

KODIAK CITY COUNCIL
WORK SESSION AGENDA

Tuesday, December 12, 2017
Kodiak Public Library Multi-Purpose Room
7:30 p.m.

A quorum of the Council was not present at the December 12, 2017, work session. The session was called to order, public comments were provided, and the work session ended.

Work sessions are informal meetings of the City Council where Councilmembers review the upcoming regular meeting agenda packet and seek or receive information from staff. Although additional items not listed on the work session agenda are sometimes discussed when introduced by the Mayor, Council, or staff, no formal action is taken at work sessions and items that require formal Council action are placed on a regular Council meeting agenda. Public comments at work sessions are NOT considered part of the official record. Public comments intended for the "official record" should be made at a regular City Council meeting.

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MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Mike Tvenge, City Manager

Thru: Matthew Van Daele, Deputy City Manager

Date: December 12, 2017

Agenda Item: **Downtown Kodiak, Public Safety, and Legislation Update**

SUMMARY: On September 29th, 2017, we conducted a walk-through of the Downtown area with Chief Wallace. During this brief visit it was abundantly clear that steps would need to be taken to address factors downtown to lessen the ability for or enabling of “antisocial” behaviors continuing (namely public intoxication, harassment, theft, assault, and lewd behavior). Reducing these behaviors and changing the atmosphere of Downtown would create a more conducive environment for Downtown businesses and commerce to grow and thrive due to a corresponding increase in “positive” traffic (families and tourists spending more time downtown and generating greater revenues for businesses).

From this quick excursion it was immediately evident what our local business owners and their patrons are experiencing, and we are working together to start developing plans to address these challenges. One such avenue to address our shared concerns is the hire of four additional police officers to increase patrol and outreach in the Downtown area. Furthermore, if the means and desire were available to work with a commercial building owner and create a cooperative approach to house these officers within an existing building, we could maximize the outreach potential of these new officers while minimizing the cost of housing a satellite police station.

However, there are many other factors at play Downtown that would need to be addressed that go above and beyond hiring additional patrol staff for the Kodiak Police Department. Access to care and diagnosis of mental health issues, drug and alcohol abuse, and an overriding lack of resources to address these societal needs remain an undeniable challenge. Additionally, State legislation (such as the former SB 91 and the soon-to-be newly enacted SB 54) each pose their own challenges on our ability to address the real-world situations and factors created in Kodiak by laws passed 1,000 miles away in Juneau.

It is important to note, however, that Kodiak is not alone with these challenges, and many other communities in Alaska are facing similar circumstances. During the recent annual Alaska Municipal League conference held in Anchorage from November 13th – 17th, we heard several presentations on these types of topics, as well as having our own conversations with sister municipalities about the challenges they are facing and steps they are taking to adapt and overcome these difficult situations. The “Downtown Challenges” listed below are a synthesis of our own community’s ideas on how to tackle these issues, combined with steps other communities are taking in their own situations.

One critical piece of any plan to revitalize Downtown will be the inclusion of key stakeholders and community partners. For any environmental changes to be effective (such as hiring additional officers), there would also need to be corresponding social changes as well. A logical place to start would be continued work with our existing Downtown Committee as well as the Chamber of Commerce to

DECEMBER 12, 2017

Memo Page 1 of 2

determine any thoughts they and their membership may have - specifically advocating for change, implementing change, and working together with its members and the City to maintain this momentum and a positive trajectory.

DOWNTOWN CHALLENGES – Socioeconomic, Psychological, and Legislative factors are all contributing to the situation we are attempting to rectify.

Behaviors and activities, including recidivism, vagrancy, drug use/abuse/sales, and public inebriation are among the **direct causes of impacts Downtown**, including unabated stifled economic development, poor and/or threatening experiences for Downtown visitors, and impairment of public spaces.

These **impacts could be mitigated via** removal of “attractants,” and “dissuasive” activities and actions to make Downtown less attractive and conducive for the continuation of these behaviors.

Mitigation measures would begin with determining what is causing Downtown to be so alluring for continuation of these negative behaviors and activities, and subsequent **removal of these attractants**.

Subsequent to the removal of the attractants, creating **active dissuasive measures** are just as important, such as:

- 1) an increased police presence;
- 2) more Downtown events drawing in greater numbers of the public;
- 3) a “neighborhood watch” of sorts comprised of Downtown business owners and patrons backed up by KPD; and,
- 4) eventual Legislative reform to strengthen the overall effort.

Mitigation of the impacts could include:

- 1) creating an environment and creating opportunities for existing and new businesses to thrive Downtown;
- 2) empowering citizens and Downtown businesses to become integral parts of a community solution; and,
- 3) the before-mentioned increased police presence, legislative reforms, removal of attractants, and more downtown events to dissuade negative behavior.

Mitigation of the behavior itself would be more challenging, and important elements should include:

- 1) an evaluation if changes are needed regarding increased access to mental health care, creation of a half-way house (or houses), a Day Shelter, and sober living opportunities (and requirements);
- 2) coupled with greater drug interdiction, review of mental health opportunities and treatment, and continued promotion and creation of opportunities to get clean, stay clean, and reintegrate into the community.

Possible next steps could be picking one item from each of the three “Mitigation” sections (mitigation measures, mitigation of the impacts, and mitigation of the behavior) to prioritize for conversation with community partners and possible implementation.



Kodiak Island Borough

Solid Waste Advisory Board

710 Mill Bay Road
Kodiak, Alaska 99615
Reduce Reuse Recycle



December 5, 2017

The Honorable Pat Branson
Mayor
City of Kodiak
710 Mill Bay Road
Kodiak, AK 99615

Dear Mayor Branson,

I have attached the Plastic Bag Transition Plan and Timeline for the proposed ordinance to ban the distribution of single-use plastic bags by retailers in the City of Kodiak. The Plan was approved by the Kodiak Island Borough Solid Waste Advisory Board (SWAB) on December 4 by a vote of four to zero (4-0). In addition to SWAB members, the Plan was developed by Stephanie Mason and Mary Ruskovich, who are private citizens.

The goal of the Plan is to provide six thousand reusable shopping bags for distribution to the public during the transition period. The Kodiak Brown Bear Trust (KBBT) has agreed to be the agency that will receive and disburse any donations or grants that will be needed to carry out the Plan and has committed funds to purchase reusable shopping bags for distribution to the public. Additionally, Jason Jardine, Kodiak Walmart Manager, has agreed to support a \$1000 grant from Walmart, and the Kodiak Lions Club has committed \$500 to purchase reusable shopping bags for distribution. We will seek other donors and sponsors to raise the funds to purchase six thousand bags.

Any suggestions from you and the City Council will be greatly appreciated.

Sincerely,

Nick Szabo
Chairman

PLASTIC BAG BAN TRANSITION PLAN AND TIMELINE

Public Engagement

Public meetings and community events will be organized, focusing on the harm caused by plastic litter, especially single use plastics. This will create awareness and start the discussion among Kodiak Island residents.

Relations among local media outlets will be developed. Utilizing all sources of media allow us to reach a wide range of residents. For example: Public services announcements (KMXT & KVOK), press releases (Kodiak Daily Mirror), Facebook posts (Friends of Kodiak), Instagram posts, etc.

Posters and handouts will be distributed throughout the community announcing the campaign and keeping residents up-to-date with developments and events.

Volunteers will attend most community-wide events, distributing reusable bags and informational handouts.

Connections

Efforts will be made to establish relationships among local retailers that will be impacted by a plastic bag ban. We will also put energy toward developing a coalition among small businesses, non-profit organizations, and corporations.

Kodiak City Council and Kodiak Island Borough

Ban the bag supporters and sponsors will attend City Council meetings and Borough Assembly meetings to give updates on the campaign and transition.

Short Term Goals

Raise awareness about the use and harms of single use plastic bags, develop relationships with local retailers and organizations.

Intermediate Goals

Gain support from community, work with local government, create partnerships, build a coalition, be a presence in schools and at community events.

Long Term Goals

- Purchase six thousand reusable shopping bags for distribution to the public.
- Pass ordinance, continue education, survey bag use.

Campaign Timeline

December Campaign Kick-Off

- Engage the community
- Create slogan, posters and handouts
- Recruit supporters and sponsors
- Establish partnerships
- Advise sponsors of appropriate reusable bags to purchase.
- Attend Kodiak City Council and Kodiak Island Borough meetings and community wide events.

January

- Create Public Service Announcements (PSA) and Press Releases
- Follow up with sponsors about reusable bag purchase
- Find more sponsors depending on how many reusable bags are needed
- Show "Bag-It!", the documentary, at the Library
- Attend Kodiak City Council and Kodiak Island Borough meetings and community wide events.

February

- Distribution of reusable bags at events and local government meetings
- Attend Kodiak City Council and Kodiak Island Borough meetings and community wide events.

March

- Distribution of reusable bags at events and local government meetings
- Attend Kodiak City Council and Kodiak Island Borough meetings and community wide events.

April

- Distribution of reusable bags at events and local government meetings
- Attend Kodiak City Council and Kodiak Island Borough meetings and community wide events.
- Implementation on Ban the Bag Earth Day event on April 22, 2018.

CITY OF KODIAK
ORDINANCE NUMBER XXXX

AN ORDINANCE OF THE COUNCIL OF THE CITY OF KODIAK REDUCING THE USE OF DISPOSABLE PLASTIC SHOPPING BAGS

WHEREAS, the use of disposable plastic shopping bags in Kodiak creates burdens on the local solid waste disposal system and degrades the environment; and

WHEREAS, to decrease the use of disposable plastic shopping bags in Kodiak, it is necessary to restrict and mitigate such use; and

WHEREAS, it is in the best interest of the City of Kodiak and its residents to reduce the use of disposable plastic shopping bags in Kodiak.

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

Section 1: Section 7.32 Littering, of the Kodiak City Code, is hereby amended to add a new section, Section 7.32.050 Disposable Plastic Shopping Bags, to regulate their use and distribution, which is added to read as follows;

Title 7.32.050 Disposable Plastic Shopping Bags

- a) The purpose of this section is to reduce the generation of waste from disposable plastic shopping bags.
- b) On April 22, 2018, disposable plastic shopping bags will no longer be permitted for distribution within the City of Kodiak.
- c) Bags used by customers inside stores to package bulk items such as fruit, vegetables, nuts, grains, candy, or small hardware items, such as washers and bolts; bags used to contain dampness or leaks from items such as frozen foods, meat or fish, flowers or potted plants; bags used to protect prepared foods or bakery goods; bags provided by pharmacists to contain prescription drugs; laundry or dry cleaning bags; bags sold for consumer use off the seller's premises for such purposes as the collection and disposal of garbage, pet waste, or yard waste; and newspaper bags are exempt from the requirements of this chapter.
- d) For the immediate preservation of the public peace, health, or safety, the provisions of this chapter may be suspended.

Section 2: Section 7.32.020 Definitions, of the Kodiak City Code, is hereby amended to add new definitions of "buyer," "seller," and "disposable plastic shopping bag", and are added to read as follows;

Title 7.32.020 Definitions

As used in this chapter;

“Litter” means all waste material of every kind and nature, including, but not limited to, disposable packages or containers: disposable plastic shopping bags; glass and metal containers; construction material; rubbish; garbage; junk; paper; paper products; rock, gravel, and/or dirt; machinery; vehicles and parts thereof; grass, shrub, and tree clippings; dead animals; any nauseous or offensive matter of any kind; and any object likely to injure any person or create a traffic hazard.

“Buyer” means a person who is a purchaser of goods or services.

“Disposable plastic shopping bag” means a bag made from plastic and/or any plastic material marketed or labeled as “biodegradable” or “compostable” that is not suitable for continuous reuse; if made of or containing plastic and is less than 4 mils thick; is unable to be cleaned and disinfected regularly; and is designed to carry customer purchases from the seller’s premises.

“Seller” means a person or persons who are vendors of property, persons furnishing services, and all persons making sales, including goods and services.

Section 3: Sections 2 and 3 of this ordinance are of a permanent and general nature and shall be included in the Kodiak City Code.

Section 4: This ordinance shall take effect on April 22, 2018, in accordance with Kodiak Charter Article II, Section 13.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

First Reading:
Second Reading:
Effective Date:

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MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Mike Tvenge, City Manager
Thru: Kelly Mayes, Finance Director *KMM*
Date: December 12, 2017

Agenda Item: December 12, 2017 Work Session – FY 2019 Revenue Projections

SUMMARY:

FY 2019 Revenue Projections are listed as an agenda item on the City Work Session for December 12, 2017. As we have been discussing city revenues and budgetary constraints for the most recent two years, this memo will outline the process performed by city staff to project revenues that lay the groundwork for the City's FY 2019 budget.

BACKGROUND:

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, the City Council recently voted to increase the maximum taxable sale from \$750 to \$3,000 while all real property commercial and residential rentals over 30 days maintain a \$750 maximum taxable sale.

REVENUE PROJECTIONS – THE PROCESS:

Revenue projections are a critical component of the overall budget process as these define the baseline for anticipated inflows of resources for the upcoming fiscal year. The finance director uses a forecasting model based on historical data to project revenues for the budget. This is done by utilizing the most recent five years of audited revenues and the current year budget to project the anticipated revenues.

Once the forecasting model has been completed, the finance director will analyze all current year revenues received from July 1 through the date the revenue projections are completed. The finance director will use this analytical data for current year revenues to recognize any trends for potential increases or decreases in certain revenue classifications such as sales tax, interest income, rental income, and various City charges for services. The finance director will then contact each of the City department directors to note any changes in charges for services that those departments have seen thus far in the current year. If significant changes are noted, the finance director will adjust the anticipated revenues to reflect these appropriate changes that are seen throughout the City.

REVENUE PROJECTIONS – THE PROCESS: continued

For intergovernmental revenues, the finance director will contact the State of Alaska for State of Alaska shared revenues such as PERS on behalf payments, community assistance programs, shared fisheries business tax, fisheries resource landing tax, and various operating grants. Any significant adjustments are reflected in the anticipated revenues to reflect the appropriate changes that are noted through this research with the State.

Before finalization of the revenue projections, the finance director will meet with the City manager to review all anticipated revenues for the upcoming year. The City manager will provide guidance that has been received through state and federal resources regarding anticipated increases in capital grant funding, anticipated changes to revenue sharing or programs at the state or federal levels, discussions with colleagues throughout the state of Alaska, and other resources at the manager's disposal.

Once all trends and known changes have been reflected, the revenue projections are finalized and presented to the City Council at the beginning of the budget process for the upcoming fiscal year.

FY 2019 IN SUMMARY:

General fund revenues – primary components:

- Property Taxes –
The city is experiencing gradual increases in property taxes over the most recent three year period. As such, property tax revenues have been budgeted to approximate the actual revenues expected to be received. This is based on FY 2017 actual amounts.
- Sales Taxes –
The City passed an ordinance to increase the maximum taxable sale from \$750 to \$3,000 while maintaining a \$750 maximum taxable sale on all real property residential and commercial rentals over 30 days. When combined with decreases over the most recent three years of approximately 16.67%, sales tax revenues have been budgeted conservatively at \$15,800,000. See Slide # 6 and Slide # 7 for a detailed breakdown of sales tax budget calculations.
- PERS On Behalf –
PERS On Behalf payments from the State of Alaska continue to decline. All funds have been budgeted to approximate the actual revenues expected to be received. This is based on FY 2017 actual amounts.
- Fines & Forfeitures –
These amounts are immaterial in the amount and are miscellaneous in nature. Therefore, these have been budgeted to approximate the actual revenues expected to be received. This is based on FY 2017 actual amounts.
- Investment Income –
While investments are dependent upon their market value, the City continues to recognize an increase investment income, net of applicable fees, primarily due to the investment management services provided by Alaska Permanent Capital Management.
- Rents & Royalties –
These amounts are based on current leases in place for city property and royalties received from quarries. As portions of these revenues can fluctuate year over year, these have been budgeted to approximate the actual revenues expected to be received. This is based on FY 2017 actual amounts.

General fund revenues – primary components: continued

- **Miscellaneous –**
Miscellaneous revenues include items that are non-standard in nature. For the most recent years, the City has been receiving discounts on health insurance, which are reflected in the amended budget. As these are not known and not anticipated, the City does not budget for miscellaneous revenues that it does not anticipate to receive. The budgeted amounts for FY 2019 are based on FY 2017 actual amounts. If other revenues are received, the budget will be amended in the future.
- **Interfund Charges –**
These are interfund allocations budgeted each year for the services provided to each of the enterprise funds. As many of these are based upon the expense budgets for the respective enterprise funds, this is the last calculation performed before the budget is finalized. Therefore, as FY 2018 adopted budget amounts for interfund charges are consistent with the FY 2017 amended budget, the FY 2018 budget amounts are used for the FY 2019 revenue projections. These amounts will be appropriately updated at the end of the budget cycle.

Water & Sewer fund revenues – primary components:

- **Water – Collection Fees & Meters –**
A Water Rate Study was performed within the last three fiscal years. These studies were included in the forecasting model for the water rate increases for metered accounts.
- **Sewer – Collection Fees & Meters –**
A Sewer Rate Study is projected for FY 2019. Under the current fee schedule, the sewer rates will increase 5% for fiscal year 2019. Therefore, the sewer charges for services reflect this 5% increase to all affected fees and charges.
- **Other Revenue –**
Miscellaneous revenues include items that are non-standard in nature. For the most recent years, the City has been receiving discounts on health insurance, which are reflected in the amended budget. As these are not known and not anticipated, the City does not budget for miscellaneous revenues that it does not anticipate to receive. The budgeted amounts for FY 2019 are based on FY 2017 actual amounts. If other revenues are received, the budget will be amended in the future.
- **Investment Income –**
While investments are dependent upon their market value, the City continues to recognize an increase investment income, net of applicable fees, primarily due to the investment management services provided by Alaska Permanent Capital Management.
- **PERS On Behalf –**
PERS On Behalf payments from the State of Alaska continue to decline. All funds have been budgeted to approximate the actual revenues expected to be received. This is based on FY 2017 actual amounts.

Cargo & Harbor fund revenues – primary components:

- **Cargo – Charges for Services –**
These charges are primarily based on agreements in place with the City. Per review of the forecasting model, these revenues reflect the appropriate escalation clauses.

Cargo & Harbor fund revenues – primary components: continued

- Harbor – Charges for Services
A Harbor Rate Study was performed during fiscal year 2017 and implemented mid-year to include an 18.5% increase. Harbor rates were budgeted based on the five-year rate study that included the 2.8% increase set in place for fiscal year 2019.
- PERS On Behalf –
PERS On Behalf payments from the State of Alaska continue to decline. All funds have been budgeted to approximate the actual revenues expected to be received. This is based on FY 2017 actual amounts.
- Investment Income –
While investments are dependent upon their market value, the City continues to recognize an increase investment income, net of applicable fees, primarily due to the investment management services provided by Alaska Permanent Capital Management.

Shipyards fund revenues – primary components:

- Charges for Services –
Charges for services have been declining in the most recent three year period. Primarily due to fewer boats requiring use of the marine travel lift and fewer lay days in the ship yard. The harbormaster and port & harbor advisory board have been discussing ways to increase revenues within the shipyard. Therefore, shipyard charges for services have been budgeted to approximate revenues anticipated to be received for the upcoming fiscal year.
- Investment Income –
While investments are dependent upon their market value, the City continues to recognize an increase investment income, net of applicable fees, primarily due to the investment management services provided by Alaska Permanent Capital Management. Interest is allocated on a pro rata basis across all city funds. Therefore, with the decrease in the shipyard revenues, there is a decrease in the allocated percentage share of investment income that this fund will receive.
- PERS On Behalf –
PERS On Behalf payments from the State of Alaska continue to decline. All funds have been budgeted to approximate the actual revenues expected to be received. This is based on FY 2017 actual amounts.
- Other Revenue –
Miscellaneous revenues include items that are non-standard in nature. For the most recent years, the City has been receiving discounts on health insurance, which are reflected in the amended budget. As these are not known and not anticipated, the City does not budget for miscellaneous revenues that it does not anticipate to receive. The budgeted amounts for FY 2019 are based on FY 2017 actual amounts. If other revenues are received, the budget will be amended in the future.

ENCLOSURES:

FY 2019 Budget Calendar

Revenue Projections – Presentation

Please bring this package to the December 12, 2017 work session.

City of Kodiak
Budget Calendar FY 2019

DATE	ITEM	BY
December 12, 2017	City Council Presentation FY 2019 Revenue Projections, & Budget Calendar	City Manager & Finance Director
December 16, 2017	Review City Council Goals and prepare suggested changes	City Manager & City Council
January 11, 2018	City Council adopts Goals by Resolution	City Manager & City Council
January 12, 2018	Meeting of City Manager & Department Heads to distribute budget packets and provide overview of information in packets.	City Manager & Department Heads
February 1, 2018	Final day for departmental budget requests to be returned to Manager (via Finance Department)	Department Heads
February 1 - 15, 2018	City Manager & Finance Director reviews departmental budget with respective Department Heads.	City Manager/ Finance Director & Department Heads
February 23, 2018	Distribute Manager's Budget to City Council	City Manager
March 10, 2018	Budget presentation to City Council by management staff	City Manager/ Department Heads & City Council
March 22, 2018	First reading of budget ordinance	City Manager/ Finance Director & City Council
April 4, 2018	Advertisement for overall City Council agenda including budget	Clerk
April 12, 2018	Second reading and public hearing of budget ordinance; adoption of budget	City Manager/ Finance Director & City Council
July 1, 2018	Budget Implementation	Finance Director
November 15, 2018	FY 2019 Budget Available on City's website	Finance Director

City of Kodiak

Fiscal Year 2019 Revenue Projections



Fiscal Year 2019 Revenue Projections

- The Budget Process
- FY 2019 Budget Calendar
- Revenue Projections for Major Funds
 - General Fund
 - Water & Sewer Funds
 - Cargo & Harbor Funds
 - Shipyard Fund



The Budget Process

- Council Budget Goals
 - Sales Tax revenue discussions
 - Water Rate Study
 - Sewer Rate Study
 - Harbor Rate Study

- Projecting Revenues
 - Forecasting Model
 - Adapting for Known Changes – Code changes, fee increases, etc.
 - Adjusting if the amounts are material, reasonable, and justifiable to culminate in the final revenue budget

General Fund Forecasts

FY 2019 Revenue Projections

TABLE 3: Forecast Analysis - Income Statement with forecast values along a linear trend using existing values 2014-2017 Budget for 2018 to Forecast 2019 Revenues

GENERAL FUND	Actual	Actual	Actual	Actual	Actual	Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fund Revenues											
Property Tax	708,684	879,280	912,645	921,916	1,083,234	975,000	1,063,024	1,097,316	1,127,275	1,132,289	1,192,630
Sales Tax	11,243,913	11,536,720	11,787,817	11,512,936	10,896,295	11,777,500	11,379,265	11,305,001	11,394,329	11,507,549	11,315,277
Licenses & Permits	237,950	83,253	135,769	59,559	118,571	58,800	71,367	49,940	51,699	27,295	27,017
PERS Relief	765,692	791,927	2,434,826	319,133	256,788	325,000	(108,033)	(878,412)	(845,078)	(1,272,091)	(1,735,091)
State Revenue Sharing	572,306	402,490	397,792	377,926	249,981	109,300	87,241	(22,471)	(128,665)	(207,642)	(287,384)
Department of Revenue - Fish Tax	1,252,420	1,189,750	1,164,404	1,021,500	525,670	525,000	294,795	35,558	(180,323)	(330,289)	(586,760)
DCED Shared Fisheries Tax	90,469	106,436	90,093	88,138	126,865	74,000	88,676	88,463	81,967	69,394	75,724
Fuel Tax Sharing	7,075	5,859	11,186	7,663	6,417	5,000	5,279	2,766	2,145	1,088	(32)
Other Intergovernmental Revenues	87,037	36,426	142,086	93,223	83,150	78,500	94,241	65,116	69,309	65,743	59,448
Police & Fire General	1,285,143	1,624,080	1,542,888	1,399,008	1,441,495	1,279,302	1,220,070	1,146,950	1,079,703	976,723	916,892
KIB Revenues	131,396	162,061	240,332	163,923	93,826	244,415	186,372	177,545	209,153	231,398	208,801
Parks & Recreation	100,645	99,835	108,052	103,798	127,537	108,500	120,589	122,628	125,824	124,226	131,359
Library	12,592	17,503	22,441	27,996	26,388	18,300	24,188	22,002	19,518	19,068	19,675
Other Charges for Services	8,694	7,560	10,181	10,525	11,026	10,700	12,136	12,139	12,607	13,102	13,719
Fines & Forfeitures	15,308	9,482	14,739	3,382	1,675	10,000	4,247	2,499	4,602	4,111	1,665
Interest	9,459	16,396	15,917	20,173	19,726	15,000	17,748	17,259	15,639	15,300	15,737
Rents & Royalties	194,099	173,978	199,411	148,269	127,238	175,000	143,740	133,349	141,518	140,241	125,248
Miscellaneous	45,736	59,301	9,400	361,197	176,574	22,000	153,466	129,208	22,363	40,358	45,163
Interfund Charges	865,152	895,876	871,909	1,210,409	1,579,673	1,534,343	1,813,851	2,064,383	2,223,170	2,388,194	2,639,894
Total Operating Revenues	17,633,770	18,098,213	20,111,888	17,850,714	16,952,129	17,345,660	16,672,261	15,571,238	15,426,755	14,946,058	14,178,981

General Fund Forecasts

FY 2019 Revenue Projections

TABLE 3: Forecast Analysis - Income Statement with forecast values along a linear trend using existing values 2014-2017 Budget for 2018 to Forecast 2019 Revenues

GENERAL FUND	Actual	Actual	Actual	Actual	Actual	Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fund Revenues											
Property Tax	708,684	879,280	912,645	921,916	1,083,234	975,000	1,063,024	1,097,316	1,127,275	1,132,289	1,192,630
Sales Tax	11,243,913	11,536,720	11,787,817	11,512,936	10,896,295	11,777,500	11,379,265	11,305,001	11,394,329	11,507,549	11,315,277
Licenses & Permits	237,950	83,253	135,769	59,599	118,571	58,800	71,367	49,940	51,699	27,295	27,017
PERS Relief	765,692	791,927	2,434,826	319,133	256,788	325,000	(108,033)	(878,412)	(845,078)	(1,272,091)	(1,735,091)
State Revenue Sharing	572,306	402,490	397,792	377,926	249,981	109,300	87,241	(22,471)	(128,665)	(207,642)	(287,384)
Department of Revenue - Fish Tax	1,252,420	1,189,750	1,164,404	1,021,500	525,670	525,000	294,795	35,558	(180,323)	(330,289)	(586,760)
DCED Shared Fisheries Tax	90,469	106,436	90,093	88,138	126,865	74,000	88,676	88,463	81,967	69,394	75,724
Fuel Tax Sharing	7,075	5,859	11,186	7,663	6,417	5,000	5,279	2,766	2,145	1,088	(32)
Other Intergovernmental Revenues	87,037	36,426	142,086	93,223	83,150	78,500	94,241	65,116	69,309	65,743	59,448
Police & Fire General	1,285,143	1,624,080	1,542,888	1,399,008	1,441,495	1,279,302	1,220,070	1,146,950	1,079,703	976,723	916,892
KIB Revenues	131,396	162,061	240,332	163,923	93,826	244,415	186,372	177,545	209,153	231,398	208,801
Parks & Recreation	100,645	99,835	108,052	103,798	127,537	108,500	120,589	122,628	125,824	124,226	131,359
Library	12,592	17,503	22,441	27,996	26,388	18,300	24,188	22,002	19,518	19,068	19,675
Other Charges for Services	8,694	7,560	10,181	10,525	11,026	10,700	12,136	12,139	12,607	13,102	13,719
Fines & Forfeitures	15,308	9,482	14,739	3,382	1,675	10,000	4,247	2,499	4,602	4,111	1,665
Interest	9,459	16,396	15,917	20,173	19,726	15,000	17,748	17,259	15,639	15,300	15,737
Rents & Royalties	194,099	173,978	199,411	148,269	127,238	175,000	143,740	133,349	141,518	140,241	125,248
Miscellaneous	45,736	59,301	9,400	361,197	176,574	22,000	153,466	129,208	22,363	40,358	45,163
Interfund Charges	865,152	895,876	871,909	1,210,409	1,579,673	1,534,343	1,813,851	2,064,383	2,223,170	2,388,194	2,639,894
Total Operating Revenues	17,633,770	18,098,213	20,111,888	17,850,714	16,952,129	17,345,660	16,672,261	15,571,238	15,426,755	14,946,058	14,178,981

General Fund Forecasts

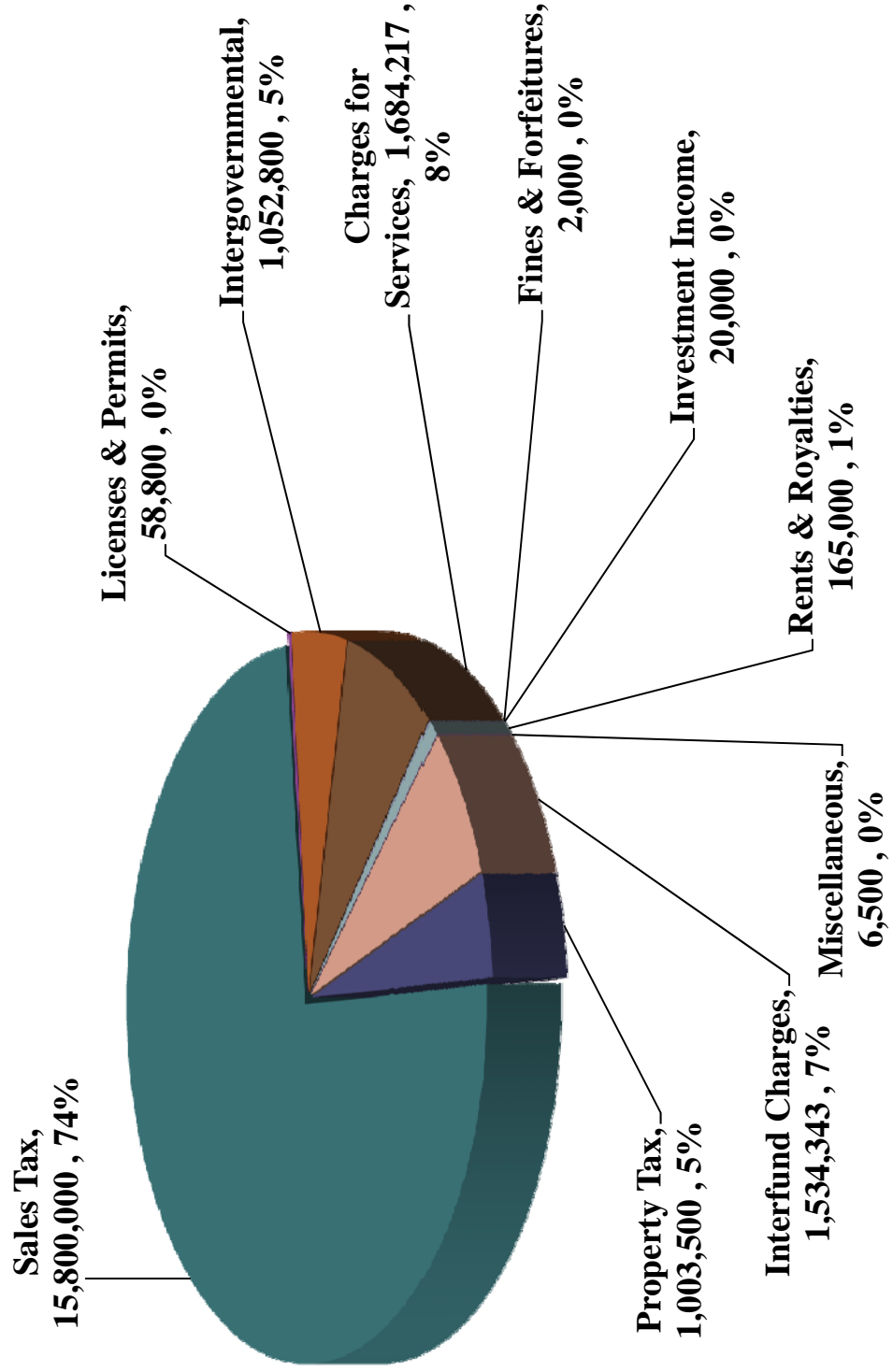
- FY 2019 General Fund Known Changes
 - Sales Tax Maximum Taxable Sale increased to \$3,000 and Real Property Residential and Commercial Rentals over 30 Days Maximum Taxable Sale \$750 – Based on FY 2016 Actual Sales Tax filed the additional revenue is estimated to be \$5,653,094
 - Eliminate the 2% discount for sales tax filers – Based on FY 2016 Actual Sales Tax – Based on FY 2016 Actual Sales Tax filed the additional revenue is estimated to be \$229,197
 - Known decreases in sales tax over the most recent three years - Overall Decrease of 16.67%
 - FY 2016 to FY 2017 – 5.67% Decrease
 - FY 2017 (Budget) to FY 2018 (Budget) – 8% Decrease
 - FY 2018 (Budget) to FY 2019 (Forecast) – 3% Decrease

General Fund Forecasts

FY 2019 General Fund Known Changes

\$	5,653,094	Sales Tax Cap with Rentals
+	<u>229,197</u>	2% Discount Elimination
\$	5,882,291	Total Sales Tax Code Changes
X	<u>16.67%</u>	Total % Decrease in Sales Tax
\$	980,578	Total \$ Decrease Based on % Above
\$	5,882,291	Total Sales Tax Code Changes from Above
-	<u>(980,578)</u>	Less % Decrease from Above
\$	4,901,713	Total Anticipated Increase
+	<u>10,896,295</u>	FY 2017 Actual Sales Tax Revenue
\$	15,798,008	Subtotal
+	<u>1,992</u>	Rounding up for Budget
\$	<u>15,800,000</u>	FY 2019 Budget - Sales Tax Revenue

FY 2019 General Fund Revenue Projections



General Fund Projected Revenue Comparisons

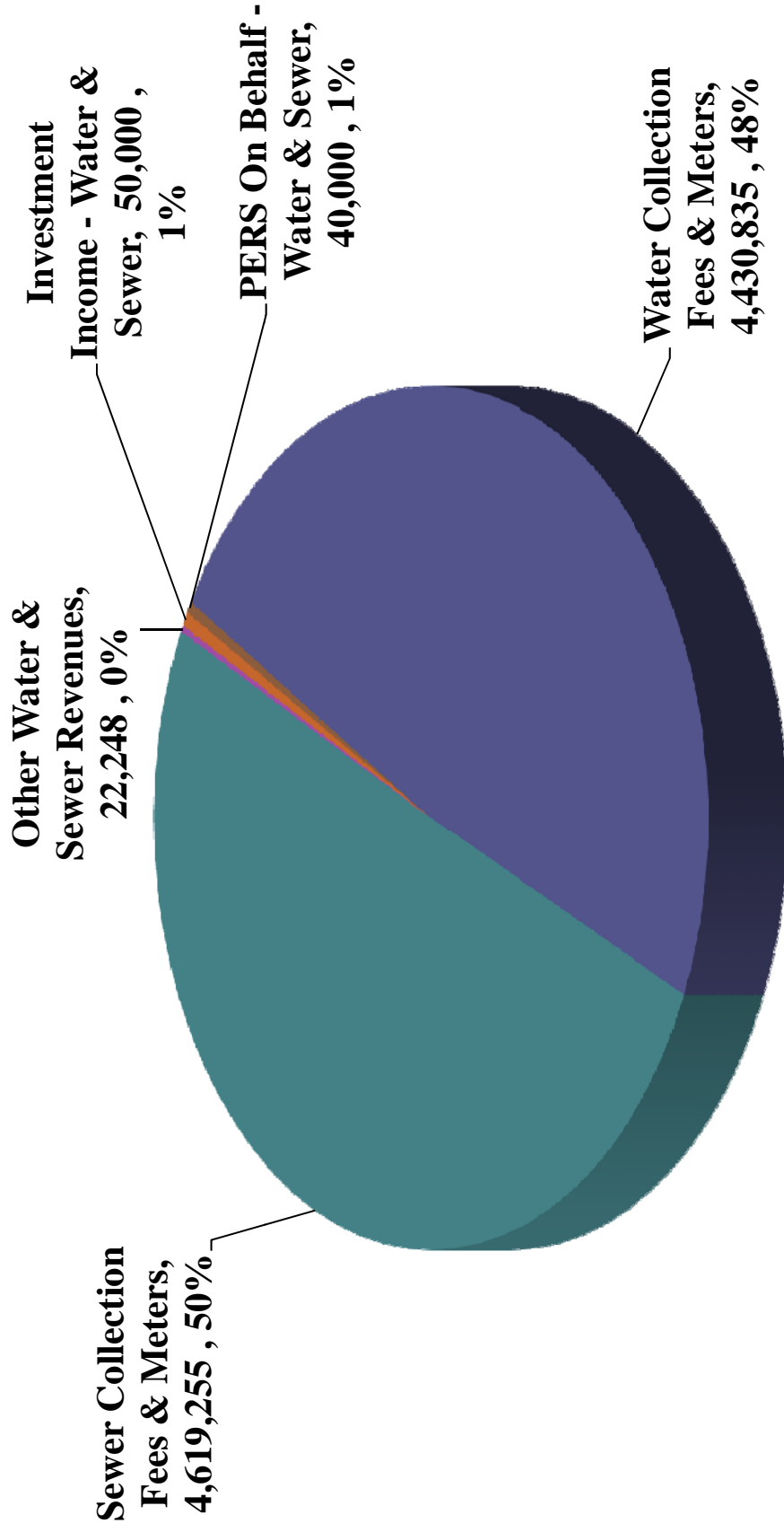
	FY 2017 Amended Budget	FY 2018 Adopted Budget	FY 2019 Budget	% Change from FY 2017 Amended Budget	% Change from FY 2018 Adopted Budget
Property Tax	\$ 953,500	\$ 975,000	\$ 1,003,500	4.98%	2.84%
Sales Tax	\$ 12,327,500	\$ 11,777,500	\$ 15,800,000	21.98%	25.46%
Licenses & Permits	\$ 52,300	\$ 58,800	\$ 58,800	11.05%	0.00%
PERS On Behalf	\$ 1,323,556	\$ 325,000	\$ 260,000	-409.06%	-25.00%
State of AK Revenue Sharing	\$ 1,504,875	\$ 791,800	\$ 792,800	-89.82%	0.13%
Charges for Services	\$ 1,661,217	\$ 1,661,217	\$ 1,684,217	1.37%	1.37%
Fines & Forfeitures	\$ 15,000	\$ 10,000	\$ 2,000	-650.00%	-400.00%
Investment Income	\$ 10,000	\$ 15,000	\$ 20,000	50.00%	25.00%
Rents & Royalties	\$ 230,000	\$ 175,000	\$ 165,000	-39.39%	-6.06%
Miscellaneous	\$ 191,140	\$ 22,000	\$ 6,500	-2,840.62%	-238.46%
Interfund Charges	\$ 1,565,978	\$ 1,534,343	\$ 1,534,343	-2.06%	0.00%
Total General Fund Revenues	\$ 19,835,066	\$ 17,345,660	\$ 21,327,160	7.00%	18.67%



Water & Sewer Utility Revenue Projections

- Meter charges are the only impacted area for revenue projections. Based on the most recent Water Rate study, all other revenues remain consistent.
- Based on the most recent Sewer Rate study, a projected 5% increase will occur during 2019

FY 2019 Water & Sewer Utility Revenue Projections



Water & Sewer Projected Revenue Comparisons

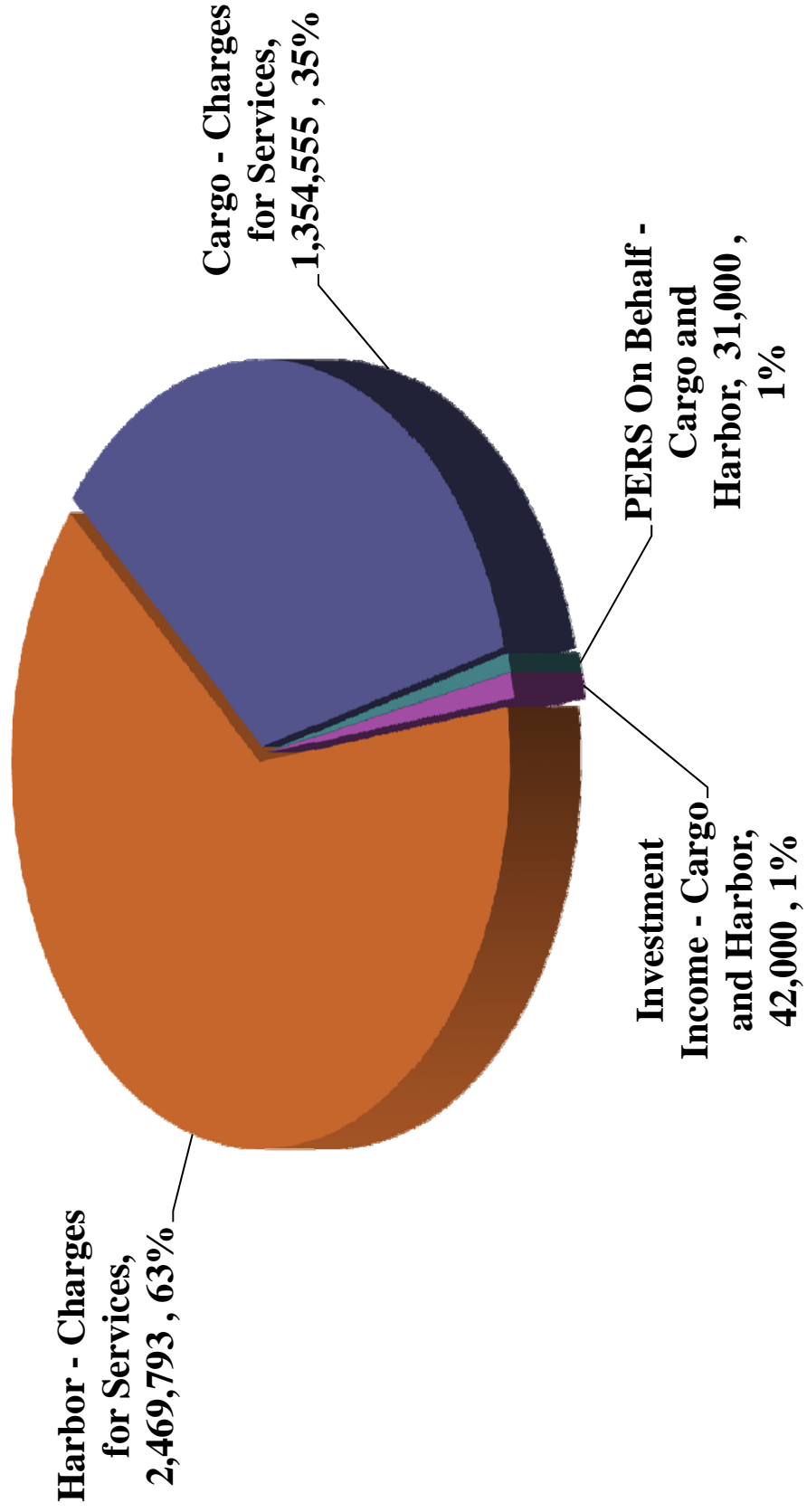
	FY 2017 Amended Budget	FY 2018 Adopted Budget	FY 2019 Budget	% Change from FY 2017 Amended Budget	% Change from FY 2018 Adopted Budget
Water - Collection Fees & Meters	\$ 4,542,000	\$ 4,192,000	\$ 4,430,835	-2.51%	5.39%
Sewer - Collection Fees & Meters	\$ 4,189,800	\$ 4,399,290	\$ 4,619,255	9.30%	4.76%
Other Water & Sewer Revenues	\$ 65,410	\$ 32,000	\$ 22,248	-194.00%	-43.83%
Investment Income – Water & Sewer	\$ 6,000	\$ 7,000	\$ 50,000	88.00%	86.00%
PERS On Behalf – Water & Sewer	\$ 242,936	\$ 60,000	\$ 40,000	-507.34%	-50.00%
Total Water & Sewer Fund Revenues	\$ 9,046,146	\$ 8,690,290	\$ 9,162,337	1.27%	5.15%



Cargo & Harbor Fund Revenue Projections

- Cargo Charges for Services were forecasted based on current Cargo Rates
- Harbor Charges for Services were forecasted based on the most recently adopted rate study

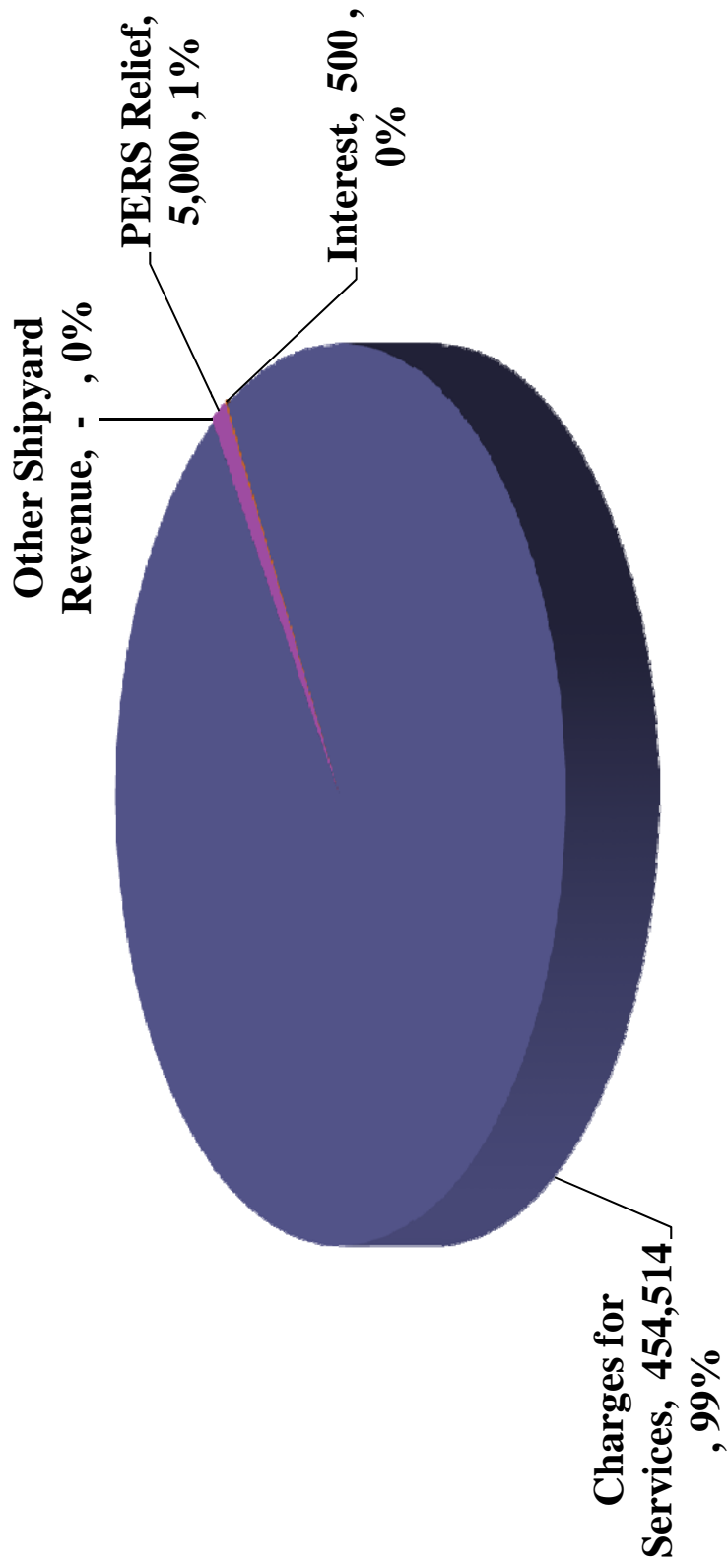
FY 2019 Cargo & Harbor Fund Revenue Projections



Cargo & Harbor Fund Projected Revenue Comparisons

	FY 2017 Amended Budget	FY 2018 Adopted Budget	FY 2019 Budget	% Change from FY 2017 Amended Budget	% Change from FY 2018 Adopted Budget
Cargo - Charges for Services	\$ 1,218,000	\$ 1,330,825	\$ 1,354,555	10.08%	1.75%
Harbor – Charges for Services	\$ 2,253,258	\$ 2,612,283	\$ 2,469,793	8.77%	-5.77%
PERS On Behalf – Cargo & Harbor	\$ 182,382	\$ 65,000	\$ 31,000	-488.33%	-109.68%
Investment Income – Cargo & Harbor	\$ 21,000	\$ 33,000	\$ 42,000	50.00%	21.43%
Other Revenue – Cargo & Harbor	\$ 35,870	\$ -0-	\$ -0-	-100.00%	0.00%
Total Cargo & Harbor Fund Revenues	\$ 3,710,510	4,041,108	\$ 3,897,347	4.79%	-3.69%

FY 2019 Shipyard Revenue Projections




Shipyard Fund Projected Revenue Comparisons

	FY 2017 Amended Budget	FY 2018 Adopted Budget	FY 2019 Budget	% Change from FY 2017 Amended Budget	% Change from FY 2018 Adopted Budget
Charges for Services	\$ 688,000	\$ 616,000	\$ 454,514	-51.37%	-35.53%
Other Revenues	\$ 4,925	\$ -0-	\$ -0-	-100.00%	0.00%
PERS on Behalf	\$ 23,235	\$ 13,500	\$ 5,000	-364.70%	-170.00%
Investment Income	\$ 1,000	\$ 1,000	\$ 500	-100.00%	-100.00%
Total Shipyard Fund Revenues	\$ 717,160	\$ 630,500	\$ 460,014	-55.90%	-37.06%

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MEMORANDUM

TO: City of Kodiak City Council members
FROM: Michelle McNulty, AICP – DOWL 
DATE: December 6, 2017
SUBJECT: Near Island Development Plan Update

Hi All,

Below is a list of all of the changes made to the Final Near Island Development Plan Update as requested by the City Council at your July 11, 2017 meeting. Also attached is a copy of the final plan for your review and approval.

Pages 23-25: Landscaping Requirements Section. The City Council requested that landscaping design standards be proposed as part of the Plan. Recommended design standards have been provided under plan recommendations and include design language as well as corresponding images and cross-sections to better relay the intent and applicability of the landscaping standards.

Page 26, Figure 14: Proposed Land Use Map Revision. The land use designation of a portion of the peninsula of land below the marine storage lot, identified as "Potential Viewing/Picnic Area", has been changed from Water Dependent Marine Industrial to Open Space & Recreation.

All Figures: All figures had erroneously identified the GIS source as the City of Kodiak – all figures have been revised to reflect the correct GIS source as the Kodiak Island Borough.



Near Island Development Plan 2017

Near Island Development Plan

Prepared For:

The City of Kodiak

DECEMBER 2017

Prepared by:



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Appendices

- Appendix A: Updated Conditional Use Permit
- Appendix B: Public Involvement Materials

Introduction

Near Island is part of the Kodiak Island Archipelago, which for over 7,500 years has been inhabited by the Alutiq people or Sugpiaq as they are known in their native language (Alutiqmuseum.org). The original inhabitants subsisted by hunting, fishing, farming, and gathering. The first known outsiders to settle on the island were Russian explorers in 1784. Following the 1867 Alaska purchase by the United States, the island became part of the United States.

Near Island was owned by the State of Alaska until 1968 when the City of Kodiak acquired it. Until 1974, there had been no development on Near Island, although there had been development on several of the other islands in the surrounding area. The island had been used for livestock grazing and some recreational uses, but these uses were relatively light as they were restricted by lack of a connection to the main island.

Since 1974, the island has been developed with a small boat harbor, Trident Basin Seaplane Base, the Kodiak Seafood and Marine Science Center (formerly the Fishery Industrial Technology Center (FITC)), commercial and office uses, a multi-family residential building, quarry operations, parks, and a recreational trail system. The Fred Zharoff Memorial Bridge (Near Island Bridge) was constructed in the Mid-1980's, connecting Near Island to the City of Kodiak. Utilities have also been extended across the island.



Image 1: Fred Zharoff Memorial Bridge



Image 2: Boats Docked at St. Herman's Harbor

Background

Various large-scale planning efforts addressing the future growth and development of Near Island have occurred since 1974. Each of these efforts has built off of the previous plans and has intended to provide flexibility so that development could be responsive to future growth and needs of the community.

1974 Near Island Comprehensive Development Plan

The first comprehensive development plan for Near Island was completed in 1974 in preparation of impending land demands associated with the proposed new small boat harbor in St. Herman's Harbor (formerly Dog Bay). The 1974 Near Island Comprehensive Development Plan (CDP) was adopted by the Kodiak Island Borough (KIB) in 1980. The next few years saw the development of the small boat harbor, the linking of Near Island and the City of Kodiak by bridge, and the siting for the proposed Kodiak Seafood and Marine Science Center. These new developments, paired with the proposal of other suggested uses on Near Island, demonstrated the need for a comprehensive strategy to manage future development on Near Island. The proposed 1974 Land Use Plan is shown in Figure 1.

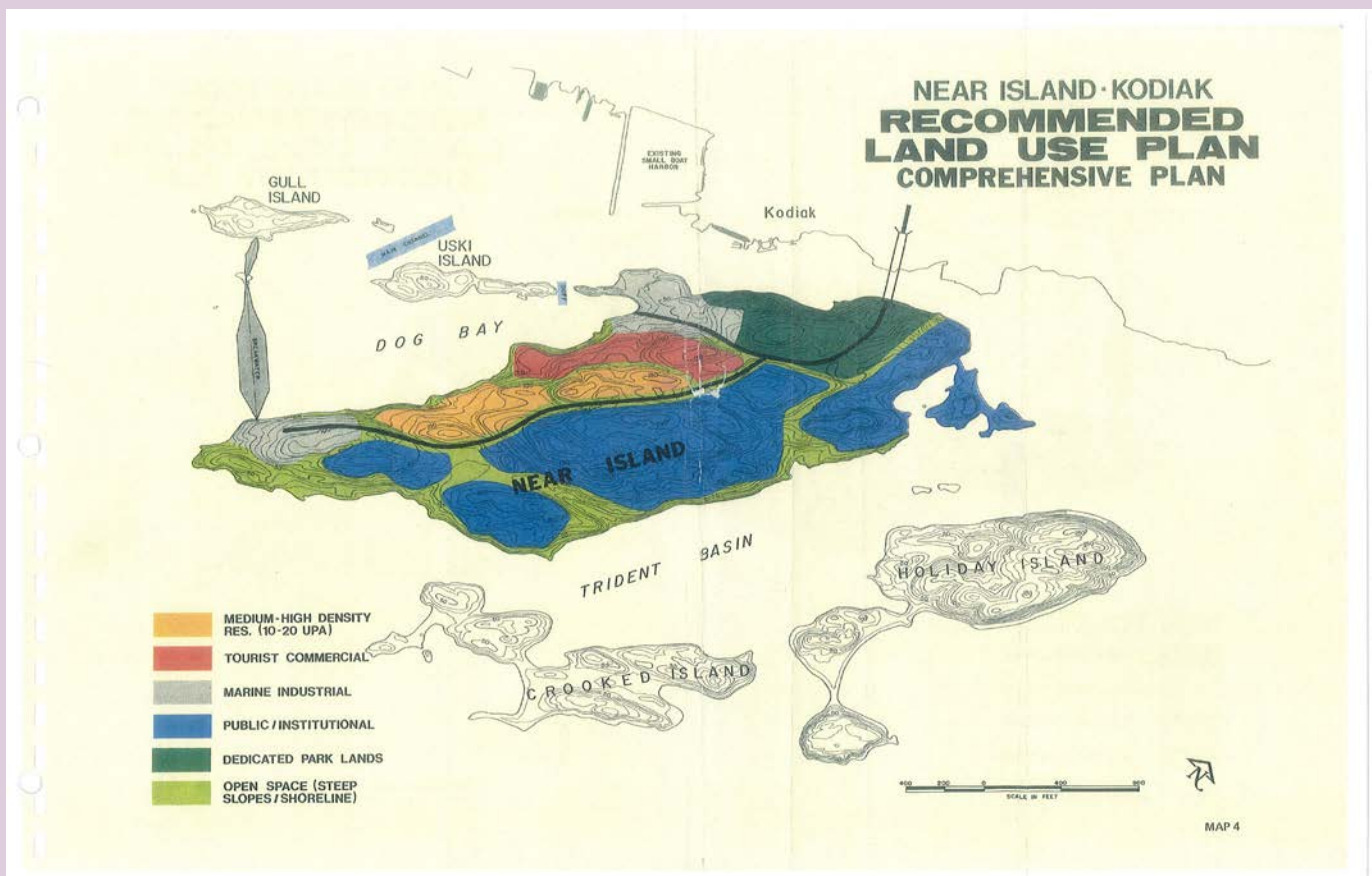


Figure 1: 1974 Recommended Land Use Map

1987 Near Island Comprehensive Development Plan

The most current CDP for Near Island was adopted by the Kodiak Island Borough in 1987. The City of Kodiak, as property owner of Near Island, recognized the need to manage future growth of the island and created the Near Island Task Force in 1985. Task Force Members were given the charge of making recommendations to the City Council for future development of Near Island.

The 1987 CDP provides a variety of land uses for specific areas of the island including commercial, industrial, residential, institutional, future development reserve, greenbelts, and parks (Figure 2). However, large portions of the island were left undesignated with the intent to allow future decision makers the flexibility of developing these portions of the island as the infrastructure and needs of the community grew. In addition, the 1987 CDP prioritized developing a plan for disposal of property.

The 1987 CDP also identified the need for a Near Island Recreational Trail that would circumnavigate the perimeter of the Island as well as a trail bisecting the island through various observation points which would later be identified in the 1999 Trails Development Plan. The intent of the trail was to allow community access to major portions of Near Island. The trail was intended for hiking, biking, and jogging. All motorized vehicles were proposed to be prohibited. Acknowledging the benefits of both the trail system and potential future development, the CDP stated that if a trail was to be interrupted by a specific development, then an alternative route should be established within reasonable proximity of the existing trail.

1999 Trails Development Plan

Recreational use of Near Island by residents of Kodiak rose considerably after the completion of the Near Island Bridge. Meeting minutes from the January 9, 1990 city council work session indicates that the City Council repeated the notion that the trail and development had equal priority. A trail committee was established to look at the concept of formalized trails on Near Island and to develop goals and objectives as part of a draft Trails Development Plan (TDP). During work sessions for this plan considerable discussion identified the need for Near Island development standards. The TDP ultimately identified a trail that circumnavigates Near Island and that provides connections to prominent observation points, to the small boat harbor, and the Kodiak Seafood and Marine Science Center (Figure 3).

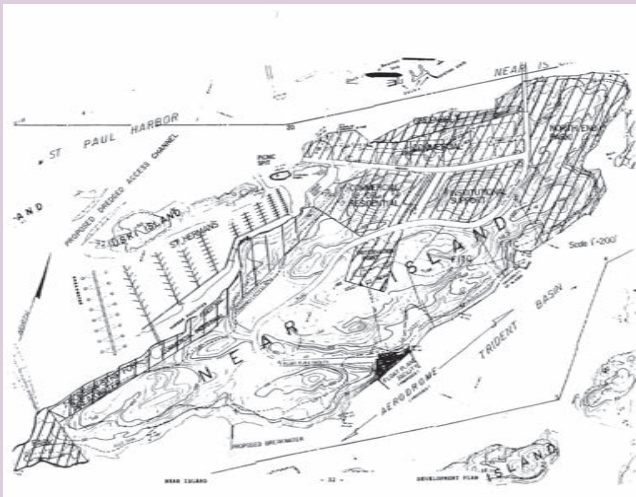


Figure 2: 1987 Recommended Land Use Map

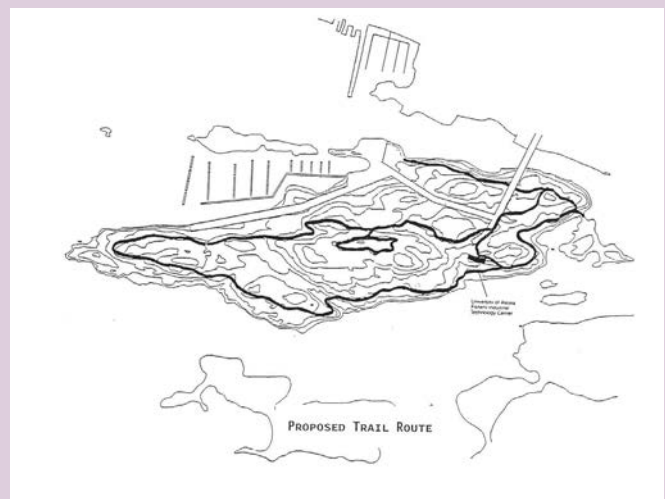


Figure 3: Trail Development Plan's Proposed Trail Route

2002 Design Workshop

In 2002, a group of design professionals from across the country hosted a four-day workshop where they spent two days learning as much as possible about the community and another two days to take a step back and provide fresh perspective on identified issues. The intent of the workshop was not to provide solutions but rather to identify avenues for further examination. Three general areas were examined, including: the selection of sites for facilities, the development of Near Island, and pedestrian circulation. Regarding Near Island, the areas examined included: recreational value of the island, St. Herman Harbor, Trident Basin, Near Island Housing, uses for Quarried Area adjacent to Dog Bay Road, and the area between Dog Bay Road and Trident Way.



Image 3: Proposed Trident Basin Expansion from 2002 Design Workshop

Current Plan Objectives

Since the 1987 CDP was completed, the City of Kodiak has sold land to private entities, development has occurred along Alimaq Drive, and gravel extraction has occurred outside of the original approved Conditional Use Permit boundary at the St. Herman's Quarry which resulted in impacts to a portion of the trail system near South End Park. A new conditional use permit has been put into place (Appendix A). Once land is sold off to a variety of private interests it is more difficult to control development patterns, including protecting areas for non-development. The Near Island Development Plan update is intended to provide the City of Kodiak a plan that:

- Encourages revenue generation via balancing development and land conservation.
- Allows the City of Kodiak to anticipate and plan for the future development of Near Island. Specifically, which types of uses are desired and where areas of development and non-development should occur.
- Provides clear goals and recommendations with clear steps for implantation.

Existing Conditions

Near Island is approximately 1.5 miles long and has a land area of almost 280 acres. The island is connected to the City’s downtown area via the Near Island Bridge. Near Island has mixed land uses, zoning districts, and levels of development. The island is oblong-shaped and is oriented in a northeast-southwest direction.

Existing Soils

The soils on Near Island are similar to those typically found in the surrounding Kodiak area. They are relatively shallow, volcanic in origin and underlain by bedrock relatively close to the surface. New topsoil ranges in depth from 2- 6 inches in the area. This is underlain by 6- 10 inches of volcanic ash that was deposited as a result of the eruption of Katmai Volcano in 1912. Beneath this ash there is up to 2 feet of dark organic topsoil that was originally at the surface throughout the area. This topsoil is generally plastic and wet in nature and grades into leached fine grain clay. Beneath that is a thin layer of glacial till with rock fragments and highly compacted clay and silt. Tight soils and shallow bedrock on the island precludes the use of on-site sewage disposal systems.

Topography

Topography on the island varies from sea-level to slightly over 200 feet above sea-level. These topographic characteristics create challenging conditions relative to the development potential of the island (Figure 4). Industrial development requires relatively flat lands (0-3% slope). There are few large areas of naturally occurring “flat” areas on Near Island, most land suitable for industrial development has occurred through mining activities. Slopes from 3-5% can accommodate residential and commercial development; only a small portion of the island is within this range. Residential development can typically be constructed on slopes anywhere from 0% up to 25%, however, as slope increases creative design becomes necessary such as daylighting and removal of large cuts of lands which greatly increase the cost of development.



Image 4: Typical Coastline Along Near Island



LEGEND

Near Island Slope Analysis

- 0-3% All Development (Industrial, Commercial, Residential)
- 3-5% Commercial and Residential Development
- 5-10% Residential Development
- 10-25% Residential Development*
- >25% Avoid Development
- Parcels

*Higher cost associated with development in this slope range

Source: Kodiak Island Borough GIS

FIGURE 4: Slope Analysis Map

Land Use

Much of the undeveloped lands are covered with natural vegetation and used for public recreation and a network of official and unofficial trails. Several roads provide access from the Near Island Bridge to the southern and eastern portions of the island. Some portions of the roads are not within platted right-of-ways. A few of the parcels adjacent to Alimaq Drive are used for commercial business, a multi-family residential building and an office building. However, many parcels remain undeveloped. Alimaq Drive also provides access to St. Herman Harbor and an area currently used for gravel extraction and marine industrial uses.

Trident Way provides access to the Trident Basin Seaplane Base on the east side of the island. Trident Basin Seaplane Base is a city-owned, public-use seaplane base that provides the only float plane access accessible year-round by road on Kodiak Island. This is an essential seaplane base given its sheltered location and year-round ice-free waters. The area adjacent to Trident Basin is used for light industrial land uses. Additionally, institutional land uses have been developed on the east side of the island including Kodiak Seafood and Marine Science.



Image 5: Seaplanes Docked at Trident Basin



Image 6: Entrance to Kodiak Seafood and Marine Science Center



Image 7: Trail (on Near Island) passing beneath the Near Island Bridge

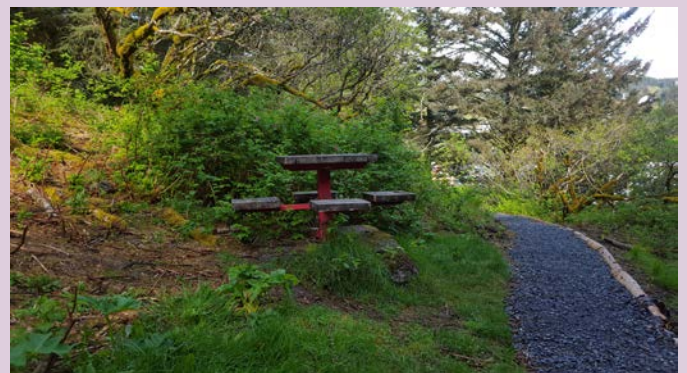


Image 8: Trail Improvements on Near Island

Zoning

There are several zoning districts on Near Island. The zoning districts overlay areas that are intended for specific land uses and do not follow the property lines at all locations (Figure 4).

There are two commercial zoning districts on Near Island: Business District and Retail Business District. The intent of the Business District is to protect and encourage the development of community business core areas that function efficiently as centers of retail business and retail service activities. The Business District is mostly confined to the parcels along Alimaq Drive although a few of the parcels also front onto Trident Way. Some of the parcels in the Business District remain undeveloped and some have been cleared of natural vegetation and are being used for commercial purposes. Several of the parcels have been developed with office buildings

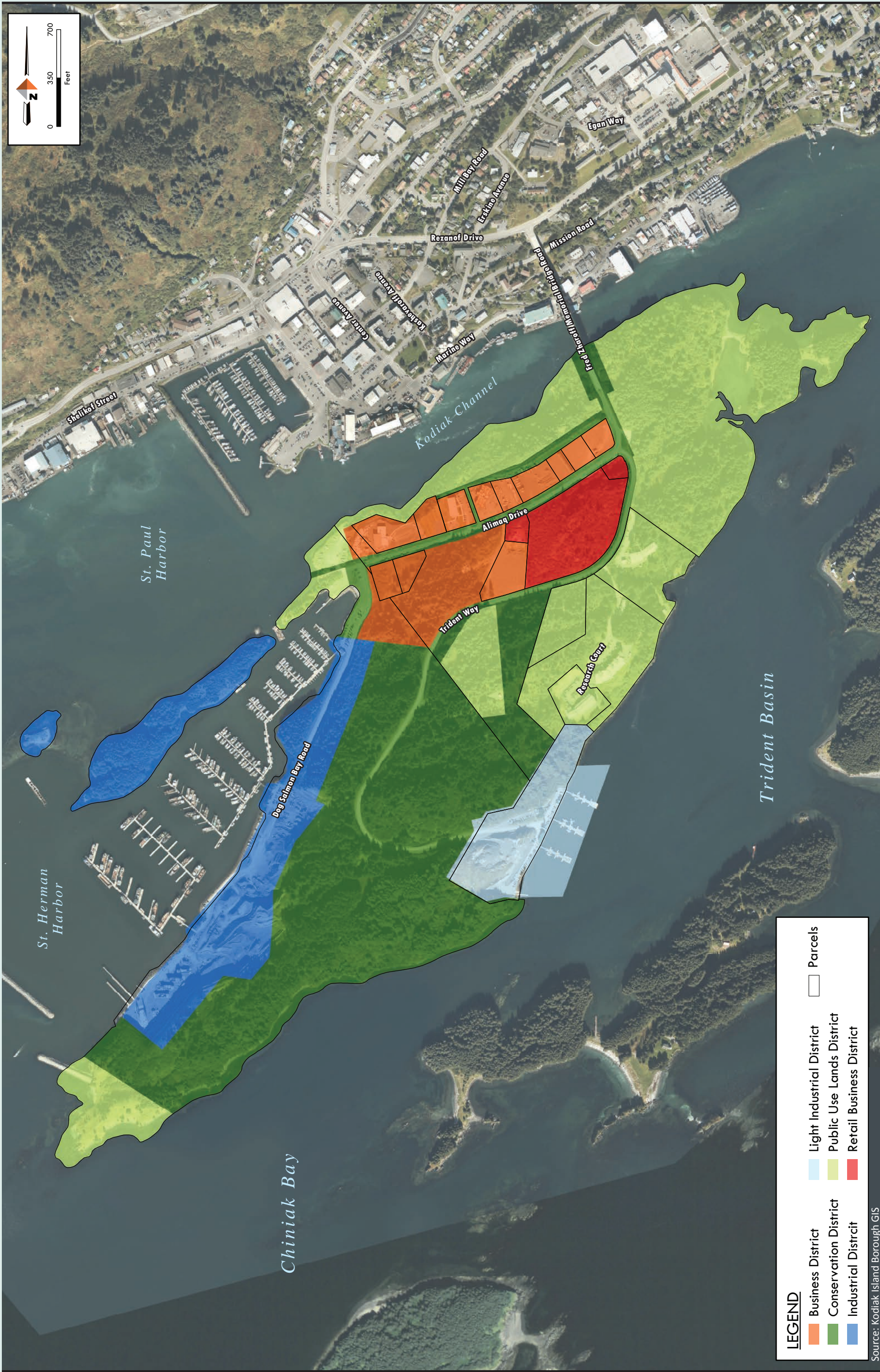
The Retail Business District is established for the purpose of providing for a wide range of retail and service businesses for the consumer population. Due to the potential for high traffic associated with these uses, the Retail Business District is limited to three parcels located near the intersection of Alimaq Drive and Trident Way. These parcels are currently undeveloped.

The Industrial District is established as a district in which the principal use of the land is for business, manufacturing, processing, fabricating, repair, etc. which may create some nuisance, but are neither properly associated nor compatible with residential land uses. The Industrial District is located adjacent to the Saint Herman Harbor and is currently used for a gravel extraction operation with the sole purpose of creating flat land to develop industrial lands to support the harbor and marine industrial uses.

The Light Industrial District is established for the purpose of providing for most commercial uses. It is intended specifically to provide land-intensive commercial uses, including some types of manufacturing, repairing, and assembling of goods, particularly those related to the fishing industry. The Light Industrial District on Near Island is located at the end of Trident Way and includes the Seaplane Base and surrounding parcels. The KIB Land Use Code requires airports to be with a Light Industrial zoning designation which is why this area was rezoned to Light Industrial.

The Public Use Lands District is established as a land use district for publicly owned land containing recreational, educational, and institutional uses. The district includes the South End Park, North End Park, and Rotary Park as well as the parcels on the east side of the island that have been developed with educational and institutional uses.

The Conservation District is established for the purpose of maintaining open space areas while providing for single-family residential, and limited commercial land uses. The Conservation District is located, primarily, on the southern portion of the island, and includes Trident Way, Alimaq Drive, and Near Island Bridge right-of-ways. The land is largely undeveloped apart from the roads and trails.



Source: Kodiak Island Borough GIS

FIGURE 5: Existing Zoning Map

Ownership and Leases

The majority of the land on Near Island is owned by the City of Kodiak (Figure 5). This includes the public parks, right-of-ways, Trident Basin Seaplane Base, St. Herman's Harbor, and several of the parcels along Trident Way and Alimaq Drive. All of the parcels along the west side of Alimaq Drive are privately owned as are a few of the parcels on the east side. The KIB owns the parcels occupied by the Kodiak Seafood and Marine Science Center.

The City of Kodiak leases two areas to private entities consisting of one property within the Light Industrial District adjacent to the Trident Basin Seaplane Base. Within the Trident Basin Airport there are leases to Island Air, Andrew Air, and Seahawk Air. The quarry is not a lease. A small area adjacent to Afognak Near Island, LLC's office building.

Utilities

Over the years a range of utilities have been extended to Near Island (Figure 6).

Electrical Service

Kodiak Electric Association (KEA) provides electric service to Near Island via two main feeds, one feed extends from Rezanof Drive, across the Near Island Bridge and the second feed consists of a submarine cable extending from downtown Kodiak and across the channel. After crossing the bridge the first feed extends, through a combination of above and below ground facilities, southeast along Trident Basin Way and provides electrical service to the University of Alaska Fishery Industrial Technology Center buildings, the Alaska Department of Fish and Game Building as well as the Float plane facilities located at the end of Trident Basin Way. After crossing the channel by submarine cable the second feed extends via above and below ground facilities northeast along Alimaq drive feeding the existing business and housing development. It also branches southwest and feeds the small boat harbor and harbor master office. There is an existing 15kV junction between the two main feeder circuits creating a looped circuit on the island.

After discussions with KEA it is anticipated that the existing electric system on Near Island is sufficient for substantial growth on Near Island.

Communications Service

Both Alaska Communications (AC) and GCI own buried and overhead telecommunication cable and fiber on Near Island. AC's facilities run from the main island of Kodiak across the bridge and branch at the intersection of Alimaq Drive and Trident Basin Way. The system extends south along the length of Alimaq Drive and provides service to the small boat harbor and several businesses. The feed which extends along Trident Basin Way feeds the research court and the float plane facilities at the end of Trident Basin Way.

GCI owns a cable communications system extending from the City of Kodiak and across the bridge. At the intersection of Alimaq Drive and Trident Basin Way the system branches with one feed extending southwest along Alimaq drive to feed Afognak Native Corporation near the small boat harbor and the other extending south to feed University of Alaska Fishery Industrial Technology Center and the Alaska Department of Fish and Game buildings.

It is anticipated that any additional development on Near Island which will require communication services could be accommodated by installing service feed from the already existing facilities located on the island.



LEGEND

- ▭ Parcels
- ▭ Leased Areas

Source: Kodiak Island Borough

FIGURE 6: Land Use and Ownership

Water System

The existing water system consists of a 16- inch ductile iron pipe extending from City of Kodiak running along the underside of the bridge to Near Island. At the intersection of Alimaq Drive and Trident Basin Way the water line reduces in size to a 12- inch ductile iron pipe, with one branch continuing southwest along Alimaq Drive and another 12- inch branch continuing south and running the entire length of Trident Basin Way. Along Alimaq Drive there are several water services feeding existing buildings and the small boat harbor as well as 6 service line stubs for future development. Approximately 10 fire hydrant assemblies provide fire protection along Alimaq drive and to the boat harbor, existing industrial activities and businesses. The 12- inch water line in Trident Basin Way feeds the research court and the float plane facilities at the end of the road. There are also existing fire hydrants along the length of Trident Way providing protection to existing development as well as any potential future development along the roadway. The existing water pipes are buried a minimum of 6 feet below existing grades.

The water system ranges in age from 22 to 28 years old with some individual service lines installed more recently. Watermains have sufficient capacity to meet existing demands. Ductile iron pipe has a very long life expectancy, approximately 50 years or more, as a result it is anticipated that the water system will be in good service condition for many years to come. It appears that during design the pipes were sized to accommodate future development and it is anticipated that they can provide sufficient water service capacity to Near Island and most future developments.

Sanitary Sewer System

There are two existing sanitary sewer basins on Near Island. The northern half of Trident Way and Alimaq Drive flow via gravity through a system of manholes and ductile iron pipes, ranging from 8 to 10 inches, to a lift station adjacent to the St. Herman's Harbor harbormaster's office. The southern portion of Trident Way gravity drains through 8-inch ductile iron pipes southwest to the float plane facilities where it is then pumped back to the northeast 4-inch HDPE force main and discharges to a manhole. The sanitary sewer flow generated on the island is pumped via a 6-inch HDPE force main to the northeast below Alimaq Drive and across the bridge where it is discharged into an 8 inch ductile iron pipe below the northwest end of the bridge and the old KEA substation.

The sanitary sewer system was constructed at the same time as the water system. The City of Kodiak has confirmed that the existing collection system has sufficient capacity to handle current demands as well as future growth. However, the lift station next to the Harbor Office was placed by the City from another location. The capacity is unknown in regards to future development.

Stormwater Drainage System

Kodiak is located in a coastal rainforest zone and receives more than 77 inches of precipitation annually. The storm drainage system on Near Island consists of a system of culverts and roadside ditches used to adequately convey surface water from the developed areas and roadways to several pipes that outfall directly to the surrounding ocean where dilution and dispersion quickly occurs.

It should be recognized that any future development or removal and replacement of pervious areas with impervious surfaces would trigger the need to determine the capacity of the existing culvert and ditch system and if it can handle additional runoff from newly developed impervious areas. If significant development is proposed capacity upgrades will likely be required. An adequate drainage plan should be completed so that sidewalks along the rights-of-way can be constructed with future development.

Lighting

Street Lighting is limited to only a few locations on Near Island. Light poles illuminate the bridge as well as Trident Basin Way to the Research Court driveway. The only other existing lighting along Trident Basin Way exists at the float plane facility. Alimaq Drive does not have any existing lighting, although both parking areas for the small boat harbor and the harbor floats are illuminated.



Image 9: Light poles on St. Herman Harbor Floats



Public Involvement & Project Process

Technical Advisory Committee

A Technical Advisory Committee (TAC) was established as part of this project and included representatives from the: Kodiak Island Borough, Community Development Department, Alaska Fish & Game, City of Kodiak Public Works Department, Kodiak City Council, Parks & Recreation, Island Trails Network, and the Ports & Harbor Advisory Board. The role of this committee was to provide technical feedback regarding existing conditions, the practicality of moving forward specific ideas, and to provide insight to any known conflicts and/or opportunities. Two TAC meetings were held. The first meeting was on the morning of February 1, 2016 and was the first opportunity to introduce the project to the TAC, review the work done-to-date, and to get feedback on the accuracy of the existing conditions as presented. Comments from the TAC included suggestions for future presentation materials and addressed issues, opportunities and constraints. Meeting notes and list of attendees are included in Appendix A.

The second TAC meeting was held on the morning of May 5, 2016. The group discussed the three proposed Land Use Concepts and some feedback was provided. The majority of the conversation was in regards to recent trail disturbance and how the restoration would be completed and by whom.

Public Meetings

Two public meetings were held. Both followed a mixed format beginning with an open house, followed by a presentation, and ended with a question and answer period. The first public meeting was on the evening of February 1, 2016. This meeting was the first opportunity to introduce the project to the public, review the work done-to-date, and listen to the public's preferred areas for development. Project representatives worked with the 26 attendees to collect information on existing conditions, preferred areas for development, desired types of development, and areas reserved for conservation.

A second public meeting was held the evening of May 5, 2016 and followed the same format as the first. There were 33 attendees, many of whom had attended the first public meeting. The results from feedback at the first TAC and public meeting, online/e-mail comments, site investigations, and stakeholder discussions were used to develop three draft land use concepts. The three draft concepts were presented at the second TAC and public meetings. Figures 6, 7 & 8 represent each proposed Land Use Concept. A description for each concept is also provided. Each concept depicted various levels of land use designation changes to encourage feedback from the public.

Common themes derived from the findings and recommendations from past planning efforts were carried through on each concept. Each concept provided circular trail connections around Near Island, and promoted a vegetated buffer

between the roadways and development (images 10 & 11). A proposed coastal trail along the harbor is also included, which would allow for a vegetated buffer between the roadway and the water (Image 12). Additionally, the retail business (red designation) was increased to encourage tourism related business.

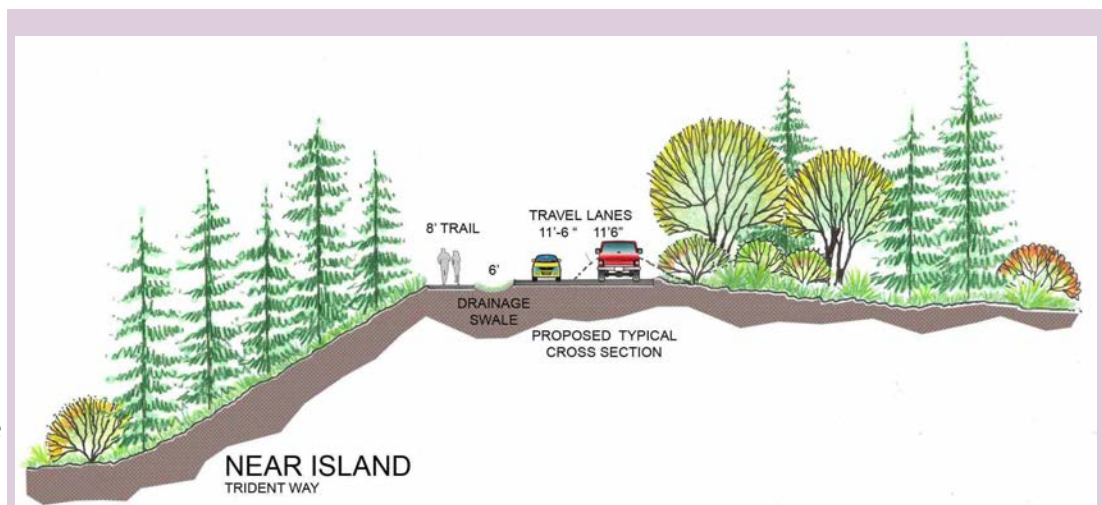


Image 10: Trident Way Proposed Typical Cross-Section Looking Northeast

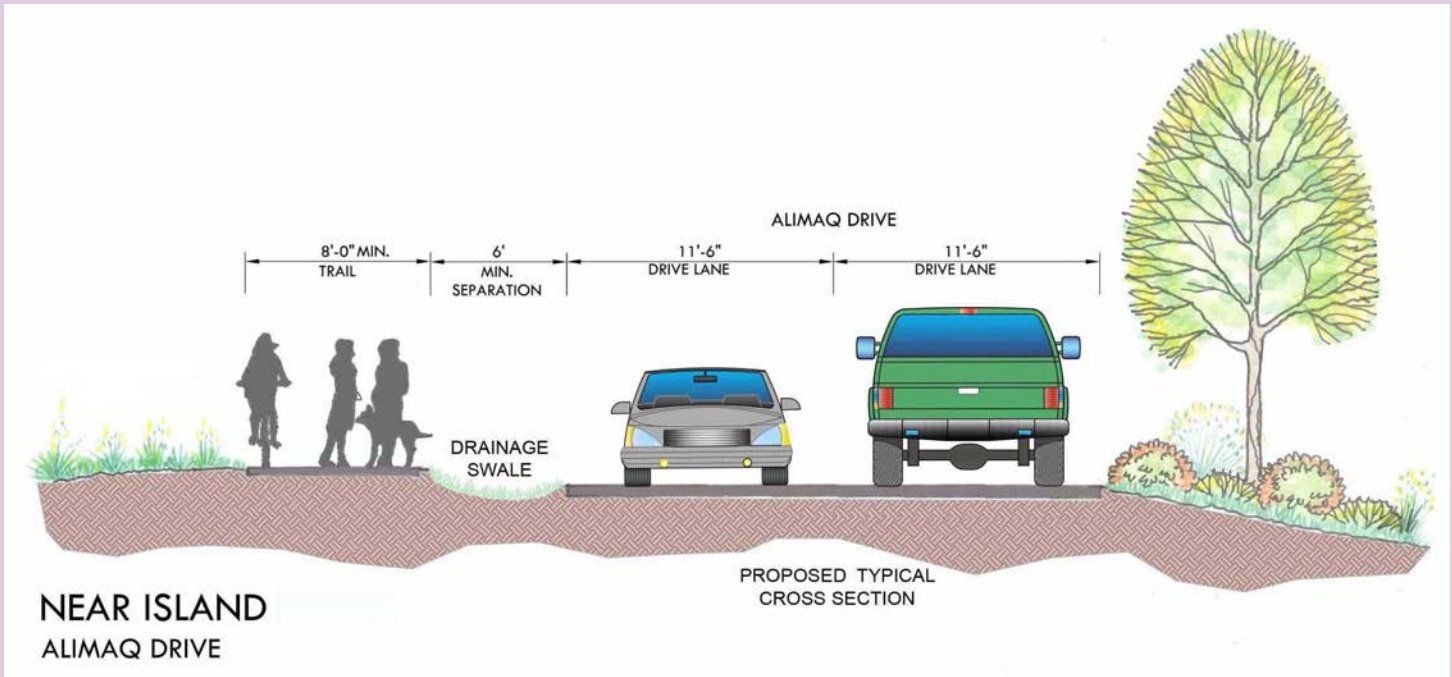


Image 11: Alimaq Drive Proposed Typical Cross-Section Looking Northeast

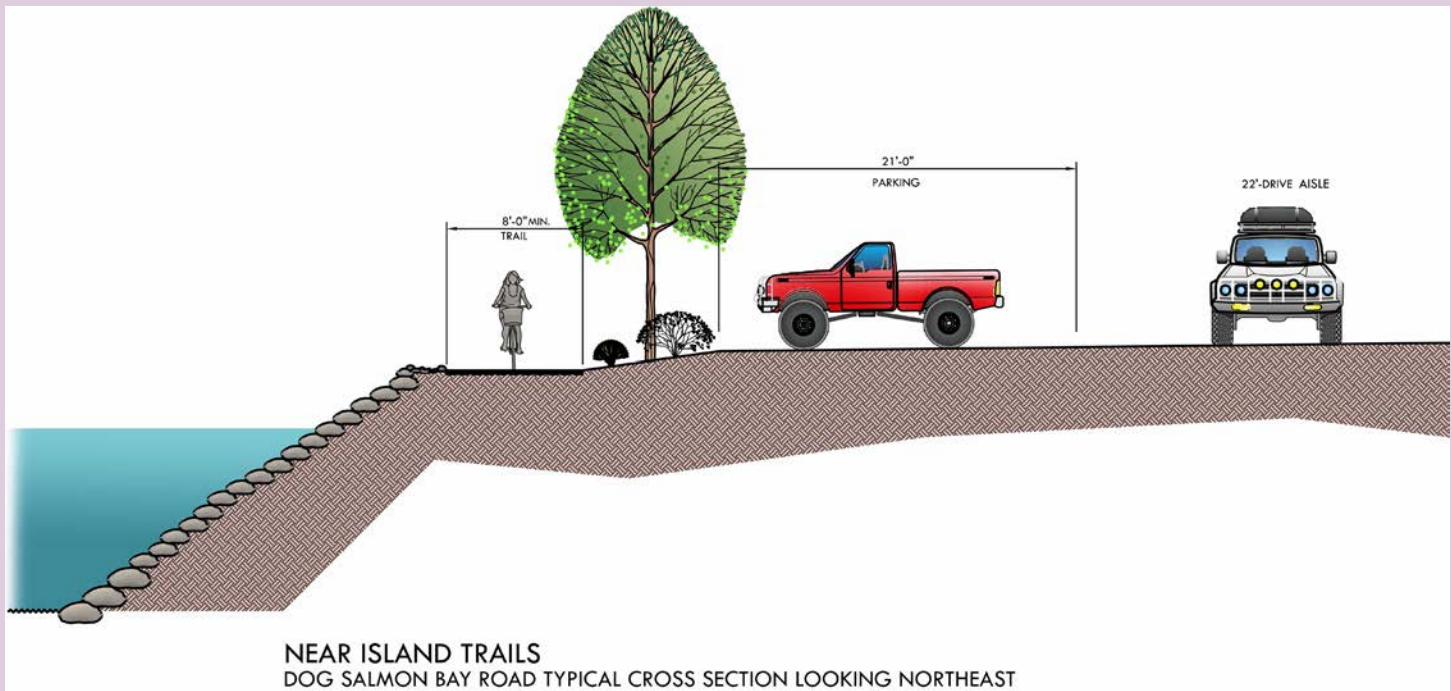
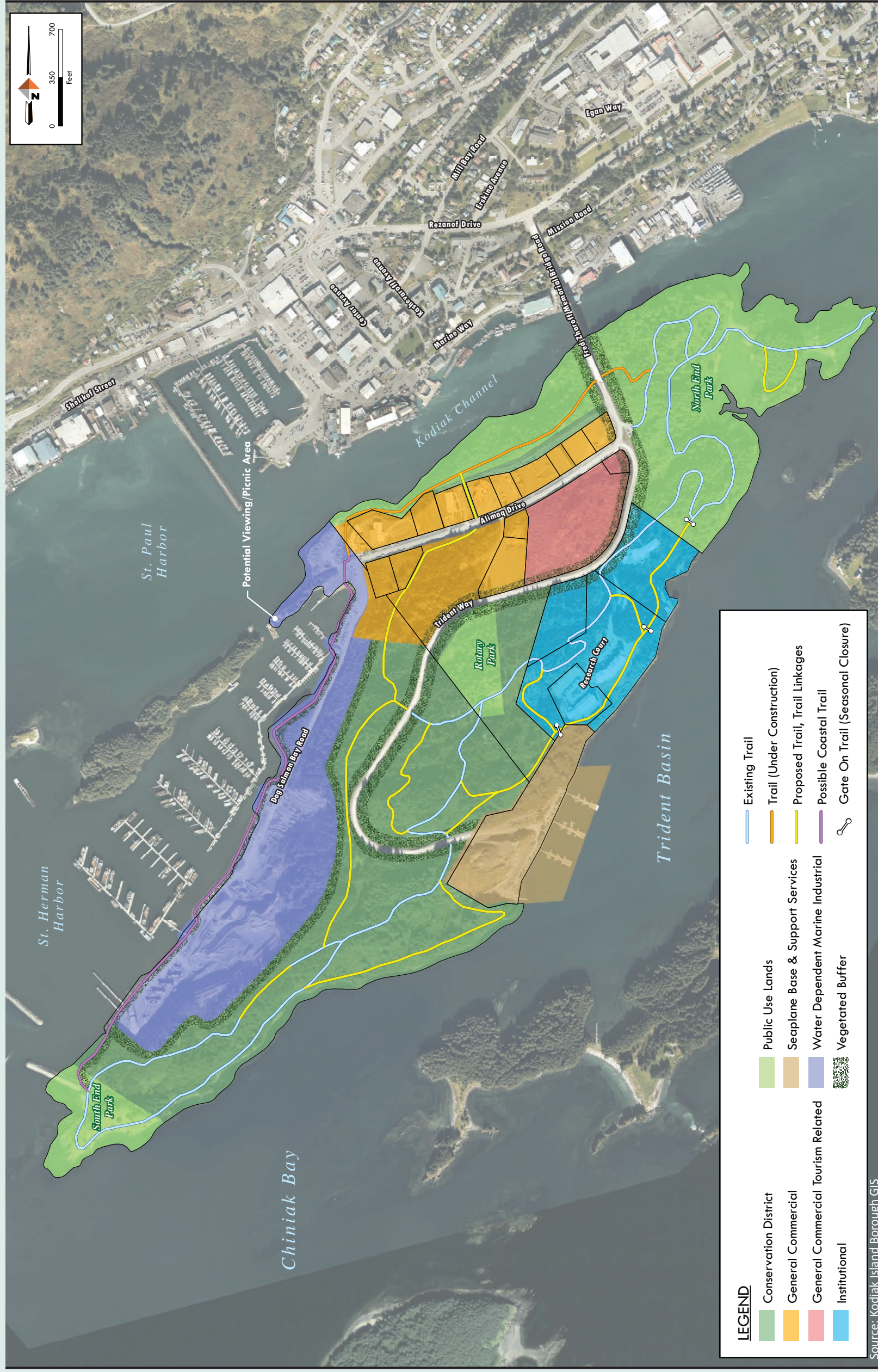


Image 12: Dog Salmon Bay Road Proposed Typical Cross-Section Looking Northeast

Concept A Minimized Development

This concept reflects public feedback to not expand the industrial area the original conditional use permit and recent amended boundary. Specifically it limits both the industrial area supporting the harbor and the float plane basin to their current areas of disturbance. This concept does not add any new commercial or institutional land uses.



Source: Kodiak Island Borough GIS

FIGURE 8: Concept A – Minimized Development

Concept B Moderate Development

This concept reflects public feedback to not expand the industrial area the original conditional use permit and recent amended boundary. The concept also considers concerns that there are limited industrial lands elsewhere. It was noted several times during public outreach that this may be the opportunity to secure additional industrial land needed to support the small boat harbor into the future but limits the area around the float plane basin to its current area of disturbance. This concept also looks at taking advantage of existing infrastructure by expanding general commercial southwest (towards Trident Basin) along Trident Way. This additional commercial land could provide tourism supported and/or enhanced business opportunities. This concept also extends the institutional land use designation to the east.

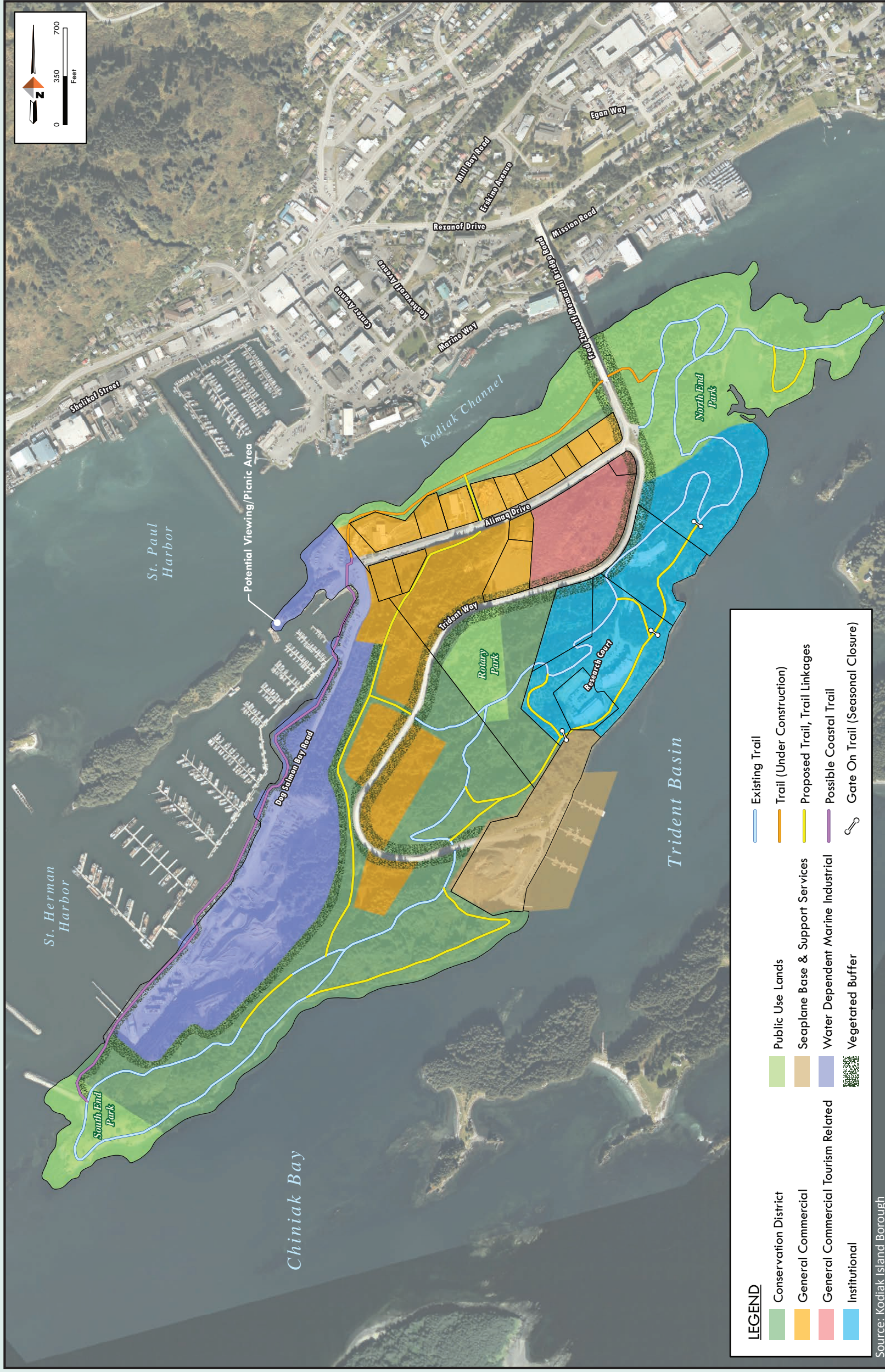


FIGURE 9: Concept B – Moderate Development

Concept C Maximum Development

This concept reflects public feedback to not expand the industrial area the original conditional use permit and recent amended boundary. The concept also reflects concerns heard that there are limited industrial lands elsewhere and that this may be the opportunity to secure additional water dependent marine and related industrial lands needed to support the small boat harbor into the future as well as providing tourism-related opportunities. This concept extends the industrial area supporting the harbor to the north and east (which would require approval of a conditional use permit), and adds additional general commercial along Trident Way, as well as provides general commercial (tourism related) adjacent to the float plane base and the institutional lands which could be developed to support either use. This concept also extends the institutional lands to the east.

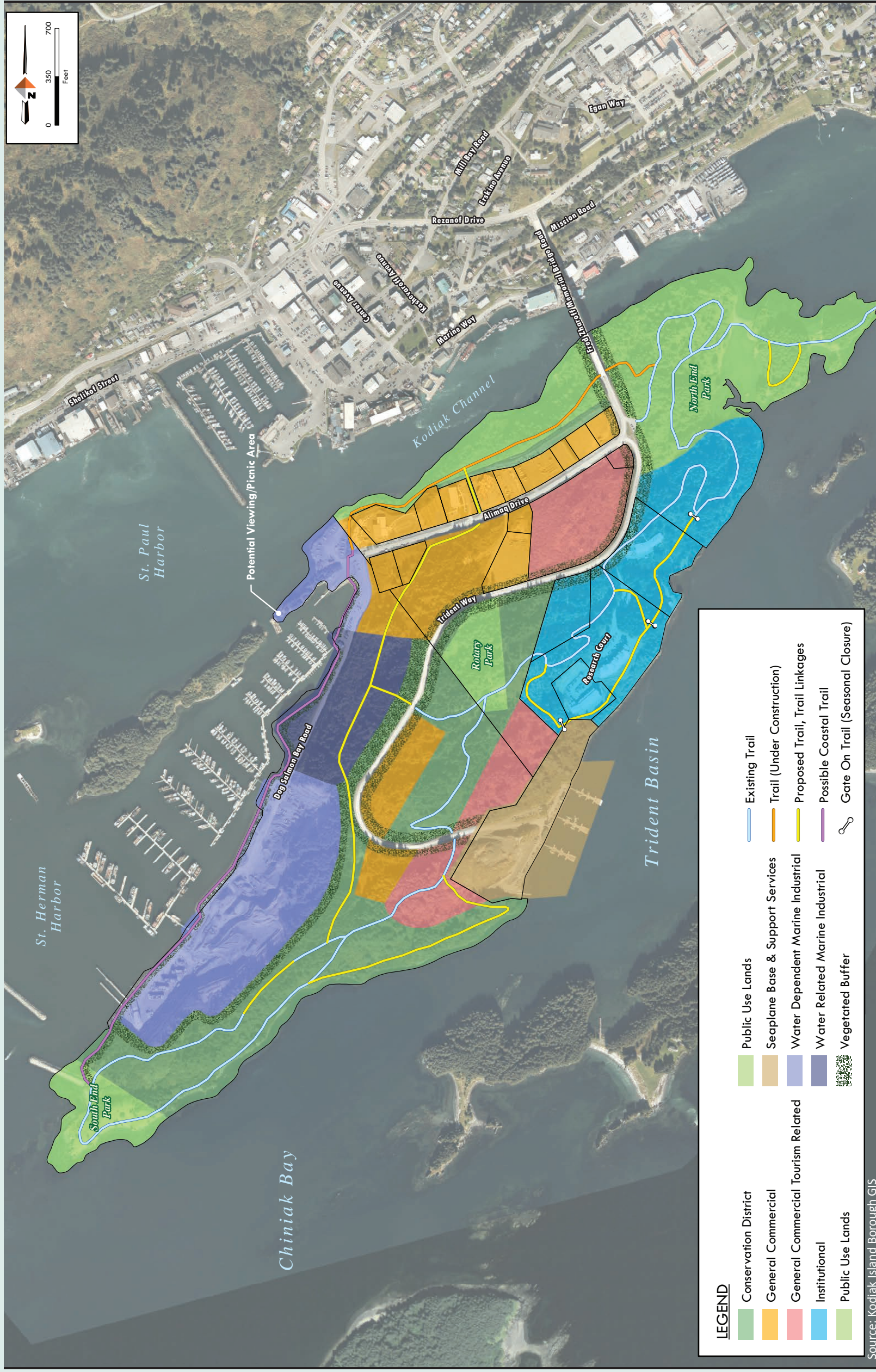


FIGURE 10: Concept C – Maximum Development

During the second public meeting attendees were given the opportunity to comment on each of the concepts. The following figures show consolidated comments on each concept (Figures 11, 12 & 13).

Public Comments - Minimum Development

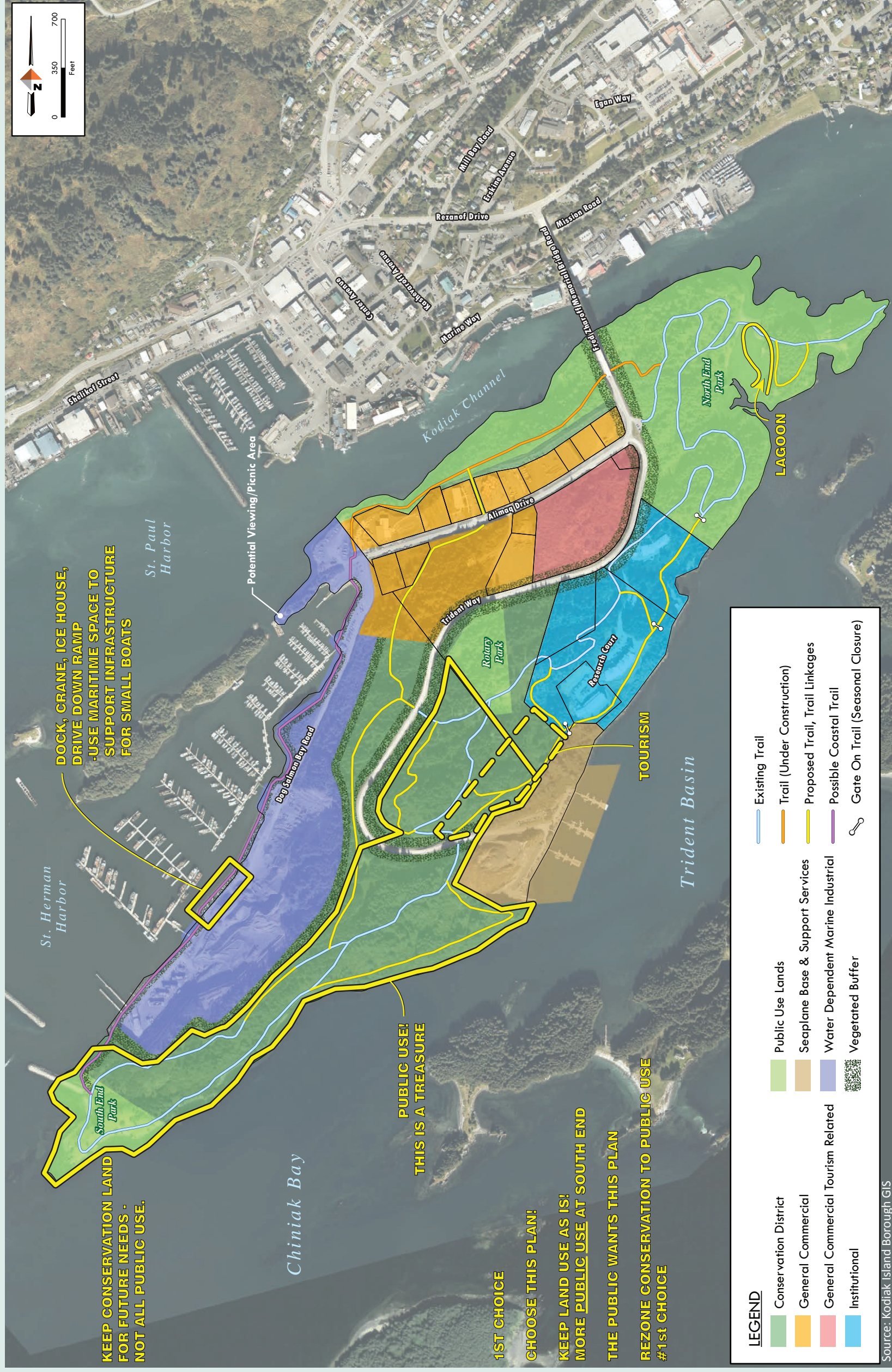
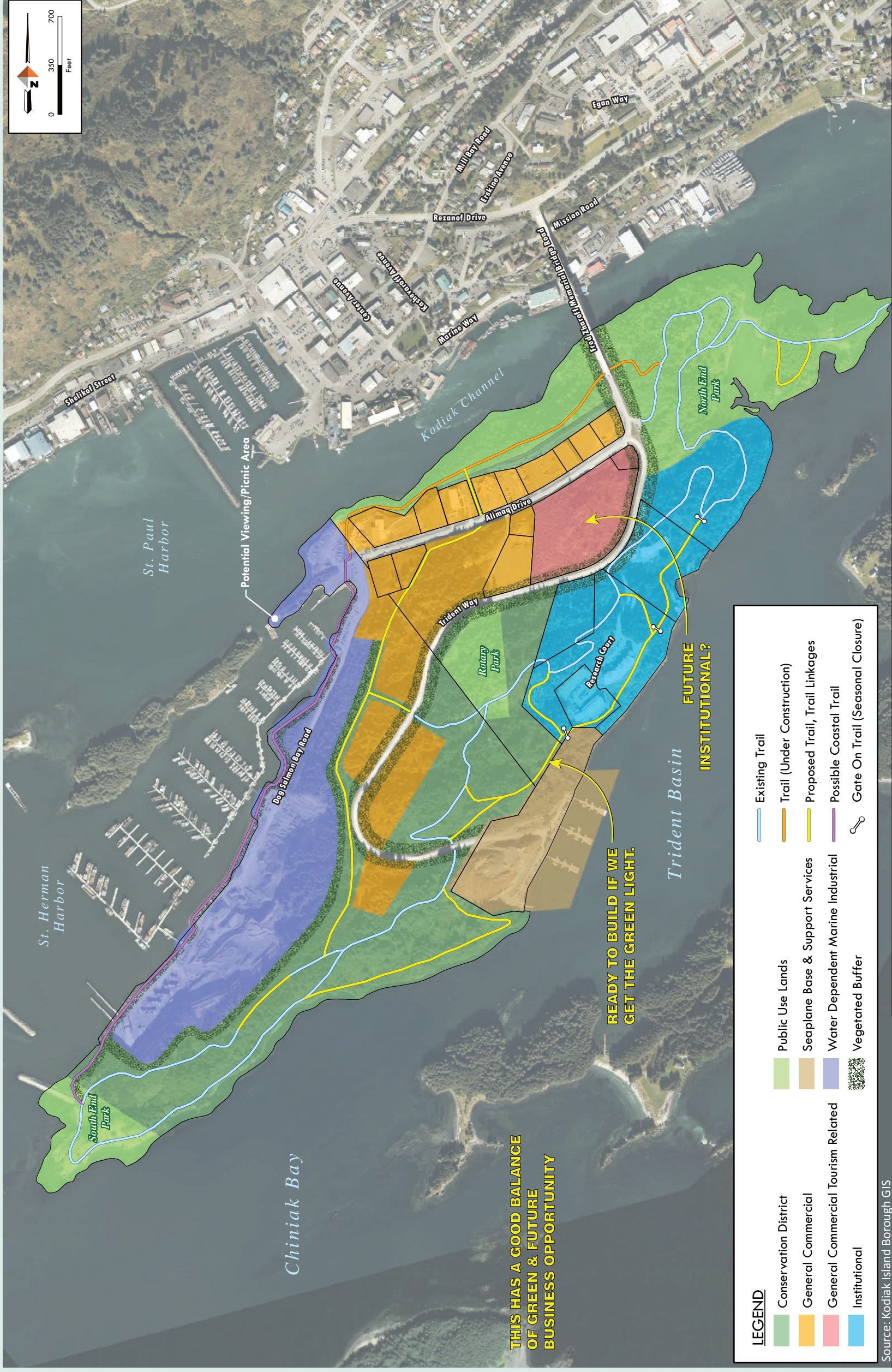


Figure 11: Concept A - Public Comments

Public Comments - Moderate Development



Source: Kodiak Island Borough GIS

Figure 12: Concept B - Public Comments

Public Comments - Maximum Development

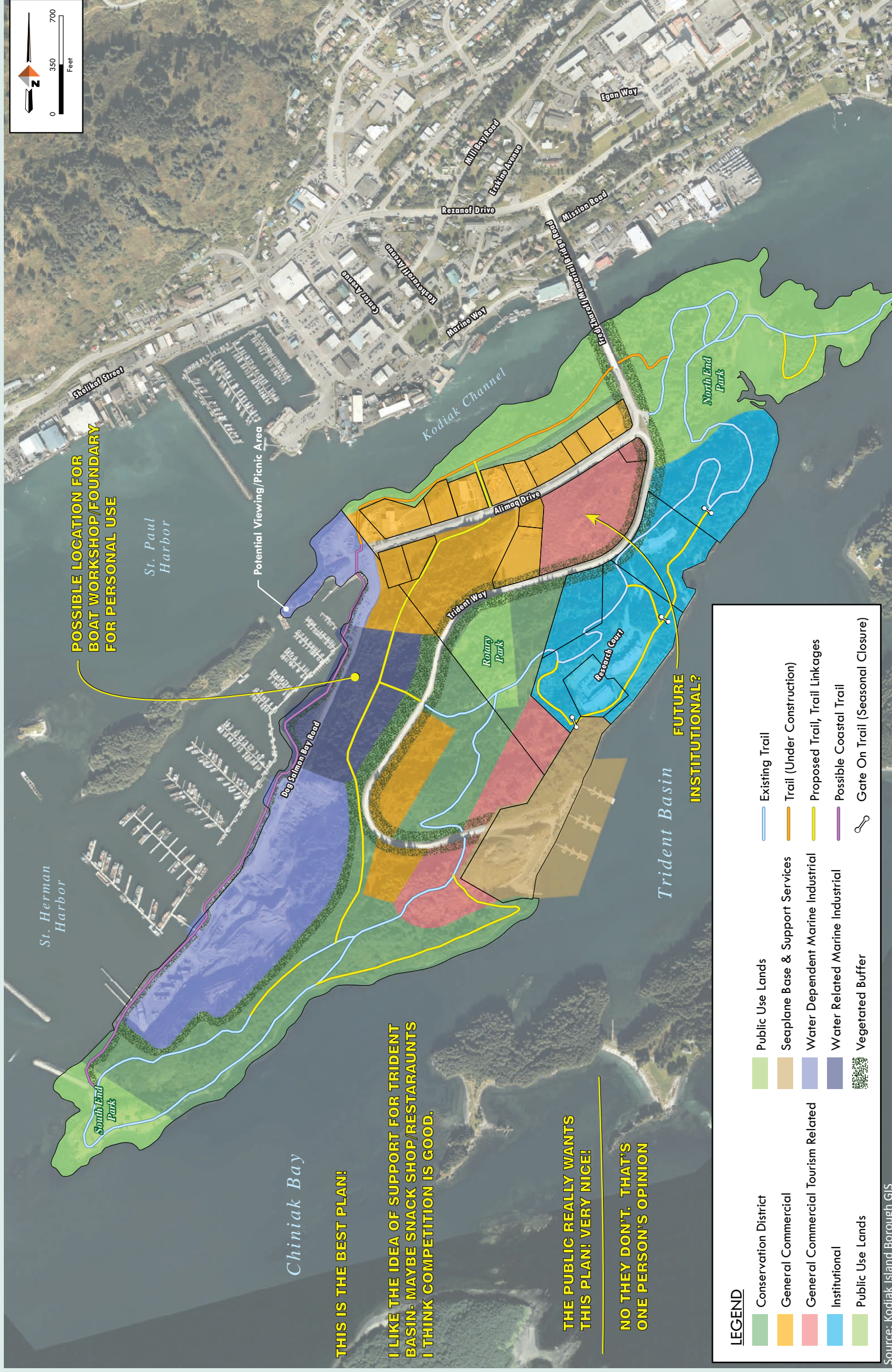


Figure 13: Concept C – Public Comments

Recommendations

A proposed Draft Land Use Plan Map (Figure 13) and Proposed Zoning Map (Figure 14) have been developed based off of public comment and our understanding of the City's goal to have balanced growth that provides economic opportunities.

Proposed Land Use Plan Map: BALANCED GROWTH

The proposed land use plan map (Figure 13) reflects a balanced growth approach to developing Near Island. Specific items of emphasis include:

- Takes advantage of existing infrastructure by focusing expansion of industrial and commercial development adjacent to existing utilities and roadways.
- Extends the industrial area supporting the harbor to the east, to the end of Alimaq Drive.
- Conservation land adjacent to South End Park is recommended to be converted to public use lands for open space/recreational resources. This area should remain undeveloped as it provides both recreational opportunities and important vegetation providing weather protection of the small boat harbor.
- Provides for completion of the looped trail system around the island.
- Allows for tourism related commercial opportunities near Trident Basin Seaplane Base.
- Allows for the institutional land use designation to be expanded to the northeast as necessary, contingent upon completion of a study justifying the need. This study is intended to demonstrate a need (i.e. house new program, deficient, outdated facilities, etc.), identify potential funding source(s) for construction and maintenance of the facility and, if applicable, for operating the new program).
- Allows for the commercial land use designation to be expanded to the southwest of Trident Basin Seaplane Base as necessary, based upon completion of a study justifying the need. This study is intended to include a market analysis demonstrating demand for commercial use and provide a business plan that demonstrates a feasible project and expected tax revenue generation).

Landscaping Requirements

A concern raised throughout the public outreach process was retaining the natural and recreational feel of Near Island as development occurs. In response to this, landscaping should be included as part of the design of all future development projects.

Visual Enhancement Landscaping

Visual enhancement landscaping should be required along Alimaq Drive. Visual enhancement landscaping is intended to integrate new or renovated development into the surrounding environment and should be required along property perimeters that abut Alimaq Drive. A visual enhancement landscaping bed requirement of a minimum average of 8 feet should be required, with no more than one-half the property line length having a planting bed width less than 8 feet. The minimum bed width at any given point should be no less than 5 feet and the maximum width should be no greater than 12 feet. Landscaping should consist of 1 tree and 6 shrubs per 20 lineal feet of the property line. All areas within the planting bed should be covered with living ground cover, turf, or mulch. Native plant species should be selected and all plant materials should be chosen for suitable hardiness and length of season for the specific area to be planted. Landscaping should be organized to the best advantage of property development.

Trident Way

In this example, a 100-foot buffer should be required on the left side of the road due to the fact that only alders are within the first 50-foot. The coniferous trees on the right of the image would suggest a 50-foot buffer dimension due to their size and proximity.



Image 13: Trident Way



Image 14: Valley or Swale Topography

Valley or Swale Topography

This is an example of a swale/valley condition. In this instance, a wider, deeper buffer should be required than in the example above where terrain of the development parcel is more or less at the same elevation as the pedestrian facility or road.

Marina Parking Lot

In this example, where there is a steep slope, a 100-foot buffer on the uphill side of the marina parking lot should be provided. A deeper buffer would include the coniferous trees that are at the top of the slope rather than leaving only the alders the bottom.



Image 15: Marina Parking Lot

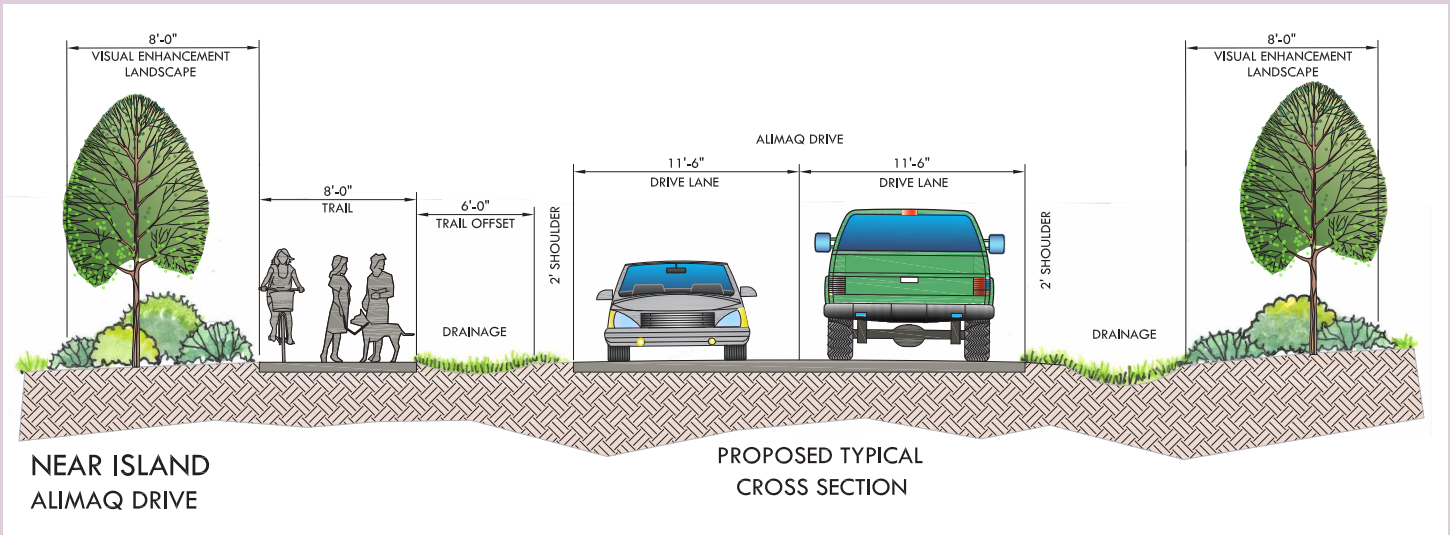


Image 15: Alimaq Drive Cross-Section

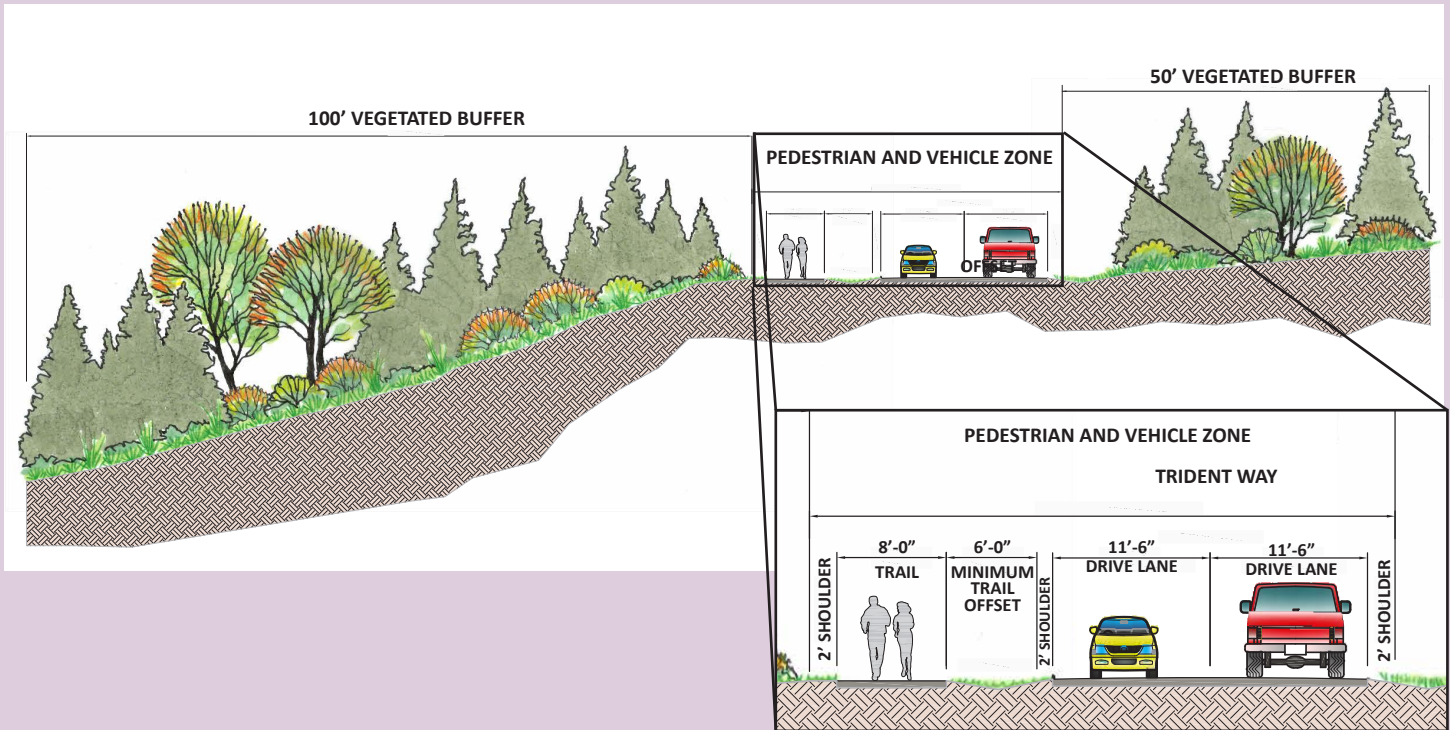
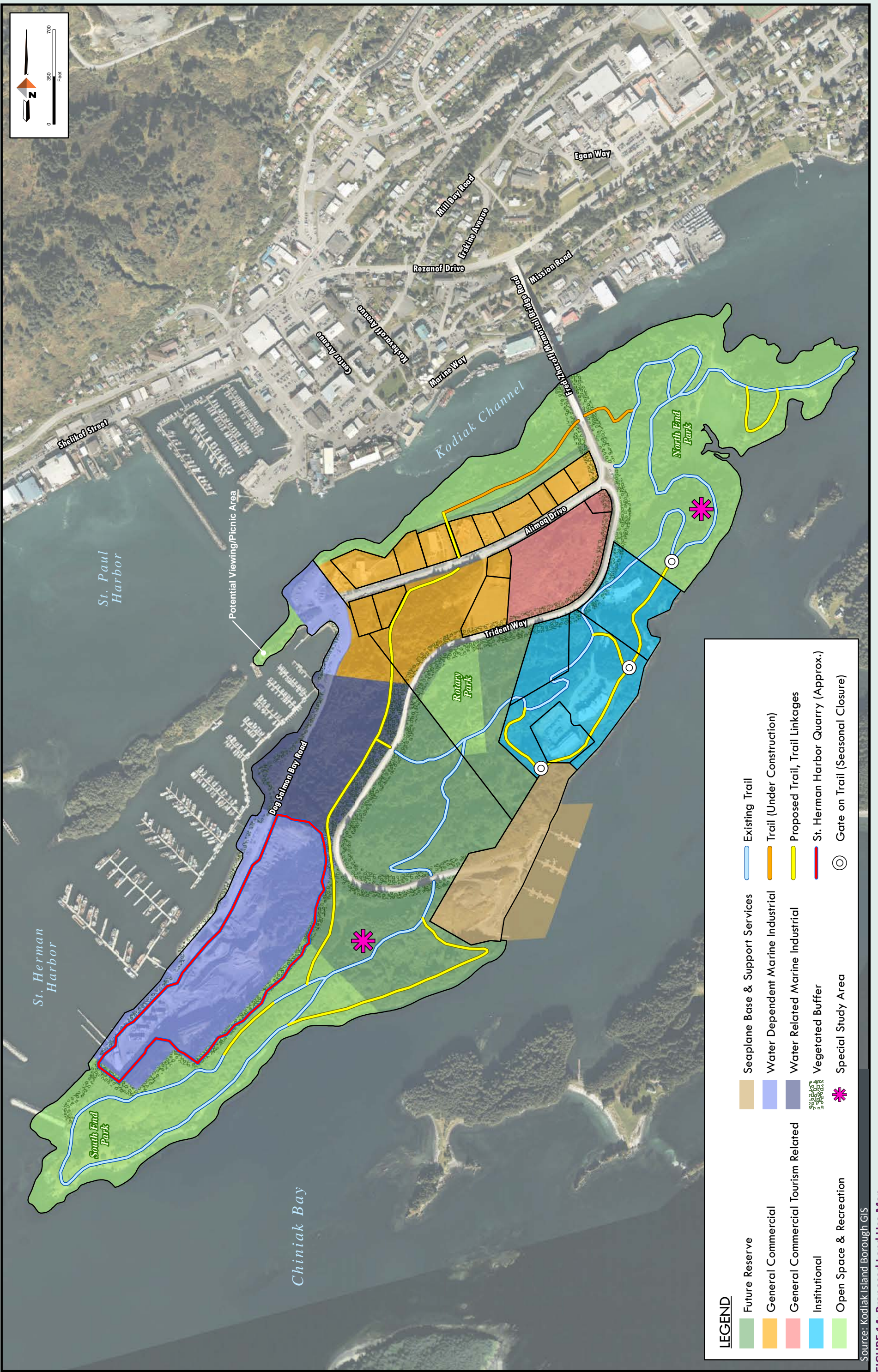


Image 16: Trident Way Cross-Section



LEGEND

 Future Reserve	 General Commercial	 General Commercial Tourism Related	 Institutional	 Open Space & Recreation	 Seaplane Base & Support Services	 Water Dependent Marine Industrial	 Water Related Marine Industrial	 Vegetated Buffer	 Special Study Area
									
									
									
									
									
									
									
									
									
									
									
									
									
									
									
									
									
									
									
									
									
									
									
									
									

Buffer Landscaping

Vegetated buffer landscaping should be required along St. Herman's Harbor Quarry and Trident Way as development of adjacent parcels occurs. The intent of the buffer landscaping is to preserve existing mature and healthy coniferous trees in a manner that protects the natural character of the existing/proposed trail system and proposed pedestrian facilities along the roadways. The existing character is a mature coniferous rainforest that provides a softening of existing and proposed industrial developments. Given the variability of existing vegetation and topography it is not conducive to a fixed buffer width. However, a variable buffer with a 50-foot minimum and maximum of 100 feet, dependent on topography, existing vegetation, proximity to pedestrian facilities (including trails), and intensity of land use. When existing vegetation does not meet the intent of the buffer landscaping, it shall be augmented with additional coniferous tree plantings to achieve the minimum 50- to 100-foot vegetated buffer. The following page demonstrates various situations and how buffer landscaping should be applied.

Land Use Districts

The following land use designations and their intent are taken from the 1987 Near island Development Plan.

Future Reserve

This designation is intended to identify future reserve areas for development or preservation as the need arises. At present, no development other than the trail around the island would be allowed. Decisions on the appropriate use of reserve areas will be made in the future.

General Commercial

Areas designated for commercial development are intended to allow a broad range of retail and commercial activities. These activities could be oriented to the needs of the fishing fleet and the visitor industry. Specifically excluded from the commercial designations are all industrial land uses and residential development. Commercial and industrial activities carry the definitions of the existing KIB Zoning Code. Commercial areas should be designed to accommodate adequate off-street parking, limit the visibility of structures from Kodiak through height restriction, and provide sidewalks for pedestrians.

General Commercial Tourism Related

Areas designated for general commercial – tourism related development are intended to allow a broad range of retail and lodging oriented to the needs of the visitor industry. Specifically excluded from the commercial designations are all industrial land uses and residential development. Commercial and lodging activities carry the definitions of the existing KIB Zoning Code.

Institutional

This designation is intended to support the Fishery Industrial Technology Center by related development. This may include, but is not limited to, a museum, a convention center, mutli-family residential, student-related activity buildings, and a possible area for commercial development.

Greenbelt Areas

Greenbelt designations are areas where no structural development is permitted and natural vegetation and landforms are left undisturbed. These are essentially natural areas with human activities limited to passive recreation, picnics, and the like. Possible exceptions to leaving greenbelt areas undisturbed would be the trail system around Near Island.

Open Space and Recreational

This designation is intended to be limited to park areas, greenbelts, and minor structural developments. Development would be limited to picnic facilities, restrooms, and recreational facilities such as a basketball hoop, volleyball net, horseshoes, etc.

Seaplane Base & Support Services

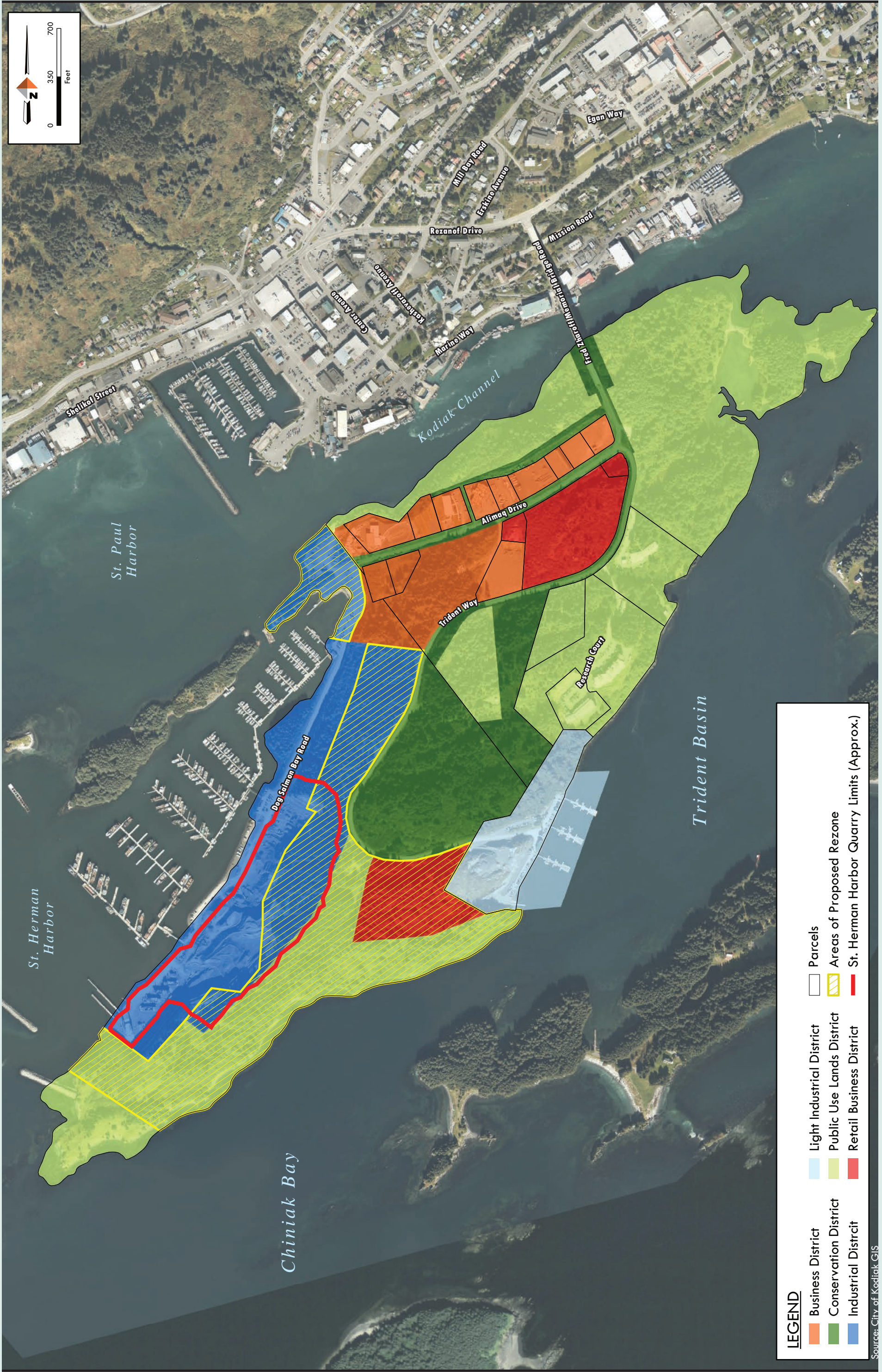
Areas identified as possible float plane facilities would include docking and tie-down areas, a shore-based haul out area for maintenance, and parking areas as identified in the Airport Layout Plan that was developed for Trident Basin as part of the Airport Master Plan.

Water Dependent Marine Industrial

The intent of this designation would be for the development of water dependent marine industrial land use. Development in this area should give priority to those types of businesses and services that are most affected by or dependent on their proximity to the water and harbor.

Water Related Marine Industrial

The intent of this designation would be for the development of water related marine industrial land use. This area could accommodate a variety of commercial marine related uses such as hardware and tackle, electronic shops, fishing gear supply outlets (both commercial and sport), net hanging and repair facilities, etc. Businesses such as welding and engine repair and sales should be considered. Restaurants, grocery and supply stores, and other public sales and services could help to maximize visitor attraction to the waterfront, while providing a convenience area for the users of the harbor.



Source: City of Kodiak GIS

FIGURE 15: Proposed Zoning Map

Implementation Plan

Implementation is an essential component of the planning process and is necessary for achieving the desired outcomes of this Near Island Development Plan. This plan includes goals in the form of proposed studies, policies, and projects. Some of these might be achievable in the near-term while others may require more time and/or funding to complete. As such, recommendations have been broken out into timeframes consisting of near-, mid-, and long-term.

The near-term timeframe is within the next 0 to 5 years and includes those projects that the City should consider focusing on first, as these goals emerged from the public participation process as most important to residents. They also tend to be low-cost and easily achievable.

The mid-term timeframe is within the next 5 to 10 years. These goals are important to the City and to residents and should be addressed as time, money and other resources allow.

The long-term timeframe is 10 years or more. These are goals that require more funding and time to complete. However, opportunities for funding or other factors such as political motivation may make long-term goals more feasible or desirable in the near- or mid-term. If such an opportunity arises, the City should not hesitate to shift the goal time frame.

Table 1: Implementation Plan

#	Goal	Priority-Level	Project Leader	Next Steps
1	Adopt the Near Island Development Plan. Update as part of the Kodiak Island Borough Comprehensive Plan.	Short-term	City Manager	<ul style="list-style-type: none"> City Council approves 2017 Near Island Development Plan. Coordinate with the KIB Planning Department.
2	Formalize relationship with Island Trails Network (ITN) through a Memorandum of Agreement (MOA) which would allow for streamlined execution of trail construction as grant funding becomes available. The MOA should also provide guidance for roles and responsibilities of each organization.	Short-term	Parks & Recreation/ ITN	<ul style="list-style-type: none"> Parks & Recreation investigate legal issues and considerations of entering into an MOA with a non-City entity. Determine best framework for agreement.
3	Adopt standards for road improvements that consider drainage and trails along roadways.	Short-term	Public Works	<ul style="list-style-type: none"> Develop concept road design standards for City Council and public review (concepts provided in this plan). Incorporate public comments into proposed design standards. City Council approves and adopts design standards and incorporates into City Code, Title 12 Streets and Sidewalks.
4	Pursue revenue stream that would support trail maintenance on Near Island.	Short-term	Parks & Recreation / Island Trails Network	<ul style="list-style-type: none"> Investigate possible revenue making opportunities. These might include a public-private partnership, user fees, implementing a special tax, creation of an assessment district, or other alternatives.
5	Enhance entrance onto Near Island.	Short- to Mid-term	Parks & Recreation / City Engineer	<ul style="list-style-type: none"> Develop landscape design plan for entrance onto Near Island. Incorporate project (materials and labor) into the City capital improvement plan (CIP). Hire a landscaping company to install improvements.
6	Evaluate if highest return of investment is through retaining land ownership and providing long-term leases for development, or selling property and taxing.	Mid-term	City Manager	<ul style="list-style-type: none"> Incorporate project into the City CIP. Hire an economist to complete study that includes a land disposal plan.
7	Provide (1) light duty crane for small boats at the harbor.	Mid-Term	Ports & Harbors	<ul style="list-style-type: none"> Incorporate project into the City CIP.

#	Goal	Priority-Level	Project Leader	Next Steps
8	Analyze lighting levels at the transition from the Near Island Bridge onto Near Island to determine if adequate levels exist.	Mid-term	Public Works / City Engineer	<ul style="list-style-type: none"> • Incorporate project into the City CIP. • Hire an electrical engineer to complete an analysis which should include recommendations for improvements as necessary. • Depending on where deficiencies are found in relation to the ROW line, coordination with DOT&PF may be required to establish responsibility for providing improvements.
9	Replat island so that property lines follow zoning designations, and establish City of Kodiak right-of-way along road corridors.	Mid-term	City Engineer	<ul style="list-style-type: none"> • Incorporate project into the City CIP. • Contract out a surveyor to complete boundary survey and platting process.
10	Rezone lands to reflect the Land Use Plan Map, as necessary.	Mid-term	City Manager	<ul style="list-style-type: none"> • After replat of Near Island is complete coordinate with the KIB on an area-wide zoning amendment that reflects the 2017 Land Use Plan Map.
11	Complete study, as previously discussed, demonstrating the need for additional Institutional Land prior to development.	Long-Term	City Manager	<ul style="list-style-type: none"> • Incorporate project into the City CIP. • If study determines there is a need for additional Institutional Land, an amendment to the 2017 Land Use Plan Map and Zoning Map should be approved by the City Council and the KIB.
12	Complete a storm drain master plan for Near Island.	Long-Term	Public Works / City Engineer	<ul style="list-style-type: none"> • Incorporate project into the City CIP. • Hire an engineering consultant to complete plan which should include an implementation plan.
13	Develop a managed parking and/or dry storage plan for the land at the bottom of Alimaq Drive. This could include the relocation of storage to provide parking closer to the harbor.	Long-term	Public Works / City Engineer	<ul style="list-style-type: none"> • Incorporate project into the City CIP. • Hire a land use or transportation planner to develop plan which should include an implementation plan.

#	Goal	Priority-Level	Project Leader	Next Steps
14	After quarrying activities have been completed, a needs analysis or similar study demonstrating the need for a waterfront trail should be completed.	Long-Term	Ports & Harbors	<ul style="list-style-type: none"> Following completion of quarrying near St. Herman Harbor, incorporate project into the City CIP.
15	Provide an additional (1 to 2) light duty cranes for small boats at the harbor.	Long-Term	Ports & Harbors	<ul style="list-style-type: none"> Incorporate project into the City CIP.

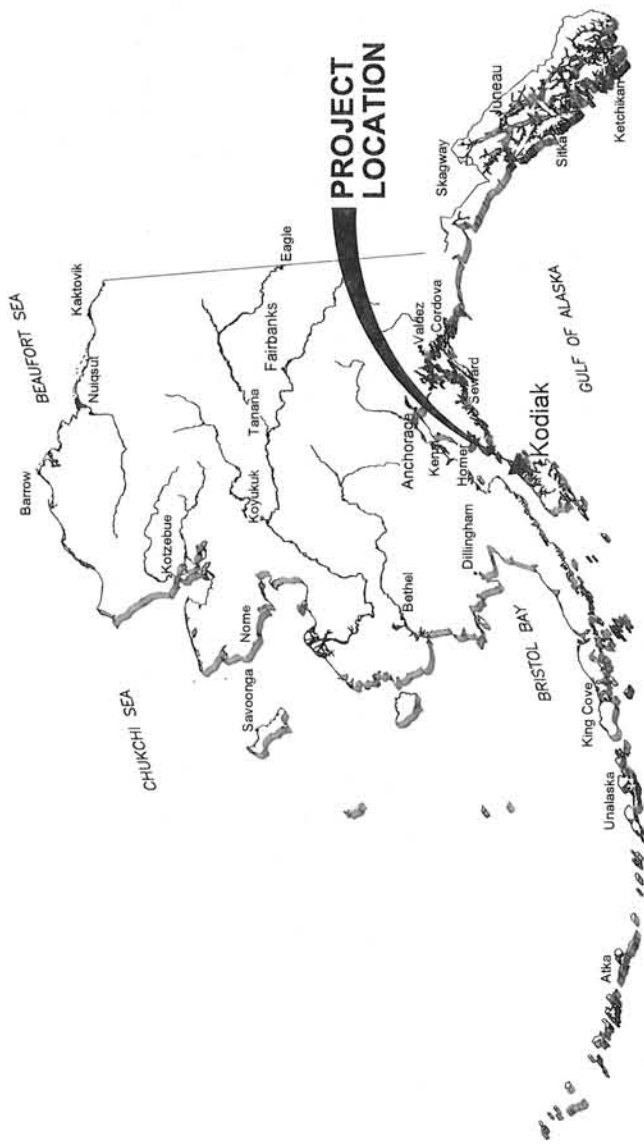


Appendix A

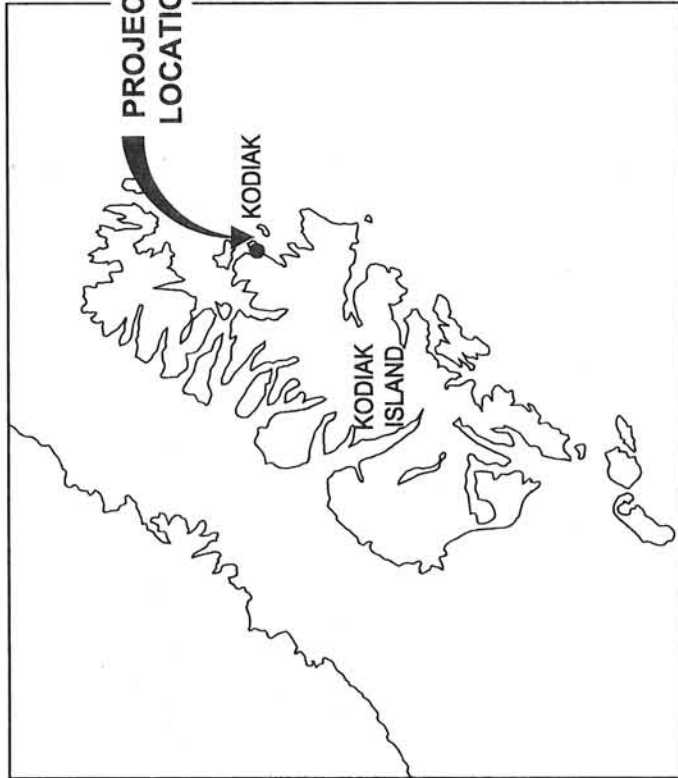
Updated Conditional Use Permit

ST. HERMAN HARBOR QUARRY EXPANSION

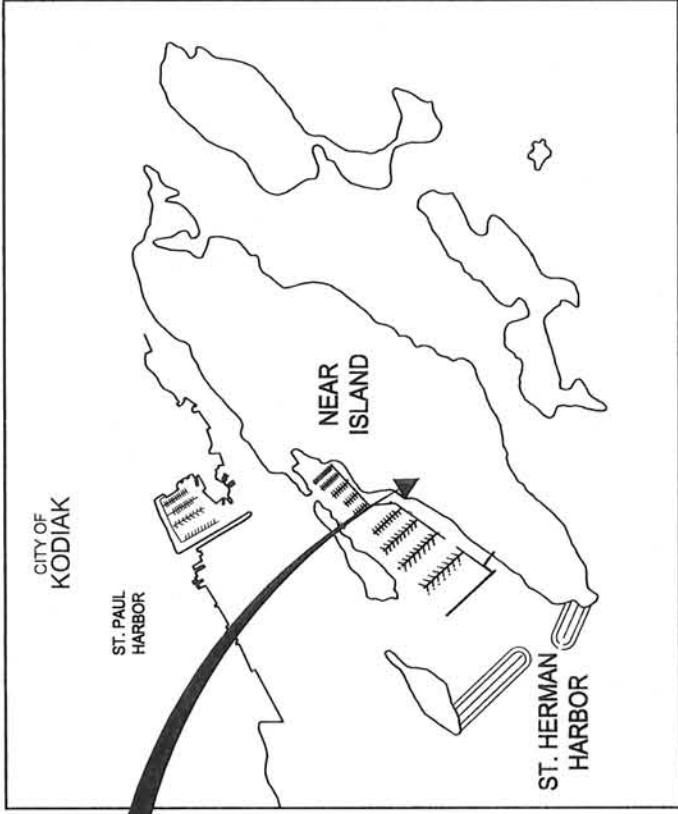
KODIAK, ALASKA FEBRUARY 2010



STATE OF ALASKA



KODIAK ISLAND



ST. HERMAN HARBOR VICINITY

SHEET INDEX	
TITLE SHEET & INDEX	1
SUMMARY & PROJECT CONTROL	2
SECTIONS AND DETAILS	3
QUARRY EXPANSION LAYOUT (1 OF 2)	4
QUARRY EXPANSION LAYOUT (2 OF 2)	5
GRADING PLAN (1 OF 2)	6
GRADING PLAN (2 OF 2)	7

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REV	DATE	DESCRIPTION	DATE

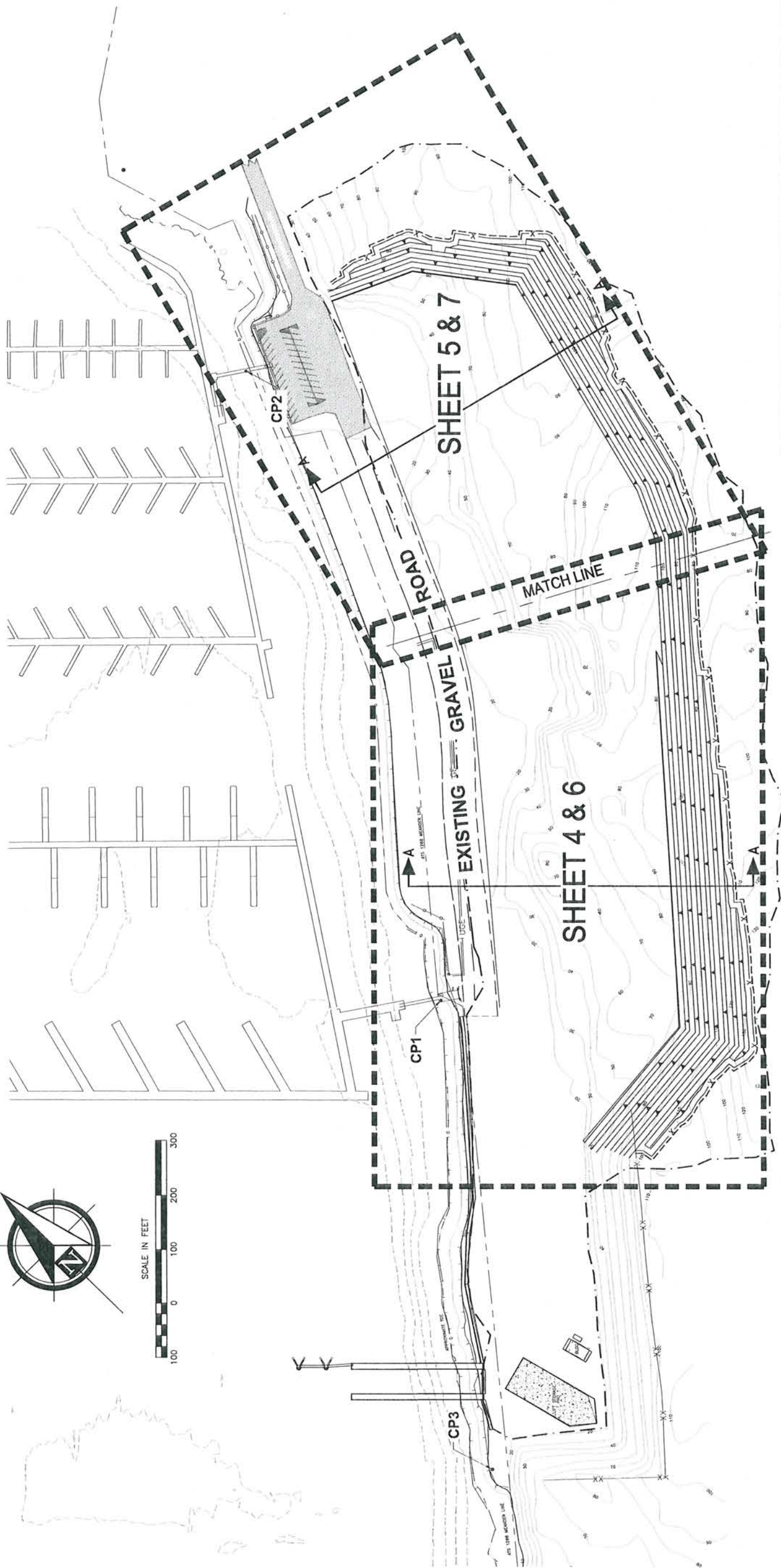
1506 West 36th Avenue
Anchorage, Alaska 99503
Phone: 907.561.1011
Fax: 907.563.4220
www.pndengineers.com



**KODIAK ST HERMAN HARBOR
QUARRY EXPANSION**

TITLE SHEET AND INDEX

DESIGNED BY:	ZC	DATE:	2/09/10	SHEET NO.	1	OF	7
CHECKED BY:	KB	PROJECT NO.:	091114				



PROJECT CONTROL			
POINT	NORTHING	EASTING	ELEVATION
CP1	1382897.332	1950302.766	16.83
CP2	1383963.989	1950873.474	23.96
CP3	1382222.667	1949758.384	16.08

NOTES:

- CONTOURS DEVELOPED FROM SURVEY PERFORMED APRIL 11-20, 2006 AND NOVEMBER 3-6, 2009 BY PND ENGINEERS, INC.
- VERTICAL DATUM IS MEAN LOWER LOW WATER (MLLW = 0.00')
- THE ELEVATION FOR THE C.O.E. CONTROL MONUMENT "SYLVA" IS 21.62' MLLW (SEE NOTE 1). FOR LOCATION AND DESCRIPTION REFER TO THE CORPS OF ENGINEERS JUNE 2002 CONDITION SURVEY OF THE ST. HERMAN'S HARBOR. A TIE WAS MADE TO SEVERAL BENCH MARKS WITHIN THE AREA INCLUDING "HARBOR MASTER" LOCATED AT THE BASE OF THE FLAG POLE NEAR THE HARBOR MASTER BUILDING. THE ELEVATION FOR "HARBOR MASTER" BASED ON THIS DATA IS 20.18'
- BATHYMETRY SHOWN ON THIS DRAWING WAS TAKEN FROM THE C.O.E. JUNE 2002 CONDITION SURVEY. NO ATTEMPT WAS MADE BY PND SURVEYORS TO VERIFY THE C.O.E. DATA. EXPANSION OF THE UPLANDS AFTER THE 2002 CONDITION SURVEY REQUIRED MODIFYING THE BATHYMETRY IN ORDER TO BEST FIT THE EXISTING CONDITIONS.

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REV	DATE	DESCRIPTION



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Anchorage, Alaska 99503
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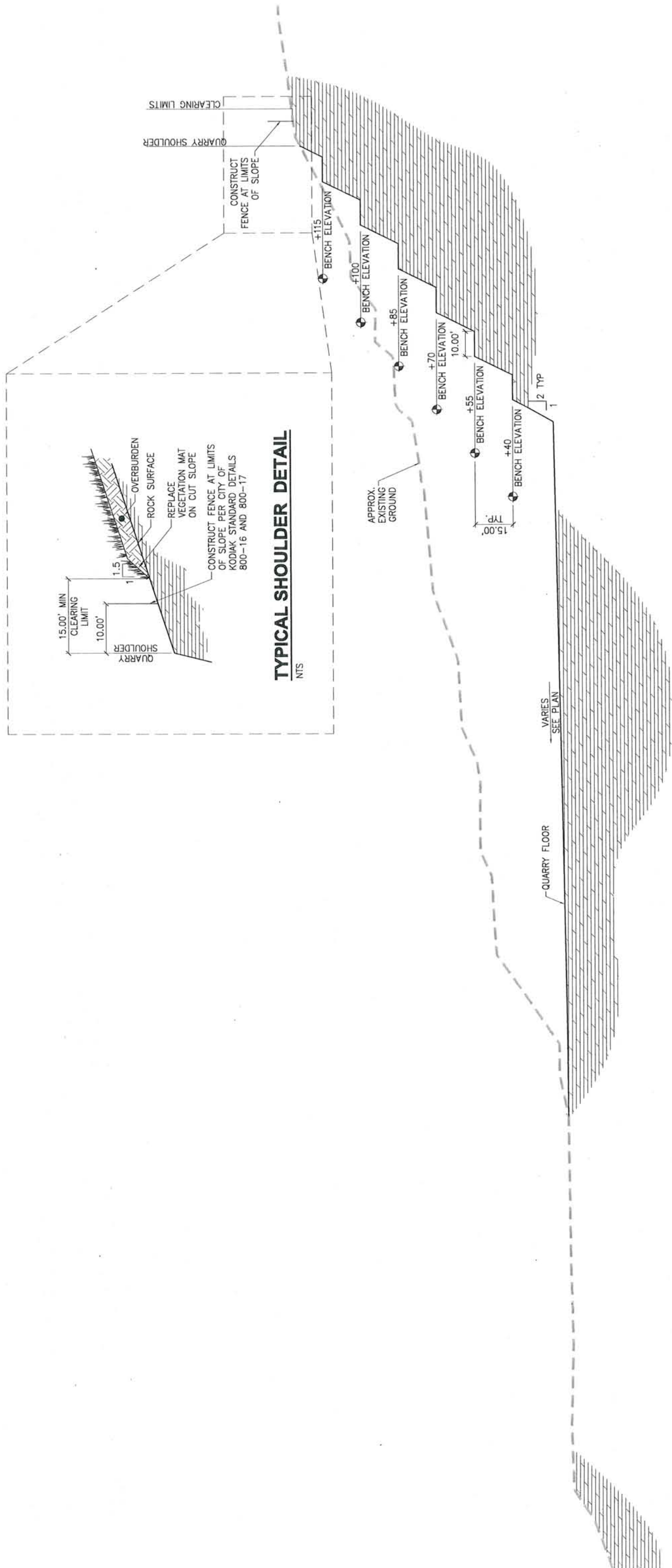
PND ENGINEERS, INC.

KODIAK ST HERMAN HARBOR QUARRY EXPANSION

SUMMARY AND PROJECT CONTROL

DESIGNED BY: ZC DATE: 2/09/10
CHECKED BY: KB PROJECT NO: 091114

SHEET NO: **2** OF **7**



QUARRY SECTION A-A
NTS

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REV	DATE	DESCRIPTION



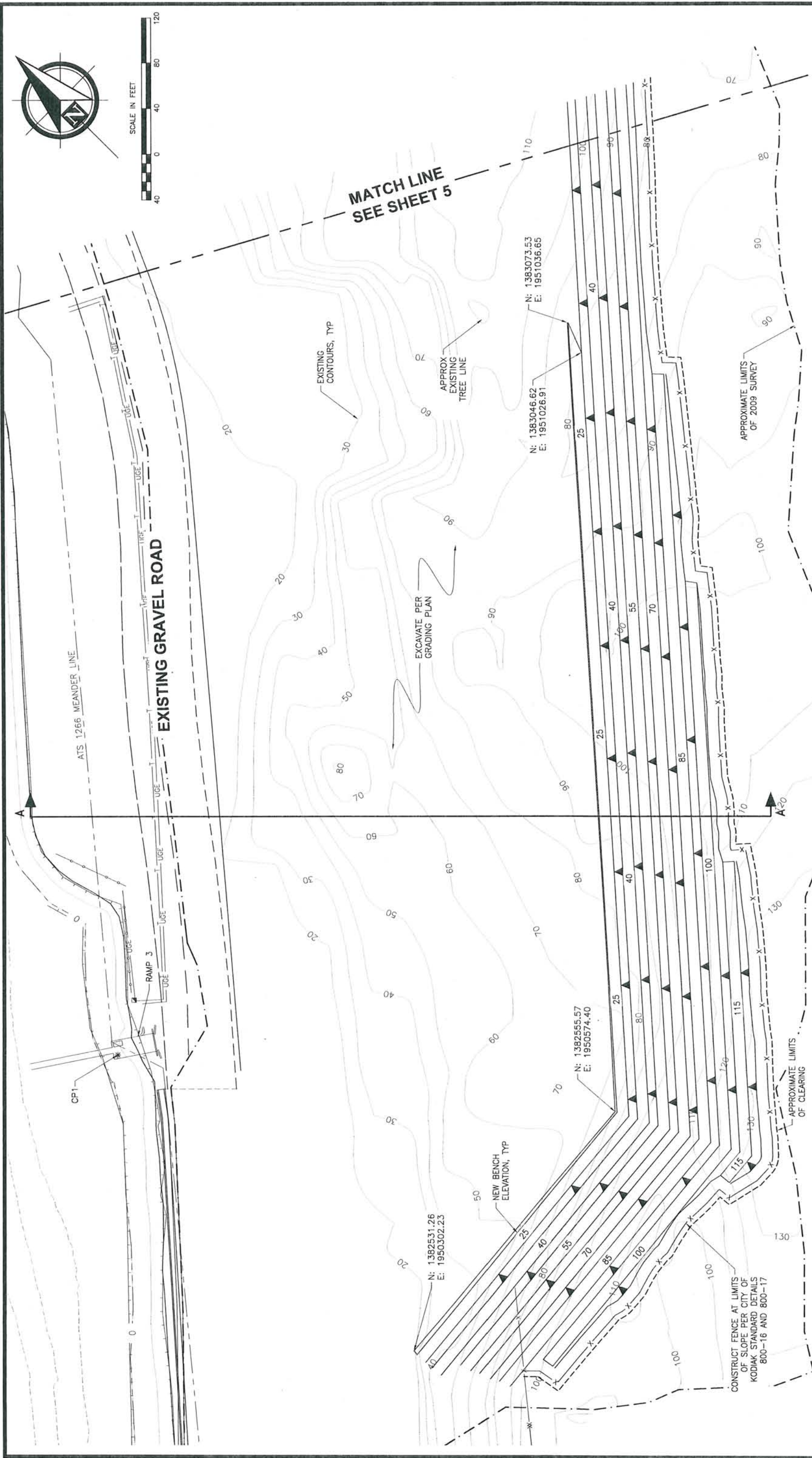
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Anchorage, Alaska 99503
Phone: 907.561.1011
Fax: 907.563.4220
www.pndengineers.com



**KODIAK ST HERMAN HARBOR
QUARRY EXPANSION**

SECTIONS AND DETAILS

DESIGNED BY: ZC	DATE: 2/09/10	SHEET NO. 3	OF 7
CHECKED BY: KB	PROJECT NO: 091114		



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REV	DATE	DESCRIPTION

- NOTES:**
1. CONTOURS DEVELOPED FROM SURVEY PERFORMED APRIL 11-20, 2006 AND NOVEMBER 3-6, 2009 BY PND ENGINEERS, INC. VERTICAL DATUM IS MEAN LOWER LOW WATER (MLLW = 0.00')
 2. THE ELEVATION FOR THE C.O.E. CONTROL MONUMENT "SYLVA" IS 21.62' MLLW (SEE NOTE 1). FOR LOCATION AND DESCRIPTION REFER TO THE CORPS OF ENGINEERS JUNE 2002 CONDITION SURVEY OF THE ST. HERMAN'S HARBOR. A TIE WAS MADE TO SEVERAL BENCH MARKS WITHIN THE AREA INCLUDING "HARBOR MASTER" LOCATED AT THE BASE OF THE FLAG POLE NEAR THE HARBOR MASTER BUILDING. THE ELEVATION FOR "HARBOR MASTER" BASED ON THIS DATA IS 20.18'.
 3. BATHYMETRY SHOWN ON THIS DRAWING WAS TAKEN FROM THE C.O.E. JUNE 2002 CONDITION SURVEY. NO ATTEMPT WAS MADE BY PND SURVEYORS TO VERIFY THE C.O.E. DATA. EXPANSION OF THE 2002 CONDITION SURVEY REQUIRED MODIFYING THE BATHYMETRY IN ORDER TO BEST FIT THE EXISTING CONDITIONS.



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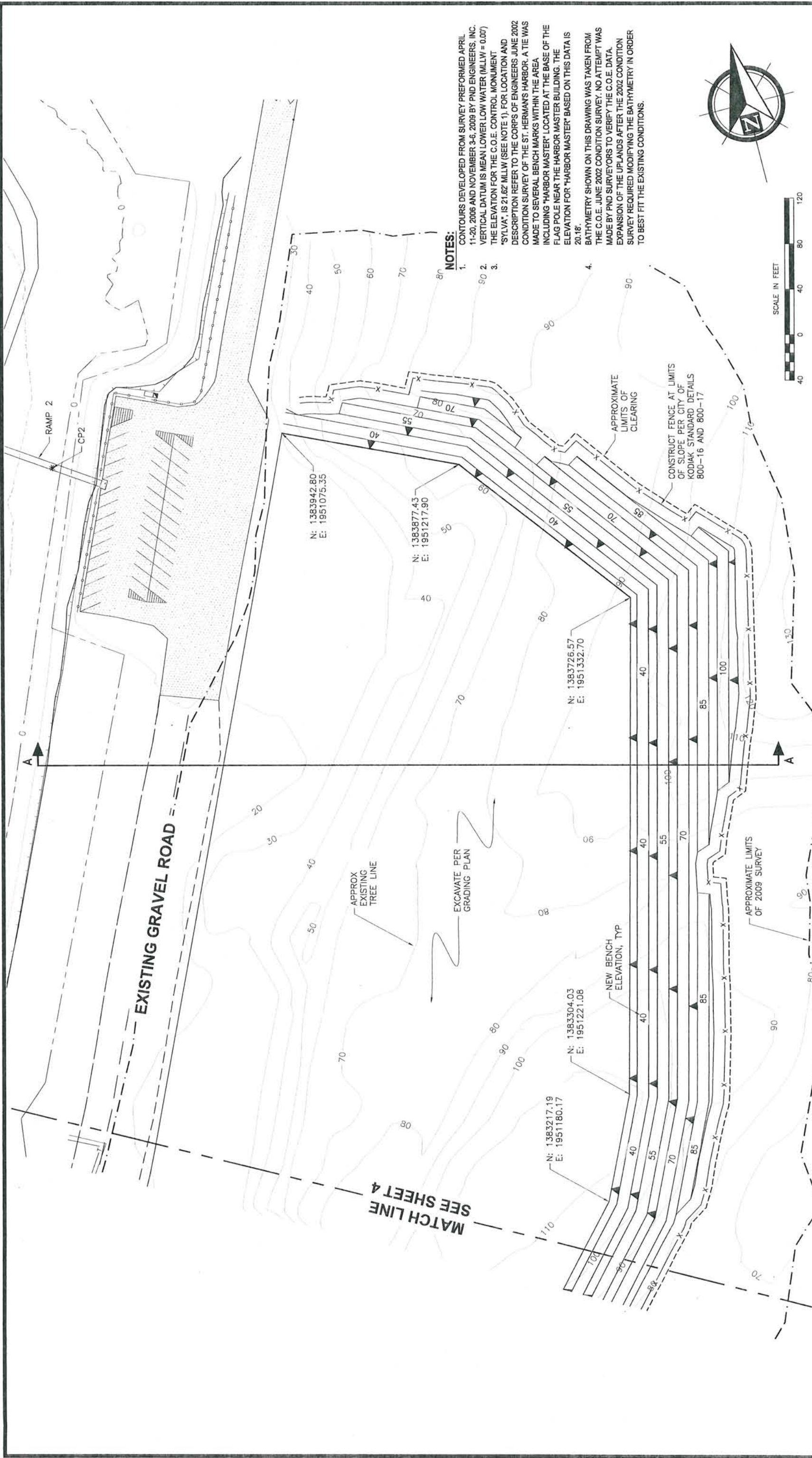
PND ENGINEERS, INC.

KODIAK ST HERMAN HARBOR QUARRY EXPANSION
QUARRY PLAN AND LAYOUT

PROJECT: _____
FILE: _____

DESIGNED BY: ZC DATE: 2/09/10
CHECKED BY: KB PROJECT NO: 091114

SHEET NO. **4** OF **7**



- NOTES:**
1. CONTOURS DEVELOPED FROM SURVEY PERFORMED APRIL 11-20, 2006 AND NOVEMBER 3-6, 2009 BY PND ENGINEERS, INC. VERTICAL DATUM IS MEAN LOWER LOW WATER (MLLW = 0.00')
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 - 4.



**KODIAK ST HERMAN HARBOR
QUARRY EXPANSION
LAYOUT**



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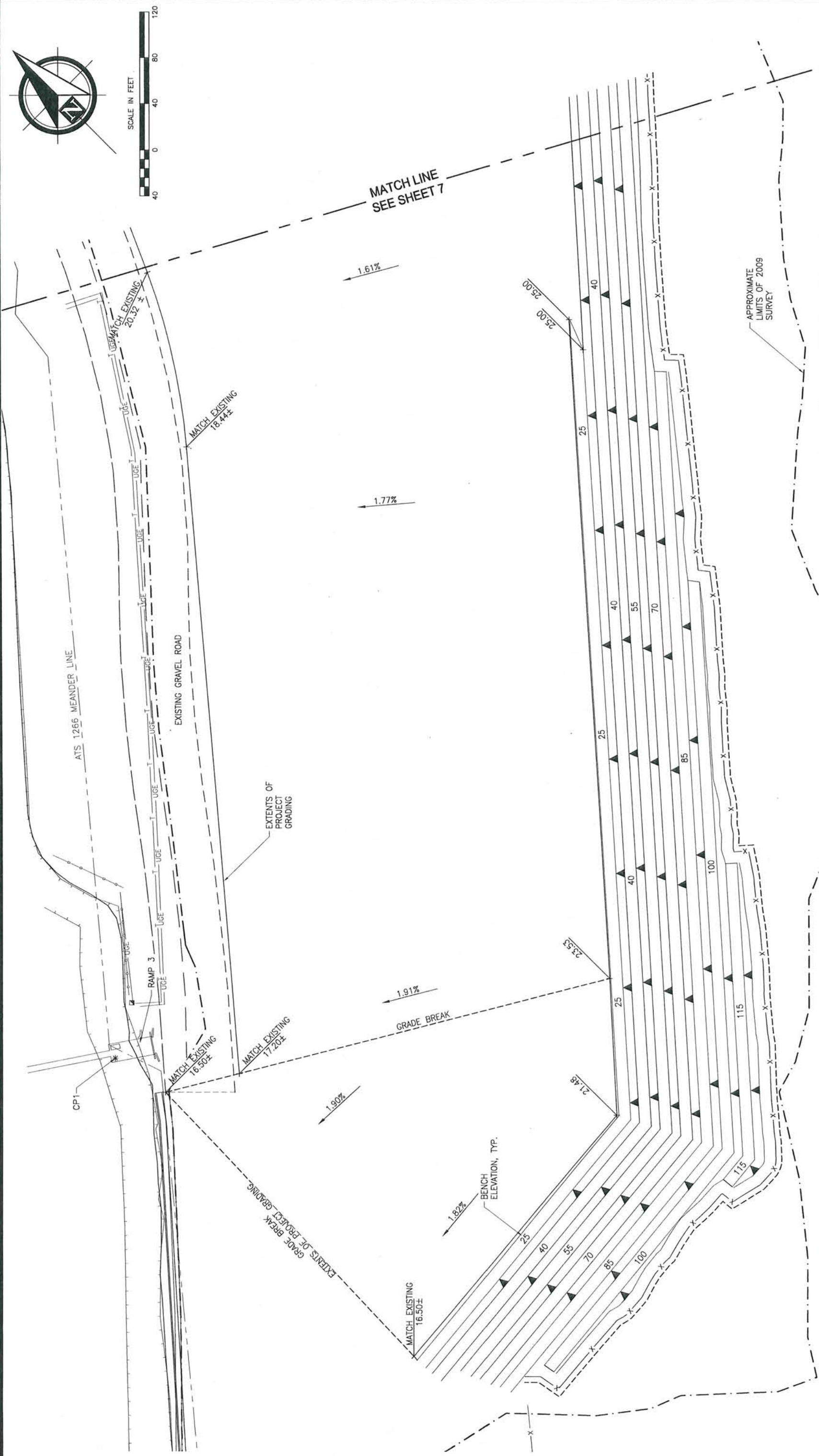
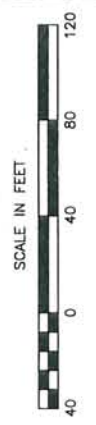


DATE: 2/9/10

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REV	DATE	DESCRIPTION

DESIGNED BY: ZC DATE: 2/09/10
CHECKED BY: KB PROJECT NO: 091114



**KODIAK ST HERMAN HARBOR
QUARRY EXPANSION**

FINISH GRADING PLAN

DESIGNED BY: ZC DATE: 2/09/10
 CHECKED BY: KB PROJECT NO: 091114

SHEET NO: **6** OF **7**

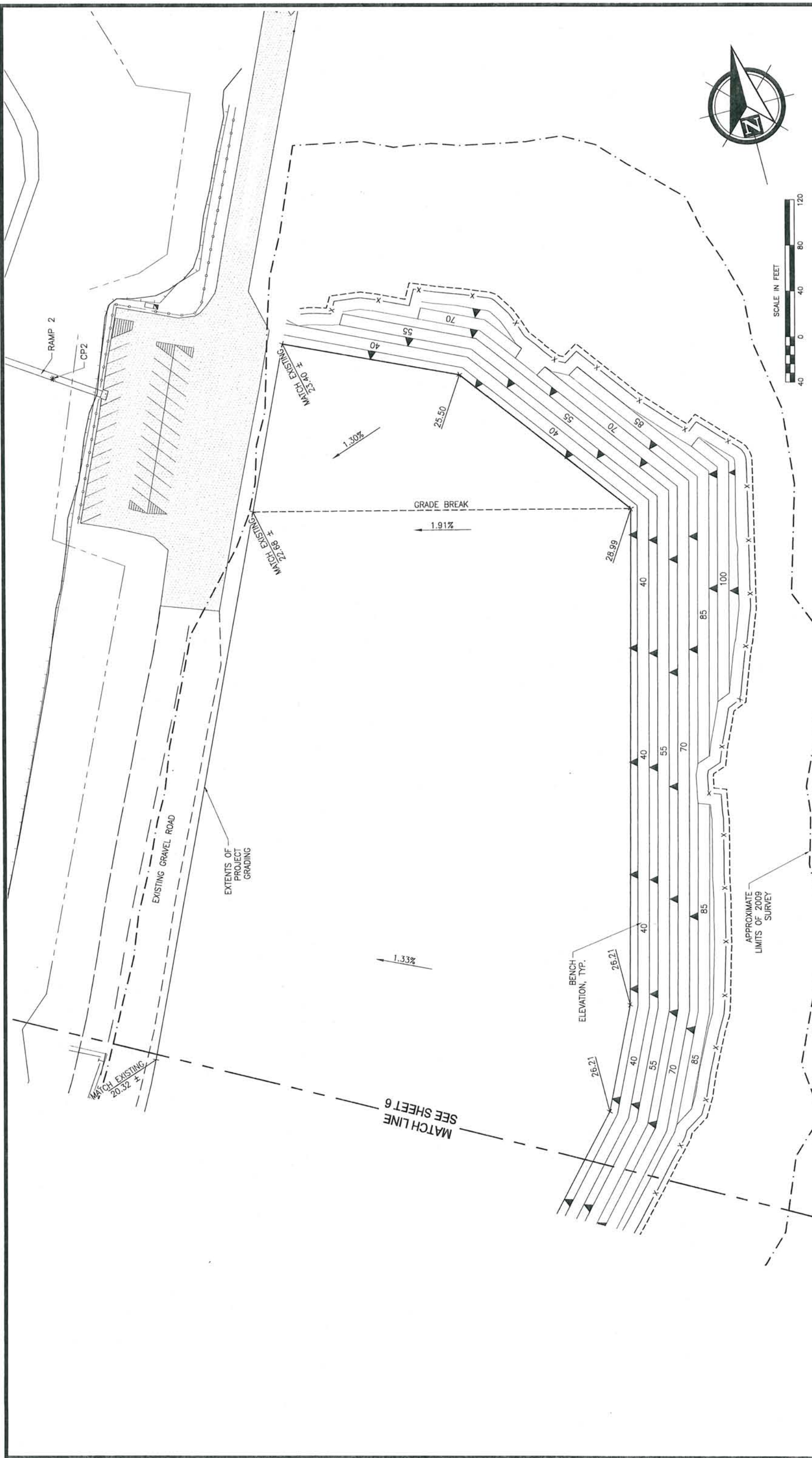
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REV	DATE	DESCRIPTION



**KODIAK ST HERMAN HARBOR
QUARRY EXPANSION**

FINISH GRADING PLAN

DESIGNED BY: ZC DATE: 2/09/10
 CHECKED BY: KB PROJECT NO: 091114

SHEET NO: **7** OF **7**

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REV	DATE	DESCRIPTION



Appendix B - Public Involvement Material- Available Separately

Appendix B

Public Involvement Materials

Appendix B - Public Involvement Material- Available Separately



KODIAK ISLAND BOROUGH
STAFF REPORT
NOVEMBER 30, 2017
ASSEMBLY WORK SESSION

SUBJECT: Manager's Consolidation Report

ORIGINATOR: Michael Powers

RECOMMENDATION:

Review this report and provide direction on how to proceed.

DISCUSSION:

Background

The voters approved an advisory ballot measure for the Borough to consider consolidation with the City of Kodiak in October 2016. The ballot measure expressly addresses the consolidation of the Borough and the City of Kodiak. It does NOT address the other incorporated (2nd class) cities within the Borough. Some people have stated otherwise, but the language of the measure, and the definitions in state law, do not result in it being applicable to the other cities (they are not "subject cities" or "offshoots" of the borough). The Assembly subsequently discussed, but not defined, what the measure meant. This measure follows a previous effort in the last 1980s/early 1990s to study the same issue and this report addresses similar issues (See Consolidation Report May 15, 1989 labeled "1989 Consolidation Report 2 Revised" in the CivicWeb Document Center). The previous report focused a considerable amount of effort on process and potential cost savings but lacked specificity regarding staffing, powers and service delivery.

It should be noted that the Borough Mayor and Manager met with their counterparts in the City to discuss jointly addressing the outcome of the ballot measure but the City declined to work with the Borough on this matter. Recently, the City changed its position to being willing to provide information needed but did not commit to work with the Borough to analyze operational and fiscal issues. Accordingly, the efforts of the Borough to study the matter have been undertaken without cooperation of the City. It is important to recognize the difficulty this has caused as the City worked with the previous committee that prepared the report and that no such cooperation (or committee) existed for this report.

It should also be noted that the City recently prepared a document regarding annexation of two areas (north and south) that provides some analysis of fiscal impacts of the annexation. Their information is considered in this report and is attached.

The Borough's purpose is to provide a variety of both urban and rural services and represent ALL of the residents of the archipelago. While it is done as a 2nd class borough with defined powers, it, and the service areas created under it, have the ability to expand those powers. The City was created to represent those residents within its corporate boundaries through a Charter City. While many of the interests of the Borough and City are similar (and are jointly promoted and supported), they are not identical.

This report identifies the areas previously addressed as well as changes that have occurred in the intervening years. While it does provide for options to move forward, additional work will need to be done before entering the formal process of consolidation. Significantly, very little has changed from the previous report other than potential mortgage issues are resolved. The proposals regarding potential legal services (and dependence upon interns) will need to be re-examined. A consolidated organization may have sufficient legal work to employ an attorney rather than contract. Other concerns



**KODIAK ISLAND BOROUGH
STAFF REPORT
NOVEMBER 30, 2017
ASSEMBLY WORK SESSION**

have been raised that were not addressed in the previous report that will need to be addressed.

The Kodiak Island Borough is a 2nd class, general law, borough. It has the limited powers of a 2nd class borough although it did adopt health powers. The City of Kodiak is a charter city that provides a full range of powers. The previous report supplies an analysis of the various types of government that could be used (1st class or charter borough). While not explicitly stated, it should be noted that language in a charter that “accepts all powers not restricted” provides the most flexibility into the future should a consolidated entity wish to undertake other services.

While there is a perception of significant overlap between the Kodiak Island Borough (Borough) and the City of Kodiak (City), the facts of the matter tell a different story. As shown below, there are areas and departments that overlap, but many areas where they do not overlap. In two areas (Animal Control and Building Permit/Inspection) the City provides the service to the Borough through agreements. The City and Borough jointly work, and fund, efforts in fisheries.

Staffing

Areas of Overlapping Staff

Elected Officials

Manager's Office (3 Borough, 3 City)

Clerk's Office (Borough and City 3 each)

Finance (Borough 10, City 7.25 both include IT)

Engineering (Borough 10, City 2)

Fire-Borough (Borough) 1 FT, 50+ volunteers, City 13.75)

Parks and Rec (Borough 0, City 5.75)

Human Resources (excludes payroll) (1 Borough, 1 City)

Separate

Community Development (6 Borough employees)

Health powers (provided by contract with Providence)

Solid Waste (10 Borough employees)

School Building ownership and maintenance

Assessor's Office (5 borough employees)

Resource Management (1 borough employee)

Police (42.5 city employees)

Harbor & Cargo (16.4 city employees)

Engineering and Facilities (schools, solid waste, borough buildings, support for Service Districts) (14 borough employees)

Public Works (water, wastewater, roads) (27.5 city employees)

Library (7 city employees)

In regard to staffing, there are three areas that clearly would need to be addressed: First, what overlap, or duplicitous staff exist; second, what shortfalls exist; and third, what are the future needs for staffing. As noted above there are some overlaps in the Managers office, Clerks, Finance, Parks, Fire and Human Resources that MAY result in duplicitous positions, however, without the cooperation of the City, it is impossible to accurately define this. For example, both jurisdictions have clerk's offices, but in the Borough, some committees are clerked by departmental secretaries which results, functionally, in additional duties not adequately addressed by the two Clerks offices. Whether those additional responsibilities could be reduced is unclear. In Finance, the Borough processes property taxes but does not process sales tax. Both entities process accounts payable and payroll, but staff assigned to those functions undertake other duties as well. Whether any true duplication of staffing exists is



**KODIAK ISLAND BOROUGH
STAFF REPORT
NOVEMBER 30, 2017
ASSEMBLY WORK SESSION**

unknown. In regard to fire services, the City employs full time employees while the fire districts in the Borough are volunteer (Bayside has one full time employee). While models exist regarding full-time and volunteer departments, that is easier to model than execute given human nature. Again, without deeper analysis by both entities, it is not possible to determine “savings”. In discussions with senior management of the City and the Borough, both have noted a lack of staff in nearly all aspect of operations as a significant challenge. This problem has not been clearly identified on an organization wide basis as both entities management philosophy has been to try to accomplish the tasks at hand with the staffing available. Future needs are unknown at this moment. At this juncture, there is insufficient information to postulate that consolidation would provide a cost savings. It should also be noted that the Borough contracts out a significant amount of services, while, generally, the City provides more services in-house. One such example is snow plowing. The Borough relies on outside vendors while the City provides this service in house. If consolidation were to occur, these management philosophies would have to be reconciled.

Law enforcement is provided by the City within the City limits. In the Borough, the State provides troopers, without charge. While Troopers are available 24 hours, they are not “on the clock” on a 24 hour basis and have to be “called out” after hours. Anecdotally, the level of satisfaction with the State Troopers is low because of this and likely results in a delay in reporting crimes and may result in some crimes not being reported at all. The City Annexation Report discusses the need for additional staffing with additional costs for the annexed area, but the exact methodology and assumptions about their baseline staffing is unknown. While some have posited that service areas could be created to provide various services in a consolidated entity, having different levels of law enforcement (or other services) may be problematic in a number of areas but can be done.

Both the Borough and the City have numerous committees tasked with various functions. This report has not addressed the number or function however, in the next steps to be considered, the number and function should be considered as well as the potential reductions that could occur.

Form of Government

The Borough is a second class, general law borough with limited powers. The City is a charter city. The powers of the City are specifically NOT enumerated in their charter, thereby allowing them to undertake any power allowed by Alaska law (staff is unaware of any powers exercised not permitted by a first class City, this matter requires further research as part of an effort of consolidation). Based upon the past report and with review of currently applicable law, consolidation would occur as a borough with the borough becoming either a first class or charter borough. Not addressed in the previous report is how large of an elected body would exist nor whether it would be elected at large or by districts (there are federal voter rights that will need further exploration). Also not addressed is representation of the villages and 2nd Class Cities with the Borough under a consolidated Borough/City effort. Both of these issues would need to be addressed.

Financial issues

The City’s total FY16 budget was \$42,503,069. The Borough’s was \$46,688,788. Because of the unwillingness of the City to work on this report, staff has not undertaken any analysis of the fiscal impacts or potential taxation issues but does note that different mill rates for property tax continue to exist as well as the City continues to have a sales tax. Further, the Borough continues to use service districts that assess additional mill rates to fund their operations. Overarching all of this are mill rates to support the school district (operational and debt service) which far exceed any of the City and Borough mill rates for operations. The existing service districts provide fire, lighting, roads and tide gate operations and each has a separate taxation rate. There are potentially a number of ways to handle these in a consolidated entity from dissolution to ongoing existence. Should consolidation occur, planning for these services needs to be considered. It should be noted from the 1989 report that the estimated savings for areas of duplication was approximately 11% although the methodology for those



**KODIAK ISLAND BOROUGH
STAFF REPORT
NOVEMBER 30, 2017
ASSEMBLY WORK SESSION**

savings is unclear.

Both the Borough and the City face large, mostly unfunded challenges in their capital programs. In addition to the school facilities, the Borough Administrative building, the Annex, facilities leased for mental health and the long term care center either don't have a Renewal & Replacement plan, are underfunded, or both. The City faces similar challenges in its Fire Department, Harbor, Water and Wastewater operations. These unfunded capital costs are measured in the tens of millions of dollars.

Service Delivery

The Borough (including service areas) and City currently operate with some fundamental differences in how services are delivered. For the most part, the City provides its public work services in house, especially road maintenance. The Borough, through its' service districts, provides road services through outside contractors. The City envisions, if annexation occurs, directly providing services to the annexed area. As noted above, these philosophies would need to be reconciled.

Other issues

In the previous report, concerns existed due to the finance rules in place for "rural" mortgages. Subsequent to that report, the rules and definitions have changed and, at this time, a consolidation does not appear to pose any significant risk to the ability to borrow funds for mortgages. We have queried state and federal funders regarding the potential impacts. We do not believe there would be an impact on PILT or "Revenue Sharing".

Issues requiring further work

Further analysis of the benefits of a charter borough as opposed to a 1st class borough needs to be explored. While it does not appear at this time that there are "unique" powers in Kodiak outside of the 1st class borough, the matter requires further attention.

Unionization of City Workforce-with the recent vote and court decisions, the unionization of the City workforce is an unknown factor. Further, since the Borough workforce is unionized, it is likely they will push for unionization. It is difficult to know the true fiscal impacts; however, it is reasonable to assume a significant cost increase for labor. While votes were recently taken that did not result in the creation of bargaining units, that could change after 1 year.

Status of villages-presumably, the villages that have incorporated cities (Akhiok, Larsen Bay, Old Harbor, Ouzinkie and Port Lions) are unlikely to be part of a consolidated Borough, however this will need to be further developed and provisions made for their ongoing operation.

Representative Government-How many seats and whether they are elected at large or by districts will need to be determined.

Law Enforcement-As noted above, the borough is served by State Troopers. It is unclear, based upon discussions with state officials, whether Troopers would still be assigned if the Borough undertook police (law enforcement) powers. Should the Troopers be removed, not only would additional costs be necessary to serve the consolidated entity, but how the villages would be served would need to be addressed. While it has been suggested that areas could "pay for services", how this would be done and how it would be justified in terms of providing equal services for equal taxes would have to be addressed. Further, there are requirements regarding crime reporting that would have to be considered.



**KODIAK ISLAND BOROUGH
STAFF REPORT
NOVEMBER 30, 2017
ASSEMBLY WORK SESSION**

Staffing-Given human nature, staff acceptance will be critical to implementing consolidation. One of the operating principles that may soften any potential staff resistance would be to assume that any reductions in staff would be through attrition, not layoffs.

Lastly, given the reluctance of some Assembly members and City Council members to even share a state lobbyist highlights the underlying issue that the Borough and City do have different perceived interests. How those are reconciled needs to be considered.

Future steps

1. Continue to work with the City on previously approved cooperative efforts and look for opportunities to expand those efforts. As further joint efforts occur, and a solid working relationship is established at the elected and staff levels, and recognized by the public, unification efforts will face less hurdles.
2. If the Assembly wishes to more forcefully pursue further action regarding consolidation:
 - a. Formally request that the city participate in a deeper analysis of the issue. In short, they will have to move beyond providing information and actively work with the Borough on consolidation.
 - b. Fund a consultant to collect, analyze and prepare a pre-consolidation report that will address all the formal requirements (including preparing necessary reports and documents) to move into the formal process.
 - c. Move into the formal process by submitting a petition pursuant to state law.

ALTERNATIVES:

See options in body of report.

FISCAL IMPACT:

Unknown at this time

OTHER INFORMATION:

See related documents in the Document Center under Other Topics of Interest, Consolidation Related Information (<https://kodiakak.civicweb.net/filepro/documents/45969?preview=38452>)

Borough – City
 Organizational Chart Comparison
 As of FY18

**Mayor
 Council**
 City & Boro

Clerk's Office
 City – 3 employees
 Clerk
 Deputy Clerk
 Admin Asst
 Boro – 3 employees
 Clerk
 Deputy Clerk
 Assistant Clerk

Manager's Office
 City – 4 employees
 Manager
 Deputy Manager
 HR Manager
 Admin Asst
 Boro – 5 employees
 Manager
 HR
 Special Projects
 Resource Manager
 Admin Asst

Attorney
 by contract
 City & Boro

Finance
 City – 7.25 employees
 Director
 Senior Fiscal Analyst
 Fiscal Analyst
 2 Fiscal Specialists
 2 Info Systems Admin
 Boro – 10 employees
 Director
 2 Fiscal Analysts
 2 Fiscal Technicians
 Fiscal Assistant
 Admin Support
 IT Supervisor
 Programmer/Analyst
 Network Technician

Engineering
 City – 2 employees
 Engineer
 Admin Asst
 Boro – 10 employees
 Director
 Maintenance Coordinator
 Maintenance Engineer
 Maintenance Mechanic
 Project Inspector
 Project Manager
 Project Assistant
 3 Admin Support

Fire
 City – 13.75 employees
 Fire Chief
 Deputy Fire Chief
 Fire Captain
 8 Firefighter/EMT
 Assistant (pt)
 Boro – 1 employee
 Fire Chief

Community Development
 Boro
 6 employees

Solid Waste
 Boro
 10 employees

Assessor's Office
 Boro
 5 employees

Police
 City
 42.5 employees

Parks & Rec
 City
 5.75 employees

Harbor & Cargo
 City
 16.4 employees

Public Works
 City
 27.5 employees

Library
 City
 7 employees

[Clerk's Note: the following is for the purpose of discussion. If the Council desires to amend Section 3.08.055, the ordinance will be written by the City attorney to include changes directed by the Council.]

3.08.055 Senior citizen exemption

(a) Effective Month, Day, 2018, (effective date of ordinance) ~~A~~ a person 65 years of age or older who has resided in the Kodiak Island Borough for a continuous period of ~~30~~ 365 days or more may ~~obtain~~ apply for a senior citizen sales tax exemption certificate by submitting a completed application to the finance director on a form provided by the city. Eligibility for a tax exemption shall be determined by the finance director based on applicant's income level (to be determined), Applicant must submit prior year federal tax return with application. The application must be signed by the applicant under oath and shall contain information relating to the applicant's residence, marital status, rental or ownership of occupied dwelling, persons occupying the dwelling, and other information reasonably necessary to determine the applicant's eligibility and monitor the use of the exemption certificate. The applicant shall also submit for inspection and copying a birth certificate, or other evidence determined by the finance director to be adequate, to establish the applicant's age. The exemption certificate shall be issued without charge in the name of the applicant and shall be valid for a period of three years. Except that seniors holding a valid tax exemption at the time Ordinance No. Xxxx becomes effective will retain that exemption indefinitely.

~~(b.) An exemption certificate issued to a person who is prevented or impaired from personally making purchases or payments by a physical or mental infirmity may designate not more than two other persons who shall be authorized to utilize the certificate when making purchases and payments on behalf of and for the sole use and benefit of the certificate holder or the certificate holder's spouse. Exemption holder must be present at the time of sale, except that medical and pharmacy purchases may be made by an individual designated by the exemption holder with a Power of Attorney.~~

(c) (1) No person may utilize a senior citizen tax exemption certificate to purchase or acquire property or rentals that are to be consumed or utilized by a person or persons other than the certificate holder, the certificate holder's spouse, a dependent of the certificate holder, or another person or persons who would be qualified to have a senior citizen exemption certificate issued to them under this section. As used in this section, "dependent" means a child of the certificate holder or the certificate holder's spouse who resides with the certificate holder when not attending school and who receives more than one-half of his or her support from the certificate holder.

(2) Notwithstanding any other provisions of this chapter no person may utilize a senior citizen tax exemption certificate to purchase or rent an item or service which will be used or consumed in a commercial business or enterprise or for the production of income.

(d) Persons making sales or rentals to or for the benefit of a senior citizen which are exempt from tax under the provisions of this section shall confirm the identity of the person or persons presenting an exemption certificate, if not personally known to them, by requesting identification and shall maintain records of each such exempt sale with an appropriate reference to the senior citizen exemption certificate number. If the person making the sale or rental has reason to believe that it is not for use or consumption by a senior citizen or other qualified user, because of the volume, type of purchase, or other facts, that person shall promptly report the possible fraudulent use of the exemption certificate to the city finance director. The finance director shall investigate the sale or sales, and if the finance director determines that the exemption certificate is being abused, the matter shall be referred to the city manager, who shall conduct such further investigation as is determined necessary and present the facts to the council for authorization to initiate prosecution or revocation action, or both.

(e) Senior citizen exemption certificates shall be subject to revocation as provided in KCC 3.08.070. [Ord. 983 §2, 1994; Ord. 703, 1983; Ord. 568 §1, 1979]

Persons in Household

Alaska Poverty Guidelines (Annual)

	100%	133%	138%	150%	200%	250%	300%	400%
1	\$15,060	\$20,030	\$20,783	\$22,590	\$30,120	\$37,650	\$45,180	\$60,240
2	\$20,290	\$26,986	\$28,000	\$30,435	\$40,580	\$50,725	\$60,870	\$81,160
3	\$25,520	\$33,942	\$35,218	\$38,280	\$51,040	\$63,800	\$76,560	\$102,080
4	\$30,750	\$40,898	\$42,435	\$46,125	\$61,500	\$76,875	\$92,250	\$123,000
5	\$35,980	\$47,853	\$49,652	\$53,970	\$71,960	\$89,950	\$107,940	\$143,920
6	\$41,210	\$54,809	\$56,870	\$61,815	\$82,420	\$103,025	\$123,630	\$164,840
7	\$46,440	\$61,765	\$64,087	\$69,660	\$92,880	\$116,100	\$139,320	\$185,760
8	\$51,670	\$68,721	\$71,305	\$77,505	\$103,340	\$129,175	\$155,010	\$206,680

Add \$5,230 for each person over 8

Health and

State of Alaska
Heating Assistance Program
FY 2017 Poverty Income Guidelines
 150% of the Federal Poverty Income Guidelines

FY 2017 Poverty Guidelines

# of People in Household	Gross Monthly Income Less Than 150% of Poverty
1	\$ 1,855
2	\$ 2,502
3	\$ 3,150
4	\$ 3,797
5	\$ 4,445
6	\$ 5,092
7	\$ 5,740
8	\$ 6,390
9	\$ 7,040
10	\$ 7,690
11	\$ 8,340
12	\$ 8,990

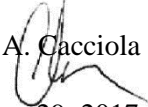
*Please add \$648 for each additional household member over 12 members.

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Anchorage, Alaska 99501
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MEMORANDUM

To: Kelly Mayes
Finance Director

From: Charles A. Cacciola 

Date: November 29, 2017

Re: Required and Optional Sales Tax Exemptions

The City of Kodiak is examining its existing sales tax ordinances. You have asked what sales tax exemptions contained in the code are legally required exemptions and which are optional.

Most exemptions to the City's sales tax are not legally required. Several exemptions could be revised or eliminated while complying with legal requirements, but practical considerations dictate that they remain. This memo addresses each exemption individually and notes several other provisions that could be tightened to capture additional revenue.

A. When to Codify Legally Mandated Exemptions.

Subsection 3.08.040(n) exempts sales "which the city is prohibited from taxing by the Constitution or laws of the United States or the state of Alaska". In a sense, this is the only exemption that's legally required and it's effective whether the code sets forth the exemption or not. But Kodiak's code, like most sales tax codes, nevertheless elaborates numerous examples of sales which the city is prohibited from taxing by the Constitution or laws of the United States or the state of Alaska. The purpose of stating exemptions that are already mandatory is to provide guidance to the City and taxpayers as to what state and federal law require.

On the other hand, the code does not and should not attempt to enumerate every transaction that is tax-exempt as a matter of state or federal law. Instead, the code enumerates

exemptions for commonly occurring transactions and omits mandatory exemptions for unlikely ones. For example, a state statute prohibits municipal sale tax on “the sale, lease, rental, storage, consumption, or use of tangible personal property placed on or used aboard an orbital space facility, space propulsion system, or space vehicle, satellite, or station of any kind”. Few, if any, municipalities put this exemption in their code because it is not relevant.

A municipality does not need to tailor its code to state every legally required exemption. A buyer or seller who believes a federal or state law prohibits taxation can seek a ruling as to the transaction or type of transaction. Codifying exemptions required by state and federal law is an act of discretion: Codify too few and taxpayers are given insufficient guidance. Codify too many and the code is an impenetrable mess of nuanced exemptions to address transactions that may never occur.

B. Review of Chapter 3.08

3.08.010 Levy of sales tax

(c) For the purposes of the tax levied by this section, a sale of tangible personal property is made within the city if:

(1) The sale is made by a business located within the city and delivery occurs within the city;

(2) The sale is made by a business located within the city, the order is received or solicited within the city or payment is received within the city, and delivery is made to a purchaser within the Kodiak Island Borough; or

(3) The sale is made by a business located outside of the city as a result of solicitation inside of the city and payment or delivery occurs within the city.

Subsection (c) establishes when a sale is considered to have occurred in the City for the purpose of the sales tax levy. This provision is not an exemption but the practical effect of this subsection is that sales that could be taxed by the City are not.

The subsection, to define when a sale is considered to have occurred within the city, draws on federal Commerce Clause jurisprudence, which requires that a business have a “nexus” to the taxing state. Without nexus to the *state*, the tax is considered an impermissible burden on *interstate* commerce in violation of the Constitution’s Commerce Clause. Essentially the code replaces “city” for “state” as to the limitation of its levy. The City does not need to so narrowly define when a sale occurs in the City. The City can impose its sales tax on sales delivered to the City *if* the seller has a location in Alaska.

Specifically, a new subsection (c)(4) could be added to specify that sales made by a business located outside of the City are considered sales within the City if delivery occurs within

the City and the business has a place of business located in Alaska . In other words, the City can tax internet sales delivered to the City if the seller has a location in Alaska (e.g., Costco and Wal-Mart). Amazon sales, however, remain beyond the City’s taxing power as Amazon does not have sufficient nexus to the state.

3.08.040 General exemptions

(a) Casual and isolated sales and rentals of personal property, and services not rendered in the regular course of business of the seller;

A casual and isolated sale exemption is a practical, but not legally required, exemption. The purpose is to exempt occurrences like yard sales or selling one’s personal car every several years. Most people making casual and isolated sales are unlikely to comply with the sales tax code even if the exemption did not exist, and the administrative cost of processing new sellers every time someone sells an old TV likely exceeds the collectable revenue. The policy reasons for a casual and isolated sales exemption are efficiency and that broad disregard for sales taxes undermines legitimacy: When it is practically impossible to enforce the code as to a class of sales, it is better to exempt that class than to accept non-compliance.

(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;

This exemption is not required. However, certain medical services paid for directly by the government – such as through Medicare or Medicaid – must be exempt. Due to the complexity of medical billing and for public policy purposes, most sales tax regimes exempt professional medical services entirely. But this is not legally required and the City’s existing sales tax “cap” lessens the overall tax burden associated with this category of professional service.

(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;

This is not required. Under Alaska’s constitution, “property used exclusively for non-profit religious, charitable, cemetery, or educational purposes, as defined by law, shall be exempt from taxation.” A sales tax is not a property tax.

(d) Sales of food in school cafeterias and lunchrooms that are operated primarily for students;

Like medical services, this exemption is not required but certain sales must be exempt based on federal programs. But §3.08.040(o) already exempts any sales under this exemption that are legally required to be exempt.

Given 1) the strong overlap between this exemption and §3.08.040 (o), and 2) that exemption (o) more closely adheres to the legally required exemption, the City could consider deleting this exemption in favor of §3.08.040 (o). On the other hand, distinguishing between school meals supported by federal money and school meals entirely funded by the school district may be virtually impossible or so difficult as to justify retaining this exemption in addition to 3.08.040(o).

(e) Sales and services by nonprofit schools and student organizations within schools for support of the school, organization, or extracurricular activities or events;

This exemption is not legally required, but exempting such sales is a common policy choice because of the intended beneficiary of the sales as well as the frequently informal nature of the sales, which are not well suited to sales tax collection.

(f) Sales, rentals, and services to the United States, the state of Alaska, and any agencies or political subdivisions thereof;

This exemption is legally required by the state constitution and federal law.

(g) Dues or fees to clubs, labor unions, and fraternal organizations;

This exemption is not legally required.

(h) Subscriptions to newspapers and periodicals;

This exemption is not legally required.

(i) Sales of insurance and bonds of guaranty and fidelity;

Alaska Statute 21.09.210(f) prohibits levying sales tax on sales made by insurers. The Alaska Life and Health Insurance Guaranty Association is similarly exempt. Insurers and their agents

are *not* exempt from taxation on the purchase of goods, services, or rentals in fulfilling their obligations under the conditions of the insurance policy.

(j) *Funeral charges;*

This exemption is not legally required.

(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;*

Under AS 29.45820, the City “may not levy or collect a tax or fee on the air transportation of individuals or goods by a federally certificated air carrier other than a tax or fee authorized under 49 U.S.C. 40116(e) or 40117.” The Alaska Marine Highway cannot be required to collect sales tax on ferry tickets.

(l) *Services rendered by banking or savings and loan institutions or credit unions;*

This exemption is broader than is absolutely required, but practical concerns militate against narrowing the exemption. Most municipalities have a similarly broad exemption because, with one exception, the complexity of narrowing the exemption while still abiding by state and federal laws is not worth the additional revenue. The noted exception is that this exemption could be revised to state only banking services are exempt. That is, if a bank elects to provide non-banking services, (such as selling coffee inside a bank office) those services would be taxable.

(m) *Services rendered by an employee to an employer in the normal course of employment;*

Wages paid to *employees* (*i.e.*, W-2 recipients) are consistently exempted from sales taxes. That’s not to say wages are exempt from taxation. Municipal income taxes in various forms throughout the United States. The viability of a City of Kodiak income tax is beyond the scope of this memo.

Independent contractors (*i.e.*, 10-99 MISC), however, are not employees and this exemption does not extend to them. Unless independent contractors are exempt under another provision of the City’s code, they are obligated to collect sales tax on the remuneration received for their services, even if the relationship looks like an employee/employer relationship.

(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;

This is, by definition, a required exemption.

(o) Retail sales in dining rooms or cafeterias of food furnished by nonprofit organizations under programs wholly or partially supported by government funds;

This is a required exemption. See comment to exemption §3.08.040(d), above.

(p) Nursery and babysitting services;

This is not a required exemption. Such exemptions are common due to public support for these services as well as the informality with which they are often provided, which presents registration and collection issues similar to those for casual and isolated sales.

(q) Long-distance transmission of telephone and telegraph messages;

In *Douglas v. Glacier State Telephone Co.*, the Alaska Supreme Court determined that a sales tax applying equally to long-distance and local calls placed within the taxing jurisdiction is lawful.

Alaska Statute 10.25.540 provides an exemption from local property, income and excise taxes, to telephone cooperatives. But a sales tax is not such a tax (although it is possible for a cooperative to argue a sales tax is an “excise tax” under AS 10.25.540). Even if AS 10.25.540 were an exemption for a business from paying sales tax on purchases made by the business, it is not an exemption for the customers of that business from sales tax on the customer’s purchase of business services. So this is not a required exemption.

(r) Sales of heating fuel exclusively for residential uses (not to include fuel used in or on watercraft);

This is not a required exemption.

(s) Sales of electrical service to exclusively residential units;

This is not a required exemption.

(t) Sales of propane gas exclusively for residential uses (e.g., cooking, water heating, heating, clothes drying);

This is not a required exemption.

(u) Sale of fuel used in stationary power plants that generate electrical energy exclusively for private residential consumption;

This is not a required exemption.

(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;

This is not a required exemption.

(w) Charges for garbage/refuse collection for garbage/refuse generated exclusively by residential use;

This is not a required exemption.

(x) Sales of water and sewer utility services for residential use; and

This is not a required exemption.

(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.

This is not a required exemption.

3.08.050

(c) Sales of tangible personal property to a person engaged in manufacturing within the city of products sold primarily within the city, which property is converted into or becomes an ingredient or component part of the manufactured product or a container therefor, or otherwise enters directly into the manufacturing process;

This exemption is a variation on the sale-for-resale exemption and is not required. Sales for resale are often exempt from sales taxes (and subsection (a) contains such an exemption) because sales taxes are viewed as a tax on consumption or use of a good or service. A retailer who buys from a wholesaler, for example, does not use or consume the good, nor does the retailer add anything to the good so that it is of a different character when resold. When the goods are to be resold in the same taxing jurisdiction, taxing the wholesale sale and the retail sale is essentially taxing the same goods twice. But there is no law against taxing the same goods

twice. This category of exemption (which is often a part of a sales tax exemption provision) is an optional policy choice of the local government.

Subsection (c) is a type of sale-for-resale exemption that might more accurately be called a sale-for-manufacture exemption. The buyer/manufacturer uses the product, turning it into something else, which is then sold: a baker selling cake is not reseller of flour and butter. A sale-for-manufacture exemption is not required to have a sale-for-resale exemption. Some Alaska municipalities exempt sales for manufacture, others do not. For example, Nome limits its resale exemption to goods that are resold “without alteration.” Juneau, on the other hand, specifies that the exemption applies to “resale of the property whether in the same or an altered form”.

(d) Sales to a building or construction contractor or subcontractor, for use on a project within the city of building materials, supplies, and other tangible personal property to be incorporated or used as component parts of a completed structure, driveway, landscaping, and other portions of the project and services utilized directly in the construction, erection, landscaping, and similar work on the project. This exemption shall not apply to tools, equipment, fuel, clothing, food, and similar items of property utilized but not incorporated into a project.

This exemption is not required. As with subsection (c), a contractor is not a reseller of lumber or bricks, but a seller of construction services. Moreover, most construction contracts easily exceed the maximum taxable sale amount so the tax lost through this exemption is not likely to be recovered by taxing the sale of the construction services. Overall, this exemption results in a discount on construction projects if performed by a contractor over those performed by the project owner. If during the course of a home renovation project, the homeowner were to make a half dozen purchases of \$750 for construction materials, the homeowner would need to pay 7% on all purchases. If that person uses a contractor, however, the contractor can purchase the same supplies without paying sales tax and the homeowner pays, at most, 7% of the first \$750 of the construction contract.

Public construction presents different concerns. First, the City cannot impose its sales tax on government construction contracts as the state and federal governments are exempt buyers. The buyer’s exemption does not extend to purchases made by a construction contractor who is not exempt. The City can tax sales of construction materials to be used on a public construction project when the sales are made to a private contractor. Nevertheless, exempting sales of materials and services for use on a public construction projects is common because the tax will

ultimately be born, and often with markup, by the public project owner, the City, state, or federal government.

FY 2016 Budget - City Wide Expenses

Not including Capital Projects

Expenses	FY 2015	FY 2016	Variance
Salaries & Wages	\$9,000,873	\$9,160,620	2%
Employee Benefits	7,491,330	7,766,651	4%
Professional Services	1,630,985	1,461,821	-10%
Contributions	452,200	426,250	-6%
Goods and Services	4,542,447	4,235,924	-7%
Utilities	2,161,407	2,071,362	-4%
Administrative Fees	39,500	35,500	-10%
Capital Outlay	726,057	1,220,507	68%
Depreciation	4,425,445	4,492,637	2%
Bond Expense	900,774	891,331	-1%
Inter-fund Charges	1,494,625	1,961,563	31%

FY 2016 Budget - City Wide Expenses

Not including Capital Projects

Expenses	FY 2015	FY 2016	Variance
Contingency	34,350	34,350	0%
Transfers – Sales Tax Code	1,000,000	1,000,000	0%
Other Transfers	7,651,421	3,441,019	-49%
Allocated Services	-80,000	-80,000	0%
Total Expenses	\$41,471,414	\$38,119,535	-8%

FY 2017 Citywide Expenses

Excluding Capital Projects

Classification	FY 2016	FY 2017	% Variance
Salaries & Wages	\$ 9,271,312	\$ 9,400,381	1.39%
Employee Benefits	\$ 7,768,780	\$ 8,135,226	4.72%
Professional Services	\$ 1,607,235	\$ 1,382,465	-13.98%
Contributions	\$ 435,250	\$ 467,600	7.43%
Support Goods & Services	\$ 3,950,129	\$ 3,732,972	-5.50%
Repairs & Maintenance	\$ 593,997	\$ 601,297	1.23%
Public Utility Services	\$ 2,071,362	\$ 1,599,930	-22.76%
Administrative Services	\$ 35,500	\$ 30,000	-15.49%
Capital Outlays	\$ 1,295,320	\$ 1,209,048	-11.29%
Depreciation	\$ 4,492,637	\$ 4,384,642	-2.40%
Interest Expense	\$ 891,331	\$ 891,581	0.03%

FY 2017 Citywide Expenses continued

Excluding Capital Projects

Classification	FY 2016	FY 2017	% Variance
Transfers – KCC	\$ 1,000,000	\$ 1,000,000	-0-%
Transfers – Other	\$ 5,017,305	203,594	-95.94%
Allocated Expenses	\$ -80,000	\$ -80,000	-0-%
Interfund Charges	\$ 1,936,778	\$ 2,266,643	17.03%
Contingency	\$ 34,350	\$ 34,350	-0-%
Total Expenses	\$ 40,321,286	\$ 35,259,729	-12.55%

FY 2018 Citywide Expenses

Excluding Capital Projects

Classification	FY 2017	FY 2018	% Variance
Salaries & Wages	\$ 9,392,981	\$ 9,366,048	-0.29%
Employee Benefits	\$ 8,135,226	\$ 8,297,827	2.00%
Professional Services	\$ 1,382,465	\$ 1,365,979	-1.19%
Contributions	\$ 467,600	\$ 442,300	-5.41%
Support Goods & Services	\$ 3,740,372	\$ 4,002,225	7.00%
Repairs & Maintenance	\$ 601,297	\$ 566,247	-5.83%
Public Utility Services	\$ 1,599,930	\$ 1,606,686	0.42%
Administrative Services	\$ 30,000	\$ 22,000	-26.67%
Capital Outlays	\$ 1,209,048	\$ 883,854	-26.90%
Depreciation	\$ 4,384,642	\$ 4,450,298	1.50%
Interest Expense	\$ 891,581	\$ 830,741	-6.82%

FY 2018 Citywide Expenses continued

Excluding Capital Projects

Classification	FY 2017	FY 2018	% Variance
Transfers – KCC	\$ 1,000,000	\$ 1,000,000	-0-%
Transfers – Other	\$ 1,038,604	\$ 310,901	-70.07%
Allocated Expenses	\$ -80,000	\$ -80,000	-0-%
Interfund Charges	\$ 2,266,643	\$ 2,178,650	-3.88%
Contingency	\$ 34,350	\$ 34,350	-0-%
Total Expenses	\$ 36,094,739	\$ 35,278,106	-2.26%