

RESOLUTION NO. 2012-22

A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF SITKA, APPROVING SUBMITTAL AND EXECUTION OF AN APPLICATION TO THE ALASKA MUNICIPAL BOND BANK TO ISSUE \$4,240,000 IN HARBOR REVENUE BONDS THROUGH THE BOND BANK TO FINANCE THE CITY AND BOROUGH OF SITKA'S PORTION OF THE ALASKA NATIVE BROTHERHOOD (ANB) HARBOR REPLACEMENT PROJECT

Whereas, The City and Borough of Sitka has recognized a critical need to replace its Alaska Native Brotherhood (ANB) Harbor; and,

Whereas, an engineer's estimate for the total anticipated cost of the harbor replacement is \$8,228,722; and,

Whereas, the State of Alaska, Department of Transportation and Public Facilities has awarded the City and Borough of Sitka a Municipal Harbor Facility Grant in the amount of \$4,250,000; and,

Whereas, the Municipal Harbor Facility Grant is a 50%/50% matching grant requiring participation by the City and Borough of Sitka; and,

Whereas, the working capital currently contained in the City and Borough of Sitka Harbor Enterprise Fund has been identified to be used for other purposes, including the provision of an emergency repair contingency, and,

Whereas, it has been determined that borrowing through bonded indebtedness is the most efficient means of obtaining the funds necessary to provide the City and Borough's portion of the project; and,

Whereas, it has been determined that utilizing the Alaska Municipal Bond Bank for the issuance of bonded indebtedness is the most efficient and cost-effective method for the Municipality.

Now Therefore Be It Resolved, by the Assembly of the City and Borough of Sitka that the Administrator is authorized to prepare and submit an application to the Alaska Municipal Bond Bank for the issuance of \$4,240,000 in harbor facility revenue bonds through the Bond Bank.


PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska on this 25th day of September, 2012.

Cheryl Westover, Mayor

ATTEST:

Colleen Ingman, MMC
Municipal Clerk

Memorandum

To: Mayor Westover and Assembly Members
CC: Jim Dinley, Theresa Hillhouse
From: Jay Sweeney, Finance Director 
Date: 9/18/2012
Re: Application for Harbor Revenue Bonds and Associated Resolution

For some time, the City and Borough of Sitka (CBS) has planned for the replacement of ANB Harbor. The condition of the facility has been rapidly deteriorating and the time has come to commence with its replacement.

To prepare for this eventuality, the CBS determined that applying for, and securing a grant from the State of Alaska to defray part of the cost was the optimal course of action. Accordingly, on June 14, 2011, the City and Borough of Sitka obtained an engineer's estimate of the cost of replacing ANB Harbor from PND Engineers, Inc. to support a grant application to the State of Alaska, Department of Transportation (Attachment 1). The total anticipated cost project cost, per the estimate, was \$8,228.

On June 15, 2012, the City and Borough of Sitka was notified that it had received a Tier 1 50%/50% matching harbor grant from the State of Alaska, Department of Transportation Municipal Harbor Facility Grant Program in the amount of \$4,250,000 for the ANB Harbor project (Attachment 2).

To obtain the grant and officially execute a grant agreement, the City and Borough of Sitka must enter into a construction contract for the project within six months of the date of the grant award. To this end, the Public Works Department has been proceeding with project planning and is poised to issue a Request for Quotations (RFQ).

To pay for the Municipal portion of the project, Staff is recommending the issuance of \$4,240,000 in harbor revenue bonds through the Alaska Municipal Bond Bank. There are two compelling reasons to support this recommendation:

- a. As of June 30, 2012, the Harbor Enterprise Fund contained an unrestricted fund balance of \$4,247,090 and working capital of \$4,539,882. While this amount would be sufficient to pay for the municipality's portion of the project in cash, it would leave very little remaining in the fund. Were the harbor system to sustain some type of damage that required significant repairs due to a storm or other emergency, it would no longer have sufficient funds on hand to pay for the repairs.
- b. Interest rates are at historically low levels. This makes it an ideal time to fund infrastructure replacement with debt issued at very favorable terms. Doing so preserves the working capital of the Harbor Fund for other purposes.

September 18, 2012

To begin the process of negotiating a bond issuance through the Alaska Municipal Bond Bank, an application is required. Staff is asking the Assembly to pass the attached resolution authorizing the Administrator to complete the bonding request.

Please note that, to save on duplication and printing costs, some of the attachments which will be included with the signed application, such as the 2013 Budget, have not been included in your packets.

Per the Charter of the Sitka and Borough of Sitka, an election is not required to approve the issuance of revenue bonds.



Application for Bonds

A request for the Alaska Municipal Bond Bank Authority (the Bond Bank) to purchase a revenue or general obligation bond issue of the applicant. This isn't considered a commitment on the part of the applicant or the Bond Bank. Additional information may be requested before a final recommendation.

I. General Information

A. Name of Governmental Unit (Applicant):
 City and Borough of Sitka

B. Type of government (home rule, first class, authority, etc.):
 Unified Home Rule Municipality

C. Contact Person for the government:

Name:		Title:	
John P. Sweeney III		Finance Director	
Address:		City:	State: Zip:
100 Lincoln Street		Sitka	AK 99835
Phone:	Fax:	E-mail:	
(907)-747-1836	(907)-747-0536	jay@cityofsitka.com	

D. Applicant's Bond Counsel:

Name:		Title:	
David Thompson		Attorney At Law, K&L Gates LLP	
Address:		City:	State: Zip:
925 4th Avenue, Suite 2900		Seattle	WA 98104
Phone:	Fax:	E-mail:	
(206)-370-8395	(206)-370-6191	david.thompson@klgates.com	

E. Applicant's Financial Advisor or Underwriter (if applicable):

Name:		Title:	
Address:		City:	State: Zip:
Phone:	Fax:	E-mail:	

II. Issue Information

A. Total amount of bond purchase request:
 \$4,250,000

B. Total term of requested loan: 20 years

of Transportation Municipal Harbor Facility matching Grant.

III. Credit Information

A. Provide the loan agreements or copies of the cover page of official statements for your government's outstanding bonds. Attached All outstanding bonds are currently issued through the AMBBA.

B. Has your municipality entered into lease purchase agreements or other financing agreements supported by General Fund revenues? Yes No See Attached

If yes, provide amount of financed, purpose and principal amount outstanding. \$

C. Are any of the above referenced issues supported by special assessments on benefited property, revenues, user fees or state reimbursement for school construction projects? Yes No

If yes, please attach details. Attached School bond debt reimbursement for general obligation bonds.

D. Has your government ever failed to meet its debt service coverage requirements or other covenants on general obligation, revenue, or special assessment bonds? Yes No

If yes, please attach an explanation. Attached

E. Has your government ever defaulted on any of its general obligation, revenue, or special assessment bonds? Yes No

If yes, please attach an explanation. Attached

F. Provide information on the amount, timing, and purpose of any bonds you have authorized by the voters, but not yet issued. Attached. Electric utility revenue bonds.

G. Attach your government's forecast on amount, timing, and purpose of future general obligation or revenue bond financing. If this information is available in your long-term plan, provide a copy. Attached

H. Give a brief summary of your local economy. Include major industries and their projections. Describe any positive or negative trends or factors. (If this information is available in an annual report, provide a copy with your application.) Attached

Are any of the community's major employers expected to make changes in work force or operations?

Yes No

If yes, provide an explanations. Attached No.

J. Please provide population figures for your community for the last five years. Indicate the source of your figures.

Year	Population	Source
2011	8,985	State of Alaska, Dept. of Labor
2010	8,881	State of Alaska, Dept. of Labor
2009	8,730	State of Alaska, Dept. of Labor
2008	8,698	State of Alaska, Dept. of Labor
2007	8,678	State of Alaska, Dept. of Labor

L. Provide assessed valuation and property tax collected for all taxable property within your corporate limits for the past five years. Attached

M. Provide your audited financial statements from the last two years (provide your unaudited statement if audit hasn't been preformed). Attached

N. Provide your current year's budget. Attached

O. Provide your capital improvement plan. Attached

C. Preferred principal and interest payment months: July **principle** / **interest** Jan **only**

D. If a bond election is required, provide a copy of the bond election ordinance and ballot proposition.

If a bond election has been held, provide the votes for and against the issue(s):

Yes:	No:	Percent of registered voters casting ballots:
		%

Does the municipality intend to pledge any specific assets or taxes in addition to property tax? Provide details.

The City and Borough of Sitka intends to pledge moorage revenue collected from users of its harbor facilities as well as State of Alaska Shared Fisheries Business Taxes

E. Will you need interim financing? No.

1. If applicable, provide interim financing information:

Amount:	Maturity:	Rate:	Lender:

2. Provide information that would impact the Bond Bank's ability to retire the interim financing with permanent financing. Attached

F. Describe project to be financed, including the information requesting in 1-6. If this information is available in a project feasibility study, you may reference and attach it.

- Are engineering and specifications completed? Yes No
- If not, when are they projected for completion? Apr-13
- Have construction bids been awarded? Yes No
- Are there additional state or local approvals required? Yes No
- Describe timing/scheduling plan:

Design - fall/winter CY 2012-2013; bid opening - April, CY 2013; construction start October, CY 2013

6. What is the projected completion date? March CY 2014

G. Sources of uses of funds

Sources of Funds		Uses of Funds	
Bonds (this application)	\$4,250,000	Construction	\$6,107,253
Federal Funds*	\$	Engineering	\$685,727
State Funds*	\$4,250,000	Contingency	\$857,159
Applicant's Funds	\$	Cost of Issuance	\$50,000
Other (specify)	\$	Other	\$799,861
Total:	\$8,500,000	Total:	\$8,500,000

*If federal or state funds are involved, provide a complete description of the status and uses of these funds.

1. Indicate which costs, including costs of issuance, would be paid for with AMBBA bond proceeds:
The cost of issuance would be paid out of bond proceeds. All other costs would be paid for out of proceeds after which the City and Borough would request 50% reimbursement under a State of Alaska department

P. Provide any other financial or economic information that will assist evaluation of your application. Attached

IV. Legal Information

- A. Provide a certificate of your legal counsel that establishes there is no litigation pending or threatened in any
1. affecting the corporate existence of your government, or the titles of officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the bonds, or the right of the applicant to levy and collect taxes pledged or to be pledged to pay the principal of and interest on the bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the bonds or the loan agreement between the applicant and the Bond Bank, or contesting the power of your government or your authority with respect to the bonds; or
 2. against your government or involving any of the property or assets of or under the control of your government, which, whether individually or in the aggregate involves the possibility of any judgement or uninsured liability which may result in any material change in the revenues properties, or assets, or in the condition, financial or otherwise, of your government.
- B. An opinion or certificate to the same effect, dated the date of the closing, shall be delivered to the Bond Bank on the date of closing.
- C. If any such litigation is pending or threatened, attach a description of the litigation, including caption and case number, description of the relief requested as it pertains to the matters described, and the procedural status of the litigation

The facts and representations in this application and all attachments are true and accurate in all respects and no material facts are omitted to the best of my knowledge

Name (print)

Title

Signature

Date of Application

Please return all applications to:
Deven Mitchell
Alaska Municipal Bond Bank Authority
Department of Revenue
PO Box 110405
Juneau, AK 99811-0405
(907)465-2388 phone
(907)465-2389 fax
deven_mitchell@revenue.state.ak.us

**Alaska Municipal Bond Bank Authority
Application for Bonds
City and Borough of Sitka, Alaska**

Additional information, Items A, B, and C

The City and Borough of Sitka currently has \$32,790,000 in general obligation bonds outstanding as of September 18, 2012. These bonds were issued in six separate series through the Alaska Municipal Bond Bank and all of the proceeds were used to construct, repair, or renovate Municipal school facilities.

The City and Borough of Sitka annually receives school bond debt reimbursement payments from the State of Alaska equal to 70% of the total debt service paid on these general obligation bonds.

**Alaska Municipal Bond Bank Authority
Application for Bonds
City and Borough of Sitka, Alaska**

Additional information, Items F and G

The City and Borough of Sitka is anticipating the issuance of up to \$79,000,000 in additional electric utility revenue bonds within the next three fiscal years in order to fund the completion of the Blue Lake Dam Hydroelectric Expansion Project.

The City and Borough of Sitka has approached the Alaska municipal Bond Bank separately in regards to the issuance of these electric utility revenue bonds through the Alaska Municipal Bond Bank.

It is anticipated that these electric revenue bonds will be issued in two, or possibly three, separate issues, with the first issuance in February, 2013.

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

STATEWIDE DESIGN & ENGINEERING SERVICES DIVISION
Ports and Harbors Section

3132 CHANNEL DRIVE
P.O. Box 112500
JUNEAU, ALASKA 99811-2500
PHONE: (907) 465-2960
FAX: (907) 465-2460
TEXT: (907) 465-3652

June 15, 2012

James Dinley
Municipal Administrator
City and Borough of Sitka
100 Lincoln Street
Sitka, Alaska 99835

Subject: Letter of Award of the FY13 Municipal Harbor Facility Grant Funds

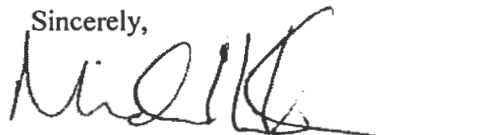
Dear Mr. Dinley:

Congratulations on your successful application for the Department of Transportation and Public Facilities' Municipal Harbor Facility Grant Program. Upon successful execution of a harbor grant agreement with the department, the City and Borough of Sitka will receive a Tier I 50/50 matching harbor grant in the amount of \$4,250,000 for construction of the Sitka ANB Harbor project. These funds are 100% state general funds.

As a reminder, and as explained in the harbor grant instructions, the municipality will have six (6) months from the date of this Letter of Award to properly ratify and execute a mutually agreeable grant agreement with the department. Note if there is a change in your harbor project that affects the nature of the municipality's original application, then that could prevent us from executing a harbor grant agreement. If a grant agreement cannot be completed within that six month period, the department may deny the award and select the next highest scoring proposal or award the funds in subsequent years. After the grant agreement is signed, the City and Borough of Sitka will have eighteen (18) months to complete the construction phase of the Sitka ANB Harbor project.

Please contact me at your earliest convenience to discuss the grant agreement and the timing for your harbor project. I look forward to working with you on this important municipal harbor project. My phone number is 465-3979.

Sincerely,



Michael Lukshin, P.E.
State Ports and Harbors Engineer

"Get Alaska Moving through service and infrastructure."

City and Borough of Sitka

Exhibit K-13

Harbor Enterprise Fund
Statement of Net Assets
June 30, 2012
(With Comparative Amounts for 2011)

	<u>2012</u>	<u>2011</u>
Assets:		
Current assets:		
Equity in central treasury	\$ 4,699,305	3,727,275
Receivables:		
Accounts	194,517	205,112
Allowance for uncollectible accounts	(123,707)	(133,541)
Federal and State of Alaska	12,476	1,266,876
Prepaid expenses	<u>(2,395)</u>	<u>4,125</u>
Total current assets	<u>4,780,196</u>	<u>5,069,847</u>
Noncurrent assets:		
Restricted assets - equity in central treasury - deposits	<u>1,978</u>	<u>6,191</u>
Capital assets:		
Property, plant and equipment	23,817,549	23,817,549
Construction in progress	20,229	20,229
Less accumulated depreciation	<u>(9,631,324)</u>	<u>(8,938,250)</u>
Total capital assets, net of accumulated depreciation	<u>14,206,454</u>	<u>14,899,528</u>
Total noncurrent assets	<u>14,208,432</u>	<u>14,905,719</u>
Total assets	<u>\$ 18,988,628</u>	<u>19,975,566</u>
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 92,988	132,926
Due to other funds	100,000	100,000
Interest payable	-	-
Current portion of notes payable	45,348	45,348
Payable from restricted assets - deposits payable	<u>1,978</u>	<u>6,191</u>
Total current liabilities	<u>240,314</u>	<u>284,465</u>
Noncurrent liabilities:		
Compensated absences	30,118	39,842
Advances from other funds	310,000	310,000
Notes payable	<u>575,571</u>	<u>770,919</u>
Total noncurrent liabilities	<u>915,689</u>	<u>1,120,761</u>
Total liabilities	<u>1,156,003</u>	<u>1,405,226</u>
Net assets:		
Invested in capital assets, net of related debt	13,585,535	14,083,261
Unrestricted	<u>4,247,090</u>	<u>4,487,079</u>
Total net assets	<u>17,832,625</u>	<u>18,570,340</u>
Total liabilities and net assets	<u>\$ 18,988,628</u>	<u>19,975,566</u>

City and Borough of Sitka

Exhibit K-14

Harbor Enterprise Fund
 Statement of Revenues, Expenses and Changes in Net Assets
 Year Ended June 30, 2012
 (With Comparative Amounts for 2011)

	2012	2011
Operating revenues:		
Moorage fees	\$ 1,259,781	1,296,896
Other	<u>269,700</u>	<u>199,717</u>
Total operating revenues	<u>1,529,481</u>	<u>1,496,613</u>
Operating expenses:		
Wages and benefits	774,659	783,245
Travel and training	3,613	7,017
Utilities	106,241	117,246
Repairs and maintenance	154,067	126,952
Contracted/purchased services	<u>307,637</u>	121,928
Interdepartment services	299,733	235,543
Other	181,370	190,085
Depreciation	<u>693,075</u>	<u>710,408</u>
Total operating expenses	<u>2,520,395</u>	<u>2,292,424</u>
Operating loss	(990,914)	(795,811)
Nonoperating revenues (expenses):		
Investment income	118,261	120,993
State PERS relief	27,311	26,135
Raw fish tax	-	1,195,000
Interest expense	(21,544)	(26,724)
Other grant revenues	82,665	75,440
Engineering & feasibility studies	<u>(73,375)</u>	<u>(169,100)</u>
Net nonoperating revenues (expenses)	<u>133,318</u>	<u>1,221,744</u>
Income before contributions, transfers, and special item	(857,596)	425,933
Capital contributions	-	-
Special item - net pension obligation relief	-	-
Transfers in	<u>119,881</u>	188,366
Transfers out	<u>-</u>	<u>(100,000)</u>
Change in net assets	(737,715)	514,299
Net assets, beginning of year	<u>18,570,340</u>	<u>18,056,041</u>
Net assets, end of year	<u>\$ 17,832,625</u>	<u>18,570,340</u>

CITY & BOROUGH OF SITKA
ANB HARBOR REPLACEMENT
Municipal Harbor Facility Grant Application Budget
Prepared By: PND Engineers, Inc. on June 14, 2011
PND Project No. 112038.01

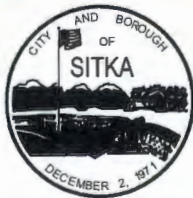
Item	Item Description	Units	Quantity	Unit Cost	Amount
15.01	Mobilization / Demobilization	LS	All Req'd	10%	\$519,490
2060.1	Demolition & Disposal	LS	All Req'd	\$200,000	\$200,000
2601.1	Water Service to Meter Enclosure	LS	All Req'd	\$25,000	\$25,000
2601.2	Domestic Water Meter Enclosure & Components	LS	All Req'd	\$40,000	\$40,000
2601.3	Domestic Water System on Floats	LS	All Req'd	\$225,000	\$225,000
2611.1	Furnish & Install Fire Hydrant Assembly	EA	1	\$6,000	\$6,000
2611.2	Dry Fire Suppression System on Floats	LS	All Req'd	\$150,000	\$150,000
2702.1	Construction Surveying	LS	All Req'd	\$25,000	\$25,000
2719.1	Signage	LS	All Req'd	\$7,500	\$7,500
2726.1	Timber Approach Dock Mods	LS	All Req'd	\$75,000	\$75,000
2894.1	ADA Compliant Covered Aluminum Gangway	LS	All Req'd	\$120,000	\$120,000
2895.1	Headwalk Float 12' x 440'	SF	5,280	\$80	\$422,400
2895.2	Float 1, 12' x 230'	SF	2,760	\$80	\$220,800
2895.3	Float 2, 12' x 275'	SF	3,300	\$80	\$264,000
2895.4	Float 3, 12' x 190'	SF	2,280	\$80	\$182,400
2895.5	Float 4 Breakwater, 14' x 350'	SF	4,900	\$80	\$392,000
2895.60	Gangway Landing Float, 20' x 30'	SF	600	\$100	\$60,000
2895.7	10' x 10' Transformer Float	EA	3	\$10,000	\$30,000
2895.8	3' x 18' Finger Float	EA	16	\$7,500	\$120,000
2895.9	5' x 36' Finger Float	EA	8	\$16,000	\$128,000
2895.10	6' x 42' Finger Float	EA	15	\$22,000	\$330,000
2895.11	6' x 50' Finger Float	EA	4	\$25,000	\$100,000
2895.12	Temporary Access	LS	All Req'd	\$25,000	\$25,000
2896.1	Steel Mooring Pile, 12" dia. x 0.500" thick	EA	14	\$7,500	\$105,000
2896.2	Steel Mooring Pile, 16" dia. x 0.500" thick	EA	62	\$9,000	\$558,000
2896.3	Mooring Pile Strut Frames	EA	9	\$10,000	\$90,000
2896.4	Pre drilled Pile Sockets (50% Est.)	EA	38	\$5,000	\$190,000
2896.5	Second Attempt Pile Installation	EA	10	\$2,500	\$25,000
2896.6	Pile Anodes	EA	156	\$1,500	\$234,000
2897.1	Floatation Billets	EA	50	\$500	\$25,000
2899.1	Life Ring Cabinet & Base	EA	10	\$1,000	\$10,000
2899.2	Fire Extinguisher w/ Hose Cabinet & Base	EA	12	\$1,200	\$14,400
2899.3	Self Rescue Ladders	EA	34	\$600	\$20,400
5120.1	Electrical Support Assemblies	LS	All Req'd	\$15,000	\$15,000
16000.1	Electrical & Lighting System on Floats	LS	All Req'd	\$700,000	\$700,000
16000.2	Electrical Utility Service	LS	All Req'd	\$50,000	\$50,000
16000.3	Spare Electrical Equipment	LS	All Req'd	\$10,000	\$10,000
ESTIMATED CONSTRUCTION BID PRICE (2011)					\$5,714,288
CONTINGENCY (15%)					\$857,159
COST ESCALATION (2 YEARS @ 3%)					\$342,863
SURVEY, GEOTECH & ENVIRONMENTAL PERMITTING (3%)					\$171,432
PUBLIC INVOLVEMENT, DESIGN ENGINEERING & CONTRACT DOCUMENTS (9%)					\$514,295
CONTRACT ADMIN & CONSTRUCTION INSPECTION (9%)					\$514,295
CBS PROJECT ADMIN (2%)					\$114,288
TOTAL RECOMMENDED PROJECT BUDGET (2013)					\$8,228,720





SITE PLAN

SCALE IN FEET



ENGINEERS, INC.

PN&D PROJECT NO. 112038.01

9360 Glacier Highway, Ste. 100
Juneau, Alaska 99801

Phone: 907-586-2093

Fax: 907-586-2099

www.pndengineers.com

DATE: JUNE 2011 SHEET 1 OF 1