

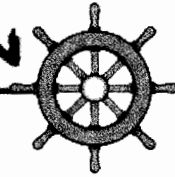
POSSIBLE MOTION

I move to approve the recommendation of the GPIIP Board of Directors to reimburse the “GPIIP Park Enterprise Fund” \$ _____ (requesting \$71,970) for expenses incurred that are directly related to facilitating the sale of raw water.

Attached ordinance 2014-24 effective July 9, 2014

GARY PAXTON

INDUSTRIAL PARK



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

September 2, 2014

MEMORANDUM

To: Mark Gorman, Municipal Administrator
From: Garry White, Director
Subject: Raw Water Sales Fund - Reimbursement Request

Introduction

In July 2014, the CBS Assembly repealed Sitka General Code (SGC) 4.06 entitled “allocation of revenues from the sale of water” and approved a new chapter of 4.06 entitled “Proceeds from raw water sale contracts”. The new ordinance establishes a new fund to receive proceeds from raw water sales and contractual mandated deposits.

Section 4.06.102 of the revised code allows reimbursement for expenditures made by other funds related to the sale of raw water. Please see attached SGC 4.06.

The Gary Paxton Industrial Park Board (GPIP) of Directors met on August 28, 2014 to discuss and approve a recommendation that the Assembly allocated funds from the newly established Raw Water Sales Fund to the GPIP Enterprise Fund for expenses incurred to facilitate the sale of raw water.

Background

The GPIP addressed SGC 4.06 during their October 2013 board meeting to determine how contractual mandated deposits might be used to offset expenses incurred by the GPIP Enterprise Fund for work done to facilitate the sale of raw water.

At its July 2014 meeting, the Industrial Park Board requested to have an agenda item to discuss a request to the Raw Water Sale Fund to reimburse the Enterprise Fund of the GPIP for expenditures made toward staff time spent on the facilitation of selling raw water.

Additional Information

- Staff time spent on the facilitation of raw water sales has generated \$1,365,000 over the past 6 years in contractual mandated deposits that have been collected by the CBS related to the sale of raw water.
- Section 4.06.103 defines contractual mandated deposits as deposits only until either earned through application towards future water sales or through the expiration of the time period to exercise such rights.

- \$1mm of the deposits expires 12/8/2015.
- \$15,000 of the deposits expires 07/01/2016.

GPIP Enterprise Fund Request

SEDA Management

The Executive Director of SEDA is the primary contact in marketing, management and support of the bulk water sales venture. SEDA spends on average 60 hours per month working with various entities to bring the venture to fruition. The management contract between the CBS and SEDA to provide administrative support services for the GPIP and management of the bulk water sales venture is \$90,000 annually. These funds are expenditures from the Enterprise Fund of the Gary Paxton Industrial Park.

Based on 2080 hours annually expended by SEDA staff, the organization's hourly rate would be \$43.27/hr.

FY2013 – 720 annual hours spent on bulk water @ \$43.27/hr = \$31,154

FY2014 budget amount - 720 annual hours spent on bulk water @ \$43.27/hr = \$31,154

GPIP Site Manager

Funds to pay the GPIP Site Manager also come from the Enterprise Fund of the Gary Paxton Industrial Park. The GPIP Site Manager provides technical and engineering support for the bulk water sales venture. The GPIP Site Manager hourly rate is \$57/hr.

FY2013 – 69.5 actual annual hours spent on bulk water @ \$57/hr = \$3,962

FY2014 budget amount– 100 hours estimated spent on bulk water @ \$57/hr = \$5,700.

Action Requested

- Approval of the recommendation of the GPIP Board of Directors; A request to reimburse the Gary Paxton Industrial Park Enterprise Fund for expenses incurred that is directly related to facilitating the sale of raw water. The total amount requested to reimburse the Gary Paxton Industrial Park Enterprise Fund is \$71,970 (as detailed above). The reimbursement is to come through a transfer from the Raw Water Sales Fund.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2014-24

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA REPEALING SITKA GENERAL CODE CHAPTER 4.06 ENTITLED "ALLOCATION OF REVENUES FROM SALE OF WATER" AND REENACTING IT WITH A NEW CHAPTER 4.06 OF THE SITKA GENERAL CODE ENTITLED "PROCEEDS FROM RAW WATER SALE CONTRACTS"

1. **CLASSIFICATION.** This ordinance is of a permanent nature and is 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 repeal SGC Chapter 4.06 entitled "Allocation of Revenues from Sale of Water" and replace it in its entirety with SGC Chapter 4.06 entitled "Proceeds from Raw Water Sale Contracts."

4. **ENACTMENT.** The Assembly of the City and Borough of Sitka hereby repeals the existing SGC Chapter 4.06 in its entirety and reenacts SGC Chapter 4.06 entitled "Proceeds From Raw Water Sale Contracts" as follows:

Title 4 REVENUE AND FINANCE

Chapters:

* * *

4.06 Proceeds from Raw Water Sale Contracts

* * *

Chapter 4.06 PROCEEDS FROM RAW WATER SALE CONTRACTS

Sections:

4.06.101 Establishment of raw water sale fund.

4.06.102 Reimbursing expenditures from other funds relating to the sale of raw water, maintenance of raw water distribution infrastructure, or retention of water rights.

4.06.103 Expenditure of net assets of the raw water sale fund.

4.06.104 Allocation of revenues from sales of raw water at Gary Paxton Industrial Park.

4.06.101 Establishment of raw water sale fund.

There shall be established a new fund within the fund system of the City and Borough of Sitka entitled the Raw Water Sale Fund. The purpose of the Raw Water Sale Fund shall be to receive all proceeds from bulk water sales contracts, to hold such deposits, and, to reimburse expenditures made by other funds relating to the sale of bulk water, maintenance of bulk water distribution infrastructure, or retention of water rights.

4.06.102 Reimbursing expenditures from other funds relating to the sale of raw water, maintenance of raw water distribution infrastructure, or retention of water rights.

Any fund of the City and Borough of Sitka which expends funds in order to facilitate the sale of raw water, negotiate raw water sale contracts, construct or maintain raw water distribution infrastructure, or pursue legal or regulatory action to maintain water rights may request of the Assembly that such expenditures be reimbursed out of the assets of the Raw Water Sale Fund. Upon approval of the request, such reimbursements will be accomplished by the Finance Department. Such requests may be made whenever appropriate, but shall not be made on a basis more often than quarterly. The Assembly will consider recommendations from the GPIIP Board prior to disbursing funds.

4.06.103 Expenditure of net assets of the raw water sale fund.

At any time, the Assembly of the City and Borough of Sitka may authorize the transfer of the net assets of the Raw Water Sale Fund to any other fund within the City and Borough of Sitka to be used for expenditures deemed appropriate by the Assembly. The Assembly will consider recommendations from the GPIIP Board prior to transferring Raw Water Sale Fund assets. For purposes of this Section, net assets shall be defined as the assets of the Raw Water Sale Fund, less any liabilities. Any contractually mandated deposits for exclusive rights to purchase raw water from the City and Borough of Sitka shall be defined as deposits until such deposits are either earned through application towards future water sales, or, through the expiration of the time period to exercise such rights.

4.06.104 Allocation of revenues from sales of raw water at Gary Paxton Industrial Park.


In the allocation of revenues from the Raw Water Sale Fund, the Assembly will strive to ensure that the GPIIP has adequate resources to market, manage and administer the assets of the Park with the goal of maximizing economic returns to the community. Further, The Assembly will allocate funds as it deems appropriate to other departments of the CBS,

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

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 8th day of July, 2014.



Matt Hunter, Deputy Mayor

ATTEST:

Colleen Ingman, CMC
Municipal Clerk