

KODIAK CITY COUNCIL

WORK SESSION AGENDA

Tuesday, April 10, 2018

Kodiak Public Library Multi-Purpose Room

7:30 p.m.

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.

Discussion Items

1. Public Comments (limited to 3 minutes)
2. Natives of Kodiak Tract A Presentation.....1
3. American Legion/KVOK Fireworks Funding Request.....10
4. Department Updates
 - a. Kodiak Police Department
 - b. Public Works Department
5. Discuss Sewer Rate Study.....12
6. April 12, 2018, Agenda Packet Review

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Natives Of Kodiak, Inc.

*215 Mission Road, Suite 212
Kodiak, Alaska 99615*

Dear City of Kodiak Council,

This letter is to provide an update of the Native of Kodiak (NOK) waterline design. As you might recall NOK owns much of the land directly to the west of dead man's curve. We have been considering development the portion called Tract A for some time, but a limiting constraint has been the lack of a suitable water supply.

Some potential development projects for Track A include the construction of a box type store or a national grocery/household goods chain store. At this time we DO NOT have any official plan or agreement in place to construct such a facility. The idea is to have a "shovel ready" design completed in the event an opportunity to develop Tract A presents itself.

In 2016, NOK hired DOWL Engineers to develop a municipal waterline design package. This waterline would connect to the City of Kodiak's (COK) existing waterline near its current terminus at Gibson Cove, run up the hill to a booster and treatment station, and then continue along the north side of Rezanof Drive to Tract A.

NOK management has met with the Kodiak City Manager, Engineer, and Public Works Director at the beginning of the project and throughout the design process. This collaboration has allowed us to move forward with a design package that complies with all applicable standards and will provide benefit to the City as well.

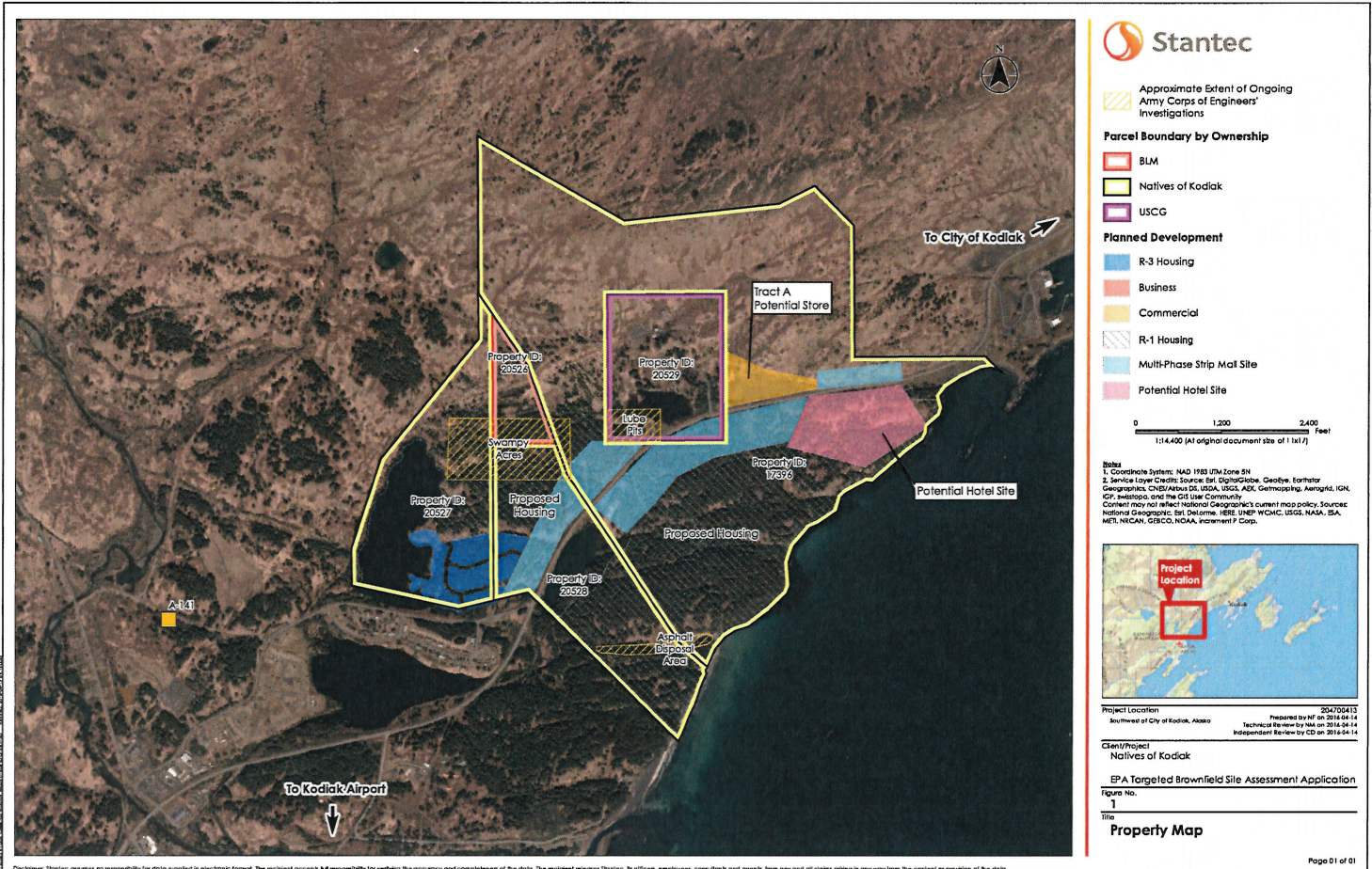
In November 2017, DOWL completed the 90% Design Package and submitted it to us and the City for review. Representatives from all three organizations met in person in December to review all comments and questions from us and the City regarding the design.

In February 2018, DOWL sent the design package to the State of Alaska, Public Facilities, to apply for a utility permit to construct within the Department of Transportation (DOT) right of way, and to the State of Alaska Department of Environmental Conservation (DEC), requesting an Approval to Construct, which is required for all modifications to public water systems. The DOT utility permit was approved in February and needs to be signed and notarized by the COK. We are still waiting to hear from the DEC about the Approval to Construct.

NOK understands that the City is interested in exploring annexation of this area to capture potential revenue generated through sales tax to support additional cost resulting from the extended waterline, and the additional services such as fire protection, police protection, EMS, etc. However, we do not foresee any reason that the waterline would be constructed without having an agreement in place with a developer to construct a retail facility.

We propose that if the City moves forward with annexation, you consider waiving any property tax for NOK's land until a time that the waterline is operational and a retail facility is constructed.

Thank you very much for your time.



Approximate Extent of Ongoing Army Corps of Engineers Investigations

Parcel Boundary by Ownership

- BLM
- Natives of Kodiak
- USCG

Planned Development

- R-3 Housing
- Business
- Commercial
- R-1 Housing
- Multi-Phase Strip Mall Site
- Potential Hotel Site



Notes
 1. Coordinate System: NAD 1983 UTM Zone 18N
 2. Service Layer Credits: Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, AeroGRID, IGN, SITA, Intermap, and the US Coast Guard. Content may not reflect National Geographic's current map policy. Source: National Geographic, Esri, DeLorme, HERE, UNEP/WFP, IGN, GeoEye, Esri, NOAA, METI, NRCAN, GEBCO, NOAA, increment P Corp.



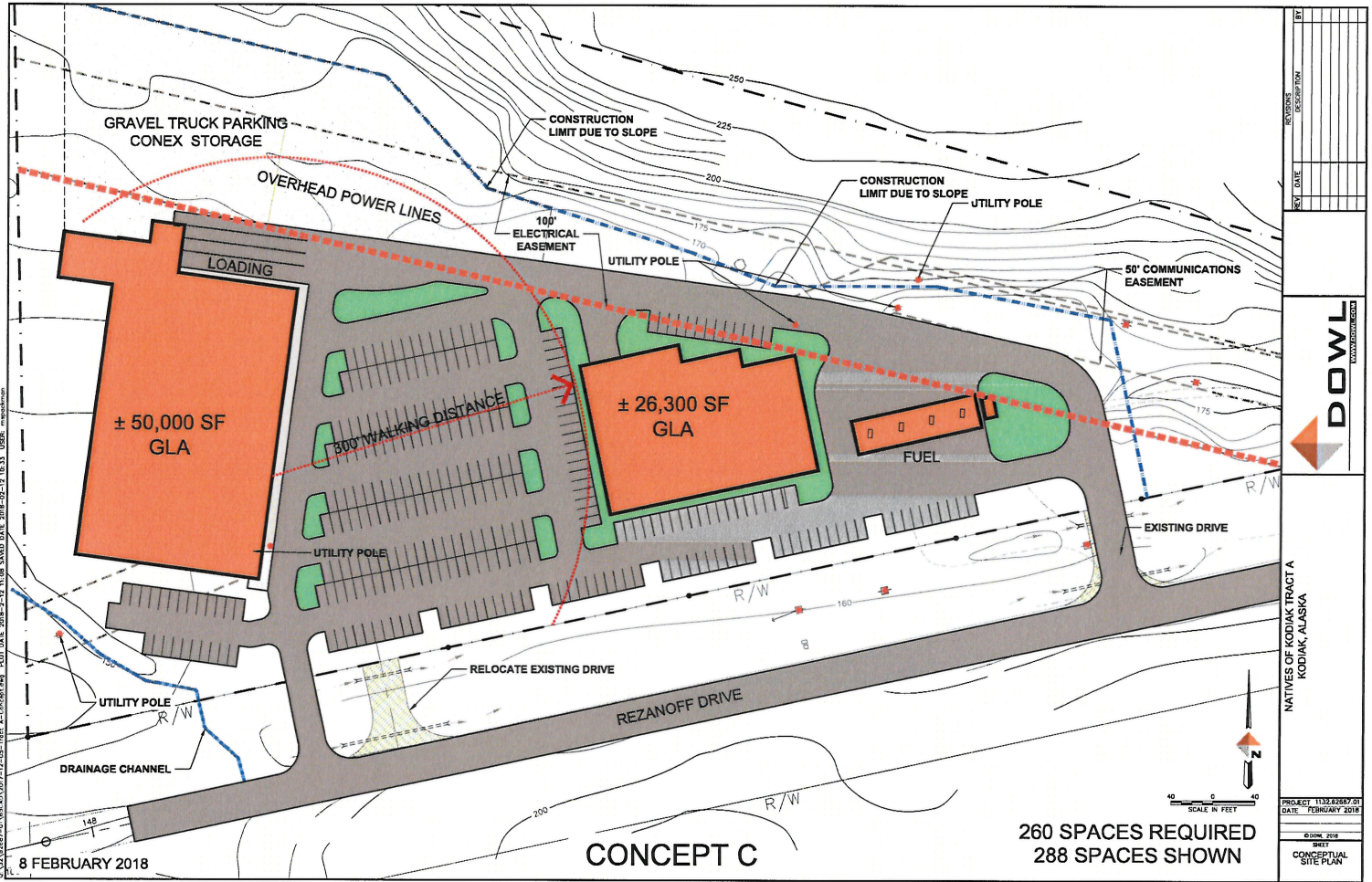
Project Location
 Southwest of City of Kodiak, Alaska
 Prepared by NF on 2016-04-14
 Technical Review by MA on 2016-04-14
 Independent Review by CD on 2016-04-14

Client/Project
 Natives of Kodiak

EPA Targeted Brownfield Site Assessment Application
 Figure No. 1

Title
 Property Map

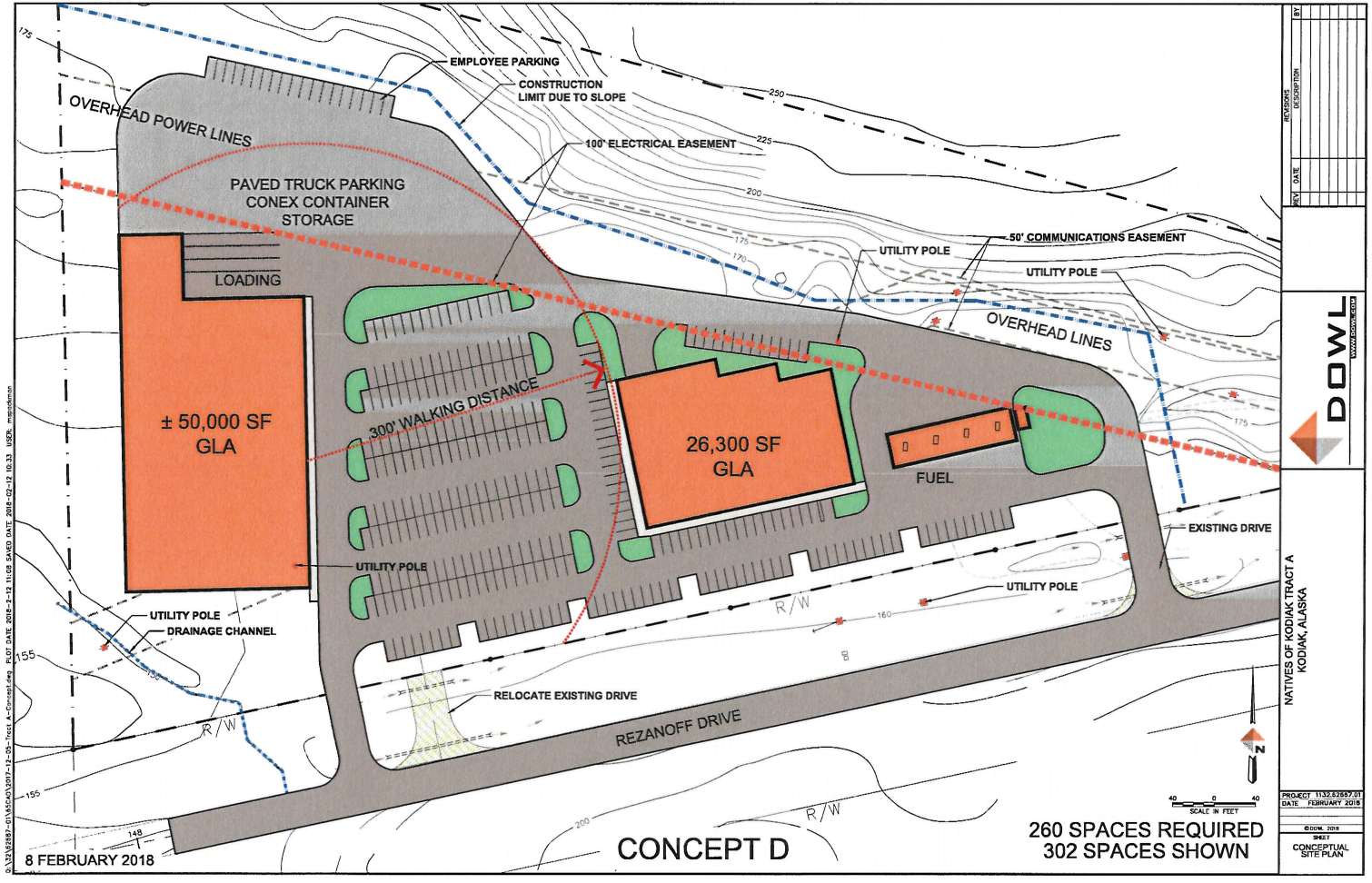
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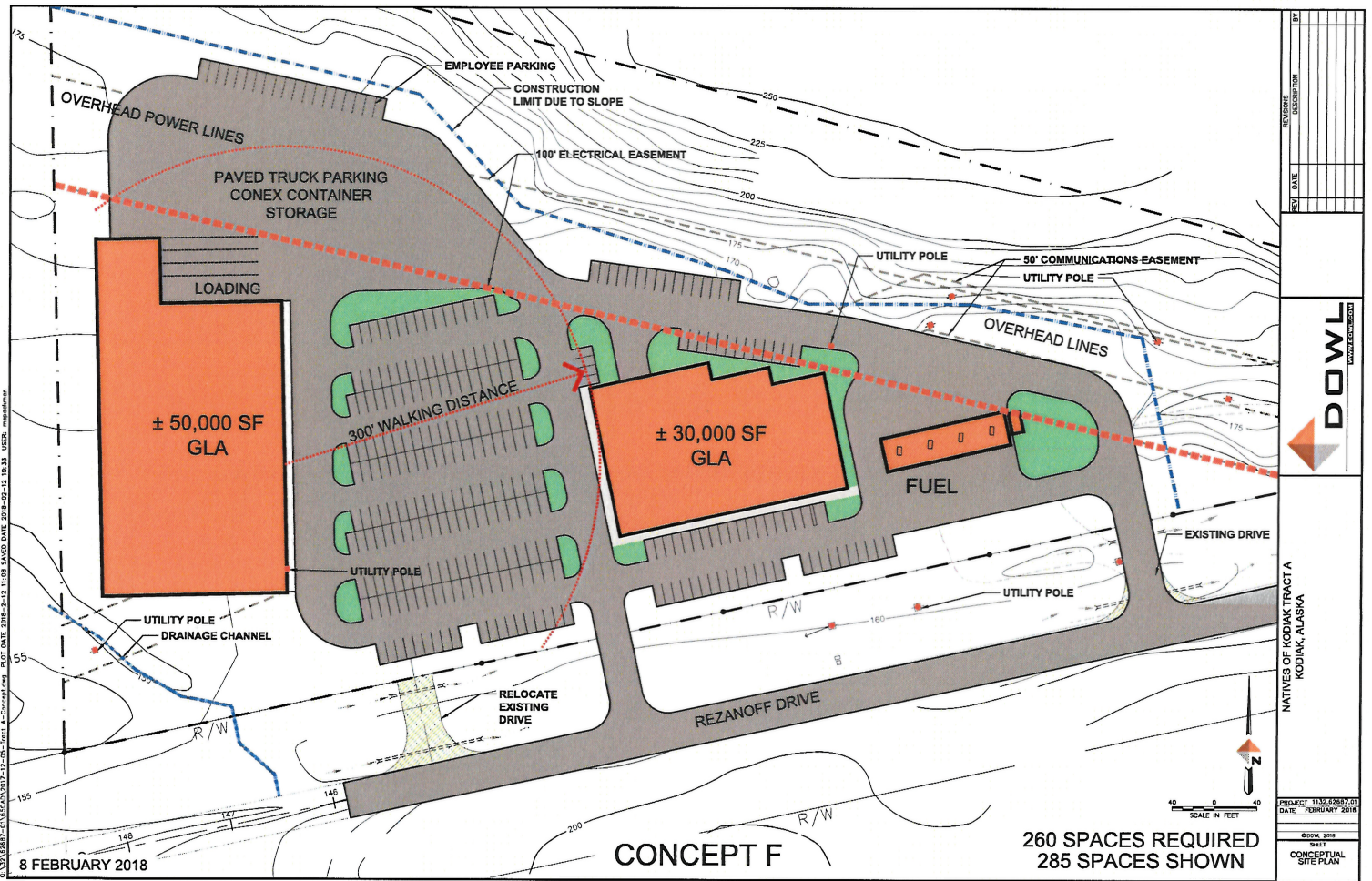


REV	DATE	DESCRIPTION



NATIVES OF KODIAK TRACT A
KODIAK, ALASKA







Kodiak Island Broadcasting Company, Inc.

98.7 FM KVOK AM560-KRXX FM HOT 101.1
907-486-5159 phone; 907-486-3044 fax
907-486-6011 Hotline; www.kvok.com

April 3, 2018

To: Mike Tvenge, City Manager
Re: 4th of July Fireworks Show

This letter is to inform the City Council that Kodiak Island Broadcasting Co. Inc, which operates local commercial radio stations KVOK & KRXX, has been working with the American Legion Post #17 to bring back a local annual 4th of July fireworks show.

We are working with Alaska Pyrotechnics, an Anchorage family owned company of third generation pyrotechnic operators, to hire them to put on the show at midnight between the 3rd and the 4th of July as in previous years of City fireworks shows. Alaska Pyrotechnics would be responsible for insurance and all technical and other aspects of implementing the fireworks show.

Kodiak Island Broadcasting Co. Inc with help from the American Legion Post #17 would be responsible for gathering the local funding required to put on the fireworks show, promoting it to the community and collaborating with all the necessary parties to implement the 4th of July Fireworks Show. At present everything but the funding is in place for Alaska Pyrotechnics to put on a Fireworks show for the 4th for the residents of Kodiak. It will cost between \$30,000 and \$35,000 to pay for the fireworks show, depending on the length of the show and other variables that we will have worked out over the next several weeks. As a small business with limited funding this is not something we can do without financial support of local governments and possibly local businesses, but we can and have done the work to put everything together to bring back 4th of July Fireworks for our community.

We intend to fully co-operate with the City Manager's Office, City Fire and Police departments, along with all other government or private entities to ensure a safe and successful fireworks display. Our collective goal is to bring the entire Kodiak community together in celebration of the United States of America for Independence Day with a spectacular, fireworks show.

We ask to come before the City Council and speak at the next City work session to propose our plan for the 4th of July Fireworks Show. We respectfully request as much financial help and support from the City of Kodiak, to assist in putting on the fireworks show in the City of Kodiak through Alaska Pyrotechnics. Thank you for your time and consideration.

Very Respectfully,

Ellen Simeonoff
General Manager
Kodiak Island Broadcasting Co. Inc.--FM-KVOK-AM/KRXX-FM

P.O. Box 708 1315 Mill Bay Road Suite A; Kodiak, AK 99615



THE AMERICAN LEGION
Robert G. Blair Post 17
318 Center Ave., Kodiak, AK 99615
Phone (907) 486-3258
aklegion@gci.net

March 6, 2018

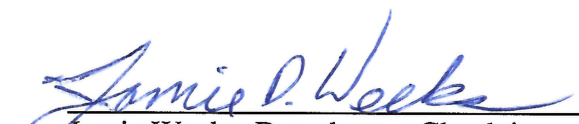
To Whom It May Concern:

We at the American Legion Family would like to request permission to pursue and hire a pyrotechnics company for a 4th of July fireworks display. The company we plan to hire would work hand in hand with the city manager, fire chief, police, and any other public entities to ensure a safe and spectacular fireworks show. The show would start at midnight on July 3rd.

The pyrotechnics company would be responsible for insurance and all other aspects of the fireworks show. We are asking for the City of Kodiak's approval to further enhance the 4th of July celebration. The American Legion Family would also request a road closure on Mission Road, between West Marine Way and Center Ave. This would occur on July 4th 2018; from 9:00 am to 9:00 pm. The purpose of the closure is for a 4th of July street celebration and free town feed. The American Legion Family will be coordinating with Kodiak Police, Fire and Ambulance to ensure a safe and family friendly celebration.

Our goal is to bring ALL of Kodiak together to celebrate the United States of America, our beautiful island and our great people through food, fun and fireworks. Thank you for your time.

FOR GOD AND COUNTRY


Jamie Weeks, Detachment Chaplain

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Mike Tvenge, City Manager *MT*
Thru: Mark Kozak, Public Works Director
Date: April 10, 2018

Work Session: Agenda Item: #5 Discuss Sewer Rate Study

SUMMARY: CH2M Hill has prepared multiple water and sewer rate studies for the City of Kodiak going back to 1982. The last sewer study was completed in 2014, and the Council adopted five years of rates projected over a ten-year period. In February 2018 staff requested CH2M to complete a sewer rate update and make recommendations, if rates need adjusting. Past studies showed rates needed adjustment to meet current operational and capital improvement needs. Staff recommends Council support completion of a five-year rate schedule for sewer.

PREVIOUS COUNCIL ACTION:

- In September 2004, Council approved a contract with CH2M to do a rate study for both the water and sewer utility funds. This was the first rate evaluation in over nine years.
- In February 2006, Council adopted Resolution No. 06-3 and Resolution No. 06-4, adopting rate increases for both the water and sewer funds.
- In August 2009, Council adopted a rate study to evaluate the water and sewer rates and adjust if needed to meet operational and capital improvement needs.
- In September 2011, Council adopted five years of new water rates and a single year increase for sewer rates.
- On July 24, 2014, Council adopted five years of new sewer rates.
- On June 9, 2016, Council adopted five years of new water rates beginning July 1, 2016.

DISCUSSION: The City water system serves roughly 9,500 people within the City of Kodiak and the nearby service district. The sewer systems serve the same approximate 9,500 plus the extra treatment provided for the USCG sludge and septic waste from the entire road system. The utility system varies in age from the early 1950s to recent times and requires continual maintenance, upgrading, and replacement to meet continually changing regulations and good operating practices.

The wastewater systems consist of the Wastewater Treatment Plant (WWTP), 20 main line liftstations, a few smaller liftstations, and 46.3 miles of sewer collection system. The wastewater collection system has a lot of very old lift stations and collection lines that need repair or replacement.

With a system of this size, there is a continuous need to keep an active capital improvement program in both water and sewer. Regulations are constantly changing; EPA adds additional requirements, and at times requires substantial capital projects, such as the need to renew discharge permits and mixing zone permits. The plant itself started operating in 1978; upgrades began in 1999, with work completed in 2000.

We budgeted in FY2018 to complete an assessment of the WWTP in order to begin another upgrade. When the plant was upgraded back in 1999/2000, many desired improvements were removed from the project. These items are now 40 years old. The assessment phase of the project will allow us to develop a project budget and scope of work around the needs of the facility. With a clear understanding of the full needs, the budget can be built around this rather than an estimate of cost before we have a full understanding of all that is needed.

With the Alaska Pollutant Discharge Elimination System (APDES) permit process in its final stages, close to being issued (most likely June or July 2018), and the new requirements of the permit, we know we will have to move quickly to come into compliance. The biggest capital cost is the requirement to disinfect the effluent. The estimate is somewhere in the \$2 to \$4 million range. Once the assessment is complete, we will have much better estimates of the permit impacts on our capital project.

The sewer system has significant capital improvements that need to be addressed with the largest being the upgrading of the WWTP, and the new permit mandating an 85 percent removal requirement that will require an aggressive approach to reduction of Inflow and Infiltration (I&I). I&I reduction is difficult to track and reduce, but it must be a high priority. Staff sees the cost to reduce I&I could easily exceed the cost of the disinfection capital cost. Based on five years of data used by Alaska Department of Environmental Conservation (ADEC) to draft our new APDES permit, there were nine times during that five-year period where we exceeded the 85 percent removal requirement. This is directly related to I&I during heavy rain events. In addition, the new permit includes additional testing requirements that will have an effect on operational cost.

The Council's annual budget goals include direction for the enterprise funds to conduct rates studies every five years.

FINANCIAL IMPLICATIONS: As compliance, operational, maintenance, and infrastructure replacement costs continue to increase, increased rates are required for an enterprise fund to meet its operational cost. Delaying the replacement of infrastructure and utilities that are way beyond their expected service life is a much more costly method of operating a utility. It is critical to stay ahead of replacement needs and operate within our permit requirements.

STAFF RECOMMENDATION: Staff recommends that we begin the sewer rate update as soon as possible in order to have it completed and ready for Council review well in advance of FY2020 budget discussions.

ATTACHMENTS:

Attachment A: Sewer Rate Proposal from CH2M Hill February 2018



STANDARD AGREEMENT FOR PROFESSIONAL SERVICES

CH2M HILL'S OFFICE ADDRESS: 949 East 36th Avenue, Suite 500, Anchorage, AK 99508

CH2M HILL'S PROJECT NO.: _____

PROJECT NAME: Sewer Rate Study Update

CLIENT: City of Kodiak

CLIENT'S ADDRESS: 2410 Mill Bay Road, Kodiak, AK 99615

CLIENT requests and authorizes CH2M HILL Engineers, Inc. (hereinafter "CH2M HILL") to perform the following Services:

Scope of Services

Update to the City's sewer rates, per attached 2/27/2018 letter.

Compensation

Compensation by CLIENT to CH2M HILL will be on the basis of a Lump Sum basis, not to exceed the amount of \$24,000

Schedule

Anticipated to be completed on or before February 2019.

Other Terms

Services covered by this AGREEMENT will be performed in accordance with the Provisions and any attachments or schedules. This AGREEMENT supersedes all prior agreements and understandings and may only be changed by written amendment executed by both parties.

CLIENT:

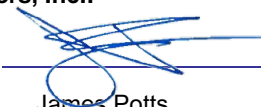
Signature _____

Name (printed) _____

Title _____

Date _____

CH2M HILL Engineers, Inc.:

Signature  _____

Name (printed) James Potts

Title Vice President

Date 03/02/2018

PROVISIONS

1. Authorization to Proceed

Execution of this AGREEMENT by CLIENT will be authorization for CH2M HILL to proceed with the Services, unless otherwise provided for in this AGREEMENT.

2. Salary Costs

CH2M HILL's and its affiliated companies' Salary Costs, when the basis of compensation, are the amount of wages or salaries paid CH2M HILL employees for work directly performed on the Project plus a percentage applied to all such wages or salaries to cover all payroll-related taxes, payments, premiums, and benefits.

3. Per Diem Rates

CH2M HILL's and its affiliated companies' Per Diem Rates, when the basis of compensation, are those hourly or daily rates charged for work performed on the Project by CH2M HILL employees. These rates are contained in the COMPENSATION section on Page 1 and are subject to a 4% annual calendar year escalation/adjustment.

4. Subcontracts and Direct Expenses

When Services are performed on a cost reimbursement basis, a markup of _____ percent will be applied to subcontracts and outside services and a markup of _____ percent will be applied to Direct Expenses. For purposes of this AGREEMENT, Direct Expenses are defined to include those necessary costs and charges incurred for the Project including, but not limited to: (1) the direct costs of transportation, meals, lodging, shipping, equipment and supplies; (2) CH2M HILL's current standard rate charges for direct use of CH2M HILL's vehicles, laboratory test and analysis, and certain field equipment; and (3) CH2M HILL's standard project charges for computing systems, and health and safety requirements of OSHA.

All sales, use, value added, business transfer, gross receipts, or other similar taxes will be added to CH2M HILL's compensation when invoicing CLIENT.

5. Cost Opinions

Any cost opinions or Project economic evaluations provided by CH2M HILL will be on a basis of experience and judgment, but, since CH2M HILL has no control over market conditions or bidding procedures, CH2M HILL cannot warrant that bids, ultimate construction cost, or Project economics will not vary from these opinions.

6. Standard of Care

The standard of care applicable to CH2M HILL's services will be the degree of skill and diligence normally employed by professional engineers or consultants performing the same or similar services at the time CH2M HILL's services are performed. CH2M HILL will re-perform any services not meeting this standard without additional compensation.

7. Termination

This AGREEMENT may be terminated for convenience on 30 days written notice or if either party fails substantially to perform through no fault of the other and does not commence correction of such nonperformance within 5 days of written notice and diligently complete the correction thereafter. On termination, CH2M HILL will be paid for all authorized work performed up to the termination date plus termination expenses, such as, but not limited to, reassignment of personnel, subcontract termination costs, and related closeout costs.

8. Payment to CH2M HILL

Monthly invoices will be issued by CH2M HILL for all Services performed under this AGREEMENT. CLIENT shall pay each invoice within 30 days. Interest at a rate of 1-1/2 percent per month will be charged on all past-due amounts.

In the event of a disputed billing, only that disputed portion will be withheld from payment, and the undisputed portion will be paid. CLIENT will exercise reasonableness in disputing any bill or

portion thereof. No interest will accrue on any disputed portion of the billing until mutually resolved.

9. Limitation of Liability

CH2M HILL's liability for CLIENT's damages will, in the aggregate, not exceed \$100,000. This Provision takes precedence over any conflicting Provision of this AGREEMENT or any document incorporated into it or referenced by it. In no event shall CH2M HILL, its affiliated corporations, officers, employees, or any of its subcontractors be liable for any incidental, indirect, special, punitive, economic or consequential damages, including but not limited to loss of revenue or profits, suffered or incurred by CLIENT or any of its agents, including other contractors engaged at the project site, as a result of this Agreement or CH2M HILL's performance or non-performance of services pursuant to this Agreement.

Limitations of liability provided herein will apply whether CH2M HILL's liability arises under breach of contract or warranty; tort, including negligence; strict liability; statutory liability; or any other cause of action, and shall include CH2M HILL's officers, affiliated corporations, employees, and subcontractors.

10. Severability and Survival

If any of the provisions contained in this AGREEMENT are held illegal, invalid or unenforceable, the other provisions shall remain in full effect. Limitations of liability shall survive termination of this AGREEMENT for any cause.

11. No Third Party Beneficiaries

This AGREEMENT gives no rights or benefits to anyone other than CLIENT and CH2M HILL and has no third party beneficiaries except as provided in Provision 10.

12. Materials and Samples

Any items, substances, materials, or samples removed from the Project site for testing, analysis, or other evaluation will be returned to the Project site unless agreed to otherwise. CLIENT recognizes and agrees that CH2M HILL is acting as a bailee and at no time assumes title to said items, substances, materials, or samples. CLIENT recognizes that CH2M HILL assumes no risk and/or liability for a waste or hazardous waste site originated by other than CH2M HILL.

13. Assignments

Neither party shall have the power to or will assign any of the duties or rights or any claim arising out of or related to this AGREEMENT, whether arising in tort, contract or otherwise, without the written consent of the other party. Any unauthorized assignment is void and unenforceable.

14. Integration

This AGREEMENT incorporates all previous communications and negotiations and constitutes the entire agreement of the parties. If CLIENT issues a Purchase Order in conjunction with performance of the Services, general or standard terms and conditions on the Purchase Order do not apply to this AGREEMENT.

15. Force Majeure

If performance of the Services is affected by causes beyond CH2M HILL's reasonable control, project schedule and compensation shall be equitably adjusted.

16. Dispute Resolution

The parties will use their best efforts to resolve amicably any dispute, including use of alternative dispute resolution options.

17. Changes

CLIENT may make or approve changes within the general Scope of Services in this AGREEMENT. If such changes affect CH2M HILL's cost of or time required for performance of the services, an equitable adjustment will be made through an amendment to this AGREEMENT.

Mark Kozak
Director of Public Works
City of Kodiak
2410 Mill Bay Road
Kodiak, AK 99615

February 27, 2018

Subject: Sewer Rate Study Update

Dear Mr. Kozak,

Thank you for providing CH2M HILL ENGINEERS, INC with the opportunity to present this proposal for conducting an update to the city's sewer rates.

Project Understanding

The City of Kodiak contacted CH2M HILL ENGINEERS, INC to update its sewer rates. The CH2M HILL ENGINEERS, INC staff proposed for this project has prepared previous rate studies for the City since 2004. The last update to the sewer rates was completed in 2014. The City Council adopted a schedule of rate increase for the first 5 years of the study. The purpose of this rate study update will be to analyze the revenue requirements needed for operations and capital improvements from Fiscal Year (FY) 2020 to FY 2025 and adjust, if necessary, the proposed rate increases from the 2014 study.

Project Approach

The project will include the following tasks:

Task 1: Data collection. CH2M HILL ENGINEERS, INC staff will meet with City of Kodiak staff to refine the work plan and discuss data requirements. Information required for the study will include:

- Existing rate schedules for the sewer systems
- Financial data for the sewer systems: 3 years of historical revenue and expenditure data, estimated FY 2018 financial performance, budgets for FY 2019, and existing debt service schedule(s), if applicable
- Capital improvement costs and schedules
- Customer data: 3 years of available historical data on the number of customers and usage by class, where available

A complete data request list will be sent to the city. We will work with the City to overcome any data limitations.

Task 2: Develop Financial Plan. CH2M HILL ENGINEERS, INC will update the financial plan for the sewer utility to meet the projected capital improvement costs, as well as ongoing operation, maintenance and

replacement. The financial plan will include projections of system costs, revenues and financial performance indicators through FY 2025.

The financial plan will determine the annual revenue needed from rates and other sources over the study period to support pay-as-you-go capital, debt service, and operation and maintenance costs. Non-rate sources will be projected and deducted from total annual requirements to determine the amount of annual revenue required from user rates.

Task 3: Develop Schedule of Rates. CH2M HILL ENGINEERS, INC will develop projected rates for FY 2020 through FY 2025 that will be sufficient to cover system revenue requirements. The existing rate schedule will be the used to project future rates.

Task 4: Document and Report Results. CH2M HILL ENGINEERS, INC will present the results of the analysis in a report. The report will document the approach and key assumptions of the analysis. CH2M HILL ENGINEERS, INC HILL will present the results of the report to the City Council if requested.
Schedule and Budget

Project work will begin with the data collection task as soon as the contract is executed. A draft report will be delivered in the early 2019. We propose billing for this work as a lump sum payment of \$24,000. This amount will include all labor and expenses associated with completing this work. The budget includes time and expenses for a CH2M HILL ENGINEERS, INC representatives to attend 1 meeting with the City. Additional meetings will require a supplement to the original contract.

Please don't hesitate to call me if you would like to discuss our proposal in more detail. Thanks again for the opportunity to propose on this project. We look forward to working with you and your staff on updating the sewer rates for the citizens of Kodiak.

Sincerely,

CH2M HILL ENGINEERS, INC



Kurt C. Playstead
Project Manager



James Potts, P.E.
Vice-President