



CITY AND BOROUGH OF SITKA

ASSEMBLY CHAMBERS
330 Harbor Drive
Sitka, AK
(907)747-1811

Meeting Agenda

City and Borough Assembly

Mayor Matthew Hunter
Deputy Mayor Bob Potrzuski
Vice-Deputy Mayor Steven Eisenbeisz
Tristan Guevin, Kevin Knox
Aaron Bean, and Aaron Swanson

Interim Municipal Administrator: Phillip Messina
Municipal Attorney: Brian Hanson
Municipal Clerk: Sara Peterson

Tuesday, August 22, 2017

6:00 PM

Assembly Chambers

REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

IV. CORRESPONDENCE/AGENDA CHANGES

[17-148](#) Reminders, Calendars and General Correspondence

Attachments: [Reminders and Calendar.pdf](#)

[Resolution Plastic Bags.pdf](#)

[Public Works Update.pdf](#)

[Lil Certificate.pdf](#)

V. CEREMONIAL MATTERS

None anticipated.

VI. SPECIAL REPORTS: Government to Government, Municipal Boards/Commissions/Committees, Sitka Community Hospital, Municipal Departments, School District, Students and Guests (five minute time limit)

VII. PERSONS TO BE HEARD

Public participation on any item off the agenda. All public testimony is not to exceed 3 minutes for any individual, unless the mayor imposes other time constraints at the beginning of the agenda item.

VIII. REPORTS**a. Mayor, b. Administrator, c. Attorney, d. Liaison Representatives, e. Clerk, f. Other****IX. CONSENT AGENDA**

All matters under Item IX Consent Agenda are considered to be routine and will be enacted by one motion. There will be no separate discussion of these items. If discussion is desired, that item will be removed from the Consent Agenda and will be considered separately.

- A** [17-141](#) Approve the minutes of the August 8 and August 9 Assembly meetings

Attachments: [Consent and Minutes.pdf](#)

X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS

- B** [17-142](#) 1) Appoint Darryl Rehkopf to an unexpired term on the Library Commission, and, 2) Appoint one of the following to the Sitka Community Hospital Board: Lee Bennett or Owen Kindig - possible executive session

Attachments: [Motion Appointments.pdf](#)

[Rehkopf application.pdf](#)

[Bennett application.pdf](#)

[Municipal Attorney Correspondence.pdf](#)

[Kindig application.pdf](#)

[Hospital Board Roster.pdf](#)

XI. UNFINISHED BUSINESS:

- C** [ORD 17-15](#) Adjusting the FY18 Budget (Sitka Community Hospital Modular Unit)

Attachments: [Motion and Ord 2017-15.pdf](#)

[Modular Presentation.pdf](#)

XII. NEW BUSINESS:**New Business First Reading**

- D** [ORD 17-29S](#) Adjusting the FY18 Budget (Sitka Airport Terminal Improvements Project)

Attachments: [Motion and Memo Ord 2017-29S.pdf](#)

[Ord 2017-29S.pdf](#)

[Spreadsheet.pdf](#)

- E** [ORD 17-30](#) Adjusting the FY17/FY18 Budgets (Solid Waste Fund, Harbor Fund, Management Information Systems Fund, Public Works - Recreation Department)
- Attachments:** [Motion and Memo Ord 2017-30.pdf](#)
[Ord 2017-30.pdf](#)
[March 2017 Solid Waste Financial Analysis.pdf](#)
[March 2017 Harbor Financial Analysis.pdf](#)
- F** [ORD 17-31](#) Adjusting the FY18 Budget (O'Connell Lightering Facility Repair Project)
- Attachments:** [Motion and Memo Ord 2017-31.pdf](#)
[Ord 2017-31.pdf](#)

Additional New Business Items

- G** [17-146](#) Approve a lease amendment between the City and Borough of Sitka and SECON, Inc. for Granite Creek Industrial Site #7
- Attachments:** [Motion and Memo SECON lease amendment.pdf](#)
- H** [17-145](#) Approve a request from Sitka Community Hospital in the amount of \$60,171 for additional paving of the clinic parking lot and pedestrian walkway
- Attachments:** [Motion and Memo SCH paving.pdf](#)

XIII. PERSONS TO BE HEARD:

Public participation on any item on or off the agenda. Not to exceed 3 minutes for any individual.

XIV. EXECUTIVE SESSION

- I** [17-147](#) Continued discussion/direction on the Administrator recruitment - if necessary
- Attachments:** [Executive Session.pdf](#)

XV. ADJOURNMENT

Note: Detailed information on these agenda items can be found on the City website at <https://sitka.legistar.com/Calendar.aspx> or by contacting the Municipal Clerk's Office at City Hall, 100 Lincoln Street or 747-1811. A hard copy of the Assembly packet is available at the Sitka Public Library. Assembly meetings are aired live on KCAW FM 104.7 and via video streaming from the City's website. To receive Assembly agenda notifications, sign up with GovDelivery on the City website.

*Sara Peterson, CMC, Municipal Clerk
Publish: August 18*



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 17-148 **Version:** 1 **Name:**
Type: Item **Status:** AGENDA READY
File created: 8/18/2017 **In control:** City and Borough Assembly
On agenda: 8/22/2017 **Final action:**
Title: Reminders, Calendars and General Correspondence
Sponsors:
Indexes:
Code sections:
Attachments: [Reminders and Calendar.pdf](#)
[Resolution Plastic Bags.pdf](#)
[Public Works Update.pdf](#)
[Lil Certificate.pdf](#)

Date	Ver.	Action By	Action	Result
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REMINDERS

<u>DATE</u>	<u>EVENT</u>	<u>TIME</u>
Friday, August 18	Community Reception with Administrator Candidates <i>at Harrigan Centennial Hall</i>	4:30 PM to 6:30 PM
Saturday, August 19	Special Meeting <i>Final Interviews for Administrator at Harrigan Centennial Hall</i>	8:30 AM
Tuesday, August 22	Regular Meeting	6:00 PM
Wednesday, August 30	Town Hall Meeting <i>Healthcare in Sitka at ANB Hall</i>	6:00 PM to 8:30 PM
Thursday, August 31	Town Hall Meeting <i>Healthcare in Sitka at Harrigan Centennial Hall</i>	6:00 PM to 8:30 PM
Tuesday, September 12	Regular Meeting	6:00 PM



Back
to
School



2017 Municipal Election Reminders

Monday, July 17	First day to file candidate positions
Tuesday, July 25	Last regular meeting to <u>introduce</u> ordinance charter changes and ballot measures
Friday, August 4	5pm deadline for filing candidate petitions
Tuesday, August 8	Last regular meeting to <u>adopt</u> ordinances for charter changes and ballot measures
Tuesday, October 3	Municipal Election

Expiring Terms:

Assembly
Steven Eisenbeisz
Tristan Guevin
Aaron Swanson

School Board
Dionne Brady-Howard
Tom Conley

Assembly Calendar

2016 Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2018
August 2017

Sunday		Monday	Tuesday		Wednesday	Thursday	Friday	Saturday
30	Jul	31	1	Aug	2	3	4	5
Potrzuski Eisenbeisz Knox		Potrzuski Knox	Potrzuski Knox 7:00pm Planning		Potrzuski Knox 6:30pm Library Board	Potrzuski 12:00pm SEDA Board Meeting	Potrzuski	Potrzuski
6		7	8		9	10	11	12
Potrzuski	Potrzuski	Potrzuski 12:00pm Parks & Rec 5:15pm <u>Worksession:</u> <u>Airport Terminal</u> <u>improvements</u> 6:00pm <u>Regular</u> <u>Assembly Mtg</u>		Potrzuski 12:00pm Health Needs & Human Services Commission 6:00pm Historic Preservation 6:00pm <u>Special</u> <u>Meeting: recruiter -</u> <u>Administrator</u> <u>candidate selection</u>	Potrzuski 12:00pm LEPC	Potrzuski		
13	14	15	16	17	18	19		
	6:00pm <u>Govt</u> <u>to Govt</u> <u>Dinner</u>	Potrzuski 12:00pm <u>Tree/Landscape</u> 7:00pm <u>Planning</u>	Potrzuski	Potrzuski	4:30pm - 6:30pm <u>Community</u> <u>reception: meet</u> <u>Administrator</u> <u>candidates</u> <u>(Harrigan</u> <u>Centennial</u> <u>Hall)</u>	Final interviews: Administrator candidates (Harrigan Centennial Hall) times to be determined		
20	21	22	23	24	25	26		
Hunter	Hunter	Guevin Hunter 6:00pm <u>Regular</u> <u>Assembly Mtg</u>	Hunter 6:00pm Police and Fire Commission	6:00pm Hospital Board Meeting		Eisenbeisz		
27	28	29	30	31	1	Sep	2	
Eisenbeisz	Eisenbeisz	Eisenbeisz	Eisenbeisz 6:00pm - 8:30pm <u>Healthcare</u> <u>Town Hall at ANB</u> <u>Hall</u>	Eisenbeisz 6:00pm - 8:30pm <u>Healthcare</u> <u>Town Hall at</u> <u>Harrigan</u> <u>Centennial Hall</u> <u>meeting room 1</u>	Eisenbeisz			

Assembly Calendar

[2016](#) [Jan](#) [Feb](#) [Mar](#) [Apr](#) [May](#) [Jun](#) [Jul](#) [Aug](#) [Sep](#) [Oct](#) [Nov](#) [Dec](#) [2018](#)
September 2017

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
27 Aug	28	29	30	31	1 Sep	2
Eisenbeisz	Eisenbeisz	Eisenbeisz	Eisenbeisz 6:00pm - 8:30pm Healthcare Town Hall at ANB Hall	Eisenbeisz 6:00pm - 8:30pm Healthcare Town Hall at Harrigan Centennial Hall meeting room 1	Eisenbeisz	
3	4	5	6	7	8	9
	HOLIDAY	7:00pm Planning	6:30pm Library Board	12:00pm SEDA Board Meeting	Knox	Knox
10	11	12	13	14	15	16
Knox		Guevin - telephonic 12:00pm Parks & Rec 5:00pm Work Session: Smart Growth America 6:00pm <u>Regular Assembly Mtg</u>	12:00pm Health Needs & Human Services Commission 6:00pm Historic Preservation	12:00pm LEPC 6:00pm <u>Special Meeting: Non Profit Grant Awards</u>		
17	18	19	20	21	22	23
		12:00pm <u>Tree/Landscape</u> 7:00pm <u>Planning</u>				
24	25	26	27	28	29	30 Oct
		Guevin - telephonic 6:00pm <u>Regular Assembly Mtg</u>	Knox 6:00pm Police and Fire Commission	Knox 6:00pm Hospital Board Meeting	Knox	Knox

**CITY AND BOROUGH OF SITKA
HEALTH NEEDS AND HUMAN SERVICES COMMISSION**

**RESOLUTION OF SUPPORT FOR REDUCING THE USE AND PROBLEMS ASSOCIATED
WITH PLASTIC SHOPPING BAGS IN SITKA**

- WHEREAS**, between 500 billion and 1 trillion plastic bags are consumed worldwide each year. Sitka grocers alone distribute over 2 million plastic bags annually; and
- WHEREAS**, degrading plastics are leaching toxic chemicals such as bisphenol A into the seas, threatening ocean animals and humans who can ingest contaminated fish and mammals; and
- WHEREAS**, plastic bags account for over 10% of the debris washed upon US coastlines according to the National Marine Debris Monitoring Program; and
- WHEREAS**, plastic bags photodegrade and over time they break down into smaller particles which eventually contaminate our soil, sand, and waterways according to research; and
- WHEREAS**, plastic shopping bags are made from polyethylene, a thermoplastic made from oil and using fewer plastic bags will correspondingly reduce our dependence on oil; and
- WHEREAS**, less than 1% of plastic bags are recycled because it costs more to recycle a plastic bag than to make a new one; and
- WHEREAS**, dozens of communities in the US, including Cordova, Bethel, and Hooper Bay in Alaska, have adopted policies that have successfully reduced plastic bag use; and
- WHEREAS**, fishing is one of Sitka's main industries and seafood is a one of the main foods consumed on our island. Pollution from plastic bags can negatively impact the industry and the consumer; and

THEREFORE, BE IT RESOLVED that the Health Needs and Human Services Commission of the City and Borough of Sitka, Alaska supports the work of the "Bags for Change" volunteer group and supports a policy based, systemic change to reduce single use plastic bags in Sitka, Alaska.

PASSED, APPROVED AND ADOPTED by the Health Needs and Human Services Commission of the City and Borough of Sitka, Alaska on this 9th day of August, 2017.



Doug Osborne, Chair
Health Needs and Human Services Commission

ATTEST:



Melissa Henshaw, CMC
Deputy Clerk

PUBLIC WORKS ASSEMBLY UPDATE
WORK COMPLETED THROUGH JULY 2017

Harrigan Centennial Hall (HCH) Renewal:

Milestones This Period

- Nearly all as-built/record drawings completed.
- Production still in progress for meeting room name signage, yellow cedar canoe cradle, and original totemic door pull art display.
- Furniture, Fixtures, and Equipment (FF&E) procurement of kitchen equipment and maintenance equipment is in progress. Most items ordered for Kitchen and maintenance equipment. We are still working on outstanding items, like reception desk for Lobby, fixed ceiling camera for Assembly Meeting Room, and other misc. operational/functional items.

Future Milestones

- Support operations during the warranty period.

Background

The project funding includes four State grants totaling \$11,500,000; a \$1,991,271 FY10 Legislative Grant designated for a lightering facility visitor's center (previously planned for under the O'Connell Bridge), \$1,180,000 FY11 CPET Head Tax grant, \$1,400,000 Marine Passenger Funds, \$232,620 heat pump grant, and \$66,000 from the Sitka Historical Society for a total project budget/funds of \$16.4 million.

Current Contracts:	MCG Architects	\$1,553,024.00
	McG Constructors/DCI Inc. – Joint Venture	\$13,625,793.64

Airport Terminal Improvements:

Milestones This Period

- Terminal Improvement Concept Design – A Public Meeting was held 7/20/2017 to present the preferred concept plan and preliminary finance plan for comment.
- Additional work on the draft preliminary finance plan for input from CBS and Stakeholders.
- Additional work on the PFC application.

Future Milestones

- Conceptual floor plan and preliminary funding plan, preliminary project milestone, and budget appropriation of existing PFC funds scheduled for Assembly work session and Meeting for approval to move forward with project August 8, 2017.

Background

The Airport Terminal Improvement Project is intended to remedy some of the existing critical problems identified in the Airport Terminal Master Plan 2008-2011, including working conditions in the baggage make-up area and in the TSA baggage screening area, as well as problems with congested passenger queuing, screening, baggage, fish boxes, and waiting areas, or passenger flow. The Airport Terminal Improvements Project is funded through a \$275,000 budget appropriation, FY14 from prior Passenger Facility Charges (PFC) collected for terminal improvements. Currently PFCs are not being collected to fund design and construction of terminal improvements.

CBS accepted a TSA design grant in the amount of \$158,569.25 to design specific improvements to the TSA Baggage Screening Area. Other areas impacted by these

design changes are ineligible for the TSA design funding and need to be funded by other sources, like funds collected through Passenger Facility Charges.

The preliminary TSA baggage screening layouts impact other adjacent terminal areas/spaces. These limited conceptual design schemes do not address the many problems that exist with passenger flow, queuing and through-put, waiting areas, or the handling of fish boxes (which impact all aspects of the terminal, especially during the visitor season). Staff is working on a plan with the airport consultants and stakeholders to improve the airport terminal problems along with the baggage screening and will be presented to the Assembly for approval at a work session in August.

Current contracts: MCG Architects

\$317,413.13 (2013 to Present)

Sitka Wayfinding Signage

Milestones This Period

- Met with Chamber regarding design modifications and additional design scope for Consultant to modify the signage design using the project artwork, reducing the sign scale and simplifying design to reduce unit costs and installation.

Future Milestones

- Work with Chamber and Consultant to modify design and produce bid documents.
- Substantial signage installation anticipated prior to Spring 2018 Visitor season.

Background

Wayfinding signage was identified as one of the key projects in the 2010 Sitka Passenger Fee Fund Implementation Plan. On June 25, 2013 the Assembly approved a request from the Tourism Commission and Destination Sitka Working Group to move the Wayfinding Signage Project forward by funding the project utilizing Commercial Passenger Excise Tax proceeds. The Sitka Convention & Visitors Bureau (SCVB) was tasked to manage the project at that time. Later The Sitka Chamber of Commerce managed the project while the Consultant, Great Destinations Strategies (GDS), completed the design intent drawings and general specifications. With these complete, the project management has shifted to Public Works to oversee the fabrication and installation of the signage. The project is anticipated to be completed in 2017. The Assembly approved a budget appropriation of \$282,300 from CPET Funds, General capital projects Fund, for the purpose of designing and constructing Wayfaring signs.

Current Contracts: Axia Creative \$3,500.00. Pending Change Order for additional services including two multi-day trips to Sitka, design modifications, bid documents, and submittal review \$22,500.

Gary Paxton Industrial Park Dock:

Milestones this Period

- Barge loadout and transit to Ketchikan.
- Barge in dry-dock for cleaning, coating and anodes.
- Project is ~60% complete with construction contract expenditures over \$4 million to date.

Future Milestones

- Complete cleaning, coating and anodes August 2017.
- Receipt of USACE permit anticipated September/October 2017.
- On site construction anticipated to begin October 2017.

Background

The project is funded by a designated Legislative Grant, administered by the State of Alaska, Dept. of Commerce, Community & Economic Development, and Division of Community & Regional Affairs. The project is administered by Public Works and the GPIP Director, Garry White. The total amount of the grant is \$7.5 million. The Assembly approved establishing a project contingency of \$250,000 utilizing \$125,000 from the Bulk Water Fund and \$125,000 from the GPIP Enterprise Fund on December 13, 2016. A design/build contract was awarded to Turnagain Marine Construction on November 22, 2016. Substantial completion is anticipated in December 2017.

Jeff Davis Street Reconstruction Project:

Milestones This Period

- Contractor worked on addressing construction punch-list items, primarily project landscaping and retaining walls impacted by the construction.

Future Milestones

- Contractor to complete construction punch list, by the end of August.

Background

The project includes replacement of approximately 50-year old undersized water main with new, large diameter pipe within Jeff Davis Street and replacing the existing storm drainage infrastructure, pavement, curb, gutter and sidewalks. The project will also improve the sewer service to four homes on Jeff Davis Street currently served by a collection main crossing private property. A change order was executed to replace ~220 LF of critical sewer main which had not been anticipated, however had a significant belly (greater than 1 foot) and may have been a future issue that could undermine the new asphalt if not addressed. Funding for the project is provided by the following sources; \$644,000 FY2015 ADEC Grant, \$812,000 FY2014 ADEC Water Loan, \$225,000 from 2016 General Fund and \$110,000 from 2017 General Fund.

Current Contracts:	PND Engineers	\$174,303.00
	Coastal Excavation	\$1,168,043.80

Landfill and Crescent Lift Station Replacement:

Milestones This Period

- Landfill Lift Station: Contractor procured materials to enclose new leachate pond with a security fence.
- Crescent Lift Station: Project was on hold while contractor worked on other contracts and procured materials.

Future Milestones

- Landfill Lift Station: Contractor to install security fence by mid-September. Project will be physically complete when this is done.
- Crescent Lift Station: Contractor will return to complete the Crescent project in early August. August 18, 2017 is the substantial completion date.

Background

The project includes replacement of the Landfill Lift Station and force main pipe at the end of Tilson Street and the Crescent Lift Station adjacent to the Sitka Sound Science Center. The pumps and components of both lift stations are inefficient, obsolete and, in the case of the Landfill Lift Station, corroded due to the landfill leachate it is pumping to the wastewater treatment plant. There have also been four force main break within the past two years. Funding for the project is provided by the following sources: Two separate

ADEC loans (the Lake, Monastery, Channel and Landfill lift station loan; and a separate Crescent lift station loan) and the Wastewater Enterprise Fund.

Current Contracts:	PND Engineers	\$190,972.10
	CBC Construction	\$339,401.00 – Crescent LS
	Coastal Excavation	\$573,125.79 – Landfill LS

Federal Land Access Program (FLAP) Grant: Phase 6:

Milestones This Period

- U.S. Forest Service conducting field work for NEPA reports.

Future Milestones

- NEPA environmental permitting to be completed in partnership with the Forest Service by this winter.
- Sitka Trail Works will apply for Corps permit on behalf of the City after US FS wetlands delineation. The Corps permit will be in place by 2018.
- The completion date is estimated spring 2020 for all permitting. The project will be construction ready at that time.

Background

The City and Borough of Sitka has been awarded a \$250,000 MAP-21 Federal Lands Access Program (FLAP) Grant for planning, design and permitting of Phase 6 Cross Trail multimodal pathway (Cross TMP), connector from Kramer Drive to Alaska Marine Ferry Terminal, by Western Federal Lands (WFL). The Assembly approved submission of the grant in Resolution 2014-06 in April 2014. The Western Federal Lands Access Program application was submitted in April 2014, and then awarded on July 26, 2014. This is listed as a FY16 budgeted project with Western Federal Lands Access Program. Sitka Trail works is overseeing the work on behalf of CBS via a Memorandum of Agreement.

South Lake – West DeGroff Water, Sewer and Street repairs:

Milestones This Period

- Contractor procured project materials, mobilized to the site and began installation of new Lake Street sewer main.

Future Milestones

- Substantial completion date of September 8, 2017, likely to be delayed due to the discovery of abandoned asbestos-cement pipe and diesel-contaminated soil in Lake Street.

Background

The project includes replacement of aging, failing water, sewer and storm drainage infrastructure in Lake Street from the roundabout to DeGroff Street, and DeGroff Street from Lake Street to Hollywood Way. The project will also replace pavement, curb, gutter and sidewalk, which will be demolished during the utility replacement. Funding for the project is provided by the following sources; \$1,000,000 FY2017 ADEC Grant, \$715,800 FY2015 ADEC Water and Sewer Loans, \$200,000 from FY2017 General Fund, \$50,000 from the 2017 Water Enterprise Fund and \$50,000 from the 2017 Wastewater Enterprise Fund.

Current Contracts:	PND Engineers	\$232,526.00
	Coastal Excavation	\$1,315,356.00

East DeGross Water, Sewer and Street repairs:

Milestones This Period

- Engineering worked with design consultant to advance 35% construction drawings.

Future Milestones

- Design scheduled for completion in November 2017. Project will be bid over the winter, and a construction contract will be awarded in early 2018. Construction to be completed in Spring and Summer 2018.

Background

The project includes replacement of aging, failing water, sewer and storm drainage infrastructure in DeGross Street from Hollywood Way to Sawmill Creek Road. The project will replace pavement, curb, gutter and sidewalk that will be demolished during the utility replacement. Scope will also include utility trenching work in Sawmill Creek Road, ahead of Alaska Department of Transportation project to re-pave SMC in 2019. Funding for the project is provided by the following sources: \$2.1 million from FY2015 ADEC Water and Sewer Loans, \$175,000 from the FY17 Water Enterprise Fund and \$45,000 from the FY17 Wastewater Enterprise Fund and \$300,000 from the FY18 General Fund.

Current Contracts: PND Engineers

\$144,747.00

Eagle Way (EW) and Old Harbor Mountain Road (OHMR) Utility and Road Upgrades:

Milestones This Period

- Substantial Completion July 3, 2017

Future Milestones

- Physical Completion August 2017
- Final Completion September 2017.

Background

The project includes new pavement, storm drainage, water main and services, and a pedestrian pathway within Eagle Way. The project will also include new pavement and storm drain improvements within Old Harbor Mountain Road. Funding for the project consists of a \$1,500,000 State of Alaska Department of Commerce Community and Economic Development Grant.

Current Contracts: DOWL

\$160,888.00

Coastal Excavation

\$939,291.35

GPIP Shoreline Stabilization 2017:

Milestones This Period

- Bid package development.
- Test pit completed on site to evaluate suitability of existing fill material for re-use.
- Riprap selection, sorting and stockpiling in advance of construction contract completed.

Future Milestones.

- Complete bid package August 2017
- Advertise August 2017

Background

The project includes stabilizing eroding shoreline at the Gary Paxton Industrial Park. The project is funded by the Environmental Fund with an authorized budget of \$250,000.

Current Contracts: Tisher Construction \$23,800.00

Sitka 2016-17 Paving Project:

Milestones This Period

- Curb, gutter, sidewalk and pavement demolition at Kashevaroff Street and the Hospital Emergency Entrance.
- Construction of curb, gutter and sidewalk where required at Kashevaroff Street and the Hospital Emergency Entrance.
- Excavation, backfill, construction fabric and compaction of roadways for Kashevaroff Street and the Hospital Emergency Entrance.

Future Milestones

- Paving Kashevaroff Street and the Hospital Emergency Entrance early August.
- Begin demolition of curb, gutter sidewalk and pavement for Lincoln Street
- Construction of curb, gutter, storm drain and sidewalk where required.
- Pavement of Lincoln Street.
- Construction in summer 2017 with Substantial Completion by September 15, 2017.

Background

The project includes new pavement and ADA curb ramps with curb and gutter, sidewalk and storm drain improvements as necessary. Funding for the project is provided by the following sources:

\$ 2,770,000	General Fund – Sitka Paving 2017
\$ 35,000	Water Fund – Sitka Paving 2017
<u>\$ 85,000</u>	Wastewater Fund – Sitka Paving 2017
\$ 2,890,000	Total Project Funding

Current Contracts: PND Engineers	\$339,044.00
SECON	\$1,058,960.00

Nelson Logging Road Upgrades:

Milestones This Period

- Review of Cultural Resources Report at State Historic Preservation Office.
- Corps of Engineers permit pending State Historic Preservation Office approval
- Alaska Department of Natural Resources began processing Right Of Way application.

Future Milestones.

- Final design August 2017.
- All project permits received August 2017.
- Construction is anticipated to begin as early as Fall 2017.

Background

The project includes replacing both inadequate bridges, realignment at HPR intersection, upgrading Nelson Logging Road and pedestrian amenities as funding allows. The scope

may also include road realignment(s) and widening to accommodate two-way traffic. Funding for the project is provided by a \$2,343,000 State of Alaska Department of Commerce Community and Economic Development Grant.

Current Contracts: LEI Engineers & Surveying	\$415,390.00
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Service Award

On behalf of the City and Borough of Sitka is hereby awarded to

Lorraine Lil

*this expression of grateful acknowledgment for your over 1 year of
valued service rendered in the public interest while serving on the
Library Commission. Thank you!*

Signed and sealed this 22nd day of August, 2017



Mayor, Matthew Hunter



ATTEST: Municipal Clerk, Sara Peterson





CITY AND BOROUGH OF SITKA

Legislation Details

File #: 17-141 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 8/14/2017 In control: City and Borough Assembly

On agenda: 8/22/2017 Final action:

Title: Approve the minutes of the August 8 and August 9 Assembly meetings

Sponsors:

Indexes:

Code sections:

Attachments: [Consent and Minutes.pdf](#)

Date	Ver.	Action By	Action	Result
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CONSENT AGENDA

POSSIBLE MOTION

**I MOVE TO APPROVE THE CONSENT AGENDA
CONSISTING OF ITEM A**

I wish to remove Item(s) _____

**REMINDER – Read aloud a portion of each item being
voted on that is included in the consent vote.**

Should this item be pulled from the Consent Agenda the following motion is suggested:

POSSIBLE MOTION

I MOVE TO approve the minutes of the August 8 and August 9 Assembly meetings.



CITY AND BOROUGH OF SITKA

ASSEMBLY CHAMBERS
330 Harbor Drive
Sitka, AK
(907)747-1811

Minutes - Draft

City and Borough Assembly

*Mayor Matthew Hunter
Deputy Mayor Bob Potrzuski
Vice-Deputy Mayor Steven Eisenbeisz
Tristan Guevin, Kevin Knox
Aaron Bean, and Aaron Swanson*

*Interim Municipal Administrator: Phillip Messina
Municipal Attorney: Brian Hanson
Municipal Clerk: Sara Peterson*

Tuesday, August 8, 2017

6:00 PM

Assembly Chambers

WORK SESSION 5:15 PM

A work session was held on the Sitka Rocky Gutierrez Airport (SIT) Terminal Improvements Project.

REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Present: 6 - Swanson, Eisenbeisz, Guevin, Hunter, Knox, and Bean

Telephonic: 1 - Potrzuski

IV. CORRESPONDENCE/AGENDA CHANGES

No agenda changes.

17-134 Reminders, Calendars and General Correspondence

V. CEREMONIAL MATTERS

None.

VI. SPECIAL REPORTS: Government to Government, Municipal Boards/Commissions/Committees, Sitka Community Hospital, Municipal Departments, School District, Students and Guests (five minute time limit)

None.

VII. PERSONS TO BE HEARD

Alene Henning thanked the Assembly for their work. She noted that while she was still witnessing citizens using cellphones while driving, she was encouraged to hear that the Police Department was enforcing the law and citing individuals.

Doug Osborne reminded of the Active August Fitness Challenge sponsored by Sitka Community Hospital. He noted Sitka was uniquely positioned in the personal transportation sector and had the makings for a sustainable healthy transportation system. He encouraged folks to think about what a human powered, people centered, locally energized transportation system would look like in Sitka.

Kevin Knox announced the 2017 Change Your Latitude open water swim was scheduled for August 13. He noted it was the northern most ocean race in the United States, if not the world.

VIII. REPORTS**a. Mayor, b. Administrator, c. Attorney, d. Liaison Representatives, e. Clerk, f. Other**

Liaison Representatives - Bean reported on the recent Planning Commission meeting and Knox on the Parks and Recreation Committee meeting.

Clerk - Peterson announced the candidate filing period for the Municipal Election had closed at 5pm August 4th. She reviewed the candidate list and announced the two Sitka precinct locations would return to Harrigan Centennial Hall for the 2017 Election.

IX. CONSENT AGENDA

A motion was made by Swanson that the Consent Agenda consisting of items A and B be APPROVED. The motion PASSED by the following vote.

Yes: 7 - Swanson, Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

- A 17-135 Approve the minutes of the July 18 and July 25 Assembly meetings**

This item was APPROVED ON THE CONSENT AGENDA.

- B 17-136 Approve a liquor license ownership transfer and restaurant designation permit for The Longliner Lodge and Suites**

This item was APPROVED ON THE CONSENT AGENDA.

X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS

- C 17-139 Reappoint Mary Ann Hall to a term on the Local Emergency Planning Committee**

Knox and Potrzuski thanked Ms. Hall for her service on the Committee and noted she also serves on the Hospital Board.

A motion was made by Guevin that this Item be APPROVED. The motion PASSED by the following vote.

Yes: 7 - Swanson, Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

XI. UNFINISHED BUSINESS:

D ORD 17-28 Amending Sitka General Code Chapter 10.24 entitled "Fireworks" by adding a new Section 10.24.070 "Penalties"

Knox reminded the Police and Fire Commission was supportive of the ordinance and noted passage would provide an enforcement tool for the Police Department. Guevin agreed, stated this would improve the current code, and while not opposed to relaxing the laws for fireworks, he wished to have more time for consideration. Hunter stated in the future he may be interested in exploring an avenue to allow for fireworks at certain times of the year, however, for now, he wished to maintain the current ban with the addition of a penalty section. Bean spoke in opposition to the ordinance as it didn't allow an avenue for fireworks use. He added passage of the ordinance (enforcement), could take the Police Department away from higher priority issues. Eisenbeisz wondered of the definition of municipal limits and if outlying islands and areas were included. Municipal Attorney Hanson clarified it was defined as the areas adopted in the definition of City and Borough. Hunter added that lighting off fireworks in the Tongass National Forest, including areas outside of the City and Borough, was against Federal Statute and if enforced, could include a \$5,000 fine and 6 months in prison. Potrzuski shared he had received many comments from citizens whose lives had been disrupted by the use of fireworks.

A motion was made by Guevin that this Ordinance be APPROVED on SECOND AND FINAL READING. The motion PASSED by the following vote.

Yes: 4 - Guevin, Potrzuski, Hunter, and Knox

No: 3 - Swanson, Eisenbeisz, and Bean

E ORD 17-15 Adjusting the FY18 Budget (Sitka Community Hospital Modular Unit)

Dr. Richard Wein and Jaime Ackley spoke in support of the ordinance.

Steve Hartford of Sitka Community Hospital noted there were cash reserves to move forward and commented the Hospital Clinic was in severe need of space. He added the current space limitations were holding the Hospital back financially and the services the public needs. Hartford stated it was important to make long-term best decisions and the modular was a small interim step to continue the positive work that had occurred over the past few years. Hartford reminded a deferral of 8 months for the line of credit owed the City had been approved in the budget process. This would allow the Hospital to not only maintain but rebuild its cash position.

Potrzuski shared he had toured the Clinic and saw a definite need. He believed there had been mixed messages given by Hospital Staff. Knox concurred and voiced concern of the instability of Hospital finances. He stated the Assembly was in a difficult position. Eisenbeisz, who had been previously opposed, stated after hearing the Hospital had ended their fiscal year in the black, was 100% supportive. Guevin wished to see the Hospital operate as a stand-alone entity and implement the recommendations from the Stroudwater report. Bean stated by approving the

appropriation it would help with the sustainability of the Hospital. If the Assembly continued with the RFP process, the modular would be considered as an asset. Hunter empathized with the employees and the public who had been shaken by the recent conversations of the future of the Hospital. He noted the financial instability of the Hospital had been a topic of discussion since his first year on the Assembly. He believed the Hospital needed to be on secure financial footing and looked forward to explored the possible options. In the short-term, he stated the Hospital must remain viable and wished to ensure the Hospital could operate successfully.

A motion was made by Swanson that this Ordinance be APPROVED on FIRST READING. The motion PASSED by the following vote.

Yes: 7 - Swanson, Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

- F ORD 17-26** Amending Sitka General Code Chapter 4.28 "Investment Policy" by adding a new Section 4.28.045 entitled "External Investment Management"

Guevin thanked staff and the Investment Committee members for their work.

Jay Sweeney, Chief Finance and Administrative Officer, stated the intent was to issue a RFP for the management of funds, every five years.

A motion was made by Swanson that this Ordinance be APPROVED on SECOND AND FINAL READING. The motion PASSED by the following vote.

Yes: 7 - Swanson, Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

XII. NEW BUSINESS:

New Business First Reading

- G ORD 17-29** Adjusting the FY18 Budget (*Sitka Airport Terminal Improvements Project*)

Richard Wein wondered of Delta Airlines commitment to remaining in Sitka and suggested TSA be asked to help with funding. Kathy Matthews, Station Manager for Alaska Seaplanes, spoke to the short and long-term needs of Alaska Seaplanes.

Knox noted there were many efficiencies to be realized with the project. While he believed it was a necessity, he wondered if it was a short-term fix, that may not last long-term. Guevin reminded with Assembly approval the project could move forward to the 65% design phase. In addition, he reminded project funding was from the passenger facility charges. Bean relayed staff had reached out to Delta Airlines and they were committed to Sitka during the summer months.

A motion was made by Knox that this Ordinance be APPROVED on FIRST READING. The motion PASSED by the following vote.

Yes: 7 - Swanson, Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

Additional New Business Items

- H 17-137** Approve a month-to-month lease between the City and Borough of Sitka and Samson Tug and Barge Company for tidelands adjacent 5309 Halibut Point Road

Michael Scarcelli, Planning Director, stated Samson Tug and Barge Company had requested a short-term lease renewal. Their current lease expired August 13, 2017 and a month-to-month lease was recommended to facilitate continued operations allowing time for a long-term lease to be drafted within the next 30 to 60 days.

Municipal Attorney, Brian Hanson, offered the current lease in place was a State lease assigned to the City decades ago and needed additional terms added. He suggested the following Recitals be added to the month-to-month lease: 1) the Lessee desires to renew it's existing lease for a term of 55 years and the Sitka Planning Commission has recommended approval of such renewal on a 4-0 vote, and, 2) whereas the existing tidelands lease expires August 13, 2017, making it necessary and appropriate to enter a month-to-month lease while the parties negotiate the terms of the renewed lease.

A motion was made by Swanson that this Item be APPROVED. The motion PASSED by the following vote.

Yes: 7 - Swanson, Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

I 17-138

Approve the renewal of a Standard Marijuana Cultivation Facility license for Green Leaf, Inc. dba Green Leaf at 4614 Halibut Point Road C-2, C-3

Assembly member Bean recused himself.

Guevin restated the fiscal note included in the packet: In the 14 months that marijuana businesses have been licensed in Sitka, all of the operations have generated sales totaling \$813,772.08 and have remitted local sales tax totaling \$35,711.51.

A motion was made by Knox that this Item be APPROVED. The motion PASSED by the following vote.

Yes: 6 - Swanson, Eisenbeisz, Guevin, Potrzuski, Hunter, and Knox

Recused: 1 - Bean

XIII. PERSONS TO BE HEARD:

Richard Wein spoke to the finances of Sitka Community Hospital and recent news coverage of the Hospital being in the black. He obtained the fiscal year end report and had reviewed the past year financials. Wein believed the vast majority of the \$1.4 million was not out of Hospital operations but instead a one time payment from Medicare. He encouraged the Assembly to examine the details.

Assembly members recognized Guevin for his years of service and noted it was Guevin's final regular meeting, in-person, as he was moving. He would attend September meetings telephonically. Guevin stated it had been a pleasure to serve the community.

XIV. EXECUTIVE SESSION

None.

XV. ADJOURNMENT

A motion was made by Swanson to ADJOURN. Hearing no objections, the meeting ADJOURNED at 7:52pm.

ATTEST:

Sara Peterson, CMC
Municipal Clerk



CITY AND BOROUGH OF SITKA

ASSEMBLY CHAMBERS
330 Harbor Drive
Sitka, AK
(907)747-1811

Minutes - Draft

City and Borough Assembly

Mayor Matthew Hunter
Deputy Mayor Bob Potrzuski
Vice-Deputy Mayor Steven Eisenbeisz
Tristan Guevin, Kevin Knox
Aaron Bean, and Aaron Swanson

Interim Municipal Administrator: Phillip Messina
Municipal Attorney: Brian Hanson
Municipal Clerk: Sara Peterson

Wednesday, August 9, 2017

6:00 PM

Assembly Chambers

SPECIAL MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Present: 6 - Swanson, Eisenbeisz, Guevin, Hunter, Knox, and Bean

Telephonic: 1 - Potrzuski

IV. PERSONS TO BE HEARD

None.

V. NEW BUSINESS:

A 17-140 Develop a short list of Administrator candidates for further consideration - *executive session anticipated*

John Hodgson of Prothman briefed the Assembly on the recruitment process to date. He noted the objectives of the meeting were to 1) discuss qualifications and determine if there was an adequate number of candidates to move forward, and, 2) review the interview process for August 19. Hodgson stated over 20 candidates had applied, after a preliminary screening and interviews, there were 8 candidates for Assembly consideration, however, one had withdrawn.

Municipal Attorney, Brian Hanson, reminded if the Assembly planned to discuss personal characteristics of applicants and/or compare applicants, those conversations needed to occur in executive session.

Shannon Haugland of the Daily Sitka Sentinel understood the reasons for executive session but asked the Assembly to provide an update afterwards.

A motion was made by Knox to go into Executive Session to discuss subjects that may tend to prejudice the reputation and character of a person with regard to review of the Administrator candidates, and invite in John Hodgson of Prothman and Mark Danielson, Human Resources Director. The motion PASSED by the following vote.

Yes: 7 - Swanson, Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

The Assembly was in executive session from 6:15pm to 7:15pm.

A motion was made by Knox to reconvene as the Assembly in regular session. The motion PASSED by a unanimous voice vote.

Assembly members offered the qualities they were looking for in a candidate.

A motion was made by Bean to APPROVE inviting P. Keith Brady, Kim Zimmerman, David Fuqua, and Delray Shultz as Municipal Administrator candidates (and spouse or significant other) to Sitka for an in-person interview. The motion PASSED by the following vote.

Yes: 7 - Swanson, Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

Hodgson explained he would contact the candidates to determine if they were still interested. He explained a community reception to meet the candidates was scheduled for August 18th from 4:30-6:30pm. Printed bios of the candidates would be available and comment cards for the public to weigh in. On Saturday, August 19th there would be two interview panels- one of Assembly and the other of Department Heads, each candidate would go on a tour, and have lunch with the interview panelists. Guevin proposed inviting Sitka Tribe of Alaska General Manager to participate in the interview process. The Assembly agreed.

VI. PERSONS TO BE HEARD:

None.

VII. EXECUTIVE SESSION

See item A.

VIII. ADJOURNMENT

A motion was made by Swanson to ADJOURN. Hearing no objections, the meeting ADJOURNED at 7:42pm.

ATTEST: _____
Sara Peterson, CMC
Municipal Clerk



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 17-142 Version: 1 Name:
Type: Item Status: AGENDA READY
File created: 8/14/2017 In control: City and Borough Assembly
On agenda: 8/22/2017 Final action:
Title: 1) Appoint Darryl Rehkopf to an unexpired term on the Library Commission, and, 2) Appoint one of the following to the Sitka Community Hospital Board: Lee Bennett or Owen Kindig - possible executive session

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Appointments.pdf](#)
[Rehkopf application.pdf](#)
[Bennett application.pdf](#)
[Municipal Attorney Correspondence.pdf](#)
[Kindig application.pdf](#)
[Hospital Board Roster.pdf](#)

Date	Ver.	Action By	Action	Result
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POSSIBLE MOTIONS

Library Commission

I MOVE TO appoint Darryl Rehkopf to an unexpired term on the Library Commission.

Hospital Board

I NOMINATE Lee Bennett and Owen Kindig to fill one unexpired term on the Hospital Board.

Be prepared to vote on your choice – ONE seat is vacant

	Bennett	Kindig		
EISENBEISZ				
HUNTER-absent				
POTRZUSKI				
KNOX				
BEAN				
SWANSON				
GUEVIN-absent				



Application for Appointment to Boards, Committees, and Commissions
City and Borough of Sitka

Board/Commission/Committee: LIBRARY COMMISSION
Name: DARRYL REHKOPF Daytime Phone: 907-738-5629
Address: 210 OBSERVATORY Evening Phone: "
Email Address: darrylrehkopf@hotmail.com Fax Number: -
Length of Residence in Sitka: 27 years Registered to vote in Sitka? Yes No
Employer: SITKA SCHOOL DISTRICT

Organizations you belong to or participate in:

ALUMNI ASSOCIATION = U. OF CALIFORNIA, U. OF WASHINGTON.

Explain your main reason for applying:

TO SUPPORT THE GOALS OF THE SITKA PUBLIC LIBRARY.

What background, experience or credentials will you bring to the board, commission, or committee membership?

FORMER LIBRARY COMMISSIONER / RAVEN RADIO BOARD MEMBER

Please disclose any potential conflicts of interest that may arise from your appointment. These may include but are not limited to:

- A substantial financial interest of \$1000 annually that could be influenced by your appointment.
- An immediate family member employed within the scope of this appointment.

Please attach a letter of interest, outline, or resume which includes your education, work, and volunteer experience that will enhance your membership.

→ (To be considered, your application must be complete AND be accompanied by one of the above supporting documents.)

Date: August 8, 2017 Signature: Darryl Rehkopf

Your complete application and resume should be returned to the Municipal Clerk's Office by noon on the Wednesday prior to an advertised Assembly meeting. Applications received after the deadline will be considered but will not be included in the Assembly packets for review prior to appointment.

Appointments are normally made during open session of an Assembly meeting, however, Assembly members may vote to discuss applicant(s) in closed executive session. In this case, do you wish to be present when your application is discussed? Yes No

Return to:
Sara Peterson, Deputy Clerk
100 Lincoln Street
Fax: 907-747-7403
Email: sara@cityofsitka.com

Resume - Darryl D. Rehkopf - 210 Observatory, Sitka, Alaska 99835 - (907) 738-5629

Work Experience:

- 2010 - Present Registrar, Sitka High School, Sitka School District
- 1996 - 2014 Co-owner/manager, Backdoor Cafe, Sitka
- 1993 - 1996 Broadcast journalist/on-air host, Raven Radio Foundation, Sitka
- 1993 - 2010 Volunteer programmer, Raven Radio Foundation, Sitka

Education:

- BA, U. of California, Davis, 1981
- MBA, U. of Washington, Seattle, 1985

Military Service:

- U.S. Coast Guard, 1972-76



LIBRARY COMMISSION

NAME	CONTACT NUMBERS	TERM STARTS	EXPIRES	CATEGORY
JOSHUA THOMAS PO Box 473	817-471-6054 Josh0417@att.net	9/13/16	9/13/19	Chair
BARBARA BINGHAM PO Box 6112	738-3557 bbingham23@gmail.com	9/12/06 9/8/09 10/23/12 1/26/16	9/12/09 9/8/12 10/23/15 1/26/19	Vice Chair
NICOLE FILIPEK PO Box 251	206-769-3685 nicolefilipek@gmail.com	2/14/17	2/14/20	Secretary
ALICE JOHNSTONE 213 Shotgun Alley	747-3931 johnstone@ak.net	7/22/03 7/11/06 7/14/09 7/24/12 7/14/15	7/22/06 7/11/09 7/14/12 7/24/15 7/14/18	
JANE EIDLER PO Box 1673	747-5354 eidlerjee@yahoo.com	6/27/06 7/8/08 6/28/11 6/24/14 6/13/17	7/12/08 7/8/11 6/28/14 6/24/17 6/13/20	
LORRAINE LIL 108 Argus Street	738-1357 747-2305 committee@publiclibrary.com	4/12/16	4/12/19	Resigned 8/7/17
DORIK MECHAU 209 Observatory St	747-7671 rwbjumsos@mead.com	1/17/16	1/12/19	Resigned 01/07/17
Matthew Hunter 102 Remington Way	738-6851 assemblyhunter@cityofsitka.org			Assembly Liaison
Elizabeth O'Donnell 214 Observatory	747-8014			Emeritus Member

7 Members from Public 3-year terms
 Established by Ordinance 72-50, Ord. 03-1730 added 2 more members
 First Wednesday of the Month, 7 p.m. at the Sitka Public Library, 320 Harbor Drive

OATH OF OFFICE REQUIRED

Revised: August 4, 2017



Application for Appointment to Boards, Committees, and Commissions City and Borough of Sitka

Board/Commission/Committee: Sitka Community Hospital Board
Name: Lee W. Bennett Daytime Phone: 907-738-2521
Address: 1707 Edgecumbe Dr. Sitka, AK 99835 Evening Phone: 907-747-3551
Email Address: lbanddh@gmail.com Fax Number: n/a
Length of Residence in Sitka: 12 years and 11 months Registered to vote in Sitka? Yes No
Employer: Retired/ Part-time Financial Consultant/Assistant to the CFO at Cordova Community Medical Center
Organizations you belong to or participate in:
Sitka Trail Works

Explain your main reason for applying:

Please See Attached. 1)

What background, experience or credentials will you bring to the board, commission, or committee membership?
Over 40 years in healthcare including over 10 years as the CFO at SCH and 3 of those years also interim CEO.

Please disclose any potential conflicts of interest that may arise from your appointment. These may include but are not limited to:

- A substantial financial interest of \$1000 annually that could be influenced by your appointment.
- An immediate family member employed within the scope of this appointment.
My wife Deanna is currently employed at SCH working as a receptionist in the Oceanside Rehab Dept.

Please attach a letter of interest, outline, or resume which includes your education, work, and volunteer experience that will enhance your membership. Please See Attached. 2)

→ (To be considered, your application must be complete AND be accompanied by one of the above supporting documents.)

Date: 8/7/17 Signature: Lee W. Bennett

Your complete application and resume should be returned to the Municipal Clerk's Office by noon on the Wednesday prior to an advertised Assembly meeting. Applications received after the deadline will be considered but will not be included in the Assembly packets for review prior to appointment.

Appointments are normally made during open session of an Assembly meeting, however, Assembly members may vote to discuss applicant(s) in closed executive session. In this case, do you wish to be present when your application is discussed? Yes No

Return to:
Sara Peterson, Deputy Clerk
100 Lincoln Street
Fax: 907-747-7403
Email: sara@cityofsitka.com

Attachment 1)

Explain your main reason for applying:

I would like to see Sitka Community Hospital remain a viable healthcare entity providing the highest quality healthcare possible in the rural setting in which we live. SCH is the Community's Hospital serving everyone who enters its doors. I feel with my many years of healthcare experience along with my over 10 years as the SCH CFO and at times the Interim CEO as well, I would bring background and experience to the Hospital Board and possibly Administration that it currently does not have.

Attachment 2)

Letter of Interest

Mayor and Assembly Members:

I believe you all know who I am. I have lived in Sitka for over ten years and am married to a lifelong resident and we would like to remain living in Sitka. As neither one of us is getting any younger we both are very concerned with the future of healthcare here in this community.

Almost my entire career has been spent in some aspect of Healthcare and I have been in Healthcare Administration as Controller, CFO, and CEO/Interim CEO for close to 35 years. With, as previously mentioned, working just over ten years at SCH. Again, I feel I would bring much needed background and experience to the Hospital Board.

My wife, Deanna, is and has been an employee of SCH for many years. She is not in any type of supervisory position and I do not feel there would be any decisions that I would be voting on that would impact her specifically. If an issue would arise the city attorney would be consulted and if appropriate I would recuse myself from any discussion or vote on said issue.

I am also a part-time financial consultant and assistant to the CFO at Cordova Community Medical Center in Cordova, Alaska. I currently spend approximately 2 weeks a quarter at that facility. SCH does not compete with CCMC and I am able to be flexible in scheduling my time there so I do not foresee an issue with attending Board meetings and if away I would usually still be able to call in for the meetings. I mention this more to assure the Assembly that I am still actively involved in Healthcare Finance and in keeping up with the changing Healthcare environment both at the Federal as well as State levels.

I hope you will consider this application for the open Hospital Board position.

Sincerely,

A handwritten signature in black ink that reads "Lee W. Bennett". The signature is written in a cursive style with a large, stylized initial "L".

Lee W. Bennett

Melissa Henshaw

From: Brian Hanson
Sent: Thursday, August 10, 2017 4:01 PM
To: Melissa Henshaw
Cc: Sara Peterson
Subject: RE: Hospital Board applicant

Here's my analysis and position. You may share with anyone. Thanks.

Issue: Whether a spouse of an SCH employee may serve on the SCH Board.

Discussion:

There is no expressed prohibition of such in the Charter or SGC. This is not "nepotism," as Lee is not an SCH employee who supervises his wife, Deanna, who is a SCH employee.

SGC 2.60.060 is comparable to this situation, but not applicable. It prohibits municipal employees from serving on boards when he or she has "oversight or policy making authority over the department" in which their "immediate family" works. Again, Lee is not a municipal employee. Accordingly, SGC 2.60.060 doesn't apply and, therefore, doesn't prohibit Lee from serving on the SCH board.

SGC 1.04.080, "Conflict of interest", would apply if Lee were appointed to the SCH board. According to SGC 1.04.080, SCH board members are required to recuse themselves from discussion, deliberations, and decisions in which they, or their "immediate family", have a "substantial financial interest."

Position: For the reasons stated above, Lee may be appointed to the SCH board. However, for all discussions, deliberations, and decisions which would have a "substantial financial interest" on his wife, Lee would have to recuse himself. I'm not sure how often these conflicts would arise, if at all, but such could be considered when the Assembly decides whether or not to appoint.



Brian E. Hanson
Municipal Attorney
City and Borough of Sitka, Alaska
100 Lincoln Street, Sitka, Alaska, 99835
(907)747-1879

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Application for Appointment to Boards, Committees, and Commissions
City and Borough of Sitka

Board/Commission/Committee: Sitka Community Hospital
Name: Owen Richard Kindig Daytime Phone: 907-623-0430
Address: 2703 HPR Mobile Evening Phone: 907-752-7766
Email Address: owen@okstoryteller.com Fax Number: ---
Length of Residence in Sitka: 4.3 years Registered to vote in Sitka? Yes No
Employer: OK Storyteller LLC

Organizations you belong to or participate in:

Rotary (until recently), Volunteer activities for Sitka Summer Music Fest, Sitka Historical Society, Greater Sitka Arts Council, Sitka Health Summit.

Explain your main reason for applying:

I believe in Sitka Community Hospital and am motivated to help secure its future.

What background, experience or credentials will you bring to the board, commission, or committee membership?

My experience as a fundraiser + communications consultant to hospitals, insurance companies, + pharmaceutical companies, including Ohio Univ. college of Osteopathic Medicine, Blue Cross/Blue Shield of Ohio, many others.

Please disclose any potential conflicts of interest that may arise from your appointment. These may include but are not limited to:

- A substantial financial interest of \$1000 annually that could be influenced by your appointment.
- An immediate family member employed within the scope of this appointment.

My wife, Beth, works in medical records. Last year I received \$500 to produce a video on "Healthy Sitka." I am currently producing videos in favor of the hospital's autonomy, in a contract with Whites/Harry Race.

Please attach a letter of interest, outline, or resume which includes your education, work, and volunteer experience that will enhance your membership.

→ (To be considered, your application must be complete AND be accompanied by one of the above supporting documents.)

Date: August 17, 2017 Signature: [Handwritten Signature]

Your complete application and resume should be returned to the Municipal Clerk's Office by noon on the Wednesday prior to an advertised Assembly meeting.

Please note: all information submitted will be made public and published online. Appointments are normally made during open session of an Assembly meeting, however, Assembly members may vote to discuss applicant(s) in closed executive session. In this case, do you wish to be present when your application is discussed? Yes No

Return to:
Melissa Henshaw, Deputy Clerk/Records Specialist, 100 Lincoln Street
Fax: 907-747-7403 Email: melissa.henshaw@cityofsitka.org

(Unless you want me there.) :)

FROM THE DESK OF

OWEN KINDIG

August 17, 2017

Assembly members and Mayor Matt Hunter
City and Bureau of Sitka
100 Lincoln Street
Sitka, Alaska 99835

Dear members of the Assembly,

First, thank you for what you do. You inspire me every week with your kind service.

The task I am applying for is to spend a few days each month to help Sitka Community Hospital set its mission, and advocate that mission within the community;

To help support and evaluate the performance of its leadership;

To help ensure it is planning effectively, and to monitor and strengthen its programs;

To help enhance its assets – especially its people – so that it can remain an asset to the community in perpetuity;

And to strengthen the Hospital's standing as an economic engine and humanitarian safety net to our community – that is also responsive to government oversight.

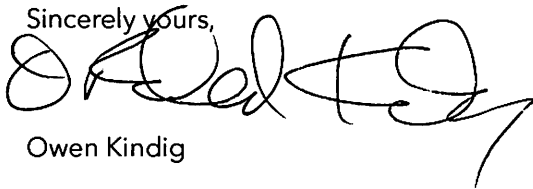
Why do I feel qualified to fulfill this task?

In many ways I don't. However, the two times I have failed in business, no less than the five brilliant successes I have had in raising four daughters and loving one woman, convince me that I can be faithful in spite of being inconsistent, and be successful as a listener and friend in spite of my many charming faults.

My dad was a Navy corpsman attached to the Marines. He came under fire in Okinawa and Guadalcanal. He taught me that careful listening is the key to correct diagnosis, being there is more important than being right, and persistence (with humility) is the key to authentic success.

I am confident that whoever you choose tonight will serve the Hospital well.

Sincerely yours,



Owen Kindig

Owen Richard Kindig

Versatile public affairs communicator; proven listener, storyteller, and motivator who uses interpersonal relationships to find the heartbeat of policy, strategy, values, and community spirit.

Goal: Work effectively to foster health care in Sitka, and community-strengthening programs and activities.

I bring two decades of measurable impact as an agent of community change and improvement. I have worked effectively as both an autonomous agent and a deeply spirited, cooperative team member. Articulating abstract and nuanced concepts, finding the emotional heart of divisive or complicated issues, and forging energetic practical alliances are my special skill set.

Sept 1990 to Dec 2009; President, Still Images Inc. dba Kindig Omnimedia & Zstories IMC; successfully grew to staff of 5 before downsizing in 2000 to take care of my father

Jan 2010 to August 2011; Ztoryteller LLC - Started new solopreneur consultancy in Seattle

Sept 2011 to Jan 2012; Producer, Mills/James Productions, Cincinnati/Columbus, OH

Jan 2012 to Jan 2013, Producer/Director, Ztoryteller LLC.

March, 2013 to June, 2016, media specialist, public information officer, University of Alaska Southeast Sitka Campus.

July, 2016 to present, President OK Storyteller LLC, an Alaska creative and persuasive agency.

Award-winning B2B, B2C, documentary and persuasive/public affairs productions

1. Current public affairs videos, photography, and communication strategy for White's Alaska, (and for them, Sitka Community Hospital), Sitka Historical Society, Sitka School District, etc. -- emotion, complexity, community outreach, public relations.
2. Recent web videos for Minnesota State Colleges, LaserMotive, QuickSquare, AGTree, Janus Realty Group, RBM Lumber, Sound Communication, American Watchmakers/Clockmakers Institute, Procter and Gamble, and others. A wide variety of styles, all custom tailored to the audience psycho-graphics and subject
3. Produced and edited multiple image presentations for the American Institute of Physics, including *75 Years That Matter* in 2006, a motivational video for Chinese dignitaries, shot in China in 3 weeks in 2010; and a trade show video for the Frankfurt Book Fair later that year. Each found the emotional heart of complex scientific subjects for discriminating audiences. Shot in Washington DC, New York, Boston, Seattle, San Diego, and Beijing.
4. Director and communications consultant for multiple health care industry projects. Clients served and venues I gained intimate and insider access to (including, often, working with the CEO or Director of Marketing): Cleveland Clinic (cinematography in multiple surgeries); North Mississippi Medical Center, (employee motivational film for their CEO); Ohio University College of Osteopathic Medicine (10 year engagement as producer of all their recruiting and fundraising media. Their director of marketing said "Owen has a *gestalt* knowledge of our needs!"), Peer Review Systems (startup assistance including logo development and branding), Blue Cross of Central Ohio, Riverside Methodist Hospital, Ohio State University hospitals, and many more pharmaceutical, insurance, ambulance company, doctor offices, chiropractors, dentists, etc.
5. Columbus Zoo educational documentaries: *Children Love Manatees*, an exhibit film which won a national Telly award; Jack Hanna *Jack and Matt tour the 10,000 Islands*, a 3-screen exhibit video exploring the mangrove wilderness that still plays every hour; also wrote all content for their manatee website, CD-Rom courseware, and interactive exhibitry, and served as creative liaison for the user interface team.

6. Successfully managed public campaigns for levy renewal or bond issues for six different rural and urban school districts in Ohio. Chaired public volunteer meetings, interviewed stakeholders, advised on creative strategy, produced campaign materials, coordinated volunteer efforts for each successful campaign. Only one of the six campaigns failed at the ballot box.
7. Successfully advised a national public affairs agency, Hameroff/Milenthal/Spence, on a strategy for persuading legislators in Ohio and Indiana to pass a seat belt law in those two states. Wrote and produced the lobbying media that was used to get the law passed.
8. University admissions videos -- Multiple admissions presentations for Denison University, Ohio Wesleyan, Cedarville and others. Michael Eisner called one of the Denison pieces in this category "The finest college film I have ever seen." Won national CASE Gold awards, Admissions Marketing awards, and many others including a Telly for Ohio Wesleyan in 2011. Demonstrated connection with the postmodern visual styles and humor appreciated by Millennials.
9. Producer and editor of *The True Story of Nestle Dairy Systems*, a long-format motivational presentation for Nestle Ice Cream, which included 3 period stories of the founding of their constituent companies. Shot on 16mm in Switzerland, France, Germany, and U.S.
10. Instrumental in helping Denison University surpass \$160M fundraising goal by 20% through 7 "crucial" video presentations during the 5-year *Higher Ground* campaign. Telly Award. Similarly, created campaign presentation videos that articulated two Ohio Wesleyan capital campaigns totaling \$180 Million, and helped Cedarville raise over \$75 million for their Chapel/Music, Student Life, and Biblical Studies capital campaigns through 2010.

Skills

- Excellent *interviewer* and facilitator for any gathering of people, large or small. Interviewed Michael Eisner, Donna VanLiere, Les Wexner, George Bodenheimer, Bob Dole, Richard Lugar; directed Hal Holbrook, Jack Hanna, Joe Theismann, Jodie Foster, Morgan Spurlock, Tom Shadyac, Clark Kellogg.
- Perceptive *thinker* and observer of the contemporary scene, imparting empathy which proves valuable in finding the right editorial balance in order to bring authenticity to an audience and enthusiasm to an organization.
- Diplomatic listener and consensus-builder. Work well with liberals and conservatives, diverse religious or atheistic world views, young or old, all genders. Make everybody feel comfortable on camera.
- Constantly re-inventing personal skills and technologies. Lifelong learner. Went through skills trainer curriculum for YAS in Sitka in 2016, worked for 6 months part time as a skills trainer for youth.
- *Mentor*/encourager of talent. I love working with people of all ages to discover their inner creative voice and hear the client voice more clearly. Fun, unflappable, and consistently good-humored.
- *Software*: Final Cut Studio, Motion, Adobe Creative Suite (Dreamweaver, Flash, InDesign, Illustrator, Photoshop); WordPress web design; now learning XCode/Eclipse/Canappi design of mobile phone and tablet apps

Plus:

- Passionate about sustainability. Built compost toilet & wetlands with a backhoe; rebuilt living room addition. Do I have stories to tell... :-)
- Triathlete, active bicyclist, eager to build my own Kudzu craft kayaks as soon as possible.

Samples of video work: <http://vimeo.com/owenkindig>

References: *Randy Hughey, Eric Jordan, Trish White, Jeff Budd, Roger Schmidt, Mary Wegner*



SITKA COMMUNITY HOSPITAL
Creating a healthier tomorrow today.

Hospital Board Roster

Board Member	Phone	Address, E-mail	Seat	First Appointed	Term Expires
Bryan Bertacchi President	747-1870 w	PO Box 1373 bryan.bertacchi@cityofsitka.org	At-Large	1/12/16	1/12/18
Connie Sipe Secretary	966-4232 w	700 Katlian Street, Suite B csipe@cfc.org	Financial	1/12/16	1/12/19
<i>Steve Gage</i>	<i>747-5587</i>	<i>409 Hemlock Street</i> <i>gageaj@gmail.com</i>	<i>At-Large</i>	<i>1/12/16</i>	<i>1/12/18</i> <i>Resigned</i> <i>4/4/17</i>
Mary Ann Hall	747-7265 h	2037 Halibut Point Road	At-Large	1/12/16	1/12/18
David Lam	738-4068 c	PO Box 1324 dave@shamanmedicalconsulting.com	Healthcare	1/12/16	1/12/19
<u><i>CBS Staff Liaison*</i></u> Michael Scarcelli	747-1815 w	100 Lincoln Street michael.scarcelli@cityofsitka.org	Planning & Community Development Director	6/28/16	N/A
<u><i>Chief Medical Staff Liaison*</i></u> Kimberly Bakkes	747-3241 w	Sitka Community Hospital 209 Moller Avenue kbakkes@sitkahospital.org		December of each year
<u><i>Vice Chief Medical Staff Liaison*</i></u> Debra Brushafer	747-3241 w	Dr.Brushafer@sitkahospital.org			
<u><i>Assembly Liaison*</i></u> Steven Eisenbeisz	738-9075 c	208 Lincoln Street assemblyeisenbeisz@cityofsitka.org			October (each year after election)
<u><i>Hospital Staff</i></u> Rob Allen Denise DenHerder	747-1738 747-1725	CEO Exec Asst/Recording Secretary	rallen@sitkahospital.org ddenherder@sitkahospital.org		

* *Non-Voting* – Vice Chief Medical Staff Liaison to fill in when the Chief Medical Staff Liaison not in attendance.

Hospital Board meets the **fourth Thursday of each month at 6:00 p.m.** in the Hospital Classroom.

All voting members will be approved by the Assembly. Five Members from Public:

- | | |
|---|-------------|
| 1 Member Professional Financial Experience | 3-year term |
| 1 Member Professional Healthcare Experience | 3-year term |
| 3 Members At-Large | 2-year term |

Non-Voting:

- | | |
|---|---|
| 1 Member Sitka Community Hospital Chief Medical Staff | Elected each December by SCH medical staff |
| 1 Member from the Assembly | Appointed each October |
| 1 Member from CBS Senior Staff | Approved by the Assembly with No Expiration |
- Re-Established by Ordinance 2015-37A

OATH OF OFFICE REQUIRED

Revised: April 4, 2017



CITY AND BOROUGH OF SITKA

Legislation Details

File #: ORD 17-15 Version: 1 Name:
Type: Ordinance Status: AGENDA READY
File created: 5/12/2017 In control: City and Borough Assembly
On agenda: 8/22/2017 Final action:
Title: Adjusting the FY18 Budget (Sitka Community Hospital Modular Unit)
Sponsors:
Indexes:
Code sections:
Attachments: [Motion and Ord 2017-15.pdf](#)
[Modular Presentation.pdf](#)

Date	Ver.	Action By	Action	Result
8/8/2017	1	City and Borough Assembly		
6/13/2017	1	City and Borough Assembly	POSTPONED	Pass
5/23/2017	1	City and Borough Assembly	POSTPONED	Pass

POSSIBLE MOTION

I MOVE TO approve Ordinance 2017-15 on
second and final reading.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2017-15
AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA
ADJUSTING THE FY18 BUDGET

BE IT ENACTED by the Assembly of the City and Borough of Sitka, Alaska as follows:

1. CLASSIFICATION. This ordinance is not of a permanent nature and is not intended to be a part of the Sitka General Code of the City and Borough of Sitka, Alaska.

2. SEVERABILITY. If any provision of this ordinance or any application thereof to any person or circumstance is held invalid, the remainder of this ordinance and application thereof to any person and circumstances shall not be affected thereby.

3. PURPOSE. The purpose of this ordinance is to adjust the FY18 budgets for known changes.

4. ENACTMENT. The Assembly of the City and Borough of Sitka hereby adjusts the FY17 budget for known changes. In accordance with Section 11.10(a) of the Charter of the City and Borough of Sitka, Alaska, the budget for the fiscal period beginning July 1, 2017 and ending June 30, 2018 is hereby adjusted as follows:

Table with 1 column and 4 rows. Row 1: FISCAL YEAR 2018 EXPENDITURE BUDGETS. Row 2: GENERAL FUND. Row 3: Sitka Community Hospital – Capital: The SCH Director of Operations is requesting a Capital appropriation of \$400,000 from the Hospital’s Unassigned Fund Balance for the purchase & installation of an Office Modular for the Clinic office expansion. Row 4: (Empty)

EXPLANATION

Necessary revisions in the FY 2018 budget were identified. These changes involve the increase of expenditure accounts and causes decreased cash flows to the fund balance of various funds. A short explanation of each budget revision is included.

5. EFFECTIVE DATE. This ordinance shall become effective on the day after the date of its passage.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 22nd Day of August, 2017.

ATTEST:

Robert Potrzuski, Deputy Mayor

Sara Peterson, CMC
Municipal Clerk

1st reading 5/23/17 postponed
1st reading 6/13/17 postponed to 8/8/17
1st reading 8/8/17
2nd reading 8/22/17



MEMORANDUM

To: Mayor Hunter and Members of the Assembly,
Mark Gorman, Administrator

Cc: Bryan Bertacchi, Hospital Board Chair
Rob Allen, CEO

From: Steven Hartford, SCH Director of Operations

Date: May 10, 2017

Subject: Clinic Office Modular and request for deferral of monthly line of credit payments

The Hospital is currently in the planning stages to install an office modular for Clinic office expansion. This project has been on the books and has been identified as a necessary facility upgrade for the last several years and we are hoping to move ahead with it within the next few months. The previously provided presentation and the details included explain our thinking on the project and our request for the Assembly's formal approval of the project at its May 23rd meeting.

Office Modular

Background

The Office modular, as an adjunct to the Mountainside Family Healthcare Clinic will help us with some critically needed expansion space to continue our mission of strengthening and expanding our primary outpatient services division in order to meet a growing need in the community and to better position SCH for an evolving focus on population health. As the presentation indicated, the current clinic space, with growing demand for services, is already substantially overcapacity and overcrowded. This modular will allow us the opportunity for a more efficient provider work flow as well as opening up much needed patient care space in the clinic proper.

The project was initially approved by our Board of Directors at its October 2016 meeting to move forward in our current fiscal year. Due to some timing issues and budgetary priorities it was not forwarded to the Assembly for final approval at that time. The Board took up this issue again at its meeting in March and determined that we were at a critical stage in our Clinic space needs. The Board



requested that this be forwarded to the Assembly now together with a request to defer our line of credit payments. I will detail that request further below.

Analysis

We are planning to treat this acquisition and installation as a supplemental capital budget item in fiscal '17. The funding for this project (\$400,000.00) would be treated as a supplemental capital allocation from our cash reserves and would be contingent on the Assembly's authorization for us to defer the repayment of our line of credit monthly payments for approximately 8 months. The Hospital is currently returning half of our monthly dedicated tobacco tax receipts as repayment on our line of credit. The current balance on the original \$1.5mm line of credit as of March 30, 2017 is \$732,361.00. The average monthly payment is \$50,000.00 which would mean at that rate that we could complete the cash flow off- set of the modular project within 8 months and then resume the line of credit payments to its conclusion. The project is estimated to take 4-6 months from date of order to completion.

Recommendation

That the Assembly approves a supplemental capital budget of \$400,000.00 to come from the Hospital's cash reserves and approves the temporary deferral of monthly line of credit payments until said deferral totals \$400,000.00

Absent: 2 - Guevin, and Bean

XI. UNFINISHED BUSINESS:

- C ORD 17-11 Adjusting the FY17 Budget (*Fire Department Operations, Crescent Harbor Playground Project, Commercial Passenger Excise Tax*)

A motion was made by Swanson that this Ordinance be APPROVED on SECOND AND FINAL READING. The motion PASSED by the following vote.

Yes: 5 - Swanson, Eisenbeisz, Potrzuski, Hunter, and Knox

Absent: 2 - Guevin, and Bean

XII. NEW BUSINESS:

New Business First Reading

- D ORD 17-13 Adjusting the FY17 Budget (*Electric Utility Subsidization*)

Mayor Hunter explained that this ordinance set aside up to \$400,000 to meet the bond obligation for the Electric Department due to low revenues. Chief Finance and Administrative Officer, Jay Sweeney came forward stating we would not know the exact amount of the subsidy needed without May electricity consumption figures, however it was estimated at \$250,000.

A motion was made by Potrzuski that this Ordinance be APPROVED on FIRST READING. The motion PASSED by the following vote.

Yes: 5 - Swanson, Eisenbeisz, Potrzuski, Hunter, and Knox

Absent: 2 - Guevin, and Bean

- E ORD 17-15 Adjusting the FY17 Budget (*Sitka Community Hospital Modular Unit*)

Sitka Community Hospital (SCH) Director of Operations, Steve Hartford came forward and stated that this project was a short-term project to address a critical space need that was approved by the Board at two separate meetings. He told of concerns with postponing it. They had the low vendor for this and it fit within the cash model in the FY18 budget as presented.

Potrzuski was reluctant to move forward to spend \$400,000 and thought it prudent to wait until SEARHC's proposal. Eisenbeisz told that SCH's consultant for critical needs would be arriving soon and wondered if this should hold until those findings were available and was in support of postponing. Knox was in support of postponement.

Mayor thought that it would be important to know what would be in plan A and B in July, that this should be postponed until the strategic outlook was available before entering into any capital expenditures and was in favor of postponing rather than voting it down.

Gorman clarified the funding was obligating a total of \$400,000 in FY17 rather than the previous amount of \$200,00 for each FY17 and FY18. This would then create a reduction from the FY18 budget of \$200,000 as a correction.

A motion was made by Potrzuski that this Ordinance be POSTPONED until after the SEARHC proposal. The motion PASSED by the following vote.

Yes: 5 - Swanson, Eisenbeisz, Potrzuski, Hunter, and Knox

Absent: 2 - Guevin, and Bean

F ORD 17-16 Adopting budgets for the Fiscal Year July 1, 2017 through June 30, 2018

Gary Paxton Industrial Park (GPIP) Executive Director, Garry White explained that the Board proposed at their January meeting \$40,000 for design of a water access ramp for marine services that was not included in this ordinance and asked that it be added.

Gorman received news that the health insurance increase anticipated at 17.5% would actually be 12%, which was approximately a \$50,000 savings, the budget would be adjusted which meant less coming out of reserves. Mayor mentioned the GPIP request and others could come forward as a supplemental budget adjustment. Corrections would need to be made after the start of the fiscal year. Eisenbeisz confirmed with Janet Schwartz, Budget/Treasury Officer that \$345,779 would be coming from reserves. Mayor thanked staff for their work on this budget cycle.

A motion was made by Swanson that this Ordinance be APPROVED on FIRST READING. The motion PASSED by the following vote.

Yes: 4 - Swanson, Potrzuski, Hunter, and Knox

No: 1 - Eisenbeisz

Absent: 2 - Guevin, and Bean

Additional New Business Items

G RES 17-07A Setting temporary and seasonal moorage rates for Baranof Warm Springs Dock

Eisenbeisz wondered if there could be a commercial rate as well. Gorman clarified that the float plane space was not permanent moorage. Harbormaster, Stan Eliason would work on signs for the dock with regards to a loading and unloading policy. Resident of Baranof Warm Springs, John Herchenrider came forward stating that this dock did not have the amenities that Sitka docks had and the rates for residents was high. He offered to help collect and caretake the facility. Potrzuski was in support of the amendment.

A motion was made by Eisenbeisz that this Resolution be AMENDED to adopt the 20 to 35 foot daily, weekly, and seasonal fees as the float plane fee structure. The AMENDMENT PASSED by the following vote.

Yes: 5 - Swanson, Eisenbeisz, Potrzuski, Hunter, and Knox

Absent: 2 - Guevin, and Bean

Knox questioned the float plane rates with regards to a daily rate only. Mayor reminded this was a facility that was rebuilt and turned over to the City from the State, that it had one float plane mooring, the need to be separate from other facilities of the Harbor Enterprise Fund with rates that would pay for itself, although it was not affordable to have a city worker monitor and told that this first year would be on the honor system until a better system could be put in place.

A motion was made by Knox that this Item be APPROVED. The motion PASSED by the following vote.

Yes: 7 - Swanson, Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

XI. UNFINISHED BUSINESS:

E ORD 17-13 Adjusting the FY17 Budget (*Electric Utility Subsidization*)

Eisenbeisz asked for an updated figure. Municipal Administrator, Mark Gorman, told that the \$400,000 should be sufficient to meet the bond covenant however, staff anticipated less. Guevin gave rate stabilization figures he received from the Finance Department which showed how much had been put into the Rate Stabilization Fund that had provided a subsidy for all Sitkans.

A motion was made by Potrzuski that this Ordinance be APPROVED on SECOND AND FINAL READING. The motion PASSED by the following vote.

Yes: 7 - Swanson, Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

F ORD 17-15 Adjusting the FY17 Budget (Sitka Community Hospital Modular Unit)

Eisenbeisz was in support of the postponement.

A motion was made by Potrzuski to POSTPONE Ordinance 2017-15 adjusting the FY17 budget for the Sitka Community Hospital Modular Unit until the regular Assembly meeting of August 8, 2017. The motion PASSED by the following vote.

Yes: 7 - Swanson, Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

G ORD 17-16 Adopting budgets for the Fiscal Year July 1, 2017 through June 30, 2018

Potrzuski thought this was reflective of the visioning session the Assembly had last fall. Guevin agreed and thanked staff. Eisenbeisz was not in support as it funded a plan for infrastructure that was unsustainable and felt the capital plan was too aggressive.

A motion was made by Swanson that this Ordinance be APPROVED on SECOND AND FINAL READING. The motion PASSED by the following vote.

Yes: 5 - Swanson, Guevin, Potrzuski, Hunter, and Knox

No: 2 - Eisenbeisz, and Bean

H RES 17-07A Setting temporary and seasonal moorage rates for Baranof Warm Springs Dock

Eisenbeisz confirmed that this was a special revenue fund within the Harbor Fund. Knox relayed that these rates were a starting point and the fees would not cover the replacement cost of infrastructure. Mayor Hunter noted that the Port and Harbors Commission were trying to keep rates down by delaying projects in the Master Plan and reminded that this was a separate fund within the Harbor Fund.

A motion was made by Guevin to APPROVE Resolution 2017-07A on FIRST AND FINAL READING.

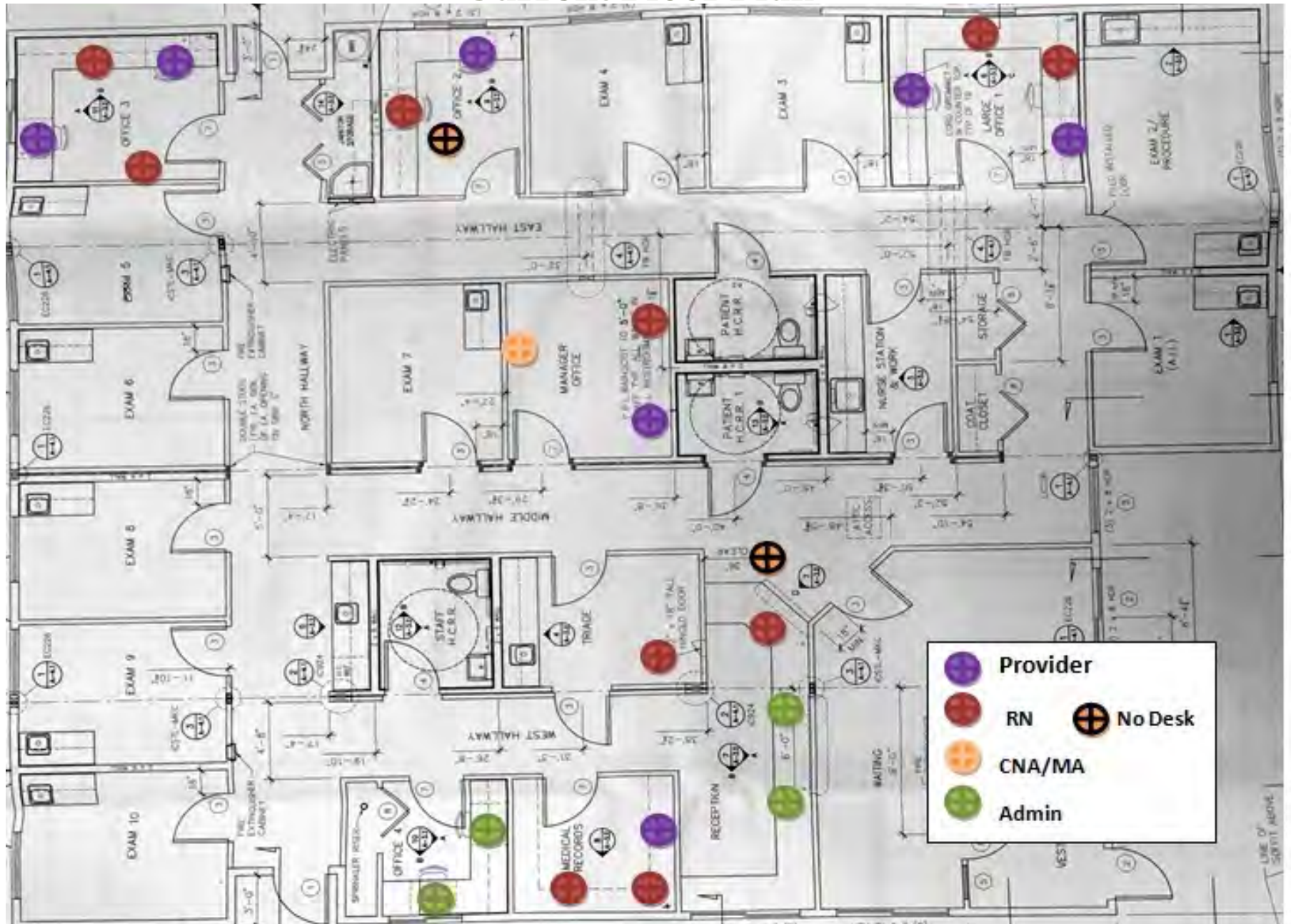
Mountainside Family
Healthcare Clinic
Modular Presentation



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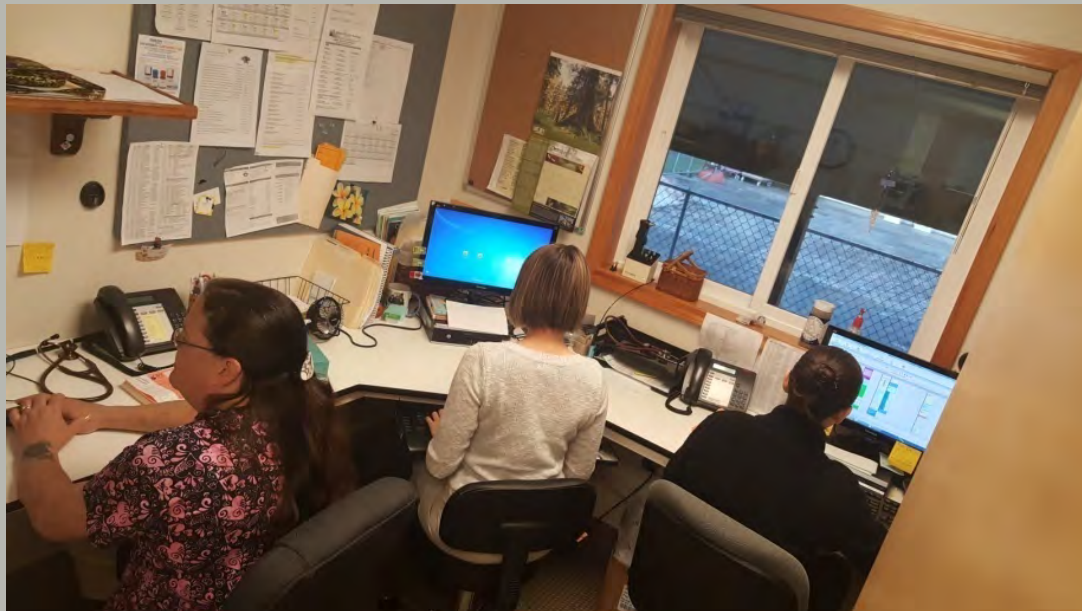
Current Floor Plan





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12'2" X 9' 9" →



19-22 Staff Members
Daily

*MDs, PA, RNs, MAs, CNAs, Admin

← 7'11" X 8' 10"

Clinic Modular

Timeline: March 2017



- Move at least 4 Providers to Modular
- Creates more Exam Rooms in clinic
- Clinic Manager Office
- Employee Kitchen / Break room
- Place to hold staff meetings
- Room for service expansions

Mountainside Family Healthcare

Added Services

- 6 Day per week Urgent Care
- Infusions in Clinic
- Home Health

Future

- Adding 1-2 Mid-Level Providers
- Integrating Clinic “PODS”
- Expanding Specialty Services
- New Primary Care Physician Starting Sept 15th
- Integrating Pediatric Services

Monthly Office Visits

* Includes Infusion

- Mar: 926
- Feb: 876
- Jan: 852
- Dec: 825
- Nov: 905
- Oct: 993
- Sept: 999
- Aug: 982
- July: 944

Budget



Revenue increase Projection-
2 more exam rooms ≈ 20% increase
Net \$190
12+ patients a day (2,880 a yr)
≈\$2,280 a day (\$547,200 a yr)

Modular Acquisition*	\$325,000
Structural slab reinforcements	\$10,000
On-site electrical services	\$5,000
On-site plumbing & sewer connection work	\$5,000
Furniture, fixtures, & Equipment	\$35,000
	Sub Total: 348,500
≈12% Contingency	+\$ 51,500
	Total: \$400,000

- ❖ Includes shipping; assembly on site; electrical & data connections; fire alarm; sprinkler connections; HVAC site connection & testing; above grade foundation materials (Whitley- Evergreen, Marysville, WA)



CITY AND BOROUGH OF SITKA

Legislation Details

File #: ORD 17-29S Version: 1 Name:

Type: Ordinance Status: AGENDA READY

File created: 8/2/2017 In control: City and Borough Assembly

On agenda: 8/22/2017 Final action:

Title: Adjusting the FY18 Budget (Sitka Airport Terminal Improvements Project)

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and Memo Ord 2017-29S.pdf](#)
[Ord 2017-29S.pdf](#)
[Spreadsheet.pdf](#)

Date	Ver.	Action By	Action	Result
8/8/2017	1	City and Borough Assembly		

POSSIBLE MOTION

I MOVE TO approve Ordinance 2017-29S on first reading.

Note: This is a substitute ordinance to replace Ordinance 2017-29 that the Assembly approved on first reading August 8th. After reviewing the text in Ordinance 2017-29, the Finance Director has recommended the wording be changed to reflect the new increased amount of the overall capital appropriation, as opposed to the increased amounts of revenue streams comprising it. This is consistent with recommended best practices and provides a solid, not-to-exceed appropriation limit for the capital project.

MEMORANDUM

To: Mayor Hunter and Members of the Assembly
Phillip Messina, Interim Municipal Administrator

From: Michael Harmon, P.E., Public Works Director *MH*
Dan Tadic, P.E., Municipal Engineer *DT*
Jay Sweeney, Chief Finance and Administrative Officer *J*
Kelli Cropper, MPM, Project Manager *KE*

Reviewed: Tori Fleming, Contract Coordinator *T*

Date: August 2, 2017

Subject: Sitka Rocky Gutierrez Airport (SIT) Terminal Improvements - Approve moving forward with the project and the budget appropriation of the existing PFC funds to project budget

Background:

The final conclusions of the most recent SIT Airport Terminal Master Plan -2011 were twofold:

- Short term- correct the most critical terminal deficiencies.
- Long term- develop a long-term financial plan in order to construct a new terminal at the Sitka Rocky Gutierrez Airport.

The estimated cost of designing and constructing a new 35,000 square foot terminal ranges from \$30 - \$40 million. Procuring this funding has proven thus far to be impracticable and is unlikely in the near future given Alaska's current fiscal crisis.

In 2016 the CBS received a design grant from the Transportation Security Administration (TSA) for the Baggage Screening Area. Stakeholder representatives from TSA, Alaska Airlines, Delta Airlines, Terminal Vendors, CBS Staff, and the Design Consultants met regarding the upcoming baggage area design and many of the other existing critical terminal inadequacies were raised and discussed. Since the alterations to the baggage screening area would impact the other critical terminal areas, it was decided that a conceptual floor plan for the full terminal needed to be developed before design for the baggage screening continued.

In March 2017 the Assembly approved preparation of new application to collect PFCs to fund SIT Terminal Improvements. As stated then, the next steps were to prepare a preferred concept plan and preliminary funding plan with stakeholder input and bring them back for Assembly approval in order to move forward with the project.

Analysis:

Over the last four months, a preferred conceptual floor and funding plan have been developed. Small Group Stakeholder meetings were held with our Consultants and concept plans and options discussed. The preferred option was presented at a public meeting July 20, 2017 where we received overall support for the preferred concept plan, and received suggestions for additional improvements.

The current planning effort addresses improvements to the terminal to address current critical issues and balance the technical, operational and passenger experience needs of the facility. Areas of focus include:

- Baggage Makeup / Outbound baggage processing
- Baggage Screening
- Departure Lounge (Holdroom) size
- Concourse Congestion and passenger flow issues
- Baggage Claim Congestion

The proposed concept plan includes critical improvements to these areas utilizing the existing terminal infrastructure to the maximum extent to reduce project costs. The project cost for the preferred concept option is estimated at \$10.7 million.

With Assembly approval of the conceptual plans the project can move forward to the 65% design milestone and the TSA Baggage Screening design work can resume before the \$158,569.25 design grant expires. At that time, the design will be sufficient to more accurately estimate projects costs and funding sources will be identified.

The project strategy is to build to the budget, once the budget is established. If the required funding to construct the full project is not secured, a portion of the project will be identified through the design and public process, for design completion and construction with the funds available. Any remaining unconstructed portions (future phases) will remain at 65% design for future 'shovel ready' projects for which we will seek funding, such as any AIP Discretionary Funds that become available.

Project Schedule:

- Assembly Approval and Budget Appropriation- August 2017
- Design Development Completion January 2018
- Construction/Bidding Document Completion June 2018
- Bidding and Award July – September 2018
- Construction – phased during winter seasons October – April 2018, 2019, 2020

Fiscal Note:

The intent of staff is to identify and obtain funding to correct critical deficiencies in the existing terminal while not burdening the local tax base. For potential funding sources identified to date see the attached AvAirPros draft funding plan memorandum, dated July 27, 2017. These and other possible funding sources will be investigated leading up to the 65% design milestone.

Existing remaining unappropriated PFC funds amount to \$280,593 and are only permitted to be used for the terminal projects and are considered part of the funding plan. Additional design scope will be required to develop and complete the design, construction, bidding documents, and funding plan. It is anticipated that the cost to get the project to the 65% design milestone will be roughly \$240,000, at which time the Assembly will see the project again to move it forward.

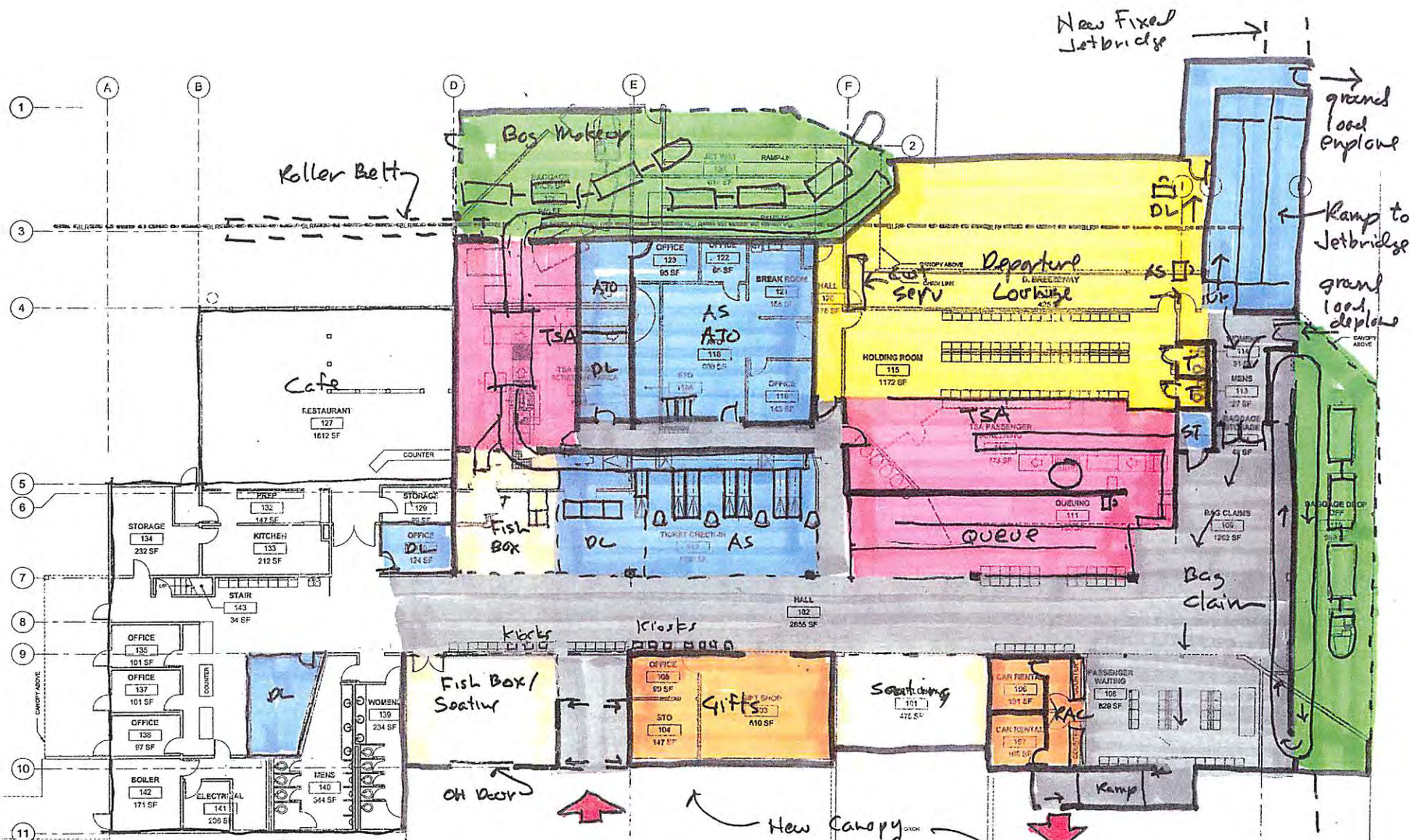
Foundational discussions concerning project financing have taken place between the Public Works Department, Finance Department, and a financial Consultant, AvAirPros. In these discussions, various options and courses of action for project financing have been discussed and analyzed.

A formal financing plan is premature at this point, as it will be dependent on the scope of the project. Central to any financing plan will be the collection of passenger facility charges (PFCs), as PFCs will be the primary mechanism for paying for construction costs, or, for paying for debt service if debt financing is ultimately approved. Securing debt financing to immediately commence construction, and, using fees and charges to pay for debt service is in the conceptual finance plan.

Potential funding sources which have been identified and discussed include PFCs, possible implementation of a surcharge on rental cars (terminal improvement fees), possible grants from Federal and State sources through discretionary Airport Improvement Program (AIP) funds, and possible grants from the TSA. Matching requirements for AIP and TSA grants are unknown at this time.

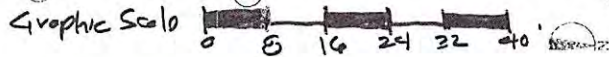
Recommendation:

Approve moving forward with SIT Terminal Improvements Project development as presented and appropriate the remaining \$280,593 of PFC funds to the project #90736.



Concept C4
 4/25/17 Phase 4
 Final

Scale 1/16" = 1'-0" @ 11x17 sheet



PREFERRED CONCEPT PLAN

MEMORANDUM

Date: July 27, 2017

To: Kelli Cropper, The City and Borough of Sitka

From: Kottayam V. Natarajan Jr.

cc: Alex Fedor

Subject: Sitka Rocky Gutierrez Airport **DRAFT 7-27-2017**
SIT Airport Terminal Improvements Project Funding Plan

This memo describes the preliminary Funding Plan for the Airport Terminal Improvements Project at the Sitka Rocky Gutierrez Airport. The Funding Plan is attached as Exhibit 1.

The information below refers to the notes on the Funding Plan.

Notes on Project Cost Assumptions

1. A 20% Design Contingency has been added to all the construction cost estimates due to the preliminary nature of the estimates. This contingency can be adjusted as the cost estimates become more firm.
2. A 25% soft cost estimate has been added to the escalated construction costs to account for design, project/construction management, inspection, and administration of the project, for a total project cost estimate.

Notes on Funding Sources and the Funding Plan

3. **PFC Future Collections** **\$4,000,000**
This revenue stream is based on future Passenger Facility Charge (PFC) collections at \$4.50 per passenger. It assumes the PFCs are leveraged to pay the annual debt service on 20 year bonds with 5% interest. The FAA must approve the Airport's PFC application to impose and collect the PFCs from passengers. PFCs are common at airports and most charge the full \$4.50 amount.

The application process is underway and an application has been submitted to the FAA. See Exhibit 2 for more details on the PFC collections and projected revenue.

4. **PFC Existing** **\$333,500**
This is PFC money previously collected by the Airport. The City and Borough of Sitka Airport Terminal Fund Income Statement for the twelve-month period from July 1, 2016 to June 30, 2017 indicates the airport has \$10,330.02 in working capital in account 90736 – Airport Baggage and TSA Facility PFCs, and \$323,179.93 in Undesignated Passenger Facility Charges. It is assumed that all of these funds are available for the Terminal Improvements Project. The FAA should have no issues with using these funds for PFC eligible projects.

It is assumed no action is necessary to use these funds.

5. **Undesignated Working Capital** **\$363,000**
The City and Borough of Sitka Airport Terminal Fund Income Statement for the twelve-month period from July 1, 2016 to June 30, 2017 indicates the airport has \$541,827 available in Undesignated Working Capital. This is approximately 570 Days Cash on Hand (DCOH) or 1.5 years. This could be dropped down to 6 months DCOH which would free up 2/3 of the Undesignated Working Capital or 363,000. These funds are applied to the Terminal Improvements Project.

It is assumed these funds are available for airport projects and no action is necessary to secure this funding, apart from concurrence from the appropriate airport financial advisors.

6. **TSA Funding** **\$2,925,000**
The elements of the project that are associated with renovating and updating the TSA baggage screening area are assumed to be funded 100% by the TSA. The TSA has traditionally funded baggage screening projects.

The project team will need to secure a commitment from the TSA for the baggage screening elements of the project. Federal funding is not guaranteed and is always subject to changes in federal policy and funding availability.

7. **Airline Funding** **\$0**
The project includes some tenant improvements that are assumed to be funded by Alaska Airlines and Delta Air Lines. These are project elements that are closely related to individual airline operations. At most airports, projects cover all costs except for proprietary costs. Proprietary costs are specific to an airline and cannot be used by another airline. For example, a backwall behind a ticket counter and a ticket counter position would be project costs as these elements could be used by any airline. A sign on the backwall for “Airline X” and ticket counter processing equipment that is specific to Airline X and can only be used to process their passengers would be considered proprietary.

The airlines have voiced concerns over these costs not being funded by alternative project funds. Further discussions will be required to ensure the airlines are willing to contribute these amounts.

8. Tenant Concessions **\$0**

To the extent there are any project costs to improve airport concessions or to enable airport concessions, these could be funded by the airport concessionaires who will benefit. It is typical for airports to provide shell space for concessionaires and for concessionaires to pay for any build out of their space.

As the project is further developed, this may be a source of funds to pursue.

9. CBS Funding (RCTIF) **\$1,400,000**

This assumes the CBS institutes a Rental Car Terminal Improvement Fee (RCTIF) of 10% on all gross rental car receipts. Rental car receipts are projected to be \$1,200,000 per year based on FY2016 receipts of \$1,282,637 and FY2017 projected receipts of \$1,788,305. The projected \$120,000 per year from the RCTIF is leveraged to cover annual debt service on \$1.4 million of 20 year bonds at 5%. The current project funding plan assumes \$1,400,000 is needed for the project. See Exhibit 3 for more details on the RCTIF and revenue projections. Fees and charges to rental car transactions are very common at airports. These fees often run as high as 100% (e.g. the per day cost of a rental car is twice the advertised price). These fees include everything from stadium taxes to rental car customer facility charges to airport concession fees to city taxes.

The CBS will need to institute this new fee and work with rental car companies to collect and remit the fee. There is currently a 4% Driver Facility Charge that is collected on rental car receipts and used for general airport O&M. This would be in addition to that fee.

10. AIP Entitlement Grants **\$2,400,000**

SIT receives Entitlement Grants from the FAA on an annual basis for eligible projects. The 2017 AIP Entitlement Grant for SIT was \$607,027. Four of these annual grants would be \$2,400,000. However, the current funding plan assumes the Terminal Improvements Project will need 3 of the grants and that they remain approximately \$600,000 dollars. AIP Entitlement Grants are available for any eligible projects.

The project team will need to work with other jurisdictions that operate portions of the airport to ensure these grants will be available for the Terminal Improvement Project. Traditionally they have been used for the airfield, which is owned and operated by the State of Alaska.

11. Other Airport Funds **\$0**

These would be funds from airline rates and charges or from non-airline tenant fees.

Examples would be a new parking fee or increased terminal rental rates. They could be from existing rates and fees, increases to fees, or new fees. The current funding plan does not have any revenue from this source.

If the airport decides to use revenue from this source it will need to earmark funds or increase fees and ensure there is adequate funding for O&M expenses.

12. Discretionary AIP Grants **\$0**

Every year the FAA awards discretionary grants for eligible projects. The current funding plan does not include any resources from AIP Discretionary Grants as the Terminal Improvements Project would be fairly low on the priority list. Airfield projects are generally more likely recipients of AIP Discretionary Grants.

The Airport would need to apply for any AIP Discretionary Grants if it was determined that was a funding source worth pursuing.

Passenger Facility Charge 7/27/17

Sitka Airport Terminal Improvements Project

PFC Revenue

	Annual ENPL	X	PFC	=	Annual PFC REV	-	PFC admin FEE	=	NET REV
AS	71,000								
DL	5,000								
Other									
TOTAL	76,000		\$4.50		\$ 342,000		\$ 8,360		\$ 333,640

Debt Service Costs

Bond sizing	4,157,892	5% ¹
Term	20	
Rate	5.0%	
Payment	\$333,640	
coverage level	0%	
Coverage	\$0	
Total Debt Service costs	\$333,640	



Any assumption in a green box can be changed. If you change anything, click on the blue button and the Capital Capacity will recalculate.

Capital Capacity

\$ 3,959,897

Check

Calc \$0

NOTES

1 Assumes a rolling coverage account equal to 25% of an annual payment

Rental Car Terminal Improvement Fee 7/27/17
PFC Revenue

Sitka Airport Terminal Improvements Project

	Annual ² Sales	X	RCTIF ¹	=	Annual RCTIF REV	-	RCTIF admin FEE	=	NET REV
AVIS	1,200,000								
Other	-								
Other	-								
TOTAL	1,200,000		10%		\$ 120,000		\$ -		\$ 120,000

Debt Service Costs

Bond sizing	1,495,465	5% ³
Term	20	
Rate	5.0%	
Payment	\$120,000	
coverage level	0%	
Coverage	\$0	
Total Debt Service costs	\$120,000	



Any assumption in a green box can be changed. If you change anything, click on the blue button and the Capital Capacity will recalculate.

Capital Capacity

\$ 1,424,253

Check

Calc \$0

NOTES

- 1 Rental Car Terminal Improvement Fee
- 2 Driver Facility Charge *4% from Kelli*
 - 2016 YTD total DFC \$ 51,305 *income statement*
 - 2016 YTD gross \$1,282,637 *calculated*
 - 2017 2nd QRTR \$ 35,766 *income statement*
 - 2017 projection \$1,788,305 *calculated*
- 3 Assumes a rolling coverage account equal to 25% of an annual payment

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2017-29S

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA
ADJUSTING THE FY18 BUDGET (SITKA AIRPORT TERMINAL IMPROVEMENTS PROJECT)

BE IT ENACTED by the Assembly of the City and Borough of Sitka, Alaska as follows:

1. CLASSIFICATION. This ordinance is not of a permanent nature and is not intended to be a part of the Sitka General Code of the City and Borough of Sitka, Alaska.

2. SEVERABILITY. If any provision of this ordinance or any application thereof to any person or circumstance is held invalid, the remainder of this ordinance and application thereof to any person and circumstances shall not be affected thereby.

3. PURPOSE. The purpose of this ordinance is to adjust the FY18 budgets for known changes.

4. ENACTMENT. The Assembly of the City and Borough of Sitka hereby adjusts the FY18 budget for known changes. In accordance with Section 11.10(a) of the Charter of the City and Borough of Sitka, Alaska, the budget for the fiscal period beginning July 1, 2017 and ending June 30, 2018 is hereby adjusted as follows:

<u>FISCAL YEAR 2018 EXPENDITURE BUDGETS</u>
CAPITAL PROJECTS
Fund 760 –Sitka Airport Terminal Improvements Project #90736: The Administrator requests that the existing capital appropriation for Project 90736, Sitka Airport Terminal Improvements Project, be increased from \$433,570 to \$640,789. Restricted PFC Funds, previously collected and currently retained in the Airport Terminal Fund, shall be the funding source for the increased project budget.

EXPLANATION

Necessary revisions in the FY 2018 budget were identified. These changes involve the increase of expenditure accounts and causes decreased cash flows to the fund balance of various funds. A short explanation of each budget revision is included.

5. EFFECTIVE DATE. This ordinance shall become effective on the day after the date of its passage.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 12th Day of September, 2017.

ATTEST:

Matthew Hunter, Mayor

Sara Peterson, CMC
Municipal Clerk

1st reading 8/8/17
1st reading substitute ordinance 8/22/17
2nd reading 9/12/17

Project 90736 - Airport Terminal Improvement Project

Project Funding Composition

Current approved Budget (Per 2018 Budget):		<u>433,570.00</u>
TSA OTA Portion:	158,569.25	
PFC Portion:	<u>275,000.70</u>	
		<u>433,569.95</u>

Project Expenditure Composition

Project Expenses Thru 6/30/2016:		<u>214,194.94</u>
Against PFC funding:	214,194.94	
Against TSA OTA Portion:	<u>-</u>	
		<u>214,194.94</u>

PFC Balance Composition:

Original Amount Available:		482,219.91
Transferred to Project to Cover Expenses:	214,194.94	
Remainder of Original Budget	<u>60,805.76</u>	
		<u>275,000.70</u>
Remaining PFCs Unallocated to Project:		<u>207,219.21</u>

Airport Project Budget:

Current approved Budget (Per 2018 Budget):		
TSA OTA Portion:	158,569.25	
PFC Portion:	<u>275,000.70</u>	
		433,569.95
Additional Unallocated PFCs (from Above)		<u>207,219.21</u>
Revised Overall project Budget:		<u>640,789.16</u>



CITY AND BOROUGH OF SITKA

Legislation Details

File #: ORD 17-30 Version: 1 Name:

Type: Ordinance Status: AGENDA READY

File created: 8/16/2017 In control: City and Borough Assembly

On agenda: 8/22/2017 Final action:

Title: Adjusting the FY17/FY18 Budgets (Solid Waste Fund, Harbor Fund, Management Information Systems Fund, Public Works - Recreation Department)

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and Memo Ord 2017-30.pdf](#)
[Ord 2017-30.pdf](#)
[March 2017 Solid Waste Financial Analysis.pdf](#)
[March 2017 Harbor Financial Analysis.pdf](#)

Date	Ver.	Action By	Action	Result
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POSSIBLE MOTION

I MOVE TO approve Ordinance 2017-30 on
first reading.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Hunter and Assembly Members
Phillip Messina, Interim Municipal Administrator

From: Jay Sweeney, Chief Finance and Administrative Officer

Cc: Stan Eliason, Harbormaster
Ron Duvall, IT Director

Date: August 15, 2017

Subject: FY 2017 Budget Execution and Supplemental Budget adjustment

Background

In FY 2017, the Solid Waste Fund, Harbor Fund, and MIS Fund each exceeded their appropriations. The reasons for appropriations being exceeded had to do with structural changes in contracts. Per the Home Rule Charter, the Assembly is to be notified, and, Administration is requesting that the Assembly pass a supplemental budget ordinance.

Fiscal Note

1. The Solid Waste Fund exceeded its overall FY 2017 operating appropriation by \$769,543. The reason for the excess was higher-than-anticipated contractual costs related to the new solid waste contract. Of note is that while the expense appropriation was exceeded, operating revenues for the Solid Waste Fund also exceeded what was budgeted by \$282,230. Factoring out depreciation (which is not budgeted), the ultimate result is a deficit of inflows over outflows of \$313,516 for FY 2017.
2. The Harbor Fund exceeded its overall FY 2017 appropriation by \$142,283. The reason for the excess was a shift in in the cost of the disposal of Municipal solid waste from being borne by citizens to being directly paid for by the Municipality. As the largest producer of Municipal solid waste, the Harbor Fund had far larger than anticipated solid waste costs.
3. The MIS Fund exceeded its overall FY 2017 appropriation by \$17,661. The reason for the excess was a shift in in the cost of Internet services from individual buildings and Departments to the MIS Fund in conjunction with the implementation of a new contract which combined separate charges (previously borne by Departments) into one amount now borne

directly by the MIS department.

4. Section 11.13 of the Home Rule Charter directs the Administrator to provide the Assembly with budget execution information. Expenditure of funds in excess of appropriations must be approved by the Assembly.

Analysis

1. In each of the cases in which appropriations were exceeded, the underlying cause was a contract for essential services, the costs of which Administration had little or no ability to control. The contracts were new business agreements for which staff did not have detailed cost history to utilize in developing appropriation recommendations to the Assembly.
2. In addition, in each of the three funds, the possibility and extent of exceeding appropriations only became certain and estimable at the very end of the fiscal year.
3. In regards to the Harbor Fund, the reason for exceeding its appropriation was directly related to a shift in collection costs for solid waste from citizens to the Municipality. Prior to the negotiation and approval of the recent solid waste contract, the costs of collection and disposal of Municipal solid waste were built into the rates paid by citizens and businesses, and, the Municipality was not charged directly for its solid waste disposal. When the solid waste contract was renegotiated last year, its terms provided for the direct billing of solid waste charges to the Municipality. This was done for two reasons: (1) it was more fair and equitable than requiring citizens to pay for these charges, and, it helped to reduce the size of the solid waste fee increase.
4. For Administration to have taken immediate action to halt expenditures in June would have had severe health and public welfare implications, as the Municipality would have needed to cease solid waste pickup and disposal. This would have been unsafe, unwise, and impracticable.

Recommendation

Administration recommends that the Assembly approve a supplemental budget ordinance which adjusts the total appropriations for the Solid Waste, Harbor, and MIS Funds to equal the final FY 2017 excess of outlays over appropriations.

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CITY AND BOROUGH OF SITKA
ORDINANCE NO. 2017-30
AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA
ADJUSTING THE FY17/FY18 BUDGETS

BE IT ENACTED by the Assembly of the City and Borough of Sitka, Alaska as follows:

1. **CLASSIFICATION.** This ordinance is not of a permanent nature and is not intended to be a part of the Sitka General Code of the City and Borough of Sitka, Alaska.

2. **SEVERABILITY.** If any provision of this ordinance or any application thereof to any person or circumstance is held invalid, the remainder of this ordinance and application thereof to any person and circumstances shall not be affected thereby.

3. **PURPOSE.** The purpose of this ordinance is to adjust the FY17/FY18 budgets for known changes.

4. **ENACTMENT.** The Assembly of the City and Borough of Sitka hereby adjusts the FY17/FY18 budget for known changes. In accordance with Section 11.10(a) of the Charter of the City and Borough of Sitka, Alaska, the budget for the fiscal period beginning July 1, 2016 and ending June 30, 2017 is hereby adjusted as follows:

<u>FISCAL YEAR 2017 EXPENDITURE BUDGETS</u>
ENTERPRISE AND INTERNAL SERVICE FUNDS
Solid Waste Fund – Operations: This fund has gone over budget by \$769,543 due to the higher than anticipated contractual costs related to the new solid waste contract.
Harbor Fund – Operations: This fund has gone over budget by \$142,283 due to the shift of cost of the disposal of solid waste to the Municipality.
Management Information Systems Fund – Operations: This fund has gone over budget by \$17,661 due to the shift of cost of telephone charges from individual departments to the MIS Fund.

In accordance with Section 11.10 (a) of the Charter of the City and Borough of Sitka, Alaska, the budget for the fiscal period July 1, 2017 and ending June 30, 2018 is hereby adjusted as follows:

FISCAL YEAR 2018 EXPENDITURE BUDGETS
GENERAL FUND
Public Works – Recreation Department– Operations: This is to recognize revenue from Alaska Public Entity Insurance in the amount of \$10,000 to be appropriated for the lower Moller Field East Playground. This grant is a matching grant, where the City has contributed \$20,000 coming from their FY17 Budget for the purchase and/or installation of loose fill.

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EXPLANATION

Necessary revisions in the FY 2017/ FY 2018 budgets were identified. These changes involve the increase of expenditure accounts and causes decreased cash flows to the fund balance of various funds. A short explanation of each budget revision is included.

5. EFFECTIVE DATE. This ordinance shall become effective on the day after the date of its passage.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 12th Day of September, 2017.

ATTEST:

Matthew Hunter, Mayor

**Sara Peterson, CMC
Municipal Clerk**

**1st reading 8/22/17
2nd reading 9/12/17**

**Solid Waste Utility
Financial Analysis
As Of, And For the Nine-Month Period Ending March, 2017**

KPI Dashboard

Indicator	Amount	Compared To Last Yr	Compared To Plan
Revenue	2,996,553	↑	↑
Earnings Before Interest	(55,405)	↑	↓
Earnings Before Interest and Depreciation	132,429	↑	↓
Net Income	(65,559)	↑	↓
Total Working Capital	249,774	↓	↓
Repair Reserve (1% of PPI)	74,026	↔	↔
Working Capital Appropriated For Projects	0	↔	↔
Undesignated Working Capital	157,718	↓	↓
Days Cash on Hand, Total Working Capital	15.66	↓	↓
Days Cash on Hand, Undesignated Working Capital	11.02	↓	↓

The Solid Waste Fund has fallen behind plan for FY2017, due to contractual costs significantly higher than plan. Cost of operations has experienced a negative variance of (\$358.2K) for the 9-month period compared to plan. Reserve working capital fell slightly, by (\$14.5K) to \$249.7K, as a result of the negative cost variance. A rate increase will be necessary in FY2018 to offset contractual CPI increases.





















City and Borough of Sitka
Solid Waste Utility
Income Statement
For The Twelve-Month Period Ending June 30, 2017
(Unaudited)

	Jul-Sep 2016	Oct-Dec 2016	Jan-Mar 2017	Apr-Jun 2017	FY2017 YTD	FY2016 YTD	Variance To FY2016 YTD	FY2017 Plan (S/L - 75.00%)	Variance To FY2017 Plan
Revenue:									
Solid Waste Disposal Services	1,069,512	938,569	886,945	-	2,895,026	2,144,181	750,845	2,651,376	243,650
Jobbing	568	963	-	-	1,531	-	1,531	-	1,531
Other Operating Revenue	14,244	48,346	37,406	-	99,996	108,565	(8,569)	148,875	(48,879)
Total Revenue:	1,084,324	987,878	924,351	-	2,996,553	2,252,746	743,807	2,800,251	196,302
Cost of Sales:									
Contract Waste Hauling	284,483	272,340	234,057	-	790,880	561,405	(229,475)	546,000	(244,880)
Transfer Station	467,800	346,520	390,335	-	1,204,655	1,094,719	(109,937)	1,075,575	(129,080)
Landfill	22,958	45,396	29,317	-	97,671	171,483	73,812	178,725	81,054
Recycling	106,999	128,066	158,668	-	393,733	420,861	27,128	352,365	(41,368)
Jobbing	-	-	-	-	-	-	-	-	-
Depreciation	51,465	73,758	62,611	-	187,834	163,161	(24,673)	125,223	(62,611)
Total Cost of Sales:	933,705	866,080	874,988	-	2,674,773	2,411,629	(263,145)	2,277,888	(396,885)
Gross Margin:	150,619 13.89%	121,798 12.33%	49,363.00 5.34%	-	321,780 10.74%	(158,883) -7.05%	480,662 17.79%	522,363 18.65%	(200,583) -0.86%
Selling and Administrative Expenses	125,243	126,412	125,530	-	377,185	206,155	(171,030)	415,855	38,670
Earnings Before Interest (EBI):	25,376 2.34%	(4,614) -0.47%	(76,167) -8.24%	-	(55,405) -1.85%	(365,038) -16.20%	309,632 14.36%	106,508 3.80%	(161,913) 10.55%
Non-operating Revenue and Expense:									
Non-operating revenue:	1,495	3,311	1,975	-	6,781	12,423	(5,642)	11,900	(5,119)
Interest Expense:	(5,645)	(5,645)	(5,645)	-	(16,935)	(18,234)	1,299	(16,935)	-
Total Non-operating Revenue & Expense:	(4,150)	(2,334)	(3,670)	-	(10,154)	(5,811)	(4,343)	(5,035)	692
Net Income:	21,226 1.96%	(6,948) -0.70%	(79,837) -8.64%	-	(65,559) -2.19%	(370,849) -16.46%	305,289 41.04%	101,473 3.62%	(167,032) -85.09%
Earnings Before Interest and Depreciation (EBIDA):	76,841 7.09%	69,144 7.00%	(13,556) -1.47%	-	132,429 4.42%	(201,877) -8.96%	334,305 13.38%	231,731 8.28%	(99,302) 5.11%

	Budget	Actual	Overrun
Collections Contract	728,000	1,055,988	(327,988)
Off-Island Shipping	1,430,000	1,839,923	(409,923)
Scrap Yard Shipping	368,500	479,000	(110,500)
Everything Else	<u>1,036,572</u>	<u>957,815</u>	<u>78,757</u>
	3,563,072	4,332,726	(769,654)
Revenue:	3,750,668	4,017,929	267,261
Cash Loss:			(502,393)

**Municipal Harbor System
Financial Analysis
As Of, And For the Nine-Month Period Ending March, 2017**

KPI Dashboard

Indicator	Amount	Compared To Last Yr	Compared To Plan
Revenue	1,875,872		
Earnings Before Interest	(569,376)		
Earnings Before Interest and Depreciation	245,431		
Net Income	399,802		
Total Working Capital	6,969,496		
Repair Reserve (1% of PPI)	324,307		
Working Capital Appropriated For Projects	147,742		
Undesignated Working Capital	6,497,447		
Days Cash on Hand, Total Working Capital	1,073.11		
Days Cash on Hand, Undesignated Working Capital	1,000.42		

The Municipal Harbor System is being adversely affected by utility costs that were not planned for. This is the reason underlying negative comparisons in costs of operations. The unanticipated cost increase is causing the Harbor System to fall slightly behind its business plan. Working capital, however, is \$34,281 ahead of the target amount for the end of FY20017 in the Harbor System Long Range Fiscal Plan (\$6,969,496 versus \$6,935,215).

City and Borough of Sitka
Harbor Fund
Income Statement
For The Twelve-Month Period Ending June 30, 2017
(Unaudited)

	Jul-Sep 2016	Oct-Dec 2016	Jan-Mar 2017	Apr-Jun 2017	FY2017 YTD	FY2016 YTD	Variance To FY2016 YTD	FY2017 Plan (S/L - 75.00%)	Variance To FY2017 Plan
Revenue:									
Permanent Moorage	498,925	412,668	395,362	-	1,306,955	1,262,113	44,842	1,343,925	(36,970)
Transient Moorage	179,282	14,477	84,015	-	277,774	289,082	(11,308)	284,250	(6,476)
Lightering Fees	20,626	-	-	-	20,626	66,460	(45,834)	52,500	(31,874)
Other Operating Revenue	39,358	162,123	69,036	-	270,517	200,485	70,032	210,975	59,542
Total Revenue:	738,191	589,268	548,413	-	1,875,872	1,818,140	57,732	1,891,650	(15,778)
Cost of Sales:									
Operations	454,397	327,822	374,427	-	1,156,646	735,471	(421,175)	931,342	(225,304)
Jobbing	-	-	-	-	-	-	-	-	-
Depreciation	271,602	271,603	271,602	-	814,807	496,044	(318,763)	814,807	-
Total Cost of Sales:	725,999	599,425	646,029	-	1,971,453	1,231,515	(739,938)	1,746,149	(225,304)
Gross Margin:	12,192 1.65%	(10,157) -1.72%	(97,616) -17.80%	-	(95,581) -5.10%	586,625 32.27%	(682,206) -37.36%	145,501 7.69%	(241,082) -45.05%
Selling and Administrative Expenses	151,753	170,211	151,831	-	473,795	576,360	102,565	586,814	113,019
Earnings Before Interest (EBI):	(139,561) -18.91%	(180,368) -30.61%	(249,447) -45.49%	-	(569,376) -30.35%	10,265 0.56%	(579,641) -30.92%	(441,312) -23.33%	(128,064) -7.59%
Non-operating Revenue and Expense:									
Raw Fish Tax	250,000	250,000	250,000	-	750,000	743,751	6,249	750,000	-
Other Non-Operating Revenue:	171,395	76,829	38,308	-	286,532	146,430	140,102	305,475	(18,943)
Grant Revenue	-	16,150	3,268	-	19,418	1,340,306	(1,320,888)	-	19,418
Bond Fund Interest Revenue:	-	-	-	-	-	-	-	-	-
Interest Expense Bonds:	(41,004)	(41,004)	-	-	(82,008)	(127,728)	45,720	(82,008)	-
Interest Expense Loans:	(2,382)	(2,382)	-	-	(4,764)	(7,146)	2,382	(4,764)	-
Total Non-operating Revenue & Expense:	378,009	299,593	291,576	-	969,178	2,095,613	(1,126,435)	968,703	475
Net Income:	238,448 32.30%	119,225 20.23%	42,129 7.68%	-	399,802 21.31%	2,105,878 115.83%	(1,706,076) -2955.17%	527,391 27.88%	(127,589) 808.65%
Earnings Before Interest and Depreciation (EBIDA):	132,041 17.89%	91,235 15.48%	22,155 4.04%	-	245,431 13.08%	506,309 27.85%	(260,878) -14.76%	373,495 19.74%	(128,064) -34.51%
Bond Covenant Ratio	6.25	4.72	6.52		5.70	6.00	(0.30)	6.36	(0.65)
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	510,050	390,828	313,731	-	1,214,609	2,105,878	(891,269)	1,342,198	(127,589)
Debt Principal	47,587	47,587	47,587	-	142,761	105,003	(37,758)	142,761	-
Debt Principal Coverage Surplus/Deficit	462,463	343,241	266,144	-	1,071,848	2,000,875	(929,027)	1,199,437	(127,589)
Debt Principal Coverage Percentage	1072%	821%	659%		850.80%	2005.54%	-1154.74%	940.17%	-89.37%
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	462,463	343,241	266,144	-	1,071,848	2,000,875	(929,027)	1,199,437	(127,589)
Depreciation	271,602	271,603	271,602	-	814,807	1,966,864	1,152,057	814,807	-
Cash Accumulated For/(Taken From) Asset Replacement	190,861	71,638	(5,458)	-	257,041	34,011	223,030	384,630	(127,589)



CITY AND BOROUGH OF SITKA

Legislation Details

File #: ORD 17-31 Version: 1 Name:
Type: Ordinance Status: AGENDA READY
File created: 8/16/2017 In control: City and Borough Assembly
On agenda: 8/22/2017 Final action:
Title: Adjusting the FY18 Budget (O'Connell Lightering Facility Repair Project)
Sponsors:
Indexes:
Code sections:
Attachments: [Motion and Memo Ord 2017-31.pdf](#)
[Ord 2017-31.pdf](#)

Date	Ver.	Action By	Action	Result
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POSSIBLE MOTION

I MOVE TO approve Ordinance 2017-31 on
first reading.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Hunter and Assembly Members
Phillip Messina, Interim Municipal Administrator

From: Jay Sweeney, Chief Finance and Administrative Officer

Cc: Michael Harmon, Public Works Director
Stan Eliason, Harbormaster

Date: August 15, 2017

Subject: Supplemental Budget Appropriation to Repair O'Connell Lightering Facility

Background

A recent inspection of the O'Connell Lightering Facility was completed after CBS staff observed several piling had shifted out of plumb after a storm event. Through that inspection, it was determined that the facility is not able to safely accommodate yachts and large vessels over 40 feet in length. The piling can be replaced and socketed into the rock to a greater depth to accommodate larger vessels; however, the cost of the repairs depends on whether a repair barge needs to be mobilized, and, whether such repairs are in the best economic interest of the Municipality. Administration is requesting a supplemental appropriation from the Harbor Fund to repair the facility even though not all pertinent information is available to conduct an economic analysis of the facility.

Analysis

1. CBS Harbor Staff observed several piling had shifted out of plumb after a storm event.
2. A subsequent inspection of the O'Connell Lightering Facility was completed which determined that the facility cannot safely moor yachts and larger commercial vessels.
3. The piling can be replaced and socketed into the rock to a greater depth to accommodate larger vessels; however, the cost is dependent on whether or not a repair barge must be mobilized. A repair barge will be mobilized this fall to construct the GPIP dock; if that barge is also used to repair the O'Connell facility, the cost of repair is estimated to be \$270,000. If a barge must be separately summoned at a different time, the cost of repair is estimated at \$384,000 (barge mobilization costs are estimated to be \$114,000).

4. Unless and until the O'Connell Lightering Facility is repaired, yachts and large vessels can't be safely moored at it. Some, but not all, of these vessels can be alternatively moored at Eliason Harbor instead.
5. O'Connell Lightering facility is extremely popular with yachts owners/captains due to its downtown location and exclusive accommodations. The facility had generated \$38,408.40 in revenue in summer 2017 up until it was determined that the facility could not safely accommodate yachts. 30 days of reservations were cancelled which would have generated an additional \$29,754.00 for the Harbor Fund.
6. The O'Connell Lightering facility is still functional and usable, however, by lighters and smaller vessels.
7. The costs of future repair and renovation of the O'Connell Lightering Facility have not been built into the Harbor long-term fiscal plan.
8. Not all of the facts are available to complete an economic analysis of the potential repair of the facility. Facts not readily available are potential moorage available if the facility is repaired and improved; and, net moorage revenue lost if the facility is not repaired. This information is necessary to determine if there is a net present value of future cash moorage cash flows versus repair costs; a net present value would be important to economically justify repairs.

Fiscal Note

1. As the costs of future repair and renovation of the O'Connell Lightering Facility have not been built into the Harbor long-term fiscal plan, no portion of the fund balance in the Harbor Fund can be considered to have been accumulated for the repair of the facility. The Assembly could, however, direct that some portion of the Harbor Fund balance be restricted for repair of the facility, or, direct that repairs be made utilizing the existing Harbor Fund balance that will be replenished over time by moorage fees from the facility.
2. Existing moorage fees for the O'Connell Lightering facility have been factored into the Harbor fiscal plan as a revenue stream to finance other future construction and repair costs. These existing moorage fees include \$991.80 per day for the moorage of large yachts and other commercial vessels. A representative from another yacht mooring facility in the Pacific Northwest suggested that we should be charging a minimum of \$3,000.00 per day up to \$5,000.00 for such an exclusive facility.
3. It is feasible that the \$991.80 per day moorage charge for yachts and other large vessels at the O'Connell Lightering Facility could be increased, possibly up to \$5,000 per day as stated previously, provided that exclusive access and other amenities such as water, security, and improved wireless communication are provided. Exactly how much the daily moorage could be raised up to, and the related elasticity of demand for each additional dollar of daily moorage is unknown and can't be determined without marketing research. Luxury items, at some point, tend to have demand curves which are more inelastic (sensitive to price increases) than necessities. The shape of the demand curve for exclusive moorage in Sitka, Alaska is unknown at this time but could be reasonably determined with research.
4. If daily moorage charges are increased, as some point yacht and large vessel owner will begin to demand greater exclusivity and amenities. These could conceivably include (in addition to the amenities listed above) having harbor officials complete all registration

paperwork at the O'Connell facility instead of at the harbor office, and, perhaps restricted access via key or security code to the lightering dock. Having exclusive moorage with direct access to downtown is a great selling point in and of itself; however, the higher the daily moorage fee is raised, the greater the demand will be for exclusivity and amenities.

5. Complicating research regarding price elasticity for exclusive moorage at the O'Connell Lightering Facility is the fact that some alternative less-exclusive moorage does exist at Eliason Harbor. At what price point yacht and large vessel owners are economically induced to moor at Eliason Harbor as opposed to paying higher exclusive moorage rates at the O'Connell facility is unknown but determinable with research. At today's rates, O'Connell is a preferred location as opposed to other locations within the Harbor system.
6. Once demand at different price points can be reasonably estimated, an economic analysis could be prepared to determine if the net present value of all related cash streams is positive (i.e., the project pencils out). The present value (i.e., discounted value of future cash flows measured today) of additional cash flows from increased moorage would need to exceed the cost of repairs for the project to economically "pencil out".
7. The time required to gather additional facts and conduct an economic analysis is longer than the time period available to make the decision regarding whether or not to authorize repairs now, taking advantage of lower overall repair costs by not having to mobilize an additional repair barge.
8. The decision to repair now, or wait until more information is known and repair later, will have to be made using assumptions and estimates and will, therefore, involve a degree of risk. There is a possibility that repairs will be made, moorage is increased, and the project pencils out. There is also risk that the opposite happens.

Recommendation

Administration recommends that the Assembly approve the following:

- A. A supplemental appropriation from the unrestricted balance of the Harbor Fund in the amount of \$270,000 to repair the pilings at the O'Connell Lightering Facility;
- B. A supplemental appropriation from the unrestricted balance of the Harbor Fund in the amount of \$10,000 to conduct marketing research as to possible increased daily moorage fees for the O'Connell Lightering facility and their associated market demands.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2017-31
AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA
ADJUSTING THE FY18 BUDGET

BE IT ENACTED by the Assembly of the City and Borough of Sitka, Alaska as follows:

1. CLASSIFICATION. This ordinance is not of a permanent nature and is not intended to be a part of the Sitka General Code of the City and Borough of Sitka, Alaska.

2. SEVERABILITY. If any provision of this ordinance or any application thereof to any person or circumstance is held invalid, the remainder of this ordinance and application thereof to any person and circumstances shall not be affected thereby.

3. PURPOSE. The purpose of this ordinance is to adjust the FY18 budgets for known changes.

4. ENACTMENT. The Assembly of the City and Borough of Sitka hereby adjusts the FY18 budget for known changes. In accordance with Section 11.10(a) of the Charter of the City and Borough of Sitka, Alaska, the budget for the fiscal period beginning July 1, 2017 and ending June 30, 2018 is hereby adjusted as follows:

Table with 2 main sections: 'FISCAL YEAR 2018 EXPENDITURE BUDGETS' and 'CAPITAL PROJECTS'. The 'CAPITAL PROJECTS' section contains a detailed entry for 'Fund 750 - O'Connell Lightering Facility Repair Project'.

EXPLANATION

Necessary revisions in the FY 2018 budget were identified. These changes involve the increase of expenditure accounts and causes decreased cash flows to the fund balance of various funds. A short explanation of each budget revision is included.

5. EFFECTIVE DATE. This ordinance shall become effective on the day after the date of its passage.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 12th Day of September, 2017.

ATTEST:

Matthew Hunter, Mayor

Sara Peterson, CMC
Municipal Clerk

1st reading 8/22/17
2nd reading 9/12/17



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 17-146 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 8/16/2017 In control: City and Borough Assembly

On agenda: 8/22/2017 Final action:

Title: Approve a lease amendment between the City and Borough of Sitka and SECON, Inc. for Granite Creek Industrial Site #7

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and Memo SECON lease amendment.pdf](#)

Date	Ver.	Action By	Action	Result
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POSSIBLE MOTION

I MOVE TO approve a lease amendment between the City and Borough of Sitka and SECON, Inc. for Granite Creek Industrial Site #7 and authorize the Interim Municipal Administrator to execute the document.

MEMORANDUM

To: Phillip Messina, Interim Municipal Administrator
Mayor Hunter and Members of the Assembly

From: Michael Harmon, P.E., Director of Public Works *SW-Acting*
Dan Tadic, P.E., Municipal Engineer *DT*

cc: Jay Sweeney, Chief Finance & Administrative Officer *J*
Brian Hanson, Municipal Attorney *BH*
Wendy Lawrence, Municipal Assessor

Date: August 16, 2017

Subject: Lease Amendment, Granite Creek Industrial Area – SECON, Inc.

Background:

On April 14, 2015 the Assembly approved the lease of Granite Creek Industrial Site #7 to Aggregate Construction, Inc. (ACI) for paving work in lieu of monthly lease payment. The lease expires on June 25, 2021. The City and Borough of Sitka (CBS) consented to an assignment of the lease for Site #7 to SECON, Inc. (SECON) on June 14, 2016 after SECON purchased ACI. SECON is currently the only paving contractor located in Sitka. This parcel serves as a permanent location for their asphalt plant.

Analysis:

After the lease was assigned to SECON, both parties became aware of boundary issues with the current lease. A portion of the CBS access road to the Pit Run and tree cutting areas encroaches on the SECON lease area. In addition, some of SECON's newly acquired assets encroach onto adjacent CBS property. Accounting for the respective encroachments results in a net increase of 37,897 square feet in lease area. The proposed lease amendment to account for the additional lease area is attached. Public Works believes that receiving a cash payment for the additional lease area is preferable in this instance to the "paving work in lieu of monthly lease payment" model under the original lease.

Fiscal Note:

The additional lease area encompasses 37,897 square feet in the Granite Creek Industrial Area. The City Assessor confirmed the value of a monthly lease for the additional area at \$852.68 or \$10,232.19 annually. No Consumer Price Index adjustment or other rent adjustment is accounted for in the amended lease agreement as the remaining term is less than 5 years.

Recommendation:

Authorize the Municipal Administrator to execute a lease amendment with SECON, Inc. under the terms outlined in this memo and the attached draft lease amendment.

**FIRST AMENDMENT TO LEASE
BETWEEN CITY AND BOROUGH OF SITKA AND SECON, INC.**

THIS FIRST AMENDMENT TO LEASE (this “**First Amendment**”) is dated as of August ___, 2017, by and between THE CITY AND BOROUGH OF SITKA (“**CBS**”) and SECON, INC. (“**Lessee**”).

WITNESSETH, THAT:

WHEREAS, CBS and Larry Shinn d/b/a Aggregate Construction entered into an Agreement for Material Lease and/or Sale of Municipally Owned Property in Exchange for Work, signed May 28, 2015 (the “**Lease**”), for the lease area partially described as “Granite Creek Lease Site #7”; and

WHEREAS, Larry Shinn d/b/a Aggregate Construction assigned the Lease to Lessee by written instrument signed June 6, 2016; and

WHEREAS, CBS consented to the assignment of the Lease to Lessee by written instrument signed June 14, 2016; and

WHEREAS, CBS and Lessee both desire to address lease area boundary issues which were discovered after assignment of the Lease with respect to CBS’s access road encroachment onto the lease area and Lessee’s encroachment onto adjacent CBS property, both as shown on Exhibit A attached and hereby incorporated by reference;

NOW, THEREFORE, in consideration of good and valuable consideration, the mutual receipt and legal sufficiency of which are hereby acknowledged, CBS and Lessee agree as follows:

1. **Incorporation of Preamble and Recitals.** The preamble and recitals to this Amendment are incorporated herein by reference and made a part of this Amendment.

2. **Amendments.**

(a) Section I.A of the Lease, entitled “Lease Area”, is hereby amended by adding the words “minus the reduced area for CBS’s road encroachment plus the additional areas for Lessee’s encroachments, both as depicted on Exhibit A, with the revised lease area encompassing 138,597 square feet” immediately following “100,700 square feet.”

(b) Section I.B of the Lease, entitled “Terms”, is amended by adding the following subsection:

“6. Starting on the day after approval of the First Amendment by the CBS Assembly and on or before the first day of each calendar month thereafter during the term of the Lease, Lessee shall pay to CBS rent for the additional lease area, as shown in Exhibit A, in the amount of Eight Hundred Fifty-Two and 68/100ths Dollars (\$852.68) per calendar month, plus applicable sales tax. All monthly rent shall be paid to CBS at the address stated in the preamble. Rent for any

partial calendar month shall be pro-rated at a daily rate of one thirtieth (1/30) of the monthly rent. Lessee shall pay CBS sales tax as applicable. The failure to make timely payment of any monthly rent payment shall constitute a default of the Lease by Lessee.”

3. **Continued Force and Effect.** CBS and Lessee ratify and confirm the Lease and acknowledge and agree that, as amended by this First Amendment, the Lease is binding and is and remains unchanged and in full force and effect. In the event of a conflict between the terms of the Lease and this First Amendment, the terms of this First Amendment shall control.

4. **Counterparts; Captions Not Binding.** This First Amendment may be executed in counterparts, each of which shall be an original and all of which counterparts taken together shall constitute one and the same agreement. The captions in this First Amendment are inserted for reference only and in no way define, describe or limit the scope or intent of this First Amendment or of any of the provisions hereof.

5. **Interpretation.** Capitalized terms not defined herein shall have the meanings ascribed to them in the Lease. This First Amendment: (a) constitutes the entire agreement between the parties with respect to the amendments set forth herein and supersedes all prior understandings, agreements whether written or oral between the parties relating thereto; (b) may not be amended or modified except by a written agreement duly executed on behalf of the parties; (c) shall in all respects (including non-contractual disputes or claims arising out of or in connection with this First Amendment) be subject to and construed in accordance with the law governing the Lease; and (d) is legally binding upon and inures to the benefit of the parties and their permitted successors and assigns, and no third party is intended to benefit from, nor may any third party seek to enforce, any of the terms of this First Amendment. As amended hereby, the Lease shall be and remain in full force and effect.

[SIGNATURES AND ACKNOWLEDGEMENTS ON NEXT PAGE]

IN WITNESS WHEREOF, CBS and Lessee have caused this First Amendment to be duly executed as of the day and year first above written.

CBS:

CITY AND BOROUGH OF SITKA

By: _____
Name: _____
Title: _____

STATE OF ALASKA)
) ss
FIRST JUDICIAL DISTRICT)

On this ____ day of _____, 2017, before me, a Notary Public in and for the State of Alaska, personally appeared _____, whose identity is personally known to me or proved to me on the basis of satisfactory evidence, and who states under oath by signing this document that he has the authority to sign the First Amendment and does so freely and voluntarily.

Notary Public in and for State of Alaska
My commission expires: _____

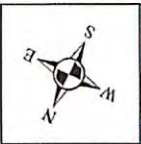
LESEE:
SECON INC.

By: _____
Name: _____
Title: _____

STATE OF ALASKA)
) ss
FIRST JUDICIAL DISTRICT)

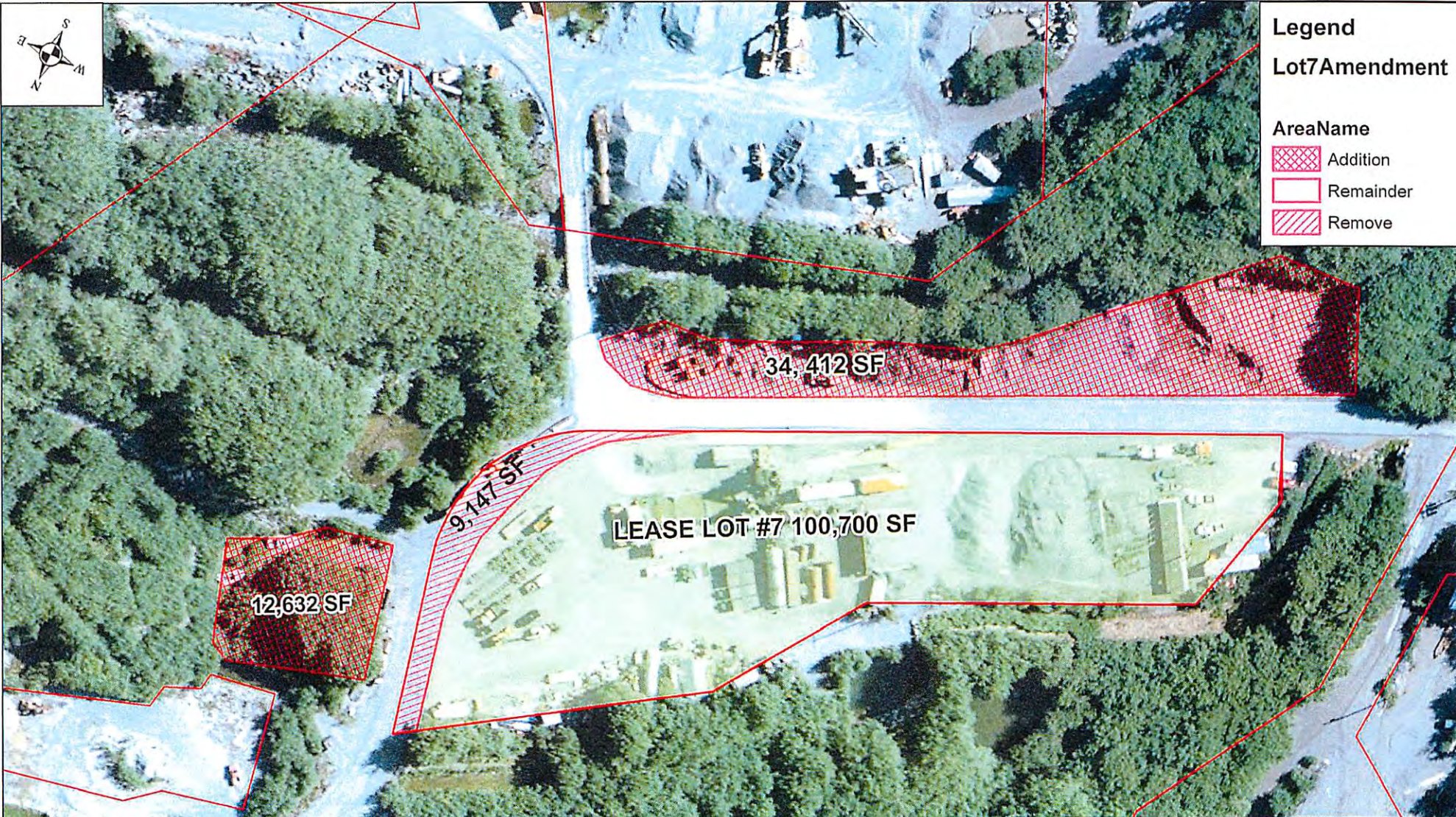
On this ____ day of _____, 2017, before me, a Notary Public in and for the State of Alaska, personally appeared _____, whose identity is personally known to me or proved to me on the basis of satisfactory evidence, and who states under oath by signing this document that he has the authority to sign the First Amendment and does so freely and voluntarily.

Notary Public in and for State of Alaska
My commission expires: _____



Legend
Lot7Amendment

- AreaName**
-  Addition
 -  Remainder
 -  Remove



City and Borough of Sitka

PUBLIC WORKS
100 LINCOLN STREET • SITKA, ALASKA 99835
PHONE (907) 747-1804 • FAX (907) 747-3158

EXHIBIT A
AMENDED SITE #7 LEASE AREA



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 17-145 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 8/16/2017 In control: City and Borough Assembly

On agenda: 8/22/2017 Final action:

Title: Approve a request from Sitka Community Hospital in the amount of \$60,171 for additional paving of the clinic parking lot and pedestrian walkway

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and Memo SCH paving.pdf](#)

Date	Ver.	Action By	Action	Result
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POSSIBLE MOTION

I MOVE TO approve a request from Sitka Community Hospital in the amount of \$60,171 for additional paving of the clinic parking lot and pedestrian walkway.



MEMORANDUM

To: Mayor Hunter and Assembly Members
Phillip Messina, Interim Municipal Administrator

From: Rob Allen, CEO, SCH *RA*

Cc: Bryan J. Bertacchi, Board Chairman, SCH

Date: August 10, 2017

Subject: Approval of Paving Project for SCH

Executive Summary

City Code section 2.12.080 requires the SCH to seek Assembly approval of construction projects. The SCH, as directed by the SCH Board on July 24th, 2017, is requesting Assembly approval of a \$60,171 paving project for the repair and resurfacing of the existing clinic to hospital pedestrian access as well as the existing clinic parking area. This work is needed to eliminate a hazardous safety condition for patients, customers and employees.

Analysis

Numerous potholes in both the pedestrian access-way and the parking area have created a hazardous condition for patients, customers, and employees. SECON is the only contractor in Sitka capable of providing paving work and they are under an existing contract with CBS Public Works which includes repaving the existing ER driveway and entrance from Gavan Street. As SECON is already mobilized on the SCH property, the SCH intends to partner with Public Works to complete this proposed work under a change order to the existing contract. SECON provided the attached estimate/quote for the additional work. Item #1 in this attached quote was already completed as an emergency response to a hazardous condition (removal of the pot-holed asphalt to avoid subsequent trips and falls) and will be billed to an operational expense if this capital project is not approved by the Assembly.



Fiscal Note

A total of \$97,647 was appropriated in the FY17 SCH budget and will be the source of funds for this Capital Project. As an existing contract with SECON is already in place with CBS Public Works a change order to that contract was selected as the most efficient method of executing a compliant contract for this work.

Recommendation

Approve the request of the SCH to execute a change order to the Sitka Paving 2017 project for additional paving of the clinic parking lot and pedestrian walkway to provide safe access for patients, customers and employees.

Possible Motion:

“I move to approve the SCH request for \$60,171 for additional paving work to eliminate a hazardous safety condition for patients, customers and employees”



P.O. BOX 32159
 JUNEAU, ALASKA 99803
 (907) 780-5145 FAX (907) 780-5896

CONTRACT AGREEMENT

DATE: July 6, 2017

Location: _____

CONTRACTING PARTY MAILING ADDRESS CUST NO. _____
 JOB NO. _____

Sitka Community Hospital

209 Moller Rd

Sitka , Alaska 99835

PHYSICAL ADDRESS: Same

Type: Parking Lot

PH: Home

PH: Work 907-747-0301

PH Cell: 401-741-5803

FAX: _____

EMAIL: shartford@sitkahospital.org

ATTN: Steven Hartford

APPROXIMATE QUANTITY	UNIT	DESCRIPTION OF ITEM	UNIT PRICE	TOTAL PRICE
		This estimate is for providing all labor, materials, and equipment to:		
1	LS	Grade for Drainage Prep for Base Course - Haul, Place, and Compact 4" D1 Base Course - Prep for Hot Mix Asphalt	LS	\$ 16,625.00
2	LS	Prep for, Pour, and Finish 73 LF of Type 1 Curb & Gutter - Prep for, Pour, and Finsh 34 SY of 4" x 4' Sidewalk to connect walkway to	LS	\$ 12,869.00
3	LS	Haul, Place, and Compact 2" of Hot Mix Asphalt over an area measuring approximately 8451 SF	LS	\$ 30,677.00
		TOTAL		\$ 60,171.00

City sales tax to be added where applicable.

Total price to be based on actual quantity or measurement unless indicated here, lump sum

+ SALES TAX

Check here if tax exempt
 Provide Number _____

• ALL BIDS ARE CONSIDERED CONFIDENTIAL

EXCLUSIONS: BOND, SURVEY, TESTING, UTILITY ADJUSTMENTS, PERMITS, STRIPING, ENGINEERING,

• TERMS: Full payment due within 7 days of invoice

A FINANCE CHARGE OF .88% per month (which is an annual percentage rate of 10.5%) will be imposed on any portion of your account not paid within 30 days after billing date.

SUBJECT TO GENERAL PROVISIONS ON REVERSE SIDE

If this proposal meets your approval, please sign & return so that we may schedule the proposed work. A fully executed contract will be returned to you. Your signature on one copy returned to us will make this a legal contract for the performance of the above work. Reserving right of Secon to cancel if unit prices increase before Secon commences actual work.

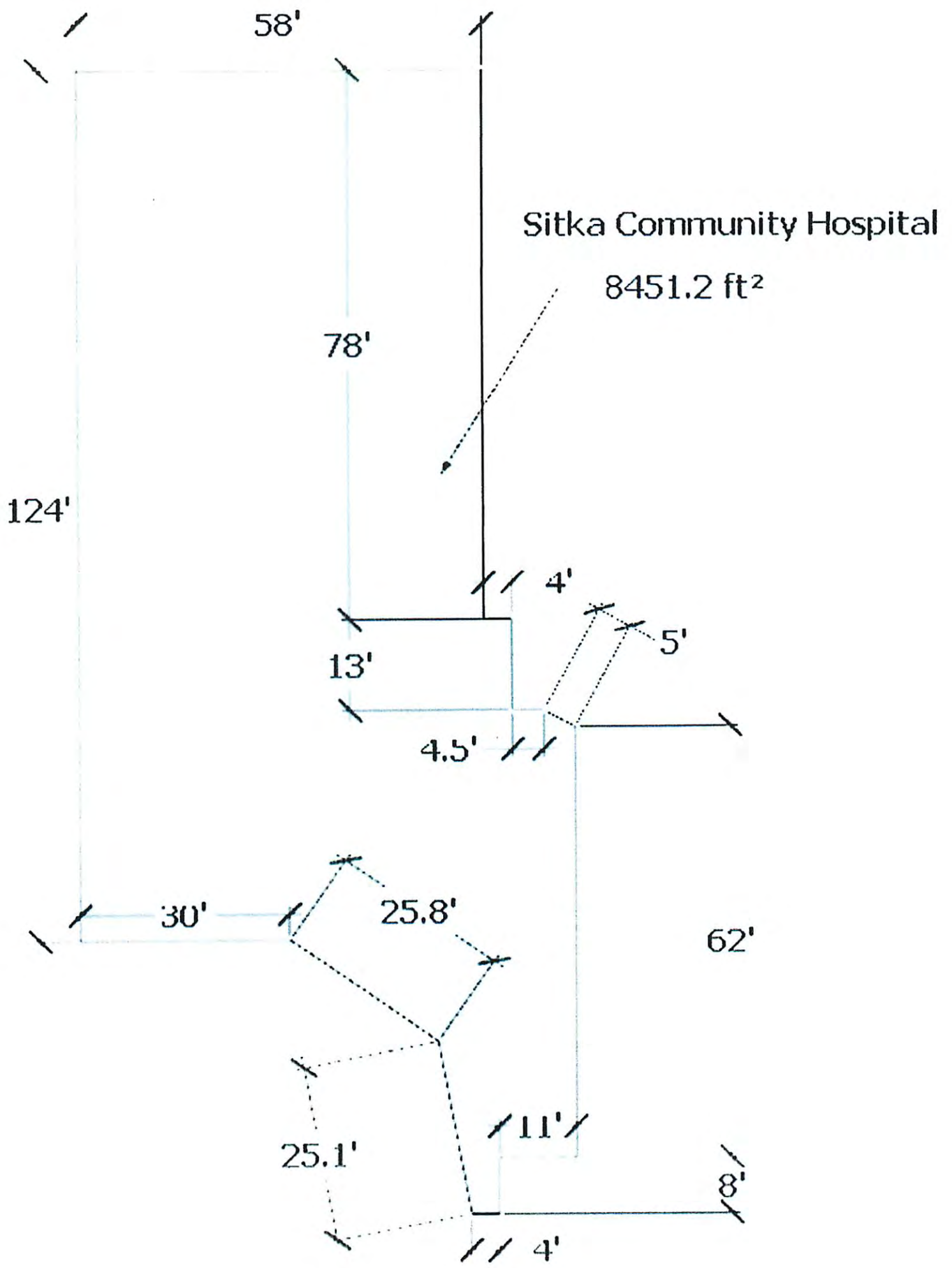
APPROVED BY OWNER:
 ACCEPTED: _____
 AUTHORIZED SIGNATURE FOR CHANGES

SECON
 BY

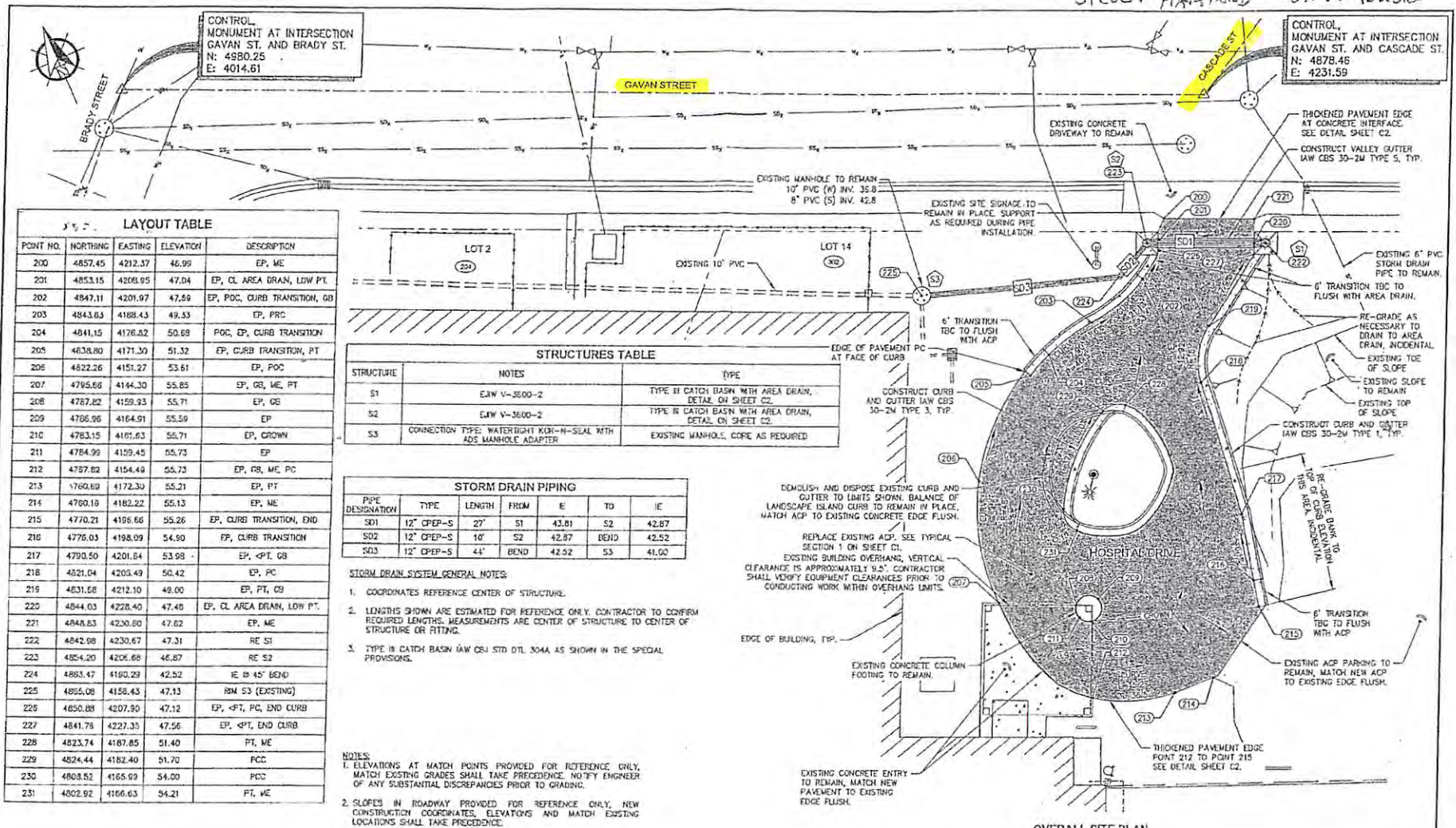
Ralph Vigilante 747-8514

General Provisions

- 1 This contract is subject to approval of the Secon credit department.**
- 2 If payments for amounts due on this contract or any portion thereof are not paid in accordance with the terms of the contract, the CONTRACTING PARTY agrees to pay all costs of collection which shall include attorney's fees if the matter is placed in the hands of an attorney for collection, or if suit shall be brought.**
- 3 Secon shall not be liable for damage to or breakage of underground pipes and/or conduits not visible from the surface of the ground nor for any damage to approaches (including sidewalks) from the street to property line.**
- 4 Secon shall not be responsible for damage to the completed pavement surface due to the action of petroleum product spillage.**
- 5 Soil sterilization (weed killer), if included in contract, will be applied at rates specified by manufacturer. Secon will not be responsible for any subsequent growths of horsetail weed, morning glory, deep-rooted ferns or perennials that have not reached maturity prior to application.**
- 6 Quotations subject to change or cancellation after 30 days.**
- 7 All agreements are contingent on strikes, accidents, delays of carriers and other delays unavoidable or beyond Secon's control.**
- 8 Secon cannot be responsible for sub-grade failures.**
- 9 Secon is not responsible for drainage or standing water on grades designed at less than 2% slope.**
- 10 Secon is not responsible for any design, engineering, or installation of asphalt that may not meet standards required by the City of Sitka or the State of Alaska.**
- 11 Secon may file property liens on projects still unpaid after 45 days from project completion.**



STEVEN HARTFORD
BRIGAN POWERS



LAYOUT TABLE

POINT NO.	NORTHING	EASTING	ELEVATION	DESCRIPTION
200	4857.45	4212.57	46.99	EP, ME
201	4853.15	4206.95	47.04	EP, CL AREA DRAIN, LOW PT.
202	4847.11	4201.97	47.59	EP, POC, CURB TRANSITION, GB
203	4843.63	4188.43	49.33	EP, PRC
204	4841.15	4176.62	50.69	POC, EP, CURB TRANSITION
205	4838.80	4171.30	51.32	EP, CURB TRANSITION, PT
206	4822.26	4151.27	53.61	EP, POC
207	4795.66	4144.30	55.85	EP, GB, ME, PT
208	4787.82	4159.33	55.71	EP, GB
209	4786.96	4164.91	55.59	EP
210	4783.15	4161.63	56.71	EP, CROWN
211	4784.99	4159.45	55.73	EP
212	4787.82	4154.49	56.73	EP, GB, ME, PC
213	4760.69	4172.30	55.21	EP, PT
214	4760.19	4182.22	55.13	EP, ME
215	4770.21	4196.66	55.26	EP, CURB TRANSITION, END
216	4776.03	4198.09	54.90	EP, CURB TRANSITION
217	4790.50	4201.64	53.98	EP, <PT, GB
218	4821.04	4203.49	50.42	EP, PC
219	4831.68	4212.10	49.00	EP, PT, GB
220	4844.03	4228.40	47.48	EP, CL AREA DRAIN, LOW PT.
221	4848.63	4230.60	47.62	EP, ME
222	4842.98	4230.67	47.31	RE S1
223	4854.20	4206.68	46.67	RE S2
224	4863.47	4190.29	42.52	RE @ 45° BEND
225	4865.08	4156.43	47.13	RM S3 (EXISTING)
226	4850.88	4207.90	47.12	EP, <PT, PC, END CURB
227	4841.78	4227.35	47.56	EP, <PT, END CURB
228	4823.74	4187.85	51.40	PT, ME
229	4824.44	4182.40	51.70	PCC
230	4803.52	4165.69	54.00	PCC
231	4802.92	4166.63	54.21	PT, ME

STRUCTURES TABLE

STRUCTURE	NOTES	TYPE
S1	EJW V-3600-2	TYPE II CATCH BASIN WITH AREA DRAIN, DETAIL ON SHEET C2.
S2	EJW V-3600-2	TYPE II CATCH BASIN WITH AREA DRAIN, DETAIL ON SHEET C2.
S3	CONNECTION TYPE: WATERIGHT KOR-N-SEAL WITH ADS MANHOLE ADAPTER	EXISTING MANHOLE, CORE AS REQUIRED

STORM DRAIN PIPING

PIPE DESIGNATION	TYPE	LENGTH	FROM	E	TO	E
SD01	12" CPEP-S	27'	S1	43.81	S2	42.67
SD2	12" CPEP-S	10'	S2	42.87	BEND	42.52
SD3	12" CPEP-S	44'	BEND	42.52	S3	41.00

- STORM DRAIN SYSTEM GENERAL NOTES:**
- COORDINATES REFERENCE CENTER OF STRUCTURE.
 - LENGTHS SHOWN ARE ESTIMATED FOR REFERENCE ONLY. CONTRACTOR TO CONFIRM REQUIRED LENGTHS. MEASUREMENTS ARE CENTER OF STRUCTURE TO CENTER OF STRUCTURE OR FITTING.
 - TYPE II CATCH BASIN (AW CBS) DET. 01L 300A AS SHOWN IN THE SPECIAL PROVISIONS.
- NOTES:**
- ELEVATIONS AT MATCH POINTS PROVIDED FOR REFERENCE ONLY. MATCH EXISTING GRADES SHALL TAKE PRECEDENCE. NOTIFY ENGINEER OF ANY SUBSTANTIAL DISCREPANCIES PRIOR TO GRADING.
 - SLOPES IN ROADWAY PROVIDED FOR REFERENCE ONLY. NEW CONSTRUCTION COORDINATES, ELEVATIONS AND MATCH EXISTING LOCATIONS SHALL TAKE PRECEDENCE.

OVERALL SITE PLAN

City and Borough of Sitka
DEPARTMENT OF PUBLIC WORKS
100 LINCOLN STREET SITKA, ALASKA 99805
TEL (907) 747-1004 FAX (907) 747-3153

REVISIONS

REV.	DATE	DESCRIPTION	DWN.	CHK.	APP.

PND ENGINEERS, INC.
9340 Glacier Highway Suite 100
Juneau, Alaska 99801
Phone: 907-586-1091
Fax: 907-586-3099
www.pndengineers.com

DESIGN: WSD CHECKED: TCB
DRAWN: WRB APPROVED: CRS

SCALE: SCALE IN FEET
0 10 20 FT

DATE: 4/26/17



CITY AND BOROUGH OF SITKA, ALASKA
SITKA PAVING PROJECT 2017
CBS PROJECT #98081

SHOOT TITLE:
OVERALL SITE PLAN - HOSPITAL DRIVE

PROJECT # 152043

HS1
SHEET 16 OF 25





CITY AND BOROUGH OF SITKA

Legislation Details

File #: 17-147 Version: 1 Name:
Type: Item Status: AGENDA READY
File created: 8/16/2017 In control: City and Borough Assembly
On agenda: 8/22/2017 Final action:
Title: Continued discussion/direction on the Administrator recruitment - if necessary
Sponsors:
Indexes:
Code sections:
Attachments: [Executive Session.pdf](#)

Date	Ver.	Action By	Action	Result
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If Necessary –
CONTINUED DISCUSSION / DIRECTION ON
THE ADMINISTRATOR RECRUITMENT