

City of Kodiak Regular Council Meeting Agenda for October 26, 2017
7:30 p.m., at 710 Mill Bay Road, Assembly Chambers (Room 232)

- I. Call to Order/Roll Call**
Invocation/Pledge of Allegiance

- II. Previous Minutes**
Approval of Minutes of the October 12, Regular Council Meeting.....1

- III. Persons to Be Heard**
 - a. Proclamation: Extra Mile Day.....8
 - b. Public Comments (limited to 3 minutes) (486-3231)

- IV. Unfinished Business**
 - a. Continued First Reading, Ordinance No. 1367, Amending Kodiak City Code 3.08.120, “Maximum Taxable Sale,” to Increase the Maximum Amount of a Sale Service or Rental that is Subject to City Sales Tax to \$3,000.....12
 - b. Continued First Reading, Ordinance No. 1368, Amending Kodiak City Code 3.08.040, “General Exemptions” and Kodiak City Code 3.08.120, “Maximum Taxable Sale,” To Exempt Real Property Rentals Exceeding One Month and \$750.00 From City of Kodiak Sales Tax.....16

- V. New Business**
 - a. Authorization to Cancel the November 23, and December 28, 2017, Regular Meetings and Authorize the City Manager to Schedule Additional Special Meetings if Needed.....22
 - b. Certification of Election.....24

- 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. Oath of Office**.....28

- XI. Adjournment**

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DRAFT

**MINUTES OF THE REGULAR COUNCIL MEETING
OF THE CITY OF KODIAK
HELD THURSDAY, OCTOBER 12, 2017
IN THE BOROUGH ASSEMBLY CHAMBERS**

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

Deputy Mayor Randall C. Bishop called the meeting to order at 7:30 p.m. Councilmembers Laura B. Arboleda, Charles E. Davidson, Gabriel T. Saravia, Richard H. Walker, and John B. Whiddon were present and constituted a quorum. Mayor Pat Branson was absent. Deputy City Manager Matthew Van Daele, City Clerk Debra Marlur, 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 September 28, 2017, regular meeting as presented.

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

III. PERSONS TO BE HEARD

a. Proclamation: Filipino American National History Month

Councilmember Arboleda read the proclamation, which urges all citizens to celebrate the rich history and contributions of Filipino Americans in Kodiak.

Patilou Peralta, President of Fil-Am, accepted the proclamation and thanked the Mayor and Council.

Clerk Marlur indicated the Northern Edge presentation was scheduled to occur; however, they were presenting at the Kodiak Island Borough Assembly work session, and there was a brief delay in their arrival.

The Council voiced consensus to switch the order under Persons to Be Heard and for III.c. Public comments to be switched to item III.b.

b. Public Comments

Larry LeDoux thanked the Kodiak Police Department for their assistance in the recent high school lockdown when there was indication of a potential threat. He stated the police responded immediately and they were professional, collaborative, and provided a safe environment. He thanked KPD for their service, and he thanked the City for the partnership and collaboration with

the crossing guard program. He said he enjoyed working with Mayor Branson and Councilmember Whiddon on the Fisheries Work Group and he is hopeful the group continues meeting.

Aimee Williams, Director of the Discover Kodiak, provided a quarterly report that included updates on the following: Kodiak King Salmon Derby; Alaska Tourism Industry Association; Visitor Guide; cruise ships; and the website.

Stacy Studebaker thanked the Navy for coming to Kodiak and supported the need for their training; she shared her concern for their training in the Gulf of Alaska during the month of May. She said many Alaskan communities requested a date change by resolution and the training still occurred in May. She requested Northern Edge 19 to schedule offshore and during the fall months.

Emily Stolarayk from Cordova said she has drafted resolutions since 2014 to change the Northern Edge training dates in Alaska. She said Cordova passed a resolution to change the training dates and thanked the City Council for adopting a similar resolution. She said she is a steward to protect the land and subsistence and did not feel the Navy has addressed some of the concerns of the public. She urged the Council to question the science and impacts of Northern Edge.

Christina Hendrickson, a former resident of Kodiak who lives in Girdwood, said she is a former pentagon contractor that specialized in environmental permits. She supports the resolutions to move the Northern Edge training. She shared her concerns that the Navy did not adequately study Alaska. She asked the Council to insist on a collaborative effort rather than informative updates for Northern Edge from the Navy.

Birch Foster spoke in favor of the Otmolei project to extend the City water service to the end of the road.

Tom Lance said he was representing himself and the Sun'aq Tribe; he advocated that the Navy work with local tribes for Northern Edge and adhere to the local long-term ocean plan. He emphasized that Kodiak is rich with natural resources and sustainability is important. He thanked the Navy for their service.

Jeff Stewart said he is concerned that the Navy and community are not on the same page, and he hopes this will occur in the future.

c. Northern Edge 2017 Presentation by Alexander Stone, US Navy

Northern Edge is a U.S. Pacific Command exercise hosted by the Alaskan Command. The exercise is designed to sharpen combat skills, improve command, control, and communication relationships; and mature interoperable plans and programs.

Alexander Stone and Admiral Korka of the US Navy presented highlights regarding Northern Edge 17, which included: NE17 timeline and economic impact; Navy maritime goals and activities conducted; environmental planning; protective mitigation measures; usage; and lack of impacts to marine species.

Councilmember Davidson asked if training could have happened in a different month other than May and whether the beached whales were an impact of the Northern Edge training. Admiral Korka confirmed the training schedule could be changed. He commented that some of the training schedule depends upon the availability of the ships, the deployment schedule, and the budget associated with training and procurement. He asked for a prioritization of months for the training schedules to occur and least optimal month to schedule.

Alexander Stone said that during the Northern Edge 17 exercise there was no report of any stranding of mammals. He referred to the EIS stranding documentation. He encouraged the public to send him any local studies they feel need to be considered.

Councilmember Whiddon thanked the Admirals for their service and attendance at the Council meeting. He said Kodiak is a Coast Guard City; he expressed the importance of coordinating and scheduling the best optimal time for Kodiak's fishing season, and provided an update on the recent declared federal emergency for pink salmon.

IV. UNFINISHED BUSINESS

a. Acceptance of Recommendations From the City Marijuana Advisory Special Committee

Alaska voters passed Ballot Measure 2, An Act to Tax and Regulate the Production, Use, and Sale of Marijuana, on November 4, 2014, which initiated the State and Statewide municipalities to begin to determine how to regulate marijuana on both State and municipal levels.

On May 26, 2016, the Council adopted Ordinance No. 1350, Enacting KCC Chapter 5.52 Prohibiting Marijuana Establishments in the City. The ordinance became effective July 1, 2016, and expired January 1, 2017. The six-month opt out period was to provide time for the City's Marijuana Advisory Special Committee, which was established by Resolution No. 2016-16, to recommend guidelines for implementing taxation, regulation, production, sale, and use of marijuana within the Kodiak City limit. The committee met several times and brought forward 13 recommendations for Council consideration at the November 16, 2016, regular meeting. The Council reviewed the recommendations and moved to postpone the vote to accept them until the Marijuana Advisory Committee had further discussed the recommended distance of a facility to a school, marijuana testing, and edibles. The Marijuana Advisory Committee subsequently met, and the Council voiced a consensus at its June 27, 2017, work session to approve the recommendations contained in Attachment B.

Councilmember Arboleda **MOVED** to amend the motion on the floor by substituting with the following motion: Move to accept the 14 recommendations drafted by the City Marijuana Advisory Special Committee as documented in Attachment B and direct staff to draft ordinances to implement these recommendations.

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

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

b. Second Reading and Public Hearing, Ordinance No. 1369, Repealing Kodiak City Code 3.08.160, “Administrative Costs and Reimbursements,” to Eliminate the 2% Deduction for Timely Filing of Sales Tax Returns and Remittance of Collected Sales Tax

Deputy Mayor Bishop read Ordinance No. 1369 by title. Currently businesses within the City that collect and remit sales tax file returns quarterly. Included in this reporting is the option of retaining 2% of the tax collected to offset administrative costs; however, not all businesses retain the 2% option. For those businesses that do retain the 2% option, the result is approximately \$200,000 in uncollected sales tax. This ordinance is scheduled to become effective January 1, 2018.

Councilmember Walker MOVED to adopt Ordinance No. 1369.

Deputy Mayor Bishop 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, Davidson, Saravia, Walker, and Whiddon in favor. The motion passed.

V. NEW BUSINESS

a. Authorization of FY2018 Special Services Contract with Alaska Department of Public Safety

The Alaska Department of Public Safety (DPS) requested the renewal of its contract with the City to provide services, which support the mission and operations of the Alaska State Troopers (AST) and Alaska Wildlife Troopers (AWT) in Kodiak. In exchange for providing these services, DPS will compensate the City \$78,750.00 for FY2018.

Councilmember Arboleda MOVED to authorize the FY2018 Special Services Contract with the Alaska Department of Public Safety, Division of Alaska State Troopers, and authorize the City Manager to sign the contract on behalf of the City.

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

VI. STAFF REPORTS

a. City Manager

Deputy City Manager Van Daele said it has been a busy couple of weeks for staff. He commented that the Kodiak Fire Department has been doing an exemplary job of responding to a multitude of situations, ranging from structure fires to vehicular accidents to environmental mitigation. He said it is truly extraordinary what staff are able to do for our citizens, and their passion for the craft and dedication to Kodiak community is commendable. He said Parks and

Recreation Director Gronn and his crew have been hard at work turning water into ice and was pleased to announce the rink is operational. He referred the public to the City's website for the ice rink's schedule. He highlighted there will be a hockey skills clinic featuring NHL alumni players from the Boston Bruins, St Louis Blues, Detroit Red Wings, and Montreal Canadiens. The inaugural "Kodiak Cup" hockey tournament will take place on Sunday.

Deputy Manager Van Daele said the Borough's Solid Waste Advisory Board met on Monday, and they discussed the public outreach and education plan should the City Council decide to move forward with a single-use plastic shopping bag ordinance. He said the Port and Harbor Advisory Board met on Tuesday and voted unanimously to recommend the Council adopt the ordinance to sell seafood from vessels at the harbor facilities with a few minor changes to the title and permit authority within the ordinance. He provided an update that two weeks ago Manager Tvenge, Chief Wallace, and he did a walkthrough to start to better understand the downtown situation and talked with business owners. He said it was immediately evident what the local business owners and their patrons are experiencing. He said they are working together to start developing plans to address these challenges. He shared that Kodiak is not alone, and many other communities in Alaska are facing similar circumstances. He said the access to care and diagnosis of mental health issues, drug and alcohol abuse, and an overriding lack of resources to address these societal needs is an undeniable challenge. He said he is hopeful and looks forward to the opportunity to work with local business owners, community groups, and the public to make Kodiak stronger and more prosperous in the downtown area.

b. City Clerk

City Clerk Marlar thanked the election workers and the Canvass Board for their work and service. She said there was a voter turnout of 16.9 percent. She informed the public of the next scheduled Council community forum, work session, and regular meeting.

VII. MAYOR'S COMMENTS

Deputy Mayor Bishop thanked the election workers for their service. He congratulated Mayor Branson and Councilmember Arboleda on their re-election. He thanked Discover Kodiak for their work on the tourism event that was recently in Kodiak and he thanked the business owners for the recent shop the rock activity. He thanked his colleagues for their work and he encouraged the public to attend the community forum, stating he looks forward to the positive ideas and collaboration.

VIII. COUNCIL COMMENTS

Councilmember Saravia congratulated re-elected officials. He thanked the Kodiak Police Department for their immediate response to the school for the lockdown. He thanked the Navy for their service and the information they provided during the meeting.

Councilmember Whiddon acknowledged the police department for their response. He congratulated re-elected officials. He praised the new generation in leadership roles, which included the Deputy Mayor and Deputy City Manager. He commended the shop the rock event and he hopes there are more innovative activities in the future. He commented that he hopes that the public comes with ideas and solutions for the community forum. He said the goal is to create a better

Kodiak. He recognized the Navy and admirals for their visit to Kodiak, which shows their willingness for collaboration. He encouraged those that cannot attend the community forum to send their comments to the Clerk’s office.

Councilmember Arboleda congratulated Mayor Branson and Councilmember Bishop on their re-election and thanked the Deputy City Manager and the elected officials for their work.

Councilmember Davidson congratulated Mayor Branson, Councilmembers Arboleda and Bishop on their re-election. He encouraged the public to attend the community forum, and he referred to Ordinance No. 1361, which gives telephonic guidelines for work sessions and meetings. He said he hopes the voter turnout increases in the future.

Councilmember Walker congratulated the re-elected officials. He said the voter turnout is low, and he hopes there are methods to increase the turnout in the future. He thanked the fire and police departments. He expressed his appreciation for the staff walking downtown and looking forward to solutions for improvement on a local and statewide level regarding SB91. He thanked the Navy and acknowledged the admirals’ visit. He said Kodiak is a military town and a fishing industry and feels they listened.

IX. AUDIENCE COMMENTS

None

X. ADJOURNMENT

Councilmember Davidson MOVED to adjourn the meeting.

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

The meeting adjourned at 9:07 p.m.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

Minutes Approved:

PERSONS TO BE HEARD

MEMORANDUM TO COUNCIL

Date: October 26, 2017

Agenda Item: III. a. Proclamation: Extra Mile Day

SUMMARY: The Extra Mile America Foundation requested this proclamation, which urges each individual in the community to take time on this day to not only “go the extra mile” in his or her own life, but to also acknowledge all those around who are inspirational in their efforts and commitment to make their organizations, families, community, country, or world a better place.

ATTACHMENTS:

Attachment A: Proclamation: Declaring Extra Mile Day

PROCLAMATION

Declaring Extra Mile Day

WHEREAS, the City of Kodiak acknowledges that a special vibrancy exists within the entire community when its individual citizens collectively “go the extra mile” in personal effort, volunteerism, and service; and

WHEREAS, the City of Kodiak encourages its citizens to maximize their personal contribution to the community by giving of themselves wholeheartedly and with total effort, commitment, and conviction to their individual ambitions, family, friends, and community; and

WHEREAS, the City of Kodiak chooses to shine a light on and celebrate individuals and organizations within its community who “go the extra mile” in order to make a difference and lift up fellow members of their community; and

WHEREAS, the City of Kodiak acknowledges the mission of Extra Mile America to create 550+ Extra Mile cities in America and is proud to support “Extra Mile Day” on November 1, 2017.

NOW THEREFORE, I, Pat Branson, Mayor of the City of Kodiak, do hereby proclaim November 1, 2017, as:

Extra Mile Day

in Kodiak and urge each individual in the community to take time on this day to not only “go the extra mile” in his or her own life, but to also acknowledge all those around who are inspirational in their efforts and commitment to make their organizations, families, community, country, or world a better place.

Dated this 26th day of October 2017.

City of Kodiak

Pat Branson, Mayor

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UNFINISHED BUSINESS

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Mike Tvenge, City Manager *MT*
Thru: Kelly Mayes, Finance Director
Date: October 26, 2017

Agenda Item: IV. a. Continued First Reading, Ordinance No. 1367, Amending Kodiak City Code 3.08.120, "Maximum Taxable Sale," to Increase the Maximum Amount of a Sale Service or Rental that is Subject to City Sales Tax to \$3,000

SUMMARY: Since May 2016, City staff has been providing updates regarding the City's fiscal outlook. The State of Alaska provides funding to the City of Kodiak through various sources – capital grants, shared revenues, PERS on-behalf payments, and other miscellaneous sources. Due to economic conditions within the State, the State of Alaska budget has been experiencing a shortfall over the past three fiscal years. This shortfall at the state level has impacted funding provided to the City of Kodiak. The City revenues are generated through sales tax, property tax, city charges for services, and intergovernmental revenues. Due to continual decreases in city intergovernmental revenues, city staff has presented data to the City Council and Mayor throughout eighteen work sessions to consider the implications to the City. These discussions culminated into the direction from Council to move forward with three ordinances:

- Increase minimum taxable sale from \$750 to \$3,000
- Hold the maximum taxable sale on real property commercial and real property residential rentals to \$750
- Eliminate the 2% discount allowed to early sales tax filers

PREVIOUS COUNCIL ACTION: The Council has held eighteen work sessions directly relating to the City's fiscal outlook, budgeting, revenue projections, and sales tax. These began in May 2016 and were held approximately once per month (excluding June 2016, November 2016, and December 2016) culminating in the most recent work session that occurred on September 11, 2017. During the September 11, 2017, work session, Council directed City staff to move forward with the ordinance noted above. At the September 28, 2017, regular meeting Council postponed passing Ordinance No. 1367 in the first reading until a Community Forum was held, which occurred on October 16, 2017.

FINANCIAL IMPLICATIONS: Financial implications for increasing the sales tax minimum taxable sale from \$750 to \$3,000, maintaining a \$750 maximum sale amount for real property residential and commercial rentals, and eliminating the 2% discount offered for timely filing of sales tax returns are

projected to increase City revenues by approximately \$5.8 million within the first full year of implementation.

ALTERNATIVES:

- 1) Pass Ordinance No. 1367 in the first reading and advance to second reading and public hearing, which is staff's recommendation, because it is consistent with the Council's direction at the work session on September 11, 2017.
- 2) Postpone, amend, or do not pass Ordinance No. 1367 in the first reading.

LEGAL: The City's attorney wrote Ordinance No. 1367.

CITY MANAGER'S COMMENTS: These changes to our City's tax structure are necessary if City Council wishes to provide the level of service typically provided and look forward to upgrades in the City's aging infrastructure. We have established a long-range capital improvement plan, which will require millions of dollars in expenditures, over the next ten years or longer. In order to accomplish these goals, additional revenue will be necessary. This infrastructure includes essential life /safety as well as support to our primary economic industries. If adopted, this ordinance will become effective January 1, 2018. Staff supports this ordinance.

NOTES/ATTACHMENTS:

Attachment A: Ordinance No. 1367

Clerk's Note: The motion to pass Ordinance No. 1367 in the first reading and advance to second reading and public hearing at the next special or regular meeting was made and postponed at the September 28, 2017, regular meeting.

The motion is again before the Council for a vote, amendment, or further postponement.

**CITY OF KODIAK
ORDINANCE NUMBER 1367**

AN ORDINANCE OF THE COUNCIL OF THE CITY OF KODIAK AMENDING KODIAK CITY CODE 3.08.120, “MAXIMUM TAXABLE SALE,” TO INCREASE THE MAXIMUM AMOUNT OF A SALE SERVICE OR RENTAL THAT IS SUBJECT TO CITY SALES TAX TO \$3,000

WHEREAS, it in the City of Kodiak’s best interest to exempt sales that exceed \$3,000 from sales tax during the 2018 fiscal year due, in part, to the fiscal challenges facing the City’s taxpayers,

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

Section 1: Kodiak City Code 3.08.120, entitled “Maximum taxable sale,” is hereby amended to read as follows:

- (a) **Except as otherwise provided in this section, if** ~~if~~ the sales price of an item or items or the charge for rental of any property or performance of any service exceeds **\$3,000** ~~\$750.00~~ for a single transaction, that portion of the price or charge in excess of **\$3,000** ~~\$750.00~~ shall be exempt from the tax levied by this chapter.
- (b) In determining the maximum tax payable with regard to a single transaction for the rendering of services on a substantially regular basis, which services are generally repetitive in nature and are to be performed over a period of time under a contract, each period for payment or partial payment under the contract shall be deemed a separate service transaction. The maximum tax payable shall be applicable to each deemed service transaction with tax payments to accrue and become payable at the time of filing the next quarterly return to be submitted following receipt of payment for the service.
- (c) For purposes of computing the maximum tax, a rental of property for a period in excess of one month shall be deemed as a series of rentals with each rental transaction terminating as a rental payment is made. The maximum sales tax payable shall be applicable to each deemed rental with tax payments to accrue and become payable at the time of filing the next quarterly return to be submitted following receipt of the rental.
- (d) For purposes of computing the maximum tax, a transaction which takes the form of a lease shall be deemed a rental or series of rentals unless a party to the transaction demonstrates that it constitutes a capital lease as defined in this chapter. A capital lease shall be treated as an installment purchase. The finance director shall have the final authority to determine whether or not a par-

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

particular transaction constitutes a capital lease and may require the parties to such a transaction to submit such information or documentation as the finance director feels is reasonably necessary to make this determination. In making such a determination the finance director may rely upon the 1991 Comprehensive Governmental GAAP Guide by Larry P. Bailey (Miller Accounting Publications, Inc., a subsidiary of Harcourt Brace Jovanovich Publishers).

Section 2: This ordinance shall be effective on January 1, 2018 and no earlier than one month after its final passage and publication in accordance with Kodiak Charter Section 2-13.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

First Reading: Postponed in First Reading September 28, 2017
Continued First Reading:
Second Reading:
Effective Date:

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

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Mike Tvenge, City Manager *MT*
Thru: Kelly Mayes, Finance Director
Date: October 26, 2017

Agenda Item: IV. b. Continued First Reading, Ordinance No. 1368, Amending Kodiak City Code 3.08.040, "General Exemptions" and Kodiak City Code 3.08.120, "Maximum Taxable Sale," To Exempt Real Property Rentals Exceeding One Month and \$750.00 From City of Kodiak Sales Tax

SUMMARY: Since May 2016, City staff has been providing updates regarding the City's fiscal outlook. The State of Alaska provides funding to the City of Kodiak through various sources – capital grants, shared revenues, PERS on-behalf payments, and other miscellaneous sources. Due to economic conditions within the State, the State of Alaska budget has been experiencing a shortfall over the past three fiscal years. This shortfall at the state level has impacted funding provided to the City of Kodiak. The City revenues are generated through sales tax, property tax, city charges for services, and intergovernmental revenues. Due to continual decreases in city intergovernmental revenues, city staff has presented data to the City Council and Mayor throughout eighteen work sessions to consider the implications to the City. These discussions culminated into the direction from Council to move forward with three ordinances:

- Increase minimum taxable sale from \$750 to \$3,000
- Hold the maximum taxable sale on real property commercial and real property residential rentals to \$750
- Eliminate the 2% discount allowed to early sales tax filers

PREVIOUS COUNCIL ACTION: The Council has held eighteen work sessions directly relating to the City's fiscal outlook, budgeting, revenue projections, and sales tax. These began in May 2016 and were held approximately once per month (excluding June 2016, November 2016, and December 2016) culminating in the most recent work session that occurred on September 11, 2017. During the September 11, 2017, work session, Council directed City staff to move forward with the ordinances noted above. At the September 28, 2017, regular meeting Council postponed passing Ordinance No. 1367 in the first reading until a Community Forum was held, which occurred on October 16, 2017.

FINANCIAL IMPLICATIONS: Financial implications for increasing the sales tax minimum taxable sale from \$750 to \$3,000, maintaining a \$750 maximum sale amount for real property residential and commercial rentals, and eliminating the 2% discount offered for timely filing of sales tax returns are

projected to increase City revenues by approximately \$5.8 million within the first full year of implementation.

ALTERNATIVES:

- 1) Pass Ordinance No. 1368 in the first reading and advance to second reading and public hearing, which is staff's recommendation, because it is consistent with the Council's direction at the work session on September 11, 2017.
- 2) Postpone, amend, or do not pass Ordinance No. 1368 in the first reading.

LEGAL: The City's attorney wrote Ordinance No. 1368.

CITY MANAGER'S COMMENTS: This ordinance does not change the current tax structure for residential or commercial rental property. In fact it is meant to protect rental property from escalating sales taxes with the intent to continue the City Councils vision of maintaining affordable housing in our community. This cap in sales tax for property rental is set at \$750. If adopted, this ordinance will become effective January 1, 2018. Staff supports this ordinance.

NOTES/ATTACHMENTS:

Attachment A: Ordinance No. 1368

Clerk's Note: The motion to pass Ordinance No. 1368 in the first reading and advance to second reading and public hearing at the next special or regular meeting was made and postponed at the September 28, 2017, regular meeting.

The motion is back before the Council for vote, amendment, or further postponement.

**CITY OF KODIAK
ORDINANCE NUMBER 1368**

AN ORDINANCE OF THE COUNCIL OF THE CITY OF KODIAK AMENDING KODIAK CITY CODE 3.08.040, “GENERAL EXEMPTIONS” AND KODIAK CITY CODE 3.08.120, “MAXIMUM TAXABLE SALE,” TO EXEMPT REAL PROPERTY RENTALS EXCEEDING ONE MONTH AND \$750.00 FROM CITY OF KODIAK SALES TAX

WHEREAS, it is in the City of Kodiak’s best interest to exempt rentals of real property that are for longer than one month and more than \$750 from sales tax; and

WHEREAS, this exemption also serves as a “tax cap” and thus it is best codified in both the “general exemptions” and “maximum taxable sale” sections of the Kodiak City Code to provide Kodiak’s taxpayers with clarity when applying the Kodiak City Code,

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

Section 1: Kodiak City Code 3.08.040 entitled “General Exemptions” is amended as follows:

The following classes of sales, rentals, and services are exempt from the tax imposed by this chapter:

- (a) Casual and isolated sales and rentals of personal property, and services not rendered in the regular course of business of the seller;
 - (b) Medical services performed by licensed medical doctors, dentists, osteopaths, optometrists, psychiatrists, psychologists, and chiropractors; sales of medicinal preparations and drugs prescribed by medical doctors; and hospital services;
 - (c) Sales, rentals, and services to religious and charitable organizations as defined in Sections 501(c)(1), (3), and (4) of the Internal Revenue Code, for the conduct of regular religious or charitable functions and activities, and not for the support or maintenance of the general membership or for communal living;
 - (d) Sales of food in school cafeterias and lunchrooms that are operated primarily for students;
 - (e) Sales and services by nonprofit schools and student organizations within schools for support of the school, organization, or extracurricular activities or events;
 - (f) Sales, rentals, and services to the United States, the state of Alaska, and any agencies or political subdivisions thereof;
 - (g) Dues or fees to clubs, labor unions, and fraternal organizations;
- [Bold and underlined added.]** Deleted language ~~stricken through.~~

- (h) Subscriptions to newspapers and periodicals;
- (i) Sales of insurance and bonds of guaranty and fidelity;
- (j) Funeral charges;
- (k) Transportation charges of commercial airlines, air charters, and passenger ship companies; provided, however, that this exemption shall not extend to boat charter operations not affecting interstate commerce;
- (l) Services rendered by banking or savings and loan institutions or credit unions;
- (m) Services rendered by an employee to an employer in the normal course of employment;
- (n) Sales, rentals, and services which the city is prohibited from taxing by the Constitution or laws of the United States or the state of Alaska;
- (o) Retail sales in dining rooms or cafeterias of food furnished by nonprofit organizations under programs wholly or partially supported by government funds;
- (p) Nursery and babysitting services;
- (q) Long-distance transmission of telephone and telegraph messages;
- (r) Sales of heating fuel exclusively for residential uses (not to include fuel used in or on watercraft);
- (s) Sales of electrical service to exclusively residential units;
- (t) Sales of propane gas exclusively for residential uses (e.g., cooking, water heating, heating, clothes drying);
- (u) Sale of fuel used in stationary power plants that generate electrical energy exclusively for private residential consumption;
- (v) Sales, rentals, and services to nonprofit associations or organizations operated primarily for the purpose of planning, promoting, and conducting organized group activities for participants who are 18 years of age or less;
- (w) Charges for garbage/refuse collection for garbage/refuse generated exclusively by residential use;
- (x) Sales of water and sewer utility services for residential use; and

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

(y) Sales by religious or charitable organizations, as defined in Sections 501(c)(1), (3), and (4) of the Internal Revenue Code, of pull tabs, raffle and lottery tickets, bingo cards, and other tokens of participation in games of chance and contests of skill;

(z) Charges for rental of any residential or commercial real property for a period in excess of one month that exceeds \$750.00 for a single transaction.

Section 1: Subsection (a) of Kodiak City Code 3.08.120, entitled “Maximum taxable sale,” is hereby amended to read as follows:

(a) If the sales price of an item or items or the charge for rental of any property or performance of any service exceeds \$750.00 for a single transaction, that portion of the price or charge in excess of \$750.00 shall be exempt from the tax levied by this chapter. **If the the charge for rental of any residential or commercial real property for a period in excess of one month exceeds \$750.00 for a single transaction, that portion of the charge in excess of \$750.00 shall be exempt from the tax levied by this chapter.**

Section 2: This ordinance shall be effective on January 1, 2018 and no earlier than one month after its final passage and publication in accordance with Kodiak Charter Section 2–13.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK


First Reading: Postponed in First Reading September 28, 2017
Continued First Reading:
Second Reading:
Effective Date:

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

NEW BUSINESS

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Mike Tvenge, City Manager 

Date: October 26, 2017

Agenda Item: V. a. **Authorization to Cancel the November 23, and December 28, 2017, Regular Meetings and Authorize the City Manager to Schedule Additional Special Meetings if Needed**

SUMMARY: The regularly scheduled Council meetings for November and December may be cancelled to reflect the holidays and elected official and staff travel schedules. Elected Officials and staff attend the Annual Alaska Municipal League Conference November 13 through November 17. Thanksgiving is on November 23 and December 28 is following the Christmas holiday weekend, these are both regular meeting days. Staff discussed the meeting schedule with the Council at the September 26, 2017, work session, and Council recommended cancelling the works sessions and the November 23 and December 28, 2017, regular meetings and authorizing 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 November 23, and December 28, 2017, regular meetings and authorize the City Manager to schedule additional special meetings if needed.

OCTOBER 26, 2017
Agenda Item V. a. Memo Page 1 of 1

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MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Debra Marlar, City Clerk *MS for DM*

Date: October 26, 2017

Agenda Item: **V. b. Certification of Election**

SUMMARY: The City of Kodiak held a regular election October 3, 2017, and voters cast ballots for the two-year Mayoral position and the two three-year City Council positions. The Canvass Board met October 11, 2017, to tally the votes of the admissible questioned and absentee ballots, together with votes counted on election night. The final results of the October 3, 2017, Municipal City election were:

Mayor—One Two-Year Term
Pat Branson428
Write-ins38

City Council—Two Three-Year Terms
Laura B. Arboleda.....396
Randall C. Bishop360
Write-Ins32

Of the 3,574 registered City voters, 603 cast eligible City ballots, for a 16.9 % voter turnout, which is 6.9% lower than last year.

NOTES/ATTACHMENTS:

- Attachment A: Certificate of Election
- Attachment B: Canvass Report of Final Results

PROPOSED MOTION:

Move to certify the results of the October 3, 2017, regular election and declare Pat Branson elected Mayor for a two-year term and Laura B. Arboleda and Randall C. Bishop elected to the City Council for three-year terms.

CITY OF KODIAK, ALASKA
2017 Municipal Election
Certificate of Election

WE, the undersigned MAYOR and CITY CLERK of the City of Kodiak, Alaska, do hereby certify that the Council of the City of Kodiak, Alaska, in accordance with KCC 2.28.015, have received the report of the Canvass Board for the 2017 Municipal Election, held on the 3rd day of October 2017 and have determined that the election was validly held and have certified the following results:

Mayor, one two-year term

Number of votes cast:.....466

Candidate	Votes Received
Pat Branson	428
Write-ins	38

Councilmember, two three-year terms

Number of votes cast:788

Candidates	Votes Received
Laura B. Arboleda	396
Randall C. Bishop	360
Write-ins	32

By the authority vested in us by the laws of the State of Alaska and the Charter and Code of the City of Kodiak, Alaska, we do hereby affix our hand and seal.

MAYOR

CITY CLERK

DATED this 26th day of October 2017.

**Canvass Certificate of Election
October 3, 2017, Regular Election**

(Harbor) (Teen) Admissible
32/820 32/825 Questioned Total Percent

REGISTERED VOTERS/BALLOTS CAST

REGISTERED VOTERS	1,815	1,759		3,574	
BALLOTS CAST	268	299	36	603	16.9%

VOTES CAST

Mayor, One Two-Year Term


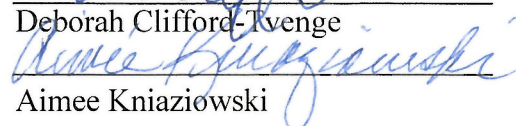
Pat Branson	204	195	29	428	91.8%
Write-ins	18	20	0	38	8.2%
Total	222	215	29	466	100%


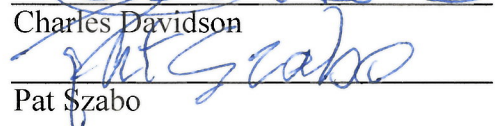
City Council, Two Three-Year Terms

Laura B. Arboleda	195	171	30	396	50.2%
Randall C. Bishop	189	145	26	360	45.7%
Write-ins	12	18	2	32	4.1%
Total	396	334	58	788	100%

We, the undersigned Canvass Board for the 2017 City of Kodiak Municipal Election held October 3, 2017, hereby certify that the above is a true and correct statement of election results.

Dated this 11th day of October 2017.


Deborah Clifford-Tvenge

Aimee Kniazowski


Charles Davidson

Pat Szabo

OATH OF OFFICE

MEMORANDUM TO COUNCIL

Date: October 26, 2017

Agenda Item: X. Oath of Office

SUMMARY: KCC 2.28.080 requires elected officials to take and subscribe to the Oath of Office. The City Clerk will now administer the Oath of Office to the City's re-elected officials.

ATTACHMENT:

Attachment A: Oath of Office

CITY OF KODIAK, ALASKA

Oath of Office

October 26, 2017

I, _____, do solemnly affirm that I will support the Constitution and laws of the United States, the laws of the State of Alaska, the ordinances of the City of Kodiak, and that I will faithfully and honestly perform the duties of _____, so help me God.

CITY OF KODIAK

Elected Official's Signature

ATTEST:

Debra L. Marlar, City Clerk