



# 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*

*Municipal Administrator: Mark Gorman*  
*Municipal Attorney: Brian Hanson*  
*Municipal Clerk: Sara Peterson*

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Tuesday, December 13, 2016

6:00 PM

Assembly Chambers

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#### WORKSESSION 5:00 PM

*Property Tax Administrative Changes*

[16-213](#)

Worksession materials

**Attachments:** [Resolution - revaluation cycle.pdf](#)  
[Ord 2016-45 property tax administrative changes.pdf](#)  
[Budget Adjustment CAMA System.pdf](#)  
[Alaska CAMA Company.pdf](#)  
[Letter from State Assessor.pdf](#)

#### REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

IV. CORRESPONDENCE/AGENDA CHANGES

[16-212](#)

Reminders, Calendars and General Correspondence

**Attachments:** [Reminders and Calendars.pdf](#)  
[Potrzuski summary notes from AML.pdf](#)  
[Lazzarini Service Award.pdf](#)

V. CEREMONIAL MATTERS

- [16-207](#) Athletic Awards: 1) Mt. Edgecumbe High School Girls Volleyball Team and 2) Baranof Barracudas Swim Club  
**Attachments:** [MEHS Volleyball.pdf](#)  
[Swim Certificate.pdf](#)

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

- [16-208](#) Special Reports: 1) Alaskan Command: Gulf of Alaska Military Exercise, 2) Health Needs and Human Services Commission Update, 3) Rachel Roy: Wayfinding Status Report, 4) Rob Allen: Sitka Community Hospital Update  
**Attachments:** [Gulf of Alaska Military Exercise..pdf](#)  
[Health Needs and Human Services Commission.pdf](#)  
[Wayfinding Status Report..pdf](#)  
[Sitka Community Hospital.pdf](#)

**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** [16-206](#) Approve the minutes of the November 22 Assembly meeting  
**Attachments:** [Consent and Minutes.pdf](#)
- B** [16-210](#) Approve liquor license renewal applications for: 1) Ernie's Bar and 2) Pizza Express  
**Attachments:** [Liquor License Renewals.pdf](#)
- C** [16-205](#) Approve the Acting Municipal Administrator list for 2017  
**Attachments:** [2017 Acting Administrator List.pdf](#)

**X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS**

- D     [16-209](#)     Appoint Dave Gordon to a three-year term on the Port and Harbors Commission  
                  *Attachments:* [Gordon application.pdf](#)
- XI.    **UNFINISHED BUSINESS:**
- E     [ORD 16-42](#)    Adjusting the FY17 Budget (Sitka Community Hospital, GPIIP Multi-Purpose Dock Project, Homeland Security/Fire Department)  
                  *Attachments:* [Ord 2016-42.pdf](#)
- F     [ORD 16-43](#)    Authorizing the lease of 27,893 square feet of ATS 979 tidelands adjacent 4401 Halibut Point Road  
                  *Attachments:* [Ord 2016-43..pdf](#)
- XII.   **NEW BUSINESS:**
- G     [16-201](#)     Discussion/Direction on the recruitment process for Municipal Administrator  
                  *Attachments:* [Administrator recruitment.pdf](#)
- H     [ORD 16-46](#)    Amending Sitka General Code Chapter 15.01 "Electric Utility Policies", at Section 15.01.020 "Electrical Rates", by decreasing electrical rates, removing provisions to interruptible rates, and adding Section 15.01.015 "Construction Guidelines", Section 15.01.085 "Carrier Current" and Section 15.01.090 "Rebate Program for Electric Heat Pump Heating Systems" (first reading - repealing Ordinance 2016-38 that was approved by the Assembly on October 11, 2016)  
                  *Attachments:* [Motion Ord 2016-46.pdf](#)  
                                  [Ord 2016-46.pdf](#)
- I     [ORD 16-47](#)    Amending Sitka General Code at Title 10 "Public Peace, Safety and Morals", Chapter 10.25 "Cellular Phone Use While Driving", by adding Section 10.25.040 entitled "Penalties" (first reading)  
                  *Attachments:* [Motion Ord 2016-47.pdf](#)  
                                  [Ord 2016-47.pdf](#)
- J     [ORD 16-44](#)    Adjusting the FY17 Budget (first reading - CAMA Project, Wayfinding Signage Project, Commercial Passenger Excise Tax Fund)  
                  *Attachments:* [Motion Ord 2016-44.pdf](#)  
                                  [Ord 2016-44 and supporting docs..pdf](#)

- K**      [ORD 16-45](#)      Amending Sitka General Code Chapter 4.12 entitled "Property Tax" to exempt all personal property except business personal property, and non-light aircraft from personal property taxation (first reading)

**Attachments:** [Motion Ord 2016-45.pdf](#)  
[Ord 2016-45 and memo.pdf](#)

- L**      [RES 16-25](#)      Changing a property tax revaluation cycle from four to six years

**Attachments:** [Res 2016-25 and memo.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**

- M**      [16-211](#)      CBS Procurement Procedures

**Attachments:** [Executive Session.pdf](#)

**XV.      ADJOURNMENT**

*Sara Peterson, CMC  
Municipal Clerk  
Publish: December 9*



# CITY AND BOROUGH OF SITKA

## Legislation Details

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**File #:** 16-213      **Version:** 1      **Name:**  
**Type:** Item      **Status:** AGENDA READY  
**File created:** 12/8/2016      **In control:** City and Borough Assembly  
**On agenda:** 12/13/2016      **Final action:**  
**Title:** Worksession materials  
**Sponsors:**  
**Indexes:**  
**Code sections:**  
**Attachments:** [Resolution - revaluation cycle.pdf](#)  
[Ord 2016-45 property tax administrative changes.pdf](#)  
[Budget Adjustment CAMA System.pdf](#)  
[Alaska CAMA Company.pdf](#)  
[Letter from State Assessor.pdf](#)

Date	Ver.	Action By	Action	Result
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# Memorandum

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**TO:** Mayor Hunter and Members of the Assembly  
Mark Gorman, Municipal Administrator

**FROM:** Wendy Lawrence, Assessing Director

**SUBJECT:** Resolution Changing the Property Tax Revaluation Cycle from four to six years

**DATE:** December 7, 2016

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The goal of mass-appraisal is to systematically revalue all 7,000 real and personal property accounts at low costs utilizing systematic processes and computerized valuation systems. This is achieved in part by segmenting the borough into cycle areas that are inspected and revalued each year as a part of that systematic process.

The City and Borough of Sitka established a four-year cycle in 2010, but the Assessing Department has historically been unable to meet the required 1,000 annual inspections and revaluations that that a four-year cycle requires (4,100 real property account divided by a four-year cycle). Up until tax year 2014, the department historically completed approximately 300 valuations annually, and in 2015 completed 690 valuations due to the streamlining of processes and procedures. This streamlining involved automation of tasks that could be automated through the use of computers and/or programs, the introduction of new field technology to increase inspection productivity and cross-training of staff to spread the manual valuation function. However, the lack of a computerized valuation system remains the primary limiting factor in completing the required number of valuations annually.

**Fiscal Note:**

The net fiscal effect of this resolution is \$0 as this is a policy change only.

**Recommendation:**

It is recommended that this resolution be passed in order to change the revaluation cycle from four to six years in order to bring the administration of the property tax into compliance with state and local laws. This will reduce the number of required inspections from 1,000 to 680 per year, which is a more realistic goal that will not require additional staffing.

CITY AND BOROUGH OF SITKA

RESOLUTION NO. 2016-25

A RESOLUTION OF THE CITY AND BOROUGH OF SITKA, ALASKA  
CHANGING THE PROPERTY TAX REVALUATION CYCLE FROM FOUR TO SIX YEARS

WHEREAS, AS 29.45.150 provides that a systematic revaluation of taxable real and personal property undertaken by the assessor, whether of specific areas in which real property is located or of specific classes of real or personal property to be assessed, shall be made only in accordance with a resolution or other act of the municipality directing a systematic revaluation of all taxable property in the municipality over the shortest period of time practicable, as fixed in resolution or act; and

WHEREAS, the goal of mass-appraisal is to systematically revalue all properties at low costs utilizing systematic processes and computerized valuation systems; and

WHEREAS, due to the volume of work annual revaluation of all taxable property requires segmenting the borough property into six cycle areas that are inspected and revalued each year; and

WHEREAS, the Assessor has advised the Assembly that changing this valuation cycle from four to six years would bring the Assessing Department into compliance with state law and allow for the most efficient use of available resources; and

WHEREAS, a systematic revaluation of all taxable real property at not greater than six-year intervals on a rotating basis is inherently fair and equitable to taxpayers.

NOW, THEREFORE, BE IT RESOLVED that the Assembly of the City and Borough of Sitka, Alaska by this resolution, affirms and authorizes the following:

That the Assembly of the City and Borough of Sitka, hereby directs that the Assessor of the City and Borough of Sitka shall undertake a systematic revaluation of all taxable real property within the borough on a rotating basis at intervals not greater than six years, which is determined to be the shortest period of time practicable considering the size and resources of the City and Borough of Sitka.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska, on this 13<sup>th</sup> day of December, 2016.

Matthew Hunter, Mayor

ATTEST:

Sara Peterson, CMC  
Municipal Clerk

1<sup>st</sup> and final reading 12/13/16

# Memorandum

**TO:** Mayor Hunter and Members of the Assembly  
Mark Gorman, Municipal Administrator

**FROM:** Wendy Lawrence, Assessing Director

**DATE:** December 7, 2016

**SUBJECT:** Personal Property Changes for Greater Efficiencies in the Administration of the Property Tax

Personal property is tangible property not affixed to land, and by its very nature is a non-productive property tax segment. Therefore 78% of municipalities that levy a property tax have exempted personal property in some manner. Personal property is movable by nature and at times business proprietary in nature (boats & aircraft for example); therefore a municipality should only tax personal property classes that produce a strong and stable revenue stream. In Sitka, administration of the personal property tax consumes about 60% of the Assessing Department's total resources and produces about 8% of the revenue.

Property Tax - Fiscal Year 2016				
Type	Revenue	% of Revenue	No. of Accounts	% of Accts
Real Property	\$ 5,846,800	92%	4,100	59%
Personal Property	\$ 527,500	8%	2,800	41%
<b>Totals</b>	<b>\$ 6,374,300</b>		<b>6,900</b>	

Personal property is further classified as *business personal*, as well as *regular personal property*, and a complete summary of each type, assessed value, and resulting tax revenue can be found in the attached reference information for your review.

This ordinance is presented to exempt all personal property except for business personal property, and commercial jet aircraft (defined by code as non-light aircraft), as this is a strong property segment and is relatively easy to administer. In addition, this ordinance establishes an apportionment valuation formula that is used across the nation to assess scheduled aircraft that travel intra- and interstate. To further clarify, this ordinance retains the business personal property \$25,000 exemption and failure to file fees on business that fail to file timely, and would exempt all boats and light-aircraft, which are now currently taxed.

**Fiscal Note:**

This ordinance is estimated to produce a net revenue gain of \$168,600

**Recommendation:**

**Approve Ordinance 2016-45.**



CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2016-45

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING SITKA GENERAL CODE CHAPTER 4.12. ENTITLED "PROPERTY TAX" TO EXEMPT ALL PERSONAL PROPERTY EXCEPT BUSINESS PERSONAL PROPERTY, AND NON-LIGHT AIRCRAFT FROM PERSONAL PROPERTY TAXATION

1. **CLASSIFICATION.** This ordinance is of a permanent nature and is intended to become a part of the Sitka General Code ("SGC").

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

3. **PURPOSE.** This ordinance amends the property tax code to exempt all personal property except for business personal property, and non-light aircraft, in order to bring greater efficiency to the administration of the property tax.

4. **ENACTMENT.** NOW, THEREFORE, BE IT ENACTED by the Sitka Assembly that the Sitka General Code Chapter 4.12 entitled "Property Tax" is amended to read as follows (new language underlined; deleted language stricken):

SITKA GENERAL CODE
CHAPTER 4.12
PROPERTY TAX

4.12.010 Definitions.

The following terms and phrases whenever used in this chapter shall have the meanings ascribed to them in this section.

A. "Real property" includes:

- 1. Land itself, whether laid out in lots or otherwise,
2. All buildings, structures, improvements, fixtures of whatsoever kind permanently fixed thereon,
3. Mobile homes, modular homes, trailers, house trailers, trailer coaches and similar property used or intended to be used for residential, office, or commercial purposes and attached to the land or connected to water, gas, electric, or sewage facilities,
4. All possessory rights and privileges belonging or in any way appertaining thereto, including possessory rights to tidelands;

43 B. "Tangible property" means property which may be seen, weighed and measured by  
44 the physical senses and capable of being possessed. Stocks and bonds shall not be  
45 considered tangible property;

46 C. "Tract" includes all lands, pieces or parcels of land, which may be separately  
47 assessed together with the fixtures and improvements thereon;

48 D. "Business property" includes all personal property and real property as  
49 hereinabove defined which is used for business purposes;

50 E. "Boat or vessel" means an item designed and constructed for the principal purpose  
51 of transporting goods or persons by water. Registration, licensing or documentation  
52 shall not be conclusive, but shall be considered along with the use and hull design,  
53 including whether or not the item is actually and reasonably used in transporting  
54 persons or articles in navigation.

55 1. Materials that have been attached or installed as of January 1st of any year as  
56 part of the manufacture of a boat or vessel shall be taxed as a boat or vessel for  
57 purposes of this chapter if as of January 1st of any year the product of the  
58 manufacture is recognizable as a boat or vessel by a reasonable person.

59 F. "Non-light aircraft" means any aircraft with a maximum gross takeoff weight of  
60 greater than 12,500 pounds.

61 G. "Light aircraft" means any aircraft with max gross takeoff weight of 12,500  
62 pounds or less.

63 **4.12.020 Property Subject to Tax.**

64 A. All property within the corporate limits of the city and borough, both real and  
65 personal, of every nature, not exempt under the laws of the United States or the state of  
66 Alaska is subject to taxation for school and municipal purposes, and taxes upon such  
67 property must be assessed, levied and collected as provided herein, except the  
68 following property shall not be subject to taxation:

69 1. Personal property consisting of boats and vessels, light aircraft, household  
70 goods, jewelry, intangibles and personal effects, including motorcycles and  
71 snowmobiles not used in business and all motor vehicles subject to the motor  
72 vehicle registration tax.

73 ~~B. All boats and vessels located within the boundaries of the city and borough on~~  
74 ~~January 1st of any given year shall be subject to taxation under the same procedures~~  
75 ~~and with the same assessment dates and due dates as personal property, except that~~  
76 ~~valuation and taxation shall be on the basis of registered and certified length according~~  
77 ~~to the schedule set forth below:~~

78 ~~Class and Vessel Size~~ \_\_\_\_\_ ~~Annual Property Tax~~

79	Class 1 Less than 15 feet in length	\$20.00
80	Class 2 15 to less than 20 feet in length	\$30.00
81	Class 3 20 to less than 30 feet in length	\$50.00
82	Class 4 30 to less than 50 feet in length	\$100.00
83	Class 5 50 or more feet in length	\$200.00

84 B. For the purpose of assessing, levying, and collecting taxes, any non-light aircraft  
85 located within borough limits at any time in a tax year shall be considered taxable  
86 personal property and the owner shall file a property tax return indicating the fair market  
87 value of the property as of January 1st of each tax year. Property is assumed to be  
88 present within the borough year round unless demonstrated otherwise. An aircraft that  
89 is in transit and does not receive any benefit or services in the borough during the year  
90 is not subject to taxation under this section. If the owner can demonstrate the property  
91 was absent one or more days during the tax year, the owner shall file a personal  
92 property return indicating (1) the fair market value of the property, and (2) the number of  
93 days the property was within the borough. The assessed value of such property shall be  
94 determined by the following formula:

95 Assessed value = (fair market value/365 days) x number of days [including partial days]  
96 in borough

97 Any non-light aircraft operated by a scheduled carrier which is based outside of the  
98 borough shall be assessed in proportion to the number of landings in the borough. For  
99 purposes of determining the assessed value of the property, the assessor shall use the  
100 fair market value as of January 1st of the current tax year, and shall use the total  
101 number of landings in the borough by the property in the previous tax year. It shall be  
102 the responsibility of the carrier to provide the borough with a personal property return  
103 documenting the total landings for each aircraft. In the event the carrier fails to provide  
104 such documentation, the assessor shall assess the property based on its non-  
105 apportioned full value as of January 1st of the tax year. For the purpose of this section:

106 1. "Scheduled carrier" shall mean any certified air carrier which maintains a  
107 regular schedule of flights within the borough.

108 2. An aircraft is "based outside of the borough" if the airport at which the aircraft  
109 is usually based, as indicated by that aircraft's registration, lies outside the  
110 borough limits, unless the borough has reason to believe that the aircraft is in fact  
111 based within the borough limits. This value shall be determined by the following  
112 formula:

113

114 Assessed value = (fair market value/17,520) x total landings

115

116 **4.12.025 Exemptions.**

117 \* \* \*

118 K. A taxpayer who files a timely business property return with the assessor shall be  
119 exempted the first twenty-five thousand dollars of assessed value of business property  
120 owned by each taxpayer from taxation as an optional exemption as set forth in  
121 AS 29.45.050(c). For taxpayers with multiple business property accounts, the optional  
122 exemption will be distributed among all of the accounts pro rata, based on the  
123 proportion of the assessed value in each account to the total assessed value of  
124 taxpayer's business property. This exemption shall not apply to personal property  
125 affixed to land or improvements to land, ~~boats, aircraft,~~ float houses, nor to motor  
126 vehicles subject to a registration tax under AS 28.10.431 and as such statute may be  
127 hereafter amended, revised, or replaced.

128 \* \* \*

129 **4.12.040 Assessment of property at full and true value.**

130 Property shall be assessed at its full and true value in money, as of January 1st of the  
131 assessment year. Assessments on personal property shall not be prorated for the  
132 assessment year except as follows: non-light aircraft operated in intrastate, interstate or  
133 foreign commerce shall be assessed on an apportionment basis according to  
134 4.12.020.B. In determining the full and true value of property in money, the person  
135 making the return or the assessor, as the case may be, shall not adopt a lower or  
136 different standard of value because the same is to serve as a basis of taxation, nor shall  
137 he adopt as a criterion of value the price for which the property would sell at auction, or  
138 at a forced sale, either separately or in the aggregate with all of the property in the  
139 taxing district, but he shall value the property at such sum as he believes the same to  
140 be fairly worth in money at the time of assessment.

141 \* \* \*

142  
143 5. **EFFECTIVE DATE.** This Ordinance shall become effective on the day after the date of  
144 its passage.

145  
146 **PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of Sitka,  
147 Alaska this 27<sup>th</sup> day of December, 2016.

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\_\_\_\_\_  
Matthew Hunter, Mayor

152  
153 ATTEST:

154  
155  
156 \_\_\_\_\_  
157 Melissa Henshaw, CMC  
Acting Municipal Clerk

**Ordinance 2016-45 Background & Reference Materials:**

Implementing these changes would relieve property tax disincentives to storing boats and vessels here by bringing Sitka’s personal property assessing policies into virtual alignment with Juneau’s and by making it more competitive with other southeast communities. All other southeast communities that levy a property tax (Haines, Petersburg, Skagway, Wrangell and Yakutat) have exempted all personal property in full.

**These changes will potentially bring about the following results:**

- Shifting of resources from an inefficient to an efficient tax segment (personal to real), by reducing the number of personal property accounts from 2,800 to 600, a more manageable amount given current resources.
- Would eliminate the inequity in taxation between boats and airplanes (flat fee versus full value).
- Incentivize boats and airplanes to be located within the borough in order to stimulate small business activities associated with such property.

**These changes would also bring some relief to the challenges inherent in taxing personal property:**

- All personal property is moveable, therefore state and local law require the owner to self-report, the honest man’s tax
- Due to the self-reporting nature, additional policies such as a failure to file fee must be in place in order to ensure timely annual filing
- The \$100 Failure to File Fee initiated three years ago has been unsuccessful in incentivizing boat and airplane owners to timely report their annual filings; the failure to file rate for boat owners was 35%, and 33% for airplanes
- This FFF, relevant to the boat flat tax in particular, could potentially be seen as disproportionate by a court challenge
- Although completely appropriate and necessary for business filings, the failure to file rate for businesses was 25% last year
- Failure to File Fees totaled \$92,000 last year and 86% of these fees were from boats and airplanes Exempting personal property in this manner would not only be a benefit for the public and small businesses at large, but would relieve the burden of administering a non-cost-effective revenue stream.

**Fiscal Impact Analysis:**

PROPERTY		CURRENT				PROPOSED			
Personal Property Type	No. Accts	Taxation Type	No. Accts	Revenue	Fees	Taxation Type	No. Accts	Revenue	Fees
Business Machinery & Equipment	534	Full Market Value with first \$25,000 of value exempt	534	\$ 355,900	\$ 13,100	Full Market Value with first \$25,000 of value exempt	542	\$ 444,900	\$ 12,000
Motor Vehicles	9820	State Collected Flat Tax	0	\$ 95,000	\$ -	State Collected Flat Tax	0	\$ 96,400	\$ -
Boats & Vessels	2207	Flat Fee	2207	\$ 137,400	\$ 78,100	Exempt	0	\$ -	\$ -
Business Inventory	0	Exempt	0	\$ -	\$ -	Exempt	0	\$ -	\$ -
Private Recreational Equip	86	Exempt	0	\$ -	\$ -	Exempt	0	\$ -	\$ -
Float Houses	16	Full Market Value	16	\$ 3,600	\$ 300	Will be Moved to Real Property	0	\$ 3,700	\$ -
Aircraft									
Light Aircraft	15	Full Market Value	15	\$ 4,700	\$ 500	Exempt	0	\$ -	\$ -
Non-Light Aircraft	4	Full Market Value	4	\$ 13,000	\$ -	Full Market Value	4	\$ 13,200	\$ -
<b>TOTALS</b>	<b>12,682</b>		<b>2,776</b>	<b>\$ 609,600</b>	<b>\$ 92,000</b>		<b>546</b>	<b>\$ 558,200</b>	<b>\$ 12,000</b>
<b>Net Changes</b>					<b>\$ 701,600</b>				<b>\$ 570,200</b>
<b>Fiscal Impact Estimation</b>									
<b>Exemption of all Personal Property Except Business Personal and Non-Light Aircraft (Ordinance 2016-45)</b>									
<b>Revenue Loss (\$570,200 - \$701,600)</b>								<b>\$ (131,400)</b>	
<b>Revenue Gain on Real Property Side over Last Year (Assessor's Estimate)</b>								<b>\$ 300,000</b>	
<b>Net Gain/Loss</b>								<b>\$ 168,600</b>	

## Part 3 - Property Taxation

### Table 4 TYPES OF PROPERTY TAX EXEMPTIONS AUTHORIZED

Boroughs/Unified Municipalities	Residential Up to \$50K	FF/EMS Up to \$10K	S/C-DAV Over \$150K	Business				
				Machinery Equipment	Motor Vehicles	Boats & Vessels	Business Inventory	Aircraft
Anchorage, Municipality of	OP-EX-20K <sup>10%</sup>			FV <sup>8</sup>	ST COL	FV/EX <sup>6</sup>	FV <sup>8</sup>	FV/EX <sup>1</sup>
Bristol Bay Borough	OP-EX-50K <sup>100%</sup>			FV	ST COL	FV	FV	FV/FF
Fairbanks North Star Borough	OP-EX-20K <sup>20%</sup>	FF/EMS		EX	EX	EX	EX	EX
Haines Borough	FV			EX	EX	EX	EX	EX
Juneau, City & Borough of	FV			FV <sup>4</sup>	ST COL <sup>9</sup>	EX	EX	FV <sup>5</sup>
Kenai Peninsula Borough	OP-EX-50K <sup>100%</sup>	FF/EMS	\$150K	FV <sup>4</sup>	ST COL	FV/FF <sup>6</sup>	EX	FV/FF <sup>4,12</sup>
Ketchikan Gateway Borough	FV			FV <sup>11</sup>	ST COL	FF	EX	FV <sup>11</sup>
Kodiak Island Borough	FV			FV <sup>13</sup>	ST COL	FF <sup>10</sup>	EX	FF
Matanuska-Susitna Borough	FV		\$68K	EX	ST COL	EX	EX <sup>3</sup>	EX <sup>1</sup>
North Slope Borough	OP-EX-50K <sup>100%</sup>		\$150K	FV	FV	FV	FV	FV
Petersburg Borough	FV	FF/EMS		EX	ST COL	EX	EX	EX
Skagway, Municipality of	FV		\$100K	EX	EX	EX	EX	EX
<b>Sitka, City &amp; Borough of</b>	<b>FV</b>			<b>FV<sup>14</sup></b>	<b>ST COL</b>	<b>FF</b>	<b>EX</b>	<b>FV</b>
Wrangell, City & Borough of	FV			EX	EX	EX	EX	EX
Yakutat, City & Borough of	FV			EX	EX	EX	EX	EX
<b>Cities</b>								
Cordova	FV			EX	ST COL	EX	EX	EX
Craig	FV			FV	FV	FV	FV	FV
Dillingham	FV			FV <sup>15</sup>	ST COL	FV <sup>2,15</sup>	FV <sup>15</sup>	FV <sup>15</sup>
Eagle	FV			EX	EX	EX	EX	EX
Nenana	FV			FV	ST COL	FV <sup>2</sup>	FV	FV
Nome	FV			FV	ST COL	FV	FV <sup>7</sup>	EX
Pelican	FV			FV	EX	FF	FV	EX
Unalaska	FV	FF/EMS		FV	ST COL	EX	FV	FV <sup>2</sup>
Valdez	OP-EX-20K <sup>30%</sup>			EX	EX	EX	EX	EX
Whittier	FV			FV	ST COL	FV	EX	FV
EX	Exempt Property							
FV	Full and True Value Assessment.							
FF	Optional flat fee collected in lieu of property tax (AS 29.45.050(b)(1)).							
FV/FF	Commercial FV / Private FF.							
OP-EX-20K (%)	(%) indicates partial exemption percentage used, if any, up to the limit of \$20,000. For example: 10% of value up to the maximum of \$20,000. This optional residential exemption limit changed in 2012 from \$20,000 to \$50,000 per AS 29.45.050(a). The North Slope Borough and the Kenai Peninsula Borough are the only two municipalities to raise this limit to the maximum \$50,000.							
OP-EX-50K (%)	(%) indicates partial exemption percentage used, if any, up to the limit of \$50,000. For example: 10% of value up to the maximum of \$50,000. This optional residential exemption limit changed in 2012 from \$20,000 to \$50,000 per AS 29.45.050(a). The North Slope Borough and the Kenai Peninsula Borough are the only two municipalities to raise this limit to the maximum \$50,000.							
FF/EMS	Optional real property primary residential exemption up to \$10,000 for volunteer firefighter & volunteer emergency services personnel (AS 29.45.050(r)).							
S/C-DAV	Senior Citizen/Disabled Veteran optional residential exemption over the \$150,000 mandatory exemption (AS 29.45.050(i)). Amount indicated is the additional exempted value over the mandatory \$150,000. For example Kenai Peninsula Borough has a total exemption of \$300,000.							
ST COL	State collected, annual motor vehicle tax (AS 28.10.431).							
	<sup>1</sup> Aircraft are exempt from taxes (except for scheduled carriers). Exempted aircraft pay a flat tax of \$75-\$125.							
	<sup>2</sup> Commercial at full value, private exempt.							
	<sup>3</sup> The first \$1,000,000 of inventory is exempt.							
	<sup>4</sup> The first \$100,000 of personal property is exempt.							
	<sup>5</sup> Commercial jet passenger service full value, other commercial flights flat rate, personal exempt.							
	<sup>6</sup> Scheduled Commercial Vessels pay a flat fee; all vessels >20' long pay flat fee; additional flat fees or ad-valorem taxes may be applied.							
	<sup>7</sup> Inventory held for resale is exempt.							
	<sup>8</sup> Optional Exemption (Up to \$20,000) on personal property.							
	<sup>9</sup> Commercial Full Value, Private MVRT.							
	<sup>10</sup> Over 5 net tons, \$1 per foot, \$30 minimum; all others exempt.							
	<sup>11</sup> Fully exempt in borough, but exempt up to \$25,000 within the City of Ketchikan.							
	<sup>12</sup> Commercial aircraft at full value; private aircraft a flat fee.							
	<sup>13</sup> The first \$20,000 of business personal property owned by each taxpayer is exempt & distributed pro-rata among all accounts.							
	<sup>14</sup> The first \$25,000 of business personal property owned by each taxpayer is exempt & distributed pro-rata among all accounts.							
	<sup>15</sup> The first \$10,000 of personal property is exempt.							

# Memorandum

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

From: Wendy Lawrence, Assessing Director  
Jay Sweeney, Chief Financial and Administrative Officer

Date: December 7, 2016

Subj: Budget Re-Appropriation for a Computer Assisted Mass-Appraisal System

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## **Summary:**

The Assessing Department seeks approval to contract \$150,000 over a four year period to establish a computer-assisted mass-appraisal (CAMA) system for the automated valuation of the Sitka property tax-base. This appropriation is sought primarily to increase efficiencies without substantially increasing costs, and secondarily to achieve regulatory compliance stemming from repeated audit findings indicating the City and Borough of Sitka's assessment valuation system is deficient in demonstrating fair and equitable taxation. The requested capital outlay is proposed to produce the following primary benefits:

- Increase property tax administration efficiencies without substantially increasing costs
- Achievement of regulatory compliance with state law and prevent detrimental regulatory action
- Mitigation of risks to the property taxbase inherent in non-automated systems
  - Revenue escapement
  - Assessment inequities

*Implementation of the Municipal Assessment Records System (MARS) by Alaska CAMA Company will automate valuations and utilize technology for increased efficiencies in data collection. This system will reduce the per-parcel valuation time from two hours per parcel to forty-five minutes per parcel, thus increasing efficiencies without substantially increasing costs, and will bring property tax administration into regulatory compliance.*

## **Fiscal Note:**

The full contracted software amount is \$150,000, which is to be paid out over a four-year period. If approved, the cost will be provided for by re-appropriating \$45,000 in existing FY17 appropriations in the Assessing Department, and re-appropriating an additional \$105,000 from the General Fund unassigned fund balance. Note that the binding nature of the contract requires that the full amount be appropriated, even though payments will be made over four years. The net fiscal impact is estimated to be approximately \$150,000. This approval will result in an award of a professional services contract which is exempt by charter.

## **Recommendation:**

**Approve the re-appropriation of FY17 funds in the amount of 1. \$45,000 from the Assessing Department Temporary Wages and Contract Services accounts, and 2. \$105,000 from the General Fund unassigned fund balance for the establishment of a**

**Computer Assisted Mass Appraisal System for administration of the property tax assessment function.**

**Ordinance 2016-44 Background & Reference Information:**

The Assessing Department's primary mission is to support general fund government by maintaining the borough's real and personal property taxbase at full and true value (SGC 4.12.040 & AS 29.45.110 (a)).

*The assessor shall assess property at its full and true value as of January 1 of the assessment year... The full and true value is the estimated price that the property would bring in an open market and under the then prevailing market conditions in a sale between a willing seller and a willing buyer both conversant with the property and with prevailing general price levels.*

The department's work-product results in 23% of the general fund revenue, and is the most stable revenue stream for the City and Borough of Sitka. The Assessing Department is charged with generating valuations for over 4,100 real property accounts, 2,300 personal property accounts, and 540 business personal property accounts each year. The department also administers various property tax exemptions for seniors, disabled veterans, and various exempted non-profit organizations. This mission is accomplished by utilizing systems, which consist of technology and skilled appraisal personnel, to administer and revalue 6,900 accounts annually.

Two key challenges to this mission are the lack of automated systems (CAMA) to revalue each account at full and true value every year, and the necessary sales data to determine full and true value. The former can be mitigated through the passage of this ordinance, and the latter will require the state legislature to mandate disclosure of sales prices at the time of each property transfer. These challenges are nothing new, but what is new is the need to stabilize the property tax revenue stream and increase efficiencies in times of declining alternate revenues.

State Assessor audits in 2010 and 2014 both recommended procurement of an automated valuation system, and the most recent 2016 State Assessor's Audit Finding states:

*If a program for substantial and material improvement of the assessment systems is not implemented and supported by the 2017 budget, I as the State Assessor, intend to issue a Letter of Major Error in 2017. Marty McGee, State Assessor, November 16, 2016*

Detrimental regulatory action in the form of a Letter of Major Error constitutes regulatory action that will require:

- Expenditure of funds to secure a CAMA system, and
- Could potentially cause Sitka to call back the tax roll, or
- Stop the process of tax collection until corrective action is taken within one year.

The 2016 State Assessor's Audit Criteria regarding key components of an assessment system are based upon the International Association of Assessing Officers Professional Standard on Mass Appraisal for the assurance of the property administration of the property tax. An assessment system must:

1. Have the ability to calibrate and update assessment models on an annual basis



2. Utilize a sales ratio study, and a hold-out sample to test the authenticity of the sales ratio study, on an annual basis
3. Demonstrate the uniform application of valuation (including depreciation) to all taxable property using recognized mass appraisal techniques and supported by statistical tests
4. Keep assessment records in such a manner that information may be extracted via electronic means and statistical analysis and tests may be applied in a timely and efficient manner
5. Make this same information available to the State Assessor and to the general public to review and defend assessed values under appeal before a local board of equalization
6. Implement a plan that property be inspected and records maintained and update demonstrating a minimum six year cycle
7. Have capability for review of sales files and all property inspected each year as well as changes to ownership and changes to taxability status
8. Have the ability to conduct this type of audit should not be time consuming or labor intensive for either the State Assessor or the local government
9. Have documented records, and the system that holds the records, and must be adequate to demonstrate compliance with this expectation under audit or review by the State Assessor.

***The State Assessor's Office, as regulatory authority over property taxation statewide, has found that the City and Borough of Sitka's assessment system met criteria Number 4 in full but failed on all other accounts in whole or in part. The City and Borough of Sitka's current assessment system meets the database management criteria, but not the uniform valuation criteria and was thus found deficient for the 2016 audit.***

**Property Tax Management Systems Consist of Staff and Technology:**

The Assessing Department's current systems include a staff of three full time employees and three separate databases which simply store property data and are not yet capable of automated revaluation. These databases do not have automated valuation components, and thus are the primary limiting factor in the assessment function. Staff consists of one field appraiser whose primary responsibility is the collection of property data, one administrative assistant who manages the 6,900 accounts, an assessor who values each property manually.

***The objective of mass-appraisal is to produce equitable tax assessment valuations at relatively low costs through automated valuation systems. The lack of one centralized automated valuation system is the main factor preventing all properties from being valued at full and true value each year and thus the focus of this re-appropriation request.***

This staff of three utilizes an annual systematic process outlined below, and a CAMA system is an integral part of this process:

- Locating and identifying all taxable property within the borough boundaries;
- Inventorying the quantity and quality of property characteristics that are relevant to value;
- Accurately estimating the full and true value of all property;
- Calculating the taxable value for each property, minus any eligible exemptions;
- Timely notification of assessed values to all property owners;

- Preparing and certifying the official assessment roll as the basis for annual property tax revenues

**Strategic Plan:**

In 2015 the Assessing Department established a five-year strategic plan with years one through four focused on the systematic re-inspection of all properties, with full and true value being achieved in year five after automated valuation models could be incorporated into the current database system. Policies were implemented to streamline and simplify processes and thus produce greater efficiency without expansion of current systems. This entailed introduction of technology tools and training to make inspections more productive, and the cross-training of staff in order to increase our valuation production potential. With limited staff and non-automated valuation, the Assessing Department is subject to serious deficiency if a trained staff member were to leave or be out for an extended period; valuation production could significantly slow or cease due to the segmented structure and non-automated nature of the department. Implementing a CAMA system will automate and capitalize this process thus reducing the risk of loss of any one employee and thus production.

*These assessment system limitations are resulting in the under-collection of property tax revenues (escapement) and causing assessment inequities between comparable properties. It is estimated that an additional \$1M per year will be collected by establishing a computer-assisted mass-appraisal (CAMA) system for the automated valuation and efficient administration of the property taxbase.*

The next step in this strategic plan is to implement a CAMA system that will manage and revalue all 6,900 properties every year, not just a subset, thus keeping the entire taxbase at full and true value. This re-appropriation will move the anticipated revenue recapture from year five to year two by implementing an established CAMA system utilized by Charles Horan, Alaska CAMA Company, LLC.

**Why is there Revenue Escapement and how is it Estimated?**

Half of the entire population of borough real property accounts have not been revalued within the last six years as required by state law, and it is estimated that about ninety percent of these properties in both the north, south and island areas have not been revalued on average since 2003. Time-trend analysis shows that the market has moved at about one percent per year since then, which translates to values that on average are about fifteen below full and true value. These properties are the basis for the estimated \$1M per year in escaped revenue.

When properties are revalued regularly by segmenting them into six areas each revalued every six years, properties will be maintained at full and true value and equities between comparable properties will then follow thus resulting in fair and equitable taxation. When properties are not kept at full and true value each year we have an under-collection of revenue, and inequities in assessed values between comparable properties. What this means in practicality is that those properties that have been revalued regularly, and are considered to be at full and true value, will be paying the appropriate taxes for general fund services while those not at full and true value will not. This is what we call assessment inequity and needs to be corrected as soon as possible so that taxation across the community is fair and equitable as set forth in AS 29.45.210 (b).

*Implementation of the Municipal Assessment Records System (MARS) by Alaska CAMA Company will capitalize this process by automating valuations and utilizing*

*technology for increased data collection efficiency. This system will take the per-parcel valuation time from two hours per parcel to forty-five minutes per parcel thus increasing efficiency without substantially increasing costs.*

**Fiscal Impact Analysis:**

The net fiscal impact is estimated to be approximately \$150,000. This is estimated by offsetting the total cost of \$(150,000) by the expected revenue gain for FY18 of \$300,000. This approval will result in an award of a professional services contract which is exempt by charter.

The department will have an efficient fully functioning, fully-owned valuation system at the end of this contract and it is anticipated that the department will maintain the system through an annual fee comparable to the minimal maintenance fees within this contract. The associated annual costs are summarized below. The hardware costs estimated to be under \$10,000 are already appropriated within the FY17 Assessing Department/IT Budget, and additional cost savings will be achieved in the amount of \$5,000 for the Marshall & Swift Cost Valuation software that will no longer be needed.

<b><u>City and Borough of Sitka</u></b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 4</u></b>	<b><u>Year 4</u></b>	<b><u>Totals</u></b>
<b><u>License Admin &amp; Maintenance Fee</u></b>	<b><u>\$45,000</u></b>	<b><u>\$32,000</u></b>	<b><u>\$32,000</u></b>	<b><u>\$12,000</u></b>	<b><u>\$121,000</u></b>
<b><u>Variable -Install, Modify &amp;</u></b>	<b><u>\$15,000</u></b>	<b><u>\$14,000</u></b>			<b><u>\$29,000</u></b>
<b><u>Total</u></b>	<b><u>\$60,000</u></b>	<b><u>\$46,000</u></b>	<b><u>\$32,000</u></b>	<b><u>\$12,000</u></b>	<b><u>\$150,000</u></b>

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**CITY AND BOROUGH OF SITKA**

**ORDINANCE NO. 2016-44  
AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA  
ADJUSTING THE FY17 BUDGET (CAMA PROJECT, WAYFINDING SIGNAGE PROJECT,  
COMMERCIAL PASSENGER EXCISE TAX FUND)**

**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 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, 2016 and ending June 30, 2017 is hereby adjusted as follows:

<b><u>FISCAL YEAR 2017 EXPENDITURE BUDGETS</u></b>
<b>CAPITAL PROJECTS</b>
<b>Fund 700 – CAMA Project: The Assessor has requested an appropriation of funds in the amount of \$150,000 for the CAMA (Computer Assisted Mass Appraisal) Project. This is a 4 year project totaling \$150,000 with \$45,000 coming from the Assessing Department FY17 operational budget and the remaining amount from the General Fund unassigned fund balance.</b>
<b>Fund 700 – Wayfinding Signage Project #90831: At the June 25, 2013 meeting, the Assembly approved the concept of installing wayfaring signs and assigned \$300,000 of the fund balance of Fund 194, Commercial Passenger Excise Tax (CPET) Fund for such a purpose. Administration is now requesting an appropriation of \$282,300 of the assigned funds in Fund 194 to be transferred to Fund 700, General Capital Projects Fund; an appropriation in Fund 700 in the amount of \$282,300 to construct and install the signs; and, Assembly action to unassign the remaining balance of \$17,700 in Fund 194 and return the amount to the unassigned fund balance.</b>
<b>SPECIAL REVENUE FUNDS</b>
<b>Fund 194 – Commercial Passenger Vessel Excise Tax Fund: Administration is requesting that an amount of \$150,000 be appropriated from Fund 194, Commercial Passenger Excise Tax (CPET) Fund, for the purpose of transporting cruise ship passengers from Old Sitka to downtown. Use of CPET funds for such purposes is appropriate, as the expenditure solely benefits such passengers.</b>

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**EXPLANATION**

**Necessary revisions in the FY 2017 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 27th Day of December, 2016.**

**ATTEST:**

\_\_\_\_\_  
**Matthew Hunter, Mayor**

\_\_\_\_\_  
**Melissa Henshaw, CMC**  
**Acting Municipal Clerk**

**1<sup>st</sup> reading 12/13/16**

# ALASKA CAMA COMPANY, LLC

403 LINCOLN STREET, SUITE 210, SITKA, ALASKA 99835  
PHONE NUMBER: (907) 747-6666 FAX NUMBER: (907) 747-7417  
commercial@horanappraisals.com

December 7, 2016

Honorable Mayor Matthew Hunter and Assembly Members  
City and Borough of Sitka  
100 Lincoln St  
Sitka, AK 99835

Subject: Computer Assisted Mass Appraisal (CAMA) program for the City and Borough of Sitka Assessment Department

We are proposing to partner with the City and Borough of Sitka Assessment Department to provide a Computer Assisted Mass Appraisal (CAMA) program. Based on our experience, we saw the need to develop a simple, low cost, efficient, and easy to support Municipal Assessment Records System (MARS) software solution that runs on the off-the-shelf FileMaker database.

## **Our Experience**

The Alaska CAMA Company LLC is an outgrowth of Horan and Company LLC, real estate appraisers who have operated in the region for over 40 years. Our qualified staff have been contract assessors and commercial and residential appraisers. We have seven employees operating out of our fully modern, technically capable office located in Sitka, Alaska. The company is led by Charles Horan, an MAI designated appraiser. We have continuously operated as an appraisal firm covering all of Southeast Alaska, providing specialty land appraisals in interior and coastal Alaska. We are the only commercial appraisal firm in Southeast Alaska. We're one of the few appraisal firms in the state with continuous employment of IT support staff.

Through this experience, we saw the need for and provided an electronic assessment program for the Municipality of Skagway in 2009: the second-generation Municipal Assessment Record System (MARS) solution, implemented for a complete real property valuation in the City of Craig for 2015. This tested CAMA program is the only one of its kind developed in the market by a valuation company. Our involvement in the preparation of well over 80 assessment rolls makes us uniquely qualified to understand the needs of the municipalities, as well as the rules and regulations governing assessed valuations in the state of Alaska and the requirements of mass valuation.

## **The Benefits of the Municipal Assessment Records System (MARS)**

MARS operates on the FileMaker database which is fully compatible with the iPad, enabling huge efficiencies in the field. The entire database can be synchronized from the computer desktop to the iPad and taken to the field. The drop down menus, use of typed comments or Siri and the in-file photographic capabilities instantaneously update the property inventory files. This will save hours of field prep time and many more hours



back in the office not having to transcribe field notes and download, then re-upload photos and graphics.

As a valuation tool MARS enables lump sum values to be recorded in the field and described photographically, saving lots of time. Back at the office, similar properties can be batched together and valued at once. MARS is able to use basic valuation curves developed for land and can accommodate residential and commercial value curves derived from the market. This is more accurate and relies less on costly outside valuation sources and fees. The valuation curves can easily be adjusted to reflect changes in the market, allowing quick updates from year to year. MARS has predefined depreciation options and automatically calculates possessory interests. The association with the Alaska CAMA Company creates collaborative opportunities with other assessors using MARS.

The MARS files are easy to understand and read, and can be shared with the public with minimal staff time. They are easy to compare with other assessments or sales to ensure equity and fairness. The MARS records contain all the information necessary for reporting to the state assessor and to affirm the local assessor's compliance with state statutes. These electronic records are easy to back up and require minimal IT support.

One final consideration. If the CBS chooses MARS it will be a significant benefit for our local economy. Our appraisal firm business for the Sitka market only requires about 1.3 equivalent appraisers. In other words, about four of our employees are paid from income generated from outside of Sitka. Not only has the State Assessor endorsed MARS for communities throughout the state, we have had direct inquiries by several other assessors and appraisers and inquiries for proposals from Haines, Nome, Yakutat, Wrangell, Petersburg, Unalaska, and Cordova for the MARS solution. In this environment of increased pressures for local municipalities to be more fiscally responsive the demand for a simple CAMA system will grow. If this demand is served by a firm in Sitka it should add one more full time equivalent job to our economy. We are one of many companies who choose to locate and stay in Sitka even though our work is region-wide. We appreciate your support.

We know Wendy Lawrence has searched for a complete CAMA solution for years and has found what we have found; that MARS works best for small communities. We are excited to implement it with her here in Sitka. Please call me if you have any questions prior to the workshop on December 13. My cell number is 907-738-1666.

Sincerely,



Charles Horan  
Alaska CAMA Company, LLC

## **The Benefits of a Computer Assisted Mass Appraisal (CAMA) System Such as the Municipal Assessment Record System (MARS)**

The fully automated simple-to-use MARS is not just designed to reduce department staff time but to enable staff to efficiently produce more consistently updated and equitably assessed values in the time allotted. Historically, assessment offices across the state are understaffed. Most small municipalities are often behind in their valuations cycles, which results in inequitable taxation. Beyond staff frustration and low productivity, public inquiries reveal inadequate and partially complete records, and records which cannot easily be compared to confirm equity. This erodes public trust in the system and the municipal administration.

As state revenues diminish, it is becoming more incumbent upon municipalities to be efficient and equitable in their assessment system. The state assessor is charged with confirming that municipalities have an equitable, verifiable system to estimate the full and true value of each taxable property as of January 1 each tax year. MARS benefits municipalities in the following ways:

- Efficient property data collection (iPad-file sync)
- Efficient, lower cost revaluation (automated depreciation and value curves)
- Easy to update and revalue each year (data preserved year to year)
- Lower risk of data loss (backups easily made)
- Easy to enter data and understand record (builds credibility and trust)
- Easy to share property data (saves time and builds trust)
- Easy to compare property values (builds trust and assures equity)
- Complies with state statutes (calculates exemptions and possessory interests)
- Helps local assessor's office pass state audits
- Easy to sort, batch and report data to finance and other departments.
- Minimal IT support requirements
- Partnership with AK CAMA Company offers the assessing department broader Alaska assessment experience.

The table on the following page, The Benefits of MARS, outlines how MARS makes this happen. The time savings are rough estimates only, meant to conceptually demonstrate that you could save an hour or more per parcel per year for revaluation compared to the conventional system. It should result in work being done more efficiently and in a timelier manner, capturing value changes that have escaped due to lag time.

A more difficult to measure but obvious benefit is the trust, goodwill and cooperation created through transparency, the ease of understanding records and the ability to compare assessments with the public. Inevitably other departments will benefit from the MARS information for planning, public works, financing and other municipal functions. MARS backups can be stored more securely and the system will demonstrate compliance with state statutes for audits by the state assessor.

We look forward to creating a partnership with your municipality to implement MARS, a simple cost efficient solution for assessment recordkeeping and valuation documentation.

Charles Horan

Alaska CAMA Company

December 2016





<b>The Benefits of the Municipal Assessment Record System (MARS) - Sitka</b>			
<b>Current System-Paper Files with Parallel Partial Electronic File</b>	<b>MARS – Full Record Including Graphics on the Computer</b>	<b>The Benefits of Efficiencies</b>	<b>Possible Financial Savings</b>
<b>MARS In the Office*</b>			
Requires filing cabinet, folders and a computer. Not easily understood. Difficult to compare files and share with public. Paper not backed up.	All files on computer can be pulled up in batches and compared. Easily shared between staff, public and other departments.	Significant staff time is saved. More time can be dedicated to updating property record information and valuation. Public confidence increases, generating cooperation.	More professional, organized and efficient work is likely to result in greater equity at fair market value.
<b>MARS Updating Property Inventory*</b>			
<b>Step 1 Prep:</b> Pull the paper files, possibly copy materials, bring camera & paper. 20 minutes per parcel.	Sync computer file to iPad: a matter of minutes for entire database.	Save at least 20 minutes per parcel. Easier to handle.	See Step 3 below
<b>Step 2 In Field:</b> Note description of property with pencil & paper, photograph with camera. About 30 minutes per parcel	Open file in iPad, take a photo in the file, describe with drop down menu, type or use Siri for comments. Similar time ~ 30 minutes.	Easier to use on hand held device rather than pencil/paper/camera etc. May not save much time.	Limited – see Step 3 below.
<b>Step 3: Back At Office:</b> Download photos, label and upload into electronic file. Enter field data into electronic file. Estimate 30 minutes per parcel.	Sync iPad to computer file in a matter of minutes for entire database. Cleanup sketches ~ 10 minutes per parcel	Much faster by about 20 minutes. Less chance for transcribing error. More detail can be taken in the field.	Total savings could be about 40 minutes per parcel.
<b>MARS As A Valuation Tool*</b>			
Properties are valued individually using predetermined formulas for land & Marshall Valuation for buildings. This is time consuming at about 40 minutes per parcel. Computer generated Marshall Valuations cost about \$1.25 each with subscription.	MARS has auto calculations for major improvement values and depreciation. MARS accepts appraiser developed valuation curves for batch valuations of hundreds of parcels at one time.	Two fold benefit: 1) Batch valuations save significant time perhaps up to 20 minutes or more per parcel after input data is developed. 2) Fair equity can be achieved quicker by batch-valuing similar properties.	Could be another 20 minute saving per parcel.  The real community benefit would be in the fairness of equitable assessments.

\*Time estimates are generalized for typical property for comparative purposes only. Actual time per parcel can vary significantly depending on the condition of the particular file, complexity of property, location, access issues etc.



Alaska CAMA  
Company LLC



Creating partnerships with Alaska municipalities

## Who are we?

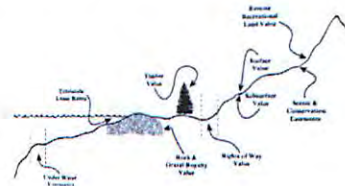


The Alaska CAMA Company LLC is an outgrowth of Horan and company LLC  
Operated in the region for over 40 years

- \* Residential
- \* Commercial
- \* Complex land

Clients include – just to name a few

- \* City & Borough of Juneau Docks & Harbors, CBJ Land Management Department
- \* State of Alaska DNR, Fish & Game, Dept of Transportation & Public Facilities
- \* US Forest Service, Bureau of Indian Affairs, US Park Service, US Fish & Wild Life
- \* Various banks
- \* Corporate and private investors



## Who are we?

### Real property assessment experience

- \* Current contract assessor Skagway since 1975
- \* Current contract assessor Craig since 1988
- \* Contract assessment Ketchikan annexed area 2009 to 2012
- \* Pass contract assessor Haines, Wrangell, Petersburg, Pelican

### Develop and use of electronic assessment programs

- \* 2004 develop internal commercial market data base inventory
- \* 2009 developed electronic assessment record (EAR)
- \* 2015 implemented MARS



## MARS - Data Collection

- \* Sync computer file to iPad – easy file prep
- \* Photos taken right into the file
- \* Predefined fields for consistent data entry
- \* Photo & describe lump sum values
- \* Type or Siri for comments
- \* Sync iPad to computer file instantaneously

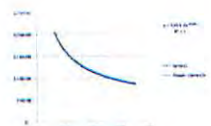


## MARS - A Valuation Tool



- \* Auto calculations for major improvement values and depreciation
- \* Equitable valuations can be achieved quicker
- \* Relies less on outside data
- \* Accepts appraiser valuation curves for batch valuations
- \* Easy to update and revalue each year
- \* Partners with ACC creates collaboration with others assessors/Valuation experts

Account	Percentage	Value	Category	Year	Rate	Value	Rate	Value
100	100%	100,000	Land	2015	10%	90,000	10%	90,000
200	100%	100,000	Improvements	2015	10%	90,000	10%	90,000
300	100%	100,000	Improvements	2015	10%	90,000	10%	90,000



## MARS - A Reliable Reporter



- \* Easy to share property data – saves time
- \* Complies with state assessor requirements and statutes
- \* Providing a more equitable results
- \* Compares assessments – public confidence
- \* Shows ratio of assessments to sales
- \* Easy reporting to financial software
- \* Easy Backups – lowers risk of data lose
- \* Minimal IT support

- LAND
- RESIDENTIAL
- COMMERCIAL
- EXEMPT & POSSESSORY
- PHOTOS
- BUILDING MEYER
- DOCUMENTS
- MAPS & GRAPHICS

PROPERTY INFO			
Parcel #	EC-207-000	City Section	81000
County Section	For Single	City	WINDHAM
LEGAL DESCRIPTION			
Parcel	0.1000	Acres	0.1000
Parcel	0.1000	Acres	0.1000
CURRENT OWNER			
Owner Name	City of Windham	City Section	81000
Parcel	0.1000	Acres	0.1000
MARKET			
Market	Price	Market Value	Market %
2015	100,000	100,000	100%
2016	100,000	100,000	100%
PREVIOUS OWNERS			
Owner Name	City of Windham	City Section	81000
Parcel	0.1000	Acres	0.1000

## MARS Creates Transparency

- \* Results in -
  - \* Credibility
  - \* Trust
  - \* Good will
  - \* Cooperation
  - \* Fairness
  - \* Equitable valuation



## MARS



### **Alaska CAMA Company**

*“Creating partnerships with Alaska municipalities to provide simple, cost effective solutions for assessment record keeping and valuation documentation.”*

# ALASKA CAMA COMPANY, LLC

403 LINCOLN STREET, SUITE 210, SITKA, ALASKA 99835  
PHONE NUMBER: (907)747-6666 FAX NUMBER: (907)747-7417  
commercial@horanappraisals.com

October 28, 2016

Wendy Lawrence, ACAA III  
Assessing Director  
City and Borough of Sitka  
100 Lincoln Street  
Sitka, Alaska 99835

Dear Ms. Lawrence,

This is our proposal for a basic four year framework with an agreement to use the license for MARS indefinitely. CBS will own all of the data.

Alaska CAMA Company will provide:

1. The **MARS solution**, including making the needed modifications described in Attachment A as Priority 1 items. This includes the sales report, adding additional owners, adjusting print layouts, creating new tax year and sync and the installation of the MARS solution on CBS's server system. Based on ongoing consultation with CBS we will work to develop the Priority 2 items at your direction and as the budget allows.
2. **Import of data** after negotiating with CBS on proper matching of fields. We will begin with Priority 1 items. This does not include a contingency for mismatched information, anomalies, or inaccurately identified files. Within this budget it's anticipated that some sketches and photos may be auto imported. Additional information such as documents, additional photos or building permit history could be added by CBS over time.
3. **Training** will include in-office sessions on how to use MARS and its valuation functions and hands on training with iPad in the field to photograph and describe, and sketch properties. We will provide documentation as needed. CBS staff are expected to become familiar with how FileMaker works and its resources for training. We will assist CBS in getting building sketches in the field. If CBS wishes ACC will also provide quality rating condition, description, and lump sum methodology it has used in the past.

The City and Borough of Sitka will provide:

1. Assistance in matching up existing fields from Access program or excel to MARS.
2. Presentation of its legacy data in a manner suitable for import into the MARS solution.
3. Its own field work including sketches, photos and field building descriptions, unless provided under separate contract.

4. The market data and analysis for valuation formulas and factors. As an additional service, ACC could assist in this.
5. All hardware and software necessary to operate MARS in the office and in the field. ACC could provide temporary use of its iPads, as available.

### **Hardware and Software Installation Supplied by CBS**

CBS will need to supply

- a suitable server to run FileMaker server software version 14 or later
- A suitable sketch program and field device if needed for field sketching. We will provide information on resources to take sketch information in the field which can be transcribed at the office.
- iPads for each concurrent inspector in the field
- FileMaker Server software version 14 or later
- FileMaker Pro 14 or later for each client station and field device.
- 360 works Mirror Sync for syncing portable devices.

### **Estimated Cost**

The basic fix costs for four years includes the license fee administration and maintenance is \$121,000. The variable costs for installation modifying and training on the Mars program for the first two years is \$29,000. This second category includes the work described by priority in Attachment A. We will bill this phase of the service at a cost at our typical hourly rate <sup>1</sup> not to exceed the agreed upon maximums of \$29,000 without CBS's agreement. In general, the Priority 1 items are required to get this year's real property assessment roll completed. The Priority 2 items are important, but could possibly be put off until next year. Our proposal is that we work through the Priority 1 items then continue on to Priority 2 items after consulting with CBS to confirm status and direction of our effort.

We could obviously amend or extend his contract as time goes on if the CBS finds it in their interest to do so. The current cost proposal over the four year term is outlined in the following table

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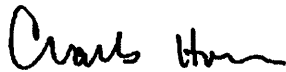
<sup>1</sup> Charles Horan, MAI	\$200
Senior Commercial Appraiser	\$150
Residential Appraiser	\$100
Senior Tech – Henry Robinson	\$100
Administrative Assistants	\$50-\$70

City and Borough of Sitka	Year 1	Year 2	Year 4	Year 4	Totals
License Admin & Maintenance Fee	\$45,000	\$32,000	\$32,000	\$12,000	\$121,000
Variable -Install, Modify & Train	<u>\$15,000</u>	<u>\$14,000</u>		-	\$29,000
Total	\$60,000	\$46,000	\$32,000	\$12,000	\$150,000

The spirit of this agreement is to develop a cooperative partnership to effect the use of MARS for and the 2017 Assessment Roll and beyond. As requested, we will work out professional errors and omissions insurance as required. I've attached a copy of our license agreement for your review, Attachment B.

Please let us know if you need anything else. Thank you once again for considering this simple, effective computer assisted mass appraisal solution.

Sincerely,



Charles Horan, MAI

Alaska CAMA Company, LLC

Attachment A Work Priority

Attachment B Mars License Agreement



# Attachment A May 31, 2016 Proposal

Key: ACC = Alaska CAMA Co      CBS = City & Borough of Sitka

Description	Priority	Comments	Who
<b>Changes Needed to MARS</b>			
<b>Add Personal Property</b>			
Basic Frame	2	Will need about 4 meetings with Wendy	ACC
Reports	2	Will Need city input on what reports will look like?	ACC
Link with MARS	2	This will need more testing to see if it will work.	ACC
Print screens	2	Will Need city input on what print layouts will look like?	ACC
<b>Reports</b>			
Sales Report-Predefined list & display	1	Runs A/S ratio	ACC
State Ratio Study Report	2	State Stats	ACC
<b>Calculations</b>			
Add auto calculation curve	2	Assignable curves	ACC
Export Arc GIS	2	Export script will need list of fields to export	ACC
Sales History - Table - Portal	2		ACC
Added date listing price comments	2		ACC
Building permit History	2		ACC
	1		ACC
Additional owners	1	add one additional owner field first & last name	ACC
Adjust all print layouts	1		ACC
Redo Crate New tax year & Sync	1		ACC
Install MARS on Sitka's server/systems	1		Both

Description	Priority	Comments	Who
<b>Data Import</b>			
Import data from Access-after next 3 items dor	1	4135 records Depending on complexity	ACC
Find matching fields	1		ACC
add missing fields	1	Will need to discuss what fields to keep.	Both
Split or combine data	1		Both
Contingency- City address data anomalies			CBS
Import data from Personal property		could be Lots of manual work 100+	CBS
Import Attachments/Documents	2	This assumes records are stored perfectly and then a script coul	ACC
Import Sketches	1	should only need small tweaks to excising script	ACC
Import Documents	2	Nothing really to import mostly just link to folder	ACC
Import Photos	2	Should be able to import about 75% with changes to script	Both
Building permit History	2	will link to property folder on Z drive	ACC

Description	Priority	Comments	Who
<b>Property Inspections Train and Demo</b>			
<b>Demonstrate field input</b>			
Data on iPad	1		ACC
Sketches on surface	1		ACC
Sync tablets to database	1		ACC
<b>Field Manual instructions</b>			
Quality Rating	2		ACC or CBS
condition - effective age	2		ACC or CBS
Lump Sum	2		ACC or CBS
<b>Office Valuation</b>			
Demonstrate how to use MARS valuation proci	1	Brief Intro - written notes	ACC
show how valuation fields work		Charles Wendy	ACC
auto calculation vs over ride			ACC
Develop Valuation curves or formulas			ACC

Description	Priority	Comments	Who
<b>Other Requirements</b>			
<b>Software</b>			
FileMaker Server	1		CBS
FileMaker Client	1		CBS
Mirror Sync	1		CBS
Apex Sketch	1		CBS
<b>Hard Ware</b>			
Server for FileMaker	1		CBS
iPads	1		CBS
Surface	1		CBS



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

**Department of Commerce, Community,  
and Economic Development**

DIVISION OF COMMUNITY AND REGIONAL AFFAIRS

550 West Seventh Avenue, Suite 1640  
Anchorage, Alaska 99501  
Main: 907.269.4501/907.269.4581  
Programs fax: 907.269.4539

November 16, 2016

**Topic: State wide audit of assessment systems**

**From: Marty McGee, State Assessor**

**To: Wendy Lawrence, Assessor City and Borough of Sitka**

**CC: Jay Sweeney, CFO City and Borough of Sitka**

**Date: November 16, 2016**

In 2016 a general audit of all taxing jurisdictions was conducted by the Office of the State Assessor. Questions were asked of all jurisdictions which levy a property tax under AS 29.45.010. The purpose of this audit was to determine the adequacy of the assessment information contained in the data systems of the local taxing jurisdictions, the adequacy of the systems, and the ability of the system to retrieve and report relevant and necessary assessment data in timely and useful manner.

The International Association of Assessing Officers has developed standards on assessment data and data management systems. We are guided by the IAAO standard on Mass Appraisal of Real Property as well as other IAAO professional standards. The Alaska Association of Assessing Officers is working on the development of standards related to professional practice. The information collected by this audit will be used to guide the development of AAAO standards and possible changes by the Office of the State Assessor to the State of Alaska Administrative code.

The expectation of modern assessment practice and the laws of the State of Alaska is that uniform fair and equitable assessed values can be produced using the data in the assessment records and the data storage system of the local taxing jurisdiction. These assessed values are expected to be current and updated on a yearly basis. Mass appraisal uses systems that can group property into categories which have similar market characteristics and statistical tools are used to calibrate value models for these groups of properties. Data held in a computerized electronic data base is a required element in the ability to create, maintain and update these assessment models.

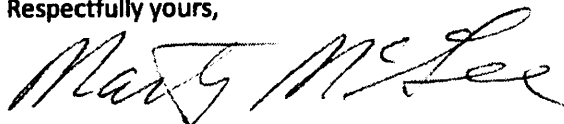
The information provided by the City and Borough of Sitka indicates that the current systems are not adequate to hold, retrieve, analyze and maintain assessment data on a yearly basis. A functional system must be able to sort data pull it down in a useable form and report the data in a timely manner. The request of the audit was to retrieve data in a two week period of time and to produce it in a excel format that associated the specific descriptive data with a unique tax parcel identifier. One focus of the audit was single family residences as a demonstration of the uniformity of assessment for this important element of the tax base. The data provided indicates that the Borough is not able to set uniform and consistent values associated with the replacement cost new or the applied depreciation associated with detached single

family residences using the existing data storage and retrieval systems. The borough also lacks the capability of demonstrating the same information to individual tax payers or in response to a property tax appeal on the ground of uniform and equal taxation as set forth in AS 29.45.210 (b). The data provided suggests that an appellant coming forward with an argument of unequal treatment may have grounds to prevail in that argument if all of the data were considered. The responsive argument that should be provided by the Assessor may not be possible in a timely manner because of the way the data is stored and the amount of time required retrieving, analyzing, and presenting the information to a board of equalization. The identified problem is as much about the system as it is about the data.

Further the data provided indicates a significant deficiency in the assessment process. This is true because the expectation is that the local assessor should pull down, analyze and adjust the assessed values and contributing descriptive information on a yearly basis in preparing the tax roll. The assessor also needs to be able to maintain current records regarding ownership, sales, and changes to exemption status in a timely and efficient manner as part of the yearly assessment process. The assessment data indicates that review of files and inspection of property on a four year cycle is not occurring in Sitka. This review cycle is required by CBS code and by the office of the State Assessor. This condition was noted in the 2014 Audit of assessment records by the Alaska State Assessor.

A problem of this kind can be the basis for a Letter of Major Error under AS 29.45.105. If a letter of major error is issued by the Office of the State Assessor the local jurisdiction has one year to take corrective action. If a program for substantial and material improvement of the assessment systems is not implemented and supported by the 2017 budget I, as the State Assessor, intend to issue a Letter of Major Error in 2017.

Respectfully yours,

A handwritten signature in black ink, appearing to read "Marty McGee". The signature is fluid and cursive, with the first name "Marty" and last name "McGee" clearly distinguishable.

Marty McGee, State Assessor for Alaska.



# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: 16-212      Version: 1      Name:

Type: Item      Status: AGENDA READY

File created: 12/5/2016      In control: City and Borough Assembly

On agenda: 12/13/2016      Final action:

Title: Reminders, Calendars and General Correspondence

Sponsors:

Indexes:

Code sections:

Attachments: [Reminders and Calendars.pdf](#)  
[Potrzuski summary notes from AML.pdf](#)  
[Lazzarini Service Award.pdf](#)

Date	Ver.	Action By	Action	Result
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# REMINDERS

<u>DATE</u>	<u>EVENT</u>	<u>TIME</u>
Tuesday, December 13	<b>Worksession</b> <i>Property Tax Administrative Changes</i>	5:00 PM
Tuesday, December 13	<b>Regular Meeting</b>	6:00 PM
Tuesday, December 27	<b>Regular Meeting</b>	6:00 PM



# Assembly Calendar

[2015](#)   [Jan](#)   [Feb](#)   [Mar](#)   [Apr](#)   [May](#)   [Jun](#)   [Jul](#)   [Aug](#)   [Sep](#)   [Oct](#)   [Nov](#)   [Dec](#)   [2017](#)

**December 2016**

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
27   <b>Nov</b>	28	29	30	1   <b>Dec</b>	2	3
<b>Hunter</b>	<b>Hunter</b> 6:00pm Joint Worksession: Hospital Board/Assembly - SCH/SEARHC Collaboration Project	<b>Eisenbeisz</b> 6:00pm Police and Fire Commission - Harrigan Centennial Hall	<b>Eisenbeisz</b>	<b>Eisenbeisz</b> 1:30pm - 3:30pm SEDA Board Meeting	<b>Eisenbeisz</b>	
4	5	6	7	8	9	10
		7:00pm Planning	7:00pm Library Board	12:00pm LEPC 12:00pm Parks & Rec	<b>Potrzuski</b>	<b>Potrzuski</b>
11	12	13	14	15	16	17
<b>Potrzuski</b>	<b>Potrzuski</b>	<b>Potrzuski</b> 5:00pm Worksession: Property Tax Administrative Changes 6:00pm <u>Regular Assembly Mtg</u>	<b>Potrzuski</b> 12:00pm Health Needs & Human Services Commission 6:00pm Port & Harbors 6:00pm Historic Preservation	<b>Potrzuski</b>	<b>Potrzuski</b>	<b>Potrzuski</b>
18	19	20	21	22	23	24
<b>Potrzuski</b>	<b>Potrzuski</b>	<b>Potrzuski</b> 12:00pm Tree/Landscape 7:00pm <u>Planning</u>	<b>Potrzuski</b> <b>Guevin</b>	<b>Potrzuski</b> <b>Guevin</b> 6:00pm Hospital Board Meeting	<b>Potrzuski</b> <b>Guevin</b>	<b>Potrzuski</b> <b>Guevin</b> <b>Eisenbeisz</b>
25	26	27	28	29	30	31   <b>Jan</b>
<b>Potrzuski</b> <b>Guevin</b> <b>Eisenbeisz</b> <b>CHRISTMAS</b>	<b>Potrzuski</b> <b>Guevin</b> <b>Eisenbeisz</b>	<b>Potrzuski</b> <b>Guevin</b> <b>Eisenbeisz</b> 6:00pm <u>Regular Assembly Mtg</u>	<b>Potrzuski</b> <b>Guevin</b> <b>Eisenbeisz</b> 6:00pm Police and Fire Commission - Fire Hall	<b>Potrzuski</b> <b>Guevin</b> <b>Eisenbeisz</b>	<b>Guevin</b> <b>Eisenbeisz</b>	<b>Guevin</b> <b>Eisenbeisz</b>

# Assembly Calendar

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

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1 Jan	2	3	4	5	6	7
Guevin Eisenbeisz	Guevin Eisenbeisz	Guevin Eisenbeisz 7:00pm Planning	Guevin Eisenbeisz 7:00pm Library Board	Guevin Eisenbeisz 1:30pm - 3:30pm SEDA Board Meeting	Guevin Eisenbeisz	Guevin Eisenbeisz
8	9	10	11	12	13	14
Guevin Eisenbeisz	Guevin Eisenbeisz	Guevin Eisenbeisz 6:00pm <u>Regular Assembly Mtg</u>	Guevin Eisenbeisz 12:00pm Health Needs & Human Services Commission 6:00pm Port & Harbors 6:00pm Historic Preservation 6:00pm Assembly worksession with School Board re: budget - School District Offices	Eisenbeisz 12:00pm LEPC 12:00pm <u>Parks &amp; Rec</u>	Eisenbeisz	Eisenbeisz
15	16	17	18	19	20	21
		12:00pm <u>Tree/Landscape</u> 7:00pm <u>Planning</u>				
22	23	24	25	26	27	28
		6:00pm <u>Regular Assembly Mtg</u>	6:00pm Police and Fire Commission - Fire Hall	6:00pm Hospital Board Meeting		
29	30	31	1 Feb	2	3	4
			7:00pm Library Board	1:30pm - 3:30pm SEDA Board Meeting		

11/20/16

Members of the Assembly and Citizens of Sitka-

I recently attended the AML and Mayoral conference in Anchorage November 14-17. I was able to attend many mini-sessions and all member presentations. As with any conference, some were better than others, but overall the quality was high and it also afforded me the opportunity to meet other city officials from around the state and discuss common issues.

The Alaska Conference of Mayors, held on November 15, began with a presentation by Caelus Energy, a small petroleum company who works solely on the North Slope. They were announcing the discovery of a vast sum of crude called the Smith Field, located to the west of Prudoe Bay. They are interested in support from communities for the continuance of state tax credits to help them develop the field. They claim the state would benefit with \$28 Billion dollars in royalties and further benefits would accrue through job creation and property taxes. There was no timeline set out for bringing the oil into production.

The next presenter was Walt Monegan the head of law enforcement in the State of Alaska. He spoke about the impacts of SB 91 on municipalities. The purpose of the law is to save money on incarcerations. There were significant changes made in sentencing guidelines, resulting in lessening pressure on jails throughout the state. There would still be emphasis on getting violent offenders and drug dealers off of the streets, but non-violent offenders and drug users would not face jail time. I think it would be a great idea to hear from Brian Hanson as to what exactly the impact for Sitka would be.

Kathy Wasserman and Ray Gillespie shared a legislative report. They are the state AML representatives. They were both disappointed in what was not accomplished in the last session; a solution to the fiscal problems of the state. The state is looking at a \$4 billion budget gap for the next fiscal year. They urge all of the municipalities to encourage the legislature to come up with a long-term plan. The last budget cycles have resulted in spending \$13 billion dollars from reserves; money that could have generated \$650 million in investment income, which is now gone. Fears are that the state will cut revenue sharing, PERS/TERS contributions, and perhaps the entire capitol budget.

One of the more interesting presentations was done by the Alaska Council on the Homeless. I was surprised to hear that this council provided resources to communities around the state. Many state agencies are involved in providing housing, training, and counseling for the homeless, including the Alaska Housing and Finance Corporation, which helps communities afford housing for the homeless and low-income folks. I think this would be a group worth contacting. Additionally, there is an actual "Homeless Count Day", which drives funding based on the number



of homeless in a state and community. That date is January 27<sup>th</sup> and it is important that we report the number of homeless folks we have here in Sitka.

Our own Jay Sweeney co-chaired Budget 101, an explanation of the many purposes the budget process serves. There was also an auditor and city manager on the panel. All of them emphasized that the budget should reflect the values and policies of the community. Extremely important is a long-term plan to guide budget decisions.

The most attended session was a lengthy panel discussion on the explosion of opioid and heroine use in the state. I am aware of an uptick in the use of these drugs locally, but it was clear that both state and nation-wide use is up dramatically as well. There were many personal stories shared about family members and friends who have fallen victim to such abuse. It would be worth the time of our community to encourage households to get rid of opioids in their homes, work with our local doctors on prescribing fewer opioids, and to work with heroine users to get treatment. It was emphasized that opioid dealers be dealt with to the fullest extent of the law when caught. Additionally, the community at large is encouraged to work with law enforcement in finding and prosecuting dealers.

The last session dealt with a relatively new issue to the state: Native lands being put into Federal Trust. This essentially entails recognized tribes (not Native Corporations) to put any land they have into a Federal trust. To be honest, this was a very confusing issue and it was unclear, even to the panel members what the implications were. I did gather that potential impacts include the lost of property tax revenues to municipalities. This is something in which we need to reach out to the Sitka Tribe and get their understanding and inquire how this may impact Sitka.

If you have any further questions, feel free to contact me at any time.

Bob Potrzuski, Deputy Mayor, Sitka

# Service Award

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

**Gwen Lazzarini**

*this expression of grateful acknowledgment for your over 2 years of  
valued service rendered in the public interest while serving on the  
Police and Fire Commission. Thank you!*

Signed and sealed this 13<sup>th</sup> day of December, 2016



*Matthew Hunter*

Mayor Matthew Hunter

*Sara Peterson*

ATTEST: Sara Peterson, Municipal Clerk



# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: 16-207      Version: 1      Name:

Type: Ceremonial      Status: AGENDA READY

File created: 12/1/2016      In control: City and Borough Assembly

On agenda: 12/13/2016      Final action:

Title: Athletic Awards: 1) Mt. Edgecumbe High School Girls Volleyball Team and 2) Baranof Barracudas Swim Club

Sponsors:

Indexes:

Code sections:

Attachments: [MEHS Volleyball.pdf](#)  
[Swim Certificate.pdf](#)

Date	Ver.	Action By	Action	Result
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# Athletic Award

*is hereby awarded to*

**MICHAEL MAHONEY**

*for his outstanding coaching of the Mt. Edgecumbe High School Girls Volleyball Team and helping them take first place at the State Volleyball Tournament November 2016, in Anchorage, Alaska.*



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Matthew Hunter, Mayor

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ATTEST: Sara Peterson, Municipal Clerk

# Athletic Award

*is hereby awarded to*

***Michael Scarcelli***

*for his outstanding coaching of the Baranof Barracudas Swim Club and helping them break the Alaska Swimming 400 Medley Relay Race Record for girls age 15-16 on November 19, 2016, in Sitka, Alaska*



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Matthew Hunter, Mayor

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ATTEST: Sara Peterson, Municipal Clerk



# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: 16-208      Version: 1      Name:

Type: Item      Status: AGENDA READY

File created: 12/1/2016      In control: City and Borough Assembly

On agenda: 12/13/2016      Final action:

Title: Special Reports: 1) Alaskan Command: Gulf of Alaska Military Exercise, 2) Health Needs and Human Services Commission Update, 3) Rachel Roy: Wayfinding Status Report, 4) Rob Allen: Sitka Community Hospital Update

Sponsors:

Indexes:

Code sections:

Attachments: [Gulf of Alaska Military Exercise..pdf](#)  
[Health Needs and Human Services Commission.pdf](#)  
[Wayfinding Status Report..pdf](#)  
[Sitka Community Hospital.pdf](#)

Date	Ver.	Action By	Action	Result
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# Special Report

## Alaskan Command Gulf of Alaska Military Exercise



# ***ALASKAN COMMAND***

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## **NORTHERN EDGE 2017**

**Alaskan Command  
and  
U.S. Navy Pacific Fleet**

The Overall Classification of this Briefing is: **UNCLASSIFIED**





# Background

- **NORTHERN EDGE (NE)** is a U.S. Pacific Command (USPACOM) exercise preparing for crisis in the Indo-Asia-Pacific region
  - ALCOM plans and conducts NE on behalf of USPACOM
- **Biennial exercise (odd years) dating back to 1975**
  - Late spring/early summer since 2002
- **Participation from all military services and interagency partners**





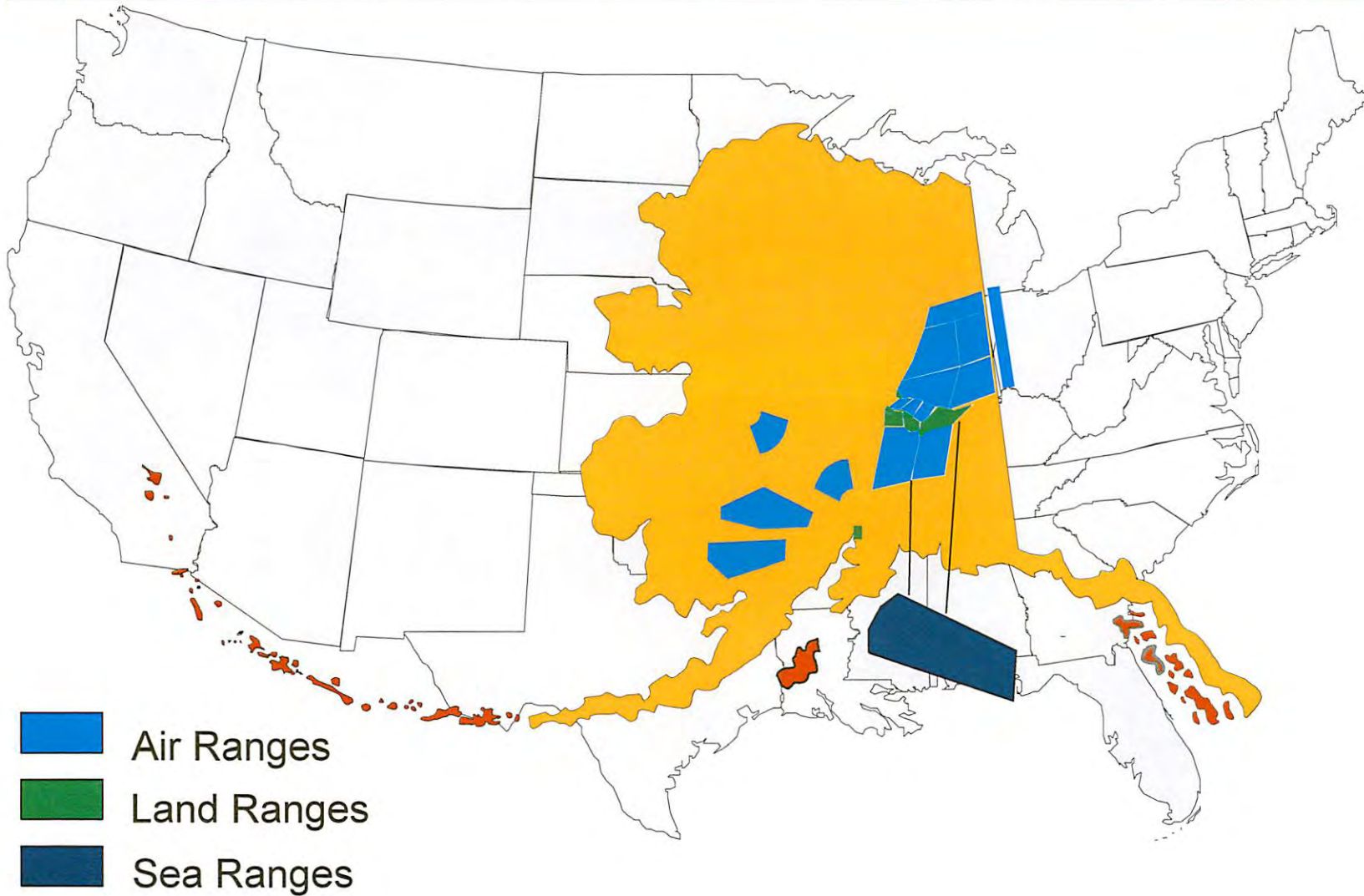
# Overview

- **PACOM contingency exercise**
  - Replicate most challenging Pacific theater scenarios
  - Joint interoperability tactics, techniques & procedures
  - Requires Alaskan-sized spaces = vast distances large, modern military forces face
- **Comprehensive, realistic training**
  - Air-to-Air
  - Air-to-Surface
  - Tactical Command and Control
  - Live-Virtual-Constructive Integration



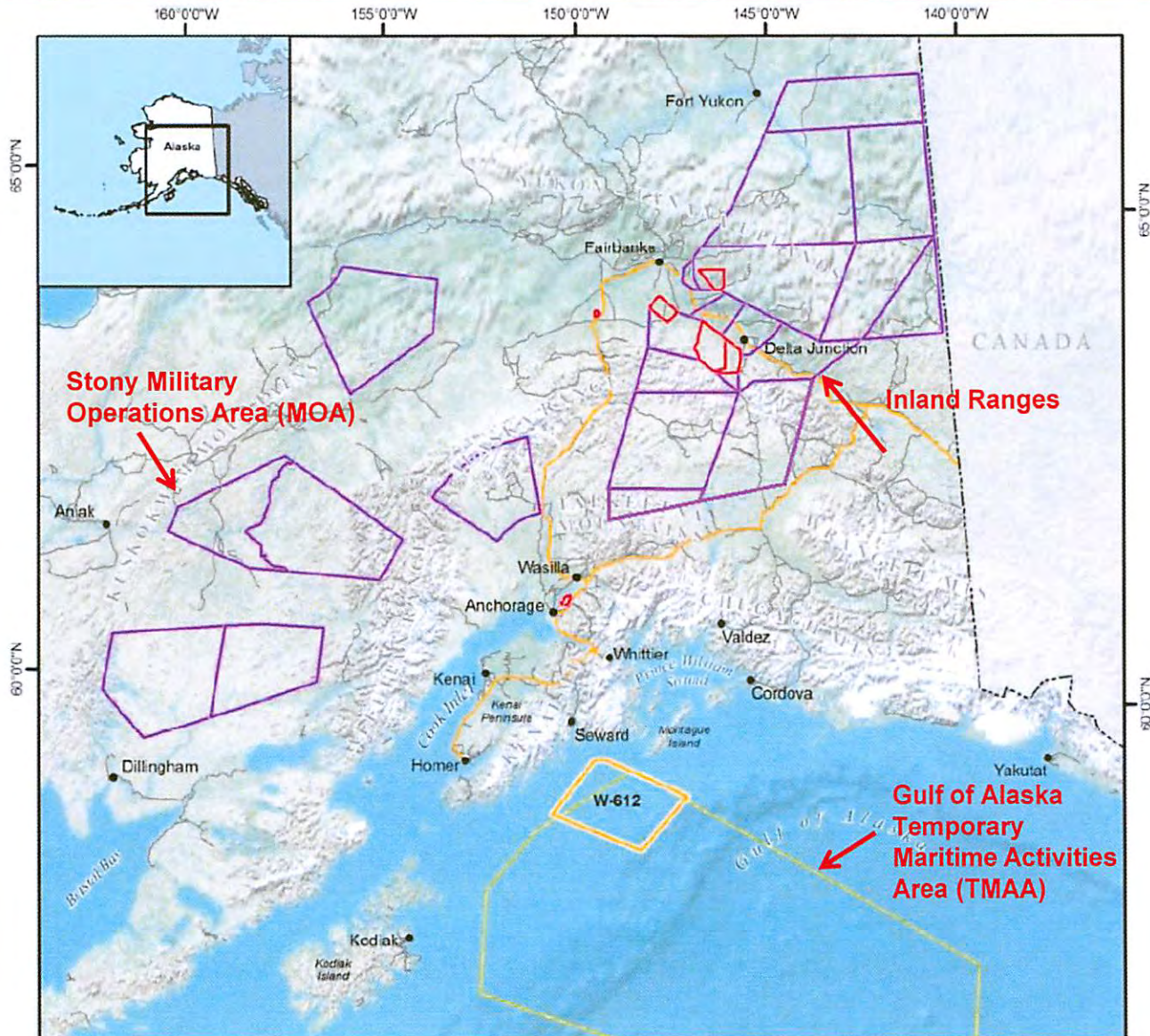


# Joint Pacific Alaska Range Complex



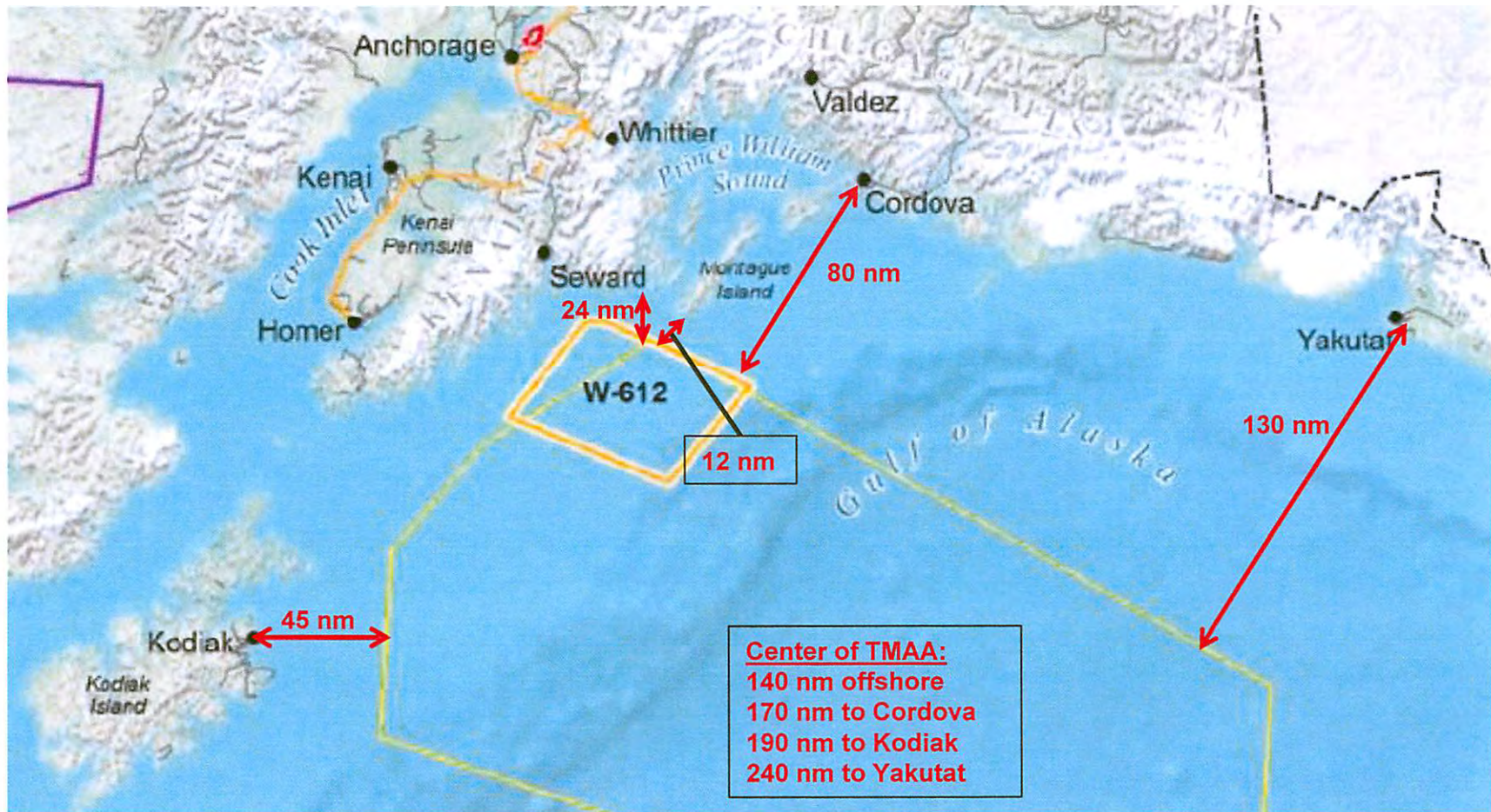


# JPARC





# Proximity of TMAA to Shore





# NE15 Economic Impact

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- **Total estimated economic impact of over \$13 million**
  - Lodging, rental cars, support contracts
  - Port fees for ship visit
  - Contracted fishing vessels
  - Participant spending in communities
- **Spread across Southcentral and Interior Alaska**



USS Shoup (DDG 86) mooring at the Port of Anchorage during NE15



# NORTHERN EDGE 17

- **Scheduled exercise window: 1-12 May 2017**
  - Based on force availability, resource constraints, weather considerations
  - Tied to / restrained by larger PACOM calendar
- **Planning process on-going**
  - Maritime activities include air defense and anti-surface warfare
  - One more planning conference (Feb)





# NE17 Participants

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- **Participating organizations**
  - **United States Army Alaska**
  - **Marine Corps Forces Pacific**
  - **U.S. Pacific Fleet**
  - **Pacific Air Forces**
  - **U.S. Coast Guard District 17**
- **Approximately 6,000 personnel, 175 fixed-wing aircraft at JBER and Eielson AFB, 2 Navy ships with embarked helicopters**





# NORTHERN EDGE Summary

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- One of U.S. Pacific Command & DoD's premier exercises
- Alaska's military infrastructure allows top-quality training unmatched anywhere else
- Interagency cooperation & community support are keys to exercise success



# Navy Environmental Planning

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- **2011: Gulf of Alaska Environmental Impact Statement (EIS) for training from 2011-2016**
- **2013: Initiated Supplemental EIS (SEIS) for beyond 2016**
- **July 2016: Released Final SEIS**
- **Record of Decision forthcoming**
- **National Marine Fisheries Service (NMFS)– Cooperating Agency**
- **G2G Consultation with tribes in Kodiak area and Eyak in Cordova**

# EIS/SEIS Alternatives

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- **Alternative 2 – (Preferred) - includes:**
  - Conducting up to two annual large-scale Carrier Strike Group (CSG) exercises, each occurring over a maximum time period of up to 21 consecutive days during the April–October timeframe
  - Conducting one sinking exercise per CSG exercise for a total of two per year
- **Alternative 1 includes:**
  - Conducting one annual large-scale Carrier Strike Group (CSG) exercises, occurring over a maximum time period of up to 21 consecutive days during the April–October timeframe

Training Ordnance or Expended Materials	Maximum Authorized per year in 2011 Final EIS/OEIS (for 2 events at 3 weeks each)	Northern Edge 2015 Proposed in TMAA (12 Days long)
Bombs	360	0
Missiles	66	0
Naval Gunshells (Various Types)	26,376	16 actual (all inert/non-explosive)
Small Arms Rounds	11,400	2,100
Pyrotechnics	156	5 (signal flares)
Targets	94	6 ("Killer Tomato" floating target)
Sonobuoys	1,587 (80 explosive)	1200 (250 Active / 950 passive -all non-explosive)
Portable Undersea Training Range (PUTR)	7 (Anchors on Sea Floor)	0; Not Installed
Ordnance used during SINKEX (Various Types)	858	0

## Northern Edge 2015 Overview



# Mitigation and Conservation

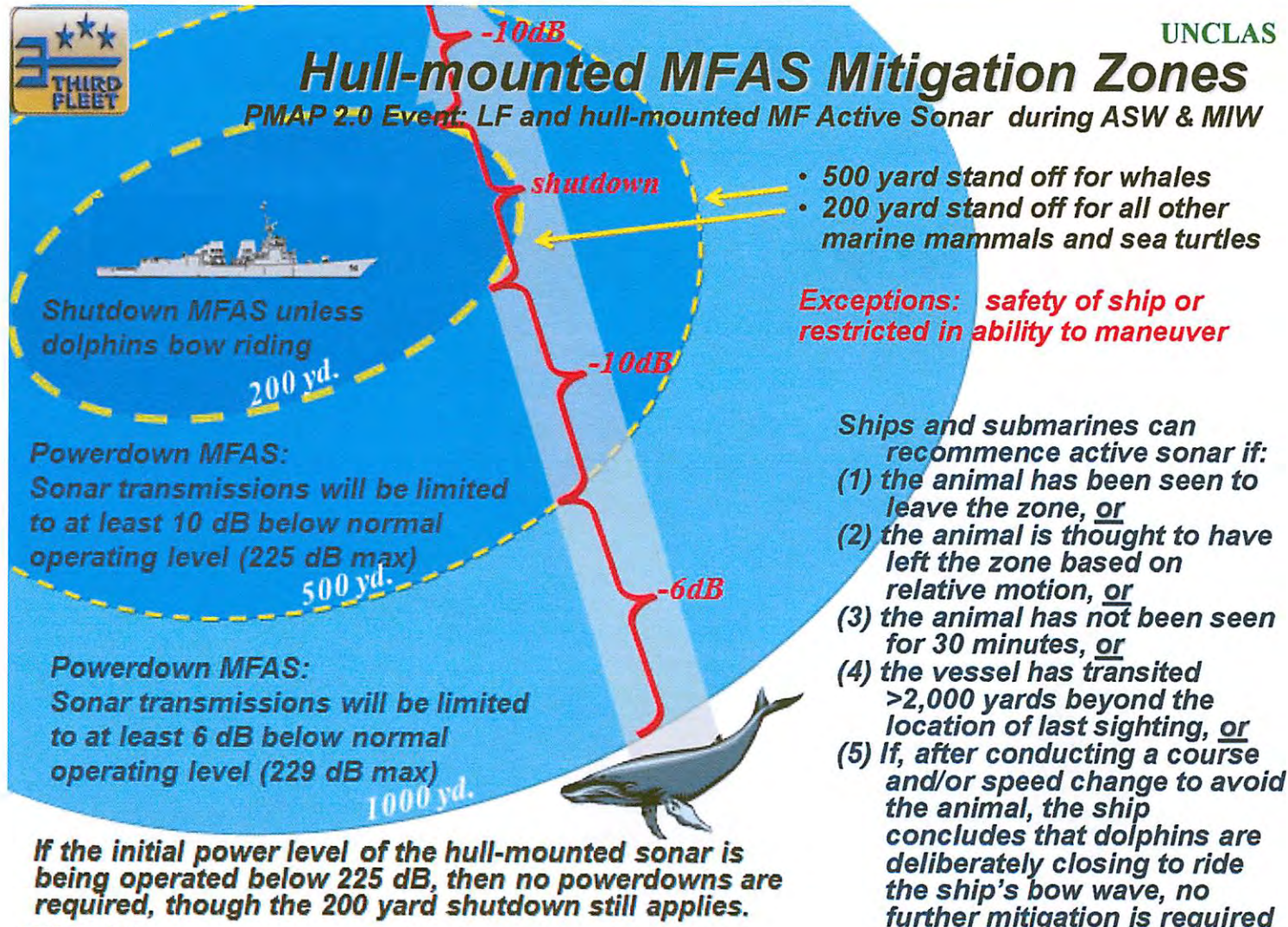
- Extensive mitigation measures developed with NMFS
- Implement mitigation zones for sonar and explosive activities
- Monitor zones before and during training
- Post qualified Lookouts
- Report monitoring results and training activities
- Coordinate with regulatory agencies stranding program
- No plastics discharge at sea
- Conduct population density surveys and other research
- No aircraft fuel release in air unless required for safety
- **New for 2017**
  - North Pacific Right Whale Cautionary Area during feeding time (June-September)
    - No hull mounted Mid-frequency Sonar
    - No explosive detonations
  - No explosives in Portlock Bank



# Hull-mounted MFAS Mitigation Zones

PMAP 2.0 Event: LF and hull-mounted MF Active Sonar during ASW & MIW

UNCLAS



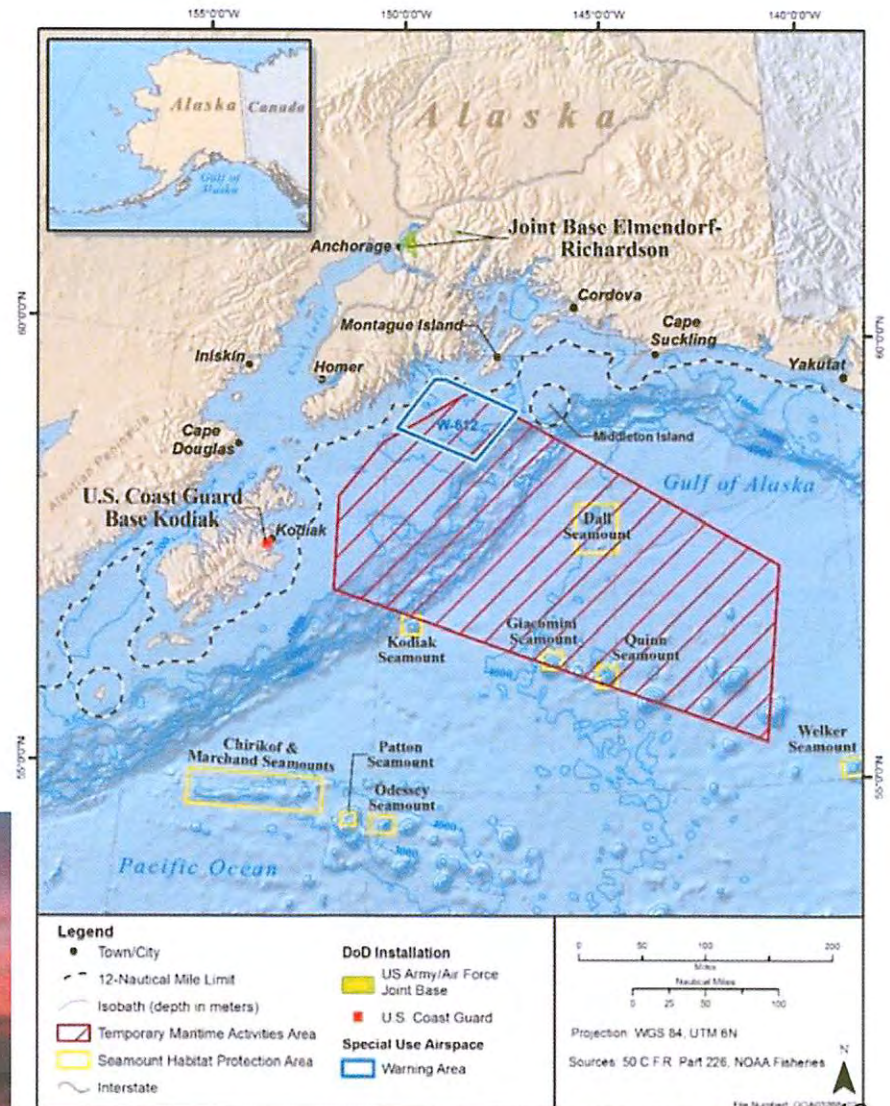
If the initial power level of the hull-mounted sonar is being operated below 225 dB, then no powerdowns are required, though the 200 yard shutdown still applies.

UNCLAS

1

# HAPC SINKEX Mitigation

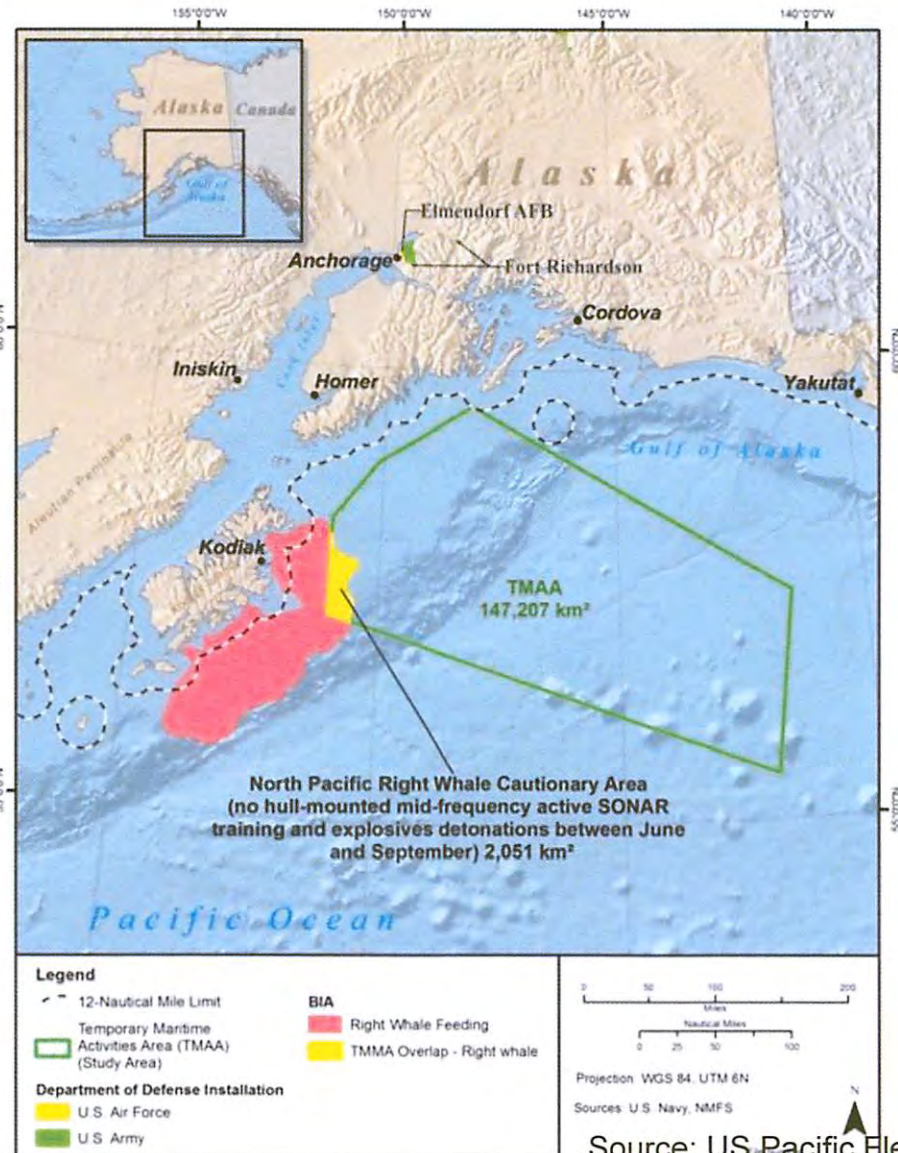
- Habitat Areas of Particular Concern (HAPCs)
  - No SINKEX in HAPCs
  - No SINKEX within 50nm of land
  - Only in water greater than 6,000' deep
  - No SINKEX planned for NE17



Source: US Pacific Fleet

# North Pacific Right Whale Cautionary Area

- Measure developed with NMFS as part of MMPA process and based on public comments
- Implementation of Cautionary Area in months of feeding importance (June – September) in southwest corner of Temporary Maritime Activity Area (TMAA)
  - No hull-mounted mid-frequency active SONAR
  - No explosives detonations
  - Not a factor for NE17

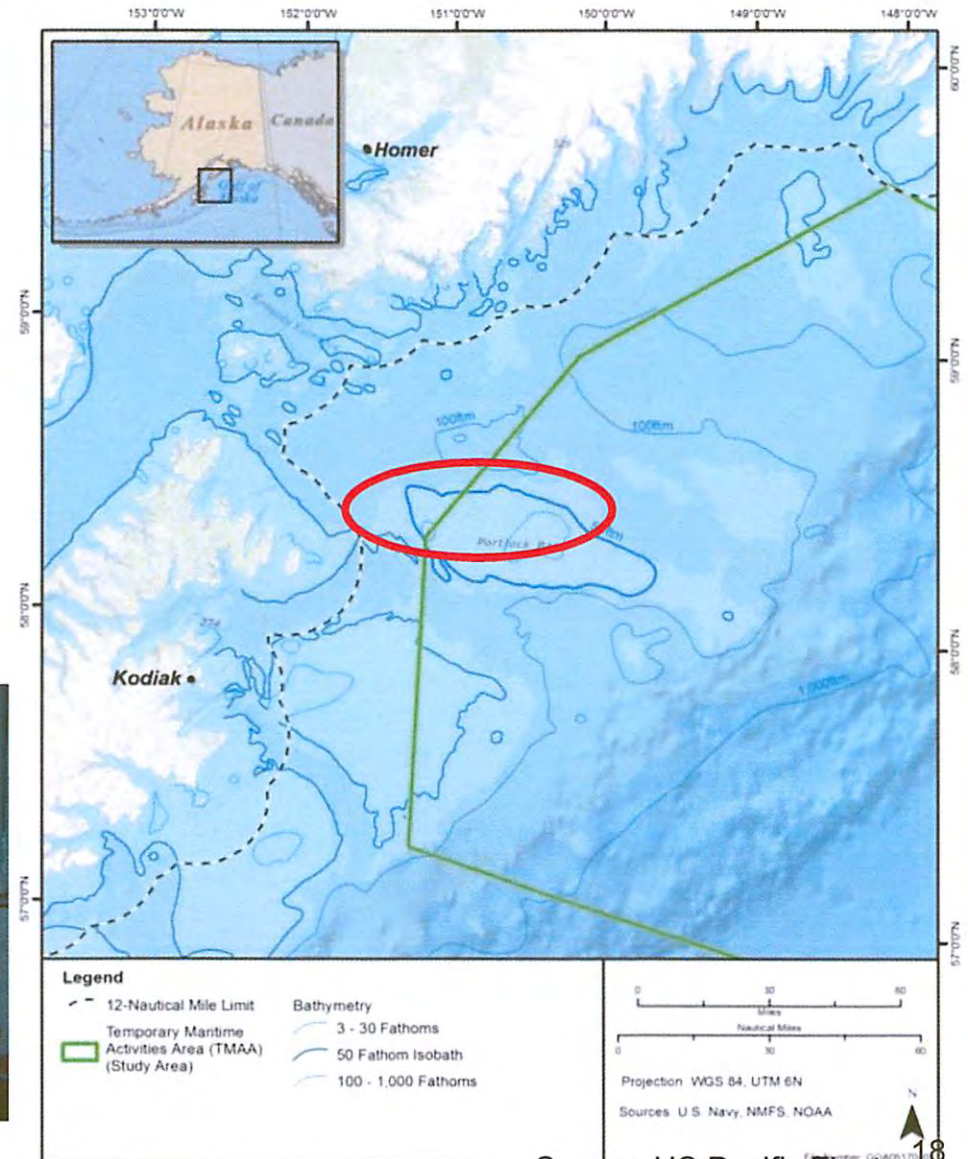


Source: US Pacific Fleet



# Portlock Bank

- Westernmost portion of TMAA
- Area identified during consultation with fishermen and tribes
- Agreed not to conduct training with explosives



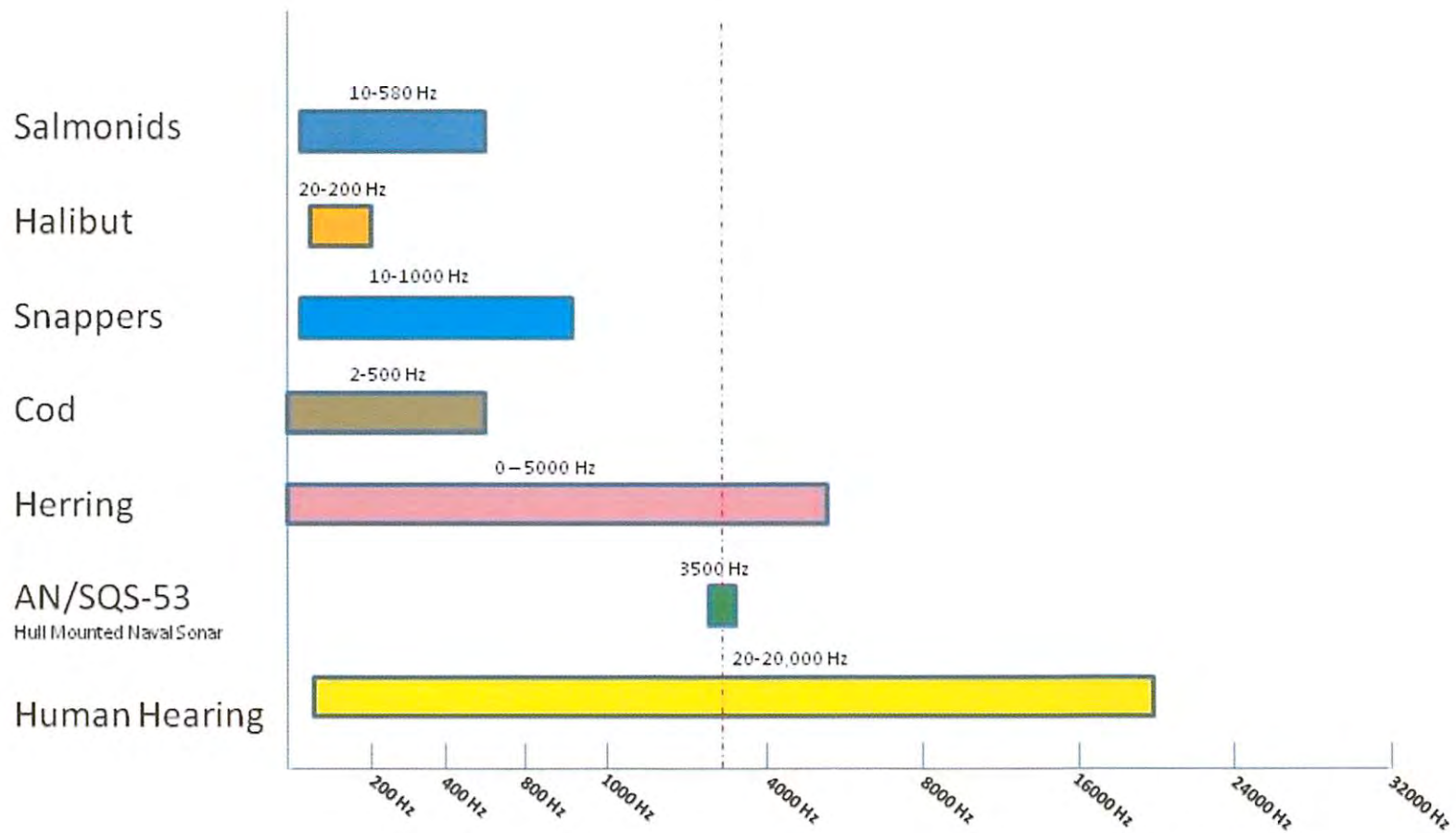


# Potential Impacts to Fish

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- **Mid-frequency active sonar is not heard by most fish species**
- **Fish species that are able to hear sonar are not likely to be affected**
- **Use of explosives during training may injure individual fish, if present, close to the surface and within the immediate vicinity of detonations**
- **Military expended materials will not have significant effects on fish or fish habitat**

## FISH HEARING AND NAVAL SONAR





# Fishing Impacts Conclusion

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- **NMFS Biological Opinion – concluded that activities are not likely to adversely affect Endangered Species Act listed fish**
- **No adverse effect to Essential Fish Habitat**
- **Training will not interfere with commercial, subsistence or recreational fishing**

# Summary

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- **Environmental protection is an integral part of the exercise. The Navy's at-sea training activities are conducted with an extensive set of mitigation measures designed to minimize the potential risk to marine life**
- **NORTHERN EDGE planned activity in Gulf of Alaska well below max allowable under the EIS**
- **Operations in Gulf of Alaska deconflicted from areas of concern highlighted by fishing communities**
- **We are grateful to the citizens of the state of Alaska for their support as we use our expansive training ranges**



# Questions?

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## Participants

**United States Northern Command**  
Alaskan Command

**United States Pacific Command**  
United States Army Pacific  
United States Marine Corps Forces, Pacific  
United States Pacific Fleet  
United States Pacific Air Forces

## Participating Military Assets

### **Navy**

Ticonderoga-class cruiser(s) and/or  
Arleigh Burke-class destroyer(s)  
P-3 Orion  
P-8 Poseidon  
EA-18G Growler

### **Air Force**

F-22 Raptor  
F-15C Eagle  
F-15E Strike Eagle  
F-16 Fighting Falcon  
E-3 Sentry  
B-1 Lancer  
B-2 Spirit  
B-52 Stratofortress  
KC-10 Extender  
KC-135 Stratotanker

### **USMC**

F-35 Lightning II  
Tactical Air Operations Center

*(More details will be released as  
they become available)*



### **On Facebook:**

[www.facebook.com/ALCOMANR](http://www.facebook.com/ALCOMANR)

### **Public Site:**

[www.jber.af.mil/alcom/northernedge/northernedge.asp](http://www.jber.af.mil/alcom/northernedge/northernedge.asp)


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 Air Ranges

 Land Ranges

 Sea Ranges



**NORTHERN EDGE 2017**

May 1 - 12, 2017

## **Background**

NORTHERN EDGE has its roots in military exercises beginning in 1975 with JACK FROST (1975-79), BRIM FROST (81-89), Arctic Warrior (91-92), then NORTHERN EDGE beginning in 1993.

NORTHERN EDGE 2017 (NE17) is one in a series of U.S. Pacific Command (USPACOM) exercises which prepare joint forces to respond to crises in the Indo-Asia-Pacific region. With an emphasis on integrating joint forces for real-world contingencies, the exercise is designed to sharpen participant skills; practice operations, techniques and procedures; improve command, control and communications; and to develop interoperable plans and programs.

## **Environmental Protection**

A thorough environmental analysis was conducted of NE17 activities. Alaskan Command is proud of its environmental stewardship and goes to great lengths to minimize impacts to the environment. Aerial and land-based military training activities in or near Alaska, including NORTHERN EDGE exercises, are analyzed in the Joint Pacific Alaska Range Complex Environmental Impact Statement, which was completed by the Air Force and Army in 2013 (see <http://www.jber.af.mil/Portals/144/units/JPARC/PDF/JPARC-Executive-Summary-JPARC-FEIS-June-2013.pdf>). Maritime activities, including future NORTHERN EDGE exercises, were re-analyzed and recently released in the Navy's 2016 Gulf of Alaska Final Supplemental Environmental Impact Statement (see <https://goaeis.com>). The at-sea portions of NORTHERN EDGE occur within the Temporary Maritime Activities Area, which

begins more than 12 nautical miles from shore.

U.S. Navy training activities are conducted with an extensive set of mitigation measures designed to minimize the potential risk to marine life. The Navy has conducted NORTHERN EDGE in the Gulf of Alaska for many decades without significant impact to the environment. The mitigation measures used by the Navy during NORTHERN EDGE are developed and authorized by permit from the National Marine Fisheries Service.

## **Training**

Alaska's expansive, instrumented joint training land ranges, airspace, and maritime areas, along with the support of Alaska's Army and Air Force bases provide a unique joint training venue that cannot be found anywhere else in the Pacific region.

NE17 provides more than 6,000 active-duty, National Guard and Reserve component Army, Navy, Marine Corps, Air Force, and Coast Guard military participants the opportunity to train together in Alaska's vast Joint Pacific Alaska Range Complex (JPARC), including the Gulf of Alaska (GoA) maritime training area.

The diverse environment and challenging terrain of the JPARC allows for units to alert, deploy and fight over realistic engagement distances. This includes mobile land warfare and fighter aircraft from the Navy, Marine Corps, and Air Force practicing long-distance, power projection using air-refueling assets.

NE17 participants will practice tactics, techniques and procedures associated with defensive counter air, close air support, air interdiction of marine targets, and personnel

recovery missions. Land-based forces will hone their skills in engaging targets at sea, and forces normally sea-based will practice engaging targets on the land.

## **NORTHERN EDGE 2017 highlights:**

- Training in 65,000 square miles of airspace, 42,000 square nautical miles of ocean, and 1.5 million acres of maneuver land as part of the Joint Pacific Alaska Range Complex.
- Alaska's size enables the military to have the largest air-ground training complex in America.
- Exercise Northern Edge provides the opportunity to hone current and test future applications of combat operations and weapons capabilities.
- More than 2,000 personnel deploy to Alaska during the exercise. Participants will be based at the major Alaska Army and Air Force installations.
- Joint training event NE17 provides effective, flexible and capabilities-centered joint forces ready for deployment worldwide and enables real-world proficiency in detection, identification and tracking of units at sea, in the air and on land, and response to multiple crises.
- Environmental protection is an integral part of the exercise. The military in Alaska has conducted thorough environmental analysis of the activities being conducted as part of NE17.

## **Closing the Loop**

Detailed after-action reviews will occur at all levels of exercise play. This process ensures units incorporate "lessons learned" from NE17 into better joint military planning, tactics, techniques, and procedures.



# Special Report

## Health Needs and Human Services Commission Update



Dear Mayor and Assembly Members,

The Health Needs and Human Services (HNHS) commission has been researching and discussing public health policies that have worked in other municipalities and could work to improve health in Sitka. I appreciate the opportunity to be able to present them on behalf of the HNHS commission.

The first is an ordinance that raises the legal minimum age for the sale of all tobacco and nicotine products to age 21. Thus far, over 160 cities in 12 states including New York City, Kansas City, Chicago, Cleveland, Boston, and San Francisco, and the entire states of Hawaii and California, have taken this important step in protecting our children.

For years, adolescent smoking rates have been coming down, although nearly one in five high school seniors still use tobacco. In addition adolescents' use of e-cigarettes, nicotine vapor devices, hookahs and small cigars has gone up dramatically, threatening to completely erase a decade of progress.

The enormously powerful tobacco industry lobby has derailed initiatives in Congress, but where federal and state governance fails, local leadership has succeeded. Virtually all statewide workplace and public smoking bans began with local government regulations.

During the years from ages 18-21, youthful experimentation often accelerates into daily use. It's a time when the adolescent brain is highly vulnerable to the effects of a powerful addictive agent like nicotine. Exposure during this period may result in permanent neurological receptor changes that lead to a lifetime nicotine habit and resulting illness. Raising the nicotine/tobacco age also better protects younger teens, as 90% of those who provide cigarettes to kids under 18 are themselves under 21. **As a result, raising the tobacco sales age to 21 has been shown to reduce high school smoking by over 50%.**

This fall the Health Needs and Human Services commission discussed an ordinance that would protect Sitka's kids by raising the legal sales age to buy tobacco from 19 to 21. The new policy the commission research and crafted does provide an exemption for active duty military personal under the age of 21. When it comes to buying alcohol, marijuana, and guns the legal age is 21, since tobacco is so deadly and so addictive shouldn't it be the same?

The second proposal that the commission has worked on will also help to improve the health of kids in our community, in more ways than one. The idea is to raise money for youth activities and health programs by adding a 1, 1.5 or 2 cent per ounce tax on sugar sweetened beverages. Entire countries and six U.S. cities have passed similar policies since soda and sugary drinks are the number one source of added sugar in the American diet, and are linked to increased risk for diabetes, heart and liver disease and tooth decay.

This fall adding a tax on soda distribution companies passed in all 4 of the U.S. cities that it appeared on the ballot. I predict that every year more municipalities will get serious about tackling diabetes while simultaneously raising much needed revenue by passing similar measures.

Sugary drink taxes are modeled on other effective taxes, like tobacco taxes. Leading public health researchers and policy experts support a penny-per-ounce tax on the distributors of sugary drinks. These taxes work in three ways:

1. **Raise awareness.** The public discussion about this proposed tax is already raising awareness about the link between sugary drinks, diabetes and other diseases, and how the beverage industry targets its marketing towards youth and communities of color.
2. **Raise revenue for community programs that combat the influence of sugary drink marketing.** Revenue from the tax could fund community- and school-based programs that give families tools to make healthy choices about what they eat and drink.
3. **Reduce consumption.** After Mexico passed a similar soda tax at the national level, consumption of sugary drinks decreased. It's a case in point to the growing body of research that predicts a penny per ounce tax will decrease consumption and save lives.

The third idea the commission discussed concerned the problems associated with single use plastic bags that too often end up as litter. Communities in Alaska, most recently Cordova, have enacted policies to reduce the number of single use plastic bags. A citizens group, led by MEHS teacher Christy Anderson and former assembly member Michelle Putz, have been meeting and discussing policy ideas, like a per bag fee. Since tourism and fishing are so important to our community it seems reasonable that some productive action be taken.

Thank you for considering and providing feedback on these ideas.

Sincerely,

Doug Osborne

Chair, Health Needs and Human Services Commission.

TOBACCO21

**"HEALTHY TOWNS, HEALTHY KIDS."**<sup>TM</sup>

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## IT'S SIMPLE MATH:

**Raising the minimum tobacco sales age to 21 will dramatically reduce tobacco use.**

### **Just 2% of tobacco sales help produce 90% of new smokers.**

Cigarette sales to those under 21 account for only 2.12% of total sales. But, because 90% of smokers start by the age of 21, these are the very sales that help lead to 9 out of every 10 new smokers. This means that the impact on store owners will be minimal and will only affect a very small percentage of their tobacco sales in the short term.<sup>1</sup>

### **Raising the minimum tobacco sales age to 21 can reduce smoking rates to single digits.**

Only 10% of smokers start at the age of 21 or older.<sup>2</sup> If the current smoking rate is about 20%,<sup>3</sup> then by simple math, if someone reaches the age of 21 as a non-smoker, that individual has only a 2% chance of becoming a smoker ( $.1 \times .2 = .02 = 2\%$ ).

### **This strategy is already working.**

In 2005, Needham, MA voted to raise and enforce the minimum tobacco sales age of 21. In 2006, before full enforcement, the town had a youth smoking rate of 13% compared with 15% in the surrounding communities. By 2010, the youth smoking rate in Needham was down to 6.7% while the surrounding communities' rate only decreased to 12.4%. The percent decline in youth smoking in Needham was nearly triple that of its neighbors.<sup>4</sup>

### **Many people who purchase for distribution to minors are between the ages of 18 and 20.**<sup>5</sup>

Since most students do not reach twenty-one years of age while still enrolled in high school, increasing the legal age of sale would greatly reduce the number of students who could purchase tobacco products. By decreasing the number of eligible buyers in high school, this action will help reduce youth smoking by decreasing the access of students to tobacco products.

### **A similar strategy was highly successful in addressing alcohol sales.**

A national age 21 law for alcohol sales resulted in reduced alcohol consumption among youth, decreased alcohol dependence, and has led to dramatic reductions in drunk driving fatalities.<sup>6,7</sup> At the time, some critics of the policy argued that because 18 year-olds can vote and enlist in the military, they should be allowed to be sold alcohol. Despite these arguments, the increase in the minimum sales age for alcoholic beverages has saved tens of thousands of lives of young drivers, their passengers, and others on the road.<sup>8</sup>

<sup>1</sup> Winickoff JP, Hartman L, Chen ML, Gottlieb M, Nabi-Burza E, DiFranza JR. Minimal Retail Impact of Raising Tobacco Sales Age to 21. *American Journal of Public Health*. 2014. In Press.

<sup>2</sup> This is a conservative estimate. Centers for Disease Control and Prevention. National Center for Health Statistics. National Health Interview Survey, 2008. Analysis by the American Lung Association, Research and Program Services Division using SPSS software.

<sup>3</sup> CDC. Morbidity and Mortality Weekly Report. "Current Cigarette Smoking. Among Adults — United States, 2011." November 9, 2012. 61(44):889-894.

<sup>4</sup> Analysis of 2011 Youth Risk Behavior Surveillance System (YRBSS) data by Jonathan P. Winickoff, MD, MPH, Associate Professor of Pediatrics, Harvard Medical School.

<sup>5</sup> DiFranza JR, Wellman RJ, Mermelstein R, et al. The natural history and diagnosis of nicotine addiction. *Current Reviews in Pediatrics*. 2011;7(2):88-96.

<sup>6</sup> Wagenaar AC. Minimum drinking age and alcohol availability to youth: Issues and research needs. In: Hilton ME, Bloss G, eds. *Economics and the Prevention of Alcohol-Related Problems*. National Institute on Alcohol Abuse and Alcoholism (NIAAA) Research Monograph No. 25, NIH Pub. No. 93-3513. Bethesda, MD: NIAAA; 1993:175-200.

<sup>7</sup> DeJong W, Blanchette J. "Case Closed: Research Evidence on the Positive Public Health Impact of the Age 21 Minimum Legal Drinking Age in the United States." *J. Stud. Alcohol Drugs, Supplement* 17, 108-115, 2014.

<sup>8</sup> NHTSA's National Center for Statistics and Analysis, March 2005. "Calculating Lives Saved Due to Minimum Drinking Age Laws." Washington, DC, U.S., DOT.



## THE VULNERABLE TEEN/YOUNG ADULT BRAIN

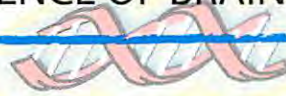
**Nearly 90% of smokers started smoking by age 20.<sup>1</sup>**

**Scientific study of the brain is increasingly showing a distinct gap between when we are physiologically mature and neurobiologically mature.<sup>2</sup>**

**In fact, there could be as much as a 4-7 year difference. During this period the brain continues to be highly vulnerable.<sup>2</sup>**

**The minimum age of military service does not equal readiness to enlist in a lifetime of smoking.**

## THE SCIENCE OF BRAIN WIRING



From neuroscience experiments, we know that the frontal lobe - the seat of human judgment - is not fully wired until age 25.<sup>3</sup> This is why some describe the period from 18-25 years as emerging into adulthood.<sup>2</sup> During this critical period, the brain remains especially vulnerable to tobacco addiction.<sup>4</sup>

**Delaying the age of initiation of nicotine significantly prevents a lifetime of addiction.**

**99% of lifetime smokers started smoking before the age of 26.<sup>2</sup>**

**Tobacco affects the development of the brain in areas of addiction during this vulnerable period.<sup>4,5</sup>**

**The tobacco industry knew all of this as early as 1986**

**"Raising the legal minimum age for cigarette purchaser to 21 could gut our key young adult market.."**

**-Philip Morris report, January 21, 1986<sup>6</sup>**

**Brain health is public health**

<sup>1</sup> SAMHSA. Calculated based on the data in the 2011 National Survey on Drug Use and Health.

<sup>2</sup> The Surgeon General Report. 2012. "Preventing Youth Tobacco Use." <http://www.surgeongeneral.gov/library/reports/preventing-youth-tobacco-use/factsheet.html>.

<sup>3</sup> Crews et al, Adolescent Cortical Development: A Critical Period of vulnerability for addiction; Pharmacol Biochem Beh, 2007, pages 189-199.

<sup>4</sup> Morales et al, Cigarette Exposure, Dependence & Craving are Related to Insula Thickness in Young Adult Smokers; Nature/Neuropsychopharmacology, 2014, pages 1-7

<sup>5</sup> U.S. Department of Health and Human Services. "The Health Consequences of Smoking—50 Years of Progress: A Report of the Surgeon General." Atlanta, GA: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2014.

<sup>6</sup> Philip Morris Discussion Draft of Sociopolitical Strategy <http://legacy.library.ucsf.edu/tid/aba84e00/pdf>



## RESPONSES TO CONVENIENCE STORE OWNERS' CONCERNS

**Big tobacco (RJR and Philip Morris USA) have been working through the retailers.**

**The arguments you may hear:**

*We will go out of business.*

**When Needham increased the sales age to 21 in 2005 not a single convenience store went out of business.**

**Restaurant and bar owners had the same fear when smoking was banned, and this did not happen.<sup>1</sup>**

**Tobacco sales to 18-20 year olds are only 2% of retail tobacco sales.<sup>2</sup>**

**CVS and Target have decided to stop selling all tobacco products, leaving more tobacco business for convenience stores.**

*We make our profits from the ancillary purchases (milk and bread) when people come in to buy cigarettes.*

**98% of tobacco sales and all associated ancillary purchases will be unaffected.<sup>2</sup>**

**18-20 year olds will have more money for other in-store purchases that are not tobacco.**

*They will just go to other towns and we will lose business.*

**Lower smoking rates are better for business.**

A city or town that creates fewer smokers will have higher socioeconomic status, better health status, better jobs, and better quality of life for all residents.<sup>3</sup>

**Research has shown a minimal retail impact of raising the sales age to 21.<sup>2</sup>**

In fact, since 2005 in Needham, there is no evidence for youth traveling to other towns to purchase tobacco.

Each town that goes to 21 increases the likelihood that the surrounding towns will also go to 21.

**Small decreases in youth access to retail tobacco are strongly associated with lower tobacco use.**

The key point is that youth will quit or use less tobacco, and those who don't smoke are less likely to start.<sup>4,5</sup>

*We want this to go to the state legislature to make it a level playing field.*

**The banning of tobacco in bars and restaurants was won on the local level first before it went to the state.**

**This is a ploy by the Tobacco Industry.**

**When Utah's Senator Reid was asked why Tobacco21 didn't pass at the state level, he explained it to us in three words: "The Tobacco Lobby."**

<sup>1</sup>Hahn, EJ, "Smokefree Legislation: A Review of Health and Economic Outcomes Research," American Journal of Preventive Medicine 39(6S1):S66-S76, 2010.

<sup>2</sup>Winickoff JP, Hartman L, Chen ML, Gottlieb M, Nabi-Burza E, DiFranza JR. Minimal Retail Impact of Raising Tobacco Sales Age to 21. American Journal of Public Health. 2014. In Press.<sup>3</sup>

<sup>3</sup>U.S. Department of Health and Human Services. "The Health Consequences of Smoking —50 Years of Progress: A Report of the Surgeon General." Atlanta, GA: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2014.

<sup>4</sup>Scully M, Mcarthy M, Zacher M, Warne C, Wakefield M, White V. Density of tobacco retail outlets near schools and smoking behavior among secondary school students. Aust New Zealand J Pub Health. 2013;37(6):574-78.

<sup>5</sup>Henriksen L, Feighery EC, Schleicher NC, Cowling DW, Kline RS, Fortmann SP. Is adolescent smoking related to the density and proximity of tobacco outlets and retail cigarette advertising near schools? Prev Med. 2008 Aug;47(2):210-4.



## THE MILITARY/AGE RESTRICTION ARGUMENT

### What you can't do until you are 21 years or older:

- ⊘ Buy alcohol  
During the Vietnam era, 29 states lowered the alcohol purchase age to 18 and highway death rates made a significant climb. Raising the sales age back to 21 caused the death rate to drop significantly.<sup>1</sup>
- ⊘ Casino gambling
- ⊘ Get a 'license to carry' gun permit.
- ⊘ Rent a car (must be age 25 - crash rates don't drop significantly until then)
- ⊘ Rent a hotel room in some hotels.

**The argument:** If you can go to war and bear arms at 18 you should have the right to smoke.

**Response:** **The minimum age of military service does not equal readiness to enlist in a lifetime of smoking.**

### IN FACT:

The U.S. Army Surgeon General says soldiers who smoke are less combat ready and take longer to heal.<sup>2</sup>

The U.S. Military is taking steps to ban all tobacco sales on military bases. Easy access to cigarettes has led to a 33.6% smoking rate among active duty military.<sup>2</sup>

Years of studies, including a comprehensive study on 9.3 million military beneficiaries, have revealed lung cancer mortality rates are double among Veterans.<sup>3</sup>

Veterans who served to protect our freedom but contracted emphysema from addiction to the discounted cigarettes in the military have lost **their** freedom.<sup>4</sup>

<sup>1</sup> DeJong et Blanchette: Case Closed: Research Evidence on the Positive Public Health Impact of Age 21 MLDA in the US, Journal of Studies On Alcohol and Drugs/ Supplement No17.2014 pg108-115

<sup>2</sup> <http://www.army.mil/standto/archive/issue.php?issue=2012-11-20>

<sup>3</sup> A Study of Cancer in the Military Beneficiary Population, Guarantor: Raymond Shelton Crawford III, MD MBA, Contributors: Raymond Shelton Crawford III, MD MBA; Julian Wu, MD MPH; Dae Park, MD; Galen Lane Barbour, MD; Military Medicine, Vol. 172, October 2007

<sup>4</sup> <http://www.iom.edu/~media/Files/Report%20Files/2009/MilitarySmokingCessation/Combating%20Tobacco%20Military%20for%20web.pdf>





# NOTES

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## Contact Us

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T21\_Version 2.0

OCTOBER 2012

# RUDD REPORT



## **SUGAR-SWEETENED BEVERAGE TAXES**

An Updated Policy Brief



YALE RUDD CENTER  
FOR FOOD POLICY & OBESITY

[www.yaleruddcenter.org](http://www.yaleruddcenter.org)

Roberta R. Friedman, Sc.M.  
Kelly D. Brownell, Ph.D.

# SUGAR-SWEETENED BEVERAGE TAXES

## An Updated Policy Brief

Since the Rudd Center's 2009 publication of our first policy brief on soft drink taxes, significant progress has been made in the effort to reduce consumption of sugar-sweetened beverages (SSBs). The body of scientific literature that links consumption to overweight, obesity, and chronic illnesses has grown substantially. Dozens of cities and states have launched public health SSB campaigns and implemented or proposed policies to reduce SSB availability.

Taxing SSBs is still considered by many public health experts and policymakers to be one of the best strategies to improve the nation's nutrition, raise revenue for health programs, and recover the medical and insurance costs of treating diet-related diseases. Since 2009, policymakers in approximately 24 states and 6 cities<sup>1</sup> have proposed SSB taxes, and more than 25 national and state organizations have recommended or endorsed them.<sup>2</sup> Other countries, including Denmark, Finland, France, and Hungary, have taxes on SSBs.

### Definition of SSBs

Any beverage with added sugar or other caloric sweeteners such as high fructose corn syrup, including soda, sports drinks, fruit drinks, teas, flavored/enhanced waters, and energy drinks.

### Revenue Potential<sup>7</sup>

- A national tax of a penny per ounce on SSBs would generate approximately \$13 billion in 2013 alone, and \$39 billion over three years.
- At the state level, a penny-per-ounce excise tax on SSBs in Mississippi, Louisiana, and West Virginia, the three states with the highest rates of adult obesity, is projected to bring in approximately \$136 million, \$210 million, and \$84 million, respectively, in 2013. Revenues in larger states are significantly higher: \$1 billion in Texas; \$781 million in New York; and \$1 billion in California.

## Why Consider SSB Taxes?

Sugar-sweetened beverages are staples of today's American diet. These beverages are inexpensive, abundant, high in calories, deliver little or no nutrition, and appeal to our taste for sweetness. They are heavily marketed, especially to children, often using celebrities, sports stars, and cartoon characters. More than for any category of food, rigorous scientific studies have shown that consumption of SSBs contributes to poor diet, and risk for obesity, diabetes and a number of other serious health problems.

Chronic diseases related to poor diet cost the United States billions of health care dollars each year—economists estimate the health care costs of obesity alone to be in the range of \$147 to \$190 billion<sup>3,4</sup>—and are complex problems that must be addressed with multifaceted strategies. Taxing certain classes of products to reduce consumption is a proven strategy, as we have seen with tobacco taxes.

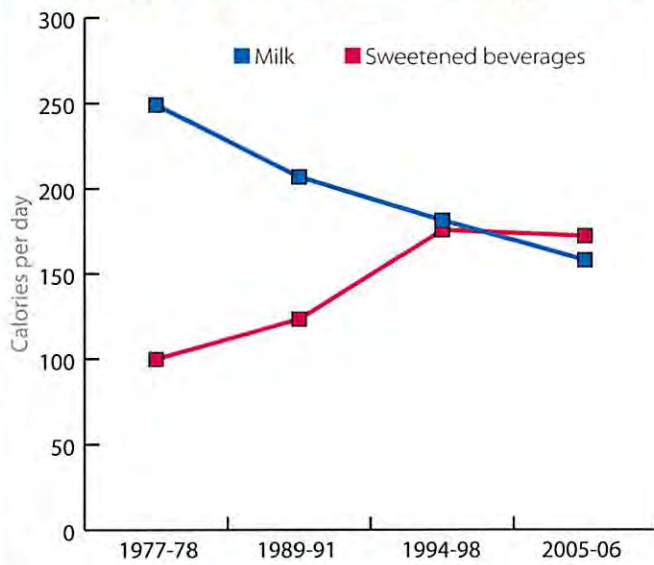
Thirty-four states and Washington, D.C. now have sales taxes on SSBs,<sup>5</sup> but the taxes are too small to affect consumption, in many cases consumers do not know the taxes exist, and revenues are not used for programs to promote good nutrition.<sup>6</sup> Policymakers are turning to larger excise taxes, with revenues dedicated to public health programs, as the next step toward improving the nation's health.

## What Would Taxes Accomplish?

Taxes on SSBs can be conceived with two goals: raising revenue and changing consumption. They can:

- raise considerable funds to be earmarked for nutrition initiatives such as subsidies for healthy foods or programs in schools;
- raise the relative price of unhealthy beverages, thereby discouraging consumption;
- decrease sales of unhealthy beverages, and influence demand for healthier alternatives, which may encourage beverage manufacturers to reformulate their products; and
- convey the message that government and policymakers are concerned about nutrition and the public's health.

## Trends in Calories Consumed from Sweetened beverages and Milk, for Children Ages 2-18<sup>8</sup>



## Issues Concerning SSB Taxes and Results of Scientific Research

### ISSUE: CONSUMPTION

#### Consumption continues to increase

- Since the late 1970s, intake of SSBs among adults ages 19 and older has more than doubled.<sup>8</sup>
- Americans drink about 45 gallons per person, per year,<sup>9</sup> with about one-half of the population drinking SSBs on any given day.<sup>10</sup>
  - Males consume more than females; teens and young adults consume more than other age groups; and low-income people consume more in relation to their overall diet than those with higher incomes.<sup>10</sup>
- A 2010 study found that SSBs (defined as soda, energy and sports drinks, and sweetened water) and fruit drinks combined provided the largest source of daily calories in the diets of US children ages 2-18. Soda alone was the third largest source.<sup>11</sup>
- In the late 1990s the intake of SSBs began surpassing that of milk.<sup>8</sup>
- Sports drinks, energy drinks, and sweetened waters and teas are showing significant growth in the marketplace, while traditional carbonated drinks are losing market share.<sup>12</sup>
- Research suggests that people do not compensate well for the calories they get from liquids by eating less food; hence the large number of calories from beverages is a matter of great concern.<sup>13,14,15,16</sup>
- Sugar-sweetened beverage consumption is highest among groups that are at greatest risk of obesity and type 2 diabetes.<sup>17</sup>

### ISSUE: HEALTH EFFECTS

#### Studies continue to show negative health effects

- Among children:
  - each extra serving of SSBs consumed per day increases their chance of becoming obese by 60%;<sup>18</sup>
  - in an 18-month randomized controlled trial of 4-11 year olds, replacing SSBs with non-caloric beverages significantly reduced weight gain and body fat;<sup>19</sup>
  - in a randomized controlled trial of overweight and obese adolescents, those in the 1-year intervention to dramatically reduce SSB consumption achieved a smaller BMI increase than the control group;<sup>20</sup>
  - greater SSB consumption in childhood or adolescence predicted weight gain into adulthood;<sup>21</sup>
  - consumption of fructose and added sugars (found in SSBs) is associated with a greater risk of cardiovascular disease in adolescents;<sup>22,23</sup> and
  - consumption is associated with higher blood pressure in adolescents,<sup>24</sup> dental caries,<sup>25,26</sup> and inadequate intake of critical nutrients such as calcium, iron, and vitamin A in children's diets.<sup>27,28,29</sup>
- Among adults, consumption of SSBs is associated with:
  - a risk of weight gain and obesity;<sup>30,31,32,33,34</sup>
  - cardiovascular risk,<sup>32,35,36</sup> a significantly higher risk of stroke,<sup>37</sup> high blood pressure;<sup>38,39</sup>
  - type 2 diabetes;<sup>32,33,40,41</sup>
  - dental erosion;<sup>42,43</sup> and
  - a risk of pancreatic cancer.<sup>44,45</sup>
- Many papers showing weak or no associations between consumption and chronic disease are funded by the beverage or sugar industries.<sup>33</sup>

### ISSUE: PRICE

#### Price changes affect consumption

- The demand for SSBs goes down when prices go up. A 10% increase in price is estimated to result in an 8% to 12.6% decrease in consumption.<sup>46,47</sup> The 10% increase in price can be achieved with a penny-per-ounce tax.<sup>46</sup>
- The effects of a price increase could be higher for heavy users of SSBs.<sup>48</sup>
- In a recent intervention, increasing the price of SSBs by 35% resulted in a 26% decrease in sales. Sales decreased by an additional 18% when coupled with an educational campaign about the positive health impact of reducing consumption.<sup>49</sup>
- Experiments show that when healthier foods are less expensive than unhealthy foods, people are more likely to purchase the healthy items.<sup>50,51,52</sup>



## ISSUE: TAXING

**Taxing alcohol and cigarettes has proved to be highly successful in reducing consumption and its consequences, resulting in major public health benefits.<sup>53</sup> Economists also predict significant public health benefits for taxes on SSBs.**

- Based on the best estimates to date, a tax on SSBs has the potential to reduce:
  - consumption,<sup>46,53,54,55</sup> type 2 diabetes,<sup>53,55</sup> and
  - coronary heart events.<sup>55</sup>

- One study estimates that a 24% reduction in consumption from a penny-per-ounce tax could reduce daily per-capita caloric intake by 145-150 calories.<sup>9</sup>
- A 2011 study of the potential impact of SSB taxes in Illinois estimated that a penny-per-ounce excise tax would reduce:
  - the number of obese youth by 9.3%, and obese adults by 5.2%;
  - diabetes incidence by more than 3400 cases;
  - diabetes-related health care costs by \$20.7 million; and
  - obesity-related health care costs by \$150.8 million.<sup>53</sup>

## POLICY RECOMMENDATIONS

### Tax considerations

#### TYPE OF TAX

##### Excise

Note: Taxes should be indexed to inflation to avoid erosion of the impact as prices rise.

#### ADVANTAGES

- Consumers see the increased price at the point of purchase.
- Can be imposed at the bottler, distributor, wholesaler, or importer level, making it easier to collect.
- Does not change if industry reduces prices.
- Will include the syrup used in fountain drinks.
- Generates more stable and predictable revenues.
- Does not encourage the purchase of large containers.

#### DISADVANTAGES

- Industry may absorb the cost of the tax across product lines, making the shelf-price increase insignificant.
- May be difficult to implement on a local level.

##### Sales

Note: In states where groceries are not taxed, or are taxed at a lower rate than other goods, SSBs could be defined as “non-groceries” and taxed just like other consumer goods.

- Rises with inflation.

- Encourages consumers to buy larger containers because the cost per ounce is lower, so the tax per ounce would be lower as well.
- Retailers, especially small ones without computerized cash registers, may be inconvenienced by having to charge taxes on some beverages and not others. This may motivate them to oppose the taxes.

##### Exempting diet beverages from taxes

- May encourage consumers to switch to diet or “light” beverages. This may be beneficial in combating weight gain, although there is inconclusive evidence about the role that artificial sweeteners play in obesity prevention<sup>61</sup> or overall health.

- Generates less revenue.

### PUBLIC HEALTH MESSAGE RECOMMENDATIONS

- Make the public health message explicit to increase public support for a tax: the purpose is to fund nutrition programs and obesity prevention, to reduce consumption of unhealthy products, and to recoup costs for diet-related diseases now covered by public funds.
- Note that the tax is not just directed at overweight or obese people. Poor nutrition affects the health of everyone, overweight or not. In addition, children can develop consumption habits and brand loyalties well in advance of becoming overweight.

## USE OF THE REVENUE \*

It is important to designate all or a portion of the revenue produced by a tax for programs related to health, such as nutrition or obesity prevention, especially for underserved populations.

Such initiatives could include:

- **subsidizing fresh fruits and vegetables** in schools and for SNAP (food stamp) recipients;
- **school-based interventions and policies** such as farm-to-school programs, easy access to clean drinking water, or Safe Routes to School programs;
- **increased access to healthy food in low-income neighborhoods** such as incentives to attract supermarkets;
- **social marketing campaigns** to counteract the marketing strategies used by the beverage industry to advertise SSBs to children;
- **statewide, comprehensive obesity-prevention programs**; and
- **improving the built environment for increased physical activity.**

\*For more suggestions, see “Earmarks Proposed in SSB Tax Legislation” under the “Legislation and Policies” link. [www.yaleruddcenter.org/ssbtax](http://www.yaleruddcenter.org/ssbtax)

## RESOURCES

The Rudd Center for Food Policy and Obesity ([www.yaleruddcenter.org/ssbtax](http://www.yaleruddcenter.org/ssbtax)) resources include:

- a revenue calculator;
- maps of legislation;
- fact sheets;
- a list of all local and state campaigns and education programs; and
- synopses of scientific studies.
- Bridging the Gap conducts research on state-level taxes on snack foods, soda, and other sweetened beverages. [www.bridgingthegapresearch.org/research/sodasack\\_taxes](http://www.bridgingthegapresearch.org/research/sodasack_taxes)
- Kick The Can, sponsored by the California Center for Public Health Advocacy. [www.KickTheCan.info](http://www.KickTheCan.info)
- Life is Sweeter, sponsored by the Center for Science in the Public Interest, with links to materials from the 2012 National Soda Summit. [www.fewersugarydrinks.org](http://www.fewersugarydrinks.org)

## ISSUE: PUBLIC SUPPORT

### Will the public support SSB taxes?

- Taxes are most likely to receive public support when the revenues are designated to promote the health of key groups, such as children and underserved populations.<sup>56,57</sup>
- A 2012 California poll of voters found that 62% supported a state fee on soda and soft drinks that would be used to fund childhood obesity prevention.<sup>58</sup>

- A 2011 Vermont poll showed that 42% of voters would support an SSB tax.
  - Support rose to 77% when the revenue would be used to make health care programs for low- and middle-income children more affordable, or to fund oral health programs for these children.<sup>59</sup>
- A 2010 Mississippi poll found that 34% of voters would support a tax on SSBs; the number rose to 52% when funds would be used for programs to fight childhood obesity.<sup>60</sup>

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# ARGUMENTS FOR AND AGAINST SUGAR-SWEETENED BEVERAGE EXCISE TAXES

## OPPONENTS SAY:

### SSB taxes are regressive.

They will disproportionately hurt the poor and minorities who can least afford it.

### The government should stay out of private behavior.

It should not act like a “nanny” by regulating what people eat or drink.

### People who consume too many SSBs are just making bad personal decisions.

Everyone else shouldn’t have to bear the burden of these decisions.

### Taxes aren’t necessary because industry is part of the solution, not the problem.

### It’s wrong to blame SSBs for obesity because sales of regular soft drinks have decreased but obesity rates are still rising.

**SSB taxes can’t be compared to cigarette and alcohol taxes.** The use of tobacco and alcohol can have adverse consequences (called “negative externalities”) for non-users, such as second-hand smoke and drunk-driving accidents. This is not true for SSB consumption.

## PROPONENTS SAY:

- Obesity is a regressive disease that disproportionately hurts poor and minority populations.
- SSB excise taxes have the potential to be most beneficial to low-income people who:
  - may currently consume more SSBs;
  - may be more sensitive to higher prices and therefore may benefit most from reducing consumption; and
  - may have access to new programs that would be funded by SSB tax revenues.
- SSBs are not a necessary part of the diet and deliver many calories with little or no nutrition.
- Water is readily available as a no-cost alternative.
- SSB taxes would reduce health inequities.

- Americans expect the government to exercise its role as a protector of public health when there are crises affecting the nation. Major government interventions have significantly improved the nation’s health. Examples include tobacco taxes, mandatory airbags and seat belts, fluoridated water, and vaccinations.
- Obesity is also a national health crisis. It shortens the lives of its citizens, costs the country billions in health care and lost productivity, and is even undermining military recruitment.

- Consumers, especially young ones, may not know the risks involved in overconsumption of SSBs or calories.
  - For example, most people cannot estimate the number of calories they consume when they eat out. Even experienced nutritionists underestimate the numbers.
- The industry undermines people’s ability to resist overconsuming SSBs by:
  - spending millions every year (\$948m in 2010<sup>62</sup>) to advertise them, especially to children;
  - lowering the price per ounce as the size increases; and
  - making them widely available.

- The purpose of a corporation is to make money for its shareholders. The industry must try to sell as much of its product as possible, and cannot, at the same time, help its customers reduce their consumption of SSBs. Taxes can do that.
- Beverage companies claim to be part of the solution by funding community and school initiatives for obesity prevention. If the industry were serious about being part of the solution, it would grant these funds *anonymously*, rather than using donations as another marketing opportunity.
- The best role the beverage industry could play is to reduce the amount of sugar in SSBs, stop marketing them relentlessly (especially to children), and focus instead on promoting low- and no-calorie options.
- Sales of traditional carbonated sodas may be down, but sales of sports drinks, energy drinks, sweetened waters, and teas have increased; hence the recommendation that all SSBs be taxed.

- Just like tobacco and alcohol, consumption of SSBs has consequences that affect everyone, even those who don’t consume them. For example, half the nation’s estimated \$147-190 billion in obesity-related medical expenditures are paid for by taxpayers, through Medicaid and Medicare. In addition, consumption of these beverages is contributing to health inequities.

## ENDNOTES

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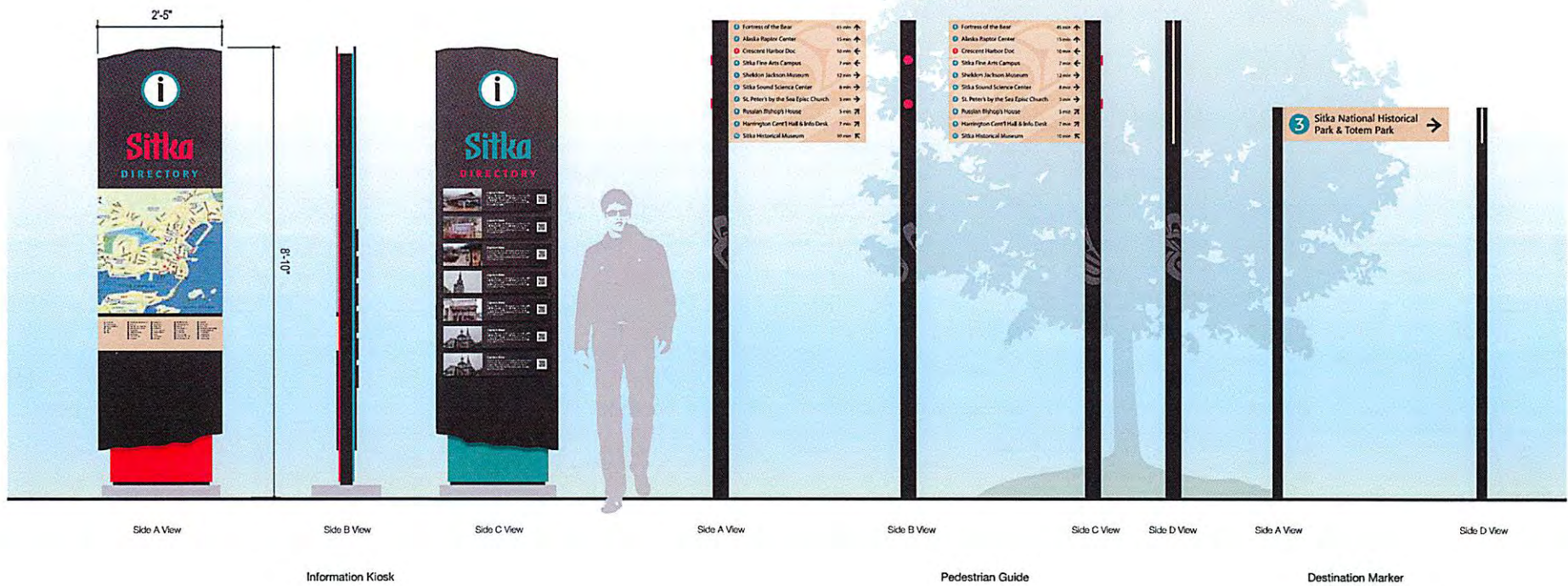


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# Special Report

Rachel Roy: Wayfinding Status Report





Side A View

Side B View

Side C View

Side A View

Side B View

Side C View

Side D View

Side A View

Side D View

Information Kiosk

Pedestrian Guide

Destination Marker

## Placemaking

This is the process of creating attractive streetscapes, gateways, squares, precincts, parks, public art, and trails that will attract people because they are pleasurable, enticing or interesting. The brand planning process revealed several areas in which the attractiveness of Sitka can be improved for both residents and visitors. These include:

- Support the introduction of more public art in Sitka, particularly where it supports the themes of the brand.
- Encourage the development of a compact pedestrian precinct that can function as a gathering place. This should feature restaurants with outdoor seating, coffee shops, specialty retail and entertainment that will be a gathering place for residents and generate a sense of night activity.

**Pedestrian Signage and Wayfinding:** Signage systems serve vital roles. They inform, guide, and motivate travelers. They are also important in shaping the identity of a place through their style, design, colors, lettering, content and placement. Good signage can contribute significantly toward the satisfaction of visitors. The current wayfinding program will contribute significantly to the presentation of Sitka. Signs play an important role in encouraging people to spend money by effectively guiding them to desired locations.

**Interpretation:** This practice is aimed at explaining to visitors the significance of an object, a culture or a place – thereby possibly creating an attraction. Three objectives of interpretation are to enhance visitor experiences, to improve visitor knowledge or understanding, and to assist in the protection or conservation of places or cultural resources. It is most commonly used to refer to activities such as guided tours or walks and educational presentations, and to signs, mobile apps, guidebooks and brochures. Interpretation is very common in historic sites, museums, galleries, zoos, and natural areas of significance, as well as in telling the stories of communities. At its best it involves talented storytelling and content that visitors will find memorable, stimulating and worth telling to others.

Encourage thematic interpretation throughout the region, especially for sites of significant natural flora and fauna, settlement and fishing heritage. The signage and information systems used should be uniform throughout the region.

# Sitka Community Hospital Update

Rob Allen



 **SITKA COMMUNITY HOSPITAL**  
Creating a healthier tomorrow today.



# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: 16-206      Version: 1      Name:  
Type: Item      Status: AGENDA READY  
File created: 12/1/2016      In control: City and Borough Assembly  
On agenda: 12/13/2016      Final action:  
Title: Approve the minutes of the November 22 Assembly meeting  
Sponsors:  
Indexes:  
Code sections:  
Attachments: [Consent and Minutes.pdf](#)

Date	Ver.	Action By	Action	Result
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# **CONSENT AGENDA**

## **POSSIBLE MOTION**

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**I MOVE TO APPROVE THE CONSENT AGENDA  
CONSISTING OF ITEMS A, B & C**

**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  
November 22<sup>nd</sup> Assembly meeting.





# 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*

*Municipal Administrator: Mark Gorman  
Municipal Attorney: Brian Hanson  
Municipal Clerk: Sara Peterson*

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Tuesday, November 22, 2016

6:00 PM

Assembly Chambers

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#### JOINT WORKSESSION with GPIP BOARD 5:00 PM

#### REGULAR MEETING

#### I. CALL TO ORDER

#### II. FLAG SALUTE

#### III. ROLL CALL

**Present:** 6 - Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

**Absent:** 1 - Swanson

#### IV. CORRESPONDENCE/AGENDA CHANGES

Mayor Hunter announced item H had been pulled from the agenda and would be discussed at the December 13th Assembly meeting.

**16-204** 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 (time limits apply)

Sitka Tribe of Alaska Council Chairman, Mike Baines, reported on the Tribal Council election, upcoming Children's Christmas Party, and announced the Tribe was moving forward with a Needs Assessment of Tribal citizens in early 2017.

Dr. Tom Conley of the Sitka School Board shared information regarding the budget process and the District's needs.

**16-198**

Special Reports: 1) Representative Jonathan Kreiss-Tomkins: The New Bipartisan House Majority, 2) Rachel Roy: Visitor Services Contract Annual Report, 3) Jay Sweeney: Bond Basics/Blue Lake Bond Proceeds

Representative Jonathan Kreiss-Tomkins spoke to the shift of power in the Alaska House of Representatives. He expected to see different ideas, legislation and budgeting priorities. He noted a priority of his was to loosen some of the statutory limits that municipalities face with regards to raising revenue or otherwise govern (e.g. property tax exemptions, homestead exemption). Representative Kreiss-Tomkins concluded by speaking to his membership on the State Affairs Committee.

Rachel Roy, Executive Director of the Chamber of Commerce, provided a recap of visitor services in the last year. Roy spoke to projected visitor numbers for 2017, reviewed marketing strategies, website stats, and provided an update on the Sitka Branding and Wayfinding Project.

Jay Sweeney, Chief Finance and Administrative Officer, supplied basic bond information, an overview of Sitka's electric revenue bonds and answered the Assembly's specific question, "Can the remaining bond proceeds from the final 2014 electric revenue bond issuance be returned so Sitka does not have to pay interest on the unused proceeds?". Sweeney explained the answer was no. He stated Sitka could use unspent proceeds of the 2014 bond to repay its loan obligation to the Alaska Municipal Bond Bank Authority (AMBBA) only in accordance with the early payment rules imposed by the AMBBA. In short, Sitka could redeem a portion of its bond to the AMBBA early but it would still need to pay all interest on the amount being redeemed up to the maturity date or call date.

**VII. PERSONS TO BE HEARD**

None.

**VIII. REPORTS**

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

Mayor - Hunter thanked Assembly and staff for participating in the recent Assembly Visioning Session. He reminded a joint worksession with the Sitka Community Hospital Board was scheduled for November 28th at 6pm.

Administrator - Gorman shared a grant for phase 6 of the Sitka Cross Trail Multimodal Pathway had been received, reported he had met with Sitka Sound Science Center staff to discuss an early warning system for landslides, announced the final geotechnical report for the Gary Paxton Industrial Park had been received, told of increased communication efforts with the public on the electric utility, and thanked Planning Department staff for their efforts in securing a \$50,000 grant from Smart Growth America to receive hands-on assistance from national experts on Sustainable Land Use Code Audit.

Attorney - Hanson reported his time spent at the Alaska Municipal League Conference was valuable. He noted a majority of his time was being spent on landslide litigation, lease contracts, ordinances and other municipal issues.

Liaison - Potrzuski reported on his attendance at the Alaska Conference of Mayors and Alaska Municipal League Conference. He noted the Lions Club hoped to start a new chapter in Sitka. Eisenbeisz stated Sitka Community Hospital financials had been distributed by the Clerk, and Hunter reminded there was a Police and Fire Commission meeting on November 29th. One of the topics to be discussed was fireworks.

Clerk - Peterson read a list of board/commission/committee vacancies.

Other - Knox also found the Alaska Municipal League Conference to be valuable. He congratulated Baranof Barracudas Swim Club members, Whitney McArthur, Skylar Moore, Jessica Davis and Kyleigh McArthur for breaking the Alaska Swimming 400 medley relay race record for girls age 15-16.

## IX. CONSENT AGENDA

- A 16-199** Approve the minutes of the November 8 Assembly meeting

**A motion was made by Guevin that the Consent Agenda consisting of item A be APPROVED. The motion PASSED by a unanimous voice vote.**

## X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS

- B 16-203** Reappoint: 1) Joe D'Arienzo and Lisa Moore to terms on the Tree and Landscape Committee, 2) Michael Reif to a term on the Investment Committee, and Appoint: 1) Anthony Treas to a term on the Health Needs and Human Services Commission, and, 2) Cynthia Pickering Christianson to a term on the Parks and Recreation Committee

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

**Yes:** 6 - Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

**Absent:** 1 - Swanson

## XI. UNFINISHED BUSINESS:

- C 16-190** Transfer \$440,862 from the FY16 General Fund balance to the Public Infrastructure Sinking Fund (*postponed from October 25 meeting*)

Guevin shared he was not in support of making a transfer to the Public Infrastructure Sinking Fund at this time. He wished to have these monies available in the event more funding was needed for landslide legal fees.

**A motion was made by Bean that this Item be APPROVED. The motion FAILED by the following vote.**

**No:** 6 - Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

**Absent:** 1 - Swanson

Knox also expressed a desire to leave this money in the General Fund for the time being.

**A motion was made by Potrzuski to transfer zero dollars of the FY16 General Fund balance to the Public Infrastructure Sinking Fund. The motion PASSED by the following vote.**

**Yes:** 6 - Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

**Absent:** 1 - Swanson

## **XII. NEW BUSINESS:**

- D 16-200** Approve a retail marijuana store license for Northern Lights Indoor Gardens, LLC at 1321 Sawmill Creek Road Suite O & P
- Municipal Attorney Brian Hanson recused himself from providing legal advice on this item. While in private practice, he had assisted the applicants in forming their operating agreement.
- Potrzuski and Hunter stated the conditional use permit for retail sales had been approved by the Planning Commission and thoroughly vetted by the State.
- A motion was made by Knox that this Item be APPROVED. The motion PASSED by the following vote.**
- Yes:** 6 - Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean
- Absent:** 1 - Swanson
- E ORD 16-43** Authorizing the lease of 27,893 square feet of ATS 979 tidelands adjacent 4401 Halibut Point Road (first reading)
- Knox stated he had been in attendance at a Planning Commission meeting when this item and had been discussed and relayed the Commission was supportive of the application.
- Eisenbeisz asked the Municipal Attorney to explain Section 2.2 "Cost of Living Adjustment to Lease Rate" in which the tenant was required to make such adjustments on its own each year. Eisenbeisz wondered of enforcement. Hanson noted it was an acceptable contractual provision, and if the tenant did not make the adjustment, legal action could be taken. Gorman shared that staff was working on the creation of a database to manage leases more efficiently.
- A motion was made by Potrzuski that this Ordinance be APPROVED on FIRST READING. The motion PASSED by the following vote.**
- Yes:** 6 - Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean
- Absent:** 1 - Swanson
- F RES 16-24** Submitting City and Borough of Sitka FY 2018 State Legislative Priorities to State of Alaska and 2017 Legislature (first and final reading)
- Guevin didn't wish to see any changes made to the presented document. He did,

however, urge the Assembly to think about two items for consideration in the future advocating for some changes at the State level: 1) an increase in the homestead exemption and 2) the equitable rate requirement. Hunter shared a discussion he had with Senator Stedman. The Senator had encouraged the Assembly to include the Katlian Bay Road project, a State project, in the FY18 Legislative Priorities. Consensus of the Assembly was to not include it at this time given there was designated funding for the project.

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

**Yes:** 6 - Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

**Absent:** 1 - Swanson

**G ORD 16-42**

Adjusting the FY17 Budget (Sitka Community Hospital, GPIP Multi-Purpose Dock Project, Homeland Security/Fire Department first reading)

Eisenbeisz noted the contingency money for the Gary Paxton Industrial Park (GPIP) multi-purpose dock was slated to come from the GPIP Working Capital (\$125,000) and the Bulk Water Fund (\$125,000) which was a good balance if the contingency was needed.

Regarding the Hospital Support, Administrator Gorman noted the request for \$109,429 was an FY16 appropriation to be funded out of FY17. The final completion of the two capital projects did not occur until after the end of FY16.

Bean stated he had issues with how the GPIP multi-purpose dock was bid.

Garry White, Director of the Gary Paxton Industrial Park, reminded grant funds would not be used for the dock contingency. He noted the contingency funding was important to keep the project moving forward in the event there were issues. Bean reiterated he was concerned with how the project was bid, the legality of it, and was unaware the Municipal Administrator had the authority to approve the project.

**A motion was made by Bean to AMEND Ordinance 2016-42 by striking the verbiage for \$250,000 in contingency funding for the Gary Paxton Industrial Park multi-purpose dock. The motion to AMEND FAILED by the following vote.**

**Yes:** 1 - Bean

**No:** 5 - Eisenbeisz, Guevin, Potrzuski, Hunter, and Knox

**Absent:** 1 - Swanson

**A motion was made by Knox to DIVIDE THE QUESTION and address the three parts of Ordinance 2016-42 individually. The motion PASSED by the following vote.**

**Yes:** 6 - Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

**Absent:** 1 - Swanson

Chief Finance and Administrative Officer, Jay Sweeney, verified there had been no prior supplemental appropriations for Sitka Community Hospital for FY17. He reminded that all appropriations lapse at the end of the fiscal year with the exception of appropriations

for portions of the capital plan and encumbered funds. When an appropriation lapsed it went back into the General Fund balance which was what occurred in this case and why a new appropriation was needed.

**A motion was made by Potrzuski to APPROVE the "General Fund: Hospital Support" portion of Ordinance 2016-42. The motion PASSED by the following vote.**

**Yes:** 6 - Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

**Absent:** 1 - Swanson

Guevin shared this appropriation was one he had struggled with. He wished to learn more about the targeted market of the dock, revenue projections and insurance costs. Gorman noted the project could still move forward without approval of the contingency money but certain aspects of the dock may need to be scaled back.

**A motion was made by Knox to APPROVE the "Capital Projects: GPIIP Multi-Purpose Dock Project" portion of Ordinance 2016-42. The motion PASSED by the following vote.**

**Yes:** 5 - Eisenbeisz, Guevin, Potrzuski, Hunter, and Knox

**No:** 1 - Bean

**Absent:** 1 - Swanson

**A motion was made by Potrzuski to APPROVE the "Special Revenue Funds: SHSP Project" portion of Ordinance 2016-42. The motion PASSED by the following vote.**

**Yes:** 6 - Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

**Absent:** 1 - Swanson

**H 16-201** ~~Discussion/Direction/Decision on the recruitment process for Municipal Administrator~~ PULLED

This item was PULLED from the agenda. It was noted this item would be discussed at the December 13th Assembly meeting.

**I 16-202** Discussion/Direction from the November 19 Assembly Visioning Session

Assembly members expressed opinions on subsidizing the electric fund, service reductions, revenue generating options, and the use of reserves. General direction provided to the Municipal Administrator was: 1 million in cuts to General Fund services, 1 million in an electric utility subsidy yet to be determined, and to balance out the remainder in revenue/reserves.

**XIII. PERSONS TO BE HEARD:**

Alene Henning spoke to the concern of the cell phone law not being enforced.

Rachel Roy reminded citizens of tax free days on November 25 & 26 and urged folks to shop local.

Robert Haddle, a citizen of Sitka for 7 years, had recently been out of town for work related reasons and expressed his joy at returning to Sitka; a wonderful place to live.

**XIV. EXECUTIVE SESSION**

None.

**XV. ADJOURNMENT**

A motion was made by Potrzuski to ADJOURN. Hearing no objections, the meeting ADJOURNED at 8:42pm.

ATTEST: \_\_\_\_\_

**Sara Peterson, CMC**  
**Municipal Clerk**



# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: 16-210      Version: 1      Name:

Type: Item      Status: AGENDA READY

File created: 12/1/2016      In control: City and Borough Assembly

On agenda: 12/13/2016      Final action:

Title: Approve liquor license renewal applications for: 1) Ernie's Bar and 2) Pizza Express

Sponsors:

Indexes:

Code sections:

Attachments: [Liquor License Renewals.pdf](#)

Date	Ver.	Action By	Action	Result
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If this item is pulled from the consent agenda the following motion would be in order:

### POSSIBLE MOTION

**I MOVE TO** approve liquor license renewal applications for Ernie's Bar and Pizza Express and forward these to the Alcoholic Beverage Control Board without objection.



City & Borough of Sitka  
**Municipal Clerk's Office**  
100 Lincoln Street, Sitka AK 99835  
Telephone: 907-747-1811 Fax: 907-747-4004



## Memorandum

To: Mayor Hunter and Assembly Members  
From: Sara Peterson, Municipal Clerk  
Date: December 1, 2016  
Subject: Liquor License Renewals

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This office has received notification of the following liquor license renewal applications:

License #: 373  
DBA: Ernie's Bar  
License Type: Beverage Dispensary  
Licensee: Ernie's Bar Inc.  
Premises Address: 130 Lincoln Street

License #: 5204  
DBA: Pizza Express  
License Type: Restaurant or Eating Place  
Licensee: Hector Barragan  
Premises Address: 1321 Sawmill Creek Road, Suite H & I

A memo was circulated to the various departments who may have a reason to protest. No departmental objections were received.

**Recommendation: Approve the liquor license renewal applications for 1) Ernie's Bar Inc. dba Ernie's Bar, and, 2) Hector Barragan dba Pizza Express and forward these approvals to the Alcoholic Beverage Control Board without objection.**



City & Borough of Sitka  
**Municipal Clerk's Office**  
100 Lincoln Street, Sitka AK 99835  
Telephone: 907-747-1811 Fax: 907-747-4004



## Memorandum

To: Utility Billing Clerk – Diana  
Collections - Leisha  
Municipal Billings – Lindsey  
Sales Tax/Property Tax - Hannah

Fire Department  
Police Department  
Building Official(s)

From: Sara Peterson, Municipal Clerk

Date: November 23, 2016

Subject: Liquor License Renewal Application

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Our office has received notification of the following liquor license renewal application for:

Lic #: 373  
DBA: Ernie's Bar  
License Type: Beverage Dispensary  
Licensee: Ernie's Bar Inc.  
Premises Address: 130 Lincoln Street

Please notify **no later than noon on Tuesday, December 6th** of any reason to protest this renewal request.

Thank you.



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

**Department of Commerce, Community,  
and Economic Development**

ALCOHOL & MARIJUANA CONTROL OFFICE  
550 West 7<sup>th</sup> Avenue, Suite 1600  
Anchorage, AK 99501  
Main: 907.269.0350

November 23, 2016

City and Borough of Sitka

Attn: Sara Peterson, Municipal Clerk

Via Email: [sara.peterson@cityofsitka.org](mailto:sara.peterson@cityofsitka.org)

[melissa.henshaw@cityofsitka.org](mailto:melissa.henshaw@cityofsitka.org)

**Re: Notice of 2017/2018 Liquor License Renewal Application**

<b>License Type:</b>	Beverage Dispensary	<b>License Number:</b>	373
<b>Licensee:</b>	Ernie's Bard, Inc.		
<b>Doing Business As:</b>	Ernie's Bar		

We have received a completed renewal application for the above listed license (see attached application documents) within your jurisdiction. This is the notice required under AS 04.11.480.

A local governing body may protest the approval of an application(s) pursuant to AS 04.11.480 by furnishing the director **and** the applicant with a clear and concise written statement of reasons for the protest within 60 days of receipt of this notice, and by allowing the applicant a reasonable opportunity to defend the application before a meeting of the local governing body, as required by 3 AAC 304.145(d). If a protest is filed, the board will deny the application unless the board finds that the protest is arbitrary, capricious, and unreasonable.

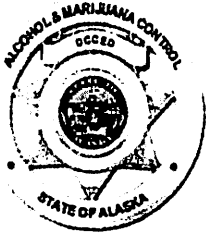
To protest the application referenced above, please submit your written protest within 60 days, and show proof of service upon the applicant and proof that the applicant has had a reasonable opportunity to defend the application before a meeting of the local governing body.

Sincerely,

A handwritten signature in black ink, appearing to read "Cynthia Franklin".

Cynthia Franklin, Director

[amco.localgovernmentonly@alaska.gov](mailto:amco.localgovernmentonly@alaska.gov)



Alaska Alcoholic Beverage Control Board  
**Form AB-17: Renewal License Application**

**What is this form?**

This renewal license application form is required for all individuals or entities seeking to apply for renewal of an existing liquor license that will expire on December 31, 2016. All fields of this form must be complete and correct, or the application will be returned to you in the manner in which it was received, per AS 04.11.270 and 3 AAC 304.105. The Community Council field only needs to be verified/completed by licensees whose establishments are located within the Municipality of Anchorage or outside of city limits within the Matanuska-Susitna Borough.

This form must be completed correctly and submitted to the Alcohol & Marijuana Control Office (AMCO)'s main office, along with all other required documents and fees, before any renewal license application will be considered complete.

**Section 1 – Establishment and Contact Information**

Enter information for the business seeking to have its license renewed.

Licensee:	Ernie's Bar Inc	License #:	373
License Type:	Beverage Dispensary	Statute:	AS 04.11.090
Doing Business As:	Ernie's Bar		
Premises Address:	130 Lincoln Street		
Local Governing Body:	City & Borough of Sitka		
Community Council:	None		

Mailing Address:	PO Box 772		
City:	SITKA	State:	ALASKA
		ZIP:	99835

Enter information for the licensee who will be designated as the primary point of contact regarding this application and the license.

Designated Licensee:	Stanley J. Miller		
Contact Phone:	907.747.8815	Business Phone:	907.747.6810
Contact Email:	N/A -		

Seasonal License?    Yes     No     If "Yes", write your six-month operating period: \_\_\_\_\_



## Alaska Alcoholic Beverage Control Board Form AB-17: Renewal License Application

### Section 2 – Sole Proprietor Ownership Information

This section must be completed by any sole proprietor who is applying for a license. Entities should skip to Section 3.  
If more space is needed, please attach a separate sheet with the required information.  
The following information must be completed for each licensee and each affiliate (spouse).

This individual is an:  applicant  affiliate

Name:					
Address:					
City:		State:		ZIP:	
Email:					
Contact Phone:					

This individual is an:  applicant  affiliate

Name:					
Address:					
City:		State:		ZIP:	
Email:					
Contact Phone:					

### Section 3 – Entity Ownership Information

This subsection must be completed by any licensee that is a corporation or LLC. Corporations and LLCs are required to be in good standing with the Alaska Division of Corporations (DOC). Partnerships may skip to Page 3. Sole proprietors should skip to Section 4.

Alaska DOC Entity #:	44680 D
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Alaska Division of Corporations:

Yes  No

Is your entity in good standing with the Alaska Division of Corporations?



Alaska Alcoholic Beverage Control Board

## Form AB-17: Renewal License Application

This subsection must be completed by any entity, including a corporation, limited liability company (LLC), partnership, or limited partnership, that is applying for renewal. If more space is needed, please attach additional completed copies of this page.

- If the applicant is a corporation, the following information must be completed for each *stockholder who owns 10% or more* of the stock in the corporation, and for each *president, vice-president, secretary, and managing officer*.
- If the applicant is a limited liability organization, the following information must be completed for each *member with an ownership interest of 10% or more*, and for each *manager*.
- If the applicant is a partnership, including a limited partnership, the following information must be completed for each *partner with an interest of 10% or more*, and for each *general partner*.

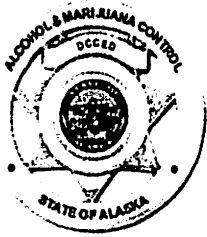
Entity Official:	STANLEY O. FULLER				
Title(s):	PRESIDENT	Phone:	907 717 2687	% Owned:	100%
Address:	PO BOX 777 130 LINCOLN STREET				
City:	SITKA	State:	ALASKA	ZIP:	99835

Entity Official:					
Title(s):		Phone:		% Owned:	
Address:					
City:		State:		ZIP:	

Entity Official:					
Title(s):		Phone:		% Owned:	
Address:					
City:		State:		ZIP:	

Entity Official:					
Title(s):		Phone:		% Owned:	
Address:					
City:		State:		ZIP:	

Entity Official:					
Title(s):		Phone:		% Owned:	
Address:					
City:		State:		ZIP:	



Alaska Alcoholic Beverage Control Board

**Form AB-17: Renewal License Application**

**Section 4 – Authorization**

Communication with AMCO staff:

Yes No

Does any person other than a licensee named in this application have authority to discuss this license with AMCO staff?

If "Yes", disclose the name of the individual and the reason for this authorization:

[Empty text box for disclosure]

**Section 5 – License Operation**

Check the box that best describes your liquor license operations in calendar years 2015 and 2016:

The license was regularly operated continuously throughout each year, for 8 or more hours each day.

The license was regularly operated during a specific season each year, for 8 or more hours each day.

The license was only operated to meet the minimum requirement of 30 days each year, 8 hours each day. If this box is checked, an AMCO employee will contact you after reviewing your application.

The license was not operated at all or was not operated for at least the minimum requirement of 30 days each year, 8 hours each day, during one or both of the calendar years.

If this box is checked, an AMCO employee will contact you after reviewing your application.

**Section 6 – Convictions**

Applicant convictions in calendar years 2015 and 2016:

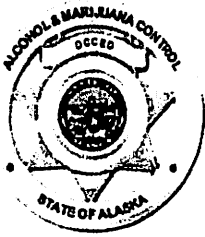
Yes No

Has any person named in this application been convicted of a violation of Title 04, of 3 AAC 304, or a local ordinance adopted under AS 04.21.010 in the calendar years 2015 or 2016?

If "Yes", list all convictions:

[Empty text box for listing convictions]





Alaska Alcoholic Beverage Control Board  
**Form AB-17: Renewal License Application**

**Section 7 – Certifications**

Read each line below, and then sign your initials in the box to the right of each statement:

Initials

I certify that all current licensees (as defined in AS 04.11.260) and affiliates have been listed on this application, and if the licensee is an organized entity, that all current entity officials and stakeholders are listed with the Alaska Division of Corporations.

SF

I certify on behalf of myself or of the organized entity that I understand that providing a false statement on this form or any other form provided by AMCO is grounds for rejection or denial of this application or revocation of any license issued.

SF

I certify that in accordance with AS 04.11.450, no one other than the licensee(s) has a direct or indirect financial interest in the licensed business.

SF

I certify that I have not altered the functional floor plan or reduced or expanded the area of the licensed premises, and I have not changed the business name or the ownership (including officers or stakeholders) from what is currently on file with the Alcoholic Beverage Control Board.

SI

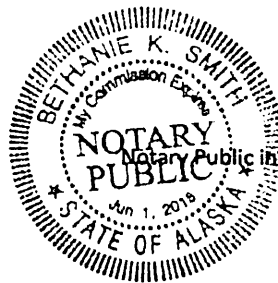
I certify that I have not violated any restrictions pertaining to this particular license type, and that this license has not been operated in violation of a condition or restriction imposed by the Alcoholic Beverage Control Board.

SF

As an applicant for a liquor license renewal, I declare under penalty of perjury that I have read and am familiar with AS 04 and 3 AAC 304, and that this application, including all accompanying schedules and statements, is true, correct, and complete. I agree to provide all information required by the Alcoholic Beverage Control Board in support of this application and understand that failure to do so by any deadline given to me by AMCO staff will result in this application being returned to me as incomplete.

[Signature]  
 Signature of licensee

Stanley J. Filler  
 Printed name of licensee



[Signature]  
 Signature of Notary Public

Notary Public in and for the State of Alaska

My commission expires: June 2018

Subscribed and sworn to before me this 15<sup>th</sup> day of Nov, 2016.

License Fee:	\$ 2500.00	Filing Fee:	\$ 200.00	TOTAL:	\$ 2700.00
Late Fee of \$500.00 – if received or postmarked after 01/03/2017:					
Miscellaneous Fees:					
GRAND TOTAL (if different than TOTAL):					



City & Borough of Sitka  
**Municipal Clerk's Office**

100 Lincoln Street, Sitka AK 99835  
Telephone: 907-747-1811 Fax: 907-747-4004



## Memorandum

To: Utility Billing Clerk – Diana  
Collections - Leisha  
Municipal Billings – Lindsey  
Sales Tax/Property Tax - Hannah

Fire Department  
Police Department  
Building Official(s)

From: Sara Peterson, Municipal Clerk

Date: December 1, 2016

Subject: Liquor License Renewal Application – Pizza Express

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Our office has received notification of the following liquor license renewal application for:

Lic #: 5204  
DBA: Pizza Express  
License Type: Restaurant or Eating Place  
Licensee: Hector Barragan  
Premises Address: 1321 Sawmill Creek Road, Suite H & I

Please notify **no later than noon on Tuesday, December 6th** of any reason to protest this renewal request.

Thank you.



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

**Department of Commerce, Community,  
and Economic Development**

ALCOHOL & MARIJUANA CONTROL OFFICE  
550 West 7<sup>th</sup> Avenue, Suite 1600  
Anchorage, AK 99501  
Main: 907.269.0350

December 01, 2016

City and Borough of Sitka  
Attn: Sara Peterson, Municipal Clerk  
Via Email: [sara.peterson@cityofsitka.org](mailto:sara.peterson@cityofsitka.org)  
[melissa.henshaw@cityofsitka.org](mailto:melissa.henshaw@cityofsitka.org)

**Re: Notice of 2017/2018 Liquor License Renewal Application**

<b>License Type:</b>	Restaurant or Eating Place	<b>License Number:</b>	5204
<b>Licensee:</b>	Hector Barragan		
<b>Doing Business As:</b>	Pizza Express		

We have received a completed renewal application for the above listed license (see attached application documents) within your jurisdiction. This is the notice required under AS 04.11.480.

A local governing body may protest the approval of an application(s) pursuant to AS 04.11.480 by furnishing the director **and** the applicant with a clear and concise written statement of reasons for the protest within 60 days of receipt of this notice, and by allowing the applicant a reasonable opportunity to defend the application before a meeting of the local governing body, as required by 3 AAC 304.145(d). If a protest is filed, the board will deny the application unless the board finds that the protest is arbitrary, capricious, and unreasonable.

To protest the application referenced above, please submit your written protest within 60 days, and show proof of service upon the applicant and proof that the applicant has had a reasonable opportunity to defend the application before a meeting of the local governing body.

Sincerely,

A handwritten signature in blue ink, appearing to read "C. Franklin".

Cynthia Franklin, Director  
[amco.localgovernmentonly@alaska.gov](mailto:amco.localgovernmentonly@alaska.gov)



Alcohol and Marijuana Control Office  
 550 W 7<sup>th</sup> Avenue, Suite 1600  
 Anchorage, AK 99501  
[alcohol.licensing@alaska.gov](mailto:alcohol.licensing@alaska.gov)  
<https://www.commerce.alaska.gov/web/amco>  
 Phone: 907.269.0350

**Alaska Alcoholic Beverage Control Board**  
**Renewal License Application**  
**Form AB-17a: Restaurant / Eating Place**

**What is this form?**

This renewal license application form is required for all individuals or entities seeking to apply for renewal of an existing restaurant / eating place license that will expire on December 31, 2016. All fields of this form must be complete and correct, or the application will be returned to you in the manner in which it was received, per AS 04.11.270 and 3 AAC 304.105. The Community Council field only needs to be verified/completed by licensees whose establishments are located within the Municipality of Anchorage or outside of city limits within the Matanuska-Susitna Borough.

This form must be completed correctly and submitted to the Alcohol & Marijuana Control Office (AMCO)'s main office, along with all other required documents and fees, before any renewal license application will be considered complete.

**Section 1 – Establishment and Contact Information**

Enter information for the business seeking to have its license renewed.

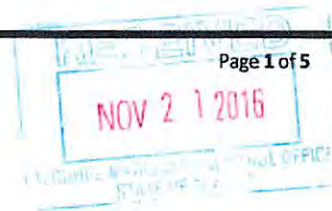
Licensee:	Hector Barragan	License #:	5204
License Type:	Restaurant/Eating Place	Statute:	AS 04.11.100
Doing Business As:	Pizza Express		
Premises Address:	1321 Sawmill Creek Road, Suite H & I		
Local Governing Body:	City & Borough of Sitka		
Community Council:	None		

Mailing Address:	1321 Sawmill Creek Rd Suite I			
City:	SITKA	State:	AK	ZIP: 99835

Enter information for the licensee who will be designated as the primary point of contact regarding this application and the license.

Designated Licensee:	Hector Barragan		
Contact Phone:	907-738-2030	Business Phone:	907-966-2966
Contact Email:	hbarragan@acs.alaska.net		

Seasonal License?  Yes  No  
 If "Yes", write your six-month operating period: \_\_\_\_\_





Alcohol and Marijuana Control Office  
 550 W 7<sup>th</sup> Avenue, Suite 1600  
 Anchorage, AK 99501  
[alcohol.licensing@alaska.gov](mailto:alcohol.licensing@alaska.gov)  
<https://www.commerce.alaska.gov/web/amco>  
 Phone: 907.269.0350

**Alaska Alcoholic Beverage Control Board**  
**Renewal License Application**  
**Form AB-17a: Restaurant / Eating Place**

**Section 2 – Sole Proprietor Ownership Information**

This section must be completed by any sole proprietor who is applying for a license. Entities should skip to Section 3.  
 If more space is needed, please attach a separate sheet with the required information.  
 The following information must be completed for each licensee and each affiliate (spouse).

This individual is an:  applicant  affiliate

Name:	Hector Burragan			
Address:	1321 Sawmill Creek Rd. Suite I			
City:	Sitka	State:	AK	ZIP: 99835
Email:	hbarragan@acs.alaska.net			
Contact Phone:	907-738-2030			

This individual is an:  applicant  affiliate

Name:				
Address:				
City:		State:		ZIP:
Email:				
Contact Phone:				

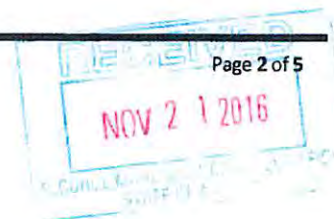
**Section 3 – Entity Ownership Information**

This subsection must be completed by any licensee that is a corporation or LLC. Corporations and LLCs are required to be in good standing with the Alaska Division of Corporations (DOC). Partnerships may skip to Page 3. Sole proprietors should skip to Section 4.

Alaska DOC Entity #:	
----------------------	--

Alaska Division of Corporations: Yes No

Is your entity in good standing with the Alaska Division of Corporations?





**Alaska Alcoholic Beverage Control Board**  
**Renewal License Application**  
**Form AB-17a: Restaurant / Eating Place**

This subsection must be completed by any entity, including a corporation, limited liability company (LLC), partnership, or limited partnership, that is applying for renewal. If more space is needed, please attach additional completed copies of this page.

- If the applicant is a **corporation**, the following information must be completed for each *stockholder who owns 10% or more* of the stock in the corporation, and for each *president, vice-president, secretary, and managing officer*.
- If the applicant is a **limited liability organization**, the following information must be completed for each *member with an ownership interest of 10% or more*, and for each *manager*.
- If the applicant is a **partnership**, including a **limited partnership**, the following information must be completed for each *partner with an interest of 10% or more*, and for each *general partner*.

Entity Official:				
Title(s):	Phone:	% Owned:		
Address:				
City:	State:	ZIP:		

Entity Official:				
Title(s):	Phone:	% Owned:		
Address:				
City:	State:	ZIP:		

Entity Official:				
Title(s):	Phone:	% Owned:		
Address:				
City:	State:	ZIP:		

Entity Official:				
Title(s):	Phone:	% Owned:		
Address:				
City:	State:	ZIP:		

Entity Official:				
Title(s):	Phone:	% Owned:		
Address:				
City:	State:	ZIP:		





**Alaska Alcoholic Beverage Control Board  
Renewal License Application  
Form AB-17a: Restaurant / Eating Place**

Alcohol and Marijuana Control Office  
550 W 7<sup>th</sup> Avenue, Suite 1600  
Anchorage, AK 99501  
[alcohol.licensing@alaska.gov](mailto:alcohol.licensing@alaska.gov)  
<https://www.commerce.alaska.gov/web/amco>  
Phone: 907.269.0350

**Section 4 – Authorization**

Communication with AMCO staff: Yes    No

Does any person other than a licensee named in this application have authority to discuss this license with AMCO staff?

If "Yes", disclose the name of the individual and the reason for this authorization:

**Section 5 – License Operation**

Check the box that best describes your liquor license operations in calendar years 2015 and 2016:

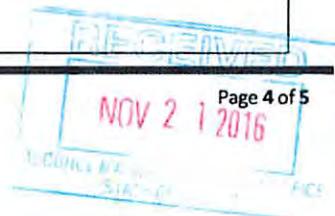
- The license was regularly operated continuously throughout each year, for 8 or more hours each day.
- The license was regularly operated during a specific season each year, for 8 or more hours each day.
- The license was only operated to meet the minimum requirement of 30 days each year, 8 hours each day.  
*If this box is checked, an AMCO employee will contact you after reviewing your application.*
- The license was not operated at all or was not operated for at least the minimum requirement of 30 days each year, 8 hours each day, during one or both of the calendar years.  
*If this box is checked, an AMCO employee will contact you after reviewing your application.*

**Section 6 – Convictions**

Applicant convictions in calendar years 2015 and 2016: Yes    No

Has any person named in this application been convicted of a violation of Title 04, of 3 AAC 304, or a local ordinance adopted under AS 04.21.010 in the calendar years 2015 or 2016?

If "Yes", list all convictions:





Alcohol and Marijuana Control Office  
 550 W 7<sup>th</sup> Avenue, Suite 1600  
 Anchorage, AK 99501  
[alcohol.licensing@alaska.gov](mailto:alcohol.licensing@alaska.gov)  
<https://www.commerce.alaska.gov/web/amco>  
 Phone: 907.269.0350

**Alaska Alcoholic Beverage Control Board**  
**Renewal License Application**  
**Form AB-17a: Restaurant / Eating Place**

**Section 7 – Certifications**

Read each line below, and then sign your initials in the box to the right of each statement:

Initials

I certify that all current licensees (as defined in AS 04.11.260) and affiliates have been listed on this application, and if the licensee is an organized entity, that all current entity officials and stakeholders are listed with the Alaska Division of Corporations.

HB

I certify on behalf of myself or of the organized entity that I understand that providing a false statement on this form or any other form provided by AMCO is grounds for rejection or denial of this application or revocation of any license issued.

HB

I certify that in accordance with AS 04.11.450, no one other than the licensee(s) has a direct or indirect financial interest in the licensed business.

HB

I certify that I have not altered the functional floor plan or reduced or expanded the area of the licensed premises, and I have not changed the business name or the ownership (including officers or stakeholders) from what is currently on file with the Alcoholic Beverage Control Board.

HB

I certify that I have not violated any restrictions pertaining to this particular license type, and that this license has not been operated in violation of a condition or restriction imposed by the Alcoholic Beverage Control Board.

HB

I certify that the gross receipts for the sale of food at the restaurant equal at least 50% of the total gross receipts for calendar years 2015 and 2016.

HB

As an applicant for a liquor license renewal, I declare under penalty of perjury that I have read and am familiar with AS 04 and 3 AAC 304, and that this application, including all accompanying schedules and statements, is true, correct, and complete. I agree to provide all information required by the Alcoholic Beverage Control Board in support of this application and understand that failure to do so by any deadline given to me by AMCO staff will result in this application being returned to me as incomplete.

Hector Barragan  
 Signature of licensee

Raquel Dumag  
 Signature of Notary Public

Hector Barragan  
 Printed name of licensee

Notary Public in and for the State of Alaska

RAQUEL DUMAG  
 Notary Public  
 State of Alaska  
 My Commission Expires  
 01.01.2020

My commission expires: 01.01.2020

Subscribed and sworn to before me this 10 day of November, 2016.

License Fee:	\$ 600.00	Filing Fee:	\$ 200.00	TOTAL:	\$ 800.00
Late Fee of \$500.00 – if received or postmarked after 01/03/2017:					
Miscellaneous Fees:					
GRAND TOTAL (if different than TOTAL):					

NOV 21 2016  
 Page 5 of 5  
 ALCOHOL & MARIJUANA CONTROL BOARD  
 STATE OF ALASKA



**ABC LICENSE MANAGEMENT**

**Add/Update Owner or Enterprise**

**Licenses**

< >

ID: 3462

Name: Hector Barragan

Address: 1321 Sawmill Creek Road, Suite I

City: Sitka

State: AK

ZIP: 99835

Email: HBarragan@acsalaska.net

Save

Cancel

4262	Pizza Express	236 Lincoln Street Suite #106
5204	Pizza Express	1321 Sawmill Creek Road, Suite H & I

**Interested Parties**

Add Interested Party

No Interested Parties for this Owner/Enterprise



# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: 16-205      Version: 1      Name:  
Type: Item      Status: AGENDA READY  
File created: 12/1/2016      In control: City and Borough Assembly  
On agenda: 12/13/2016      Final action:  
Title: Approve the Acting Municipal Administrator list for 2017  
Sponsors:  
Indexes:  
Code sections:  
Attachments: [2017 Acting Administrator List.pdf](#)

Date	Ver.	Action By	Action	Result
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Should this item be pulled from the Consent Agenda the following motion is suggested:


**POSSIBLE MOTION**

**I MOVE TO** approve the Acting Municipal Administrator list for 2017.

Mark Gorman  
Municipal Administrator  
City and Borough of Sitka  
100 Lincoln St.  
Sitka AK 99835  
P: 907-747-1808 F: 907-747-7403  
mark.gorman@cityofsitka.org

## ADMINISTRATION

# Memo

**To:** Mayor and Assembly Members  
**From:** Mark Gorman, Municipal Administrator   
**Date:** December 1, 2016  
**Re:** Acting Municipal Administrators

---

Following is the updated Acting Administrator list for the calendar year 2017. These Department Heads are authorized to serve in my capacity, in no particular order, should I be absent.

1. Jay Sweeney, Chief Finance and Administrative Officer
2. Bryan Bertacchi, Electric Utility Director
3. Dave Miller, Fire Chief
4. Michael Harmon, Public Works Director
5. Maegan Bosak, Planning and Community Development Director
6. Sara Peterson, Municipal Clerk

### **2.08.015 Selection of acting administrator.**

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No later than January 15th of each calendar year, the administrator shall provide in writing to the assembly a list of at least three department heads from which the administrator can select a person to serve as acting administrator for a given period of time during the next twelve months. The administrator will select from that list, unless unforeseen circumstances require the administrator to select another person not on the list. If another person is selected, the assembly will be informed as soon as possible. The assembly by majority vote may direct the administrator to change the list or the selection. (Ord. 14-39A § 4, 2014; Ord. 03-1755 § 4, 2003.)



# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: 16-209      Version: 1      Name:  
Type: Item      Status: AGENDA READY  
File created: 12/1/2016      In control: City and Borough Assembly  
On agenda: 12/13/2016      Final action:  
Title: Appoint Dave Gordon to a three-year term on the Port and Harbors Commission  
Sponsors:  
Indexes:  
Code sections:  
Attachments: [Gordon application.pdf](#)

Date	Ver.	Action By	Action	Result
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## **POSSIBLE MOTION**

**I MOVE TO** appoint Dave Gordon to a three-year term on the Port and Harbors Commission.



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

Board/Commission/Committee: Ports and Harbors Commission  
Name: Dave Gordon Daytime Phone: 738 0515  
Address: 717 Lake St. Sitka Evening Phone: \_\_\_\_\_  
Email Address: sitkadgordon@gmail.com Fax Number: \_\_\_\_\_  
Length of Residence in Sitka: 32 years Registered to vote in Sitka?  Yes  No  
Employer: Retired from State of Alaska, Department of Fish & Game

Organizations you belong to or participate in:  
Aircraft Owners and Pilots Association Southeast Alaska Aviation Assoc.  
Experimental Aircraft Association

Explain your main reason for applying:  
As a boat and floatplane owner, I have a personal interest in the harbors infrastructure. I also fully appreciate the vital role that ports and harbors have on the economy and well being of Sitka. I hope to provide a constructive voice as a member of the commission.

What background, experience or credentials will you bring to the board, commission, or committee membership?  
As a boat and floatplane owner I personally use and rely on the harbor infrastructure. As a commercial fisheries manager with ADFG for many years, I am very familiar with the infrastructure needs of the commercial fishing industry.

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.

None

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: 11/29/2016 Signature: [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



November 29, 2016

Dear Mayor Hunter and Assembly members,

My name is Dave Gordon and I am seeking a seat on the Ports and Harbors Commission. I have been a resident of Sitka for 32 years. I received a BS degree in Fisheries from Humboldt State University in California. I moved to Sitka immediately after graduation and in 1986 began a career with the State of Alaska Department of Fish and Game. I worked as a commercial fisheries manager for most of my career with Fish and Game and have recently retired after 30 years of service.

I have been a boat owner since moving to Sitka and currently own a 23' recreational boat that I keep in a slip in Sealing Cove. I also own a floatplane that is ramped at the City floatplane facility during the flying season. This floatplane is used for a commercial venture spotting fish for the commercial salmon seine fishery. My own use of the City's harbors inspires my interest in management of harbor infrastructure. But I also fully appreciate how critical the harbor infrastructure is to Sitka's economic health supporting the commercial fishing industry, sport charter industry, cruise ship visitors, visiting yachts, and local subsistence and recreational activities.

I know the Harbor Department is facing budgetary challenges in providing for needed infrastructure and maintaining existing docks and harbors. I am also aware the City is pursuing a FAA grant for the construction of a new floatplane facility. My experience as a floatplane owner and pilot may be valuable in discussions on this matter. As a Commission member, I believe I can provide constructive input in addressing the many challenges facing the Harbor Department.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Dave Gordon", written in a cursive style.

Dave Gordon



## PORT AND HARBORS COMMISSION

NAME	CONTACT NUMBERS	TERM STARTS	EXPIRES	CATEGORY
MICHAEL NURCO PO Box 6443	738-0927 albatrossalaskacharters@gmail.com	11/11/15	7/8/17	CHAIR <i>Davis term</i>
MELISSA GREENHALGH PO Box 25	738-1320 c melissarae1984@yahoo.com	2/11/15 5/24/16	3/26/16 5/24/19	VICE CHAIR
KEVIN KNOX 324 Wachusett Street	738-4664 c kevin@bluesteel.org	12/10/13 3/24/15	4/10/15 3/24/18	CHAIR <i>Resigned 10/11/16</i>
JOSH ARNOLD 106 Shotgun Alley	738-0854 c 747-0545 oceanlure@gmail.com	5/13/14 5/23/15	5/22/15 5/23/18	
MARY ANN PETERSON PO Box 593	752-3684 map3684@gmail.com	10/7/13	10/7/16	
ERIC SKOUSEN 105 Burkhart Road B12	623-8003 skousenpride@hotmail.com	10/27/15	10/27/18	<i>Resigned 11/18/16</i>
BRENDAN JONES PO Box 6265	738-8209 c brendanisaacjones@gmail.com	2/9/16 6/14/16	6/11/16 6/14/19	
Stan Eliason Office: 617 Katlian Street	747-3439 w 738-0832 stan.eliason@cityofsitka.org			Harbormaster Non-voting
Matthew Hunter 102 Remington Way	738-6851 c assemblyhunter@cityofsitka.org			Assembly Liaison
Kristi Jones Harbor Office Manager	747-3439 w kristi.jones@cityofsitka.org			Secretary

7 members from the public, 3-year terms

Established by Resolution 88-375

Nine meetings per year, September – May, 2<sup>nd</sup> Wednesday 6:00 p.m.

Harrigan Centennial Hall, 300 Harbor Drive

Revised: November 30, 2016



# CITY AND BOROUGH OF SITKA

## Legislation Details

File #: ORD 16-42    Version: 1    Name:  
Type: Ordinance    Status: AGENDA READY  
File created: 11/16/2016    In control: City and Borough Assembly  
On agenda: 12/13/2016    Final action:  
Title: Adjusting the FY17 Budget (Sitka Community Hospital, GPIP Multi-Purpose Dock Project, Homeland Security/Fire Department)  
Sponsors:  
Indexes:  
Code sections:  
Attachments: [Ord 2016-42.pdf](#)

Date	Ver.	Action By	Action	Result
11/22/2016	1	City and Borough Assembly		
11/22/2016	1	City and Borough Assembly		
11/22/2016	1	City and Borough Assembly		
11/22/2016	1	City and Borough Assembly		
11/22/2016	1	City and Borough Assembly		

## **POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2016-42 on second and final reading.

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**CITY AND BOROUGH OF SITKA**

**ORDINANCE NO. 2016-42**

**AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA  
ADJUSTING THE FY17 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 FY17 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, 2016 and ending June 30, 2017 is hereby adjusted as follows:

<b><u>FISCAL YEAR 2017 EXPENDITURE BUDGETS</u></b>
<b>GENERAL FUND</b>
<b>Hospital Support: The Sitka Community Hospital Director of Operations is requesting funds in the amount of \$109,429 for the replacement of some kitchen equipment and replacement of a HVAC equipment and overhaul. This appropriation will come from the General Fund reserves.</b>
<b>CAPITAL PROJECTS</b>
<b>Fund 780- GPIP Multi-Purpose Dock Project #90748: This is to recognize revenue in the amount of \$7,500,000 from the State of Alaska Designated Legislative Grant Program. With those funds the GPIP Board is requesting an additional \$125,000 from the GPIP Working Capital and \$125,000 from the Bulk Water Fund for the purpose of Contingency money which will be returned equally if unspent.</b>
<b>SPECIAL REVENUE FUNDS</b>
<b>Fund 159- 16 SHSP Project #90830: This is to recognize additional funds in the amount of \$30,000 from the State of Alaska Homeland Security and Emergency Management. This appropriation will be to purchase radios for the Fire Department for the total amount of \$60,000.</b>

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41 **EXPLANATION**

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

46

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

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50 **PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka,**  
51 **Alaska this 13th Day of December, 2016.**

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55 **ATTEST:**

\_\_\_\_\_  
**Matthew Hunter, Mayor**

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60 \_\_\_\_\_  
**Sara Peterson, CMC**  
61 **Municipal Clerk**



**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:** November 2, 2016

**Subject:** Request for appropriation of FY 2017 capital funds

The Hospital had two capital equipment replacement projects that were contracted for and undertaken in the last fiscal year, however, the final completion of these projects did not occur until just after the end of fiscal 2016 in July of this year. For this reason we are seeking an appropriation to make up for unspent capital funds from 2016 in the total amount of \$109,429.00. The total CBS capital appropriation for FY 2016 was \$247,570.00 of which a total of \$115,609.60 remained unspent on June 30, 2016. The two projects in question, a \$46,883.00 kitchen equipment replacement and a \$62,547.00 HVAC equipment and replacement overhaul were completed and fully accrued by July of 2016. After the Hospital submitted the request for reimbursement on these projects, Jay Sweeney recommended that we seek a new appropriation from the Assembly.

**We are therefore seeking approvals of the Assembly on the following:**

1. Approval of an Ordinance authorizing the appropriation of \$109,429.00 for City Capital funds for the Hospital to FY 2017



329 Harbor Drive, Suite 212  
Sitka, AK 99835  
Phone: 907-747-2660

Tuesday, November 15, 2016

MEMORANDUM

To: Mark Gorman – CBS Administration  
From: Garry White - GPIIP Director  
Michael Harmon – Public Works Director  
Subject: GPIIP Multi-Purpose Dock Contract Award

**Introduction**

The Gary Paxton Industrial Park (GPIIP) Board of Directors is recommending that the CBS enter into an agreement with Turnagain Marine Construction Corporation to design and construct a multi-purpose dock at the Gary Paxton Industrial Park.

Board of directors met on November 14<sup>th</sup> and approved the following motions:

**MOTION:** M/S Jones/Horan moved that the CBS accept the design submitted by Turnagain Marine and recommend that the City Administrator award the contract to Turnagain Marine for a Multi-Purpose Dock at the GPIIP.

**ACTION** Motion PASSED 3/0 on a roll call vote  
Yeas: Dan Jones, Scott Wagner, Charles Horan

**MOTION:** M/S Jones/Horan moved to request the Assembly allocate \$125,000 of GPIIP working capital and \$125,000 from the Bulk Water Fund as contingency money for the GPIIP Multi-Purpose Dock Project with all unspent money to be returned to funds equally.

**ACTION** Motion PASSED 3/0 on a roll call vote  
Yeas: Scott Wagner, Charles Horan, Dan Jones

**Background**

Since acquiring the industrial site in 1999, the CBS has considered the potential for development of a deep-water port at the Industrial Park. Every Legislative Priorities list from FY2003 through FY2016 includes a reference to development of a marine industry and infrastructure at the SCIP and/or a specific funding request.



Strategy No. 2 of the GPIIP Board of Director's strategic plan calls for the construction of a multi-purpose dock at the GPIIP.

The CBS was successful in working with the State Legislature to have \$7.5 million dollars for the construction of multi-purpose dock at the GPIIP included in a ~\$453.5-million-dollar State wide transportation funding initiative in 2012, which was approved by the voters of Alaska.

In the spring of 2014, the engineering firm Moffatt and Nichol was selected to plan, permit, and design the multi-purpose dock.

The GPIIP Board reviewed various potential preliminary designs for a hard faced dock in the winter and spring of 2015. In April 2015, the Board directed staff to investigate the potential of acquiring and installing a floating dock at the park.

The CBS hired R&M Engineering-Ketchikan to investigate the conditional assessment and feasibility of an available floating pontoon/dock.

The GPIIP Board met on November 23<sup>rd</sup>, 2015 to review a draft feasibility report on a Pontoon Drive Down Float for the Gary Paxton Industrial Park. The Board gave the GPIIP Director direction to bring back a final report and a suggested motion to move the floating dock project forward.

The GPIIP Board met in December 2015 and approved the following motion.

**Motion:** The GPIIP Board recommends that CBS staff develop and release a design build RFP to purchase, refurbish, and install a floating dock at the Gary Paxton Industrial Park. The GPIIP Board recommends that sections N, O, & P of the former Hood Canal Bridge or similar floating dock be acquired. The project should include options for \$7 million dollars and \$8.7 million dollars

In an effort to enhance the opportunity for innovative solutions while maintaining a competitive process and firm pricing, the CBS elected to utilize a project delivery method referred to as design-build, where one contract is issued to a single entity for all services required to complete the project.

The CBS hired Windward Project Solutions LLC to assist with development and release of the RFP.

The RFP was released 6/22/2016 with available funds amount of \$6.8 million allocated for the design-build contract.

On August 18<sup>th</sup>, the CBS received four proposals in response to the Request for Proposals. All four proposals exceeded the available funds amount. The GPIIP Board met on September 1 to evaluate the Proposals and determined that the GPIIP Board would not request additional funds from the Assembly as necessary to award a contract at that time.

As a result, at the GPIIP Board's recommendation, the CBS re-engaged all four Proposer's in a competitive, Best & Final Offer process as allowed for in the RFP with restructured project priorities. On September 27th, three Final Offers were received. Those Offers include a total of six design options all of which accommodate freight and fishing industries and allow for future development that would enable use by larger vessels. Furthermore, all three Proposals each contain a solution within the available funds amount.

The GPIIP Board met on October 17, 2016 to review the updated proposals. The GPIIP Board scored all proposals with the following scores: (Potential 250 points)

- Turnagain Marine Construction – 249.92 points
- Pacific Pile Marine – 240 points
- Heko Services Inc. – 229.29 points

The GPIIP Board then approved the following two motions:

**MOTION:** M/S Horan/Bevan moved to approve the proposed scores and the Apparent Best Value results.

**ACTION:** Motion PASSED 4/0 on a roll call vote  
Yeas: Charles Horan, Hugh Bevan, Scott Wagner, Dan Jones

**MOTION:** M/S Horan/Bevan moved to support and recommend CBS staff to proceed with finalizing a scope of work and contract terms with Apparent Best Value Proposer on the condition that the Board will continue to be informed throughout the process, including an opportunity to review the contract prior to Administrative authorization.

**ACTION:** Motion PASSED 4/0 on a roll call vote  
Yeas: Charles Horan, Hugh Bevan, Scott Wagner, Dan Jones

### **Project/Contractor Scope of Work**

The following is a summarization, in general terms, of the scope of work included in the attached Design-Build contract and does not fully describe all details of the Work. The draft contract includes the Agreement, General Conditions, Supplementary Conditions, and Exhibits 1 and 2. Exhibit 1 describes the minimum project requirements, as were defined by the Request for Proposals and subsequent addenda and correspondence. Exhibit 2 serves to further define the Design-Builder's scope of work as detailed in the Proposal documents and negotiations.

The Design-Builder to perform:

- all management, services, labor, material, and equipment necessary to design and build the Project in accordance with the Contract; and,
- all regulatory coordination and authorizations (permits) as required by law to construct the facility; and,

- development and execution of a comprehensive, quality management plan including all testing, inspection, and documentation necessary to control and independently assure performance of Work is in strict compliance with applicable standards, specifications, and design requirements.

The Project will provide a multi-purpose, floating dock facility at the Gary Paxton Industrial Park to serve a range of industries, including but not limited to fishing and container/cargo shipping. The primary floating dock is a repurposed double hull steel barge, 250 feet long and 74 feet wide, and will be accessible by a drive-down ramp with a minimum width of 14 feet. The structure will accommodate the handling of loaded containers, truck and trailers, and vehicles intended to support vessels with a maximum draft 40 feet.

A separate, new floating dock will be attached to the primary dock to allow for 120 feet of transient moorage for smaller vessels. Some features of the facility include lighting, electrical power sources, and a fire suppression system. Fenders, life rings, and access ladders will be installed to provide for safe operation. The facility will have a 50-year design life and meet or exceed industry standards relating to corrosion resistance with minimal long-term maintenance.

A portion of the existing deteriorated in-water structures will be removed as required to install the new facility. The final design and location will not unreasonably restrict opportunities for future upgrades that will enhance accommodation of larger vessels, bulk water distribution, or other new industry. Contingent upon the timely issuance of a contract and environmental authorizations, the Project is scheduled to be substantially complete by Fall 2017.

### **Fiscal Note**

The GPIIP Multi-purpose Dock project is funded by a \$7,500,000 FY13 Designated Legislative Grant administered by the State of Alaska. The grant funds originated from a State voter approved and ratified general obligation bond.

A contract award in the amount of \$6,800,000 would result in a project contingency of approximately 1% after accounting for project costs/encumbrances to date and estimated Construction Management and Inspection costs to complete the work. Industry standard construction contingencies range from 5-10% depending on project specifics. For this project, Staff feels there are minimal apparent Owner risks associated with this contract. However, since any unforeseen issues during construction could have cost implications it is important to have sufficient contingencies to avoid additional costs associated with Owner delays. CBS staff recommends an additional \$225,000 be added to the project budget to bring the total project contingency to ~4%. Best practices are to avoid using grant funds as contingency to provide maximum benefit for the CBS. Possible funding sources include the GPIIP Enterprise Fund Undesignated Working Capital, Bulk Water Fund, and/or GPIIP Contingency Fund (i.e. Environmental Fund). It would be a project goal to minimize the use of the additional contingency funds and to return as much as possible back to the funding source.

## **Additional Information**

- A draft Tariff of costs and regulations to use the dock have been developed for future discussion and implementation.
  - The GPIIP Director has held informal conversations with multiple businesses on potential uses of the dock for moving freight, vessel moorage, and in water vessel work.
- An Operational Management Plan for the dock has not been fully implemented at this time.
  - Per Turnagain Marine's proposal, annual maintenance expenses are estimated to be \$3,930 due to quality of floating barge, protective coating, and cathodic protection. Please see attached GPIIP Preliminary Maintenance Schedule.
  - The GPIIP Director and CBS Harbor Master have discussed and will be finalizing a plan to manage users of the facility.
- The Strategic Plan for the GPIIP includes the development of a marine services industry at the park. In the GPIIP Director's opinion, the proposed multi-purpose dock will provide a floating work platform to support the marine service industry. The GPIIP Board is still working towards the development of additional infrastructure to support the marine service industry. The Board will continue to advocate for funds to support the development of the GPIIP Waterfront to support the marine service industry.
- A multi-purpose dock at the GPIIP will allow for greater marketing opportunities.

## **Action**

- CBS accept the design submitted by Turnagain Marine and the City Administrator award the contract to Turnagain Marine for a Multi-Purpose Dock at the GPIIP.
- Assembly approval of allocating \$125,000 of GPIIP working capital and \$125,000 from the Bulk Water Fund as contingency money for the GPIIP Multi-Purpose Dock Project with all unspent money to be returned to funds equally.



# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: ORD 16-43    Version: 1    Name:

Type: Ordinance    Status: AGENDA READY

File created: 11/16/2016    In control: City and Borough Assembly

On agenda: 12/13/2016    Final action:

Title: Authorizing the lease of 27,893 square feet of ATS 979 tidelands adjacent 4401 Halibut Point Road

Sponsors:

Indexes:

Code sections:

Attachments: [Ord 2016-43..pdf](#)

Date	Ver.	Action By	Action	Result
11/22/2016	1	City and Borough Assembly		

## **POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2016-43 on second and final reading.



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

*Coast Guard City, USA*

## MEMORANDUM

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

**From:** Maegan Bosak, Planning and Community Development Director  
Samantha Pierson, Planner I

**Subject:** Ordinance for Renewal of Tidelands Lease Adjacent to 4401 Halibut Point Road

**Date:** November 10, 2016

---

Kevin McNamee approached the Planning Department with a request to renew a tidelands lease from the City and Borough of Sitka. The Planning Department is processing this request in accordance with existing procedures. Following SGC, an ordinance is required to authorize the Class III tideland lease.

The request is for tidelands adjacent to 4401 Halibut Point Road. McNamee is the upland property owner. The current 30-year lease is for ATS 979, approximately .79 acres. The lease was enacted in 1986, with an annual lease amount of \$2300. The current lease amount is \$2415 per year. McNamee is current on lease payments. The lease expired on September 30, 2016.

McNamee requests to lease two portions of the prior lease tract, but does not wish to lease a third portion. Parcel A is a 22,747 square foot portion which houses an existing float and a shelter. Parcel B is a 5146 square foot portion that contains approximately half of the main house. McNamee requests two separate lease parcels to facilitate a possible future sale of the lodge business while maintaining the ownership of his home and continuing to lease the adjacent tidelands. Lease transfer authority is determined by the lease language. The applicant does not wish to lease the third portion of 6343 square feet, as this portion was used by the original lessee for boatbuilding but is not needed for McNamee's lodge operations. McNamee requests a 50 year lease for Parcel A and Parcel B.

Assessor Wendy Lawrence determined a fee simple assessed value of \$152,900.00. Code assigns an annual lease rate of 4.5%, resulting in an annual lease payment of \$6880.50.

At their October 19, 2016 meeting, the Planning Commission recommended approval 4-0. On November 8, 2016, the Assembly granted preliminary approval 7-0. The proposed lease now requires approval by ordinance.

**RECOMMENDED ACTION:** Pass a motion to approve the lease ordinance.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2016-43

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AUTHORIZING THE LEASE OF 27,893 SQUARE FEET OF ATS 979 TIDELANDS ADJACENT 4401 HALIBUT POINT ROAD

1. **CLASSIFICATION.** This ordinance is not of a permanent nature and is not intended to become a part of the Sitka General Code.

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 or circumstances shall not be affected thereby.

3. **PURPOSE.** The purpose of this ordinance is to facilitate the lease of a 27,893 square foot portion of tidelands adjacent to 4401 Halibut Point Road to Kevin McNamee for the continued operations of a lodge. The lease area will be designated as two parcels. Parcel A is 22,747 square feet and Parcel B is 5146 square feet.

4. **ENACTMENT.** NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka.

A. The leasing of a 27,893 square foot tract of ATS 979 adjacent 4401 Halibut Point Road is hereby authorized with the following terms:

- 1) The parcel is valued at \$152,900.00.
- 2) The annual lease payments shall be \$6880.50 a year.

B. The Administrator is authorized to execute a lease document consistent with the terms of this ordinance, SGC Title 18 that governs municipal leases, and, existing municipal policies.

C. The City and Borough Assembly finds competitive bidding is inappropriate and unnecessary due to the nature of the property since it can only realistically be used by the adjacent property owner.

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

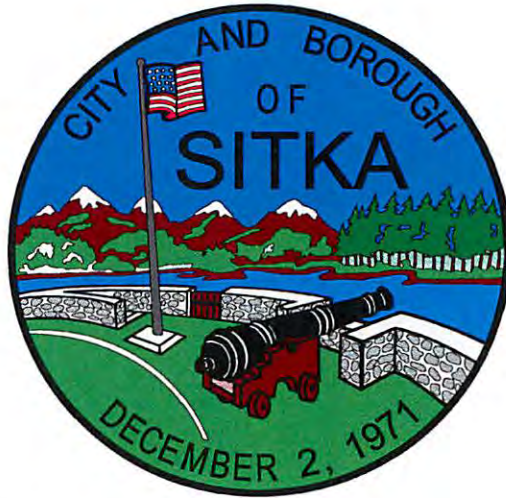
**PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of Sitka, Alaska this 13<sup>th</sup> day of December, 2016.

\_\_\_\_\_  
Matthew Hunter, Mayor

ATTEST:

\_\_\_\_\_  
Sara Peterson, CMC  
Municipal Clerk





# **LEASE AGREEMENT**

**BETWEEN**

**THE  
CITY AND BOROUGH OF SITKA**

**AND**

**KEVIN MCNAMEE  
4401 Halibut Point Road, Sitka, Alaska  
99835**

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**LEASE AGREEMENT BETWEEN  
CITY AND BOROUGH OF SITKA  
AND KEVIN MCNAMEE**

**PREAMBLE**

City and Borough of Sitka, 100 Lincoln Street, Sitka, Alaska 99835 ("CBS") and Kevin McNamee, whose mailing address is 4401 Halibut Point Road ("Tenant"), enter into this Lease Agreement Between City And Borough of Sitka and Kevin McNamee ("Lease"). This Lease consists of the Special Provisions, General Provisions, and the following attached Exhibit:

Exhibit A – Description of the area leased

**SPECIAL PROVISIONS**

**ARTICLE I: LEASE, TERM OF LEASE, AND TERMINATION OF LEASE**

**Section 1.1 Conveyance of Estate in Lease.**

CBS, for and in consideration of the Rents received and of the covenants and agreements made by Tenant, does lease to Tenant, and Tenant leases from CBS, the "Subject Property" as shown on Exhibit A. Exhibit A shows an approximately 22,747 square foot parcel (parcel A) and an approximately 5,146 square foot parcel (parcel B), for a total of 27,893 square foot portion of ATS 979 tidelands adjacent 4401 Halibut Point Road in Sitka.

**Section 1.2 Lease Term.**

The Lease term is for fifty (50) years and commences on September 30, 2016, and ends on September 30, 2066, unless sooner terminated or extended as provided in this Lease.

**Section 1.3 Disposition of Improvements and Tenant's Personal Property Following Term of Lease.**

With the exception of such improvements described in the next sentence, Tenant shall remove from the Subject Property any personal property or improvements constructed, installed, or deposited on the Subject Property at the termination of this Lease or any extension unless Tenant makes a separate written agreement with CBS to do otherwise. Subject to the provisions of the next sentence, Tenant shall leave behind at no cost to CBS improvements including: bollards, ladders, drains and drain lines; toilets; bathroom sinks; building systems and their components such as plumbing, piping, and fixtures; building structural components; non-structural improvements such as walls and ceilings; devices not used for processing or manufacturing such as but not limited to electrical service entrance equipment, electrical distribution panels, electrical cables, feeders, branch circuit wiring, and appurtenances such as light fixtures, switches, and other devices; portable fire extinguishers, smoke detectors, and fire and life safety equipment attached or fastened in ways integral to the building in which Subject Property is located. Any improvements or personal property not removed after thirty (30) days have passed after

termination of this Lease shall be deemed abandoned, and at CBS's option, shall become the property of CBS. Tenant shall repay to CBS any costs of removing such improvements or personal property from the Subject Property if CBS does not exercise such option. Subject to CBS's obligations under Subsection 3.1 below, Tenant agrees to leave Subject Property in a neat, clean, and weather-tight condition at the end of the term of the Lease.

**Section 1.4 Covenants to Perform.**

This Lease is made upon the above and the following terms and conditions, each of which the Party bound by such covenants and conditions agrees to perform, irrespective of whether the particular provision is in the form of a covenant, an agreement, a condition, a direction, or otherwise, and each Party agrees to provide the other Party with documents or further assurances as may be required to carry out the expressed intentions.

**ARTICLE II RENT**

**Section 2.1 Calculation & Method of Payment of Rent During the Fifty-Year Term of the Lease.**

The first year of the Lease begins on the commencement date of this Lease set out in Article I. Each successive year of the Lease begins on the corresponding anniversary commencement date of the Lease. Notwithstanding any other provision of this Lease, on the term start date set out in Article I, Tenant shall pay Rent each year in advance on the term start date at a rate of \$6880.50/year.

**Section 2.2 Cost of Living Adjustment to Lease Rate.**

Rent as set in Section 2.1 will be adjusted annually based on the percentage difference between the "All Items" figure for Anchorage, Alaska in the "Consumer Price Index for All Urban Consumers," beginning with the edition published the soonest after January 1. The adjustment shall occur annually on the anniversary of the lease, and shall apply to all subsequent month's sublease payments. The adjustment shall be determined by dividing the most recent CPI by the preceding year CPI and multiplying the result times the monthly sublease payment and add the result to current sublease payments. Tenant is required to make such adjustments on its own each year.

**Section 2.3 Property Tax Responsibility.**

Beginning with the term of this Lease and each calendar year after, Tenant will be responsible to pay CBS property taxes for its possessory interest in the building, land, and equipment to the extent taxable as determined by the Municipal Assessor.

**ARTICLE III: RESTRICTIONS UPON USE OF SUBJECT PROPERTY**

**Section 3.1 Tenant's Obligations as to Construction, Maintenance, Repair and Safety**

(a) Except as otherwise provided in this Lease, Tenant acknowledges the leasehold is in an "as is" condition. At the sole cost and expense of Tenant and in compliance with all legal requirements, Tenant may purchase, construct, develop, repair, transfer to the Lease property, and/or maintain

any improvements, personal property, fixtures, and other items on the interior Subject Property in a first-class manner using materials of good quality.

(b) Tenant acknowledges that CBS has made no representation or warranty with respect to Tenant's ability to obtain any permit, license, or approval.

(c) Tenant shall also use the Subject Property and any improvements placed on the Subject Property only for lawful uses and as specified in the Lease.

(d) Tenant shall confine their equipment, storage and operation to the leasehold area.

(e) Tenant shall not permit the accumulation of waste or refuse matter on the Subject Property, and Tenant shall not obstruct or permit the obstruction of the streets, sidewalks, access ways, or alleys adjoining the Subject Property, except as may be permitted by CBS or other municipal authorities having jurisdiction. Tenant shall do all things necessary during the term of this Lease Agreement to remove any dangerous condition from time to time existing on the Subject Property as the result of the use by Tenant.

### **Section 3.2 CBS's Approval of Certain Alterations or Improvements.**

Tenant shall not make or permit to be made any alteration of, addition to, or change in, structures and improvements, nor demolish all or any part of the structures or improvements without the prior written consent of CBS, which consent shall not be unreasonably withheld. The phrase "structures and improvements" in the previous sentence includes water and wastewater systems and electrical systems. In requesting consent, Tenant shall comply with all applicable laws and ordinances, and shall submit to the Public Works Director of CBS or his or her written designee detailed plans and specifications of proposed work, an explanation of the needs and reasons for the work, and a plan of full payment of the costs of the work. CBS shall notify Tenant of its approval or objections no later than 30 days after receiving the information described in the previous sentence. In approving or objecting, CBS shall be acting in its proprietary function and not its regulatory function, any such approval in this proprietary function does not relieve Tenant of any obligation to obey the law. Nothing in this Section shall be interpreted to prevent Tenant from removing at the termination of this Lease any improvements or personal property as described in Section 1.4.

### **Section 3.3 Rights of Access to Property**

(a) CBS reserves for itself and any public utility company the right to access the Subject Property at all reasonable times in a reasonable manner for the purposes of opening, inspecting, repairing, replacing, reconstructing, maintaining, or servicing the public utilities, if any, located on the Subject Property, as well as for the purposes of constructing or installing new public utilities. CBS also reserves for itself and the Alaska Department of Environmental Conservation the right to access the Subject Property at all reasonable times in a reasonable manner for the purposes of regulation and enforcement of this Lease. CBS also reserves for itself the right to access the Subject Property at all reasonable times in a reasonable manner for the purposes of (1) inspection of all work being performed in connection with the construction of improvements; (2) showing Subject Property for exhibiting Subject Property in connection with renting or leasing Subject Property in a matter that will not unreasonably interfere with Tenant's business; and (3) placing

"For Sale" or "For Rent" signs on Subject Property. Tenant shall not charge for any of the access allowed in the situations described in this subsection.

(b) Tenant shall not construct any permanent improvements over or within the boundary lines of any easement for public utilities without receiving the written prior consent of CBS and any applicable utility company.

(c) Tenant acknowledges that the Subject Property is or shall be subject to agreements for ingress and egress, utilities, parking, and maintenance. Tenant agrees that it shall comply with the terms of such cooperative agreements, in accordance with the terms of such agreements, those portions of such maintenance expenses that are attributable to the Subject Property, as more fully set forth therein.

### **Section 3.4 Additional Conditions of Subleasing.**

Tenant recognizes and shall cause all beneficiaries of Tenant and all permitted successors in interest in or to any part of the Subject Property to recognize that:

(a) Tenant will cooperate with CBS equipment and building maintenance contractor and will notify CBS of any maintenance deficiencies or of any equipment failures that require maintenance or repair. Tenant will be provided a 24 hour telephone number to notify CBS of any event that requires immediate response by CBS.

(b) Lease payments will be made in yearly installments in advance in cash or by check, bank draft or money order made available to the City and Borough of Sitka. Installments to be delivered or mailed to 100 Lincoln Street, Sitka, Alaska 99835, by or on the first day of each calendar year.

(c) Lease payments shall become delinquent if not paid within ten (10) days after the due date. Delinquent payments are subject to a late charge of \$25 and interest accrued from the due date at 12% annum.

(d) The charges and fees paid by Tenant to CBS must be separated according to the CBS accounting standards.

(e) CBS will only invoice if Lease payments are delinquent. CBS will only invoice if failure to make Lease payment within 30 days of due date. CBS at its option can terminate the Lease for Tenant's failure to make payment, and in accordance with this Lease.

(f) Tenant covenants and agrees that as it relates to use of the Subject Property, it will not, on the grounds of race, color or national origin, discriminate or permit discrimination against any person or group of person in any manner prohibited by Federal, State or local laws or regulations promulgated under such laws, and Tenant further grants CBS the right to take such action to enforce such covenant as it deems necessary or as it is directed pursuant to any Federal, State or local laws or regulations.



- (g) CBS may, upon at least 10 days prior written notice to Tenant, temporarily suspend the supply of water, wastewater service, the supply of electric power, the use of pipelines, or the use of the Improvements in order to perform routine maintenance and, in all events, subject to unavoidable delays. Such interruptions shall be of as short duration as necessary to perform such maintenance, and CBS shall not be responsible for any such costs or expenses as a result of suspending such utilities.
- (h) Tenant shall timely pay the CBS Fire Marshal or Building Inspector fees and other building permit fees, and shall also timely file and pay all applicable property taxes and assessments, including sales taxes. These include any Local Improvement District costs that may be assessed.
- (i) Tenant shall be responsible for taking any measures that Tenant deems necessary to provide security for their property. CBS is not responsible for theft or vandalism.
- (j) CBS sales tax applies to Lease payments. Sales tax rates, limits, exemptions, and exclusions are subject to change by the CBS Assembly.
- (k) Tenant shall timely pay all other CBS billings (i.e., electricity, business taxes, etc.).
- (l) Failure of Tenant to file and pay such CBS taxes, and pay utilities, assessment payments, etc. may subject this Lease to be terminated.
- (m) Petro Marine Services shall individually and severally be liable under this Lease to comply with all of its provisions.

**Section 3.5 Control of Rodents and Other Creatures on Subject Property.**

Tenant shall take reasonable affirmative measures to ensure that its operations do not attract to Subject Property any of the following creatures: rodents, vermin, insects, eagles, crows, ravens, seagulls, mink, otters, or bears.

**ARTICLE IV UTILITY SERVICES & RATES**

**Section 4.1 Provision of Utility Services.**

Tenant will pay for utilities, if available.

**Section 4.2 Rates for Utility Services Provided by CBS.**

Utility rates charged by CBS for utility services shall be those set forth in CBS's Customer Service Policy and/or Sitka General Code. Tenant acknowledges the requirements of Section 9.4 as to utility lines. The Assembly of CBS may change utility rates from time to time by amending the Customer Service Policies and/or Sitka General Code.

**Section 4.3 Tenant to Pay for Utility Services.**

Tenant will pay, or cause to be paid, all proper charges for any of the following, if available: electricity and solid waste; sewer and water; and for all other public or private utility services,

which shall be used by or supplied to the Subject Property at any time during the term of this Lease. In the event that any charge, cost, or expense for any of the above-mentioned utility services or for any of the other above-mentioned services shall not be paid when due and payable, CBS shall have the right, but shall not be obligated, to pay it, with the understanding that amounts paid by CBS shall constitute additional rent due and payable under this Lease, and shall be repaid to CBS by Tenant immediately on rendition of a bill by CBS. Interest at the highest rate allowable by law shall be added as a charge for unpaid utility bills paid by CBS on behalf of Tenant. CBS reserves the right to suspend utility services if Tenant does not pay for utility services. Failure to timely pay utility services may also result in CBS terminating this Lease.

**Section 4.4 CBS Not Liable for Failure of Utilities or Building.**

Except to the extent that any such failure, injury, or other casualty is due to CBS's negligence or breach of any obligation under this Lease, CBS shall not be liable for any failure of building roof, water supply, sewer, or electric current, or for any injury or damages to person or property caused by or resulting from any natural disaster, natural condition, gasoline, oil, steam, gas, electricity, or hurricane, tornado, flood, wind or similar storms or disturbances, or water, rain, or snows which may leak or flow from the street, sewer, or from any part of the building or the Subject Property, or leakage of gasoline or gas from pipes, appliances, sewer, or plumbing works or from any other place. CBS shall not be held responsible or liable for any claim or action due to or arising from any suspension of operation, breakage, unavoidable accident or injury of any kind occurring to, or caused by the sewer mains by an act of God, beyond CBS's control, or caused by the elements, strikes, riots, or a terrorist or terrorists.

**Section 4.5. Requirement Regarding Potable Water Services.**

All potable water services will be metered and protected by approved backflow prevention in accordance with Customer Service Policies and/or Sitka General Code.

**ARTICLE V LIABILITY**

**Section 5.1 Limits on CBS Liability Limitation.**

Tenant agrees to indemnify, defend, and save harmless CBS against and from any and all claims by or on behalf of any person, firm, or corporation arising, other than due to acts or omissions of CBS, from the conduct or management of or from any work or thing whatsoever done in or about the Subject Property and structures and improvements, including liability arising from products produced on the property. Tenant also agrees to indemnify, defend, and save CBS harmless against and from any and all claims and damages arising, other than due to acts or omissions of CBS, during the term of this Lease from: (a) any condition of the Subject Property or improvements placed on it; (b) any breach or default on the part of Tenant regarding any act or duty to be performed by Tenant pursuant to the terms of this Lease; and (c) any act or negligence of Tenant or any of its agents, contractors, servants, employees or licensees. Tenant agrees to indemnify, defend, and save harmless CBS from and against all costs, counsel and legal fees, expenses, and liabilities incurred, other than due to acts or omissions of CBS, in any claim or action or proceeding brought asserting claims of or asserting damages for any alleged act, negligence, omission, conduct, management, work, thing, breach, default, accident, injury, or damage described in the previous two sentences. The above agreements are in addition to and not

by way of limitation of any other covenants in this Lease to indemnify or compensate CBS. The agreements by Tenant do not apply to any claims of damage arising out of the failure of CBS to perform acts or render services in its municipal capacity.

**Section 5.2 Limits on Tenant Liability.**

Except to the extent of liabilities arising from Tenant's acts or omissions, CBS indemnifies, defends, and holds Tenant harmless for liabilities to the extent that they were incurred by reason of conditions existing on the site as of the date of execution of this Lease or by reasons of CBS's acts or omissions. CBS also agrees to indemnify, defend, and save Tenant harmless against and from any and all claims and damages arising, other than due to acts or omissions of Tenant, during the term of this Lease from (a) any condition of the Subject Property or improvements placed on it by CBS; (b) any breach or default on the part of CBS regarding any act or duty to be performed by CBS pursuant to the terms of the Lease; and (c) any act or negligence of CBS or any of its agents, contractors, servants, employees, or licensees. CBS agrees to indemnify, defend, and save harmless Tenant from and against all costs, counsel and legal fees, expenses, and liabilities incurred, other than due to acts or omissions of Tenant, in any claim or action or proceeding brought asserting claims of or asserting damages for any alleged act, negligence, omission, conduct, management, work, thing, breach, default, accident, injury, or damage described in the previous two sentences. The above agreements are in addition to and not by way of limitation of any other covenants in this Lease to indemnify or compensate Tenant.

**Section 5.3 Reimbursement of Costs of Obtaining Possession.**

Each Party agrees to pay and to indemnify the other Party prevailing in any dispute under this Lease against, all costs and charges, including but not limited to, full reasonable counsel and legal fees lawfully and reasonably incurred in enforcing any provision of this Lease including obtaining possession of the Subject Property and establishing CBS's title free and clear of this Lease upon expiration or earlier termination of this Lease.

**GENERAL PROVISIONS**

**ARTICLE VI DEFINITIONS**

**Section 6.1 Defined Terms.**

For the purposes of this Lease, the following words shall have the meanings attributed to them in this Section:

- (a) "Event of Default" means the occurrence of any action specified in Section 14.1.
- (b) "Imposition" means all of the taxes, assessments, fees, utility rates or charges, levies and other governmental charges, levied or assessed against the Subject Property; any part of the Subject Property, or any right or interest or any rent, taxes and income received, including sales taxes on rent.

(c) "Improvements" or "improvements" means all buildings, structures and improvements of any nature now or in the future located upon the Subject Property, as well as all apparatus and equipment necessary for the complete and comfortable use, occupancy, enjoyment and operation of the Subject Property, including fittings, appliances, machinery, garage equipment, heating equipment, lighting equipment, cooling equipment, air conditioning and ventilating equipment, wiring, controls, communications equipment, plumbing, switchboards, antennae, floor coverings, refrigerating equipment, hot water heating and all other appliances and equipment; excepting only in each case articles of personal property appurtenances and fixtures (including trade fixtures) owned by Tenant, sublessees, or others, which can be removed without defacing or materially injuring the improvements remaining on the Subject Property, with the portion of the Subject Property from which such items are removed being returned to a condition at least as good as that existing on the date of this Lease.

(d) "Personal Property" means tangible personal property owned or leased and used by Tenant or any sublessee of Tenant, in connection with and located upon the Subject Property.

(e) "Premises" means the "Subject Property."

(f) "Rent" means the lease rate, which is the amount Tenant periodically owes and is obligated to pay CBS as lease payments under this Lease for the use of the Subject Property.

(g) "Subject Property" is the area leased as shown on Exhibit A.

(h) "Sublessee" means any subtenant, concessionaire, licensee, or occupant of space in or on the Subject Property holding by or through Tenant; the term "sublease" shall mean any lease, license, concession or other agreement for the use and occupancy of any part of the Subject Property made by any Person holding by or through Tenant, which has been approved by CBS Assembly.

(i) "Term" means the period of time Tenant rents or leases the Subject Property from CBS.

## **ARTICLE VII INSURANCE**

### **Section 7.1 Insurance**

Tenant shall have and maintain property damage and comprehensive general liability insurance in the amount of one million dollars (\$1,000,000), including leasehold improvements. CBS shall be named as an additional insured. Additionally, Tenant shall have the statutory amount of any Worker's Compensation.

### **Section 7.2 Notification of Claim, Loss, or Adjustment**

Tenant shall advise CBS of any claim, loss, adjustment, or negotiations and settlements involving any loss on the Subject Property under all policies of the character described in section 7.1.

### **Section 7.3 Waiver of Subrogation**

The Party insured (or so required) releases the other Party from any liability the other Party may have on account of loss, cost, damage or expense to the extent of any amount recoverable by reason

of insurance and waives any right of subrogation which might otherwise exist in or accrue to any person on account of the following circumstances: (i) any loss, cost, damage or expense resulting from fire, explosion or any other casualty or occurrence is incurred by either of the Parties to this Lease, or anyone claiming under it in connection with the Subject Property or improvements; and (ii) the Party is then covered in whole or in part by insurance with respect to loss, cost, damage or expense or is required under this Lease to be insured. The release of liability and waiver of the right of subrogation shall not be operative in any case where the effect is to invalidate the insurance coverage or increase its cost. In the case of increased cost, the other Party shall have the right, within thirty (30) days following written notice, to pay the increased cost keeping the release and waiver in full force and effect.

## **ARTICLE VIII RESTRICTIONS REGARDING ASSIGNMENT, LEASES, AND TRANSFERS OF SUBJECT PROPERTY**

### **Section 8.1 Tenant Without Power to Assign, Lease, or Encumber Subject Property.**

Tenant has no power without CBS Assembly approval under this Lease to assign the Lease. Tenant has no power under this Lease to transfer the Subject Property. Tenant has no power to encumber Subject Property or pledge its interest in Subject Property as collateral for a loan or mortgage, or allow any liens to be filed against the Subject Property. Any such actions under this section may cause termination of the Lease.

### **Section 8.2 Limitations on Leases.**

Tenant shall not sublease the Subject Property or any portion of it without the prior written approval of CBS Assembly. All subleases entered into demising all or any part of the Improvements or the Subject Property shall be expressly subject and subordinate to this Lease. CBS's consent to a sublease of the Subject Property shall not release Tenant from its obligations under the Lease. CBS's consent to a sublease shall not be deemed to give any consent to any subsequent subletting.

## **ARTICLE IX USE AND PROTECTION OF THE SUBJECT PROPERTY**

### **Section 9.1 Property As Is - Repairs.**

Tenant acknowledges that it has examined the Subject Property and the present improvements including any public improvements presently located there, and knows the condition of them, and accepts them in their present condition without any representations or warranties of any kind or nature whatsoever by CBS as to their condition or as to the use or occupancy which may be made of them. Tenant assumes the sole responsibility for the condition of the improvements located on the Subject Property. The foregoing shall not be deemed to relieve CBS of its general municipal obligations, or of its obligations under Section 3.1 above or under Subsection 9.1(c) below.

### **Section 9.2 Compliance with Laws.**

Tenant shall throughout any term of this Lease, at Tenant's sole expense, promptly comply with all the laws and ordinances and the orders, rules, regulations, and requirements of all federal, state, and municipal governments and appropriate departments, commissions, boards, and officers and

all other legal requirements that may be applicable to the Subject Property and its use. Nothing in the foregoing sentence shall be deemed to relieve CBS of its general obligations to CBS and Borough of Sitka in its municipal capacity.

**Section 9.3 Notification of City and Borough of Sitka's Public Works Director of Discovery of Contamination.**

Tenant shall promptly notify the Public Works Director of CBS within 24 hours if any contaminated soils or other contaminated materials that require special handling are encountered during construction or other activities.

**Section 9.4 Use of Utility Lines.**

Tenant shall connect or otherwise discharge to such utility lines as approved by the Director of Public Works and/or Electric Department, and shall obtain any permits and comply with any conditions specified by the Director of Public Works and/or Electric Department for such connections.

**Section 9.5 Permits and Approvals for Activities.**

Tenant shall be responsible for obtaining all necessary permits and approvals including food processing for its activities unless otherwise specifically allowed by CBS. Not less than ten (10) days in advance of applying for permits to any public entity other than CBS, Tenant shall provide copies of all permit applications and associated plans and specifications to CBS Director of Public Works to facilitate review by departments of CBS. CBS is not obligated to comment on the permit applications and plans, and the result of any review by CBS does not affect Tenant's obligation to comply with any applicable laws.

**ARTICLE X CBS'S RIGHT TO PERFORM TENANT'S COVENANTS; REIMBURSEMENT OF CBS FOR AMOUNTS SO EXPENDED**

**Section 10.1 Performance of Tenant's Covenants To Pay Money.**

Tenant covenants that if it shall at any time default resulting as condition of the Lease or shall fail to timely make any other payment (other than Rent), and the failure shall continue for ten (10) days after written notice to Tenant, then CBS may, but shall not be obligated so to do, and without further notice to or demand upon Tenant and without releasing Tenant from any obligations of Tenant under this Lease, make any other payment in a manner and extent that CBS may deem desirable.

**Section 10.2 CBS's Right To Cure Tenant's Default.**

If there is a default involving the failure of Tenant to keep the Subject Property in good condition and repair in accordance with the provisions of this Lease, to make any necessary renewals or replacements or to remove any dangerous condition in accordance with the requirements of this Lease or to take any other action required by the terms of this Lease, then CBS shall have the right, but shall not be required, to make good any default of Tenant. CBS shall not in any event be liable for inconvenience, annoyance, disturbance, loss of business, or other damage of or to Tenant by reason of bringing materials, supplies and equipment into or through the building during the course

of the work required to be done to make good such default. The obligations of Tenant under this Lease shall remain unaffected by such work, provided that CBS uses reasonable care under the circumstances prevailing to avoid unnecessary inconvenience, annoyance, disturbance, loss of business, or other damage to Tenant.

**Section 10.3 Reimbursement of CBS and Tenant.**

All sums advanced by CBS pursuant to this Article and all necessary and incidental costs, expenses and attorney's fees in connection with the performance of any acts, together with interest at the highest rate of interest allowed by law from the date of the making of advancements, shall be promptly payable to CBS by Tenant in the respective amounts so advanced. This reimbursement shall be made on demand, or at the option of CBS, may be added to any Rent then due or becoming due under this Lease. Tenant covenants to pay the sum or sums with interest. CBS shall have, in addition to any other right or remedies, the same rights and remedies in the event of the nonpayment by Tenant as in the case of default by Tenant in the payment of any installment of Rent.

Conversely, Tenant shall be entitled to receive from CBS prompt payment or reimbursement on any sums due and owing from CBS to Tenant, together with interest at the highest rate allowed by law. However, nothing contained in this Lease shall entitle Tenant to withhold any Rent due to CBS or to offset or credit any sums against rent, except with respect to unpaid Rent due from CBS to Tenant under any sublease of Subject Property.

**ARTICLE XI MECHANIC'S LIENS**

**Section 11.1 Discharge of Mechanics' Liens.**

Tenant shall neither suffer nor permit any mechanics' liens to be filed against the title to the Subject Property, nor against Tenant's interest in the Subject Property, nor against the improvements by reason of work, labor, services or materials supplied or claimed to have been supplied to Tenant or anyone having a right to possession of the Subject Property or Improvements as a result of an agreement with or the assent of Tenant. If any mechanics' lien shall be filed against the Subject Property, including the Improvements, Tenant shall cause it to be discharged of record within 30 days after the date that Tenant has knowledge of its filing. Failure to comply may subject the Lease to be terminated.

**ARTICLE XII LIEN FOR RENT AND OTHER CHARGES**

**Section 12.1 Lien for Rent.**

The whole amount of the Rent and each and every installment, and the amount of all taxes, assessments, utility payments, insurance premiums and other charges, fees and impositions paid by CBS under the provisions of this Lease, and all costs, attorney's fees and other expenses which may be incurred by CBS in enforcing the provisions of this Lease or on account of any delinquency of Tenant in carrying out any of the provisions of this Lease, shall be and they are declared to

constitute a valid and prior lien against property of Tenant, except the Subject Property, and may be enforced by law and equitable remedies, including the appointment of a receiver.

### **ARTICLE XIII DEFAULT PROVISIONS**

#### **Section 13.1 Events of Default.**

Each of the following events is defined as an "Event of Default":

- (a) Failure of Tenant to pay any Installment of Rent, or any other payments or deposits of money, or furnish receipts for deposits as required, when due and the continuance of the failure for a period of ten (10) days after notice in writing from CBS to Tenant.
- (b) Failure of Tenant to perform any of the other covenants, conditions and agreements under this Lease, including filing tax forms and/or payment of taxes, fees, utilities, and the continuance of failure for a period of thirty (30) days after CBS's notice in writing. The notice shall specify the respects in which CBS contends that Tenant has failed to perform any of the covenants, conditions and agreements. With respect to any default which cannot be cured within thirty (30) days, Tenant, or any person holding by, through or under Tenant, in good faith, promptly after receipt of written notice, shall have commenced and shall continue diligently and reasonably to prosecute all action necessary to cure the default within an additional 60 days.
- (c) The filing of an application by Tenant (the term, for this purpose, to include any approved transferee other than a sublessee of Tenant's interest in this Lease): (i) for a consent to the appointment of a receiver, trustee or liquidator of itself or all its assets; (ii) of a voluntary petition in bankruptcy or the filing of a pleading in any court of record admitting in writing of its inability to pay its debts as they come due; (iii) of a general assignment for the benefit of creditors; or (iv) of an answer admitting the material allegations of, or its consenting to, or defaulting in answering, a petition filed against it in any bankruptcy proceeding.
- (d) The entry of an order, judgment or decree by any court of competent jurisdiction, adjudicating Tenant a bankrupt, or appointing a receiver, trustee or liquidator of it or of its assets, and this order, judgment or decree continuing unstayed and in effect for any period of 60 consecutive days, or if this Lease is taken under a writ of execution.

#### **Section 13.2 Assumption or Assignment of Lease to Bankruptcy Trustee.**

In the event that this Lease is assumed by or assigned to a trustee pursuant to the provisions of the Bankruptcy Reform Act of 1978 (referred to as "Bankruptcy Code") (11 U.S.C. § 101 et seq.), and the trustee shall cure any default under this Lease and shall provide adequate assurances of future performance of this Lease as are required by the Bankruptcy Code (including but not limited to, the requirement of Code § 365(b)(1)) (referred to as "Adequate Assurances"), and if the trustee does not cure such defaults and provide such adequate assurances under the Bankruptcy Code within the applicable time periods provided by the Bankruptcy Code, then this Lease shall be deemed rejected automatically and CBS shall have the right immediately to possession of the



Subject Property immediately and shall be entitled to all remedies provided by the Bankruptcy Code for damages for breach or termination of this Lease.

**Section 13.3 Remedies in Event of Default.**

CBS may treat any one or more of the Events of Default as a breach of this Lease. At its option, by serving written notice on Tenant and each Secured Party and Leasehold Mortgagee of whom CBS has notice (such notice not to be effective unless served on each such person) of the Event of Default, CBS shall have, in addition to other remedies provided by law, one or more of the following remedies:

(a) CBS may terminate this Lease. In such an event, CBS may repossess the entire Subject Property and Improvements, and be entitled also to recover as damages a sum of money equal to the value as of the date of termination of this Lease, of the Rent due from Tenant for the balance of the stated term of this Lease, and any other sum of money and damages due under the terms of this Lease to CBS. Any personal property not removed after such termination shall be addressed as provided for in Section 1.3 above.

(b) CBS may terminate Tenant's right of possession and may repossess the entire Subject Property and Improvements by forcible entry and detainer suit or otherwise, without demand or notice of any kind to Tenant (except as above expressly provided for) and without terminating this Lease. In such event, CBS may, but shall be under no obligation to do so, relet all or any part of the Subject Property for rent and upon terms as shall be satisfactory in the judgment reasonably exercised by CBS (including the right to relet the Subject Property for a term greater or lesser than that remaining under the stated term of this Lease). For the purpose of reletting, CBS may make any repairs, changes, alterations or additions in or to the Subject Property and Improvements that may be reasonably necessary or convenient in CBS's judgment reasonably exercised. If CBS shall be unable, after a reasonable effort to do so, to relet the Subject Property, or if the Subject Property and building are relet and a sufficient sum shall not be realized from reletting after paying all of the costs and expenses of repairs, change, alterations and additions and the expense of reletting and the collection of the Rent accruing from it, to satisfy the Rent above provided to be paid, then Tenant shall pay to CBS as damages a sum equal to the amount of the Rent reserved in this Lease for the period or periods as and when payable pursuant to this Lease. If the Subject Property or any part of it has been relet, Tenant shall satisfy and pay any deficiency upon demand from time to time. Tenant acknowledges that CBS may file suit to recover any sums falling due under the terms of this section from time to time, and that any suit or recovery of any portion due Tenant shall be no defense to any subsequent action brought for any amount not reduced to judgment in favor of CBS. Any personal property not removed after such termination shall be addressed as provided for in Section 1.3 above.

(c) In the event of any breach or threatened breach by Tenant of any of the terms, covenants, agreements, provisions or conditions in this Lease, CBS shall have the right to invoke any right and remedy allowed at law or in equity or by statute or otherwise as through reentry, summary proceedings, and other remedies not specifically provided for in this Lease.

(d) Upon the termination of this Lease, or upon the termination of Tenant's right of possession, whether by lapse of time or at the option of CBS, Tenant will at once surrender possession of the Subject Property and dispose of personal property and Improvements as described in Section 1.3. If possession is not immediately surrendered, CBS may reenter the Subject Property and Improvements and repossess itself of it as of its former estate and remove all persons and their personal property, using force as may be necessary, without being deemed guilty of any manner of trespass or forcible entry or detainer. CBS may at its option seek expedited consideration to obtain possession if CBS determines that the Lease has terminated as described in the first sentence of this paragraph, and Tenant agrees not to oppose such expedited consideration.

(e) In the event that Tenant shall fail to make any payment required to be made provided for in this Lease or defaults in the performance of any other covenant or agreement which Tenant is required to perform under this Lease during the period when work provided for in this Lease shall be in process or shall be required by the terms of this Lease to commence, CBS may treat the default as a breach of this Lease and, in addition to the rights and remedies provided in this Article, but subject to the requirements of service of notice pursuant to this Lease, CBS shall have the right to carry out or complete the work on behalf of Tenant without terminating this Lease.

#### **Section 13.4 Waivers and Surrenders To Be In Writing.**

No covenant or condition of this Lease shall be deemed to have been waived by CBS unless the waiver be in writing, signed by CBS, or CBS's agent duly authorized in writing and shall apply only with respect to the particular act or matter to which the consent is given. It shall not relieve Tenant from the obligation, wherever required under this Lease, to obtain the consent of CBS to any other act or matter.

### **ARTICLE XIV CBS'S TITLE AND LIEN**

#### **Section 14.1 CBS's Title and Lien Paramount.**

CBS will hold title to the Subject Property.

#### **Section 14.2 Tenant Not To Encumber CBS's Interest.**

Tenant shall have no right or power to and shall not in any way encumber the title of CBS regarding the Subject Property. The fee-simple estate of CBS in the Subject Property shall not be in any way subject to any claim by way of lien or otherwise, whether claimed by operation of law or by virtue of any express or implied lease or contract or other instrument made by Tenant. Tenant's interest in the Improvements shall in all respects be subject to the paramount rights of CBS in the Subject Property.

### **ARTICLE XV REMEDIES CUMULATIVE**

#### **Section 15.1 Remedies Cumulative.**

No remedy conferred upon or reserved to CBS shall be considered exclusive of any other remedy, but shall be cumulative and shall be in addition to every other remedy given under this Lease or

existing at law or in equity or by statute. Every power and remedy given by this Lease to CBS may be exercised from time to time and as often as occasion may arise or as may be deemed expedient by CBS. No delay or omission of CBS to exercise any right or power arising from any default shall impair any right or power, nor shall it be construed to be a waiver of any default or any acquiescence in it.

**Section 15.2 Waiver of Remedies Not To Be Inferred.**

No waiver of any breach of any of the covenants or conditions of this Lease shall be construed to be a waiver of any other breach or to be a waiver of, acquiescence in, or consent to any further or succeeding breach of it or similar covenant or condition.

**Section 15.3 Right to Terminate Not Waived.**

Neither the rights given to receive, sue for or distrain from any rent, moneys or other payments, or to enforce any of the terms of this Lease, or to prevent the breach or nonobservance of it, nor the exercise of any right or of any other right or remedy shall in any way impair or toll the right or power of CBS to declare ended the term granted and to terminate this Lease because of any event of default.

**ARTICLE XVI SURRENDER AND HOLDING OVER**

**Section 16.1 Surrender at End of Term.**

On the last day of the last Lease Year of the original term, or on the earlier termination of the term, Tenant shall peaceably and quietly leave, surrender and deliver the entire Subject Property to CBS, subject to the provisions of Section 1.3, in good repair, order, and condition, reasonable use, wear and tear excepted, free and clear of any and all mortgages, liens, encumbrances, and claims. At the time of the surrender, Tenant shall also surrender any and all security deposits and rent advances of Sublessees to the extent of any amounts owing from Tenant to CBS. If the Subject Property is not so surrendered, Tenant shall repay CBS for all expenses which CBS shall incur by reason of it, and in addition, Tenant shall indemnify, defend and hold harmless CBS from and against all claims made by any succeeding Tenant against CBS, founded upon delay occasioned by the failure of Tenant to surrender the Subject Property.

**Section 16.2 Rights Upon Holding Over.**

At the termination of this Lease, by lapse of time or otherwise, Tenant shall yield up immediately possession of the Subject Property to CBS and failing to do so agrees at the option of CBS, to pay to CBS for the whole time such possession is withheld, a sum per day equal to one hundred and seventy-five percent (175%) times  $1/365^{\text{th}}$  of the aggregate of the Rent paid or payable to CBS during the last year of the term of the Lease. The provisions of this Article shall not be held to be a waiver by CBS of any right or reentry as set forth in this Lease, nor shall the receipt of a sum, or any other act in apparent affirmance of the tenancy, operate as a waiver of the right to terminate this Lease and the Term granted for the period still unexpired for any breach of Tenant under this Lease.

## **ARTICLE XVII MODIFICATION**

### **Section 17.1 Modification.**

None of the covenants, terms or conditions of this Lease to be kept and performed by either party to this Lease shall in any manner be waived, modified, changed or abandoned except by a written instrument duly signed, acknowledged, and delivered by both CBS and Tenant.

## **ARTICLE XIII INVALIDITY OF PARTICULAR PROVISIONS**

### **Section 18.1 Invalidity of Provisions.**

If any provision of this Lease or the application of it to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstance other than those as to which it is invalid or unenforceable, shall not be affected, and each provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

## **ARTICLE XIX APPLICABLE LAW AND VENUE**

### **Section 19.1 Applicable Law.**

This Lease shall be construed and enforced in accordance with the laws of the State of Alaska. The forum and venue for any action seeking to interpret, construe, or enforce this Lease shall be only in the Superior Court for the State of Alaska at Sitka, Alaska.

## **ARTICLE XX NOTICES**

### **Section 20.1 Manner of Mailing Notices.**

In every case where under any of the provisions of this Lease or otherwise it shall or may become necessary or desirable to make or give any declaration or notice of any kind to CBS or Tenant, it shall be sufficient if a copy of any declaration or notice is sent by United States mail, postage prepaid, return receipt requested, addressed: If to CBS at: Municipal Administrator, City and Borough of Sitka, of 100 Lincoln Street, Sitka, Alaska 99835, with a copy to: Municipal Clerk at address listed above; and if to Tenant, at: the address set out in the Preamble. Each party from time to time may change its address for purposes of receiving declarations or notices by giving notice of the changed address, to become effective seven days following the giving of notice.

### **Section 20.2 Notice to Leasehold Mortgagee and Secured Parties.**

CBS shall provide each Leasehold Mortgagee and Secured Party, who has so requested, copies of all notices from CBS to Tenant relating to existing or potential default under, or other noncompliance with the terms of this Lease. All notices, demands or requests which may be required to be given by CBS or Tenant to any Leasehold Mortgagee and Secured Parties shall be sent in writing, by United States registered or certified mail or express mail, postage prepaid,

addressed to the Leasehold Mortgagee at a place as the Leasehold Mortgagee may from time to time designate in a written notice to CBS and Tenant.

**Section 20.3 Sufficiency of Service.**

Service of any demand or notice as in this Article provided shall be sufficient for all purposes.

**Section 20.4 When Notice Deemed Given or Received.**

Whenever a notice is required by this Lease to be given by any Party to the other Party or by any Party to a Leasehold Mortgagee, the notice shall be considered as having been given when a registered or certified notice is placed in the United States Post Office mail as provided by this Article. It shall be deemed received on the third business day thereafter. For all purposes under this Lease of starting any time period after notice, the time period shall be conclusively deemed to have commenced three business days after the giving of notice, whether or not it is provided that a time period commences after notice is given or after notice is received.

**ARTICLE XXI MISCELLANEOUS PROVISIONS**

**Section 21.1 Captions.**

The captions of this Lease and the index preceding it are for convenience and reference only and in no way define, limit or describe the scope or intent of this Lease, nor in any way affect this Lease.

**Section 21.2 Conditions and Covenants.**

All the provisions of this Lease shall be deemed and construed to be "conditions" as well as "covenants," as though the words specifically expressing or importing covenants and conditions were used in each separate provision.

**Section 21.3 Entire Agreement.**

This Lease contains the entire agreement between the Parties and shall not be modified in any manner except by an instrument in writing executed by the Parties or their respective successors or assigns in interest.

**Section 21.4 Time of Essence as to Covenants of Lease.**

Time is of the essence as to the covenants in this Lease.

**ARTICLE XXII COVENANTS TO BIND AND BENEFIT RESPECTIVE PARTIES AND TO RUN WITH THE SUBJECT PROPERTY**

**Section 22.1 Covenants to Run with the Subject Property.**

All covenants, agreements, conditions and undertakings in this Lease shall extend and inure to the benefit of and be binding upon the successors and assigns of each of the parties, the same as if they were in every case named and expressed, and they shall be construed as covenants running with the Subject Property. Wherever in this Lease reference is made to any of the parties, it shall be

held to include and apply to, wherever applicable, also the officers, directors, successors and assigns of each party, the same as if in each and every case so expressed.

## **ARTICLE XXIII ADDITIONAL GENERAL PROVISIONS**

### **Section 23.1 Absence of Personal Liability.**

No member, official, or employee of CBS shall be personally liable to Tenant, its successors and assigns, or anyone claiming by, through or under Tenant or any successor in interest to the Subject Property, in the event of any default or breach by CBS or for any amount which may become due to Tenant, its successors and assigns, or any successor in interest to the Subject Property, or on any obligation under the terms of this Lease. No member, official, or employee of Tenant shall be personally liable to CBS, its successors and assigns, or anyone claiming by, through, or under CBS or any successor in interest to the Subject Property, in the event of any default or breach by Tenant or for any amount which become due to CBS, its successors and assigns, or any successor in interest to the Subject Property, or on any obligation under the terms of this Lease.

### **Section 23.2 Lease Only Effective As Against CBS Upon Assembly Approval.**

This Lease is effective as against CBS only upon the approval of such Lease by the Assembly of CBS.

### **Section 23.3 Binding Effects and Attorneys Fees.**

This Lease shall be binding up and inure to the benefit of the respective successors and assigns of the Parties hereto. In the event of litigation over this Lease, the Parties agree that the prevailing party shall receive full reasonable attorney's fees.

### **Section 23.4 Duplicate Originals.**

This Lease may be executed in any number of copies, each of which shall constitute an original of this Lease. The warranties, representations, agreements and undertakings shall not be deemed to have been made for the benefit of any person or entity, other than the Parties.

### **Section 23.5 Declaration of Termination.**

With respect to CBS's rights to obtain possession of the Subject Property or to revest title in itself with respect to the leasehold estate of Tenant in the Subject Property, CBS shall have the right to institute such actions or proceedings as it may deem desirable to effectuate its rights including, without limitation, the right to execute and record or file with the Recorder of Sitka Recording District, a written declaration of the termination of all rights and title of Tenant in the Subject Property, and the revesting of any title in CBS as specifically provided in this Lease.

### **Section 23.6 Authority.**

CBS and Tenant represent to each other that each has, and has exercised, the required power and authority and has complied with all applicable legal requirements necessary to adopt, execute and deliver this Lease and perform its obligations. Both parties also represent that this Lease has been duly executed and delivered by each and constitutes a valid and binding obligation of each enforceable in accordance with its terms, conditions, and provisions.

**Section 23.7 Recordation.**

The parties agree that the Lease will not be recorded. At the request of either party, the parties shall execute a memorandum of the Lease for recording purposes in lieu of recording this Lease in such form as may be satisfactory to the parties or their respective attorneys. Each party shall bear their own related expenses, including attorney fees. Lessor shall pay for all recording fees.

\_\_\_\_\_  
Kevin McNamee

STATE OF ALASKA            )  
  ) ss.  
THIRD JUDICIAL DISTRICT    )

THIS CERTIFIES that on this \_\_\_\_ day of \_\_\_\_\_, 2016, personally appeared before me \_\_\_\_\_, whose identity is personally known to me or proved to me on the basis of satisfactory evidence, and who by signing this agreement, swears or affirms that he is Kevin McNamee and individually and as registered agent, is authorized to sign this document on and does so freely and voluntarily.

\_\_\_\_\_  
Notary Public for Alaska  
My Commission Expires: \_\_\_\_\_

**CITY AND BOROUGH OF SITKA**

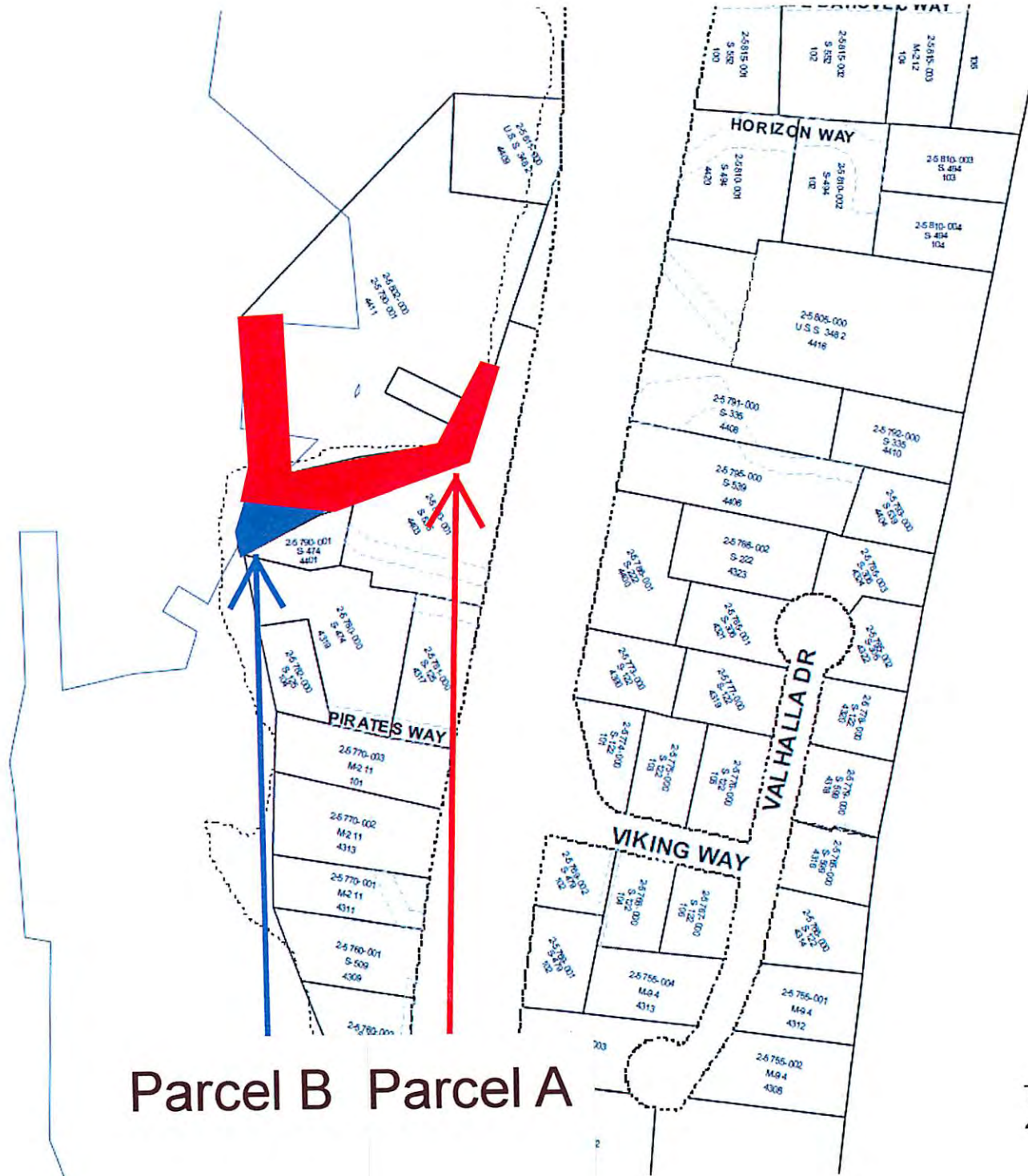
\_\_\_\_\_  
Mark Gorman, Municipal Administrator

STATE OF ALASKA            )  
  ) ss.  
FIRST JUDICIAL DISTRICT    )

THIS CERTIFIES that on this \_\_\_\_ day of \_\_\_\_\_, 2016, before me, a Notary Public in and for the State of Alaska, personally appeared MARK GORMAN, who is the Municipal Administrator of the City and Borough of Sitka, Alaska, a municipal corporation organized under the laws of the State of Alaska, that he has been authorized by to execute the foregoing document, and does so freely and voluntarily.

\_\_\_\_\_  
Notary Public for Alaska  
My Commission Expires: \_\_\_\_\_

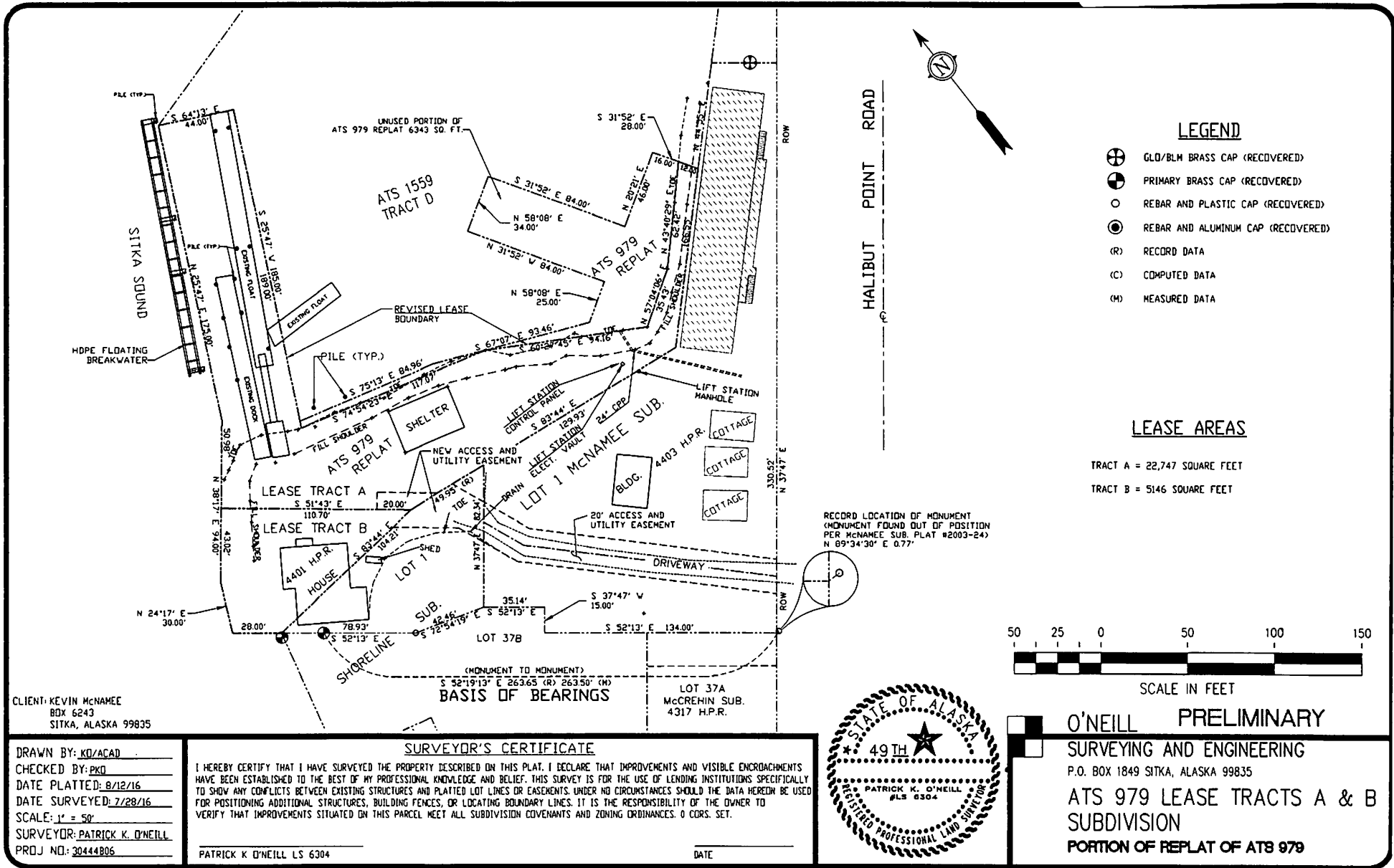




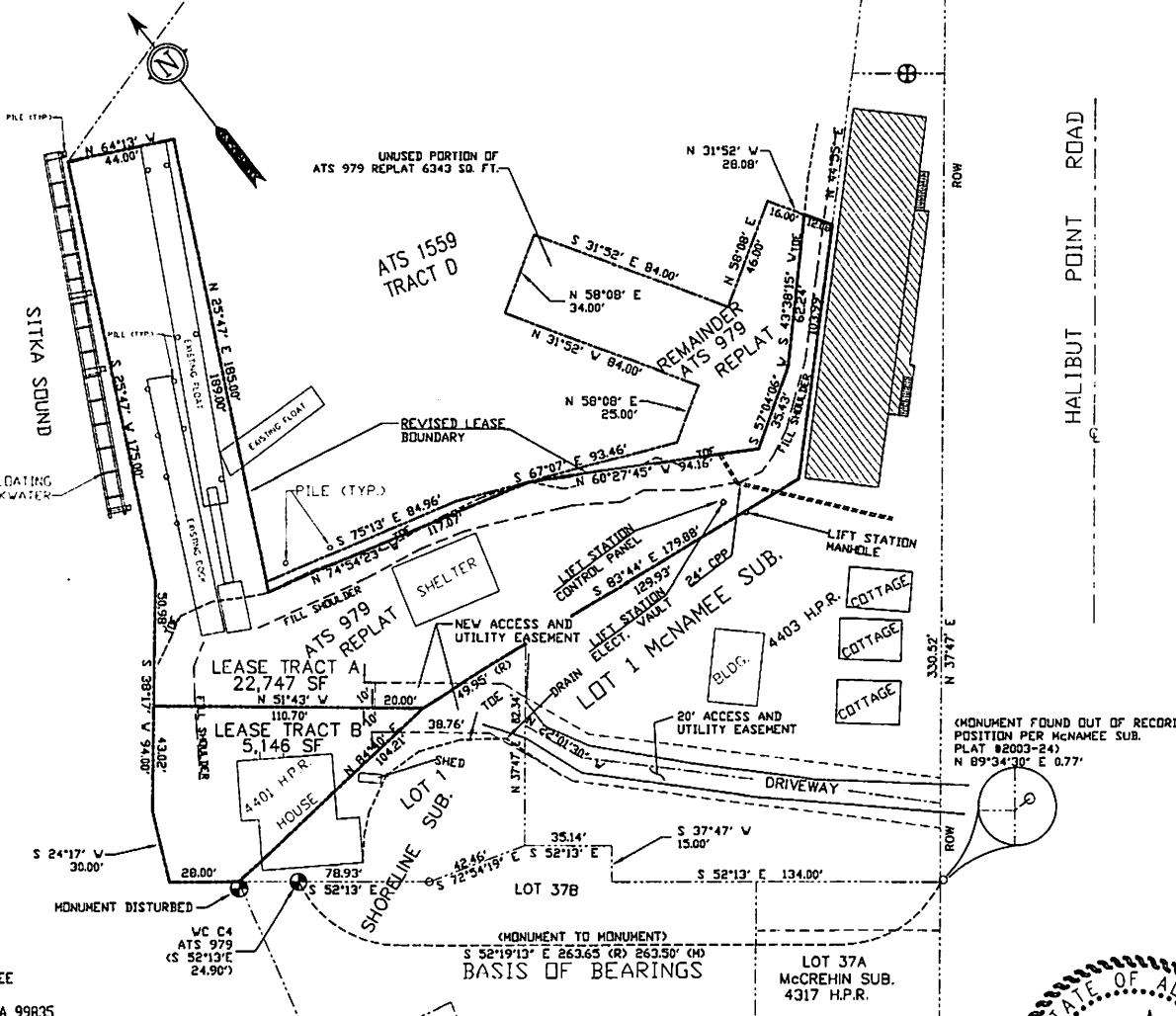
Parcel B Parcel A

**McNamee**  
Tideland Lease Request  
4401 Halibut Point Road





**O'NEILL PRELIMINARY**  
SURVEYING AND ENGINEERING  
P.O. BOX 1849 SITKA, ALASKA 99835  
**ATS 979 LEASE TRACTS A & B**  
SUBDIVISION  
PORTION OF REPLAT OF ATS 979



**LEGEND**

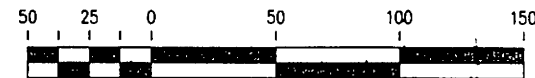
- ⊕ GLD/BLM BRASS CAP (RECOVERED)
- ⊙ PRIMARY BRASS CAP (RECOVERED)
- REBAR AND PLASTIC CAP (RECOVERED)
- ⊗ REBAR AND ALUMINUM CAP (RECOVERED)
- (R) RECORD DATA
- (C) COMPUTED DATA
- (M) MEASURED DATA

**METES AND BOUNDS DESCRIPTIONS**  
**LEASE TRACTS A & B, REPLAT OF ATS 979**

Lease Tracts A & B constitute portions of the Replat of ATS 979, filed March 13, 1986 as Plat #86-6, Sitka Recording District, Alaska, more particularly described as follows:

**LEASE TRACT A**  
 Commencing at the most Southerly corner of Lease Tract B, a point coincident with the most Westerly corner of Lot 1, Shoreline Subdivision (filed as Plat #98-24 in the Sitka Recording District., Oct. 7, 1998), from whence a Brass Cap monument stamped "W.C. ATS 979 C4" bears S 52°13' E 24.90 feet; thence proceeding along the Tract B boundary N 84°40' E 104.21 feet to the corner common with Lease Tract A and the True Point of Beginning of this description; thence along the Tract A boundary S 83°44' E 179.88 feet; thence N 44°55' E 103.99 feet; thence N 31°52' W 12.08 feet; thence S 43°38'15" W 62.24 feet; thence S 57°04'06" W 35.43 feet; thence N 60°27'45" W 94.16 feet; thence N 74°54'23" W 117.07 feet; thence N 25°47' E 189.00 feet; thence N 64°13' W 44.00 feet; thence S 25°47' W 175.00 feet; thence S 38°17' W 50.98 feet; thence S 51°43' E 110.70 feet to the True Point of Beginning, containing 22,747 square feet.

**LEASE TRACT B**  
 Beginning at the most Southerly corner of Lease Tract B, a point coincident with the most Westerly corner of Lot 1, Shoreline Subdivision (filed as Plat #98-24 in the Sitka Recording District, Oct. 7, 1998), the True Point of Beginning of this description, from whence a Brass Cap monument stamped "W.C. ATS 979 C4" bears S 52°13' E 24.90 feet; thence proceeding along the Tract B boundary N 84°40' E 104.21 feet; thence N 51°43' W 110.70 feet; thence S 38°17' W 43.02 feet; thence S 24°17' W 30.00 feet; thence S 52°13' E 28.00 feet to the true point of beginning, containing 5,146 square feet.



SCALE IN FEET

**O'NEILL PRELIMINARY**

**SURVEYING AND ENGINEERING**  
 P.O. BOX 1849 SITKA, ALASKA 99835

**REPLAT OF ATS 979**  
**LEASE TRACTS A & B**  
**EXHIBIT DRAWING**



**SURVEYOR'S CERTIFICATE**

I HEREBY CERTIFY THAT I HAVE SURVEYED THE PROPERTY DESCRIBED ON THIS PLAT. I DECLARE THAT IMPROVEMENTS AND VISIBLE ENCROACHMENTS HAVE BEEN ESTABLISHED TO THE BEST OF MY PROFESSIONAL KNOWLEDGE AND BELIEF. THIS SURVEY IS FOR THE USE OF LENDING INSTITUTIONS SPECIFICALLY TO SHOW ANY CONFLICTS BETWEEN EXISTING STRUCTURES AND PLATTED LOT LINES OR EASEMENTS. UNDER NO CIRCUMSTANCES SHOULD THE DATA HEREIN BE USED FOR POSITIONING ADDITIONAL STRUCTURES, BUILDING FENCES, OR LOCATING BOUNDARY LINES. IT IS THE RESPONSIBILITY OF THE OWNER TO VERIFY THAT IMPROVEMENTS SITUATED ON THIS PARCEL MEET ALL SUBDIVISION COVENANTS AND ZONING ORDINANCES. 0 CORRS. SET.

PATRICK K O'NEILL LS 6304

DATE

CLIENT: KEVIN McNAMEE  
 BOX 6243  
 SITKA, ALASKA 99835

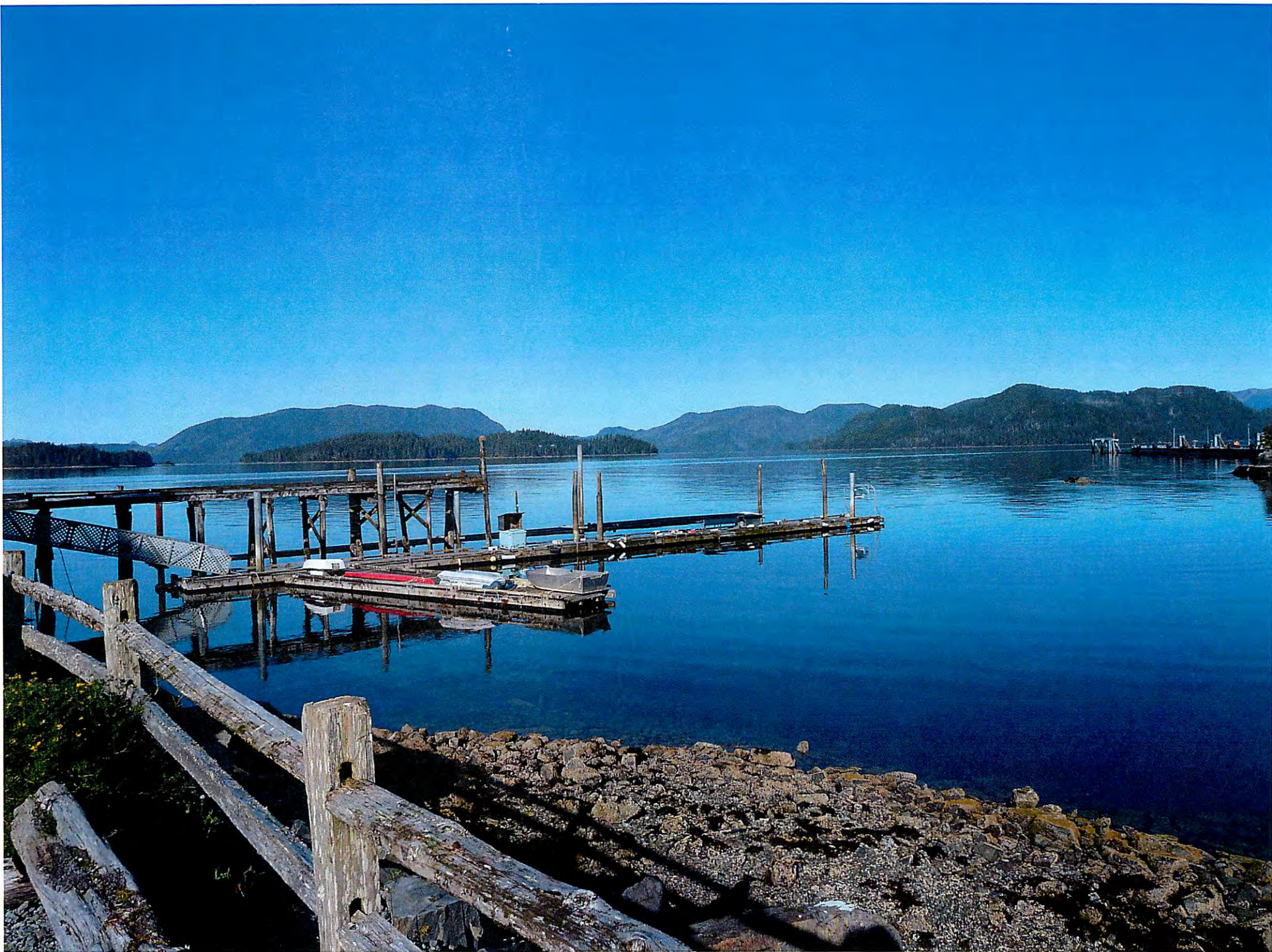
DRAWN BY: KO/ACAD  
 CHECKED BY: PKO  
 DATE PLATTED: 11/14/16  
 DATE SURVEYED: 7/28/16  
 SCALE: 1" = 50'  
 SURVEYOR: PATRICK K. O'NEILL  
 PRDJ NO: 30444806

30444806

11/14/16













**OWNERSHIP CERTIFICATE**

I, THE UNDERSIGNED, HEREBY CERTIFY THAT I AM THE DIRECTOR, DIVISION OF TECHNICAL SERVICES, AND THAT THE STATE OF ALASKA IS OWNER OF A.T.S. NO. 979. I HEREBY APPROVE THIS SURVEY AND PLAT FOR THE STATE OF ALASKA.  
DATE: 3/7/84  
Director  
DIVISION OF TECHNICAL SERVICES



MONUMENT 2



MONUMENT 1



TYPICAL CAP MARKING

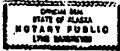


**TYPICAL PRIMARY MONUMENT**

MONUMENTS SET THIS SURVEY CONSISTED OF A 3" DIA. DIAMETER METAL PIPE 20" LONG WITH A 4" FLANGE ON THE BOTTOM. A 3" DIA. DIAMETER METAL MONUMENT CAP WAS PLACED ON TOP.

**NOTARY'S ACKNOWLEDGMENT**

RECORDED AND SHOWN BEFORE ME THIS 7th DAY of March  
for James H. Anderson



James H. Anderson  
NOTARY PUBLIC FOR ALASKA  
MY COMMISSION EXPIRES 4/30/84

**CERTIFICATE OF APPROVAL BY THE BOARD**

I HEREBY CERTIFY THAT THE REPLAT SHOWN HEREON HAS BEEN FOUND TO CONFORM WITH THE SUBDIVISION REGULATIONS OF THE CITY AND BOROUGH OF SITKA PLATTING BOARD, AND THAT SAID REPLAT HAS BEEN APPROVED BY THE BOARD OF PLAT RECORDATION, NO. 100-312, DATED 1/11/84, AND THAT THE PLAT SHOWN HEREON HAS BEEN APPROVED FOR RECORDATION IN THE OFFICE OF THE DISTRICT COURT, SITKA, ALASKA.

ATTEST:  
Claudia O. Johnson  
SECRETARY

**LESSEE CERTIFICATE**

I, THE UNDERSIGNED, HEREBY CERTIFY THAT I AM THE LESSEE AS SHOWN HEREON. I HEREBY APPROVE THIS SURVEY AND PLAT.

DATE: 12/19 100-312

WITNESSED BY:  
Monte J. Mamed Gregory H. Sch  
WITNESS

**NOTARY'S ACKNOWLEDGMENT**

RECORDED AND SHOWN BEFORE ME THIS 19 DAY of December 1983  
for GARY H. EGG

James H. Anderson  
NOTARY PUBLIC FOR ALASKA  
MY COMMISSION EXPIRES 4-30-84

**BEARING OBJECTS**

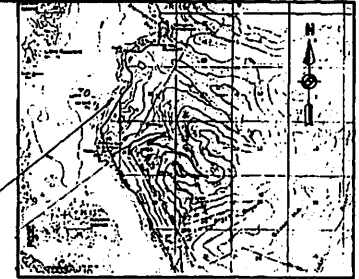
EAST CORNER OF BOAT SHOP BEARS S 10° 01' E, 40.30' FROM MON. 3  
NORTH CORNER OF BOAT SHOP BEARS N 60° 36' W, 21.45' FROM MON. 3  
EAST CORNER OF BOAT SHOP BEARS S 04° 10' W, 30.78' FROM MON. 4  
NORTH CORNER OF BOAT SHOP BEARS S 02° 36' W, 30.35' FROM MON. 4



**SURVEYOR'S CERTIFICATE**

I HEREBY CERTIFY THAT I AM PROPERLY REGISTERED AND LICENSED TO PRACTICE LAND SURVEYING IN THE STATE OF ALASKA, AND THAT THIS PLAT REPRESENTS A SURVEY MADE BY ME OR UNDER MY DIRECT SUPERVISION AND THE INSTRUMENTS SHOWN WERE ACTUALLY USED IN CONNECTION WITH THIS SURVEY AND THAT ALL DIMENSIONS AND OTHER DETAILS ARE CORRECT.

DATE: 3/24 100-312  
James H. Anderson  
REGISTERED LAND SURVEYOR



**VICINITY MAP**  
USGS QUAD SITKA A-5 G A-4, 1951  
1" = 1 MILE

**BASIS OF BEARING**

THE BASIS OF BEARING FOR THIS SURVEY IS THE TRUE LINE BETWEEN CORNER 2, LOT 40 AND N.E. 1/4, NO. 5, LOT 41, U.T.S. 3482, OFFICIALLY REPORTED AS N 83° 15' W.

**NOTES:**

- 1. ALL BEARINGS SHOWN ARE TRUE BEARINGS AS ORIENTED TO THE BASIS OF BEARING.
- 2. ALL DISTANCES SHOWN ARE REDUCED TO HORIZONTAL FIELD DISTANCES.

**LEGEND**

- ⊙ GLO-BLM MONUMENT RECOVERED
- ⊙ PRIMARY BRASS CAP MONUMENT RECOVERED
- ⊙ PRIMARY MONUMENT SET THIS SURVEY

**SCALE: 1" = 40'**



RECORDED - FILED IN  
SITKA  
DATE: 3/15/84  
BY: AS/DNR-D  
James H. Anderson, AS 970

DATE OF SURVEY MARCH 15, 1984	NAME OF SURVEYOR JAMES H. ANDERSON
BY: AS/DNR-D	SITKA, ALASKA 99505
STATE OF ALASKA DEPARTMENT OF NATURAL RESOURCES DIVISION OF TECHNICAL SERVICES SITKA, ALASKA	

**REPLAT OF A.T.S. NO. 979**

LOCATED WITHIN PROTRACTED SECTION 8, T 53 S, R 23 E, C. 11 R.

DRAWN BY: GED	APPROVAL RECEIVED:
DATE: 3/28/84	DATE: 3/28/84
SCALE: 1" = 40'	BY: JAMES H. ANDERSON

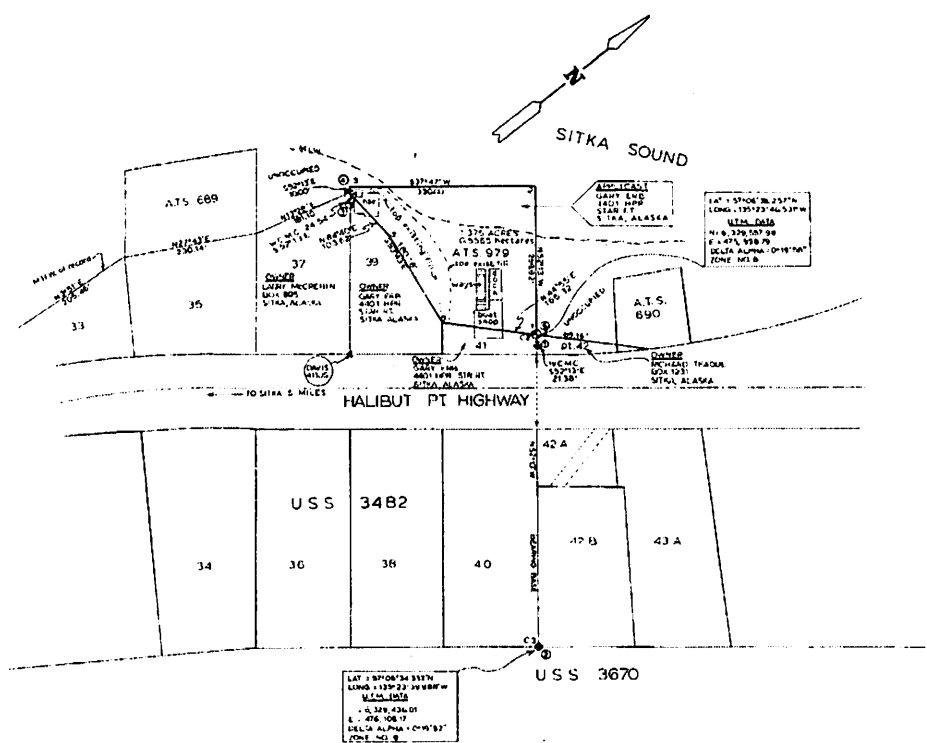
**McNamee**  
Tideland Lease Request  
4401 Halibut Point Road

PLAT 86-6

**NOTES**

THE METRIC AND METRIC DATA IS BEING SHOWN  
HEREON FOR INFORMATION PURPOSES ONLY

TRACT IS SUBJECT TO A SIX FOOT LINEAR PEDESTAL ACCESS  
EASEMENT 1/4 FEET ALONG THE SEAWARD SIDE OF THE LINE  
OF INDIAN HIGH WATER, AT LESSEE'S OPTION, AND WITH  
CONCURRENCE OF LESSOR, ALTERNATE REASONABLE ACCESS  
MAY BE DELINEATED AND PROVIDED FOR ON UPLANDS.



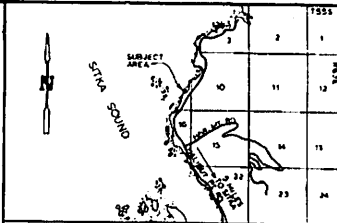
**BASIS OF BEARING**

THE BASIS OF BEARING FOR THIS SURVEY IS THE TRUE LINE BETWEEN CORNER NO. 3, LOT 40 AND  
W.C.M.C. NO. 10, LOT 41, U.S.S. 3482, OFFICIALLY REPORTED AS 52°21'31\"

**LEGAL DESCRIPTION OF A.T.S. 979**

A PARCEL OF LAND WITHIN THE FIRST JUDICIAL DISTRICT STATE OF ALASKA, WITHIN PROTRACTED  
SECTION 9, T55N, R83E; COPPER RIVER MEANDER, AT CORNER NO. 1 LAT. S. 1°00'30.83\" W.  
LONG. 122°22'46.53\" W. MORE PARTICULARLY DESCRIBED AS FOLLOWS:  
BEGINNING AT BRASS CAP MON. (W.C.M.C. NO. 2 OF LOT 41, U.S. SURVEY 3482) THENCE  
N22°12'31\" A DISTANCE OF 23.38 FEET TO THE TRUE POINT OF BEGINNING AND COR. NO. 1 OF THIS  
DESCRIPTION, THENCE N33°15'15\" A DISTANCE OF 208.8 FEET TO COR. NO. 2, THENCE S37°42'15\" A  
DISTANCE OF 230.00 FEET TO COR. NO. 3, THENCE S32°12' A DISTANCE OF 104.00 FEET TO COR. NO. 4  
AND ALSO BEING COR. NO. 1 OF LOT 38 OF THE APPOINDED SURVEY, THENCE N8°40' A DISTANCE  
OF 102.83 FEET TO COR. NO. 5, THENCE S89°51' A DISTANCE OF 180.18 FEET TO COR. NO. 6,  
THENCE N43°55' A DISTANCE OF 156.33 FEET TO COR. NO. 1 AND THE TRUE POINT OF BEGINNING  
OF THIS SURVEY, THE ABOVE DESCRIBED TRACT OF TIDELANDS APPLIED FOR CONTAINS  
1375 ACRES 10.5565 HECTARES

1 U.S. ACRE = 0.4047 HECTARE



**VICINITY MAP**  
U.S.G.S. QUAD, SITKA 1A-51  
SCALE 1" = 1 MILE

**LESSEE CERTIFICATE**  
I, THE UNDERSIGNED HEREBY CERTIFY THAT I AM THE LESSEE AS  
SHOWN HEREON. I HEREBY APPROVE THIS SURVEY AND PLAT  
DATE 1-10-81  
WITNESSES  
Deanna Rogers, Lessee  
Deanna Rogers, Dan C. Ent, Witness

**OWNERSHIP CERTIFICATE**  
I, THE UNDERSIGNED, HEREBY CERTIFY THAT I AM THE DIRECTOR, ALASKA DIVISION OF  
TECHNICAL SERVICES, AND THAT THE STATE OF ALASKA IS OWNER OF ALL RIGHTS  
AS SHOWN HEREON. I HEREBY APPROVE THIS SURVEY AND PLAT FOR THE STATE OF  
ALASKA.  
DATE 10-28-81  
James R. Johnson, Director  
DIVISION OF TECHNICAL SERVICES  
**NOTARY'S ACKNOWLEDGEMENT**  
SUBSCRIBED AND SWORN TO BEFORE ME THIS 28th DAY OF OCTOBER, 1981.  
DATE 10-28-81  
BY COMMISSION EXPIRES 12-10-84

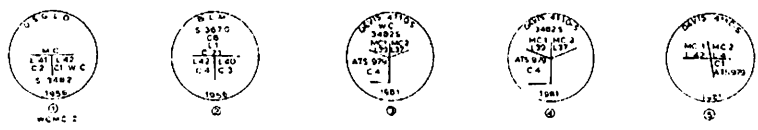
**NOTARY'S ACKNOWLEDGEMENT**  
I HEREBY CERTIFY THAT I AM REGISTERED TO PRACTICE LAND SURVEYING  
IN ALASKA AND THAT THIS PLAT REPRESENTS A SURVEY MADE BY ME OR  
UNDER MY DIRECT SUPERVISION AND THE MONUMENTS SHOWN THEREON  
ACTUALLY EXIST AS LOCATED AND THAT ALL DIMENSIONS AND OTHER  
DETAILS ARE CORRECT.  
DATE 8-11-81  
REGISTRATION NO. 4110-S  
REGISTERED LAND SURVEYOR  
DAVIS & ASSOC. INC.

- LEGEND**
- OLD AND/OR BLEM MON RECOVERED
  - PRIMARY BRASS CAP WITH SET THIS SURVEY
  - ▲ REDDAR & PLASTIC (IF USED)
  - ① MONUMENT IDENTIFICATION NUMBER

**MONUMENT ACCESSORIES**

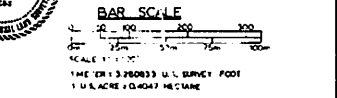
**MON. NO. 1**  
S.W. COR. OF HOUSE BEARS N22°10'31\" A DIST. OF 13.8 FEET  
S.E. COR. OF HOUSE BEARS S80°00' A DIST. OF 13.5 FEET

**MON. NO. 2**  
N.E. COR. BOAT SHOP BEARS S20°15' A DIST. OF 96.9 FEET  
NORTH COR. BOAT SHOP BEARS S40°05' A DIST. OF 93.8 FEET  
W.E. COR. BOAT SHOP BEARS S60°00' A DIST. OF 104.6 FEET



81-2031  
REGISTERED - FILED  
DATE 11-3-81  
BY [Signature]  
Deanna Rogers, Lessee  
Deanna Rogers, Dan C. Ent, Witnesses  
James R. Johnson, Director  
DIVISION OF TECHNICAL SERVICES

Plat # 81-42



PLAT PREPARED JANUARY 31, 1981	
DATE OF SURVEY 2 MARCH 1981	NAME OF SURVEYOR DAVIS & ASSOC INC SITKA, ALASKA
STATE OF ALASKA DIVISION OF TECHNICAL SERVICES ANCHORAGE, ALASKA	
ALASKA TIDELANDS SURVEY NO. 979 WITHIN PROTRACTED SEC. 9, T55N, R83E, C1M.	
DRAWN BY DATE 21 JAN 1981	DATE 10/10/81
SCALE 1" = 100'	FILE NO. ATS-979

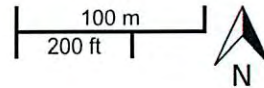
**McNamee**  
Tideland Lease Request  
4401 Halibut Point Road



### City & Borough of Sitka, Alaska

Selected Parcel: 4401 HALIBUT POINT ID: 25790001

Printed on 8/18/2016 from <http://www.mainstreetmaps3.com/ak/sitka/internal.asp>



This map is for informational purposes only. It is not for appraisal of, description of, or conveyance of land. The City & Borough of Sitka, Alaska and MainStreetGIS, LLC assume no legal responsibility for the information contained herein.

**McNamee**  
Tideland Lease Request  
4401 Halibut Point Road

# Memorandum

**TO:** Maegan Bosak, Planning and Community Development Director

**FROM:** Wendy Lawrence, Assessing Director *Wendy Lawrence*

**SUBJECT:** City and Borough of Sitka Tidelands Lease Application – ATS 979 (which is adjacent and ancillary to:  
PID: 2-5790-001 – 4401 HPR (6,000sf owned filled tidelands)  
PID: 2-5800-001 – 4403 HPR (31,681 sf owned filled tidelands)

**DATE:** September 7, 2016

The real property described below was inspected on November 30, 2015, for the tideland lease application noted above. The City and Borough of Sitka owns 34,412sf of ATS 979 consisting of a combination of filled and submerged city-owned tidelands addressed as 4401 HPR. This parcel is located due north and directly adjacent to two other filled tideland lots owned by the lease applicants which are noted as 4401 HPR (PID 2-5790-001) and 4403 HPR (PID 2-5800-001 aka Island View Lodge). Island View Lodge is owned and operated by the lease applicants, and this leased parcel is necessary and ancillary to this business. This leased parcel contains floating docks and rock fill area which is used for guest parking and dock access.

The applicant is requesting a lease renewal of 27,893 square feet of ATS 979 outlined as Parcels A & B within the lease application. Parcel A has been classified to consist of approximately 12,322sf of filled tidelands, 3,525sf of sloping tidelands, and 6,900sf of submerged tidelands. Parcel B consists of 5,146sf of tidelands classified as filled for this valuation.

Tidelands within the City and Borough of Sitka are valued according to their classification and upland land modeling, with value ranges for uplands at \$7.70-\$25.85/sf. Upland and filled tidelands are valued according to the regular land modeling of the area, sloping tidelands are valued at thirty percent of the upland rate, and submerged tidelands are valued at fifteen percent of the upland rate. This standard of valuation is used throughout assessment departments in Alaska, with price variances according to upland land values. This property falls within the lower end of this range with the following per square foot prices: \$7.82/sf per upland/filled, \$2.35/sloping, and \$1.17/submerged.

**Recommended conclusion of value is as follows: land modeling for the Halibut Point Rd-North area yields an assessed valuation of \$152,900 for this parcel, on which the annual lease rate shall be determined according to CBS code.**

**McNamee**  
Tideland Lease Request  
4401 Halibut Point Road

## Samantha Pierson

---

**From:** Lindsey Vilandre  
**Sent:** Thursday, August 18, 2016 2:11 PM  
**To:** Samantha Pierson  
**Subject:** Re: McNamee Tideland Lease

**Good Afternoon,**

**The current payment is \$2,415.00 per year. Yes he paid in 2015 for a year. Next billing is in October of this year.**

**Thank you  
Have a great day  
Lindsey ☺**

---

**From:** Samantha Pierson  
**Sent:** Thursday, August 18, 2016 9:36:12 AM  
**To:** Lindsey Vilandre  
**Subject:** McNamee Tideland Lease

Lindsey,

Could you tell me the current payment amount for Kevin McNamee's tideland lease at 4403 Halibut Point Road, and if he is current on his payments?

*Sam*

Samantha Pierson  
Planner I  
City and Borough of Sitka  
100 Lincoln Street  
Sitka, AK 99835  
(907) 747-1814

**McNamee**  
Tideland Lease Request  
4401 Halibut Point Road

in significant additional rain runoff on the adjacent property;  
c. The granting of the variance furthers an appropriate use of the property, specifically, by creating safe access for a single-family home.

Motion PASSED 4-0.

Hughey/Windsor moved to APPROVE a variance request for 109 Darrin Drive. The variance is for the reduction of the front setback from 20 feet to 5 feet and the side setback from 8 feet to 2 feet for the construction of stairs and rails. The property is also known as Lot 5 Darrin Subdivision. The request is filed by Cory and Brenna Picotte. The owner of record is Cory and Brenna Picotte.

Motion PASSED 4-0.

G

Public hearing and consideration of a tideland lease renewal application filed by Kevin McNamee for tidelands adjacent 4401 Halibut Point Road. The property is also known as a portion of ATS 979. The request is filed by Kevin McNamee. The owner of record is the City and Borough of Sitka.

Scarcelli reviewed the request for tideland lease renewal. The requested term is for 50 years. The lease payment would approximately triple from the current payment, according to a valuation provided by the municipal assessor. The lease renewal would allow a currently operating business to continue these operations.

Pohlman asked about the lease portion that is not being renewed. Pohlman stated concern that the unleased portion be protected and not polluted. Scarcelli stated that it would be unlikely that the unleased portion would be leased by another party, without the addition of an easement. Hughey stated that public access to the unleased portion would be limited. Scarcelli stated that a condition of approval could be the inclusion of a clause preserving public access to the tidelands. Pohlman stated that the land use and comprehensive plan process have addressed not disposing of land in a manner that leaves small unusable parcels left. Scarcelli stated that this is the process prescribed by code. While staff is working on a future policy and code process, absent a moratorium, this is the current process in effect. Hughey stated that the parcel should remain in one piece, and it is not logical to exclude the third portion.

Kevin McNamee pointed to the concept plan and explained the request. The portion that he requests to not rent was used by the prior owner to launch boats that he built. McNamee stated that he wanted to separate the residence from the business so that he could possibly sell the business in the future. McNamee stated that the surveyor followed the toe line.

Scott Saline stated that this request is similar to the Petro Marine lease. Petro is only leasing what their float sets on, and it could be argued that Petro's lease portion will block access to some municipal tidelands.

Hughey stated that he better understands the request. Pohlman asked if others along Halibut Point Road could stop paying for leases and still use the waterfront as a public access. Hughey stated that he doesn't believe there is useable land on the unleased portion, and does not see a need to ensure public access to that portion. Pohlman stated that environmental effects could still arise from the U-shaped lease. Pohlman stated that humans tend to take

better care of things that they buy or lease than when they do not have any vested interest. Spivey stated that boat owners are responsible for cleaning up spills they cause regardless of where the spills result.

Hughey/Windsor moved to **RECOMMEND** preliminary approval of the proposed tideland lease adjacent to 4401 Halibut Point Road by Kevin McNamee.

Motion **PASSED 4-0**.

**H**

Public hearing and consideration of a variance request for 424 Katlian Avenue. The request is for the reduction of the side setbacks from 8 feet to 0 feet, the reduction of the front setback adjacent Kogwanton Street from 20 feet to 8 feet, the reduction of the front setback adjacent Katlian Street from 20 feet to 18 feet, substandard parking, substandard lot size, and substandard lot width for the construction of a new house and ice shop. The property is also known as Lot 50 Block 2 US Survey 2542 A&B. The request is filed by Scott Saline. The owner of record is Scott Saline.

Scarcelli stated that the applicant received a variance approximately one year ago; however, substantial construction did not occur within one year and the site plan and gross square footage of the structure changed, requiring a new variance approval. The lot is zoned Waterfront but is surrounded on 3 sides by R-1 residential lots. Pierson stated that Historic Preservation Commission heard the item at last week's meeting and voted 4-0 to recommend the project. Scarcelli stated that the parking variance is a judgement call for the commission to make. Scarcelli read a letter of objection by Allen Bell, Sitka Tribe of Alaska's attorney, on behalf of a tribal citizen who owns a restricted deed property. Scarcelli stated that Bell did not identify any detrimental effects, but said that closer setbacks could result in impacts to noise, fire, and traffic. Scarcelli stated that building requirements are more strenuous when building within 5 feet of the property line. Scarcelli stated that staff recommend approval.

Scott Saline stated that he intends to have 19 feet along Katlian but he's requesting 18 feet in case of error when the foundation is poured. Hughey asked about the appearance of the building, and Saline stated that he intends to make it fit in with the neighborhood. Windsor asked about the height of the proposed structure. Scarcelli stated that it is 35 feet high, has a footprint of 28 feet by 18 feet, and results in a 33% building lot coverage on an approximately 1500 square foot lot.

Windsor stated that the proposed structure would be an improvement on the lot.

Windsor/Pohlman moved to **APPROVE** and adopt findings as discussed in the staff report.

**Required Findings for Variances Involving Major Structures or Expansions.**  
Before any variance is granted, it shall be shown:

- a) That there are special circumstances to the intended use that do not apply generally to the other properties, specifically, that the lot is one-quarter of the minimum lot size in the zone;
- b) The variance is necessary for the preservation and enjoyment of a substantial property right of use possessed by other properties but are denied to this parcel, specifically, the ability to economically develop a





# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

*Coast Guard City, USA*

## Planning and Community Development Department

Date: September 14, 2016

From: PCDD Staff

To: Planning Commission

Re: McNamee Tideland Lease Renewal Request

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### GENERAL INFORMATION

Applicant: Kevin McNamee

Property Owner: City and Borough of Sitka

Property Address: Adjacent 4401 Halibut Point Road

Legal Description: 27,893 of ATS 979

Parcel ID Number: Adjacent to 2-5790-001 & 2-5800-001

Size of Existing Lot: 34,412 square feet

Zoning: C-2 General Commercial

Existing Land Use: Commercial

Utilities: City utilities

Access: Halibut Point Road and by water

Surrounding Land Use: Commercial and residential

### MEETING FLOW

- Report from Staff
- Applicant comes forward
- Applicant identifies him/herself – provides comments
- Commissioners ask applicant questions
- Staff asks applicant any questions
- Floor opened up for Public Comment
- Applicant has opportunity to clarify or provide additional information
- Comment period closed - brought back to the board
- Findings
- Motion of recommendation

## **ATTACHMENTS**

Attachment A: Vicinity Map  
Attachment B: Aerial Vicinity Map  
Attachment C: Zoning Map  
Attachment D: Survey  
Attachment E: Parcel Pictures  
Attachment F: Application  
Attachment G: Current Lease  
Attachment H: Mailing List  
Attachment I: Proof of Ownership  
Attachment J: Proof of Payment

## **PROJECT DESCRIPTION**

Kevin McNamee approached the Planning and Community Development Department with a request to renew a lease of tidelands adjacent 4401 Halibut Point Road for 50 years. The request includes 27,893 square feet of ATS 979, divided into two tracts, for the purpose of continuing operations at Island View Lodge.

Following the Planning Commission meeting, the request will be presented to the Assembly for preliminary approval. After the Assembly grants preliminary approval, the proposal will return to Planning Commission for a final recommendation of approval. A final lease ordinance will be authorized by the Assembly.

## **BACKGROUND**

In 1986, the State of Alaska leased ATS 979, approximately 0.79 acres of tidelands, to Gary Erb for \$2300 per year. In 1997, the State of Alaska transferred the tidelands to the City and Borough of Sitka, so CBS became Erb's landlord. In 2003, Erb sold the upland property, 4401 Halibut Point Road, to Kevin and Tina McNamee. At this time, Erb also transferred the tideland lease to Mr. and Mrs. McNamee. The current lease amount is \$2415 per year. McNamee is current on lease payments. The current lease expires September 30, 2016.

McNamee requests to lease two portions of the prior lease tract, and does not wish to lease a third portion. Parcel A is a 27,893 square foot portion which houses an existing float and a shelter. Parcel B is a 5146 square foot portion that contains approximately half of the main house. The applicant does not wish to lease a third portion of 6343 square feet. McNamee requests a 50 year lease for Parcel A and Parcel B.

McNamee has informally requested to purchase the tidelands; however, due to the details of the tidelands conveyance, CBS is not permitted to sell ATS 979 tidelands.

A competitive bid process will not be required, as McNamee is the upland property owner.

No city staff have expressed concern about the proposed tideland lease.

## **ANALYSIS**

**Project / Site:** The proposed tidelands are immediately adjacent 4401 Halibut Point Road. It is approximately 27,893 square feet of occupied submerged tidelands that are next to the current Island View Lodge.

**Amount of vehicular traffic to be generated and impacts of the traffic on nearby land uses:** Same amount of vehicular traffic as currently observed. No increase is expected.

**Amount of noise to be generated and its impacts on surrounding land use:** As the proposed lease is a renewal, noise would be similar to present use.

**Odors to be generated by the use and their impacts:** Odors from gas and boat exhaust should be anticipated. No increase expected.

**Hours of operation:** A lodge is a 24 hour operation.

**Effects of vehicular and pedestrian safety:** No concerns.

**Ability of the police, fire and EMS personnel to respond to emergency calls on the site:** Same as present.

**Effects of signage on nearby uses:** No change to signage.

**Conformity with Comprehensive Plan:** Conforms to Comprehensive Plan Section 2.6.2(K), which supports facilities to accommodate visitors that do not impact surrounding residential neighborhoods any more than typical residential uses, by facilitating the continued operation of a long-standing lodge.

## **RECOMMENDATION**

It is recommended that the Planning Commission adopt staff's analysis and move to recommend preliminary approval of the tideland lease adjacent 4401 Halibut Point Road.

If the Planning Commission recommends preliminary approval of the proposed tideland lease renewal the process would be: 1) preliminary Assembly approval, 2) recommendation of Planning Commission approval, 3) land lease ordinance by Assembly.

### **Recommended Motions:**

- 1) I move to recommend preliminary approval of the proposed tideland lease adjacent to 4401 Halibut Point Road by Kevin McNamee.



# CITY AND BOROUGH OF SITKA

PLANNING AND COMMUNITY DEVELOPMENT DEPAR  
LAND MANAGEMENT APPLICATION FORM

Attachment F

1. Request projects at least FOURTEEN (14) days in advance of next meeting date.
2. Review guidelines and procedural information.
3. Fill form out completely. No request will be considered without a completed form.
4. Submit all supporting documents and proof of payment.

**APPLICATION FOR:**

TIDELAND

LEASE

LAND

PURCHASE

**BRIEF DESCRIPTION OF REQUEST:** Applying to renew tideland ~~use~~ lease for another 50 years. Requesting to separate the portion that falls under the house (4401 HPR) and the parking/dock section. See drawing attached for detail on Lease tract A & B.

**PROPERTY INFORMATION:**

CURRENT ZONING: C-2 ARE YOU THE UPLAND PROPERTY OWNER? Yes

CURRENT LAND USE(S): Residential/Commercial PROPOSED LAND USES (if changing): Same

**APPLICANT INFORMATION:**

PROPERTY OWNER: Kevin McNamee

PROPERTY OWNER ADDRESS: 4403 HPR Cabin "D" 99835

STREET ADDRESS OF PROPERTY: 4401/4403/4405 HPR SITKA, AK. 99835

APPLICANT'S NAME: Kevin McNamee

MAILING ADDRESS: Box 6243 SITKA, AK. 99835

EMAIL ADDRESS: Kevin-mcnamee@yahoo.com DAYTIME PHONE: (907) 738-6541

**PROPERTY LEGAL DESCRIPTION:**

TAX ID: 2-5800-001 LOT: \_\_\_\_\_ BLOCK: \_\_\_\_\_ TRACT: \_\_\_\_\_

SUBDIVISION: \_\_\_\_\_ US SURVEY: ATS 979

**OFFICE USE ONLY**

COMPLETED APPLICATION		SITE PLAN	
NARRATIVE		CURRENT PLAT	
FEE		OWNERSHIP	

**REQUIRED SUPPLEMENTAL INFORMATION:**

- Completed application form
- Narrative
- Site Plan showing all existing and proposed structures with dimensions and location of utilities (see Plat)
- Proof of filing fee payment (see S.P.)
- Proof of ownership (If claiming upland preference)
- Copy of current plat

**CERTIFICATION:**

I hereby certify that I desire a planning action in conformance with Sitka General Code and hereby state that all of the above statements are true. I certify that this application meets SCG requirements to the best of my knowledge, belief, and professional ability. I acknowledge that payment of the review fee is non-refundable, is to cover costs associated with the processing of this application, and does not ensure approval of the request. I understand that public notice will be mailed to neighboring property owners and published in the Daily Sitka Sentinel. I further authorize municipal staff to access the property to conduct site visits as necessary.



Applicant



Date

**McNamee**  
Tideland Lease Request  
4401 Halibut Point Road

Consent to Assignment

The City and Borough of Sitka, a municipal corporation of 100 Lincoln Street, Sitka, Alaska 99835 as Successor Lessor, pursuant to a transfer to the Successor Lessor from the State of Alaska DNR, hereby consents to the assignment by Assignor above to Assignee above of the right, title and interest of Gary H. Erb in said lease (ADL No. 6550) recorded April 6, 1987 in Book 77 at Page 718, the following parcel of land described as follows:

Alaska Tidelands Survey 979, located within protracted Section 9, township 55 South, Range 63 East, Copper River Meridian, according to Plat No. 86-6, Sitka Recording District, First Judicial District, State of Alaska.

Dated this 6<sup>th</sup> day of August, 2003

*All terms of original lease apply to McNamee.*

CITY AND BOROUGH OF SITKA



HUGH BEVAN  
ITS:

On this day personally appeared before me THE CITY AND BOROUGH OF SITKA, by and through its City Administrator, ~~Gary Paxton~~ <sup>HUGH BEVAN</sup>, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he signed as in his official capacity as the duly authorized agent of, and as the free and voluntary act and deed of the City and Borough of Sitka, for the uses and purposes therein mentioned.

Given under my hand and official seal this 6<sup>th</sup> day of August, 2003.



Notary Public in and for Alaska

My Commission expires: 4-15-07



**McNamee**  
Tideland Lease Request  
4401 Halibut Point Road

**Assignment of Lease**

This assignment is made this \_\_\_\_ day of \_\_\_\_\_, 2003 by and between Gary H. Erb and Ann C. Erb of 3820 Q Avenue, Anacortes, WA 98221 and Kevin McNamee and Tina McNamee of P.O. Box 6243, Sitka, Alaska 99835

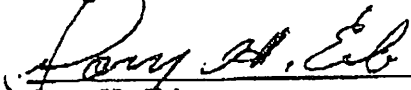
In consideration of the sum of Ten dollars (\$10.00) and other valuable consideration, receipt of which is hereby acknowledged, the Assignor hereby assigns to the Assignee all rights, title and interest, held by Assignor in a certain Tidelands Lease Agreement, being ADL No. 65550, dated October 1, 1986, wherein Gary H. Erb is the lease holder and the City and Borough of Sitka is the Lessor, covering the following property:

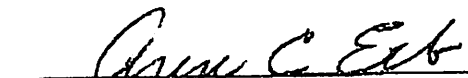
Alaska Tidelands Survey 979, located within protracted Section 9, Township 55 South, Range 63 East, Copper River Meridian and contains .79 acres more or less, according to the survey plat filed in the Sitka Recording District, on March 13, 1986 as Plat 86-6, First Judicial District, State of Alaska.

The parties agree that this assignment is made for the purpose of allowing Assignees, their heirs and assigns for the remainder of the above mentioned term, to have and enjoy all rights of possession and use, and to undertake all responsibilities and obligations, which might otherwise flow to or be incumbent upon the Assignor under said lease, subject to the rents, covenants, conditions and provisions therein stated.

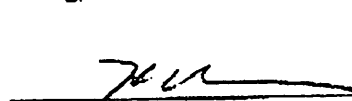
If at any time a default shall be made by the Assignees in payment of any sum due hereunder upon that Deed of Trust for security purposes between the parties of even date, it shall be lawful for the Assignor to foreclose thereunder as permitted by law. The Assignor may maintain such other remedies as the law and this instrument may afford.

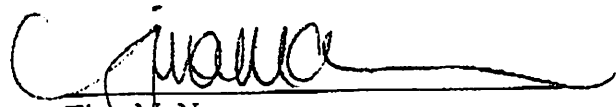
Assignor:

  
\_\_\_\_\_  
Gary H. Erb

  
\_\_\_\_\_  
Ann C. Erb

Assignee:

  
\_\_\_\_\_  
Kevin McNamee

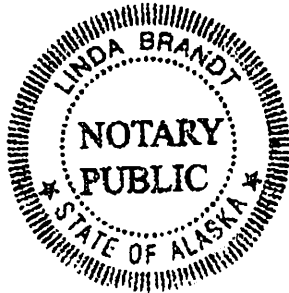
  
\_\_\_\_\_  
Tina McNamee

**McNamee**  
Tidelands Lease Request  
4401 Halibut Point Road

STATE OF ALASKA )  
 ) ss,  
First \_\_\_\_\_ Judicial District )

THIS IS TO CERTIFY that on this 7th day of April, 2003, before me the undersigned Notary Public, personally appeared Kevin McNamee and Tina McNamee known to me and to me known to be the individual(s) described in and who executed the foregoing instrument and they acknowledged to me that they signed the same freely and voluntarily for the uses and purposes therein set forth.

WITNESS my hand and official seal.

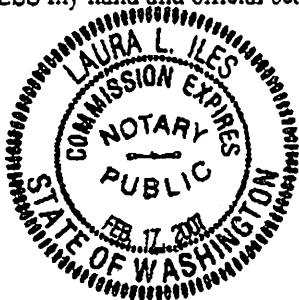


Linda Brandt  
Notary Public in and for Alaska  
My commission expires: 6/07/2006

STATE OF WASHINGTON )  
 ) ss:  
County of Skagit )

THIS IS TO CERTIFY that on this 31st day of March, 2003, before me the undersigned Notary Public, personally appeared Gary H. Erb and Ann C. Erb, individually known to me and to me known to be the individual(s) described in and who executed the foregoing instrument and they acknowledged to me that they signed the same freely and voluntarily for the uses and purposes therein set forth.

WITNESS my hand and official seal.



Laura L. Iles  
Notary Public in and for Washington  
My commission expires: 2-17-07

**McNamee**  
Tideland Lease Request  
4401 Halibut Point Road



ATS 979

TONY KNOWLES, GOVERNOR

**DEPARTMENT OF NATURAL RESOURCES**

SOUTHEAST REGIONAL OFFICE  
DIVISION OF LAND

400 WILLOUGHBY AVENUE, SUITE 400  
JUNEAU, ALASKA 99801  
PHONE: (907) 465-3400  
FAX: (907) 586-2954

August 20, 1997

Gary Erb  
3820 Q. Ave.  
Anacortes, WA 98221

Re.: Transfer of Tideland Lease **ADL 65550** to the City and Borough of Sitka


Dear Lessee:

This is to inform you that the above identified tideland lease has been transferred to the City and Borough of Sitka. This makes the City and Borough of Sitka your new landlord and all responsibilities and obligations for your lease are now due to the City and Borough of Sitka.

You will no longer receive a State courtesy billing notice and timeliness of payment will have to be observed by you. We thank you for your business with the State of Alaska and wish you a successful partnership with the new landowner.

Sincerely,

Andrew W. Pekovich,  
Southeast Regional Manager

by:   
Elizaveta H.C. Shadura  
Natural Resource Manager

cc: City and Borough of Sitka

**McNamee**  
Tideland Lease Request  
4401 Halibut Point Road

STATE OF ALASKA Sitka Recording District  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF LAND AND WATER MANAGEMENT  
Pouch 7-005  
Anchorage, Alaska 99510

ADL No. 65550

**LEASE AGREEMENT**

This Lease Agreement is made and entered into this 1st day of October, 1986, between the State of Alaska, by and through the Director of the Division of Land and Water Management with the consent and concurrence of the Commissioner of Natural Resources (hereinafter referred to as "the Lessor"), and Gary H. Erb

whose address is 4401 Halibut Point Road, Sitka, Alaska 99835

(hereinafter referred to as "the Lessee").

**WITNESSETH:**

WHEREAS, the Lessor has undertaken the necessary administrative actions under applicable laws and regulations to fully authorize and enable the lease of the Parcel described herein, which is acknowledged by the Lessee by his signature hereto;

WHEREAS, the Lessee is aware of the provisions of Title 38, Alaska Statutes, Title 11, Alaska Administrative Code, and other applicable laws, regulations, and ordinances, and fully understands the duties and obligations of the Lessee under this Lease, and the rights and remedies of the Lessor,

NOW THEREFORE, the Lessor and the Lessee, in consideration of the mutual covenants and conditions stated in this Lease, agree as follows:

The Lessor agrees to lease to the Lessee the following parcel of land (hereinafter referred to as "the Parcel") which is situated in the State of Alaska and is described as follows:

Alaska Tidelands Survey 979, located within protracted Section 9, Township 55 South, Range 63 East, Copper River Meridian and contains .79 acre more or less, according to the survey plat filed in the Sitka Recording District on March 13, 1986 as plat 86-6.

EXCEPTING AND RESERVING THEREFROM, to the Lessor and its assigns during the term of this Lease, the following specific interests, which shall be in addition to and not in derogation of any general reservations to the Lessor which are required by law and which may be stated elsewhere in this Lease:

Subject to all platted easements and reservations and further subject to the Special Stipulations noted on Attachment A and made a part of this lease agreement.

TO HAVE AND TO HOLD the said demised premises for a term of thirty ( 30 ) years commencing on the 1st day of October, 19 86 and ending at 12 o'clock midnight on the 30th day of September, ~~XX~~ 2016, unless sooner terminated as hereinafter provided.

The Lessee shall pay to the Lessor rental as follows: Equal annual payments, in advance, on or before the \_\_\_\_\_ day of \_\_\_\_\_ of every year during said term at the rate of two thousand three hundred dollars (\$ 2,300.00 ) per annum, such annual rental payments to be subject to adjustment following expiration of the initial 25-year period of this lease and at each 10-year period thereafter pursuant to AS 38.05 as enacted, or as may be hereafter amended.

It is agreed that the covenants, terms and agreements herein contained shall be binding upon the successors and assigns of the respective parties hereto.

THE LESSOR AND THE LESSEE FURTHER COVENANT AND AGREE AS FOLLOWS:

1. Use of Parcel. The Lessee shall use and occupy the Parcel in compliance with all applicable laws, regulations, ordinances, and orders which a public authority has promulgated or may promulgate, including those of a building or zoning authority and those relating to pollution and sanitation control. The Lessee shall not permit any unlawful occupation, business, or trade to be conducted on the Parcel. The Lessee shall properly locate himself and his improvements on the Parcel, and shall not commit waste of the Parcel, whether ameliorated or otherwise. Notwithstanding such laws, regulations, ordinances, and orders, the Lessee shall maintain the Parcel in a reasonably neat and clean condition, and take all prudent precautions to prevent or suppress pollution of the ground, surface water, air, or land, and to prevent or suppress grass, brush, or forest fires, and to prevent erosion or destruction of the land.

2. Permanent Improvements. The Lessee must within 90 days of completion of any site improvements including, but not limited to, structural improvements, clearing, leveling, excavation, and backfill, file with the Lessor adequate and reasonable documentation of such improvements, setting forth all applicable costs and quantities. Failure to provide such documentation will result in loss of credit for such improvements in determination of the original condition of the Parcel for reappraisal purposes.

**McNamee**

Tideland Lease Request  
4401 Halibut Point Road

3. Encumbrance of Parcel. The Lessee, during the term of this Lease, shall not encumber or cloud the Lessor's title to the Parcel, or any portion thereof, nor enter into any lease, easement, or other obligation of the Lessor's title without the prior written consent of the Lessor; and any such act or omission, without the prior written consent of the Lessor, shall be void against the Lessor.

4. Assignment of Parcel. The Lessee may not assign or sublet the Parcel, without the prior written approval of the Lessor. The Lessor may approve such assignment or subletting if the Lessor finds it to be in the best interest of the State. No assignment or subletting of the Parcel shall be approved until the assignee agrees to be subject to and governed by the provisions of this Lease in the same manner as the original Lessee. No such assignment or subletting will be effective until approved by the Lessor in writing. No assignment or subletting of the Parcel, or any portion thereof, by the Lessee shall annul the Lessee's obligation to pay the rent herein required for the full term of this lease. Except as provided in this lease, no subdivision of the leasehold interest, including any exposed airspace thereon, shall occur.

5. Denial of Warranty Regarding Conditions. The Lessor makes no warranty, express or implied, nor assumes any liability whatsoever, regarding the social, economic, or environmental aspects of the Parcel, to include, without limitation, the soil conditions, water drainage, natural or artificial hazards which may exist, or the profitability or fitness of the Parcel for any use.

6. Agreement to Terms of Lease Documents. (a) The Lessor and the Lessee agree and recognize that each of the covenants and conditions in this Lease and any attachments thereto are merged and incorporated into this agreement and shall be binding upon themselves and upon their respective successors and assigns and shall inure to their benefit. The Lessor and the Lessee further agree and recognize that this Lease shall be conditioned upon satisfactory performance by the Lessor and the Lessee of all covenants contained herein.

(b) If all or part of said Parcel has been tentatively approved, but not yet patented, by the United States to the Lessor, then this Lease shall be conditioned upon receipt by the Lessor of such patent. If for any reason the Lessor does not receive patent, any rental payments made to the Lessor under this Lease will not be refunded. Any prepaid lease rentals on lands to which patent is denied the Lessor shall be refunded to the Lessee of record and any properly recorded lienholder, if any, jointly. The money refunded shall, however, be limited to the prorata portion of the unexpired term. The Lessor shall have no further liability to the Lessee for the termination of the Lease.

7. Payment of Taxes and Assessments. The Lessee shall pay all taxes and assessments accruing against the Parcel during the term of the Lease.

8. Right-of-Way for Public Highways and Utilities. In the event that the Parcel borders or includes one or more section lines, the Lessor hereby expressly reserves unto itself and its successors and assigns a right-of-way 100 feet wide and centered on such section line or lines.

9. Navigable and Public Waters. The Lessor reserves an easement 50 feet wide for public access along the mean high water line or ordinary high water mark of all water bodies listed in this Lease which are bordering on or included within the Parcel. Public easements to and along listed water bodies are reserved for all of those uses and purposes normally associated with or incident to an easement for access to the public resources of the water body to and along which the easement has been reserved. No public access easement may be obstructed or otherwise rendered by the Lessee incapable of reasonable use by the public for the purposes for which it was reserved. No public access easement may be vacated, abandoned, or extinguished without approval of the Lessor.

10. Reservation of Easements. The Lessor expressly reserves the right to take for the use of the State of Alaska and the right to grant to third parties, easements or rights-of-way of unlimited size across the Parcel herein leased if it is determined to be in the best interests of the State to do so, even though the creation of the easement or right-of-way terminates the entire leasehold estate; provided, however, that the Lessee shall be entitled to compensation for all improvements or crops which are damaged or destroyed as a direct result of such easement or right-of-way.

11. Condemnation of Leasehold or Improvements. With the exception of the taking of easements or rights-of-way which is governed by paragraph 10 above, if the whole or any part of the Parcel is taken by any authorized body or person vested with the power of eminent domain, by negotiation, court action, or otherwise, the following provisions control:

(a) Taking of the entire premises. If all of the premises are taken by condemnation, the terms of the Lease and all rights of the Lessee will immediately terminate, and the rent must be adjusted so that it is due only until the date the Lessee is required to surrender possession of the premises. The Lessor is entitled to all the condemnation proceeds, except that the Lessee will be paid the portion of the proceeds attributable to the fair market value of the buildings or improvements placed on the condemned premises by the Lessee.

(b) Taking of substantial part of premises. If the taking is of a substantial part of premises, the following rules apply:

(1) If the taking by condemnation reduces the ground area of the Parcel by at least 30 percent or materially affects the use being made by the Lessee of the Parcel, the Lessee has the right to elect to terminate or not to terminate the Lease by written notice to the Lessor not later than 180 days after the date of taking.

(2) If the Lessee elects to terminate, the provisions in (a) of this subsection govern the condemned portion of the Parcel and the terms of the Lease govern disposal of the remainder of any buildings or improvements made by the Lessee.

(3) If the Lessee elects not to terminate, the Lease continues and the Lessor is entitled to the full condemnation proceeds except the portion attributable to the fair market value of the buildings or improvements placed on the condemned portion of the premises by the Lessee. Rent at the existing rate will terminate on the date of taking. Except as it may be adjusted from time to time under the terms of the Lease and applicable statutes, rent for the balance of the term will be adjusted by the Lessor to reflect the taking.

(c) Taking of insubstantial part of premises. If the taking by condemnation reduces the ground area of the Parcel by less than 30 percent and the Lessor determines that the taking is of such an insubstantial portion that the Lessee's use of the Parcel is not materially affected, the provisions of (b)(3) of this subsection will govern.

12. Access. The Lessor makes no representations or warranty that it will construct or maintain access to the Parcel.

13. Valid Existing Rights. This Lease is entered into and made subject to all valid existing rights, including easements, rights-of-way, reservations, or other interests in land in existence on the date of execution of this Lease.

14. Inspection. The Lessor shall have reasonable access to the Parcel for purposes of inspection regarding the faithful performance of the covenants and conditions of this Lease and for the performance of other lawful requirements.

**McNamee**  
Tideland Lease Request  
4401 Halibut Point Road

15. Mineral Reservations. The Lessor hereby expressly saves, excepts, and reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, all oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils of every name, kind or description, and which may be in or upon said lands above described, or any part thereof, and the right to explore the same for such oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils. The Lessor also hereby expressly saves and reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, the right to enter by itself, its or their agents, attorneys, and servants upon said lands, or any part or parts thereof, at any and all times, for the purpose of opening, developing, drilling and working mines or wells on these or other lands and taking out and removing therefrom all such oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils, and to that end it further expressly reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, the right by its or their agents, servants and attorneys at any and all times to erect, construct, maintain, and use all such buildings, machinery, roads, pipelines, powerlines, and railroads, sink such shafts, drill such wells, remove such soil, and to remain on said lands or any part thereof for the foregoing purposes and to occupy as much of said lands as may be necessary or convenient for such purposes, hereby expressly reserving to itself, its lessees, successors, and assigns, as aforesaid, generally all rights and power in, to and over said land, whether herein expressed or not, reasonably necessary or convenient to render beneficial and efficient the complete enjoyment of the property and rights hereby expressly reserved.

Provided, however, that no rights reserved hereunder shall be exercised by the Lessor or its subsurface lessees, until provision has been made by the Lessor or its subsurface lessees to pay to the Lessee of the land upon which the rights are herein reserved, full payment for all damages sustained by said Lessee by reason of entering upon said land; and provided that, if said Lessee for any cause whatever refuses or neglects to settle said damages, the Lessor or its subsurface lessees, or any applicant for a subsurface lease, contract or option from the Lessor or its subsurface lessee for the purpose of exploring for or extracting valuable minerals, coal, petroleum, natural gas, or geothermal resources shall have the right, after posting a surety bond with the Lessor issued by a corporation qualified to do business in Alaska and licensed to sell insurance in Alaska, or after posting with the Lessor a sufficient bond executed by one or more individual sureties approved by the Lessor and after due notice and an opportunity to be heard, to exercise rights granted to it for reasonable use of the surface required for the full enjoyment of the reserved subsurface rights which it holds. Each surety bond shall be sufficient in amount and security to secure the affected rights of the surface Lessee, and such Lessee and the Lessor or its subsurface lessee shall have the standing which may be necessary to determine the damages which the surface Lessee of such lands may suffer, and the security appropriate to hold the surface Lessee harmless in relation thereto.

16. Surface Reservations. Unless otherwise stated in this Lease or in an attachment or amendment hereto, the Lessee shall not sell or remove for use elsewhere any of the surface resources of the parcel, e.g., stone, gravel, sand, peat, topsoil, timber, or any other material valuable for building or commercial purposes; provided, however, the Lessee may make reasonable personal use of such materials on the site.

17. Appropriation or Disturbance of Waters. (a) During the term of this Lease, the Lessee shall have the right to apply for an appropriation of ground or surface water on the Parcel in accordance with the Alaska Water Use Act. All water applied for and appropriated during the term of this Lease shall remain appurtenant to the Parcel during said term, and such water and water rights shall not be severed or transferred from the Parcel or any part thereof during said term without the prior consent of the Lessor. The Lessee's rights under any permit or certificate of appropriation shall revert to the Lessor upon termination of the Lease or forfeiture of the Lease for cause.

(b) If the Lessee desires to use the Parcel to construct any form of hydraulic project or employ any equipment or engage in any activity which will use, divert, obstruct, pollute, or change the natural flow or bed of any anadromous fish river, lake or stream, the Lessee shall, prior to the commencement of any such operation, procure the approval of the Commissioner of the Department of Fish and Game.

**McNamee**  
Tideland Lease Request  
4401 Halibut Point Road

18. Acquisition of Rights or Interests. Any right or interest acquired during the term of this Lease and accruing to the benefit of the Parcel shall remain appurtenant to the Parcel during that term, and shall not be severed or transferred from the Parcel without the prior consent of the Lessor. In the event of termination or forfeiture of this Lease, any such right or interest shall revert to the Lessor along with the Parcel.

19. Land Alterations Due to Natural or Artificial Causes. The Parcel described herein shall constitute the entire Parcel of property to be leased by the Lessor to the Lessee pursuant to this agreement. If, through natural or artificial causes, accretion or reliction of land occurs contiguous to the Parcel, the Lessee shall have no right to occupy or use such accreted land unless a separate lease is entered with the Lessor with respect to such lands. The parties agree and stipulate that the rules of law usually applicable to accretion or reliction of land shall not apply to this Lease, nor to the Parcel leased hereunder, in order that the parties may give effect to the provision agreed upon herein.

20. Waiver or Forebearance. The receipt of rent by the Lessor, with or without knowledge of any breach of the Lease by the Lessee, or of any default on the part of the Lessee in the observance or performance of any of the terms, conditions or covenants of this Lease, shall not be deemed to be a waiver of any provision of this Lease. No failure on the part of the Lessor to enforce a condition or covenant of this Lease, nor the waiver of any right hereunder by the Lessor, unless in writing, shall discharge or invalidate the application of such term or covenant; nor shall any forbearance or written waiver affect the right of the Lessor to enforce any term or covenant in the event of any subsequent breach or default. The receipt by the Lessor of rent or any other sum of money, or the termination in any manner of the Lease, or the giving by the Lessor of any notice hereunder to effect such termination, shall not reinstate, continue, or extend this Lease nor destroy or in any manner impair the validity of any such notice of termination which may have been given hereunder by the Lessor to the Lessee prior to the receipt of any such sum of money or other consideration, unless the contrary effect shall be expressed in writing and signed by the Lessor.

21. Breach and Remedies. (a) Time is of the essence in the Lease Agreement. If the Lessee shall breach the performance of any of the terms, covenants, conditions or stipulations contained herein or attached hereto, and said breach shall not be remedied within 60 days after written notice of such breach has been served upon the Lessee and the holder of a security interest by the Lessor, the Lessee shall be subject to such legal action as the Lessor shall deem appropriate, including, but not limited to, the termination of this Lease, provided that no improvements now upon the Parcel, or which may be placed thereon during the term of this Lease, may be removed therefrom during any time in which the Lease may be in breach. In the event that this Lease is terminated for breach of any of the covenants or conditions contained herein or attached hereto, all rents paid by the Lessee shall be forfeited to and retained by the Lessor not as a penalty but as liquidated damages. The Lessor shall not be liable for any expenditures made by the Lessee or undertaken by the Lessee under this Lease prior to termination.

(b) If the Lessee fails to cure or remedy a breach of default within the time allowed in (a) of this paragraph, the holder of a security interest who has received notice under (a) of this paragraph may cure or remedy the breach or default if the breach or default can be cured by the payment of money or, if this cannot be done, by performing or undertaking in writing to perform the terms, covenants, restrictions and conditions of the lease capable of performance by the holder. The holder shall act within 60 days from the date of receipt of notice under (a) of this paragraph, or within any additional period which the Lessor may allow for good cause.

(c) In the event that this Lease is terminated, or in the event that the Parcel, or any part thereof is abandoned by the Lessee during the term of this Lease, the Lessor may immediately, or at any time thereafter, enter or re-enter and take possession of said Parcel, or any part thereof, and without liability for any damage therefor, remove all persons and property therefrom either by summary proceedings or by suitable action at law; provided, however, that the words "enter" and "re-enter" as used herein are not restricted to their

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Tideland Lease Request  
4401 Halibut Point Road

technical legal meaning. Any entry or re-entry, possession, repossession, or dispossession by the Lessor, whether taken by summary proceedings or otherwise, shall not be deemed to absolve, relieve, release or discharge the Lessee, either in whole or part, for any monetary liability under the Lease.

22. Disposition of Improvements and Chattels After Termination. (a) The Lessee shall, within 60 days after termination of the Lease by the Lessor or by operation of law, remove all improvements and chattels located on the Parcel, provided that the Lessor first determines that such removal will not cause injury or damage to the Parcel or seriously impair its redisposal. Following such removal, the Lessee shall leave the Parcel in a safe and clean condition acceptable to the Lessor. The Lessor may, in its discretion, extend the time for removal of improvements under this subparagraph where undue hardship is demonstrated.

(b) If any improvements or chattels having an appraised value exceeding \$10,000.00, as determined by the Lessor, are not removed from the Parcel within the time allowed, they shall, upon 30 days prior written notice to the Lessee, be sold at public auction under the direction of the Lessor. The proceeds of sale shall inure to the Lessee who placed the improvements or chattels on the land, after deduction for the benefit of the Lessor of all monies due and owing under this Lease and all expenses incurred in administering the termination and conducting the sale. If there are no other bidders at such sale, the Lessor is authorized to bid on such improvements or chattels. In such event, the Lessor shall acquire all rights, both legal and equitable, which any other purchaser could acquire by reason of said sale and purchase.

(c) Any chattels or improvements having a total appraised value of \$10,000.00 or less, as determined by the Lessor, and which are authorized for removal by the Lessor but are not removed within the time allowed, shall become the absolute property of the Lessor upon the expiration of the time allowed.

(d) Authorized improvements of the Lessee which the Lessor determines have become fixtures of the Parcel shall be purchased by the subsequent purchaser or lessee. There will be no compensation to the Lessee for improvements which were not authorized under the Lease.

23. Indemnity to Lessor. During the term of the Lease the Lessee shall indemnify and hold the Lessor harmless from and against all claims and demands for loss or damage, including property damage, personal injury, wrongful death, and wage or employment claims, arising out of or in connection with the use or occupancy of the Parcel by the Lessee or by any other person holding under the Lessee, or at its sufferance or invitation; and from any accident or fire on the Parcel; and from any nuisance made or suffered thereon; and from any failure by the Lessee to keep the Parcel in a safe and lawful condition consistent with applicable laws, regulations, ordinances, or orders; and from any assignment, sublease, or conveyance, attempted or successful, by the Lessee of the Parcel or any part thereof or interest therein contrary to the conditions and covenants of this Lease. The Lessee will hold all goods, materials, furniture, fixtures, equipment, machinery and other property whatsoever on the Parcel at the sole risk of the Lessee, and will save the Lessor harmless from any claim of loss or damage thereto by any cause whatsoever.

24. Surrender of Leasehold. Upon the expiration, termination or cancellation of this Lease the Lessee shall quietly and peaceably leave, surrender and yield up unto the Lessor all of the Parcel.

25. Notices. All notices required or permitted under this Lease Agreement shall be made by certified mail, postage prepaid, to the parties at the following addresses:

To the Lessor: Alaska Division of Land and Water Management  
Pouch 7-005  
Anchorage, Alaska 99510

To the Lessee: Gary H. Erb  
4401 Halibut Point Road  
Sitka, Alaska 99835

**McNamee**  
Tideland Lease Request  
4401 Halibut Point Road



Any notice or demand which must be given or made by the Lessor or the Lessee shall be in writing and shall be complete if sent by United States certified mail to the address shown in the Lease Agreement, or to such other address as each of the parties may designate in writing from time to time. A copy of any such notice shall be forwarded to the Lessor, and to the holder of any security interest in the Parcel who has properly recorded its interest in the Lease with the Lessor.

26. Service Charges. The Lessee shall pay a service charge for any late payment or returned check issued by it as follows:

(a) Late Payment Penalty: A service charge plus annual interest (twice the interest rate charged on installment payments at the prevailing rate for real estate mortgage loans made by the Federal Land Bank for the farm credit district for Alaska) on the amount due will be charged on a past-due account until payment is received by the Lessor or until the Lease Agreement termination date is reached. Acceptance of a late payment or of a service charge for a late payment is subject to the Lessor's rights under paragraphs 20 and 21 of this Lease.

(b) Returned Check Penalty: A service charge of \$10.00 will be assessed for any check on which the bank refuses payment. If the bank refuses payment, the default termination date remains the same. Late penalties under (a) of this paragraph shall continue to accumulate.

27. Integration and Modification. This Lease, including all attachments and documents which by reference are incorporated herein or made a part hereof, contains the entire agreement between the parties hereto.

This lease may not be modified or amended except by a document signed by both parties hereto, and any purported amendment or modification shall be without legal effect until reduced to writing and signed by both parties hereto.

28. Severability of Clauses of Lease Agreement. If any clause, or provision, herein contained, shall be adjudged to be invalid, it shall not affect the validity of any other clause or provision of this Lease or constitute any cause of action in favor of either party as against the other.

IN WITNESS WHEREOF the State of Alaska, as Lessor, acting through the Director of the Division of Land and Water Management of the Department of Natural Resources or his lawfully-designated representative, and otherwise being lawfully authorized, and the Lessee have caused these presents to be executed in duplicate, and have hereunto set their respective hands, agreeing to keep, observe and perform the applicable statutes, as amended, the rules and regulations promulgated thereunder, and the terms, conditions and provisions herein contained or attached, which on the Lessor's or the Lessee's respective parts are to be kept, observed and performed.

LESSEE:

*Darryl H. Eih*

LESSOR:

*Pamela Boyer*  
by DIRECTOR  
Division of Land and Water Management

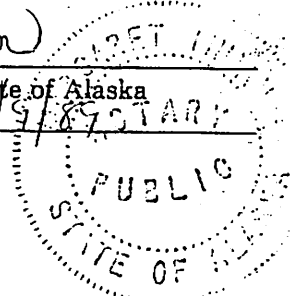
APPROVED:

*Pamela Boyer*  
COMMISSIONER  
Department of Natural Resources

**McNamee**  
Tideland Lease Request  
4401 Halibut Point Road

STATE OF ALASKA )  
First Judicial District ) ss.

THIS IS TO CERTIFY that on this 17 day of March, 1987,  
before me appeared Gary H. Erb, to me known  
and known to me to be the person named in and who executed the Lease and acknowledged voluntarily signing  
the same.

Margaret Inman  
Notary Public in and for the State of Alaska  
My Commission expires: 4/9/87  


STATE OF ALASKA )  
Third Judicial District ) ss.

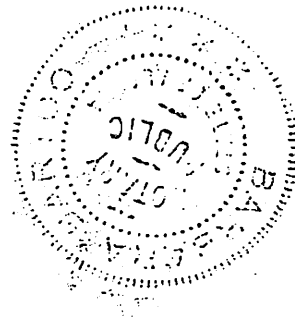
THIS IS TO CERTIFY that on this 31<sup>st</sup> day of March, 1987,  
before me personally appeared Paula Burgess of the Division  
of Land and Water Management of the Department of Natural Resources of the State of Alaska, who  
executed the foregoing Lease and acknowledged voluntarily signing the same.

Barbara W. Barto  
Notary Public in and for the State of Alaska  
My Commission expires: June 7, 1988

APPROVED AS TO FORM:

Barbara J. Misaile  
Assistant Attorney General

Date: 7/3/80

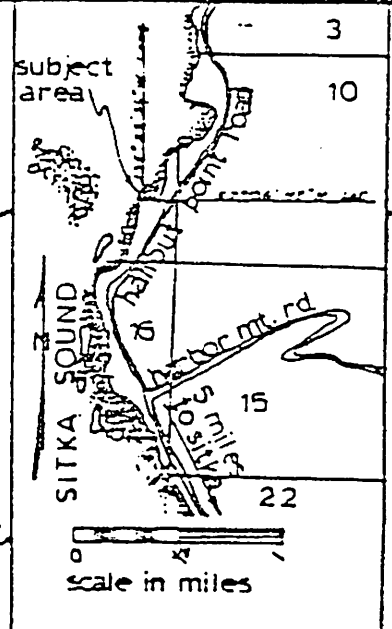
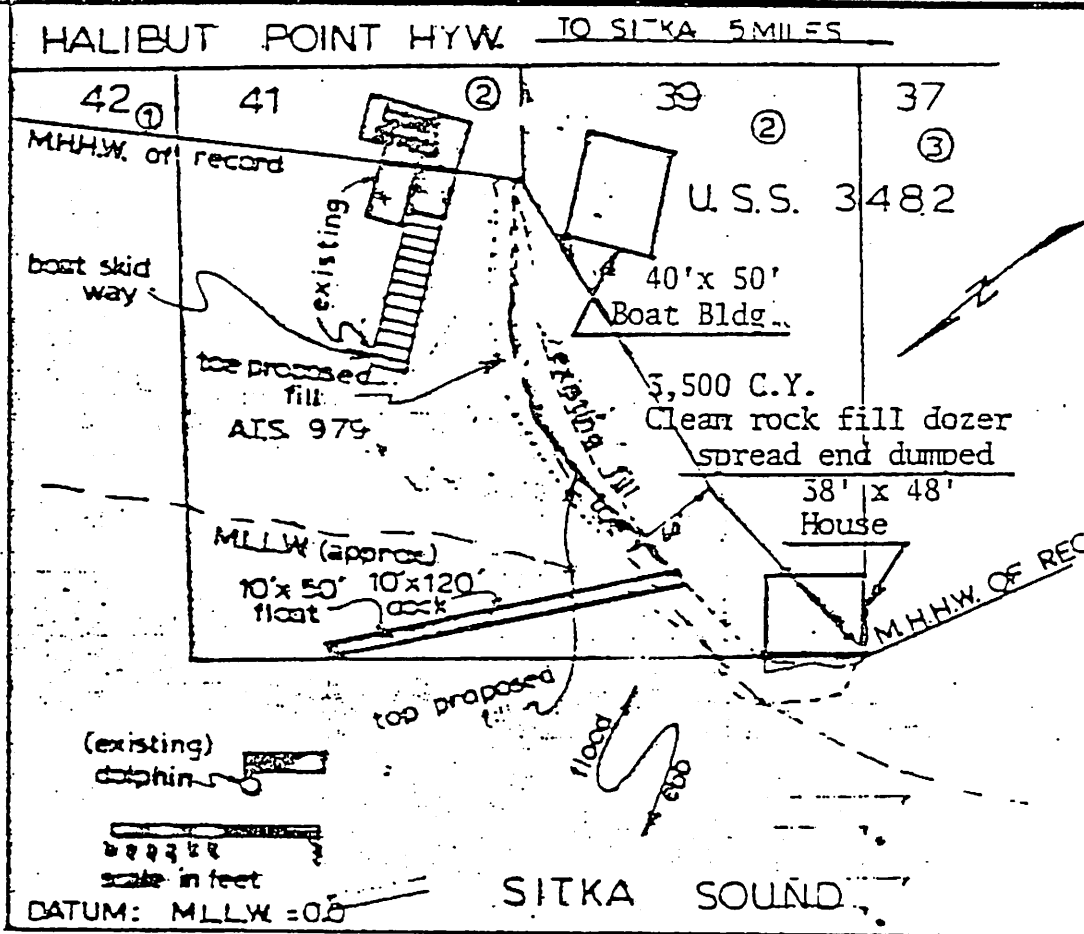


ATTACHMENT A  
TO  
LEASE AGREEMENT ADL 65550

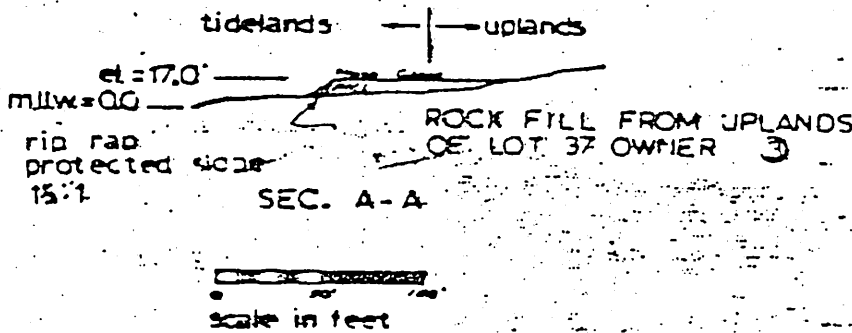
1. For the purpose of this lease, the development plan shall be limited in form and scope to those improvements shown on Attachment B, unless approved in writing by the lessor prior to the installation or construction. Use of the area for purposes other than those specified herein shall constitute a breach of this lease.
2. This lease shall be utilized for the purpose described in the development plan. Failure to make substantial use of the land, consistent with the development plan, within 5 years, shall, in the Director's discretion, constitute grounds for cancellation of this lease agreement. (11 AAC 58.510)
3. Upon issuance of this lease the 10 foot pedestrian access easements along the easterly and westerly boundaries of Lot 41 of USS 3482 will be in effect. These access easements will be in effect until the lease expires or is terminated. (Attachment C)

**McNamee**  
Tideland Lease Request  
4401 Halibut Point Road

ATTACHMENT B



VICINITY MAP



SITKA SOUND 153

ADJACENT PROPERTY OWNERS	
①	RICHARD TEAGUE BOX 1231 SITKA ALASKA
②	GARY ERB STAR ROUTE SITKA ALASKA

**McNamee**  
 Tideland Lease Request  
 4401 Halibut Point Road

PROPOSED FILL, FLOAT & RAMP, AND DOCK

SITKA SOUND  
 SITKA, ALASKA  
 PREPARED BY: GARY ERB  
 STAR ROUTE

For and in consideration of the sum of one dollar (\$1.00) in hand paid and other valuable consideration received, I (We) Ann C Erb and Gary H. and

lawful owners of Lot 41 of U.S.S. 3482, grant to the State of Alaska the temporary right to use of a portion of said Lot 41 for the sole purpose of two (2) pedestrian access ways each being ten feet in width; one located within and along the easterly side boundary of Lot 41, the other located within and along the westerly side boundary of Lot 41 as shown on the attached map made part hereof. The right herein granted shall commence upon date of issue and shall expire upon termination or expiration of that certain tideland lease serialized ADL 65550 and further described as A.T.S. 979.

The State of Alaska by action of issuing the tideland lease agrees that no permanent rights shall vest to the State, public, or individuals, by reason of use made hereunder.

Tom J Hawkins  
State of Alaska  
22 Sept 86  
Date

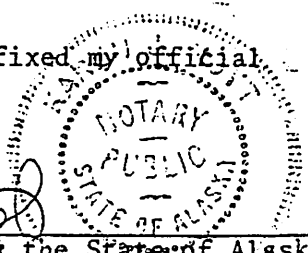
Ann C Erb  
x Gary H. Erb  
Owner(s) Signature  
x July 21, 1976  
Date

UNITED STATES OF AMERICA )  
State of Alaska ) ss.

THIS IS TO CERTIFY that on the 22nd day of September, 1986, before me, the undersigned Notary Public, personally appeared Tom J. Hawkins known to me and known by me to be the Director of the Division of Lands of the Department of Natural Resources, and acknowledged to me that he executed the foregoing lease for and on behalf of said State, freely and voluntarily for the use and purposes therein set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

Karen J. Wood  
Notary Public in and for the State of Alaska  
My commission expires November 19, 1989

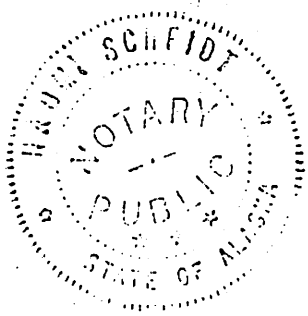


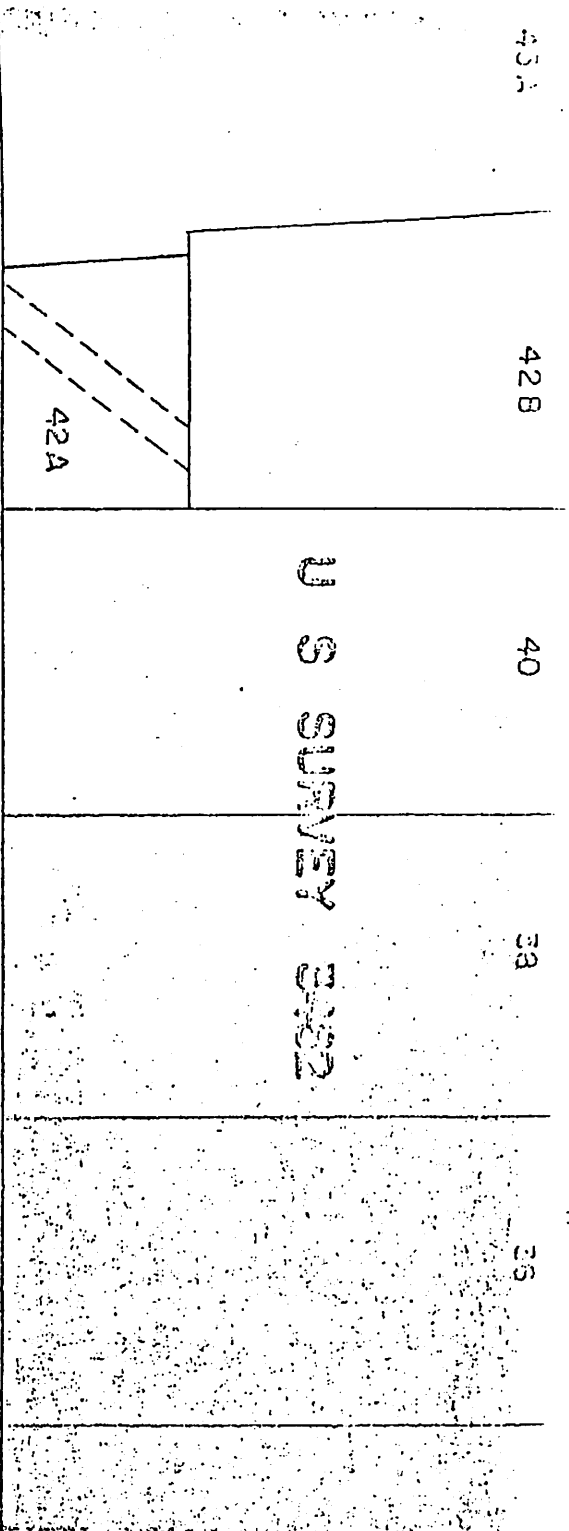
UNITED STATES OF AMERICA     )  
State of Alaska                 ) ss.

THIS IS TO CERTIFY that on this 21<sup>st</sup> day of July, 1976,  
before me, the undersigned, a Notary Public in and for Alaska duly commissioned  
and sworn, personally appeared Ann C. and Gary H. Erb  
to me personally known to be one of the persons described in and who executed the  
within instrument and the said persons  
acknowledged to me that he signed and executed the same freely and voluntarily  
for the uses and purposes therein mentioned.

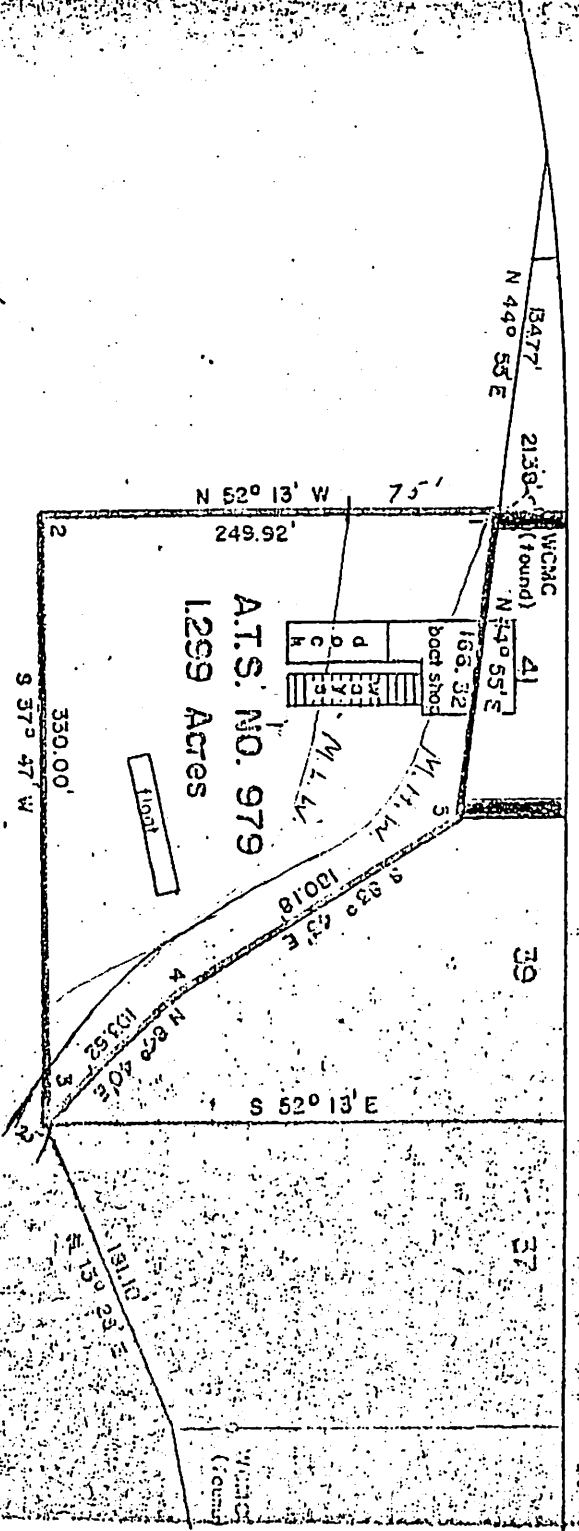
IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my  
official seal, the day and year in this certificate first above written.

Noemi Scheidt  
Notary Public in and for the State of Alaska  
My commission expires 11-14-76





HALIBUT POINT STATE HIGHWAY



1" = 100'

**McNamee**  
 Tideland Lease Request  
 4401 Halibut Point Road

**SURVEYOR'S STATEMENT**  
 I hereby certify that I am

Return To:

Southeast Regional Office  
Division of Land & Water Management  
400 Willoughby Avenue  
Juneau, Alaska 99801

87-0751

N/C

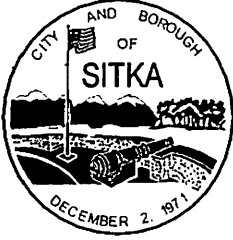
~~RECORDED-FILED~~  
SITKA REC.  
DISTRICT

APR 6 12 10 PM '87

REQUESTED BY AS/DNR

ADDRESS Jmw





# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

---

*Coast Guard City, USA*

## **Notice of Public Hearings**

The Assembly of the City and Borough of Sitka will hold a public hearing during a regular meeting scheduled Tuesday, November 22, 2016 on the following item:

- A. Public hearing and consideration of a tideland lease renewal application filed by Kevin McNamee for tidelands adjacent 4401 Halibut Point Road. The property is also known as a portion of ATS 979. The request is filed by Kevin McNamee. The owner of record is the City and Borough of Sitka.

The Assembly may take action on November 22, 2016. The Assembly meeting will begin at 6:00 pm at Harrigan Centennial Hall at 330 Harbor Drive in Sitka.

Interested residents are encouraged to make comments during the meeting and written comments can be submitted to the Municipal Clerk at 100 Lincoln Street.

Parcel ID: 25755003  
KERRY TOMLINSON  
TOMLINSON, KERRY  
P.O. BOX 672  
SITKA AK 99835-0672

Parcel ID: 25755004  
BRYAN BERTACCHI  
BERTACCHI, BRYAN, J.  
P.O. BOX 1373  
SITKA AK 99835-1373

Parcel ID: 25760001  
MYRON OEN  
OEN, MYRON, J.  
4309 HALIBUT POINT RD  
SITKA AK 99835

Parcel ID: 25760002  
KENNETH/Alice CAMERON  
CAMERON, KENNETH/Alice  
4307 HALIBUT POINT RD  
SITKA AK 99835

Parcel ID: 25765000  
BRIAN V. BLANKENSHIP  
BLANKENSHIP, BRIAN, V.  
4316 VALHALLA DR  
SITKA AK 99835

Parcel ID: 25766000  
ROXANNE/MONTE RICHTER/MC  
FARLAND  
RICHTER, ROXANNE & MC FARLAND,  
MONTE  
4314 VALHALLA DR.  
SITKA AK 99835

Parcel ID: 25767000  
PATRICK/CATHIARI WEAVER  
WEAVER, PATRICK, L./CATHARINE, L.  
106 VIKING WAY  
SITKA AK 99835

Parcel ID: 25768000  
HARLAN/LAVINA ADAMS  
ADAMS, HARLAN, J./LAVINA, II.  
P.O. BOX 2652  
SITKA AK 99835

Parcel ID: 25769001  
ROBERT/MELINDA PARSONS/MC  
ADAMS  
PARSONS, ROBERT, F./MCADAMS,  
MELINDA, J.  
P.O. BOX 6325  
SITKA AK 99835-6325

Parcel ID: 25769002  
AMYEE OEN  
OEN, AMYEE, M.  
P.O. BOX 938  
ARCATA CA 99518-0938

Parcel ID: 25770001  
RONALD/BARBARA WORKMAN  
C/O O.P.A.  
WORKMAN, RONALD, W./BARBARA  
P.O. BOX 110225  
JUNEAU AK 99811

Parcel ID: 25770002  
RONALD/BARBARA WORKMAN  
C/O O.P.A.  
~~WORKMAN, RONALD, W./BARBARA, E.  
P.O. BOX 110225  
JUNEAU AK 99811~~

Parcel ID: 25770003  
LARRY/ROBYN MCCREHIN  
MCCREHIN, LARRY, W./ROBYN, J.  
P.O. BOX 895  
SITKA AK 99835-0895

Parcel ID: 25773000  
DENTON PEARSON  
PEARSON, DENTON  
713-B SAWMILL CREEK RD  
SITKA AK 99835

Parcel ID: 25774000  
JEFFREY KELLY  
KELLY, JEFFREY, D.  
P.O. BOX 2306  
SITKA AK 99835-2306

Parcel ID: 25775000  
GALE KEHRES  
KEHRES, GALE, E.  
103 VIKING WAY  
SITKA AK 99835

Parcel ID: 25776000  
KARIN JOHNSON  
JOHNSON, KARIN, M.  
105 VIKING WAY  
SITKA AK 99835

Parcel ID: 25777000  
GERALD DZUGAN  
DZUGAN, GERALD, W.  
4319 VALHALLA DR  
SITKA AK 99835

Parcel ID: 25778000  
JEANETTE/JAMES BERRY  
BERRY, JEANETTE & JAMES  
307 MARINE ST.  
SITKA AK 99835

Parcel ID: 25779000  
BRIAN/ANNETTE BLANKENSHIP  
BLANKENSHIP, BRIAN/ANNETTE  
2166 HALIBUT POINT RD, #A  
SITKA AK 99835

Parcel ID: 25780000  
~~LARRY/ROBYN MCCREHIN  
MCCREHIN, LARRY, W./ROBYN, J.  
P.O. BOX 895  
SITKA AK 99835-0895~~

Parcel ID: 25781000  
~~LARRY/ROBYN MCCREHIN  
MCCREHIN, LARRY, W./ROBYN, J.  
P.O. BOX 895  
SITKA AK 99835-0895~~

Parcel ID: 25782000  
~~LARRY/ROBYN MCCREHIN  
MCCREHIN, LARRY, W./ROBYN, J.  
P.O. BOX 895  
SITKA AK 99835-0895~~

Parcel ID: 25785001  
JAMES/EILEEN SWIFT/GALLAGHER  
SWIFT, JAMES/GALLAGHER, EILEEN  
P.O. BOX 1193  
SITKA AK 99835-1193

Parcel ID: 25785002  
DEL STENGL  
STENGL, DEL, M.  
4322 VALHALLA DR  
SITKA AK 99835

Parcel ID: 25785003  
~~DEL STENGL  
STENGL, DEL, M.  
4322 VALHALLA DR  
SITKA AK 99835~~

Parcel ID: 25786001  
J & S PROPERTIES, LLC  
J & S PROPERTIES, LLC  
P.O. BOX 936  
SITKA AK 99835-0936

Parcel ID: 25786002  
~~DEL STENGL  
STENGL, DEL  
4322 VALHALLA DR  
SITKA AK 99835~~

Parcel ID: 25790001  
KEVIN/TINA MCNAMEE  
MCNAMEE, KEVIN & TINA  
P.O. BOX 6243  
SITKA AK 99835-6243

Parcel ID: 25791000  
ARTWIN/LINDA SCHMIDT  
SCHMIDT, ARTWIN/LINDA BERGDOLL  
4406 HALIBUT POINT RD  
SITKA AK 99835

# Assembly Mailing

November 10, 2016

Parcel ID: 25845000  
RICHARD/VICTORI BAUDER/VOSBURG  
BAUDER, R. BURGESS/VOSBURG,  
VICTORIA  
1300 HALIBUT POINT RD  
SITKA AK 99835

Parcel ID: 25832000  
DIRK/TRISH WHITE  
117 GRANITE CREEK RD, STE 201  
SITKA AK 99835

Parcel ID: 25825000  
JOHN/JANICE STRALEY  
STRALEY, JOHN & JANICE  
P.O. BOX 273  
SITKA AK 99835-0273

Parcel ID: 25821000  
DCI PROPERTIES, LLC  
C/O BARANOF PROPERTIES  
DCI PROPERTIES, LLC  
SITKA AK 99835

Parcel ID: 25815003  
WAYNE/SIHAUNA UNGER  
UNGER, WAYNE & SIHAUNA  
P.O. BOX 833  
SITKA AK 99835-0833

Parcel ID: 25811000  
BRUCE/MARGARET GIPPLE  
GIPPLE, BRUCE, A./MARGARET, L.  
2210 W. MAIN ST. STE. 107-312  
BATTLE-GROUND WA 98604

Parcel ID: 25810002  
BRUCE/MARGARET GIPPLE  
GIPPLE, BRUCE, A./MARGARET, L.  
2210 W. MAIN ST. STE. 107-312  
BATTLE-GROUND WA 98604

Parcel ID: 25800001  
KEVIN/TINA MCNAMEE  
MCNAMEE, KEVIN & TINA  
P.O. BOX 6243  
SITKA AK 99835-6243

Parcel ID: 25792000  
ARTWIN/LINDA SCHMIDT  
SCHMIDT, ARTWIN, E./LINDA  
4406 HALIBUT POINT RD  
SITKA AK 99835

Parcel ID: 25835000  
THOMAS JACOBSEN  
JACOBSEN, THOMAS, E.  
P.O. BOX 2695  
SITKA AK 99835-2695

Parcel ID: 25826000  
JOHN/JAN STRALEY  
STRALEY, JOHN & JAN  
P.O. BOX 273  
SITKA AK 99835-0273

Parcel ID: 25823000  
KENNETH/NORMA CREAMER  
CREAMER, KENNETH, R./NORMA, L.  
101 SUNSET DR.  
SITKA AK 99835

Parcel ID: 25815004  
CAROL GOULARTE  
GOULARTE, CAROL, A.  
106 CLOTHILDE BAHOVEC WAY  
SITKA AK 99835

Parcel ID: 25815001  
S. E. REGION EMS COUNCIL  
SOUTHEAST REGION EMS COUNCIL  
100 CLOTHILDE BAHOVEC WAY  
SITKA AK 99835

Parcel ID: 25810003  
JOSHUA/KATHERINE JOHNSON/GLUTH  
JOHNSON, JOSHUA & GLUTH,  
KATHERINE  
103 HORIZON WAY  
SITKA AK 99835

Parcel ID: 25805000  
ERIC/EANNINE HOLMUND/KIVISTO  
HOLMUND, ERIC/KIVISTO,JEANNINE  
4416 HALIBUT POINT RD  
SITKA AK 99835

Parcel ID: 25793000  
BRIAN SCHMIDT  
SCHMIDT, BRIAN, C.  
4404 HALIBUT POINT RD  
SITKA AK 99835

Parcel ID: 25840000  
GREGORY KAIN  
KAIN, GREGORY  
9113 20TH ST E.  
EDGEWOOD WA 98371

Parcel ID: 25831001  
GREGORY KAIN  
KAIN, GREGORY, A.  
9113 20TH ST E.  
EDGEWOOD WA 98371

Parcel ID: 25824000  
JACK FREDRICKSON  
FREDRICKSON, JACK, W.  
223 SMITH STREET  
SITKA AK 99835

Parcel ID: 25820000  
JUSTIN ALBEE  
ALBEE, JUSTIN, L.  
102 SUNSET DR  
SITKA AK 99835

Parcel ID: 25815002  
HAROLD KALVE REVOCABLE TRUST  
KALVE TRUST, HAROLD  
102 CLOTHILDE BAHOVEC WAY  
SITKA AK 99835

Parcel ID: 25810004  
CHRIS/KASI HEIM  
HEIM, CHRISTOPHER/KASI  
P.O. BOX 6246  
SITKA AK 99835-6246

Parcel ID: 25810001  
BRUCE/MARGARET GIPPLE  
GIPPLE, BRUCE, A./MARGARET, L.  
2210 W. MAIN ST. STE. 107-312  
BATTLE GROUND WA 98604

Parcel ID: 25795000  
ARTWIN/LINDA SCHMIDT/BERGDOLL  
SCHMIDT, ARTWIN/BERGDOLL, LINDA  
4406 HALIBUT POINT RD  
SITKA AK 99835

Parcel ID: 25755003  
KERRY TOMLINSON  
TOMLINSON, KERRY  
P.O. BOX 672  
SITKA AK 99835-0672

Parcel ID: 25755004  
BRYAN BERTACCHI  
BERTACCHI, BRYAN, J.  
P.O. BOX 1373  
SITKA AK 99835-1373

Parcel ID: 25760001  
MYRON OEN  
OEN, MYRON, J.  
4309 HALIBUT POINT RD  
SITKA AK 99835

Parcel ID: 25760002  
KENNETH/ALICE CAMERON  
CAMERON, KENNETH/ALICE  
4307 HALIBUT POINT RD  
SITKA AK 99835

Parcel ID: 25765000  
BRIAN V. BLANKENSHIP  
BLANKENSHIP, BRIAN, V.  
4316 VALHALLA DR  
SITKA AK 99835

Parcel ID: 25766000  
ROXANNE/MONTE RICHTER/MC  
FARLAND  
RICHTER, ROXANNE & MC FARLAND,  
MONTE  
4314 VALHALLA DR.  
SITKA AK 99835

Parcel ID: 25767000  
PATRICK/CATHARI WEAVER  
WEAVER, PATRICK, L./CATHARINE, L.  
106 VIKING WAY  
SITKA AK 99835

Parcel ID: 25768000  
HARLAN/LAVINA ADAMS  
ADAMS, HARLAN, J./LAVINA, H.  
P.O. BOX 2652  
SITKA AK 99835

Parcel ID: 25769001  
ROBERT/MELINDA PARSONS/MC  
ADAMS  
PARSONS, ROBERT, F./MCADAMS,  
MELINDA, J.  
P.O. BOX 6325  
SITKA AK 99835-6325

Parcel ID: 25769002  
AMYEE OEN  
OEN, AMYEE, M.  
P.O. BOX 938  
ARCATA CA 99518-0938

Parcel ID: 25770001  
RONALD/BARBARA WORKMAN  
C/O O.P.A.  
WORKMAN, RONALD, W./BARBARA  
P.O. BOX 110225  
JUNEAU AK 99811

Parcel ID: 25770002  
RONALD/BARBARA WORKMAN  
C/O O.P.A.  
WORKMAN, RONALD, W./BARBARA, E.  
P.O. BOX 110225  
JUNEAU AK 99811

Parcel ID: 25770003  
LARRY/ROBYN MCCREHIN  
MCCREHIN, LARRY, W./ROBYN, J.  
P.O. BOX 895  
SITKA AK 99835-0895

Parcel ID: 25773000  
DENTON PEARSON  
PEARSON, DENTON  
713-B SAWMILL CREEK RD  
SITKA AK 99835

Parcel ID: 25774000  
JEFFREY KELLY  
KELLY, JEFFREY, D.  
P.O. BOX 2306  
SITKA AK 99835-2306

Parcel ID: 25775000  
GALE KEHRES  
KEHRES, GALE, E.  
103 VIKING WAY  
SITKA AK 99835

Parcel ID: 25776000  
KARIN JOHNSON  
JOHNSON, KARIN, M.  
105 VIKING WAY  
SITKA AK 99835

Parcel ID: 25777000  
GERALD DZUGAN  
DZUGAN, GERALD, W.  
4319 VALHALLA DR  
SITKA AK 99835

Parcel ID: 25778000  
JEANETTE/JAMES BERRY  
BERRY, JEANETTE & JAMES  
307 MARINE ST.  
SITKA AK 99835

Parcel ID: 25779000  
BRIAN/ANNETTE BLANKENSHIP  
BLANKENSHIP, BRIAN/ANNETTE  
2166 HALIBUT POINT RD, #A  
SITKA AK 99835

Parcel ID: 25780000  
LARRY/ROBYN MCCREHIN  
MCCREHIN, LARRY, W./ROBYN, J.  
P.O. BOX 895  
SITKA AK 99835-0895

Parcel ID: 25781000  
LARRY/ROBYN MCCREHIN  
MCCREHIN, LARRY, W./ROBYN, J.  
P.O. BOX 895  
SITKA AK 99835-0895

Parcel ID: 25782000  
LARRY/ROBYN MCCREHIN  
MCCREHIN, LARRY, W./ROBYN, J.  
P.O. BOX 895  
SITKA AK 99835-0895

Parcel ID: 25785001  
JAMES/EILEEN SWIFT/GALLAGHER  
SWIFT, JAMES/GALLAGHER, EILEEN  
P.O. BOX 1193  
SITKA AK 99835-1193

Parcel ID: 25785002  
DEL STENGL  
STENGL, DEL, M.  
4322 VALHALLA DR  
SITKA AK 99835

Parcel ID: 25785003  
DEL STENGL  
STENGL, DEL, M.  
4322 VALHALLA DR  
SITKA AK 99835

Parcel ID: 25786001  
J & S PROPERTIES, LLC  
J & S PROPERTIES, LLC  
P.O. BOX 936  
SITKA AK 99835-0936

Parcel ID: 25786002  
DEL STENGL  
STENGL, DEL  
4322 VALHALLA DR  
SITKA AK 99835

Parcel ID: 25790001  
KEVIN/TINA MCNAMEE  
MCNAMEE, KEVIN & TINA  
P.O. BOX 6243  
SITKA AK 99835-6243

Parcel ID: 25791000  
ARTWIN/LINDA SCHMIDT  
SCHMIDT, ARTWIN/LINDA BERGDOLL  
4406 HALIBUT POINT RD  
SITKA AK 99835

Parcel ID: 25792000  
ARTWIN/LINDA SCHMIDT  
SCHMIDT, ARTWIN, E./LINDA  
4406 HALIBUT POINT RD  
SITKA AK 99835

Parcel ID: 25800001  
KEVIN/TINA MCNAMEE  
MCNAMEE, KEVIN & TINA  
P.O. BOX 6243  
SITKA AK 99835-6243

Parcel ID: 25810002  
BRUCE/MARGARET GIPPLE  
GIPPLE, BRUCE, A./MARGARET, L.  
2210 W. MAIN ST, STE 107-312  
BATTLE GROUND WA 98604

Parcel ID: 25811000  
BRUCE/MARGARET GIPPLE  
GIPPLE, BRUCE, A./MARGARET, L.  
2210 W. MAIN ST STE, 107-312  
BATTLE GROUND WA 98604

Parcel ID: 25815003  
WAYNE/SHAUNA UNGER  
UNGER, WAYNE & SHAUNA  
P.O. BOX 833  
SITKA AK 99835-0833

Parcel ID: 25821000  
DCI PROPERTIES, LLC  
C/O BARANOF PROPERTIES  
DCI PROPERTIES, LLC  
315 SEWARD ST  
SITKA AK 99835

Parcel ID: 25825000  
JOHN/JANICE STRALEY  
STRALEY, JOHN & JANICE  
P.O. BOX 273  
SITKA AK 99835-0273

Parcel ID: 25832000  
DIRK/TRISH WHITE  
WHITE, DIRK, T./TRISH, D.  
117 GRANITE CREEK RD, STE 201  
SITKA AK 99835

Parcel ID: 25845000  
RICHARD/VICTORI BAUDER/VOSBURG  
BAUDER, R. BURGESS/VOSBURG,  
VICTORIA  
1300 HALIBUT POINT RD  
SITKA AK 99835

Parcel ID: 25793000  
BRIAN SCHMIDT  
SCHMIDT, BRIAN, C.  
4404 HALIBUT POINT RD  
SITKA AK 99835

Parcel ID: 25805000  
ERIC/JEANNINE HOLMLUND/KIVISTO  
HOLMLUND, ERIC/KIVISTO,JEANNINE  
4416 HALIBUT POINT RD  
SITKA AK 99835

Parcel ID: 25810003  
JOSHUA/KATHERIN JOHNSON/GLUTH  
JOHNSON, JOSHUA & GLUTH,  
KATHERINE  
103 HORIZON WAY  
SITKA AK 99835

Parcel ID: 25815001  
S. E. REGION EMS COUNCIL  
SOUTHEAST REGION EMS COUNCIL  
100 CLOTHILDE BAHOVEC WAY  
SITKA AK 99835

Parcel ID: 25815004  
CAROL GOULARTE  
GOULARTE, CAROL, A.  
106 CLOTHILDE BAHOVEC WAY  
SITKA AK 99835

Parcel ID: 25823000  
KENNETH/NORMA CREAMER  
CREAMER, KENNETH, R./NORMA, L.  
101 SUNSET DR.  
SITKA AK 99835

Parcel ID: 25826000  
JOHN/JAN STRALEY  
STRALEY, JOHN & JAN  
P.O. BOX 273  
SITKA AK 99835-0273

Parcel ID: 25835000  
THOMAS JACOBSEN  
JACOBSEN, THOMAS, E.  
P.O. BOX 2695  
SITKA AK 99835-2695

Parcel ID: 25795000  
ARTWIN/LINDA SCHMIDT/BERGDOLL  
SCHMIDT, ARTWIN/BERGDOLL, LINDA  
4406 HALIBUT POINT RD  
SITKA AK 99835

Parcel ID: 25810001  
BRUCE/MARGARET GIPPLE  
GIPPLE, BRUCE, A./MARGARET, L.  
2210 W. MAIN ST, STE 107-312  
BATTLE GROUND WA 98604

Parcel ID: 25810004  
CHRIS/KASI HEIM  
HEIM, CHRISTOPHER/KASI  
P.O. BOX 6246  
SITKA AK 99835-6246

Parcel ID: 25815002  
HAROLD KALVE REVOCABLE TRUST  
KALVE TRUST, HAROLD  
102 CLOTHILDE BAHOVEC WAY  
SITKA AK 99835

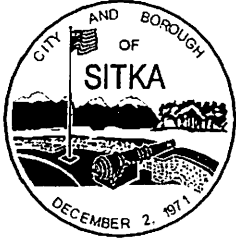
Parcel ID: 25820000  
JUSTIN ALBEE  
ALBEE, JUSTIN, L.  
102 SUNSET DR  
SITKA AK 99835

Parcel ID: 25824000  
JACK FREDRICKSON  
FREDRICKSON, JACK, W.  
223 SMITH STREET  
SITKA AK 99835

Parcel ID: 25831001  
GREGORY KAIN  
KAIN, GREGORY, A.  
9113 20TH ST E.  
EDGEWOOD WA 98371

Parcel ID: 25840000  
GREGORY KAIN  
KAIN, GREGORY  
9113 20TH ST E.  
EDGEWOOD WA 98371

Assembly Mailing  
October 28, 2016



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

---

*Coast Guard City, USA*

## **Notice of Public Hearings**

The Assembly of the City and Borough of Sitka will hold a public hearing during a regular meeting scheduled Tuesday, November 8, 2016 on the following item:

- A. Public hearing and consideration of a tideland lease renewal application filed by Kevin McNamee for tidelands adjacent 4401 Halibut Point Road. The property is also known as a portion of ATS 979. The request is filed by Kevin McNamee. The owner of record is the City and Borough of Sitka.

The Assembly may take action on November 8, 2016. The Assembly meeting will begin at 6:00 pm at Harrigan Centennial Hall at 330 Harbor Drive in Sitka.

Interested residents are encouraged to make comments during the meeting and written comments can be submitted to the Municipal Clerk at 100 Lincoln Street.

# Attachment H

Parcel ID: 25769002  
AMYEE OEN  
OEN, AMYEE, M.  
P.O. BOX 938  
ARCATA CA 99518-0938

Parcel ID: 25770002  
RONALD/BARBARA WORKMAN  
C/O O.P.A.  
WORKMAN, RONALD, W./BARBARA, E.  
P.O. BOX 110225  
JUNEAU AK 99811

Parcel ID: 25770003  
LARRY/ROBYN MCCREHIN  
MCCREHIN, LARRY, W./ROBYN, J.  
P.O. BOX 895  
SITKA AK 99835-0895

Parcel ID: 25773000  
DENTON PEARSON  
PEARSON, DENTON  
713-B SAWMILL CREEK RD  
SITKA AK 99835

Parcel ID: 25774000  
JEFFREY KELLY  
KELLY, JEFFREY, D.  
P.O. BOX 2306  
SITKA AK 99835-2306

Parcel ID: 25775000  
GALE KEHRES  
KEHRES, GALE, E.  
103 VIKING WAY  
SITKA AK 99835

Parcel ID: 25777000  
GERALD DZUGAN  
DZUGAN, GERALD, W.  
4319 VALHALLA DR  
SITKA AK 99835

Parcel ID: 25780000  
~~LARRY/ROBYN MCCREHIN  
MCCREHIN, LARRY, W./ROBYN, J.  
P.O. BOX 895  
SITKA AK 99835-0895~~

Parcel ID: 25781000  
~~LARRY/ROBYN MCCREHIN  
MCCREHIN, LARRY, W./ROBYN, J.  
P.O. BOX 895  
SITKA AK 99835-0895~~

Parcel ID: 25782000  
~~LARRY/ROBYN MCCREHIN  
MCCREHIN, LARRY, W./ROBYN, J.  
P.O. BOX 895  
SITKA AK 99835-0895~~

Parcel ID: 25785001  
JAMES/EILEEN SWIFT/GALLAGHER  
SWIFT, JAMES/GALLAGHER, EILEEN  
P.O. BOX 1193  
SITKA AK 99835-1193

Parcel ID: 25786001  
J & S PROPERTIES, LLC  
J & S PROPERTIES, LLC  
P.O. BOX 936  
SITKA AK 99835-0936

Parcel ID: 25786002  
DEL STENGL  
STENGL, DEL  
4322 VALHALLA DR  
SITKA AK 99835

Parcel ID: 25790001  
KEVIN/TINA MCNAMEE  
MCNAMEE, KEVIN & TINA  
P.O. BOX 6243  
SITKA AK 99835-6243

Parcel ID: 25791000  
ARTWIN/LINDA SCHMIDT  
SCHMIDT, ARTWIN/LINDA BERGDOLL  
4406 HALIBUT POINT RD  
SITKA AK 99835

Parcel ID: 25795000  
ARTWIN/LINDA SCHMIDT/BERGDOLL  
SCHMIDT, ARTWIN/BERGDOLL, LINDA  
4406 HALIBUT POINT RD  
SITKA AK 99835

Parcel ID: 25800001  
~~KEVIN/TINA MCNAMEE  
MCNAMEE, KEVIN & TINA  
P.O. BOX 6243  
SITKA AK 99835-6243~~

Parcel ID: 25805000  
ERIC/JEANNINE HOLMLUND/KIVISTO  
HOLMLUND, ERIC/KIVISTO, JEANNINE  
4416 HALIBUT POINT RD  
SITKA AK 99835

Parcel ID: 25810001  
BRUCE/MARGARET GIPPLE  
GIPPLE, BRUCE, A./MARGARET, L.  
2210 W. MAIN ST, STE 107-312  
BATTLE GROUND WA 98604

Parcel ID: 25811000  
~~BRUCE/MARGARET GIPPLE  
GIPPLE, BRUCE, A./MARGARET, L.  
2210 W. MAIN ST STE, 107-312  
BATTLE GROUND WA 98604~~

**McNamee**  
Tideland Lease Request  
4401 Halibut Point Road

**P&Z Mailing**  
October 7, 2016



# CITY AND BOROUGH OF SITKA

## Meeting Agenda

### Planning Commission

*Chris Spivey, Chair*  
*Darrell Windsor, Vice Chair*  
*Debra Pohlman*  
*Randy Hughey*

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Wednesday, October 19, 2016

7:00 PM

Harrigan Centennial Hall

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I. CALL TO ORDER AND ROLL CALL

II. CONSIDERATION OF THE AGENDA

III. CONSIDERATION OF THE MINUTES

A Approval of the October 5, 2016 meeting minutes.

IV. REPORTS

B Planning Regulations and Procedures.

V. THE EVENING BUSINESS

C Public hearing and consideration of a conditional use permit for a short term rental located on a boat in Crescent Harbor 1-24, 500 Lincoln Street, in the P Public zone. The property is also known as a portion of ATS 15. The application is filed by Bruce and Ann-Marie Parker. The owner of record is the City and Borough of Sitka.

D Public hearing and consideration of a final plat of a minor subdivision on Whale Island, zoned GI General Island. The request would result in 3 lots. The property is also known as Lot 2 Tract A US Survey 3556. The request is filed by David Russell. The owner of record is John W. Williams.

E Public hearing and consideration of a final plat of a minor subdivision on Whale Island, zoned GI General Island. The request would result in 2 lots. The property is also known as Lot 5 Tract A US Survey 3556. The request is filed by Donald and Patricia Lehman and Eric Speck. The owners of record are Donald and Patricia Lehman and Eric Speck.



- F Public hearing and consideration of a variance request for 109 Darrin Drive. The request is for the reduction of the front setback from 20 feet to 5 feet and the side setback from 8 feet to 2 feet for the construction of stairs and rails. The property is also known as Lot 5 Darrin Subdivision. The request is filed by Cory Picotte. The owners of record are Cory and Brenna Picotte.
- G Public hearing and consideration of a tideland lease renewal application filed by Kevin McNamee for tidelands adjacent 4401 Halibut Point Road. The property is also known as a portion of ATS 979. The request is filed by Kevin McNamee. The owner of record is the City and Borough of Sitka.
- H Public hearing and consideration of a variance request for 424 Katlian Avenue. The request is for the reduction of the side setbacks from 8 feet to 0 feet, the reduction of the front setback adjacent Kogwanton Street from 20 feet to 8 feet, the reduction of the front setback adjacent Katlian Street from 20 feet to 18 feet, substandard parking, substandard lot size, and substandard lot width for the construction of a new house and ice shop. The property is also known as Lot 50 Block 2 US Survey 2542 A&B. The request is filed by Scott Saline. The owner of record is Scott Saline.
- I Public hearing and consideration of a minor subdivision request for 1402 Sawmill Creek Road. The subdivision would reconfigure three existing lots into three proposed lots. The property is also known as a portion of US Survey 1947, a portion of US Survey 2365, and ATS 511 Tract A. The request is filed by Thomas and Danine Williamson. The owners of record are Thomas and Danine Williamson.
- J Public hearing and consideration of a conditional use permit request for a short-term rental at 1933 Dodge Circle. The property is also known as Lot 1 of Ocean Heights Subdivision. The request is filed by David and Janelle Lass. The owners of record are David and Janelle Lass.

**VI. PLANNING DIRECTOR'S REPORT**

**VII. PUBLIC BUSINESS FROM THE FLOOR**

**VIII. ADJOURNMENT**

*NOTE: Individuals having concerns or comments on any item are encouraged to provide written comments to the Planning Office or make comments at the Planning Commission meeting. Written comments may be dropped off at the Planning Office in City Hall, emailed to [planning@cityofsitka.org](mailto:planning@cityofsitka.org), or faxed to (907) 747-6138. Those with questions may call (907) 747-1814.*

*Publish: October 10 and 12*



2003

Recording Di  
4/8/2003 10:

Attachment I

A  
L  
A  
S  
K  
A



STATUTORY WARRANTY DEED

cc

203-0092

THE GRANTOR, GARY H. ERB and ANN C. ERB, husband and wife, individually and as Trustees of the GARY H. ERB AND ANN C. ERB LIVING TRUST, of 3820 "Q" Avenue, Anacortes, Washington 98221 for and in consideration of Ten Dollars (\$10.00) and other valuable consideration, in hand paid, conveys and warrants to KEVIN McNAMEE and TINA McNAMEE, husband and wife as tenants by the entirety, of P.O. Box 6243, Sitka, Alaska 99835, the following described real property to-wit:

Lots One (1) and Two (2), Shoreline Subdivision according to Plat 98-24, and Lot Forty-one (41), U. S. Survey 3482, and A leasehold estate in and to Alaska Tidelands Survey 979, according to Plat 86-6,

All in the Sitka Recording District, First Judicial District, State of Alaska.

Commonly referred to as 4401, 4403 and 4405 Halibut Point Road, Sitka, Alaska 99835.

SUBJECT TO:

U. S. Patent reservations, State of Alaska patent reservations, easements, conditions of record, and 2003 City and Borough of Sitka taxes.

DATED this 3~~rd~~ day of March, 2003.

GARY H. ERB and ANN C. ERB LIVING TRUST

By: Gary H. Erb, trustee  
Gary H. Erb, Trustee

By: Ann C. Erb, trustee  
Ann C. Erb, Trustee

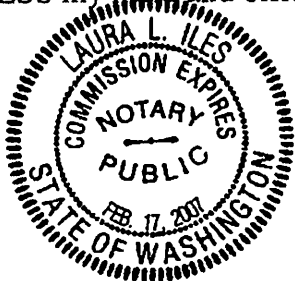
Gary H. Erb  
Gary H. Erb, individually

Ann C. Erb  
Ann C. Erb, individually

STATE OF WASHINGTON )  
 )  
 ) : ss.  
 )  
COUNTY OF Skagit )

THIS IS TO CERTIFY that on this 31st day of March, 2003, before me, the undersigned, a notary public in and for the State of Washington, duly commissioned and sworn, personally appeared **GARY H. ERB and ANN C. ERB, individually and as Trustees of the GARY H. ERB AND ANN C. ERB LIVING TRUST**, to me known and known to me to be the persons named in and who executed the within and foregoing instrument, and they individually acknowledged to me that they signed the same freely and voluntarily for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in this certificate first above written.



Laura L. Iles  
Notary Public, State of Washington  
My commission expires: 2-17-07

After recording return to:

GRANTEE  
Mr. and Mrs. Kevin McNamee  
P.O. Box 6243  
Sitka, AK 99835



2 of 2

2003-000855-0

Attachment J

CITY & BOROUGH OF SITKA  
100 LINCOLN STREET  
SITKA, AK 99857540

Merchant ID: 000000002754987  
Term ID: 04090014  
409200114885

8/10/2016  
-00007177  
t Counter  
N MCNAMEE

Phone Order

VISA	300.00
XXXXXXXXXXXX	18.00
Entry Method: Manual	318.00
Apprvd: Online Batch#: 000965	318.00
08/10/16 09:36:32	318.00
CVV2 Code: M	318.00
Inv #: 000004 Appr Code: 072756	
Total: \$	318.00

Customer Copy

**McNamee**  
Tideland Lease Request  
4401 Halibut Point Road



# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: 16-201      Version: 1      Name:  
Type: Item      Status: AGENDA READY  
File created: 11/16/2016      In control: City and Borough Assembly  
On agenda: 12/13/2016      Final action:  
Title: Discussion/Direction on the recruitment process for Municipal Administrator  
Sponsors:  
Indexes:  
Code sections:  
Attachments: [Administrator recruitment.pdf](#)

Date	Ver.	Action By	Action	Result
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Discussion / Direction  
on the recruitment process for  
Municipal Administrator





# Memo

## City & Borough of Sitka - Human Resources

Date: Wednesday, December 07, 2016

To: Mark Gorman, Municipal Administrator, Mayor and Assembly of the City and Borough of Sitka

From: Mark Danielson, Human Resources Director

*Mark D.*

RE: Administrator hire process and proposed schedule - Mr. Gorman resignation effective June 15, 2017

<p>1. Advertise - All ads placed by <b>01/02/17 through 02/15/17</b> - Advertisement states that the Assembly will review applications to select interview candidates after <b>02/15/17</b>. - HR.</p>	<p><b>January 2, 2017 through February 15, 2107</b></p>
<p>2. Receive Applications through <b>02/15/17</b>- HR</p> <p>a. Letters to applicants acknowledging receipt of resume and a thank you for interest in our fair city. - HR</p>	<p><b>February 15, 2017</b></p>
<p>3. Review Applications – Make a short list of applicants – <b>02/15/2017 to 02/28/2017 - Assembly</b></p> <p>a. Process for candidate review (Full Assembly or Committee?)</p> <p>b. Request writing samples from finalists. – HR</p> <p>c. Interview Questions – Samples to Assembly from HR</p> <p>d. Target date for start of interviews</p> <p>e. Process of selecting questions and general interview process to be determined. (Brief Work Session?)</p> <p>f. Skype interviews? <b>03/01 – 03/15, 2017</b> - Assembly</p> <p>g. Schedule candidates for Final interviews <b>04/01 – 04/15/2017</b> – HR</p> <p>h. Reference checks – report on reference checks. Notify applicants not selected for interviews. - HR</p>	<p><b>Mid Feb to Feb 28, 2017</b></p>
<p>4. Skype interviews? – Assembly <b>03/01 – 03/15/2017</b></p>	<p><b>March 1 – Mid March, 2017</b></p>
<p>5. Final Interviews - Interview visits by candidates to Sitka. <b>04/05 – 04/30/2017</b> - Assembly</p>	<p><b>Mid-April through April 30, 2017</b></p>
<p>6. Finalize arrangements/Make offer (Wage, Vacation, Insurance, Moving Expenses/Severance)/Negotiate compensation/Transition plan - Starting Date <b>06/07 – 06/15/2017</b> HR/Assembly</p>	<p><b>June 7-15, 2017</b></p>



# City and Borough of Sitka

100 Lincoln Street Sitka, Alaska 99835

*Coast Guard City, USA*

November 15, 2016

Dear Mayor Hunter and Members of the Assembly,

As indicated in an earlier correspondence, I intend to step down as your administrator after the completion of the 2017 budget development. To this end, I propose that my last day of service be June 15, 2017. If recruitment for my replacement has not been completed by that time and the Assembly desires me to remain for a period of time, I will be open to those discussions.

I have requested that Human Resources Director, Mark Danielson present you with a timeline and strategies for the administrator recruitment at the November 22, 2016 Assembly meeting.

It has been a privilege to work with the Assembly and to serve our community. I look forward to continuing these relationships in the months ahead.

Sincerely,

Mark Gorman  
Municipal Administrator

cc: Mark Danielson, Human Resources Director  
Brian Hanson, Municipal Attorney



**AML Salary Survey – 12 Largest Cities in Alaska – FY 2017**

<b>Annual Salary</b>	<b>City</b>	<b>Title</b>	<b>POP.</b>
\$ 132,953.00	Municipality of Anchorage	Municipal Manager	300,549
\$ 184,433.00	Mat-Su Borough	Borough Manager	98,063
\$ 112,403.00	Fairbanks Borough	Chief of Staff	97,972
\$ 165,006.00	City and Borough of Juneau	City Manager	33,026
\$ 110,344.00	City of Fairbanks	Chief of Staff	31,721
\$ 144,206.00	Ketchikan Gateway Borough	Manager	13,825
\$ 130,000.00	Kodiak Island Borough	Borough Manager	13,797
\$ 125,000.00	City and Borough of Sitka	Administrator	9,061
\$ 165,672.00	City of Kenai	City Manager	7,167
\$ 143,332.00	City of Kodiak	City Manager	6,329
\$ 130,000.00	City of Bethel	City Manager	6,241
\$ 123,510.00	City of Palmer	City Manager	6,053
\$ 138,904.00	Average Salary	\$66.78/hr	
\$ 147,388.00	Mid-Point	\$70.85/hr	
\$ 123,912.90	Average throwing out the high and low	\$59.57/hr	
\$ 139,037.00	Mid-Point throwing out the high and low	\$66.84/hr	

## Manager or Administrator

All employees are full time. This is an appointed position.

Municipality	Population	Specific Working Title	Job Match	# of Employees	Union or Nonunion	Work Wk	Lowest Wage	Average Wage	Highest Wage	Note:
Municipality of Anchorage	300,549	Municipal Manager	More	1	Non	40	\$0.00	\$63.92	\$0.00	
Matanuska-Susitna Borough	98,063	Borough Manager	Same	1	Non	40	\$0.00	\$88.67	\$0.00	
Fairbanks North Star Borough	97,972	Chief of Staff	Same	1	Non	40	\$0.00	\$54.04	\$0.00	
City & Borough of Juneau	33,026	City Manager	More	1	Non	40	\$0.00	\$79.33	\$0.00	Determined by the Assembly
City of Fairbanks	31,721	Chief of Staff	Same	1	Non	40	\$0.00	\$53.05	\$0.00	
Ketchikan Gateway Borough	13,825	Manager	Same	1	Non	40	\$0.00	\$69.33	\$0.00	
Kodiak Island Borough	13,797	Borough Manager	More	1	Non	40	\$0.00	\$62.50	\$0.00	
City & Borough of Sitka	9,061	Administrator	Same	1	Non	40	\$0.00	\$60.10	\$0.00	
City of Kenai	7,167	City Manager	More	1	Non	40	\$0.00	\$79.65	\$0.00	Contract/Appointed
City of Kodiak	6,329	City Manager	Same	1	Non	40	\$0.00	\$68.91	\$0.00	Contract & employee
City of Bethel	6,241	City Manager	Same	1	Non	40-OT Ex.	\$0.00	\$62.50	\$0.00	
City of Palmer	6,053	City Manager	Same	1	Non	40	\$0.00	\$59.38	\$0.00	
City of Unalaska	4,689	City Manager	Same	1	Non	40	\$0.00	\$76.68	\$0.00	
City of Soldotna	4,311	Manager	Same	1	Non		\$0.00	\$0.00	\$0.00	\$139,390.00 per year
City of Valdez	4,032	Manager	More	1	Non	40	\$0.00	\$62.50	\$0.00	Exempt-appointed
City of Nome	3,721	City Manager	Same	1	Non	37.5	\$0.00	\$48.35	\$0.00	
Petersburg Borough	3,209	Borough Manager	Same	1	Non	40	\$0.00	\$55.93	\$0.00	
City of Kotzebue	3,153	City Manager	Same	1	Non	40	\$0.00	\$72.11	\$0.00	
Haines Borough	2,537	Borough Manager	Same	1	Non	40	\$0.00	\$46.57	\$0.00	
City of Dillingham	2,431	City Manager	Same	1	Non	40	\$0.00	\$129.63	\$0.00	
City & Borough of Wrangell	2,406	Borough Manager	Same	1	Non	40	\$0.00	\$53.41	\$0.00	



# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: ORD 16-46    Version: 1    Name:

Type: Ordinance    Status: AGENDA READY

File created: 12/5/2016    In control: City and Borough Assembly

On agenda: 12/13/2016    Final action:

Title: Amending Sitka General Code Chapter 15.01 "Electric Utility Policies", at Section 15.01.020 "Electrical Rates", by decreasing electrical rates, removing provisions to interruptible rates, and adding Section 15.01.015 "Construction Guidelines", Section 15.01.085 "Carrier Current" and Section 15.01.090 "Rebate Program for Electric Heat Pump Heating Systems" (first reading - repealing Ordinance 2016-38 that was approved by the Assembly on October 11, 2016)

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Ord 2016-46.pdf](#)  
[Ord 2016-46.pdf](#)

Date	Ver.	Action By	Action	Result
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## **POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2016-46 on  
first reading.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2016-46

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING SITKA GENERAL CODE CHAPTER 15.01 "ELECTRIC UTILITY POLICIES", AT SECTION 15.01.020 "ELECTRICAL RATES", BY DECREASING ELECTRICAL RATES, REMOVING PROVISIONS TO INTERRUPTIBLE RATES, AND ADDING SECTION 15.01.015 "CONSTRUCTION GUIDELINES", SECTION 15.01.085 "CARRIER CURRENT" AND SECTION 15.01.090 "REBATE PROGRAM FOR ELECTRIC HEAT PUMP HEATING SYSTEMS"

1. CLASSIFICATION. This ordinance is of a permanent nature and is intended to become a part of the Sitka General Code ("SGC").

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

3. PURPOSE. Generally, the purpose of this ordinance is to repeal Ordinance No. 2016-38. Specifically, this ordinance will decrease the electrical rates for certain consumer classes at SGC 15.01.020 to the previous rates, remove the newly established revenues aimed at meeting revenue bond covenants and delete the newly established working capital for future electrical infrastructure repair and replacement. It also adds back policy provision sections 15.01.015, 15.01.085 and 15.01.090 so they are again addressed in City code. Further, it adds back the requirement for hanging door hangers prior to disconnecting service.

4. ENACTMENT. NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that Chapter 15.01 "Electric Utility Polices", is amended as follows (new language underlined; deleted language stricken):

\*\*\*

Chapter 15.01
ELECTRIC UTILITY POLICIES

Sections:

- 15.01.005 Definitions.
15.01.010 Statement of purpose.
15.01.012 Level of authority and responsibilities.
15.01.015 Construction guidelines.
15.01.020 Electrical rates.

- 47 15.01.025 Customer and city rights and responsibilities.
- 48 15.01.030 Billing—Credit—Deposits—Fees.
- 49 15.01.035 General requirements.
- 50 15.01.040 Service connections.
- 51 15.01.045 Line extension.
- 52 15.01.050 Subdivisions.
- 53 15.01.055 Mobile home parks, RV parks, private marinas and boat docks.
- 54 15.01.060 Rental structures.
- 55 15.01.065 Motors and controllers.
- 56 15.01.070 Undesirable characteristics.
- 57 15.01.075 Special equipment.
- 58 15.01.080 Customer generation.
- 59 15.01.085 Carrier current.
- 60 15.01.090 Rebate program for electric heat pump heating systems.
- 61
- 62 **15.01.005 Definitions.**
- 63 “ANSI” means the American National Standards Institute.
- 64 “City” means the city and borough of Sitka.
- 65 “Employees” means the employees of the city and borough of Sitka charged with the
- 66 responsibility of delivering services to the citizens and customers while ensuring good business
- 67 practices, and considering the needs and wants of customers.
- 68 “IEEE” means the Institute of Electrical and Electronics Engineers.
- 69 “NEC” means the National Electrical Code.
- 70 “NESC” means the National Electrical Safety Code.
- 71 “OSHA” means the Occupational Safety and Health Act.
- 72 ~~“Overhead point of delivery” means customers’ service entrance conductors at the weather~~
- 73 ~~head.~~
- 74 “RUS” means the United States Department of Agriculture’s Rural Utilities Service.
- 75 “SDCG” means the Sitka design and construction guidelines.
- 76 ~~“Underground point of delivery” means the supply terminals in a customer’s meter base,~~
- 77 ~~current transformer enclosure or supply (line) side of a customer owned disconnect(s) in a~~
- 78 ~~privately owned system.~~
- 79 “Utility” means the city and borough of Sitka electric department. (Ord. 05-15 § 4(A) (part),
- 80 2005.)

81 **15.01.010 Statement of purpose.**

82 The city wants to treat its citizens in a fair and consistent manner, while recognizing the distinct  
83 needs and requirements of each customer. To promote uniformity of service, the city has  
84 adopted this customer service policy. This customer service policy provides guidelines for  
85 electric service while meeting the requirements of good business practices.

86 The mission of the utility is to provide its customers with adequate and reliable electric utility  
87 service at the lowest cost, consistent with industry standards and sound business principles. It  
88 is the customer's responsibility to install their service conductors and equipment in accordance  
89 with the customer service policy and the utility's Sitka design and construction guidelines  
90 (SDCG). ~~It is the customer's further responsibility to comply with all financial obligations set  
91 forth in the customer service policy and related payment plans in order to ensure uninterrupted  
92 access to electrical power. The long term inability to pay electrical charges shall not be the  
93 basis for supplying electricity without charge, or for reduced charges, to customers without  
94 explicit action of the Assembly.~~ In addition, all subdivisions four lots or greater and line  
95 extensions greater than two thousand six hundred forty feet are required to be designed by an  
96 electrical engineer licensed in Alaska. Utility staff may be available to design or construct a  
97 customer's line extension or subdivision at actual costs; however, the customer may be  
98 required or prefer to seek an electrical engineer licensed in Alaska to design the facilities or a  
99 licensed electrical contractor to construct the facilities needed to serve them. All designs,  
100 equipment, materials and a detailed scope of work must be approved by the utility before  
101 construction commences and is subject to inspection by the utility during construction. All  
102 equipment and materials such as transformers, hardware, street lights, poles, cables and  
103 components, etc., must be new and in undamaged condition. The utility reserves the right to  
104 issue "cease and desist" orders for nonconformance of design, workmanship and materials  
105 involved with electrical system construction projects. Once the construction is accepted by the  
106 utility, the utility will own and be responsible for maintenance of the facilities to the point of  
107 delivery of power, unless otherwise stated in this customer service policy or by mutual  
108 agreement. "Point of delivery" will be defined as follows:

109 "Overhead point of delivery" means customers' service entrance conductors at the weather  
110 head.

111 "Underground point of delivery" means the supply terminals in a customer's meter base,  
112 current transformer enclosure or supply (line) side of a customer-owned disconnect(s) in a  
113 privately owned system.

114 **15.01.012 Level of Authority and Responsibilities.**

115 ~~The utility director is responsible for the planning, design, construction, operation and  
116 maintenance of the electric utility system. In addition, the utility director is designated as the  
117 grievance officer for customers. The utility director is authorized to hear concerns and  
118 complaints, and settle disagreements. Only the utility director shall have the authority to direct  
119 reconnections of electric service, which has been disconnected for non-payment or failure to  
120 meet agreed upon terms of customer repayment plans, after normal working hours.~~

121 ~~The finance director is responsible for the billing and collection of all fees and charges for~~  
122 ~~electric service. The finance director shall have the responsibility to consider all complaints and~~  
123 ~~concerns regarding electrical billings and disconnections for failure to meet financial payment~~  
124 ~~obligations. The finance director shall have the authority and responsibility to direct the~~  
125 ~~disconnection of electrical service for customers for non-payment or failure to meet agreed-~~  
126 ~~upon terms of customer repayment plans. Other than stipulated by other sections of this~~  
127 ~~chapter, the finance director shall not have any specific responsibility to notify customers of~~  
128 ~~impending disconnection in advance; furthermore, a customer's failure to honor specific~~  
129 ~~commitments, either temporally or financially, shall result in immediate disconnection of~~  
130 ~~electrical service without advance notice. The finance director, at his or her discretion, may,~~  
131 ~~but is not required to, authorize the reconnection of any customer's electric service if the~~  
132 ~~finance director deems it to be in the best interest of the utility and the Municipality to do~~  
133 ~~so. The finance director also has the discretion to, but is not required to, waive fees associated~~  
134 ~~with a reconnection.~~

135  
136 ~~The discretionary authority of the finance director shall be limited in certain aspects, as~~  
137 ~~follows:~~

- 138 ~~a. The finance director may extend the due date for any payment up to 14 days upon~~  
139 ~~completion of a signed agreement with a customer firmly committing to such a date;~~  
140 ~~b. The finance director may manage disconnections in such a way as to avoid otherwise~~  
141 ~~disconnections for unmet customer financial obligations of \$50 or less;~~  
142 ~~c. The finance director may, but shall not be required, to direct that electric service be~~  
143 ~~continued for customers with a serious medical condition for which electrically~~  
144 ~~operated medical machinery is required to operate on a 24-hour basis in order to~~  
145 ~~sustain the life of the customer.~~

146  
147 ~~The administrator will create, maintain and update a customer service procedure manual and~~  
148 ~~the Sitka design and construction guidelines (SDCG) procedures manual, both of which will be in~~  
149 ~~compliance with the Sitka General Code. These manuals may be updated by approval of the~~  
150 ~~administrator with assembly notification. These manuals and codes may be more restrictive~~  
151 ~~than the Sitka General Code where the municipal administrator deems necessary.~~

152  
153 **15.01.015 Construction guidelines.**

154 **A. Codes.** All electric utility system installations must comply with the National Electrical Code  
155 **(NEC) and the National Electrical Safety Code (NESC) where applicable. As a supplement to**  
156 **these codes, the Sitka design and construction guidelines (SDCG) and the design standards of**  
157 **the USDA Rural Utilities Service (RUS) are employed by the utility. Services and/or service**  
158 **entrances may be denied if these codes and specifications are not met.**

159 **B. Electrical Inspections.** To protect the customer's interest as well as the utility's, the utility  
160 **requires an inspection certificate (green tag) by the city's building inspector before energizing**  
161 **new facilities.**



162 Inspections shall confirm compliance with the latest state-adopted version of the NEC and  
163 NEEC, the latest version of the SDCG, any municipal codes, and any utility specifications that  
164 may exceed portions of the aforementioned codes. The utility reserves the right to challenge  
165 the construction when utility personnel observe deficiencies in the installation at any time.

166 C. Utility Tools and Equipment. All utility materials, tools and equipment are available for  
167 utility projects only. Tools and equipment are not available for rent or loan at any time.

168 D. Material Sales/Loans. No materials shall be sold, traded or loaned except for electrical  
169 emergencies such as power outages. The utility may agree to sell equipment for a specific utility  
170 construction project, at rates established by the utility.

171 **Section**

172 **15.01.020 Electrical rates.**

- 173
- 174 A. All billings are subject to sales tax if applicable.
- 175
- 176 B. Residential Services.
- 177 1. Applicable to all residential customers for all uses in the home or residence, subject
- 178 to the rules and regulations and customer services policies of the city and utility.
- 179
- 180 2. Energy Charges.
- 181

First 200 kWh's	<u>\$0.0858</u>
Next 800 <del>First 1000</del> kWh's	<u>\$0.1145</u> <del>\$0.1203</del> per kWh
Over 1,000 kWh's	<u>\$0.1305</u> <del>\$0.1370</del> per kWh
Customer charge is <u>\$19.50</u> <del>\$20.48</del> per month	

- 182
- 183
- 184 C. General Service – Small
- 185
- 186 1. Applicable to all nonresidential customers for all uses, including lighting, heating
- 187 and power, when the electricity consumed in the preceding twelve months is less than
- 188 one hundred thousand kWh and has a measured demand of less than fifty kW, subject
- 189 to the rules, regulations and customer service policies of the utility and the city. Typical
- 190 customers in this class could include: restaurants, retail vendors, churches, fueling
- 191 stations, and service industries.
- 192

- 193 2. Energy Charges.
- 194

First 500 kWh	<u>\$0.1771</u> <del>\$0.1860</del> per kWh
---------------	---

501 kWh to 10,000 kWh	<del>\$0.1246</del> <del>\$0.1308</del> per kWh
10,001 kWh to 100,000 kWh	<del>\$0.1218</del> <del>\$0.1279</del> per kWh
Over 100,001 kWh	<del>\$0.1190</del> <del>\$0.1250</del> per kWh
Customer charge is <del>\$39.00</del> <del>\$40.95</del> per month	

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3. Demand Charges.

First 25 kW	No Charge
Over 25 kW	<del>\$5.60</del> <del>\$5.88</del> per kW

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D. General Service – Large

1. Applicable to all nonresidential customers for all uses, including lighting, heating and power, when the electricity consumed in the preceding twelve months is equal to or greater than one hundred thousand kWh or has a measured demand equal to or greater than fifty kW, subject to the rules, regulations and customer service policies of the utility and the city. Typical customers in this class could include: grocery stores, industrial users, and seafood processing facilities.

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2. Energy Charges.

First 500 kWh	<del>\$0.1771</del> <del>\$0.1860</del> per kWh
501 kWh to 10,000 kWh	<del>\$0.1241</del> <del>\$0.1303</del> per kWh
10,001 kWh to 100,000 kWh	<del>\$0.1213</del> <del>\$0.1274</del> per kWh
Over 100,001 kWh	<del>\$0.1184</del> <del>\$0.1244</del> per kWh
Customer charge is <del>\$60.00</del> <del>\$63.00</del> per month	

211  
212  
213

3. Demand Charges.

First 25 kW	No Charge
Over 25 kW	<del>\$5.60</del> <del>\$5.88</del> per kW

214  
215

E. General Service – Public Authority

1. Applicable to all noncommercial and nonresidential customers for all uses, including lighting, heating and power, subject to the rules, regulations and customer service policies of the utility and the city. Typical customers in this class could include: schools, tribal governments, and other public government buildings.

217  
218  
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220  
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222

2. Energy Charges.

223  
224

First 500 kWh	<del>\$0.1771</del> <del>\$0.1860</del> per kWh
501 kWh to 10,000 kWh	<del>\$0.1246</del> <del>\$0.1309</del> per kWh
10,001 kWh to 100,000 kWh	<del>\$0.1218</del> <del>\$0.1279</del> per kWh
Over 100,001 kWh	<del>\$0.1190</del> <del>\$0.1250</del> per kWh
Customer charge is <del>\$45.00</del> <del>\$47.25</del> per month	

225  
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227

3. Demand Charges.

First 25 kW	No Charge
Over 25 kW	<del>\$5.60</del> <del>\$5.88</del> per kW

228

F. Boat Service.

- 230 1. Applicable to separately metered boats, lights, heaters, pumps or other uses.
- 231 2. Energy Charges.

First 150 kWh	<del>\$0.1353</del> <del>\$1.420</del> per kWh
All additional kWh	<del>\$0.1353</del> <del>\$1.420</del> per kWh
Customer charge is <del>\$8.75</del> <del>\$20.48</del> per month	

232

G. Street and Security Light Service.

- 234 1. The utility will only install, at the expense of the customer, yard or security lights  
235 which can be attached to existing poles which are the property of the utility.
- 236 2. Rate per Month. This fee is in addition to the actual installation charges required for  
237 installing the desired fixture.

238 Monthly unmetered street or security light energy rate is calculated as follows:

(0.482 kWh per lamp watt) times (the wattage of the lamp) = kWh per month.
Example: 0.482 kWh x 100 Watt lamp = 48 kWh per month.
Monthly energy rate is: kWh per month times \$0.1964 per kWh.

48 kWh per month x \$0.1964/kWh = \$9.43 per month energy rate.	
Typical lamp energy rates:	
70 Watt	\$6.62 per month
100 Watt	\$9.42 per month
150 Watt	\$14.12 per month
175 Watt	\$16.50 per month
250 Watt	\$23.56 per month
400 Watt	\$37.88 per month
1,000 Watt	\$94.63 per month

239 The above costs include the cost of maintenance of the unmetered street and security  
 240 lights.

241 3. Previously Installed Security Lights. Customers found to be benefitting from a  
 242 previously installed security light shall have the option of removal of the light at no  
 243 charge.

244 4. A street light may be installed and maintained by the city provided it is for the  
 245 purpose of public safety. If a light is requested by a customer, it is the responsibility of  
 246 the customer to show that concurrence is reached by all affected neighbors.

247 H. ~~Controlled Service~~ Interruptible Load Service—Large Consumer.

248 1. Applicable to interruptible loads greater than one hundred kilowatts. ~~The customer~~  
 249 ~~must have written approval from the City and Borough Electric Department for an~~  
 250 ~~alternative system.~~ Loads must be new, not conversions of existing loads. ~~Associated~~  
 251 ~~equipment utilized by the alternative firm portion of the load, such as electric fans and~~  
 252 ~~pumps used in the distribution of heat, shall be wired separately from the controlled~~  
 253 ~~service so as not to be interrupted.~~

254 2. Character of Service. Interruptible without notice, and available only when there is a  
 255 surplus of hydroelectric energy—alternating current sixty cycles, single-phase or three-  
 256 phase. Characteristics depend upon available circuits.

257 3. Rate per Month. Basic customer charge for each month or portion of a month: two  
258 hundred dollars.

259 Energy Charge. ~~Conceptually, the energy charge for all kilowatt-hours shall be adjusted~~  
260 ~~monthly so as to be no more than 90% of the equivalent average price paid by the State~~  
261 ~~of Alaska or the City and Borough of Sitka, whichever is lower, for No. 2 Fuel Oil~~  
262 ~~delivered in Sitka 0.0317 times the city and borough's price per gallon for number 2~~  
263 ~~heating oil, assuming an overall oil heating system efficiency of seventy percent and the~~  
264 ~~use of the price paid by the city and borough of Sitka for number 2 heating oil for all of~~  
265 ~~the city and borough-owned buildings. The rate will vary monthly with the price paid by~~  
266 ~~the city and borough of Sitka for number 2 heating oil for all city-owned buildings. The~~  
267 ~~maximum energy charge for all kilowatt hours under this rate shall be eleven cents per~~  
268 ~~kilowatt hour.~~

269 ~~The energy charge calculation will be performed by multiplying 0.0317 times the~~  
270 ~~average price paid two calendar months prior by the State of Alaska or the City and~~  
271 ~~Borough of Sitka, whichever is lower, for No. 2 Fuel Oil delivered in Sitka. This factor~~  
272 ~~assumes an overall oil heating system efficiency of seventy percent and a heat~~  
273 ~~equivalent of fuel oil of 138,599 BTU per gallon. The maximum energy charge for all~~  
274 ~~kilowatt hours under this rate shall be eleven and fifty five one hundredths cents~~  
275 ~~(\$0.1155) per kilowatt hour.~~

276 Example 1: If the city and borough's price for ~~No. 2 Fuel Oil~~ number 2 heating oil is one  
277 dollar and twenty cents per gallon, the rate would be 0.0317 times one dollar and  
278 twenty cents equals \$0.0380 per kilowatt hour.

279 Example 2: If the city and borough's price for ~~No. 2 Fuel Oil~~ is four dollars and twenty  
280 cents per gallon, the rate would be 0.0317 times four dollars and twenty cents equals  
281 \$0.1331 per kilowatt hour. However, due to the maximum energy charge, the energy  
282 charge in this case would be \$0.1155.

283 ~~In the event that the customer must utilize interruptible energy when it is considered~~  
284 ~~not available, energy will be provided at a penalty rate.~~

285 4. Penalty Rate. ~~The penalty rate will be equal to 1.5 times the firm rate. Penalty rates~~  
286 ~~will be in effect when the city and borough has acted to interrupt the customers~~  
287 ~~controlled service load but the customer chooses not to be interrupted. If the customer~~  
288 ~~chooses to not be interrupted, they will forfeit the ability to continue to participate in~~  
289 ~~the program, unless the City Administrator determines that a true emergency had~~  
290 ~~occurred.~~

291 5. Temporary Incentive Rate. ~~When it is in the best interest of the city and borough of~~  
292 ~~Sitka, the City Administrator may negotiate a temporary incentive rate with individual~~  
293 ~~customers to encourage new capital investment which increases or adds new~~

294 ~~interruptible customers. In no case will the temporary rate be applied to a customer for~~  
295 ~~more than ten years.~~

296 ~~6. Control Criteria. Electrical loads are subject to interruption as deemed necessary by~~  
297 ~~the city and borough. Typical conditions could include peak loading, hydroelectric~~  
298 ~~generation shortages, maintenance or other emergencies. The city and borough will~~  
299 ~~provide customers with five days' notice for planned interruptions. For unplanned~~  
300 ~~interruptions, the city and borough will provide as much notice as practicable.~~

301 ~~7. 4. Service Connection. Consumer is to install metering equipment separate from the~~  
302 ~~normal continuous service connection, which meter may be a submeter of the firm~~  
303 ~~service meter, and install an electrically operated switch or circuit breaker that can only~~  
304 ~~be operated by the utility. The specific metering and circuit switching equipment design~~  
305 ~~for interruptible service is subject to review and approval by the utility.~~

306 ~~8. Special Provisions:~~

307 ~~a. The City and borough of Sitka shall not be liable for loss or damage caused by~~  
308 ~~interruption of service. The city and borough of Sitka will not be responsible for start-up~~  
309 ~~or operations of the customer's alternative system.~~

310 I. Fuel Surcharge. A fuel surcharge shall be implemented to recover the utility's costs of  
311 supplemental diesel generation in excess of budgeted funds for projected diesel operations.  
312 The costs of supplemental diesel generation to be recovered include fuel oil, lubricating oil,  
313 filters, labor, and other ancillary costs in excess of budgeted funds. The fuel surcharge will be  
314 levied as a per kilowatt hour (kWh) rate and will be calculated as follows: the quarterly  
315 projected cost of supplemental diesel operations which exceeds budgeted diesel operations  
316 divided by quarterly projected kWh sales. kWh sales projections will be kWh sales for the same  
317 period from the previous fiscal year times a load growth factor. The fuel surcharge will be  
318 recovered over a twelve-month period. The utility will maintain a balancing account to match  
319 revenues from the fuel surcharge with actual supplemental generation expenses, and will  
320 adjust this account on a quarterly basis. Any surplus in the balancing account at the end of a  
321 recovery period will be retained by the utility and will be utilized exclusively to reduce future  
322 fuel surcharges. Any deficit in the balancing account at the end of a recovery period will be  
323 added to the estimated costs to be recovered in the next recovery period. Fuel surcharges may  
324 be recalculated and changed during any quarter upon approval of the municipal administrator  
325 due to emergencies or other unforeseen circumstances.

326 Kilowatt hours sold on an interruptible service basis or for street lights are not subject to a fuel  
327 surcharge.

328 J. Determination of Demand. The billing demand shall be the maximum average kilowatt load  
329 used by the customer for any period of fifteen consecutive minutes during the billing period as  
330 indicated by a demand meter.

331 K. Tax Provision. Any taxes levied are in addition to the electric rates and fees charged.

332 L. Resale of Energy. The utility will not allow the resale of energy or another person and/or  
333 organization to connect to or share the customer's electric service.

334 Landlords may allow common tenants of the same physical structure to share electrical service  
335 under one landlord account.

336 M. Power Factor. The customer agrees to maintain unity power factor as nearly as possible.  
337 Unless specifically agreed to in writing, the utility shall not be obligated to deliver power to the  
338 customer at any time at a monthly average power factor below ~~ninety five hundredths (0.95)~~  
339 nine-tenths lagging. The customer will be given ample time to bring the power factor into  
340 compliance which shall not exceed six months from the time of official notification by the utility  
341 or make other arrangements with the utility. The utility may bill for all kVarh in excess of ~~ninety~~  
342 ~~five hundredths (0.95)~~ nine-tenths average power factor for the billing period at the rate of  
343 ~~nine point four five (\$0.0945)~~ nine cents per kVarh.

344 N. Energy Assistance Fund. An energy assistance fund is hereby established to provide an  
345 opportunity for city and borough of Sitka electric customers to make a voluntary monthly  
346 contribution to a fund that will provide limited financial assistance to customers. The intent of  
347 the program is to help provide emergency financial assistance to customers to pay electric  
348 utility bills. The program will be administered by the Salvation Army.

349 O. Plug-in Electric Vehicle (PEV) Incentive Credit. A one-hundred-twenty-dollar annual PEV  
350 energy credit will be applied to all eligible residential class customers that register and operate  
351 a plug-in electric vehicle within the CBS up to a maximum of two PEVs per household. A two-  
352 hundred-dollar annual PEV energy credit will be applied to all eligible general service customers  
353 that register and operate a plug-in electric vehicle within the CBS up to a maximum of five PEVs.

354 **15.01.025 Customer and city rights and responsibilities.**

355 A. Customer Responsibilities.

356 1. New customers establish credit in one of these ways:

357 a. Provide proof of twelve months of good payment history with another utility.

358 b. Provide acceptable surety bond or letter of credit (commercial account only).

359 c. Provide a cash deposit.

360 d. Be an existing city customer with a good payment history.

361 2. Allow utility personnel access to property to set up and maintain service.

362 3. Pay bills by the due date shown ~~Customers must pay their bill by the due date~~  
363 ~~shown on each monthly bill or a finance charge will be applied. Payments received on~~  
364 ~~the due date must be made in person at the City customer service desk or by direct~~  
365 ~~phone contact with the City customer service representative. If a customer has agreed~~  
366 ~~to make an extra payment towards past due balances in conjunction with a payment~~  
367 ~~plan, such payments must also be made by the due date on each monthly bill.~~

368  
369 ~~It is the customer's responsibility to ensure that customer service personnel are notified~~  
370 ~~in advance of a customer's inability to fully pay all charges and fees by the date on~~  
371 ~~which they are due, as indicated on the utility bill. Utility customer service personnel~~  
372 ~~shall have no obligation to proactively inform customers of consequences of failure to~~  
373 ~~fully pay charges when due, or, of impending disconnections of electrical service unless~~  
374 ~~otherwise specifically stated elsewhere in this chapter.~~

375  
376 ~~It is the customer's responsibility to ensure that all individuals who have need to inquire~~  
377 ~~about, or manage the details of, a customer's account are added to that~~  
378 ~~account. Customer service personnel may not release account information to~~  
379 ~~individuals who are not authorized to obtain such information.~~

380 4. Notify customer service of another person or customer who should receive any  
381 notice of service interruption for nonpayment of bills.

382 5. Notify customer service if there is someone in the household who is seriously ill,  
383 handicapped or on a life support system.

384 6. Notify customer service of questions or complaints about service.

385 7. ~~The Customer must~~ be aware of city-owned property at the customer's home or  
386 business and take all reasonable and proper precautions to prevent damage to it. In the  
387 event that the city-owned property is damaged because of the customer's negligence,  
388 the utility will charge the customer the actual costs of replacement or repair.

389 8. Install, maintain and repair wiring inside the customer's premises.

390 9. The customer must notify the city when electric use changes may make him/her  
391 eligible for a rate change.

392 10. The customer must ensure that no damage occurs with the initiation, termination  
393 or change of utility service requested past the point of city connection.

394 11. The customer will not permit any person, except as authorized by the utility, to  
395 make any connections, repairs or changes to service drops, vaults, splice boxes,  
396 equipment or any unmetered portion of the service serving the property which is owned  
397 by the utility.



398 12. When a change of occupancy (tenant or owner) takes place on any premises being  
399 serviced by the utility, notice of such change shall be given within ten days prior to such  
400 change. The outgoing customer will be held responsible for any and all charges for  
401 electrical services supplied, to include charges for disconnection and reconnection for  
402 nonpayment until such notice has been received by the finance utility.

403 B. Customer Rights.

404 1. A customer has a right to request his/her deposit be refunded if he/she establishes  
405 credit by other means, maintains an excellent credit rating for one year or discontinues  
406 service from the city.

407 2. If the customer is notified of an impending disconnection for nonpayment, he/she  
408 has a right to request installment payments designed to pay the account in full  
409 according to an agreement at the discretion of the city's finance director.

410 3. The customer has a right to request a review by the city's finance director of any  
411 complaint.

412 C. City Responsibility.

413 1. Refund the customer's deposit if conditions are met.

414 2. Give written notice fifteen working days before service is interrupted for failure to  
415 pay (the customer's bill contains the fifteen-day notice). The notice will respect a  
416 customer's right to privacy regarding publication of debt.

417 3. Avoid disconnection for nonpayment after four-thirty p.m. on a Friday, on a  
418 weekend or on a holiday.

419 4. Avoid disconnection for nonpayment during freezing weather conditions (below  
420 thirty-two degrees Fahrenheit).

421 5. Provide and explain rate schedules, how meters are read and other additional  
422 reasonable information.

423 6. Respond to questions or complaints from customers. The city may not agree with  
424 the complaint but pledges prompt, courteous and honest answers within one day of the  
425 complaint.

426 7. Provide available historic billing and usage information for a customer's account  
427 when requested by the customer.

428 D. City Rights.

- 429           1. To access the city's utility facilities on customer's premises.
- 430           2. To receive notice of changes in address, status of utility service or problems with  
431 utility service.
- 432           3. To receive timely payment for services delivered to a home or business.
- 433           4. To take legal action regarding equipment tampering or financial delinquencies by  
434 the customer.

435 **15.01.030 Billing—Credit—Deposits—Fees.**

436 A. Deposits are required as follows:

- 437           1. ~~Two~~One hundred fifty (~~\$250~~) dollars for residential.
- 438           2. ~~Three~~Two hundred fifty (~~\$350~~) dollars for commercial.
- 439           3. ~~Seventy-five~~Fifty (~~\$75~~) dollars for harbor.

440 Account deposits commensurate with an anticipated six-week utility billing may be required.  
441 Deposits will be refunded after one year's satisfactory payment history or termination of  
442 service. Refund will be made by credit to customer's billing account. Interest shall accrue at an  
443 interest rate equivalent to the average rate of interest on one-year treasury bills for the last day  
444 of the fiscal year and previous fiscal year. Interest will be determined at the end of the fiscal  
445 year and will be credited to the customer's utility billing as soon as possible thereafter. Driver's  
446 license or Social Security number will be requested for notation and for identification purposes.

447 B. Meter Reading. Meters shall be read monthly as nearly as possible on the same cycle date.  
448 Because of holidays, Saturdays, Sundays and the difference in the length of months, a three-to-  
449 five-day variation may occur. If for any reason a reading cannot be obtained for any particular  
450 period, the billing may be based on an estimated energy use and demand.

451 C. Billing. Bills will be rendered monthly and are due and payable thirty days after date of  
452 billing. Failure to receive a bill will not release the customer from obligation of payment. The  
453 utility reserves the right to disconnect the meter for the final bill within a twenty-four-hour  
454 period from the time requested by the customer.

455 D. Credit Policy.

456           1. Any electrical charges become delinquent if not paid within thirty days of the billing  
457 date. If a customer's account becomes delinquent, the customer will be notified by mail  
458 no less than forty-five days after the billing date of the delinquency and of the  
459 requirement to contact the credit manager to arrange for an approved payment plan. If  
460 a customer has not contacted the credit manager after being notified by mail of having a  
461 delinquent account, a notice will be physically posted at the customer's physical location

462 notifying the customer that electrical power will be disconnected the next day without  
463 further notice unless an approved payment plan is accepted by the credit manager.

464 2. The city finance director has the authority to establish a payment plan for  
465 customers with delinquent accounts. If a payment plan is established for a customer  
466 with a delinquent account, the customer will be required, without exception, to pay all  
467 current charges and to make additional regularly scheduled payments toward the  
468 delinquent balance as part of the plan. The amount and timing of additional regularly  
469 scheduled payments will be jointly determined by the credit manager and the customer;  
470 however, as a minimum, such payments must exceed monthly finance charges by at  
471 least ten dollars per month. All delinquent balances will be subject to a yearly finance  
472 charge of twelve percent.

473 3. If a customer fails to make the specified additional regularly scheduled payments,  
474 or pay current charges, as required in the payment plan, that customer's account will be  
475 scheduled for disconnection. A notice will be physically posted at the customer  
476 account's physical location notifying the customer that electrical power will be  
477 disconnected the next day without further notice unless the credit manager is  
478 contacted. No additional notice will be sent by mail. The credit manager has the  
479 authority to amend a payment plan. If a payment plan has been amended and the  
480 customer again fails to make specific additional regularly scheduled payments, or pay  
481 current charges, as required by the payment plan, that customer's account will be  
482 scheduled for immediate disconnection. If a customer's account is disconnected for  
483 failure to make specified additional regularly scheduled payments, or pay current  
484 charges as required by the payment plan, all delinquent charges plus accrued interest  
485 must be paid in full before electrical service will be reconnected.

486 4. Tampering with meters or diversion of electricity is not allowed. If a meter is  
487 tampered with or electricity has been diverted, the utility shall charge the account  
488 holder for the cost of repairs plus all known or estimated electricity consumed. Charges  
489 will be made retroactively without limitation for all known or estimated electricity  
490 consumed back to the date of the tampering or diversion.

491 5. If a customer is found to have consumed electricity and the utility has not charged  
492 the customer for the electricity, and the reason for the supply of electricity without  
493 charge is found to be the fault of the utility and not the customer, the utility shall charge  
494 the customer for known or estimated electricity for a period not to exceed three years.  
495 Conversely, if a customer has been overcharged, the customer will be refunded the  
496 known or estimated overpayment for a period not to exceed three years.

497 EB. Service Charges.

498 1. There will be a separate ten-dollar service charge for each of the following types of  
499 electrical services:

- 500 a. Establishing a new customer service account.
- 501 b. Transferring an existing customer service account to a new location. (Example:  
502 Boat Slips, Residential, Commercial)

503 ~~2. There shall be a separate fifty dollar charge for each of the following types of~~  
504 ~~electrical services:~~

505 ~~ca.~~ ca. Connecting or disconnecting existing electrical service due to a customer  
506 request during the hours of eight a.m. and four p.m., Monday through Friday.

507 ~~db.~~ db. Disconnecting or reconnecting electrical service disconnected due to  
508 nonpayment during the hours of eight a.m. and four p.m., Monday through Friday.

509 e. Posting a final disconnect notice due to nonpayment on the consumer's physical  
510 location if a final disconnect notice has been posted at that consumer's location  
511 within the preceding twelve months.

512 ~~3.~~ 3. There will be a separate ~~two~~one-hundred-dollar service charge for the following  
513 type of electrical service:

514 a. An electrical service trouble call during the hours of eight a.m. and four  
515 p.m., Monday through Friday, if determined to be the responsibility or fault of the  
516 customer.

517 ~~34.~~ 34. There will be a separate ~~five~~ two hundred ~~ten~~ dollar service charge for the  
518 following types of emergency electrical services:

519 a. Reconnecting ~~Emergency reconnection of~~ electrical service disconnected due to  
520 nonpayment outside the hours of eight a.m. to four p.m., Monday through Friday  
521 including holidays. ~~Any emergency reconnection of electrical service due to~~  
522 ~~nonpayment shall be authorized in advance by the utility director and shall be~~  
523 ~~contingent upon the availability of service personnel to perform the reconnection~~  
524 ~~and finance personnel to receive and process the service charge.~~

525 b. An electrical service trouble call outside the hours of eight a.m. to four p.m.,  
526 Monday through Friday, if determined to be the fault or the responsibility of the  
527 customer. ~~Payment must be received in advance before electrical service is~~  
528 ~~reconnected after normal working hours due to disconnection for non-payment or~~  
529 ~~problems which are the fault of the customer. Decisions to reconnect electrical~~  
530 ~~service before receiving payment shall be at the discretion of the utility director. The~~  
531 ~~utility director shall be under no obligation to direct the reconnection of electrical~~  
532 ~~service if finance personnel are unavailable to receive and process service charges.~~

533 45. Work Orders. Customer services are provided and tracked through a work order  
534 number assigned to each job. Customers requesting services that require billing shall  
535 obtain and sign a work order at the utility customer service desk. The work order  
536 authorizes and initiates the project. Tracking of material, labor and equipment and  
537 billing is done with the work order.

538 All service charges are subject to sales tax if applicable. All charges will be billed to the  
539 customer, except for reconnection due to nonpayment. Service charges for  
540 reconnection due to nonpayment must be paid in cash or other legal tender at the city  
541 utility customer service desk, 100 Lincoln Street, before service will be reestablished.

542 ~~FG. Fees. New services on existing distribution lines: before the utility will install a new service  
543 on existing distribution lines, the customer shall pay all appropriate fees and sales tax. The  
544 customer shall contact the electrical department for an estimate of the work. The electrical  
545 department shall provide the customer a non-binding estimate of the work. The customer shall  
546 then pay a deposit to the city and borough of Sitka for an amount equal to the estimate prior to  
547 the work being performed. Subsequent to the work being completed the city and borough shall  
548 invoice the customer for any additional charges not in the estimate or credit will be applied to  
549 the customer account.~~

550 1. Clarification. For purposes of these policies, a residential structure is defined as “any  
551 structure designed for human habitation in which at least fifty percent of the square  
552 footage is normally used for human habitation.”

553 2. New Single Residential Service Fee.

554 a. Overhead Service. The customer shall be responsible for the actual cost of  
555 installing the service.

556 b. Underground Service. The customer shall be responsible for the actual cost of  
557 installing the service.

558 c. Installation Fees. The fees shall be charged at a rate equivalent to the actual  
559 costs including material, labor, design and engineering, equipment, and overhead. A  
560 written estimate detailing the estimated cost will be provided upon request.  
561 Estimates made by the utility are not binding.

562 3. Remodeling Existing Residential Structure Fee. No fee will be charged, provided an  
563 upgrade of the service entrance is not required.

564 4. Fees for Additions to Existing Residential Structures. The actual cost shall be charged  
565 if the construction results in the relocation or replacement of the existing service  
566 entrance.

567 5. Fees for Replacing Existing Residential Structures. Fees for replacing existing  
568 residential structures due to fire, flood or other disaster which destroys the structure  
569 shall be charged as follows: the actual cost shall be charged if the construction results in  
570 the location or replacement of the existing service entrance.

571 6. Fee for Properties Being Served by an Electrical LID. Fees for properties being served  
572 by an electrical LID shall be charged as provided for in Title 17 of the Municipal Code.

573 7. Residential Service Disconnect/Reconnect Fees for Electrical Service Repair. There  
574 shall be a total two-hundred-dollar service fee charged for a customer-requested  
575 disconnect and reconnect of any electrical service at the point of delivery for the  
576 purpose of repairing or upgrading the existing service. This fee shall be collected at the  
577 time of application for the disconnect.

578 If the service configuration is substantially modified, the customer shall be charged  
579 actual cost in lieu of the two-hundred-dollar fee. Actual cost is to include all labor,  
580 materials, equipment and overhead.

581 8. All Other Electrical Services. The fees for all other electrical services, including three-  
582 phase transformers, submarine cable and services (islands), industrial, commercial, etc.,  
583 shall be charged at a rate equivalent to the actual cost including material, labor, design  
584 and engineering, equipment, and overhead. A written estimate detailing the estimated  
585 cost will be provided upon request. Estimates made by the utility are not binding.

586 GD. Meter Tests. Tests at the request of the customer will be made, and if the meter is found  
587 to register within over two percent of the correct value, the customer shall pay a test fee of  
588 thirty dollars. If the meter is found to exceed the two percent limit plus or minus, the bill for the  
589 preceding twelve months may be adjusted accordingly, and no charge will be made for the  
590 testing.

591 HE. Credit Applications. Credit applications will be available and must be filled out before a  
592 customer has electrical services rendered in their name. If it is found that the customer has  
593 misinformed or misled the city with false information, the account can be closed without  
594 notification until all matters are clarified and adhered to according to the policies of the city. All  
595 information furnished on said credit application will be confidential and used only by the city or  
596 its assigns.

597 IF. Vacation Rates. None.

598 JG. Fees and Charges. All fees, charges, "actual costs" and/or service charges are based on the  
599 average labor, benefits and any administrative or other costs incurred by the city. These rates  
600 are subject to annual review.

601 KH. Actual Costs. Actual costs for vehicles and materials are billing rates plus shipping and  
602 overhead per the following. The actual cost for labor is double the employee's wage per hour,

603 to account for the wages, benefits, employer taxes, and overhead. Subcontractor costs may  
 604 also be charged if a subcontractor is required. The minimum time charged for vehicle costs and  
 605 labor is one hour. A written estimate of actual costs is available upon request, in accordance  
 606 with subsection (F)(8) of this section.

607

Vehicle Costs	Billing Rate per Hour
Pickup/SUV/Van < 1 ton	<del>\$13.20</del> 28.00
Truck, flatbed, 1 ton	<del>\$16.50</del> 34.00
Chipper	<del>\$3</del> 60.00
Crane truck, 5 ton	<del>\$39.60</del> 80.00
Tractor with backhoe	<del>\$45</del> 90.00
Service truck, 1-1/2 ton w/bucket	<del>\$72.75</del> 146.00
Bucket truck, 65 ft+ reach	<del>\$89.10</del> 180.00
Crane truck, 10 ton	<del>\$89.10</del> 180.00
Materials	
Cost plus 50% for shipping and warehousing	
Labor	
Double the employee's wage per hour	
Subcontractor	
Costs charged by subcontractor plus overhead	

608

609 **15.01.035 General requirements.**

610 A. Right of Access. The utility, through its authorized employees or agents, shall have access  
 611 to its meters and equipment at all reasonable times for the purpose of reading meters and  
 612 testing, examining, repairing, or replacing any equipment which is the property of the utility. If  
 613 such equipment is so located that locks must be operated to reach it, the utility shall be  
 614 supplied with keys to such locks. In cases where locking devices have been installed on  
 615 customers' disconnect devices, it is required that emergency municipal personnel, i.e., fire and  
 616 police, also be supplied keys to such locks.

617 B. Application for New Service. Each customer requesting service shall supply the utility with  
 618 the necessary information to provide the service. This information shall be supplied on an  
 619 application for service form, available at the utility or customer service desk located at 100

620 Lincoln Street, Sitka, Alaska. A work order will be opened to provide the service. Large industrial  
621 or commercial services and service contracts shall contain such provisions and stipulations as  
622 may be necessary or desirable to protect the interests of both the utility and the customer, as  
623 determined by the utility director. In the absence of a signed agreement or application for  
624 service form, the delivery of service by the utility and its acceptance by the customer shall be  
625 deemed to constitute an agreement and acceptance of the policies.

626 C. Easements and Rights-of-Way. Where it is required to place equipment, vaults, splice  
627 boxes, structures, or other materials owned by the utility associated with providing services,  
628 the owner(s) involved with the project shall be required to grant an easement to the city and  
629 borough of Sitka electric department. This easement shall include all areas as prescribed by the  
630 utility. Utility personnel will forward a copy of the recorded easement to the owner(s). In cases  
631 involving islands, tidelands, wetlands, etc., all Corps of Engineers permits and Department of  
632 Natural Resources costs will be paid for by the customer. Rights-of-way are also required to be  
633 conveyed to the city and borough of Sitka. The grant of utility easement must be complete,  
634 signed by the property owner, copied to the city, and recorded by the State Recorder's Office.  
635 The city will pay the recording fees.

636 D. Temporary Electrical Service. Temporary service is normally rendered for construction  
637 purposes, but may also be rendered to traveling shows, public event displays, etc. Whenever  
638 possible, it is recommended that temporary construction services be placed in the permanent  
639 location. Where there are existing secondaries of sufficient capacity (also suitable phase and  
640 voltage), service will be provided at applicable rates under these conditions:

- 641 1. Provision by the customer of a temporary electric service construction post or  
642 construction pole within one hundred feet of existing facilities with suitable protective  
643 devices and meter socket; and
- 644 2. Payment by the customer must be made in accordance with normal billing  
645 procedures for the actual cost of installation and removal.
- 646 3. Temporary service must be initiated with a work order at the utility customer  
647 service desk, 100 Lincoln Street, Sitka, Alaska.

648 E. Character of Service. The utility will designate the character of electric service. All service  
649 shall be alternating current (AC), sixty hertz. Nominal secondary delivery voltages are one  
650 hundred twenty volt, two hundred forty volt single-phase and two hundred forty volt three-  
651 phase, for overhead service. Service may also be delivered at one hundred twenty/two hundred  
652 eight or two hundred seventy-seven/four hundred eighty volts three-phase grounded wye, only  
653 where such secondaries exist. When the size of the load justifies a separate transformer  
654 installation, all costs associated with such transformer installation will be borne by the  
655 customer. The delivery of one hundred twenty/two hundred eight volts shall be at the option of  
656 the utility. In general, delivery voltages and phases will be those available at the point of  
657 service. If different phases or voltages are necessary, the costs shall be computed in accordance  
658 with the policies set forth herein. To determine the type of service to be supplied, the customer



659 shall consult the utility before proceeding with the installation of wiring or ordering of electrical  
660 equipment. Padmount transformer for three-phase service can only be in voltages of one  
661 hundred twenty/two hundred eight and two hundred seventy-seven/four hundred eighty volts.

662 F. Service Taps. All connections between utility wires and customer wires will be made and  
663 removed exclusively by utility-authorized personnel. The utility reserves the right to make all  
664 service connections. The connection of utility's electric service or any alternative thereof by  
665 anyone except utility-authorized personnel is prohibited. Violators of this rule will be  
666 prosecuted. The user of such a connection shall be presumed to have made or consented to the  
667 unauthorized connection and will be responsible for any costs and/or power charges as well as  
668 the party making the unlawful connection, unless proven to the contrary.

669 Any tap made ahead of any service equipment for fire pumps, exit lights, control power for the  
670 circuit breaker, etc., shall be provided with proper disconnect equipment and over current  
671 protection adequate for the service load. Such connections shall be made only where  
672 specifically approved by the utility and must be metered, either by the existing or an additional  
673 meter.

674 G. Pole Attachments. The utility forbids any attachments or work by others on its poles or  
675 facilities without specific written authorization. Customers utilizing utility power poles by  
676 permission will be required to enter into a joint pole use agreement with the city and borough,  
677 and will be required to pay joint pole use fees.

678 H. Grounding. The grounding conductor and equipment of the service shall be effectively and  
679 permanently grounded in accordance with the latest edition of the NEC or in accordance with  
680 the requirements of applicable authorities. Grounding electrodes shall be copper, copper clad,  
681 or galvanized steel. Under no circumstances shall a gas, water, or fuel oil piping system be used  
682 as the grounding electrode. Metallic riser conduits on the outside of the building and water  
683 piping within the building shall be independently grounded.

684 I. Objectionable Effects. The utility reserves the right to disconnect service where equipment  
685 used by the customer results in objectionable effects upon or interferes with the operation of  
686 facilities of the utility, its customers, or another public service company unless the customer  
687 discontinues use of such equipment or installs corrective equipment to overcome the  
688 objectionable effect or interference. The customer will be charged for the cost to disconnect  
689 the service.

690 J. Load/Phase Balance. The customer shall balance three-phase loads so there is less than a  
691 twenty percent imbalance.

692 K. Meter/Meter Seals. Meters shall be provided by the utility and all meter installations and  
693 points of access to unmetered wiring on the customer's premises will be sealed by the utility.  
694 All cabinets and equipment enclosures containing unmetered conductors shall be made  
695 sealable before the service is energized. Metered and unmetered conductors shall not share  
696 the same conduits as raceways.

697 **15.01.040 Service connections.**

698  
699 ~~The administrator shall establish written policies and procedures for customer service~~  
700 ~~connections and shall make this information available to the public.~~

701  
702 A. General. This section applies to each new service installation and to existing installations  
703 when changes and/or rearrangements are made. Each case shall be referred to the utility  
704 before electrical work is begun.

705 B. Metering, Service Entrance(s), Disconnects. All service entrance(s), meters, and  
706 disconnecting device(s) shall be permanently installed externally, at an approved location.

707 Main disconnect: this device shall be installed by the customer at a predetermined location  
708 designated by the utility for the purpose of protection, isolation, sectionalizing, maintenance,  
709 and testing between privately owned equipment and electric circuits and municipally owned  
710 equipment.

711 This device shall be designed and rated in accordance with the NEC and to open and close all  
712 ungrounded conductors of the circuit simultaneously from their source of supply.

713 Municipal maintenance and replacement responsibility terminates at the source side of the  
714 customer-owned disconnects.

715 It shall be the responsibility of the customer to maintain a clear space of at least thirty-six  
716 inches in front and thirty-six inches on either side of the meter. Exceptions to this that meet  
717 current revision of the NEC may be approved by the utility. Meters shall be installed at a height  
718 of five to six and one-half feet above a finished grade, platform, deck, etc. The utility shall be  
719 consulted prior to installation. New service entrance and remodel locations are subject to  
720 approval by the utility. All single-phase circuits up to six hundred volts and less than two  
721 hundred amperes or less shall be metered through self-contained meters. Loads of more than  
722 two hundred amperes will be metered with instrument transformers. The contractor or owner  
723 will consult the utility for metering requirements prior to installation.

724 C. Instrument Transformer Metering. All instrument transformer enclosures, mountings and  
725 fittings, meter sockets and conduits or raceways for meter wiring will be furnished and installed  
726 by the customer and will be of a type approved by the utility. They shall be provided with a  
727 means for sealing. Instrument transformers will be furnished by the utility. All wiring from the  
728 instrument transformers to the meter base will be furnished and installed by the utility in  
729 conduits installed by the contractor or owner. The utility will install conduits at the customer's  
730 expense upon request. Provision for potential taps will be made in the instrument transformer  
731 enclosure by the owner or contractor. No potential taps will be made outside of a sealed  
732 enclosure. The meter socket must be UL approved, designed for outside use, and have a  
733 sealable test switch enclosure. The metering instrument transformers shall be installed in an  
734 approved, sealable enclosure that is located on the load side of the service main disconnect  
735 (cold sequence). Any exceptions must receive prior approval of the utility.

736 D. Point of Delivery. Service shall be supplied to the entire premises through a single delivery  
737 point and at an agreed-upon voltage and phase rating. If a customer has more than one point of  
738 delivery, then each point of delivery shall be metered and billed separately. The point of  
739 delivery is that point on the customer's premises (or other agreed point) where the utility  
740 terminates its electrical conductors. Utility services shall not be run from building to building.  
741 When crossing property, service drop wires shall not be carried over/under buildings. All  
742 equipment on a load side shall belong to and be the responsibility of the consumer, except  
743 meters and metering equipment and other equipment provided by the utility. It shall be the  
744 responsibility of the customer to advise the utility of his service requirements in advance of  
745 installing the service entrance equipment and to ascertain that the location is acceptable to the  
746 utility. For mobile home parks and RV parks the point of delivery is the supply (line) side of the  
747 disconnect(s). For private marinas and boat docks the point of delivery is the supply (line) side  
748 of the disconnect on the upland facilities.

749 E. Customer Power Outage. If the customer's service fails, they shall endeavor to determine if  
750 they have blown fuses, tripped breakers, or their equipment is at fault before calling the utility.  
751 If a service person is sent out on such a request, and it is determined that the customer's  
752 equipment is at fault, the customer will be charged for the service call.

753 F. Interruption of Service. The utility will use reasonable diligence to provide an adequate and  
754 uninterrupted supply of electrical energy at normal voltage, but if the supply is interrupted  
755 without notice, for any cause, the utility shall not be liable for personal injuries, loss or damages  
756 resulting therefrom, nor will such failure constitute breach of agreement for service.

757 The utility reserves the right to temporarily suspend services for the purpose of making  
758 emergency repairs or routine improvements to the system, but in such cases, whenever  
759 practicable, every effort will be made to contact affected customers beforehand and make such  
760 interruptions as short as possible. Emergency outages will occur without notification.

761 G. Curtailment. Should a serious power shortage develop, and should it become mandatory  
762 that the utility place into effect a curtailment program, the utility reserves the right to limit the  
763 use of electrical energy during such hours as may become necessary.

764 H. Discontinuance of Service by the Electric Utility. The utility may refuse to connect or may  
765 discontinue service for violation of payment contract provisions, for theft or illegal diversion of  
766 current, or for the noncompliance with current revision of the NEC or ordinances of the city and  
767 borough of Sitka. This discontinuance of service for any of these causes does not release the  
768 customer from their obligation to pay for services received or charges specified in any existing  
769 contract. The utility may also refuse to service loads of a character which are seriously  
770 detrimental to the service being rendered to other customers.

771 I. Additional Load. In the event the customer desires to change their load, he shall notify the  
772 utility sufficiently in advance so the utility may provide the facilities required. In the event that  
773 the customer fails to notify the utility, and as a result the utility equipment is damaged, the

774 customer shall be liable for the cost of such damage. Other costs involved with repair service  
775 charges will also be applied.

776 J. Notice of Trouble. In the event that service is erratic or interrupted, it shall be the obligation  
777 of the customer to notify the utility.

778 K. System Disturbance. Electric service shall not be utilized in such a manner as to cause  
779 severe disturbances or voltage fluctuations to other customers. In the event that any customer  
780 uses equipment that is detrimental to the service of other customers, such as welders, pipe-  
781 thawing equipment, or large motor-starting equipment, they shall be required to install at their  
782 own expense regulative equipment to control such fluctuations. Work required by the utility to  
783 remedy these situations will be paid for by the customer causing the disturbance.

784 L. Customer's Wiring and Equipment. It shall be the customer's responsibility to provide  
785 suitable protective equipment such as fuses, circuit breakers, and relays of sufficient size to  
786 protect their equipment. All newly constructed single, duplex and triplex dwellings shall be  
787 equipped with a meter box and disconnect rated not less than one hundred amps. Exceptions  
788 to this must be approved by the utility. New installations, rebuilds, upgrades, and remodeled  
789 premises, including residential, commercial, industrial and public, requiring that the external  
790 point of delivery or service entrance configuration be altered in any way shall be equipped with  
791 a means of externally metering and disconnecting each electric service. The utility must  
792 approve any external disconnecting device and its location prior to installation.

793 In some cases, a shunt trip device may be required. If three-phase equipment is used, it shall be  
794 the customer's responsibility to protect it against phase reversal, loss of phase, under- and  
795 over-voltage. The utility will take all reasonable precautions to prevent phase failure or  
796 abnormal voltage variations, but cannot guarantee that such conditions may not occur, due to  
797 circumstances beyond its control. The customer's wiring shall be in accordance with current  
798 NEC standards. The utility will reserve the right to refuse or discontinue service to a customer  
799 when his equipment or wiring is in a hazardous condition, or not in conformity with the lawful  
800 codes and local regulations. The customer shall be solely responsible for the maintenance and  
801 safety of their wiring and equipment. The utility shall not be in any way liable for accidents or  
802 damages occurring to the customer or to third parties because of contact with or failure of any  
803 portion of the customer's installation. Should a service be disconnected it will be required to  
804 meet current codes and standards prior to re-energization.

805 M. Underground Locating Services. The utility provides location services, free of charge, for  
806 utility-owned facilities during normal working hours. A twenty-four-hour advance notice is  
807 required for this service to be scheduled. A customer, contractor, or operator who causes  
808 damage to utility property will be charged at a rate equivalent to the actual cost to supply  
809 material, labor, equipment, and overhead necessary to complete repairs and to restore services  
810 on any damaged property.

811 N. Marking. Multiple unit buildings, trailer courts, etc., must have the correct address for each  
812 unit permanently marked at the following locations:

- 813            1. The meter socket;
- 814            2. The main breaker;
- 815            3. The subpanel in each unit;
- 816            4. The door or doorway.

817 If all markings are not present or of a permanent nature, the service shall be subject to being  
818 disconnected.

819 O. Customer Services. Customer services that are installed under retaining walls or  
820 foundations shall be the customer’s responsibility. The customer is responsible for the actual  
821 cost of replacing or repairing the conduit if damaged to a point that new service conductors  
822 cannot be installed.

823 **15.01.045 Line extension.**

824 A. Line extensions may be constructed by the utility or by a contractor. They will become the  
825 property of the utility to own and maintain if constructed along a public road or serve more  
826 than one customer. All construction must be in compliance with the NESC along with the SDCG.  
827 Underground line extensions are prepared by the utility.

828 B. Overhead or underground line extensions to subdivisions shall be paid for by the  
829 subdivision developer. In the case of multiple owners, agreement between all parties must be  
830 documented in writing prior to commencement of work.

831 C. The cost of overhead or underground line extensions shall be the responsibility of the  
832 customer. These extensions can be constructed by the utility or a contractor; however, they  
833 shall become the property of the utility upon being energized and shall be constructed  
834 according to these policies.

835 D. For underground service locations, the utility shall be consulted in every case before work  
836 is started so that it may designate the facility from which the service will be taken, the location  
837 of the conduit, and meter location. Precautions must be taken when trenching near other  
838 underground facilities or poles to prevent undermining of the pole. The customer or contractor  
839 performing the work will be held financially responsible for any damage to utility facilities.  
840 Customer-installed conduits and trenches must be inspected and approved by the utility before  
841 backfilling.

842 E. Utility Pole Replacements or Relocations. If the utility requires a pole to be relocated or  
843 replaced, the riser will be reattached at the utility’s expense.

844 F. Risers installed on utility-owned poles shall be galvanized rigid steel or utility-approved  
845 plastic conduit and brought to a point not less than eight feet nor more than twelve feet above  
846 ground line. Two four-inch risers or their space equivalent are the maximum permitted on one  
847 pole.

848 G. On privately owned poles, the customer shall furnish and install the galvanized steel or  
849 utility-approved plastic conduit and mounting straps up to the pole to a point twelve inches  
850 below the utility's secondary conductors.

851 H. Relocation of Poles or Equipment. In the event any customer requests their delivery point  
852 to be moved or desires a pole or other utility equipment moved, including yard lights, fixtures,  
853 transformers and/or other facilities located thereon, for any reason, the utility will, if feasible  
854 from an engineering point of view and provided the necessary right-of-way can be obtained, do  
855 so and will require the customer to pay an amount sufficient to reimburse the utility for all  
856 actual costs including materials, labor, equipment, and overhead. In the event that conditions  
857 not defined occur, then the principles and policies as outlined herein and in the extension  
858 policy shall be applied.

859 **15.01.050 Subdivisions.**

860 A. General. All electrical facilities in new subdivisions shall be installed underground per the  
861 SDCG.

862 B. Services. Underground services will be the responsibility of each customer.

863 C. Single Developer. The developer of a subdivision of a parcel of land will be responsible for  
864 providing and installing all underground electrical facilities. This includes primary, secondary,  
865 transformers, termination cabinets, pull boxes, etc.

866 **15.01.055 Mobile home parks, RV parks, private marinas and boat docks.**

867 Mobile Home Parks, RV Parks, Private Marinas and Boat Docks. The utility will provide metering  
868 for individual mobile homes, RV spaces and boat marinas under the current rate structure  
869 providing the following conditions are met:

870 A. The system owners shall furnish and install a wiring system to connect to the utility  
871 facilities via main disconnect(s). This device shall be installed by the customer at a  
872 predetermined location set by the utility for the purpose of protection, isolation, sectionalizing,  
873 maintenance and testing between privately owned equipment and electric circuits, and  
874 municipally owned equipment and electric circuits.

875 This device shall be designed and rated to carry expected load and to open and close all  
876 ungrounded conductors of the circuit simultaneously from their source of supply by  
877 nonautomatic means and to open all ungrounded conductors of the circuit simultaneously from  
878 their source of supply automatically on a predetermined load current or fault current in excess  
879 of specified design.

880 Utility maintenance and replacement responsibility terminates at the supply (line) side of  
881 the customer-owned disconnect(s).

882 B. The system owner shall furnish and install a wiring system connecting each service location  
883 with a meter socket and protective device (breaker/disconnect). Such a wiring system and  
884 protective device (breaker/disconnect) shall be of adequate capacity to maintain standard

885 current and voltage to each location. Systems are to be installed in accordance with all current  
886 codes and requirements.

887 C. Whenever a service is disconnected, it shall be brought into compliance with current codes  
888 and standards prior to being re-energized.

889 **15.01.060 Rental structures.**

890 A. Owner Policy. Special conditions may apply to electrical service provided to rental  
891 structures. The owner or owner's representative of such structures may request that the  
892 account for the rental structure be placed in "owner status" for the purposes of cleaning and  
893 nonoccupancy only. Accounts in owner status are subject to the following conditions:

894 B. While in owner's status, an account will be charged for all electricity consumed, subject to  
895 minimum consumption requirements.

896 C. The owner/landlord is not required to pay a residential deposit if in good credit standing  
897 with the city. Residential deposits will be required, however, from all tenants when the  
898 structure is rented.

899 D. The owner/landlord must notify the utility customer service desk immediately upon  
900 occupancy of a rental unit. If the unit is occupied and the utility customer service desk has not  
901 been notified of the occupancy, the owner/landlord is liable and responsible for all electricity  
902 charges for the account until such notification is given and the account is switched to the  
903 tenants.

904 E. Under no circumstances will the owner turn an electrical meter on or off. Meter connects  
905 and disconnects will be performed by the utility.

906 F. When an owner account is transferred to a tenant, or transferred from a tenant back to an  
907 owner, a service charge will be charged to the account.

908 G. If a renter is being disconnected for nonpayment of electrical charges, the municipality will  
909 notify the owner, if said owner has provided contact information, that service to the rental  
910 structure is being disconnected before the physical disconnection occurs.

911 H. Upon vacation of the rental structure by tenants the account will automatically be  
912 transferred to the landlord/owner. The transfer will be subject to a service charge.

913 I. If owner/landlords turn off electric service, they will be liable for any costs that are incurred  
914 by the tenants and/or the municipality.

915 J. If any owner is disconnected for nonpayment, the municipality will immediately remove the  
916 owner status from all of the individual's owner accounts. Thereafter, each account must  
917 individually meet the billing credit policy herein.

918 K. If an owner is disconnected for nonpayment and the municipality has not been notified that  
919 a tenant has occupied the structure, the owner will be immediately charged for all appropriate  
920 services while the structure was occupied, and the account will not be reconnected until all  
921 charges are paid in full.

922 **15.01.065 Motors and controllers.**

923  
924 ~~The administrator shall establish written policies and procedures for customer motors and~~  
925 ~~controllers and shall make this information available to the public.~~

926  
927  
928 A. Utility to Be Advised. The utility shall be advised before any single-phase motor in excess of  
929 five horsepower or any three-phase motor rated ten horsepower or larger is installed by a  
930 customer. The information given the utility shall include the nameplate data of the motor, the  
931 nature of the load and operating characteristics of the proposed installation, such as how  
932 frequently the motor will be started and if the load fluctuates rapidly, etc.

933 B. Motor Starters. The utility may require customers to install reduced-voltage starting  
934 equipment in cases where across-the-line starting would result in excessive voltage motor  
935 disturbances to the utility system.

936 C. Single-Phase Motors. Generally, motors larger than five horsepower should be three-phase,  
937 but the utility may require the use of single-phase motors or appropriate phase converters  
938 where three-phase service is not readily available.

939 D. Protection. All motors should be properly protected against overload, including overloads  
940 caused by low voltage conditions. It is the customer's responsibility to protect three-phase  
941 motors against the possibility of single-phase operation. Reverse phase relays, together with  
942 circuit breakers, or the equivalent devices, should be used on all three-phase installations for  
943 elevators, cranes, and similar applications to protect the installation from phase reversal.

944 **15.01.070 Undesirable characteristics.**

945 The utility may refuse or discontinue service to customers who operate equipment which  
946 causes detrimental voltage fluctuations (such as, but not limited to, hoists, welders, radio  
947 transmitters, X-ray apparatus, elevator motors, compressors and furnaces). The customer must  
948 reasonably limit such fluctuations upon request by the utility. Undesirable load characteristics  
949 include, but are not limited to, twenty percent unbalanced load between phases, a power  
950 factor below ninety percent, or cyclical demand fluctuations produced by the customer's  
951 equipment. The utility may require, as a condition of service, that customers install, at their  
952 expense, equipment that will eliminate the undesirable load characteristics.

953 **15.01.075 Special equipment.**

954  
955 ~~The administrator shall establish written policies and procedures for customer special~~  
956 ~~equipment connections and shall make this information available to the public.~~



957

958 A. Customer-Installed Capacitors. Customers installing capacitors to improve the power factor  
959 of their load must contact the utility for essential coordination details.

960 B. Electric Fences. Electric fences must comply with the standard for electric fence controllers,  
961 ANSI/UL 69. A direct electric connection to a fence, or a connection through resistance,  
962 reactance, or lamp bulb, without an approved controller is not permitted.

963 C. Swimming Pools and Hot Tubs. Circuits serving swimming pools, hot tubs, or associated  
964 areas shall be protected by ground fault interrupters per the NEC.

965 D. Lightning Protection Systems. The utility recommends the use of secondary surge arresters  
966 for protection of customers' equipment, where such additional protection is desired. Arresters  
967 shall be connected on the load side of the main disconnect, not at the weather head.

968 Lightning rod systems, if desired, should be installed per NFPA 78, "Lightning Protection Code."  
969 A bond between the lightning rod system down ground and the service neutral should not be  
970 installed. Spacing should be arranged so that the meter enclosure is not bonded to the lightning  
971 rod system down ground.

972 E. Transient Surge Protectors. Transient surge protectors can be installed by the customers on  
973 their system to help protect sensitive equipment from low energy transient surges. It is  
974 recommended that the transient surge protector (suppressor) utilized has the UL 1449 rating  
975 and incorporate failure indicators.

976 **15.01.080 Customer generation.**

977 A. General. All installations of customers' generating equipment require adherence to  
978 fundamental rules for safeguarding of all personnel and the utility's equipment. The utility must  
979 be consulted before any generating equipment is connected to any circuit which is or can be  
980 supplied from the distribution system. This is to assure against any unanticipated backfeed of  
981 electricity into the utility's system.

982 B. Standby Generators. This type of generator is for emergency supply for lighting and other  
983 load and is usually connected in case of loss of the normal supply. A double throw switch or  
984 conductor shall be provided to positively disconnect from the normal supply and transfer all  
985 ungrounded conductors of any emergency lighting or power load to the standby generator.  
986 Automatic transfer systems must be approved by the utility.

987 C. Systems Operated in Parallel with the Utility's Supply. Customers considering the  
988 installation of generating equipment to supply all or a portion of their electrical energy  
989 requirements and who wish to arrange for, or continue to receive, service from the utility's  
990 system for their remaining electrical energy requirements and/or for standby service must  
991 consult the utility regarding the design, installation, and operation of such generating  
992 equipment. This consultation should be done before the customer is committed to a specific  
993 system design.

994 **15.01.085 Carrier current.**

995 If a customer used building wiring for a carrier current system for communication or signaling  
996 purposes, the customer shall install suitable filter equipment or make other provisions  
997 approved by the utility to keep the distribution facilities free from carrier currents produced by  
998 the customer's equipment.

999 **15.01.090 Rebate program for electric heat pump heating systems.**

1000 A. General Requirements. All residential customers are eligible to participate in the rebate  
1001 program, subject to the rules and procedures developed by the electric department, and  
1002 funding of the program.

1003 B. Eligible Equipment. Only the following products are eligible for the rebate program:

1004 1. Electric heat pump heating system that replaces an existing oil or electric resistance  
1005 heating system, such as electric baseboard heaters, electric plug-in heaters, and electric  
1006 boilers, if it is the primary heating source for the residence.

1007 C. Rebates. Residential customers requesting a rebate shall submit a signed rebate request  
1008 using electric department forms within sixty days of the purchase of the rebate eligible product.  
1009 Rebates will be issued within sixty days of receipt of the form to any eligible customers that  
1010 meet the terms and conditions of the program.

1011 D. Funding. The rebate program will terminate when all project funds have been expended.

1012 \* \* \*

1013  
1014 5. **EFFECTIVE DATE.** This ordinance shall become effective on the day after the date  
1015 of its passage.

1016  
1017 **PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of Sitka,  
1018 Alaska this 27<sup>th</sup> day of December, 2016.

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\_\_\_\_\_  
Matthew Hunter, Mayor

1023 **ATTEST:**

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1027 \_\_\_\_\_  
Melissa Henshaw, CMC

1028 Acting Municipal Clerk

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# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: ORD 16-47    Version: 1    Name:

Type: Ordinance    Status: AGENDA READY

File created: 12/6/2016    In control: City and Borough Assembly

On agenda: 12/13/2016    Final action:

Title: Amending Sitka General Code at Title 10 "Public Peace, Safety and Morals", Chapter 10.25 "Cellular Phone Use While Driving", by adding Section 10.25.040 entitled "Penalties" (first reading)

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Ord 2016-47.pdf](#)  
[Ord 2016-47.pdf](#)

Date	Ver.	Action By	Action	Result
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## **POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2016-47 on  
first reading.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2016-47

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING SITKA GENERAL CODE AT TITLE 10 "PUBLIC PEACE, SAFETY AND MORALS", CHAPTER 10.25 "CELLULAR PHONE USE WHILE DRIVING", BY ADDING SECTION 10.25.040 ENTITLED "PENALTIES"

1. CLASSIFICATION. This ordinance is of a permanent nature and is 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 add a penalties section to chapter 10.25 to specify the maximum penalty for any violation of this chapter and to specify that certain violations of this chapter will have fines specified such that they may be disposed of without a mandatory court appearance.

4. ENACTMENT. NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that the Sitka General Code Title 10, Chapter 10.25, is amended by adding a new section 10.25.040 entitled "Penalties" (new language underlined; deleted language stricken):

Title 10
PUBLIC PEACE, SAFETY AND MORALS

\*\*\*

Chapter 10.25
CELLULAR PHONE USE WHILE DRIVING

Sections:

- 10.25.010 Definitions.
10.25.020 Prohibited use.
10.25.030 Exceptions.
10.25.040 Penalties.

\*\*\*

10.25.040 Penalties

A. The maximum penalty for violation of the provisions of this chapter is five hundred dollars.

B. In accordance with AS 29.25.070(a), citations for offenses in this chapter may be disposed of as provided in AS 12.25.175-.230, without a court appearance, upon payment of the fine amounts stated herein plus the state surcharge required by AS 12.55.039 and AS 29.25.074. Fines must be paid to the City and Borough of Sitka. The Alaska Rules of Minor Offense Procedure in the Alaska Rules of Court apply to all

52 offenses referenced herein. Citations charging these offenses must meet the  
53 requirements of Rule 3 of the Alaska Rules of Minor Offense Procedure. For the first  
54 offense, the fine shall be fifty dollars. For the second offense, the fine shall be one  
55 hundred dollars. For the third offense, the fine shall be two hundred dollars. For any  
56 subsequent offense after three, the defendant must appear in court to answer for the  
57 charges. If a person charged with one of these offenses appears in court and is found  
58 guilty, the penalty imposed for the offense may not exceed the fine amount for that  
59 offense stated herein. These fines may not be judicially reduced. For purposes of this  
60 section, prior offenses must be within the previous ten years.  
61

62 \* \* \*

63 5. **EFFECTIVE DATE.** This ordinance shall become effective the day after the date of its  
64 passage.  
65

66 **PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of Sitka,  
67 Alaska this 27<sup>th</sup> day of December, 2016.  
68

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71 \_\_\_\_\_  
72 Matthew Hunter, Mayor

73 ATTEST:

74  
75 \_\_\_\_\_  
76 Melissa Henshaw, CMC  
77 Acting Municipal Clerk  
78

79 1<sup>st</sup> reading 12/13/16



# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: ORD 16-44    Version: 1    Name:

Type: Ordinance    Status: AGENDA READY

File created: 12/5/2016    In control: City and Borough Assembly

On agenda: 12/13/2016    Final action:

Title: Adjusting the FY17 Budget (first reading - CAMA Project, Wayfinding Signage Project, Commercial Passenger Excise Tax Fund)

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Ord 2016-44.pdf](#)  
[Ord 2016-44 and supporting docs..pdf](#)

Date	Ver.	Action By	Action	Result
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## **POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2016-44 on  
first reading.



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**CITY AND BOROUGH OF SITKA**

**ORDINANCE NO. 2016-44  
AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA  
ADJUSTING THE FY17 BUDGET (CAMA PROJECT, WAYFINDING SIGNAGE PROJECT,  
COMMERCIAL PASSENGER EXCISE TAX FUND)**

**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 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, 2016 and ending June 30, 2017 is hereby adjusted as follows:

<b><u>FISCAL YEAR 2017 EXPENDITURE BUDGETS</u></b>
<b>CAPITAL PROJECTS</b>
<b>Fund 700 – CAMA Project: The Assessor has requested an appropriation of funds in the amount of \$150,000 for the CAMA (Computer Assisted Mass Appraisal) Project. This is a 4 year project totaling \$150,000 with \$45,000 coming from the Assessing Department FY17 operational budget and the remaining amount from the General Fund unassigned fund balance.</b>
<b>Fund 700 – Wayfinding Signage Project #90831: At the June 25, 2013 meeting, the Assembly approved the concept of installing wayfaring signs and assigned \$300,000 of the fund balance of Fund 194, Commercial Passenger Excise Tax (CPET) Fund for such a purpose. Administration is now requesting an appropriation of \$282,300 of the assigned funds in Fund 194 to be transferred to Fund 700, General Capital Projects Fund; an appropriation in Fund 700 in the amount of \$282,300 to construct and install the signs; and, Assembly action to unassign the remaining balance of \$17,700 in Fund 194 and return the amount to the unassigned fund balance.</b>
<b>SPECIAL REVENUE FUNDS</b>
<b>Fund 194 – Commercial Passenger Vessel Excise Tax Fund: Administration is requesting that an amount of \$150,000 be appropriated from Fund 194, Commercial Passenger Excise Tax (CPET) Fund, for the purpose of transporting cruise ship passengers from Old Sitka to downtown. Use of CPET funds for such purposes is appropriate, as the expenditure solely benefits such passengers.</b>

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**EXPLANATION**

**Necessary revisions in the FY 2017 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 27th Day of December, 2016.**

**ATTEST:**

\_\_\_\_\_  
**Matthew Hunter, Mayor**

\_\_\_\_\_  
**Melissa Henshaw, CMC**  
**Acting Municipal Clerk**

**1<sup>st</sup> reading 12/13/16**

# CAMA Project

# Memorandum

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

From: Wendy Lawrence, Assessing Director  
Jay Sweeney, Chief Financial and Administrative Officer

Date: December 7, 2016

Subj: Budget Re-Appropriation for a Computer Assisted Mass-Appraisal System

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## **Summary:**

The Assessing Department seeks approval to contract \$150,000 over a four year period to establish a computer-assisted mass-appraisal (CAMA) system for the automated valuation of the Sitka property tax-base. This appropriation is sought primarily to increase efficiencies without substantially increasing costs, and secondarily to achieve regulatory compliance stemming from repeated audit findings indicating the City and Borough of Sitka's assessment valuation system is deficient in demonstrating fair and equitable taxation. The requested capital outlay is proposed to produce the following primary benefits:

- Increase property tax administration efficiencies without substantially increasing costs
- Achievement of regulatory compliance with state law and prevent detrimental regulatory action
- Mitigation of risks to the property taxbase inherent in non-automated systems
  - Revenue escapement
  - Assessment inequities

*Implementation of the Municipal Assessment Records System (MARS) by Alaska CAMA Company will automate valuations and utilize technology for increased efficiencies in data collection. This system will reduce the per-parcel valuation time from two hours per parcel to forty-five minutes per parcel, thus increasing efficiencies without substantially increasing costs, and will bring property tax administration into regulatory compliance.*

## **Fiscal Note:**

The full contracted software amount is \$150,000, which is to be paid out over a four-year period. If approved, the cost will be provided for by re-appropriating \$45,000 in existing FY17 appropriations in the Assessing Department, and re-appropriating an additional \$105,000 from the General Fund unassigned fund balance. Note that the binding nature of the contract requires that the full amount be appropriated, even though payments will be made over four years. The net fiscal impact is estimated to be approximately \$150,000. This approval will result in an award of a professional services contract which is exempt by charter.

## **Recommendation:**

**Approve the re-appropriation of FY17 funds in the amount of 1. \$45,000 from the Assessing Department Temporary Wages and Contract Services accounts, and 2. \$105,000 from the General Fund unassigned fund balance for the establishment of a**

**Computer Assisted Mass Appraisal System for administration of the property tax assessment function.**

**Ordinance 2016-44 Background & Reference Information:**

The Assessing Department's primary mission is to support general fund government by maintaining the borough's real and personal property taxbase at full and true value (SGC 4.12.040 & AS 29.45.110 (a)).

*The assessor shall assess property at its full and true value as of January 1 of the assessment year... The full and true value is the estimated price that the property would bring in an open market and under the then prevailing market conditions in a sale between a willing seller and a willing buyer both conversant with the property and with prevailing general price levels.*

The department's work-product results in 23% of the general fund revenue, and is the most stable revenue stream for the City and Borough of Sitka. The Assessing Department is charged with generating valuations for over 4,100 real property accounts, 2,300 personal property accounts, and 540 business personal property accounts each year. The department also administers various property tax exemptions for seniors, disabled veterans, and various exempted non-profit organizations. This mission is accomplished by utilizing systems, which consist of technology and skilled appraisal personnel, to administer and revalue 6,900 accounts annually.

Two key challenges to this mission are the lack of automated systems (CAMA) to revalue each account at full and true value every year, and the necessary sales data to determine full and true value. The former can be mitigated through the passage of this ordinance, and the latter will require the state legislature to mandate disclosure of sales prices at the time of each property transfer. These challenges are nothing new, but what is new is the need to stabilize the property tax revenue stream and increase efficiencies in times of declining alternate revenues.

State Assessor audits in 2010 and 2014 both recommended procurement of an automated valuation system, and the most recent 2016 State Assessor's Audit Finding states:

*If a program for substantial and material improvement of the assessment systems is not implemented and supported by the 2017 budget, I as the State Assessor, intend to issue a Letter of Major Error in 2017. Marty McGee, State Assessor, November 16, 2016*

Detrimental regulatory action in the form of a Letter of Major Error constitutes regulatory action that will require:

- Expenditure of funds to secure a CAMA system, and
- Could potentially cause Sitka to call back the tax roll, or
- Stop the process of tax collection until corrective action is taken within one year.

The 2016 State Assessor's Audit Criteria regarding key components of an assessment system are based upon the International Association of Assessing Officers Professional Standard on Mass Appraisal for the assurance of the property administration of the property tax. An assessment system must:

1. Have the ability to calibrate and update assessment models on an annual basis

2. Utilize a sales ratio study, and a hold-out sample to test the authenticity of the sales ratio study, on an annual basis
3. Demonstrate the uniform application of valuation (including depreciation) to all taxable property using recognized mass appraisal techniques and supported by statistical tests
4. Keep assessment records in such a manner that information may be extracted via electronic means and statistical analysis and tests may be applied in a timely and efficient manner
5. Make this same information available to the State Assessor and to the general public to review and defend assessed values under appeal before a local board of equalization
6. Implement a plan that property be inspected and records maintained and update demonstrating a minimum six year cycle
7. Have capability for review of sales files and all property inspected each year as well as changes to ownership and changes to taxability status
8. Have the ability to conduct this type of audit should not be time consuming or labor intensive for either the State Assessor or the local government
9. Have documented records, and the system that holds the records, and must be adequate to demonstrate compliance with this expectation under audit or review by the State Assessor.

***The State Assessor's Office, as regulatory authority over property taxation statewide, has found that the City and Borough of Sitka's assessment system met criteria Number 4 in full but failed on all other accounts in whole or in part. The City and Borough of Sitka's current assessment system meets the database management criteria, but not the uniform valuation criteria and was thus found deficient for the 2016 audit.***

**Property Tax Management Systems Consist of Staff and Technology:**

The Assessing Department's current systems include a staff of three full time employees and three separate databases which simply store property data and are not yet capable of automated revaluation. These databases do not have automated valuation components, and thus are the primary limiting factor in the assessment function. Staff consists of one field appraiser whose primary responsibility is the collection of property data, one administrative assistant who manages the 6,900 accounts, an assessor who values each property manually.

***The objective of mass-appraisal is to produce equitable tax assessment valuations at relatively low costs through automated valuation systems. The lack of one centralized automated valuation system is the main factor preventing all properties from being valued at full and true value each year and thus the focus of this re-appropriation request.***

This staff of three utilizes an annual systematic process outlined below, and a CAMA system is an integral part of this process:

- Locating and identifying all taxable property within the borough boundaries;
- Inventorying the quantity and quality of property characteristics that are relevant to value;
- Accurately estimating the full and true value of all property;
- Calculating the taxable value for reach property, minus any eligible exemptions;
- Timely notification of assessed values to all property owners;

- Preparing and certifying the official assessment roll as the basis for annual property tax revenues

**Strategic Plan:**

In 2015 the Assessing Department established a five-year strategic plan with years one through four focused on the systematic re-inspection of all properties, with full and true value being achieved in year five after automated valuation models could be incorporated into the current database system. Policies were implemented to streamline and simplify processes and thus produce greater efficiency without expansion of current systems. This entailed introduction of technology tools and training to make inspections more productive, and the cross-training of staff in order to increase our valuation production potential. With limited staff and non-automated valuation, the Assessing Department is subject to serious deficiency if a trained staff member were to leave or be out for an extended period; valuation production could significantly slow or cease due to the segmented structure and non-automated nature of the department. Implementing a CAMA system will automate and capitalize this process thus reducing the risk of loss of any one employee and thus production.

*These assessment system limitations are resulting in the under-collection of property tax revenues (escapement) and causing assessment inequities between comparable properties. It is estimated that an additional \$1M per year will be collected by establishing a computer-assisted mass-appraisal (CAMA) system for the automated valuation and efficient administration of the property taxbase.*

The next step in this strategic plan is to implement a CAMA system that will manage and revalue all 6,900 properties every year, not just a subset, thus keeping the entire taxbase at full and true value. This re-appropriation will move the anticipated revenue recapture from year five to year two by implementing an established CAMA system utilized by Charles Horan, Alaska CAMA Company, LLC.

**Why is there Revenue Escapement and how is it Estimated?**

Half of the entire population of borough real property accounts have not been revalued within the last six years as required by state law, and it is estimated that about ninety percent of these properties in both the north, south and island areas have not been revalued on average since 2003. Time-trend analysis shows that the market has moved at about one percent per year since then, which translates to values that on average are about fifteen below full and true value. These properties are the basis for the estimated \$1M per year in escaped revenue.

When properties are revalued regularly by segmenting them into six areas each revalued every six years, properties will be maintained at full and true value and equities between comparable properties will then follow thus resulting in fair and equitable taxation. When properties are not kept at full and true value each year we have and under-collection of revenue, and inequities in assessed values between comparable properties. What this means in practicality is that those properties that have been revalued regularly, and are considered to be at full and true value, will be paying the appropriate taxes for general fund services while those not at full and true value will not. This is what we call assessment inequity and needs to be corrected as soon as possible so that taxation across the community is fair and equitable as set forth in AS 29.45.210 (b).

*Implementation of the Municipal Assessment Records System (MARS) by Alaska CAMA Company will capitalize this process by automating valuations and utilizing*

*technology for increased data collection efficiency. This system will take the per-parcel valuation time from two hours per parcel to forty-five minutes per parcel thus increasing efficiency without substantially increasing costs.*

**Fiscal Impact Analysis:**

The net fiscal impact is estimated to be approximately \$150,000. This is estimated by offsetting the total cost of \$(150,000) by the expected revenue gain for FY18 of \$300,000. This approval will result in an award of a professional services contract which is exempt by charter.

The department will have an efficient fully functioning, fully-owned valuation system at the end of this contract and it is anticipated that the department will maintain the system through an annual fee comparable to the minimal maintenance fees within this contract. The associated annual costs are summarized below. The hardware costs estimated to be under \$10,000 are already appropriated within the FY17 Assessing Department/IT Budget, and additional cost savings will be achieved in the amount of \$5,000 for the Marshall & Swift Cost Valuation software that will no longer be needed.

<u>City and Borough of Sitka</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 4</u>	<u>Year 4</u>	<u>Totals</u>
<u>License Admin &amp; Maintenance</u>	<u>\$45,000</u>	<u>\$32,000</u>	<u>\$32,000</u>	<u>\$12,000</u>	<u>\$121,000</u>
<u>Fee</u>					
<u>Variable -Install, Modify &amp;</u>	<u>\$15,000</u>	<u>\$14,000</u>			<u>\$29,000</u>
<u>Total</u>	<u>\$60,000</u>	<u>\$46,000</u>	<u>\$32,000</u>	<u>\$12,000</u>	<u>\$150,000</u>



# ALASKA CAMA COMPANY, LLC

403 LINCOLN STREET, SUITE 210, SITKA, ALASKA 99835  
PHONE NUMBER: (907) 747-6666 FAX NUMBER: (907) 747-7417  
commercial@horanappraisals.com

December 7, 2016

Honorable Mayor Matthew Hunter and Assembly Members  
City and Borough of Sitka  
100 Lincoln St  
Sitka, AK 99835

Subject: Computer Assisted Mass Appraisal (CAMA) program for the City and Borough of Sitka Assessment Department

We are proposing to partner with the City and Borough of Sitka Assessment Department to provide a Computer Assisted Mass Appraisal (CAMA) program. Based on our experience, we saw the need to develop a simple, low cost, efficient, and easy to support Municipal Assessment Records System (MARS) software solution that runs on the off-the-shelf FileMaker database.

## **Our Experience**

The Alaska CAMA Company LLC is an outgrowth of Horan and Company LLC, real estate appraisers who have operated in the region for over 40 years. Our qualified staff have been contract assessors and commercial and residential appraisers. We have seven employees operating out of our fully modern, technically capable office located in Sitka, Alaska. The company is led by Charles Horan, an MAI designated appraiser. We have continuously operated as an appraisal firm covering all of Southeast Alaska, providing specialty land appraisals in interior and coastal Alaska. We are the only commercial appraisal firm in Southeast Alaska. We're one of the few appraisal firms in the state with continuous employment of IT support staff.

Through this experience, we saw the need for and provided an electronic assessment program for the Municipality of Skagway in 2009: the second-generation Municipal Assessment Record System (MARS) solution, implemented for a complete real property valuation in the City of Craig for 2015. This tested CAMA program is the only one of its kind developed in the market by a valuation company. Our involvement in the preparation of well over 80 assessment rolls makes us uniquely qualified to understand the needs of the municipalities, as well as the rules and regulations governing assessed valuations in the state of Alaska and the requirements of mass valuation.

## **The Benefits of the Municipal Assessment Records System (MARS)**

MARS operates on the FileMaker database which is fully compatible with the iPad, enabling huge efficiencies in the field. The entire database can be synchronized from the computer desktop to the iPad and taken to the field. The drop down menus, use of typed comments or Siri and the in-file photographic capabilities instantaneously update the property inventory files. This will save hours of field prep time and many more hours



back in the office not having to transcribe field notes and download, then re-upload photos and graphics.

As a valuation tool MARS enables lump sum values to be recorded in the field and described photographically, saving lots of time. Back at the office, similar properties can be batched together and valued at once. MARS is able to use basic valuation curves developed for land and can accommodate residential and commercial value curves derived from the market. This is more accurate and relies less on costly outside valuation sources and fees. The valuation curves can easily be adjusted to reflect changes in the market, allowing quick updates from year to year. MARS has predefined depreciation options and automatically calculates possessory interests. The association with the Alaska CAMA Company creates collaborative opportunities with other assessors using MARS.

The MARS files are easy to understand and read, and can be shared with the public with minimal staff time. They are easy to compare with other assessments or sales to ensure equity and fairness. The MARS records contain all the information necessary for reporting to the state assessor and to affirm the local assessor's compliance with state statutes. These electronic records are easy to back up and require minimal IT support.

One final consideration. If the CBS chooses MARS it will be a significant benefit for our local economy. Our appraisal firm business for the Sitka market only requires about 1.3 equivalent appraisers. In other words, about four of our employees are paid from income generated from outside of Sitka. Not only has the State Assessor endorsed MARS for communities throughout the state, we have had direct inquiries by several other assessors and appraisers and inquiries for proposals from Haines, Nome, Yakutat, Wrangell, Petersburg, Unalaska, and Cordova for the MARS solution. In this environment of increased pressures for local municipalities to be more fiscally responsive the demand for a simple CAMA system will grow. If this demand is served by a firm in Sitka it should add one more full time equivalent job to our economy. We are one of many companies who choose to locate and stay in Sitka even though our work is region-wide. We appreciate your support.

We know Wendy Lawrence has searched for a complete CAMA solution for years and has found what we have found; that MARS works best for small communities. We are excited to implement it with her here in Sitka. Please call me if you have any questions prior to the workshop on December 13. My cell number is 907-738-1666.

Sincerely,



Charles Horan  
Alaska CAMA Company, LLC

## **The Benefits of a Computer Assisted Mass Appraisal (CAMA) System Such as the Municipal Assessment Record System (MARS)**

The fully automated simple-to-use MARS is not just designed to reduce department staff time but to enable staff to efficiently produce more consistently updated and equitably assessed values in the time allotted. Historically, assessment offices across the state are understaffed. Most small municipalities are often behind in their valuations cycles, which results in inequitable taxation. Beyond staff frustration and low productivity, public inquiries reveal inadequate and partially complete records, and records which cannot easily be compared to confirm equity. This erodes public trust in the system and the municipal administration.

As state revenues diminish, it is becoming more incumbent upon municipalities to be efficient and equitable in their assessment system. The state assessor is charged with confirming that municipalities have an equitable, verifiable system to estimate the full and true value of each taxable property as of January 1 each tax year. MARS benefits municipalities in the following ways:

- Efficient property data collection (iPad-file sync)
- Efficient, lower cost revaluation (automated depreciation and value curves)
- Easy to update and revalue each year (data preserved year to year)
- Lower risk of data loss (backups easily made)
- Easy to enter data and understand record (builds credibility and trust)
- Easy to share property data (saves time and builds trust)
- Easy to compare property values (builds trust and assures equity)
- Complies with state statutes (calculates exemptions and possessory interests)
- Helps local assessor's office pass state audits
- Easy to sort, batch and report data to finance and other departments.
- Minimal IT support requirements
- Partnership with AK CAMA Company offers the assessing department broader Alaska assessment experience.

The table on the following page, The Benefits of MARS, outlines how MARS makes this happen. The time savings are rough estimates only, meant to conceptually demonstrate that you could save an hour or more per parcel per year for revaluation compared to the conventional system. It should result in work being done more efficiently and in a timelier manner, capturing value changes that have escaped due to lag time.

A more difficult to measure but obvious benefit is the trust, goodwill and cooperation created through transparency, the ease of understanding records and the ability to compare assessments with the public. Inevitably other departments will benefit from the MARS information for planning, public works, financing and other municipal functions. MARS backups can be stored more securely and the system will demonstrate compliance with state statutes for audits by the state assessor.

We look forward to creating a partnership with your municipality to implement MARS, a simple cost efficient solution for assessment recordkeeping and valuation documentation.

Charles Horan

Alaska CAMA Company

December 2016



<b>The Benefits of the Municipal Assessment Record System (MARS) - Sitka</b>			
<b>Current System-Paper Files with Parallel Partial Electronic File</b>	<b>MARS – Full Record Including Graphics on the Computer</b>	<b>The Benefits of Efficiencies</b>	<b>Possible Financial Savings</b>
<b>MARS In the Office*</b>			
Requires filing cabinet, folders and a computer. Not easily understood. Difficult to compare files and share with public. Paper not backed up.	All files on computer can be pulled up in batches and compared. Easily shared between staff, public and other departments.	Significant staff time is saved. More time can be dedicated to updating property record information and valuation. Public confidence increases, generating cooperation.	More professional, organized and efficient work is likely to result in greater equity at fair market value.
<b>MARS Updating Property Inventory*</b>			
<b>Step 1 Prep:</b> Pull the paper files, possibly copy materials, bring camera & paper. 20 minutes per parcel.	Sync computer file to iPad: a matter of minutes for entire database.	Save at least 20 minutes per parcel. Easier to handle.	See Step 3 below
<b>Step 2 In Field:</b> Note description of property with pencil & paper, photograph with camera. About 30 minutes per parcel	Open file in iPad, take a photo in the file, describe with drop down menu, type or use Siri for comments. Similar time ~ 30 minutes.	Easier to use on hand held device rather than pencil/paper/camera etc. May not save much time.	Limited – see Step 3 below.
<b>Step 3: Back At Office:</b> Download photos, label and upload into electronic file. Enter field data into electronic file. Estimate 30 minutes per parcel.	Sync iPad to computer file in a matter of minutes for entire database. Cleanup sketches ~ 10 minutes per parcel	Much faster by about 20 minutes. Less chance for transcribing error. More detail can be taken in the field.	Total savings could be about 40 minutes per parcel.
<b>MARS As A Valuation Tool*</b>			
Properties are valued individually using predetermined formulas for land & Marshall Valuation for buildings. This is time consuming at about 40 minutes per parcel. Computer generated Marshall Valuations cost about \$1.25 each with subscription.	MARS has auto calculations for major improvement values and depreciation. MARS accepts appraiser developed valuation curves for batch valuations of hundreds of parcels at one time.	Two fold benefit: 1) Batch valuations save significant time perhaps up to 20 minutes or more per parcel after input data is developed. 2) Fair equity can be achieved quicker by batch-valuing similar properties.	Could be another 20 minute saving per parcel.  The real community benefit would be in the fairness of equitable assessments.

\*Time estimates are generalized for typical property for comparative purposes only. Actual time per parcel can vary significantly depending on the condition of the particular file, complexity of property, location, access issues etc.



Alaska CAMA  
Company LLC



Creating partnerships with Alaska municipalities

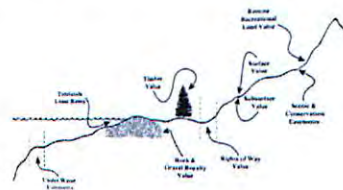
## Who are we?

The Alaska CAMA Company LLC is an outgrowth of Horan and company LLC  
Operated in the region for over 40 years

- \* Residential
- \* Commercial
- \* Complex land

Clients include – just to name a few

- \* City & Borough of Juneau Docks & Harbors, CBJ Land Management Department
- \* State of Alaska DNR, Fish & Game, Dept of Transportation & Public Facilities
- \* US Forest Service, Bureau of Indian Affairs, US Park Service, US Fish & Wild Life
- \* Various banks
- \* Corporate and private investors



## Who are we?

### Real property assessment experience

- \* Current contract assessor Skagway since 1975
- \* Current contract assessor Craig since 1988
- \* Contract assessment Ketchikan annexed area 2009 to 2012
- \* Pass contract assessor Haines, Wrangell, Petersburg, Pelican

### Develop and use of electronic assessment programs

- \* 2004 develop internal commercial market data base inventory
- \* 2009 developed electronic assessment record (EAR)
- \* 2015 implemented MARS



## MARS - Data Collection

- \* Sync computer file to iPad – easy file prep
- \* Photos taken right into the file
- \* Predefined fields for consistent data entry
- \* Photo & describe lump sum values
- \* Type or Siri for comments
- \* Sync iPad to computer file instantaneously

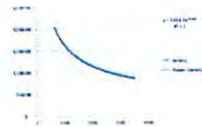


# MARS - A Valuation Tool



- \* Auto calculations for major improvement values and depreciation
- \* Equitable valuations can be achieved quicker
- \* Relies less on outside data
- \* Accepts appraiser valuation curves for batch valuations
- \* Easy to update and revalue each year
- \* Partners with ACC creates collaboration with others assessors/Valuation experts

Account	Estimated Balance	Name	Address	Assessor	Assessment Date	Assessed Value	Market Value
1000	1000	1000	1000	1000	1000	1000	1000



# MARS - A Reliable Reporter



- \* Easy to share property data – saves time
- \* Complies with state assessor requirements and statutes
- \* Providing a more equitable results
- \* Compares assessments – public confidence
- \* Shows ratio of assessments to sales
- \* Easy reporting to financial software
- \* Easy Backups – lowers risk of data lose
- \* Minimal IT support

- LAND
- RESIDENTIAL
- COMMERCIAL
- EXEMPT & POSSESSORY
- PHOTOS
- BUILDING SKETCH
- DOCUMENTS
- MAPS & GRAPHICS

Parcel #	Parcel Name	Parcel Type	Parcel Area	Parcel Value
1000	1000	1000	1000	1000

## MARS Creates Transparency

- \* Results in -
  - \* Credibility
  - \* Trust
  - \* Good will
  - \* Cooperation
  - \* Fairness
  - \* Equitable valuation



## MARS



### **Alaska CAMA Company**

*“Creating partnerships with Alaska municipalities to provide simple, cost effective solutions for assessment record keeping and valuation documentation.”*



# ALASKA CAMA COMPANY, LLC

403 LINCOLN STREET, SUITE 210, SITKA, ALASKA 99835  
PHONE NUMBER: (907)747-6666 FAX NUMBER: (907)747-7417  
commercial@horanappraisals.com

October 28, 2016

Wendy Lawrence, ACAA III  
Assessing Director  
City and Borough of Sitka  
100 Lincoln Street  
Sitka, Alaska 99835

Dear Ms. Lawrence,

This is our proposal for a basic four year framework with an agreement to use the license for MARS indefinitely. CBS will own all of the data.

Alaska CAMA Company will provide:

1. The **MARS solution**, including making the needed modifications described in Attachment A as Priority 1 items. This includes the sales report, adding additional owners, adjusting print layouts, creating new tax year and sync and the installation of the MARS solution on CBS's server system. Based on ongoing consultation with CBS we will work to develop the Priority 2 items at your direction and as the budget allows.
2. **Import of data** after negotiating with CBS on proper matching of fields. We will begin with Priority 1 items. This does not include a contingency for mismatched information, anomalies, or inaccurately identified files. Within this budget it's anticipated that some sketches and photos may be auto imported. Additional information such as documents, additional photos or building permit history could be added by CBS over time.
3. **Training** will include in-office sessions on how to use MARS and its valuation functions and hands on training with iPad in the field to photograph and describe, and sketch properties. We will provide documentation as needed. CBS staff are expected to become familiar with how FileMaker works and its resources for training. We will assist CBS in getting building sketches in the field. If CBS wishes ACC will also provide quality rating condition, description, and lump sum methodology it has used in the past.

The City and Borough of Sitka will provide:

1. Assistance in matching up existing fields from Access program or excel to MARS.
2. Presentation of its legacy data in a manner suitable for import into the MARS solution.
3. Its own field work including sketches, photos and field building descriptions, unless provided under separate contract.

4. The market data and analysis for valuation formulas and factors. As an additional service, ACC could assist in this.
5. All hardware and software necessary to operate MARS in the office and in the field. ACC could provide temporary use of its iPads, as available.

**Hardware and Software Installation Supplied by CBS**

CBS will need to supply

- a suitable server to run FileMaker server software version 14 or later
- A suitable sketch program and field device if needed for field sketching. We will provide information on resources to take sketch information in the field which can be transcribed at the office.
- iPads for each concurrent inspector in the field
- FileMaker Server software version 14 or later
- FileMaker Pro 14 or later for each client station and field device.
- 360 works Mirror Sync for syncing portable devices.

**Estimated Cost**

The basic fix costs for four years includes the license fee administration and maintenance is \$121,000. The variable costs for installation modifying and training on the Mars program for the first two years is \$29,000. This second category includes the work described by priority in Attachment A. We will bill this phase of the service at a cost at our typical hourly rate <sup>1</sup> not to exceed the agreed upon maximums of \$29,000 without CBS's agreement. In general, the Priority 1 items are required to get this year's real property assessment roll completed. The Priority 2 items are important, but could possibly be put off until next year. Our proposal is that we work through the Priority 1 items then continue on to Priority 2 items after consulting with CBS to confirm status and direction of our effort.

We could obviously amend or extend his contract as time goes on if the CBS finds it in their interest to do so. The current cost proposal over the four year term is outlined in the following table

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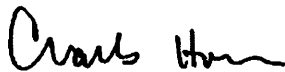
<sup>1</sup> Charles Horan, MAI	\$200
Senior Commercial Appraiser	\$150
Residential Appraiser	\$100
Senior Tech – Henry Robinson	\$100
Administrative Assistants	\$50-\$70

City and Borough of Sitka	Year 1	Year 2	Year 4	Year 4	Totals
License Admin & Maintenance Fee	\$45,000	\$32,000	\$32,000	\$12,000	\$121,000
Variable -Install, Modify & Train	<u>\$15,000</u>	<u>\$14,000</u>		-	\$29,000
Total	\$60,000	\$46,000	\$32,000	\$12,000	\$150,000

The spirit of this agreement is to develop a cooperative partnership to effect the use of MARS for and the 2017 Assessment Roll and beyond. As requested, we will work out professional errors and omissions insurance as required. I've attached a copy of our license agreement for your review, Attachment B.

Please let us know if you need anything else. Thank you once again for considering this simple, effective computer assisted mass appraisal solution.

Sincerely,



Charles Horan, MAI

Alaska CAMA Company, LLC

Attachment A Work Priority

Attachment B Mars License Agreement

# Attachment A May 31, 2016 Proposal

Key: ACC = Alaska CAMA Co      CBS = City & Borough of Sitka

Description	Priority	Comments	Who
<b>Changes Needed to MARS</b>			
<b>Add Personal Property</b>			
Basic Frame	2	Will need about 4 meetings with Wendy	ACC
Reports	2	Will Need city input on what reports will look like?	ACC
Link with MARS	2	This will need more testing to see if it will work.	ACC
Print screens	2	Will Need city input on what print layouts will look like?	ACC
<b>Reports</b>			
Sales Report-Predefined list & display	1	Runs A/S ratio	ACC
State Ratio Study Report	2	State Stats	ACC
<b>Calculations</b>			
Add auto calculation curve	2	Assignable curves	ACC
Export Arc GIS	2	Export script will need list of fields to export	ACC
<b>Sales History - Table - Portal</b>			
Added date listing price comments	2		ACC
Building permit History	2		ACC
	1		ACC
Additional owners	1	add one additional owner field first & last name	ACC
Adjust all print layouts	1		ACC
Redo Crate New tax year & Sync	1		ACC
Install MARS on Sitka's server/systems	1		Both

Description	Priority	Comments	Who
<b>Data Import</b>			
Import data from Access-after next 3 items dor	1	4135 records Depending on complexity	ACC
Find matching fields	1		ACC
add missing fields	1	Will need to discuss what fields to keep.	Both
Split or combine data	1		Both
Contingency- City address data anomalies			CBS
Import data from Personal property		could be Lots of manual work 100+	CBS
Import Attachments/Documents	2	This assumes records are stored perfectly and then a script coul	ACC
Import Sketches	1	should only need small tweaks to excising script	ACC
Import Documents	2	Nothing really to import mostly just link to folder	ACC
Import Photos	2	Should be able to import about 75% with changes to script	Both
Building permit History	2	will link to property folder on Z drive	ACC

Description	Priority	Comments	Who
<b>Property Inspections Train and Demo</b>			
<b>Demonstrate field input</b>			
Data on iPad	1		ACC
Sketches on surface	1		ACC
Sync tablets to database	1		ACC
<b>Field Manual Instructions</b>			
Quality Rating	2		ACC or CBS
condition - effective age	2		ACC or CBS
Lump Sum	2		ACC or CBS
<b>Office Valuation</b>			
Demonstrate how to use MARS valuation proci	1	Brief Intro - written notes	ACC
show how valuation fields work		Charles Wendy	ACC
auto calculation vs over ride			ACC
Develop Valuation curves or formulas			ACC

Description	Priority	Comments	Who
<b>Other Requirements</b>			
<b>Software</b>			
FileMaker Server	1		CBS
FileMaker Client	1		CBS
Mirror Sync	1		CBS
Apex Sketch	1		CBS
<b>Hard Ware</b>			
Server for FileMaker	1		CBS
iPads	1		CBS
Surface	1		CBS



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

**Department of Commerce, Community,  
and Economic Development**

DIVISION OF COMMUNITY AND REGIONAL AFFAIRS

550 West Seventh Avenue, Suite 1640  
Anchorage, Alaska 99501  
Main: 907.269.4501/907.269.4581  
Programs fax: 907.269.4539

November 16, 2016

**Topic: State wide audit of assessment systems**

**From: Marty McGee, State Assessor**

**To: Wendy Lawrence, Assessor City and Borough of Sitka**

**CC: Jay Sweeney, CFO City and Borough of Sitka**

**Date: November 16, 2016**

In 2016 a general audit of all taxing jurisdictions was conducted by the Office of the State Assessor. Questions were asked of all jurisdictions which levy a property tax under AS 29.45.010. The purpose of this audit was to determine the adequacy of the assessment information contained in the data systems of the local taxing jurisdictions, the adequacy of the systems, and the ability of the system to retrieve and report relevant and necessary assessment data in timely and useful manner.

The International Association of Assessing Officers has developed standards on assessment data and data management systems. We are guided by the IAAO standard on Mass Appraisal of Real Property as well as other IAAO professional standards. The Alaska Association of Assessing Officers is working on the development of standards related to professional practice. The information collected by this audit will be used to guide the development of AAO standards and possible changes by the Office of the State Assessor to the State of Alaska Administrative code.

The expectation of modern assessment practice and the laws of the State of Alaska is that uniform fair and equitable assessed values can be produced using the data in the assessment records and the data storage system of the local taxing jurisdiction. These assessed values are expected to be current and updated on a yearly basis. Mass appraisal uses systems that can group property into categories which have similar market characteristics and statistical tools are used to calibrate value models for these groups of properties. Data held in a computerized electronic data base is a required element in the ability to create, maintain and update these assessment models.

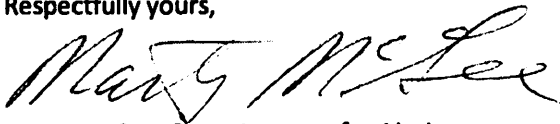
The information provided by the City and Borough of Sitka indicates that the current systems are not adequate to hold, retrieve, analyze and maintain assessment data on a yearly basis. A functional system must be able to sort data pull it down in a useable form and report the data in a timely manner. The request of the audit was to retrieve data in a two week period of time and to produce it in a excel format that associated the specific descriptive data with a unique tax parcel identifier. One focus of the audit was single family residences as a demonstration of the uniformity of assessment for this important element of the tax base. The data provided indicates that the Borough is not able to set uniform and consistent values associated with the replacement cost new or the applied depreciation associated with detached single

family residences using the existing data storage and retrieval systems. The borough also lacks the capability of demonstrating the same information to individual tax payers or in response to a property tax appeal on the ground of uniform and equal taxation as set forth in AS 29.45.210 (b). The data provided suggests that an appellant coming forward with an argument of unequal treatment may have grounds to prevail in that argument if all of the data were considered. The responsive argument that should be provided by the Assessor may not be possible in a timely manner because of the way the data is stored and the amount of time required retrieving, analyzing, and presenting the information to a board of equalization. The identified problem is as much about the system as it is about the data.

Further the data provided indicates a significant deficiency in the assessment process. This is true because the expectation is that the local assessor should pull down, analyze and adjust the assessed values and contributing descriptive information on a yearly basis in preparing the tax roll. The assessor also needs to be able to maintain current records regarding ownership, sales, and changes to exemption status in a timely and efficient manner as part of the yearly assessment process. The assessment data indicates that review of files and inspection of property on a four year cycle is not occurring in Sitka. This review cycle is required by CBS code and by the office of the State Assessor. This condition was noted in the 2014 Audit of assessment records by the Alaska State Assessor.

A problem of this kind can be the basis for a Letter of Major Error under AS 29.45.105. If a letter of major error is issued by the Office of the State Assessor the local jurisdiction has one year to take corrective action. If a program for substantial and material improvement of the assessment systems is not implemented and supported by the 2017 budget I, as the State Assessor, intend to issue a Letter of Major Error in 2017.

Respectfully yours,

A handwritten signature in black ink, appearing to read "Marty McGee". The signature is fluid and cursive, with the first name "Marty" written in a larger, more prominent script than the last name "McGee".

Marty McGee, State Assessor for Alaska.

# Wayfinding Signage Project

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## MEMORANDUM

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

**From:** Michael Harmon, P.E., Public Works Director  
Dan Tadic, P.E., Municipal Engineer *DT*  
Kelli Cropper, MPM, Project Manager *KC*

**Reviewed:** Tori Fleming, Contract Coordinator  
Jay Sweeney, Chief Finance and Administrative Officer

**Date:** December 5, 2016

**Subject:** Wayfinding Signage CPET Funding - Budget Appropriation

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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.

Great Destinations Strategies (GDS) was hired by the SCVB in 2014 to develop wayfinding signage design in conjunction with overall branding for Sitka. The Sitka Chamber of Commerce took over project management responsibility in Fall 2015 and worked with GDS to complete the design intent drawings and general specifications in late 2016.

Analysis:

The wayfinding signage design intent and general specifications are complete and 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.

Fiscal Note:

As a result of prior Assembly direction, fund balance and corresponding working capital in the amount of \$300,000 has been assigned within Fund 194, the Commercial Passenger Excise Tax Fund, for the purpose of designing and constructing wayfaring signage.

Although fund balance in Fund 194 was restricted through the prior assignment, Assembly action is still required to appropriate the assigned fund balance for expenditure. As with all appropriations, a supplemental budget ordinance is required.

Finally, as the full amount of the assigned fund balance was not required for the intended purpose, concurrence from the Assembly is requested to unassign the remaining \$17,700 in Fund 194 and return it to the unassigned, undesignated fund balance, available for other appropriations.



**Recommendation:**

Approve an appropriation in Fund 194, Commercial Passenger Excise Tax Fund, transferring \$282,300 to Fund 700, General capital projects Fund, for the purpose of designing and constructing Wayfaring signs. Approve \$282,300 in Fund 700, General Capital projects Fund, to construct and install wayfaring signs. Finally, unassign \$17,700 in Fund 194 and return it to the unassigned, undesignated fund balance, available for other appropriations.



Side A View

Side B View

Side C View

Side D View

Side A View

Side B View

Side C View

Side D View

Information Kiosk

Pedestrian Guide

Destination Marker

## Placemaking

This is the process of creating attractive streetscapes, gateways, squares, precincts, parks, public art, and trails that will attract people because they are pleasurable, enticing or interesting. The brand planning process revealed several areas in which the attractiveness of Sitka can be improved for both residents and visitors. These include:

- Support the introduction of more public art in Sitka, particularly where it supports the themes of the brand.
- Encourage the development of a compact pedestrian precinct that can function as a gathering place. This should feature restaurants with outdoor seating, coffee shops, specialty retail and entertainment that will be a gathering place for residents and generate a sense of night activity.

**Pedestrian Signage and Wayfinding:** Signage systems serve vital roles. They inform, guide, and motivate travelers. They are also important in shaping the identity of a place through their style, design, colors, lettering, content and placement. Good signage can contribute significantly toward the satisfaction of visitors. The current wayfinding program will contribute significantly to the presentation of Sitka. Signs play an important role in encouraging people to spend money by effectively guiding them to desired locations.

**Interpretation:** This practice is aimed at explaining to visitors the significance of an object, a culture or a place – thereby possibly creating an attraction. Three objectives of interpretation are to enhance visitor experiences, to improve visitor knowledge or understanding, and to assist in the protection or conservation of places or cultural resources. It is most commonly used to refer to activities such as guided tours or walks and educational presentations, and to signs, mobile apps, guidebooks and brochures. Interpretation is very common in historic sites, museums, galleries, zoos, and natural areas of significance, as well as in telling the stories of communities. At its best it involves talented storytelling and content that visitors will find memorable, stimulating and worth telling to others.

Encourage thematic interpretation throughout the region, especially for sites of significant natural flora and fauna, settlement and fishing heritage. The signage and information systems used should be uniform throughout the region.



# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: ORD 16-45    Version: 1    Name:  
Type: Ordinance    Status: AGENDA READY  
File created: 12/5/2016    In control: City and Borough Assembly  
On agenda: 12/13/2016    Final action:  
Title: Amending Sitka General Code Chapter 4.12 entitled "Property Tax" to exempt all personal property except business personal property, and non-light aircraft from personal property taxation (first reading)

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Ord 2016-45.pdf](#)  
[Ord 2016-45 and memo.pdf](#)

Date	Ver.	Action By	Action	Result
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## **POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2016-45 on  
first reading.

# Memorandum

**TO:** Mayor Hunter and Members of the Assembly  
Mark Gorman, Municipal Administrator

**FROM:** Wendy Lawrence, Assessing Director

**DATE:** December 7, 2016

**SUBJECT:** Personal Property Changes for Greater Efficiencies in the Administration of the Property Tax

Personal property is tangible property not affixed to land, and by its very nature is a non-productive property tax segment. Therefore 78% of municipalities that levy a property tax have exempted personal property in some manner. Personal property is movable by nature and at times business proprietary in nature (boats & aircraft for example); therefore a municipality should only tax personal property classes that produce a strong and stable revenue stream. In Sitka, administration of the personal property tax consumes about 60% of the Assessing Department's total resources and produces about 8% of the revenue.

Property Tax - Fiscal Year 2016				
Type	Revenue	% of Revenue	No. of Accounts	% of Accts
Real Property	\$ 5,846,800	92%	4,100	59%
Personal Property	\$ 527,500	8%	2,800	41%
<b>Totals</b>	<b>\$ 6,374,300</b>		<b>6,900</b>	

Personal property is further classified as *business personal*, as well as *regular personal property*, and a complete summary of each type, assessed value, and resulting tax revenue can be found in the attached reference information for your review.

This ordinance is presented to exempt all personal property except for business personal property, and commercial jet aircraft (defined by code as non-light aircraft), as this is a strong property segment and is relatively easy to administer. In addition, this ordinance establishes an apportionment valuation formula that is used across the nation to assess scheduled aircraft that travel intra- and interstate. To further clarify, this ordinance retains the business personal property \$25,000 exemption and failure to file fees on business that fail to file timely, and would exempt all boats and light-aircraft, which are now currently taxed.

**Fiscal Note:**

This ordinance is estimated to produce a net revenue gain of \$168,600

**Recommendation:**

**Approve Ordinance 2016-45.**

**Ordinance 2016-45 Background & Reference Materials:**

Implementing these changes would relieve property tax disincentives to storing boats and vessels here by bringing Sitka’s personal property assessing policies into virtual alignment with Juneau’s and by making it more competitive with other southeast communities. All other southeast communities that levy a property tax (Haines, Petersburg, Skagway, Wrangell and Yakutat) have exempted all personal property in full.

**These changes will potentially bring about the following results:**

- Shifting of resources from an inefficient to an efficient tax segment (personal to real), by reducing the number of personal property accounts from 2,800 to 600, a more manageable amount given current resources.
- Would eliminate the inequity in taxation between boats and airplanes (flat fee versus full value).
- Incentivize boats and airplanes to be located within the borough in order to stimulate small business activities associated with such property.

**These changes would also bring some relief to the challenges inherent in taxing personal property:**

- All personal property is moveable, therefore state and local law require the owner to self-report, the honest man’s tax
  - Due to the self-reporting nature, additional policies such as a failure to file fee must be in place in order to ensure timely annual filing
  - The \$100 Failure to File Fee initiated three years ago has been unsuccessful in incentivizing boat and airplane owners to timely report their annual filings; the failure to file rate for boat owners was 35%, and 33% for airplanes
  - This FFF, relevant to the boat flat tax in particular, could potentially be seen as disproportionate by a court challenge
  - Although completely appropriate and necessary for business filings, the failure to file rate for businesses was 25% last year
  - Failure to File Fees totaled \$92,000 last year and 86% of these fees were from boats and airplanes
- Exempting personal property in this manner would not only be a benefit for the public and small businesses at large, but would relieve the burden of administering a non-cost-effective revenue stream.

**Fiscal Impact Analysis:**

PROPERTY		CURRENT				PROPOSED			
Personal Property Type	No. Accts	Taxation Type	No. Accts	Revenue	Fees	Taxation Type	No. Accts	Revenue	Fees
Business Machinery & Equipment	534	Full Market Value with first \$25,000 of value exempt	534	\$ 355,900	\$ 13,100	Full Market Value with first \$25,000 of value exempt	542	\$ 444,900	\$ 12,000
Motor Vehicles	9820	State Collected Flat Tax	0	\$ 95,000	\$ -	State Collected Flat Tax	0	\$ 96,400	\$ -
Boats & Vessels	2207	Flat Fee	2207	\$ 137,400	\$ 78,100	Exempt	0	\$ -	\$ -
Business Inventory	0	Exempt	0	\$ -	\$ -	Exempt	0	\$ -	\$ -
Private Recreational Equip	86	Exempt	0	\$ -	\$ -	Exempt	0	\$ -	\$ -
Float Houses	16	Full Market Value	16	\$ 3,600	\$ 300	Will be Moved to Real Property	0	\$ 3,700	\$ -
Aircraft									
Light Aircraft	15	Full Market Value	15	\$ 4,700	\$ 500	Exempt	0	\$ -	\$ -
Non-Light Aircraft	4	Full Market Value	4	\$ 13,000	\$ -	Full Market Value	4	\$ 13,200	\$ -
<b>TOTALS</b>	<b>12,682</b>		<b>2,776</b>	<b>\$ 609,600</b>	<b>\$ 92,000</b>		<b>546</b>	<b>\$ 558,200</b>	<b>\$ 12,000</b>
<b>Net Changes</b>					<b>\$ 701,600</b>	<b>\$ 570,200</b>			
<b>Fiscal Impact Estimation</b>									
<b>Exemption of all Personal Property Except Business Personal and Non-Light Aircraft (Ordinance 2016-45)</b>									
<b>Revenue Loss (\$570,200 - \$701,600)</b>								<b>\$</b>	<b>(131,400)</b>
<b>Revenue Gain on Real Property Side over Last Year (Assessor's Estimate)</b>								<b>\$</b>	<b>300,000</b>
<b>Net Gain/Loss</b>								<b>\$</b>	<b>168,600</b>

## Part 3 - Property Taxation

### Table 4 TYPES OF PROPERTY TAX EXEMPTIONS AUTHORIZED

Boroughs/Unified Municipalities	Residential Up to \$50K	FF/EMS Up to \$10K	S/C-DAV Over \$150K	Business Machinery Equipment	Motor Vehicles	Boats & Vessels	Business Inventory	Aircraft
Anchorage, Municipality of	OP-EX-20K <sup>10%</sup>			FV <sup>8</sup>	ST COL	FV/EX <sup>6</sup>	FV <sup>8</sup>	FV/EX <sup>1</sup>
Bristol Bay Borough	OP-EX-50K <sup>100%</sup>			FV	ST COL	FV	FV	FV/FF
Fairbanks North Star Borough	OP-EX-20K <sup>20%</sup>	FF/EMS		EX	EX	EX	EX	EX
Haines Borough	FV			EX	EX	EX	EX	EX
Juneau, City & Borough of	FV			FV <sup>4</sup>	ST COL <sup>9</sup>	EX	EX	FV <sup>5</sup>
Kenai Peninsula Borough	OP-EX-50K <sup>100%</sup>	FF/EMS	\$150K	FV <sup>4</sup>	ST COL	FV/FF <sup>6</sup>	EX	FV/FF <sup>4,12</sup>
Ketchikan Gateway Borough	FV			FV <sup>11</sup>	ST COL	FF	EX	FV <sup>11</sup>
Kodiak Island Borough	FV			FV <sup>13</sup>	ST COL	FF <sup>10</sup>	EX	FF
Matanuska-Susitna Borough	FV		\$68K	EX	ST COL	EX	EX <sup>3</sup>	EX <sup>1</sup>
North Slope Borough	OP-EX-50K <sup>100%</sup>		\$150K	FV	FV	FV	FV	FV
Petersburg Borough	FV	FF/EMS		EX	ST COL	EX	EX	EX
Skagway, Municipality of	FV		\$100K	EX	EX	EX	EX	EX
Sitka, City & Borough of	FV			FV <sup>14</sup>	ST COL	FF	EX	FV
Wrangell, City & Borough of	FV			EX	EX	EX	EX	EX
Yakutat, City & Borough of	FV			EX	EX	EX	EX	EX
<b>Cities</b>								
Cordova	FV			EX	ST COL	EX	EX	EX
Craig	FV			FV	FV	FV	FV	FV
Dillingham	FV			FV <sup>15</sup>	ST COL	FV <sup>2,15</sup>	FV <sup>15</sup>	FV <sup>15</sup>
Eagle	FV			EX	EX	EX	EX	EX
Nenana	FV			FV	ST COL	FV <sup>2</sup>	FV	FV
Nome	FV			FV	ST COL	FV	FV <sup>7</sup>	EX
Pelican	FV			FV	EX	FF	FV	EX
Unalaska	FV	FF/EMS		FV	ST COL	EX	FV	FV <sup>2</sup>
Valdez	OP-EX-20K <sup>30%</sup>			EX	EX	EX	EX	EX
Whittier	FV			FV	ST COL	FV	EX	FV
EX	Exempt Property.							
FV	Full and True Value Assessment.							
FF	Optional flat fee collected in lieu of property tax (AS 29.45.050(b)(1)).							
FV/FF	Commercial FV / Private FF.							
OP-EX-20K (%)	(%) indicates partial exemption percentage used, if any, up to the limit of \$20,000. For example: 10% of value up to the maximum of \$20,000. This optional residential exemption limit changed in 2012 from \$20,000 to \$50,000 per AS 29.45.050(a). The North Slope Borough and the Kenai Peninsula Borough are the only two municipalities to raise this limit to the maximum \$50,000.							
OP-EX-50K (%)	(%) indicates partial exemption percentage used, if any, up to the limit of \$50,000. For example: 10% of value up to the maximum of \$50,000. This optional residential exemption limit changed in 2012 from \$20,000 to \$50,000 per AS 29.45.050(a). The North Slope Borough and the Kenai Peninsula Borough are the only two municipalities to raise this limit to the maximum \$50,000.							
FF/EMS	Optional real property primary residential exemption up to \$10,000 for volunteer firefighter & volunteer emergency services personnel (AS 29.45.050(r)).							
S/C-DAV	Senior Citizen/Disabled Veteran optional residential exemption over the \$150,000 mandatory exemption (AS 29.45.050(i)). Amount indicated is the additional exempted value over the mandatory \$150,000. For example Kenai Peninsula Borough has a total exemption of \$300,000.							
ST COL	State collected, annual motor vehicle tax (AS 28.10.431).							
	<sup>1</sup> Aircraft are exempt from taxes (except for scheduled carriers). Exempted aircraft pay a flat tax of \$75-\$125.							
	<sup>2</sup> Commercial at full value, private exempt.							
	<sup>3</sup> The first \$1,000,000 of inventory is exempt.							
	<sup>4</sup> The first \$100,000 of personal property is exempt.							
	<sup>5</sup> Commercial jet passenger service full value, other commercial flights flat rate, personal exempt.							
	<sup>6</sup> Scheduled Commercial Vessels pay a flat fee; all vessels >20' long pay flat fee; additional flat fees or ad-valorem taxes may be applied.							
	<sup>7</sup> Inventory held for resale is exempt.							
	<sup>8</sup> Optional Exemption (Up to \$20,000) on personal property.							
	<sup>9</sup> Commercial Full Value, Private MVRT.							
	<sup>10</sup> Over 5 net tons, \$1 per foot, \$30 minimum; all others exempt.							
	<sup>11</sup> Fully exempt in borough, but exempt up to \$25,000 within the City of Ketchikan.							
	<sup>12</sup> Commercial aircraft at full value; private aircraft a flat fee.							
	<sup>13</sup> The first \$20,000 of business personal property owned by each taxpayer is exempt & distributed pro-rata among all accounts.							
	<sup>14</sup> The first \$25,000 of business personal property owned by each taxpayer is exempt & distributed pro-rata among all accounts.							
	<sup>15</sup> The first \$10,000 of personal property is exempt.							



CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2016-45

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING SITKA GENERAL CODE CHAPTER 4.12. ENTITLED "PROPERTY TAX" TO EXEMPT ALL PERSONAL PROPERTY EXCEPT BUSINESS PERSONAL PROPERTY, AND NON-LIGHT AIRCRAFT FROM PERSONAL PROPERTY TAXATION

1. **CLASSIFICATION.** This ordinance is of a permanent nature and is intended to become a part of the Sitka General Code ("SGC").

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

3. **PURPOSE.** This ordinance amends the property tax code to exempt all personal property except for business personal property, and non-light aircraft, in order to bring greater efficiency to the administration of the property tax.

4. **ENACTMENT.** NOW, THEREFORE, BE IT ENACTED by the Sitka Assembly that the Sitka General Code Chapter 4.12 entitled "Property Tax" is amended to read as follows (new language underlined; deleted language stricken):

SITKA GENERAL CODE
CHAPTER 4.12
PROPERTY TAX

4.12.010 Definitions.

The following terms and phrases whenever used in this chapter shall have the meanings ascribed to them in this section.

A. "Real property" includes:

- 1. Land itself, whether laid out in lots or otherwise,
2. All buildings, structures, improvements, fixtures of whatsoever kind permanently fixed thereon,
3. Mobile homes, modular homes, trailers, house trailers, trailer coaches and similar property used or intended to be used for residential, office, or commercial purposes and attached to the land or connected to water, gas, electric, or sewage facilities,
4. All possessory rights and privileges belonging or in any way appertaining thereto, including possessory rights to tidelands;

43 B. "Tangible property" means property which may be seen, weighed and measured by  
44 the physical senses and capable of being possessed. Stocks and bonds shall not be  
45 considered tangible property;

46 C. "Tract" includes all lands, pieces or parcels of land, which may be separately  
47 assessed together with the fixtures and improvements thereon;

48 D. "Business property" includes all personal property and real property as  
49 hereinabove defined which is used for business purposes;

50 E. "Boat or vessel" means an item designed and constructed for the principal purpose  
51 of transporting goods or persons by water. Registration, licensing or documentation  
52 shall not be conclusive, but shall be considered along with the use and hull design,  
53 including whether or not the item is actually and reasonably used in transporting  
54 persons or articles in navigation.

55 1. Materials that have been attached or installed as of January 1st of any year as  
56 part of the manufacture of a boat or vessel shall be taxed as a boat or vessel for  
57 purposes of this chapter if as of January 1st of any year the product of the  
58 manufacture is recognizable as a boat or vessel by a reasonable person.

59 F. "Non-light aircraft" means any aircraft with a maximum gross takeoff weight of  
60 greater than 12,500 pounds.

61 G. "Light aircraft" means any aircraft with max gross takeoff weight of 12,500  
62 pounds or less.

63 **4.12.020 Property Subject to Tax.**

64 A. All property within the corporate limits of the city and borough, both real and  
65 personal, of every nature, not exempt under the laws of the United States or the state of  
66 Alaska is subject to taxation for school and municipal purposes, and taxes upon such  
67 property must be assessed, levied and collected as provided herein, except the  
68 following property shall not be subject to taxation:

69 1. Personal property consisting of boats and vessels, light aircraft, household  
70 goods, jewelry, intangibles and personal effects, including motorcycles and  
71 snowmobiles not used in business and all motor vehicles subject to the motor  
72 vehicle registration tax.

73 ~~B. All boats and vessels located within the boundaries of the city and borough on~~  
74 ~~January 1st of any given year shall be subject to taxation under the same procedures~~  
75 ~~and with the same assessment dates and due dates as personal property, except that~~  
76 ~~valuation and taxation shall be on the basis of registered and certified length according~~  
77 ~~to the schedule set forth below:~~

78 ~~Class and Vessel Size~~ \_\_\_\_\_ ~~Annual Property Tax~~

79	<del>Class 1 Less than 15 feet in length</del>	<del>\$20.00</del>
80	<del>Class 2 15 to less than 20 feet in length</del>	<del>\$30.00</del>
81	<del>Class 3 20 to less than 30 feet in length</del>	<del>\$50.00</del>
82	<del>Class 4 30 to less than 50 feet in length</del>	<del>\$100.00</del>
83	<del>Class 5 50 or more feet in length</del>	<del>\$200.00</del>

84 B. For the purpose of assessing, levying, and collecting taxes, any non-light aircraft  
85 located within borough limits at any time in a tax year shall be considered taxable  
86 personal property and the owner shall file a property tax return indicating the fair market  
87 value of the property as of January 1st of each tax year. Property is assumed to be  
88 present within the borough year round unless demonstrated otherwise. An aircraft that  
89 is in transit and does not receive any benefit or services in the borough during the year  
90 is not subject to taxation under this section. If the owner can demonstrate the property  
91 was absent one or more days during the tax year, the owner shall file a personal  
92 property return indicating (1) the fair market value of the property, and (2) the number of  
93 days the property was within the borough. The assessed value of such property shall be  
94 determined by the following formula:

95 Assessed value = (fair market value/365 days) x number of days [including partial days]  
96 in borough

97 Any non-light aircraft operated by a scheduled carrier which is based outside of the  
98 borough shall be assessed in proportion to the number of landings in the borough. For  
99 purposes of determining the assessed value of the property, the assessor shall use the  
100 fair market value as of January 1st of the current tax year, and shall use the total  
101 number of landings in the borough by the property in the previous tax year. It shall be  
102 the responsibility of the carrier to provide the borough with a personal property return  
103 documenting the total landings for each aircraft. In the event the carrier fails to provide  
104 such documentation, the assessor shall assess the property based on its non-  
105 apportioned full value as of January 1st of the tax year. For the purpose of this section:

106 1. "Scheduled carrier" shall mean any certified air carrier which maintains a  
107 regular schedule of flights within the borough,

108 2. An aircraft is "based outside of the borough" if the airport at which the aircraft  
109 is usually based, as indicated by that aircraft's registration, lies outside the  
110 borough limits, unless the borough has reason to believe that the aircraft is in fact  
111 based within the borough limits. This value shall be determined by the following  
112 formula:

113

114 Assessed value = (fair market value/17,520) × total landings

115

116 **4.12.025 Exemptions.**

117 \* \* \*

118 K. A taxpayer who files a timely business property return with the assessor shall be  
119 exempted the first twenty-five thousand dollars of assessed value of business property  
120 owned by each taxpayer from taxation as an optional exemption as set forth in  
121 AS 29.45.050(c). For taxpayers with multiple business property accounts, the optional  
122 exemption will be distributed among all of the accounts pro rata, based on the  
123 proportion of the assessed value in each account to the total assessed value of  
124 taxpayer's business property. This exemption shall not apply to personal property  
125 affixed to land or improvements to land, ~~boats, aircraft,~~ float houses, nor to motor  
126 vehicles subject to a registration tax under AS 28.10.431 and as such statute may be  
127 hereafter amended, revised, or replaced.

128 \* \* \*

129 **4.12.040 Assessment of property at full and true value.**

130 Property shall be assessed at its full and true value in money, as of January 1st of the  
131 assessment year. Assessments on personal property shall not be prorated for the  
132 assessment year except as follows: non-light aircraft operated in intrastate, interstate or  
133 foreign commerce shall be assessed on an apportionment basis according to  
134 4.12.020.B. In determining the full and true value of property in money, the person  
135 making the return or the assessor, as the case may be, shall not adopt a lower or  
136 different standard of value because the same is to serve as a basis of taxation, nor shall  
137 he adopt as a criterion of value the price for which the property would sell at auction, or  
138 at a forced sale, either separately or in the aggregate with all of the property in the  
139 taxing district, but he shall value the property at such sum as he believes the same to  
140 be fairly worth in money at the time of assessment.

141 \* \* \*

142  
143 5. **EFFECTIVE DATE.** This Ordinance shall become effective on the day after the date of  
144 its passage.

145  
146 **PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of Sitka,  
147 Alaska this 27<sup>th</sup> day of December, 2016.

148  
149  
150  
151  
152 \_\_\_\_\_  
Matthew Hunter, Mayor

153 ATTEST:

154  
155 \_\_\_\_\_  
156 Melissa Henshaw, CMC  
157 Acting Municipal Clerk



# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: RES 16-25    Version: 1    Name:  
Type: Resolution    Status: AGENDA READY  
File created: 12/5/2016    In control: City and Borough Assembly  
On agenda: 12/13/2016    Final action:  
Title: Changing a property tax revaluation cycle from four to six years  
Sponsors:  
Indexes:  
Code sections:  
Attachments: [Res 2016-25 and memo.pdf](#)

Date	Ver.	Action By	Action	Result
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## **POSSIBLE MOTION**

**I MOVE TO** approve Resolution 2016-25 on  
first and final reading.

## Memorandum

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**TO:** Mayor Hunter and Members of the Assembly  
Mark Gorman, Municipal Administrator

**FROM:** Wendy Lawrence, Assessing Director

**SUBJECT:** Resolution Changing the Property Tax Revaluation Cycle from four to six years

**DATE:** December 7, 2016

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The goal of mass-appraisal is to systematically revalue all 7,000 real and personal property accounts at low costs utilizing systematic processes and computerized valuation systems. This is achieved in part by segmenting the borough into cycle areas that are inspected and revalued each year as a part of that systematic process.

The City and Borough of Sitka established a four-year cycle in 2010, but the Assessing Department has historically been unable to meet the required 1,000 annual inspections and revaluations that that a four-year cycle requires (4,100 real property account divided by a four-year cycle). Up until tax year 2014, the department historically completed approximately 300 valuations annually, and in 2015 completed 690 valuations due to the streamlining of processes and procedures. This streamlining involved automation of tasks that could be automated through the use of computers and/or programs, the introduction of new field technology to increase inspection productivity and cross-training of staff to spread the manual valuation function. However, the lack of a computerized valuation system remains the primary limiting factor in completing the required number of valuations annually.

**Fiscal Note:**

The net fiscal effect of this resolution is \$0 as this is a policy change only.

**Recommendation:**

It is recommended that this resolution be passed in order to change the revaluation cycle from four to six years in order to bring the administration of the property tax into compliance with state and local laws. This will reduce the number of required inspections from 1,000 to 680 per year, which is a more realistic goal that will not require additional staffing.

**CITY AND BOROUGH OF SITKA**

**RESOLUTION NO. 2016-25**

**A RESOLUTION OF THE CITY AND BOROUGH OF SITKA, ALASKA  
CHANGING THE PROPERTY TAX REVALUATION CYCLE FROM FOUR TO SIX YEARS**

**WHEREAS**, AS 29.45.150 provides that a systematic revaluation of taxable real and personal property undertaken by the assessor, whether of specific areas in which real property is located or of specific classes of real or personal property to be assessed, shall be made only in accordance with a resolution or other act of the municipality directing a systematic revaluation of all taxable property in the municipality over the shortest period of time practicable, as fixed in resolution or act; and

**WHEREAS**, the goal of mass-appraisal is to systematically revalue all properties at low costs utilizing systematic processes and computerized valuation systems; and

**WHEREAS**, due to the volume of work annual revaluation of all taxable property requires segmenting the borough property into six cycle areas that are inspected and revalued each year; and

**WHEREAS**, the Assessor has advised the Assembly that changing this valuation cycle from four to six years would bring the Assessing Department into compliance with state law and allow for the most efficient use of available resources; and

**WHEREAS**, a systematic revaluation of all taxable real property at not greater than six-year intervals on a rotating basis is inherently fair and equitable to taxpayers.

**NOW, THEREFORE, BE IT RESOLVED** that the Assembly of the City and Borough of Sitka, Alaska by this resolution, affirms and authorizes the following:

That the Assembly of the City and Borough of Sitka, hereby directs that the Assessor of the City and Borough of Sitka shall undertake a systematic revaluation of all taxable real property within the borough on a rotating basis at intervals not greater than six years, which is determined to be the shortest period of time practicable considering the size and resources of the City and Borough of Sitka.

**PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of Sitka, Alaska, on this 13<sup>th</sup> day of December, 2016.

\_\_\_\_\_  
Matthew Hunter, Mayor

ATTEST:

\_\_\_\_\_  
Sara Peterson, CMC  
Municipal Clerk

1<sup>st</sup> and final reading 12/13/16





# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: 16-211      Version: 1      Name:  
Type: Item      Status: AGENDA READY  
File created: 12/5/2016      In control: City and Borough Assembly  
On agenda: 12/13/2016      Final action:  
Title: CBS Procurement Procedures  
Sponsors:  
Indexes:  
Code sections:  
Attachments: [Executive Session.pdf](#)

Date	Ver.	Action By	Action	Result
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## **POSSIBLE MOTIONS**

### **EXECUTIVE SESSION**

**I MOVE** to go into Executive Session to discuss the City and Borough of Sitka procurement procedures, the immediate knowledge of which would adversely affect the finances of the City and Borough of Sitka, and invite in Public Works Director, Michael Harmon.

**I MOVE** to reconvene as the Assembly in regular session