three structures and sits on a site that is currently very limited. The structure is built of cement block type construction with some wood frame additions. The structure poses a significant risk of failure in a seismic event. Cracks in the walls and initial separation of one of the additions from the rest of



the structure occurred following the large 7+ earthquake in 2016. Recent draft tsunami modeling also suggests the fire station could be in the proposed inundation zone. Work to replace this building must continue because it is a key emergency response and life-safety facility for Kodiak and continues to require constant maintenance.

Phase I of this project with a budget of \$1,110,000 and funded by the City is used to study the site, including the removal of an adjacent building, site grading, and other work. The City is requesting funding from the federal government to assist with Phase II of the project which includes site selection and design of the new facility. The remainder, an estimated \$10,000,000, would be required to complete construction and furnish the facility as funds are available.

## **2. St. Herman Harbor Infrastructure Replacement Study \$2,000,000**

The economy of the City of Kodiak is based upon commercial fishing including local, state and federal governmental activities associated with support of the fisheries as well as research and enforcement activities. Each year Kodiak ranks as a top commercial fishing port. In 2015, NOAA statistics again put Kodiak as the second largest commercial fishing port in the United States in terms of volume and third in terms of value. This activity requires an infrastructure from potable water, electrical systems, and harbor and dock infrastructure that is much larger than its population might suggest.

The Kodiak Harbor Department relies on the generation of user fees and the State of Alaska's Harbor Facilities Grant Program to help match municipal costs for dock replacements. The City's request of federal funding assistance in the amount of \$2,000,000 would help the City develop a plan for replacement of this aging infrastructure which supports the nations scientific and food source needs.

## **3. Waste Water Treatment Plant Facility \$ 2,000,000**

This is the first phase of a larger project, to evaluate the condition of the Waste Water Treatment Plant facility (WWTP) and design a necessary upgrade to the City of Kodiak facility. The prior upgrade to the facility was in 1999. This funding request would allow necessary time to pursue additional Municipal, Federal and State funding sources critical to the upgrade. The condition and evaluation assessment will include all major components such as the building and aeration basins; including equipment replacement needs. APDES permitting requirements will also be considered during this assessment. The City of Kodiak is requesting federal funding in the amount of \$2,000,000 to initiate the first phase of the project that will help support the wastewater needs of the community.

## **4. Shelikof Street \$1,950,000**

In 2009, the City identified the need for pedestrian improvements from Pier II to downtown Kodiak to more safely accommodate pedestrian traffic and to improve facilities for local residents, workers, and businesses that use the pier, street, and access to the City's adjacent St. Paul 250 slip boat harbor. The first phase of the project, construction of an ADA accessible sidewalk, new retaining walls, improved lighting and parking, and utility work was completed in 2013. The City is planning for and preparing the permitting and design of the next parking improvement phase of this project, which is to construct a 30 space bulkhead parking area on the south side of

Shelikof Street adjacent to St. Paul Harbor. The roadway area adjacent to the proposed bulkhead parking is dangerously congested. Due to lack of adequate parking, vehicles block walkways, equipment operates in the ROW, and access to businesses is often blocked, forcing pedestrians into the roadway. Construction of additional off-road parking will direct pedestrian traffic out of the congested roadway. The net increase in parking will benefit harbor users and retail businesses along Shelikof Street. It will provide improved and safer pedestrian access from Marine Way to the fish processors in the immediate area. Associated tasks for this phase of the project include geotechnical investigation, design, permitting, mapping, construction, improved lighting, and utility relocates. In May of 2016 the City authorized a cooperative agreement with the Sun'aq Tribe of Kodiak at their request to include this street into their Bureau of Indian Affairs Tribal Transportation Program. The City of Kodiak is requesting federal funding in the amount of \$1,950,000 to assist with the cost of permitting and construction of the bulkhead parking project to enhance pedestrian and vehicle safety.

### **City of Kodiak Supported Federal Issues:**

#### **1. EPA's "Waters of the U.S." Rule**

The Environmental Protection Agency and the U.S. Army Corps of Engineers is moving forward with a proposed "Waters of the United States" rule that would expand Federal permitting and other requirements to many waters currently regulated by State and Local governments. The proposed rule would also apply to private landowners. The key change being proposed would expand Clean Water Act coverage to "other waters" where there is a "significant nexus" to currently covered interstate waters, territorial seas and navigable waterways. That determination is meant to be "case-specific" but has not been fully defined and the concern is that "significant nexus" could be interpreted to include floodplains, certain man-made waterways and ditches, and self-contained water bodies such as ponds or temporary/isolated wetlands. Under this model, Alaska's extensive acreage of wetlands would likely mean that wetlands and other water bodies, including small streams and tributaries, that are seemingly isolated and geographically far removed from any current CWA-covered waterway would fall under the new definition. The City of Kodiak feels that the proposed rule would add extra layers of bureaucracy to the efforts of Kodiak citizens to use their land and for the City to engage in future public works projects. The City is requesting that the Alaska Delegation support legislative initiatives to curtail this proposed rule.

#### **2. EPA's Fishing Vessel Discharge Rule**

EPA has promulgated two rules to require commercial fishermen to obtain Clean Water Act incidental discharge permits as a condition for operating both small and large fishing vessels. The permits would cover ballast water, fish hold water, anchor chain mud, deck wash/runoff, bilge pump discharge, gray or "stick" water, laundry, shower, and galley sink water. The permits require burdensome reporting, monitoring, inspections and compliance activities – all subject to heavy fines and citizen lawsuits under the Clean Water Act for what seems to be minimal environmental protection. The Congress has imposed a three year moratorium preventing EPA from implementing the Small Vessel General Permit Rule and the Vessel General Permit Rule.

Efforts are underway within the Congress to make the moratorium permanent. The City of Kodiak is requesting that the Alaska Delegation actively support a permanent moratorium.

### **3. Pink Salmon Fishery Resource Disaster Declaration**

The Kodiak Management Area had remained closed for 70 percent of the pink salmon run in 2016. The preliminary value of the pink salmon fishery catch was \$2.21 million compared to a five year average value of \$14.64 million.

The United States Department of Commerce Secretary has received a request from Alaska Governor Bill Walker seeking determination of a commercial fishery failure due to a fishery resource disaster for the 2016 pink salmon season. The National Oceanic and Atmospheric Administration’s National Marine Fisheries Service evaluated information provided by the Alaska Department of Fish and Game whether a commercial fishery failure occurred due to a resource disaster. After thorough review, the Department of Commerce Secretary has determined a request for determination of failure meets the requirements under Section 312(a) of the Magnuson-Stevens Fishery Conservation and Management Act.

This determination provides a basis for Congress to appropriate disaster relief funding. If such funding is provided, the National Marine fisheries Service Alaska Region would work with the State of Alaska to develop a spend plan that would create a more resilient fishery that can better withstand environmental disasters in the future.

The City of Kodiak supports Secretary Pritzler’s findings and asks Congress to appropriate the disaster relief funding.

CITY OF KODIAK

\_\_\_\_\_  
MAYOR

ATTEST:

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

Adopted:

**CITY OF KODIAK  
RESOLUTION NUMBER 2016-08**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK ADOPTING  
THE FEDERAL FISCAL YEAR 2016 FEDERAL CAPITAL NEEDS AND ISSUES LIST**

WHEREAS, the City of Kodiak uses a Capital Improvements Program planning process to identify the capital needs of the community; and

WHEREAS, this identification and planning process plays a vital role in directing the City's administration and is utilized as a long-range planning and policy setting tool for City infrastructure maintenance and enhancement; and

WHEREAS, the City of Kodiak is committed to paying its way, to the greatest extent possible, but the cost of some of the City's capital project needs are greater than resources available locally; and

WHEREAS, Kodiak City Council has identified capital project needs for submission to the Alaska Congressional Delegation for funding consideration due to their significance and/or magnitude; and

WHEREAS, changes may be required as to how capital funding contributions for smaller communities like Kodiak, Alaska can be made at the Federal level; and

WHEREAS, the City of Kodiak faces several issues generated by Federal legislation or rulemaking that are of importance to the City of Kodiak, Alaska, and which may adversely impact life in Kodiak by placing undue burdens on those who work and live in the community.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, that the following projects and issues are high priorities for the community and are hereby adopted as the City of Kodiak Federal Fiscal Year 2016 prioritized federal capital project and issues list:

**1. Community Roads and Pedestrian Improvements**

The City of Kodiak is faced with a number of pressing infrastructure replacement and improvement projects that remain unfunded. The City is seeking funding for the critically needed rehabilitation of the Mill Bay Road, the major arterial road providing access to Kodiak's business district (\$3,500,000); the construction of parking areas to increase pedestrian safety and reduce congestion along Shelikof Street (\$1,565,000); and pedestrian and roadway improvements on the Kodiak waterfront to accommodate cruise ship passengers and local residents who are walking near the seafood plants and Kodiak's working piers (\$1,100,000). In prior years, the City has been able to seek a federal contribution to community road projects through a High Priority Project designation in legislation reauthorizing the Federal Highway Trust Fund ("Highway Bill"). The Congress has suspended this practice. The allocation of funds to the states has been curtailed due to the shortfall in federal gas tax revenues which make up the

Federal Highway Trust Fund. The State of Alaska's worsening revenue deficit has exacerbated the shortfall, reducing state funds available to communities to repair their roads and provide for pedestrian access. The City of Kodiak is requesting the Alaska Delegation's assistance in advocating for some minimum guarantee of Federal Highway Trust Fund revenue to be dedicated to road infrastructure owned by local governments, or an increase in the allocation to the Transportation Alternatives Program of funds for pedestrian improvements.

## **2. Karluk Lake Enrichment Project**

The Karluk Lake system, on the west side of Kodiak Island, is the largest producer of sockeye salmon in the Kodiak area, and supports a large portion of the area's commercial and subsistence sockeye fisheries. Since 2007, returns of adult sockeye to the Karluk system were extremely poor for a number of years. In order to bring the Karluk Lake ecosystem back to its earlier, higher level of production, the Kodiak Regional Aquaculture Association (KRAA) proposed to apply nutrients over the course of up to five years. This lake enrichment project follows established protocols for rehabilitating sockeye salmon rearing environments. Since Karluk Lake is within the Kodiak National Wildlife Refuge and a pre-statehood withdrawal, however, the Fish and Wildlife Service decided to perform a compatibility review and an environmental assessment. This process took over three years. Despite strong support from the Alaska Congressional Delegation and local residents and groups, the FWS completed its environmental assessment in January and selected the No Action alternative. The agency did not issue a compatibility decision, stating that sockeye salmon stocks within the Karluk system are within their historic levels.

While the Karluk Lake sockeye returns have improved since 2007, there remains a possibility that run trends can reverse and create hardship for local fisheries. The KRAA has been informed by FWS that the Environmental Assessment action alternative could be reconsidered if lake conditions deteriorate and the sockeye returns collapse again. The agency decided, however, not to make a compatibility determination. This is the key policy decision surrounding the proposal to add nutrients to Karluk Lake in the event of a collapse. Revisiting the issue could take two or more years if FWS has to engage in both an EA and compatibility review, thereby hampering KRAA's ability to respond quickly to changes in the productivity of the lake system. The City of Kodiak therefore is requesting support from the Alaska Congressional Delegation to advocate for a compatibility decision to resolve the policy question in advance of any sudden change in circumstances.

## **3. Impact of Sea Lions on Ferry Terminal Dock**

The State of Alaska has allocated funding to engage in a major project involving the City of Kodiak's Pier 1. The project began in October, 2014, but was suspended in November, 2014 over concerns about Stellar sea lions. The National Marine Fisheries Service required a 350 meter radius exclusion area as a permit condition for the project. Under this permit condition, work must stop each time a marine mammal enters the 350 meter radius. The State decided to suspend the project and seek a permit modification to allow for continuation of work when marine mammals enter the exclusion area. This was issued on September 30, 2015, forcing a one-year delay in the project. The Incidental Harassment Authority issued to the State by NMFS continues to require exclusion zones (350 meters for pile driving and 1150 meters for vibratory/extraction activities). The State is also required to fund marine mammal observers while these activities are underway. In 2014, the City of Sand Point faced a similar permit condition for the construction of docks and floats within its new harbor. This has become a recurring problem throughout coastal Alaska because the sea lions are following the fishing fleet back to the shore

facilities. It is costing major delays in important harbor infrastructure projects and hundreds of thousands of additional dollars in project costs without any finding that the construction projects are actually harming Stellar sea lions. The City of Kodiak continues to believe that the Marine Mammal Protection Act should be amended to allow communities greater flexibility to conduct marine infrastructure projects.


**4. EPA’s “Waters of the U.S.” Rule**

The Environmental Protection Agency and the U.S. Army Corps of Engineers is moving forward with a proposed “Waters of the United States” rule that would expand Federal permitting and other requirements to many waters currently regulated by State and Local governments. The proposed rule would also apply to private landowners. The key change being proposed would expand Clean Water Act coverage to “other waters” where there is a “significant nexus” to currently covered interstate waters, territorial seas and navigable waterways. That determination is meant to be “case-specific” but has not been fully defined and the concern is that “significant nexus” could be interpreted to include floodplains, certain man-made waterways and ditches, and self-contained water bodies such as ponds or temporary/isolated wetlands. Under this model, Alaska’s extensive acreage of wetlands would likely mean that wetlands and other water bodies, including small streams and tributaries, that are seemingly isolated and geographically far removed from any current CWA-covered waterway would fall under the new definition. The City of Kodiak feels that the proposed rule would add extra layers of bureaucracy to the efforts of Kodiak citizens to use their land and for the City to engage in future public works projects. The City is requesting that the Alaska Delegation support legislative initiatives to curtail this proposed rule.

**5. EPA’s Fishing Vessel Discharge Rule**

EPA has promulgated two rules to require commercial fishermen to obtain Clean Water Act incidental discharge permits as a condition for operating both small and large fishing vessels. The permits would cover ballast water, fish hold water, anchor chain mud, deck wash/runoff, bilge pump discharge, gray or “stick” water, laundry, shower, and galley sink water. The permits require burdensome reporting, monitoring, inspections and compliance activities – all subject to heavy fines and citizen lawsuits under the Clean Water Act for what seems to be minimal environmental protection. The Congress has imposed a three year moratorium preventing EPA from implementing the Small Vessel General Permit Rule and the Vessel General Permit Rule. Efforts are underway within the Congress to make the moratorium permanent. The City of Kodiak is requesting that the Alaska Delegation actively support a permanent moratorium.

CITY OF KODIAK

  
MAYOR

ATTEST:



  
CITY CLERK

Adopted: February 11, 2016



16-051686

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Juneau, AK 99811-0001  
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Governor Bill Walker  
STATE OF ALASKA

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2016 SEP 20 AM 8:40  
OS EXECUTIVE SECRETARIAT

September 19, 2016

The Honorable Penny Pritzker  
Secretary  
United States Department of Commerce  
1401 Constitution Avenue, NW  
Washington, DC 20230

Re: Federal Fishery Disaster

Dear Madam Secretary:

In accordance with Section 312(a) of the Magnuson-Stevens Fishery Management and Conservation Act (MSA), we are writing to request that you declare fishery disasters for the 2016 pink salmon fisheries in Prince William Sound, the Kodiak Management Area, the Chignik Management Area, and the Lower Cook Inlet Management Area. The MSA authorizes the Secretary of Commerce to determine if a commercial fishery failure has occurred, and we ask your soonest possible review of this matter due to the importance of these fisheries to the local, regional, state, and national economies.

**2016 Kodiak Management Area Pink Salmon Fishery**

Harvest opportunities have been significantly limited, as the majority of the Kodiak Management Area has remained closed to fishing during 70 percent of the pink salmon run. Districts across the entire area have experienced very poor escapement results, with the Kitoi Hatchery pink salmon return having the lowest survival rate on record. Only districts that achieved minimum escapement objectives have had fishing opportunity past August 1 – a total of about 16 fishing days relative to an average of 25-30.

As of September 12, the 2016 harvest was approximately 3.2 million pink salmon, which is only 28 percent of the lower bound of the preseason forecast of 11.2 million fish. The harvest is currently only 20 percent of the five year average harvest for even-year pink salmon (15.7 million fish). The preliminary value of the 2016 catch in this area is \$2.21 million, compared to the five year average value of \$14.64 million, having a significant impact on those who depend on the fishery for their livelihood.

**2016 Prince William Sound Pink Salmon Fishery**

As of September 12, the 2016 harvest to date on the combined natural and hatchery pink salmon is approximately 12.1 million fish, which is 46.5 percent of the lower bound of the forecast range

The Honorable Penny Pritzker  
September 19, 2016  
Page 2

estimate of 26 million fish, and 30.5 percent of the five year average harvest for even-year pink salmon (39.7 million fish, including hatchery cost recovery). Two out of three Prince William Sound Aquaculture Corporation (PWSAC) hatcheries are experiencing record low commercial harvests.

The preliminary value of the 2016 Prince William Sound combined natural and hatchery pink salmon harvest is approximately \$6.6 million, compared to a five year average value of \$43.87 million, having a significant impact on those who depend on the fishery for their livelihood.

#### **Chignik Management Area Pink Salmon Harvest**

While sockeye salmon are the most important salmon species for commercial fishermen in this area, pink salmon can provide significant economic benefit for permit holders and processors. The Department of Fish and Game does not complete pre-season forecasts for pink salmon in the Chignik Management Area. As of September 12, the 2016 pink salmon commercial harvest was approximately 140,000 fish, which is 19 percent of the five year average harvest for even-year pink salmon (750,000 fish). The preliminary value of the 2016 pink salmon harvest in this area is \$110,000, compared to the five-year average value of \$740,000. There were no directed pink salmon fisheries in this management area in 2016, and the pink salmon taken were during fisheries directed at sockeye salmon. Preliminary pink salmon escapement estimates for this area are poor, and roughly 50 percent of the escapement goal.

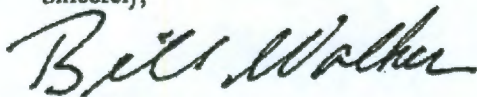
#### **Lower Cook Inlet Management Area Pink Salmon Fishery**

As of September 12, the 2016 pink salmon commercial harvest was approximately 97,000 fish, approximately 13 percent of the 750,000 pink salmon forecast and 17 percent of the five year average harvest of even-year pink salmon. The preliminary value of the 2016 Lower Cook Inlet pink salmon harvest is \$78,000, compared to the five-year average value of \$501,000.

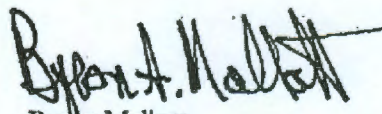
Throughout the Kodiak, Chignik, Lower Cook Inlet and Prince William Sound Management areas, impacts are being felt by commercial fishermen, fish processors, and those who sell fuel, tackle, supplies, groceries, and lodging. Local governments will feel the impact to their economic base. We believe these impacts are severe enough to warrant this request for fishery disaster declarations for both areas and have directed the Alaska Departments of Commerce, Community, and Economic Development and Fish and Game to provide National Marine Fisheries Service and your office with any additional information needed to make a determination.

We appreciate your prompt attention to this matter.

Sincerely,



Bill Walker  
Governor



Byron A. Mallott  
Lieutenant Governor



The Honorable Penny Pritzker  
September 19, 2016  
Page 3

cc: The Honorable Lisa Murkowski, United States Senate  
The Honorable Dan Sullivan, United States Senate  
The Honorable Don Young, United States House of Representatives  
The Honorable Sam Cotten, Commissioner, Alaska Department of Fish and Game  
The Honorable Chris Hladick, Commissioner, Alaska Department of Commerce,  
Community, and Economic Development  
Craig Fleener, Director of State and Federal Relations, Office of the Governor



**UNITED STATES DEPARTMENT OF COMMERCE**  
**The Secretary of Commerce**  
Washington, D.C. 20230

January 18, 2017

The Honorable Bill Walker  
Governor of Alaska  
P.O. Box 110001  
Juneau, AK 99811-0001

Dear Governor Walker:

Thank you for your letter requesting a determination of a commercial fishery failure due to a fishery resource disaster. Your request relates to the impacts to the 2016 pink salmon fisheries in seven areas in the Gulf of Alaska, including Prince William Sound, the Kodiak Management Area, the Chignik Management Area, the Lower Cook Inlet Management Area, the Yakutat Area, South Alaska Peninsula, and Southeastern Alaska. The impacts resulted from poor pink salmon returns due to a variety of factors outside the control of fishery managers to mitigate, including unfavorable ocean conditions, freshwater environmental factors, and disease.

The National Oceanic and Atmospheric Administration's National Marine Fisheries Service (NMFS) evaluated whether a commercial fishery failure occurred due to a fisheries resource disaster. After reviewing the information provided by the Alaska Department of Fish and Game and the NMFS evaluation, I have found that the request for a determination of a commercial fishery failure due to a fishery resource disaster for the 2016 pink salmon fisheries meets the requirements for such a finding under Section 312(a) of the Magnuson-Stevens Fishery Conservation and Management Act (MSA).

This determination provides a basis for Congress to appropriate disaster relief funding under the MSA, Section 312(a), and then for the NMFS to provide assistance to the State of Alaska and the affected communities. If Congress appropriates disaster relief funding, NMFS Alaska Region looks forward to working with the State of Alaska to develop a spend plan that will create a more resilient fishery that can better withstand similar environmental disasters in the future. Section 312(a)(3) requires that the Federal share of the cost of any activity carried out under the authority of this subsection shall not exceed 75% of the cost of that activity.

If you have any further questions, please contact Jim Schufreider at (202) 482-3663.

Sincerely,

A handwritten signature in black ink, appearing to read "Penny Pritzker".

Penny Pritzker

cc: Byron Mallott, Lieutenant Governor of Alaska