



CITY AND BOROUGH OF SITKA

ASSEMBLY CHAMBERS
1332 Seward Ave.
Room 229
Sitka, AK
(907)747-1811

Meeting Agenda

City and Borough Assembly

*Mayor Mim McConnell
Deputy Mayor Matt Hunter
Vice-Deputy Mayor Benjamin Miyasato
Aaron Swanson, Steven Eisenbeisz
Tristan Guevin, and Bob Potrzuski*

*Municipal Administrator: Mark Gorman
Acting Municipal Attorney: Brian Hanson*

Tuesday, June 14, 2016

6:00 PM

Assembly Chambers

REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

IV. CORRESPONDENCE/AGENDA CHANGES

[16-109](#) Reminders, Calendars and General Correspondence

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

[Public Works Update.pdf](#)

V. CEREMONIAL MATTERS

None anticipated.

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

[16-117](#) Halibut Point Road/Peterson Street crosswalk improvement project - Police Chief, Sheldon Schmitt

Attachments: [Special Report.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** [16-107](#) Approve the minutes of the May 19, 24, and 31 Assembly meetings
Attachments: [Consent and Minutes.pdf](#)
- B** [16-106](#) Award a 3 year Library services contract to Malo's Janitorial for a total cost of \$22,680.00 per year with the option to be extended by mutual agreement between the City and Borough of Sitka and Contractor for 2 additional 3 year extensions
Attachments: [Award of Library services contract.pdf](#)
- C** [RES 16-09](#) Setting the millage rates for the Fiscal Year July 1, 2016 through June 30, 2017
Attachments: [Res 2016-09.pdf](#)
- D** [16-111](#) Grant preliminary approval authorizing the lease of approximately 7,082 square feet of sloping tidelands to Petro Marine Services in Alaska Tidelands Survey 15 adjacent to 1 Lincoln Street
Attachments: [Prelim approval for tidelands lease request.pdf](#)

X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS

- E** [16-108](#) Reappoint: 1) Debra Pohlman to a term on the Planning Commission, 2) Brendan Jones to a term on the Port and Harbors Commission, 3) Morgan Doubleday to a term on the Animal Hearing Board, and, 4) Grant Miller to a term on the Gary Paxton Industrial Park Board
Attachments: [Motion and reappointment apps.pdf](#)

XI. UNFINISHED BUSINESS:

- F** [ORD 16-17](#) Adjusting the FY16 Budget (disaster declaration work/PERS funding)
Attachments: [Motion Ord 2016-17.pdf](#)
[Ord 2016-17.pdf](#)
- G** [ORD 16-20](#) Adopting budgets for Fiscal Year July 1, 2016 through June 30, 2017
Attachments: [Motion and Ord 16-20.pdf](#)

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

- H [ORD 16-15A](#) Amending Title 15 of the Sitka General Code by adding a new Chapter 15.15 entitled "Community Assisted Utility Subsidization Effort" (first reading as amended)
 Attachments: [Motion Ord 2016-15A.pdf](#)
 [Ord 2016-15A.pdf](#)
 [Community Options for Utility Assistance.pdf](#)
- I [ORD 16-21](#) Repealing Chapter 7.20 "Marijuana Advisory Committee", and creating Chapter 7.40 "Local Regulatory Authority", formally dissolving the existing local regulatory authority and its framework and designating the City Assembly as the permanent Local Regulatory Authority, and creating Chapter 7.50 "Licensing", detailing the procedure of the City Assembly in reviewing, approving and protesting marijuana licenses
 Attachments: [Motion Ord 16-21.pdf](#)
 [Ord 16-21.pdf](#)

Additional New Business Items

- J [16-110](#) Consideration and award of the request for proposals submitted for the available funds (\$37,989) in the Fisheries Enhancement Fund
 Attachments: [Motion and Memo Fisheries Enhancement Fund.pdf](#)
 [Sitka Sound Science Center Submittal.pdf](#)
 [Alaska Longline Fishermen's Association Submittal.pdf](#)
- K [16-112](#) Discussion of the Memorandum of Understanding between the State of Alaska and the Southeast Conference for the Alaska Marine Highway System strategic plan and approval of a \$10,000 grant from the Southeast Economic Development Fund to Southeast Conference to assist with funding of the plan
 Attachments: [MOU Alaska Marine Highway strategic plan.pdf](#)
- L [16-113](#) Approve the 2016-2019 Alaska State Employees Association (ASEA) Collective Bargaining Agreement
 Attachments: [ASEA Collective Bargaining Agreement.pdf](#)
- M [16-114](#) Approve the 2016-2019 Public Safety Employees Association (PSEA) Collective Bargaining Agreement
 Attachments: [PSEA Collective Bargaining Agreement.pdf](#)

- N** [16-115](#) Approve a 10-year purchase agreement and a 20-year purchase agreement for raw water in bulk for export with Alaska Bulk Water Inc.

Attachments: [Motion and Memo ABWI.pdf](#)
[ABWI correspondence.pdf](#)
[RFP Bulk Water Sales.pdf](#)
[Alaska Bulk Water Inc - RFP Bulk Water Sales.pdf](#)
[ABWI 10 year purchase agreement.pdf](#)
[ABWI 20 year purchase agreement.pdf](#)

- O** [16-116](#) Approve a 20-year purchase agreement for raw water in bulk for export with Arctic Blue Waters (Canada) Inc.

Attachments: [Motion and Memo Arctic Blue Waters \(Canada\) Inc..pdf](#)
[RFP Bulk Water Sales.pdf](#)
[Arctic Blue Waters - RFP Bulk Water Sales.pdf](#)
[Arctic Blue Waters \(Canada\) Inc. 20-year purchase agreement.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

XV. ADJOURNMENT

*Sara Peterson, CMC
Municipal Clerk
Publish: June 10*



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 16-109 **Version:** 1 **Name:**
Type: Item **Status:** AGENDA READY
File created: 6/7/2016 **In control:** City and Borough Assembly
On agenda: 6/14/2016 **Final action:**
Title: Reminders, Calendars and General Correspondence
Sponsors:
Indexes:
Code sections:
Attachments: [Reminders and Calendars.pdf](#)
[Public Works Update.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

REMINDERS

<u>DATE</u>	<u>EVENT</u>	<u>TIME</u>
Tuesday, June 14	Regular Meeting	6:00 PM
Tuesday, June 28	Special Meeting: Millage Increase Discussion/Direction	5:00 PM
Tuesday, June 28	Regular Meeting	6:00 PM



Municipal Election Reminders

Monday, July 18	First day to file candidate petitions
Tuesday, July 26	Last scheduled meeting to introduce ordinance charter changes and ballot measures
Friday, August 5	5pm deadline for filing candidate petitions
Tuesday, August 9	Last scheduled meeting to adopt ordinances for charter changes and ballot measures
Tuesday, October 4	Municipal Election

Expiring Terms:

Assembly
Mayor Mim McConnell
Ben Miyasato
Aaron Swanson

School Board
Jennifer McNichol

Assembly Calendar

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

June 2016

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
<u>29</u> May	<u>30</u>	<u>31</u>	<u>1</u> Jun	<u>2</u>	<u>3</u>	<u>4</u>
Hunter	Hunter MEMORIAL DAY	Hunter Potrzuski 6:00pm Special Meeting: FY17 Budget Ordinance - Sealing Cove Business Center	Hunter Potrzuski 7:00pm Library Board	Hunter Potrzuski 12:00pm - 1:30pm SEDA Board Meeting	Hunter Potrzuski	Potrzuski
<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>
Potrzuski	Potrzuski Hunter	Potrzuski Hunter 7:00pm Planning	Potrzuski Hunter Miyasato 6:00pm Historic Preservation	Potrzuski Hunter Miyasato 12:00pm LEPC 12:00pm Parks & Rec	Potrzuski Hunter Miyasato	Potrzuski Hunter Miyasato
<u>12</u>	<u>13</u>	<u>14</u>	<u>15</u>	<u>16</u>	<u>17</u>	<u>18</u>
Potrzuski Hunter Miyasato	Potrzuski Miyasato	Miyasato 6:00pm Regular Assembly Mtg	Miyasato	McConnell	McConnell	McConnell
<u>19</u>	<u>20</u>	<u>21</u>	<u>22</u>	<u>23</u>	<u>24</u>	<u>25</u>
McConnell Guevin	McConnell Guevin	Guevin 12:00pm Tree/Landscape 7:00pm Planning	Guevin 6:00pm Police and Fire Commission - Fire Hall	Guevin	12:00pm Health Needs & Human Services Commission	
<u>26</u>	<u>27</u>	<u>28</u>	<u>29</u>	<u>30</u>	<u>1</u> Jul	<u>2</u>
		5:00pm Special Meeting: Millage Increase Discussion/Direction 6:00pm Regular Assembly Mtg				

Assembly Calendar

[2015](#) [Jan](#) [Feb](#) [Mar](#) [Apr](#) [May](#) [Jun](#) [Jul](#) [Aug](#) [Sep](#) [Oct](#) [Nov](#) [Dec](#) [2017](#)
July 2016

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
<u>26</u> Jun	<u>27</u>	<u>28</u>	<u>29</u>	<u>30</u>	<u>1</u> Jul	<u>2</u>
		5:00pm Special Meeting: Millage Increase Discussion/Direction 6:00pm <u>Regular Assembly Mtg</u>				
<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>
	INDEPENDENCE DAY	Eisenbeisz 7:00pm Planning	7:00pm Library Board	12:00pm - 1:30pm SEDA Board Meeting		
<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>	<u>15</u>	<u>16</u>
Potrzuski	Potrzuski	Potrzuski 6:00pm <u>Regular Assembly Mtg</u>	Potrzuski 12:00pm Health Needs & Human Services Commission 6:00pm Historic Preservation	Potrzuski Hunter 12:00pm LEPC 12:00pm <u>Parks & Rec</u>	Potrzuski Hunter	Hunter
<u>17</u>	<u>18</u>	<u>19</u>	<u>20</u>	<u>21</u>	<u>22</u>	<u>23</u>
Hunter	Hunter McConnell Candidate filing period opens	Hunter McConnell 12:00pm <u>Tree/Landscape</u> 7:00pm <u>Planning</u>	Hunter McConnell	Hunter McConnell	Hunter McConnell	Hunter McConnell
<u>24</u>	<u>25</u>	<u>26</u>	<u>27</u>	<u>28</u>	<u>29</u>	<u>30</u>
McConnell	McConnell	McConnell 6:00pm <u>Regular Assembly Mtg</u>	McConnell 6:00pm Police and Fire Commission - Fire Hall	McConnell	McConnell	McConnell
<u>31</u>	<u>1</u> Aug	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
McConnell	McConnell	McConnell 7:00pm Planning	McConnell 7:00pm Library Board	McConnell 12:00pm - 1:30pm SEDA Board Meeting	McConnell 5pm Candidate filing period closes	McConnell

PUBLIC WORKS ASSEMBLY UPDATE
WORK COMPLETED MAY 2016

Kettleson Memorial Library Expansion (now Sitka Public Library):

Milestones this period

- Contractor is completing minor changes.
- Building Commissioning completed.
- Stratton Library (temporary location) cleared out and returned to State control.

Future Milestones

- Physical Completion by Summer 2016
- Acquire and Install additional furnishings outside of construction contract

Background

The State funding of \$5.7 million awarded to CBS is a direct appropriation with no funding match requirements. A private donation of \$400,000 has also been given to the project by the John J. and Eleanor Brust Family and the City has committed \$200,000 in CPET funding and \$357,000 from the General Fund. The Friends of the Library have also raised almost \$90,000. \$350,000 of the budget was allocated to the Centennial Hall Parking Lot Project to relocate the Swan Lake storm drain, leaving a current project budget of approximately \$6.4 million for the expansion and renovation of the Library.

Harrigan Centennial Hall (HCH) Renewal:

Milestones This Period

- Grading and installation of exterior concrete is in progress. Paver installation to begin first week of June.
- Installation of casework and wood wainscot and trim in progress.
- Ceiling grid installation is in progress.
- Installation of tile in new Restrooms is complete.
- Installation of the new light fixtures is in progress
- Installation of flooring is in progress.
- Installation of theatrical systems in the Auditorium is in progress.
- Installation of mechanical systems is in progress.
- Rough in for AV and network in progress.

Future Milestones

- Installation of AV Equipment.
- Bid the Furniture, Fixtures, and Equipment (FF&E) package.
- Substantial completion is contractually required December 20, 2016, but the current project schedule shows the project achieving Substantial Completion before this required date.

Background

The current funding includes four State grants totaling \$11,500,000; a \$1,991,271 FY'10 Legislative Grant designated for a lightering facility visitor's center (previously planned for under the O'Connell Bridge), \$1,180,000 FY'11 CPET Head Tax grant, \$1,400,000 Marine Passenger Funds, \$232,620 heat pump grant, and \$66,000 from the Sitka Historical Society for a total project budget/funds of \$16.4 million.

Airport Terminal Upgrades:

Milestones This Period

- Received \$158,569.25 grant offer for CBS signature from Transportation Security Administration (TSA) to design improvements in the TSA luggage screening area.
- Received Assembly Budget Appropriation Approval for TSA funding.

Future Milestones

- Design improvements to the TSA luggage screening area (with TSA grant) and the airport baggage bay where bags are loaded into the carts for delivery to the airplane. Baggage bay design costs as well as required 5 percent match on TSA improvements will be paid with collected Passenger Facility Charges (PFCs). Design timeline is February 2017.
- TSA intends to fund construction of eligible improvements. Work would take place before Delta Airlines begins summer service, or after it ends, in 2017.

Background

The Assembly-approved Airport Terminal Master Plan called for corrections to three critical deficiencies, including (1) working conditions in the baggage make-up area and (2) working conditions in the TSA baggage screening area. CBS addressed the third deficiency – the lack of hold-area rest rooms – in 2010. Passenger Facility Charges have been collected to provide \$275,000 to accomplish this work.

Baranof Warm Springs Dock Replacement:

Milestones This Period

- Pre-construction meeting held May 24, 2016.

Future Milestones

- Submittals and fabrication Summer 2016.
- Turnagain Marine mobilize to site ~September 15, 2016.

Background

The City and Borough of Sitka (CBS) received a \$1,900,000 FY2013 Alaska Legislature Grant to reconstruct the Baranof Warm Springs Dock. The funding was provided with the understanding that CBS would assume ownership and maintenance responsibilities for the dock once it is reconstructed. The Assembly approved the Administrator to execute a Memorandum of Agreement with the Alaska Department of Transportation and Public Facilities (ADOT&PF) for completion of the Baranof Warm Springs Dock Reconstruction and Ownership Transfer. ADOT&PF be reimbursed the cost of designing and constructing the improvements from the FY13 Legislative Grant. The State awarded a contract to Turnagain Marine (TM) in the amount of \$1,457,285 for the Basic Bid and Alternate A which will result in a 200-foot long float. TM has contracted with Bellingham Marine Industries to fabricate the floats and Mantle Industries to design and fabricate the gangway.

Sitka Transient Float Replacement:

Milestones This Period

- Contractor completed several minor punch list items.

Future Milestones

- Contractor plan to address one remaining pile which does not meet contract requirements pending Corps of Engineers approval.
- Final Completion anticipated June 2016.

Background

CBS received a FY15 State of Alaska Municipal Harbor Facility Matching Grant, for the Sitka Transient Float Replacement Project, which will cover 50% of eligible construction costs not to exceed 2,700,000 in match funding. CBS has allocated a total of \$3,450,000 from the Harbor Enterprise Fund, ~\$198,000 from unspent ANB Harbor bond proceeds, and \$500,000 from the CBS Electric Fund for the project for a total budget of \$6,848,000. CBS awarded a contract to Northern Construction Service (NCS) in the amount of \$4,986,329 for the Base Bid and all additive alternates.

Seaplane Base:

Milestones This Period

- Finalized and submitted Request for Entry into the National Plan of Integrated Airport Systems (NPIAS) for the Sitka Seaplane Base to the Federal Aviation Administration (FAA). This document assists FAA with its consideration of the proposed relocation and expansion of the seaplane base (SPB).

Future Milestones

- Completion of repairs to existing SPB anticipated August 2016.
- Siting Study Update completion June 2016.

Background

In August 2002, the Sitka Seaplane Base Master Plan was completed and includes a Condition & Needs Assessment and Master Plan Alternatives Report. The plan considered 12 alternative sites for a new seaplane base and found the north end of Japonksi Island, between the Coast Guard Base and the cove behind the SEARHC buildings on Seward Avenue was the best alternative. In February 2009, the Assembly unanimously approved Resolution 2009-35 "Supporting the development of the Sitka Seaplane Base." This approved staff applying for and executing a Federal Aviation Administration (FAA) Airport Improvement Program grant for up to \$500,000 to develop the siting plan, issues resolution, design, environmental, and permitting phases of the project. Utilizing proceeds from that grant, in June 2012, an updated Sitka Seaplane Base Siting Analysis was completed which considered a new site and redevelopment of the existing site in addition to the previously recommended Japonski site. The Japonski site was again selected as the preferred site. The findings of this study were presented to the Port and Harbors Commission on April 11, 2012 where they unanimously approved further study of the Japonski Island site. Due to a decline in the number of based aircraft, FAA requires an update to the Siting Study prior to application for any future grant funds for this project.

Gary Paxton Industrial Park Dock:

Milestones this Period

- CBS Staff working with consultant on Design/Build (D/B) Request for Proposals (RFP).

Future Milestones

- Finalize D/B RFP scope and formulate RFP documents.
- Advertise RFP June 2016.

Background

The project is funded by a designated Legislative Grant, administered by the State of Alaska, Dept. of Commerce, Community & Economic Development, and Division of Community & Regional Affairs. The total amount of the grant is \$7.5 million. The project is administered by Public Works and the GPIIP Director, Garry White. The firm of Moffatt & Nichol (M&N) was previously awarded a contract to provide the design for the GPIIP Dock when it was envisioned as a fixed pier or bulkhead structure. M&N may assist CBS as technical reviewer during D/B proposal evaluation and construction.

Gary Paxton Industrial Park Dock:

Milestones this Period

- CBS Staff working on Design/Build (D/B) Request for Proposals (RFP) effort with consultants.

Future Milestones

- Finalize D/B RFP scope and formulate RFP documents.
- Advertise RFP June 2016.

Background

The project is funded by a designated Legislative Grant, administered by the State of Alaska, Dept. of Commerce, Community & Economic Development, and Division of Community & Regional Affairs. The total amount of the grant is \$7.5 million. The project is administered by Public Works and the GPIIP Director, Garry White. The firm of Moffatt & Nichol (M&N) was previously awarded a contract to provide the design for the GPIIP Dock when it was envisioned as a fixed pier or bulkhead structure. M&N may assist CBS as technical reviewer during D/B proposal evaluation and construction.

Edgcombe Drive Street Reconstruction:

Milestones This Period

- none

Future Milestones

- Completion of outstanding punch list items by O'Brien & Sons, L.L.C., in Summer 2016. Substantial completion date is August 1.

Background

The project includes drainage, sidewalk, curb and gutter, road subgrade and pavement improvements on Edgcombe Drive from Peterson Street to Cascade Creek Road. The total project budget is \$5.46M. The Assembly approved award of a design-build contract to S&S for \$4,636,500 on May 27, 2014.

Jeff Davis Street Reconstruction Project:

Milestones This Period

- Design consultant completed bid-ready engineering drawings for replacement of water main, construction of new sidewalks, curb & gutter, storm drainage structures and limited sanitary sewer work.

Future Milestones

- Advertise for construction bids in May 2016.
- Award construction contract in June 2016.
- Project substantial completion in September 2016.

Background

The project includes replacement of approximately ~50-year old undersized water main with new, large diameter pipe within Jeff Davis Street and replacing the existing storm drainage infrastructure, pavement, curb, gutter and sidewalks. The project will also improve the sewer service to four homes on Jeff Davis Street currently served by a collection main crossing private property. Funding for the project is provided by the following sources; \$644,000 FY2015 ADEC Grant, \$812,000 FY2014 ADEC Water Loan, \$225,000 from 2016 General Fund and \$110,000 from 2017 General Fund (anticipated).

Landfill and Crescent Lift Station Replacement:

Milestones This Period

- Design consultant completed preliminary investigation of lift station locations.

Future Milestones

- Advertise for construction bids August 2016.
- Construction in Fall/Winter 2016.

Background

The project includes replacement the Landfill Lift Station and force main pipe at the end of Tilson Street and the Crescent Lift Station adjacent to the Sitka Sound Science Center. The pumps and components of both lift stations are inefficient, obsolete and, in the case of the Landfill Lift Station, corroded due to the landfill leachate it is pumping to the wastewater treatment plant. There have also been four force main break within the past 2 years. Funding for the project is provided by ADEC loans and from the General Fund.

Eagle Way and Old Harbor Mountain Road Utility and Road Upgrades:

Milestones This Period

- 100% plan review completed.
- Public meeting held May 9, 2016

Future Milestones

- Advertisement for bids in May 2016.
- Construction is anticipated summer 2016.

Background

The project will include a minimum of 24-foot-wide paved road, storm drainage, water main and services, and possible pedestrian amenities within Eagle Way. The project will also include a minimum of 24-foot wide paved road and storm drain improvements within Old Harbor Mountain Road. Funding for the project consists of a \$1,500,000 2013 Commerce Community and Economic Development Grant.

Nelson Logging Road Upgrades:

Milestones This Period

- Phase 2 Final Design authorization.
- Final pre-design survey underway
- Cultural investigation underway

Future Milestones

- Wetlands Investigation begin June 2016
- Preliminary Design (35%) due May 2016.
- Advanced Design (65%) due July 2016.
- Final Design (100%) due October 2016.
- Construction is anticipated in early 2017 to align with Katlian Bay Road (ADOT&PF) project.

Background

The project includes replacing both inadequate bridges and upgrading Nelson Logging Road as funding allows. The scope may also include road realignment(s) and widening to accommodate two-way traffic. Funding for the project is provided by \$2,343,000 2013 Commerce Community and Economic Development Grant.

Ultra Violet (UV) Disinfection Facility:

Milestones This Period

- Dehumidifier installed.
- Gate warranty repair and security fence upgrades.

- Assembly walkthrough and Public Open House May 19, 2016.
- SCADA upgrades by Boreal Controls, Inc. and flow controls valves for final system upgrade to address the UV Disinfection Facility and the new higher dam elevation.

Future Milestones

- Final Completion June 2016.

Background

The Blue Lake drinking water system is a surface water system, which must comply with the EPA Enhanced Surface Water Treatment Rules (ESWTRs). The UV Disinfection Facility will provide the additional microbial and disinfection controls required under the ESWTRs. The current total project cost estimate is \$8,966,000. Funding for this project is provided by State of Alaska Department of Environmental Conservation (ADEC) loans and grants:

\$4,000,000 FY 2011 ADEC Loan (Includes \$2,500,000 financed with \$1,500,000 subsidized)

\$2,550,000 FY 2012 ADEC Loan

\$3,500,000 FY 2012 ADEC Grant (30% local match requirement).

\$2,061,000 FY 2013 ADEC Grant (30% local match requirement).

\$12,111,000 Total Project Funding

Sitka 2016-17 Paving Project:

Milestones This Period

- Design proposals received April 25, 2016.
- Selection of design consultant & scope/fee negotiation May 2016

Future Milestones

- Advertisement for bids November 2016.
- Construction is anticipated in spring 2017.

Background

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

\$ 500,000 CBS Capital Improvement Lincoln Street – Jeff Davis to SNHP FY16

\$1,130,000 CBS Capital Improvement Katlian Avenue FY16

\$ 310,000 CBS Capital Improvement Gavin Street – Brady to Cascade FY15 & FY16

\$1,940,000 Total Project Funding

North Kramer Debris Removal and Repair:

Milestones This Period

- Plans and specification complete
- Advertisement for bids May 20, 2016

Future Milestones

- Construction beginning June 2016

Background

The Assembly passed Ordinance 15-44 on August 21, 2015 which declared a local government disaster declaration as a result of the slides of August 18, 2015, authorized the expenditure of local emergency funds, and requested the Governor declare a Disaster Emergency to exist as described in AS 26.23 and provide State assistance to the CBS. Governor Walker authorized up to \$1,000,000 from State Disaster Relief Funds to assist with the cleanup and recovery. These funds can be utilized to remove the debris from the right-of-way and restore municipal infrastructure to its pre-disaster condition. On October

27, 2015 the Assembly approved a total authorized budget of \$1,500,000 for all costs related to the disaster declaration and authorized the Administrator to award all bids and execute all

Federal Land Access Program (FLAP) Grant: Phases 4&5:

Milestones This Period

- The construction crew has completed construction of the new trail. New trail marking signage has been created and installed.
- As-built surveying of new trail is complete.
- MHLT is reviewing the final as-built surveys for the portions of the trail that are on their property.

Background

The City and Borough of Sitka has been awarded a \$916,897 MAP-21 Federal Lands Access Program (FLAP) Grant for Phase 5 Cross Trail multimodal pathway (Cross TMP), Baranof Street and Yaw Drive connectors, by Western Federal Lands (WFL). The Assembly approved submission of the grant in Resolution 2013-03 in February 2013. Phase 4 of the project, a \$926,000 STIP Grant for a multimodal pathway reconstruction and re-routing from Yaw Drive to the CBS property was funded by the Department of Transportation in the 2009 STIP. DOT planners, with the concurrence of Western Federal Lands (WFL) and CBS, initiated action to combine the two projects as a single \$1.8 million grant and have the project managed by Western Federal Lands for greater efficiency and cost savings.

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

Milestones This Period

- Memorandum of agreement between The City and Borough of Sitka and Western Federal Lands has been executed.

Future Milestones

- Hire a consulting company for planning, design, and complete environmental and permitting sometime in June 2016.
- The completion date is estimated around October 2016.

Background

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

Water

The annual Consumer Confidence Report has been prepared. This report is required by DEC to be mailed to each resident before July 1st each year.

A ribbon cutting and open house was held at the UV disinfection facility. In 2006 the EPA modified drinking water regulations to require utilities to treat for or remove cryptosporidium. UV was the method CBS chose to meet these regulations.

Crews provided water locates at various locations around town.

Maintenance staff are working on installing new chlorine pumps at the Blue Lake Water Treatment Facility. These new pumps are needed to handle the higher pressure caused by the dam being raised.

Water staff have begun the annual spring/summer fire hydrant weed whacking, pressure washing, and painting project. Two of the water storage tanks are in the process of getting pressure washing and intrusive alders are being cut down.

Water and wastewater staff attended fire extinguisher training provided by the Fire Department.

Wastewater

Manholes near Thompson Harbor that were found to have tide-influenced infiltration were repaired with a hydro foam grout. This grout comes in a tube similar to a caulking gun. A hole is drilled near the areas of infiltration and the grout is placed in the hole where it expands behind the structure and stops the infiltration. This is a quick and relatively cheap repair.

Routine maintenance on the lift station drywells has commenced. This includes cleaning and painting of equipment and floors.

The Spring Household Hazardous Waste Event was a success. This year's event netted an average amount of waste compared with previous years.

Crews provided sewer locates at various locations around town.

Wastewater crews have begun to televise sewer mains in an effort to determine the integrity of the CBS sewer infrastructure. This data is critical for master planning and budgeting.

UV Disinfection Facility Public Open House

Overview & Project Need

Provide ultraviolet disinfection to produce high quality drinking water without installing costly filtration equipment and protect public health by meeting new water treatment regulations.

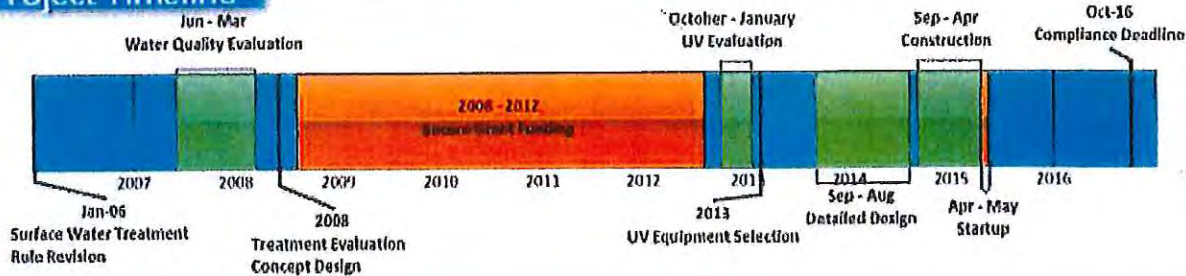
In 2006 the EPA modified drinking water regulations to require utilities to treat for or remove *Cryptosporidium*, a disease causing organism that is resistant to chlorine. The City and Borough of Sitka's high quality Blue Lake source does not require filtration.

New Treatment Process Selection

Five treatment options for the removal or inactivation of *Cryptosporidium* were evaluated for Sitka:

	Ultraviolet Light	Ozone	Chlorine Dioxide	Granular Media Filtration	Membrane Filtration
Overview	Ultraviolet light damages microbial DNA, inhibiting reproduction	Strong oxidant kills and damages microbes	Strong oxidant kills and damages microbes	Granular media excludes microbes	Plastic membranes with small pores remove microbes
Advantages	Small footprint Ease of operation No disinfection byproducts	Taste and odor control Ease of operation Effective at treating emerging contaminants	Taste and odor control Easy on-site generation Controls algae	Robust treatment Proven technology	Very effective removal High reliability for high quality treated water
Disadvantages	Impacted by turbidity and other water quality changes No measurable residual to confirm disinfection was successful	Highly toxic Expensive to produce on site Can produce disinfection byproducts Can increase distribution system corrosion	Extremely long reaction times Increases disinfection byproducts High cost chemical Complex monitoring requirements	Requires chemical pre-treatment Large footprint Backwash stream must be disposed of	Ease of operation Chemical membrane cleaning required Produces backwash which must be treated and disposed of
Capital Cost	\$5,500,000	27,300,000	\$34,900,000	\$24,100,000	\$46,600,000
Annual Op \$	\$360,000	\$1,270,000	\$1,420,000	\$1,090,000	\$2,220,000

Project Timeline



Project Cost

Total Project Cost: \$8,060,000
Grant and Subsidy: \$6,440,000

Loan (1.5% for 20 years): \$1,600,000
City Funds: \$20,000



UV Disinfection: Filtration Avoidance and Cost Effective Public Health



Overview & Project Need

Pre-2006 disinfection technologies to produce high quality drinking water without installing costly filtration equipment had protected public health by meeting a low water treatment regulations. In 2006 the EPA modified drinking water regulations to require utilities to treat for or remove Cryptosporidium, a disease causing organism that is resistant to chlorine. The City and Borough of Sitka's high quality Blue Lake source does not require filtration.

New Treatment Process Selection

Five treatment options for the removal or inactivation of Cryptosporidium were evaluated for Sitka:

Option	Process	Estimated Cost	Estimated Annual Operating Cost
1	UV disinfection	\$1,200,000	\$150,000
2	UV disinfection with fluoride feed	\$1,500,000	\$180,000
3	UV disinfection with fluoride feed and fluoride feed equipment	\$1,800,000	\$210,000
4	UV disinfection with fluoride feed and fluoride feed equipment and fluoride feed equipment	\$2,100,000	\$240,000
5	UV disinfection with fluoride feed and fluoride feed equipment and fluoride feed equipment and fluoride feed equipment	\$2,400,000	\$270,000

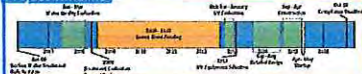
UV Disinfection

Ultraviolet (UV) disinfection has been used extensively in Europe and the United States. UV light disinfects water by making pathogenic microorganisms incapable of reproducing by altering the genetic material in their cells. The amount of energy required to damage a cell is much less than the energy to destroy a cell, but the effect in that time, since without viable DNA, the microorganisms cannot reproduce.



The effectiveness of a UV system is determined by the intensity of the light and the time the light is in contact with the water, similar to disinfection with chlorine where the chlorine concentration and time both contribute to microbial inactivation.

Project Timeline



Project Cost

Estimated Total Project Cost: \$1,200,000
Estimated Annual Operating Cost: \$150,000

Sitka's Water Treatment System

Corrosion Control Facility

Sitka's is located at the corrosion control facility (built in 1995) to increase the pH of the treated water to approximately 8.2. By raising the water's pH, lead and copper that are used in plumbing in homes and businesses throughout Sitka is less likely to dissolve in the water, keeping lead and copper levels safe for the community.



Blue Lake WTP

The Blue Lake WTP was built in 1974, and until the UV Disinfection facility was completed, was the primary component of Sitka's water treatment system.



At the Blue Lake WTP, chlorine is added to the water to provide disinfection for Clonox and viruses.



Blue Lake

UV Disinfection Facility

Completed in 2011, the UV facility houses UV disinfection equipment, fluoride feed equipment, and a laboratory control room. The UV facility controls the flow through the entire treatment system and monitors the water system to ensure that high-quality water is delivered at all times.

The facility has space to house disinfection equipment for the future as the Blue Lake WTP is removed from service.



Fluoride Feed Equipment

Adds a small amount of fluoride to the water to improve dental health.



UV Reactors

These reactors provide the capacity and capacity to meet future needs for Sitka's growth. The reactor operates automatically to supply the amount of water needed each day, and reacts to meet the required disinfection volume.

Blue Lake
Blue Lake collects and stores pristine rainwater and snowmelt to be used for drinking water, hydroelectric power generation, and fish passage.

Blue Lake was created when the original Blue Lake Dam was constructed in 1958. The dam is upstream of a natural fish-bioret wetland, making it a salmon-friendly facility.



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 16-117 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 6/8/2016 In control: City and Borough Assembly

On agenda: 6/14/2016 Final action:

Title: Halibut Point Road/Peterson Street crosswalk improvement project - Police Chief, Sheldon Schmitt

Sponsors:

Indexes:

Code sections:

Attachments: [Special Report.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

Special Report

Halibut Point Road/Peterson Street crosswalk improvement project

Police Chief, Sheldon Schmitt





CITY AND BOROUGH OF SITKA

Legislation Details

File #: 16-107 Version: 1 Name:
Type: Item Status: AGENDA READY
File created: 6/7/2016 In control: City and Borough Assembly
On agenda: 6/14/2016 Final action:
Title: Approve the minutes of the May 19, 24, and 31 Assembly meetings
Sponsors:
Indexes:
Code sections:
Attachments: [Consent and Minutes.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

CONSENT AGENDA

POSSIBLE MOTION

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

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 May 19, 24, and 31 Assembly meetings.



CITY AND BOROUGH OF SITKA

ASSEMBLY CHAMBERS
1332 Seward Ave.
Room 229
Sitka, AK
(907)747-1811

Minutes - Draft

City and Borough Assembly

*Mayor Mim McConnell
Deputy Mayor Matt Hunter
Vice-Deputy Mayor Benjamin Miyasato
Aaron Swanson, Steven Eisenbeisz
Tristan Guevin, and Bob Potrzuski*

*Municipal Administrator: Mark Gorman
Acting Municipal Attorney: Brian Hanson*

Thursday, May 19, 2016

6:00 PM

Assembly Chambers

Meeting to be held at the Sealing Cove Business Center 601 Alice Loop

SPECIAL MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Present: 5 - McConnell, Hunter, Swanson, Eisenbeisz, and Potrzuski

Absent: 2 - Miyasato, and Guevin

IV. PERSONS TO BE HEARD

None.

V. NEW BUSINESS:

A 16-098 Discussion/Direction/Decision of the FY2017 Sitka Community Hospital budget

Sitka Community Hospital CEO Rob Allen and CFO Cynthia Brandt gave an overview of the budget process, operating budget, cash flow, income statement with assumptions for operating and non-operating gains/losses, volumes, and financial indicators. Chief Finance and Administrative Officer, Jay Sweeney, gave details of the repayment of the loan and answered questions with regards to cash on hand. Allen and Brandt answered Assembly members questions with regards to bad debt, definitions, employees, building/rentals, cash on hand, and the collaboration with SEARHC. Eisenbeisz commented that the newly formed Hospital Board was interactive.

A motion was made by Swanson to APPROVE the FY2017 Sitka Community Hospital Budget. The motion PASSED by the following vote.

Yes: 5 - McConnell, Hunter, Swanson, Eisenbeisz, and Potzuzki

Absent: 2 - Miyasato, and Guevin

B 16-099

Discussion/Direction/Decision of the FY2017 General Fund and as it relates to other Funds, the School District, and the Sitka Community Hospital

Chief Finance and Administrative Officer Jay Sweeney told of final steps taken to balance the FY2017 General Fund including assumption of Sales Tax revenue increase and reductions in wage, benefits, and force. Budget/Treasury Officer Janet Schwartz gave details of the reductions in the wage, benefits, and grant reimbursement. Sweeney answered questions with regards to furlough, told that marijuana licensing fees was not included, and of landslide financial information.

VI. EXECUTIVE SESSION

None.

VII. ADJOURNMENT

A motion was made by Hunter to ADJOURN. Hearing no objections, the meeting ADJOURNED at 7:58pm.

ATTEST:

**Melissa Henshaw
Acting Municipal Clerk**



CITY AND BOROUGH OF SITKA

ASSEMBLY CHAMBERS
1332 Seward Ave.
Room 229
Sitka, AK
(907)747-1811

Minutes - Draft

City and Borough Assembly

*Mayor Mim McConnell
Deputy Mayor Matt Hunter
Vice-Deputy Mayor Benjamin Miyasato
Aaron Swanson, Steven Eisenbeisz
Tristan Guevin, and Bob Potrzuski*

*Municipal Administrator: Mark Gorman
Acting Municipal Attorney: Brian Hanson*

Tuesday, May 24, 2016

6:00 PM

Assembly Chambers

REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Present: 5 - McConnell, Swanson, Miyasato, Guevin, and Potrzuski

Absent: 2 - Hunter, and Eisenbeisz

IV. CORRESPONDENCE/AGENDA CHANGES

16-105 Reminders, Calendars and Correspondence

V. CEREMONIAL MATTERS

16-102 Service Award - Curt Ledford

Mayor McConnell thanked Mr. Ledford for the almost 15 years of service on the Library Commission.

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

None.

VII. PERSONS TO BE HEARD

Alexander Allison spoke to the pledge of allegiance, justice, concerns with the Police Department, and asked the Assembly to amend the police procedures.

VIII. REPORTS

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

Mayor - Attended the inaugural plaque exchange with Star Princess cruise ship, AML Board retreat in Anchorage. Board was asked by Bruce Botelho, who attended the meeting, to file an amicus brief to support Juneau in the case brought by Cruise Lines International Association Alaska against CBJ. The board is interested but the decision to file a brief will need to be approved during the August AML meeting. Our Assembly should discuss this issue before it's voted on by the AML board in August. The board created a line item in its budget to help its board of directors attend meetings. My trip in August had been cut out of our budget but with this financial help, I have decided to attend and follow through with my commitment to represent Southeast region communities. At the AML meeting, we went around the table and directors described the level reached by their governing bodies in regulating marijuana. Responses were varied, including one that has a 2-year moratorium. Juneau has a local \$250 marijuana license so they can pull it if need be and not be dependent on the ABC board.

Administrator - Acting Administrator Michael Harmon pointed out correspondence in the packet of a letter to Senator MacKinnon and the statewide harbor rates. He thanked Hunter and Potrzuski for attending the UV Facility ribbon cutting.

Attorney - Acting Municipal Attorney Brian Hanson thanked Legal Assistant Reuben Yerkes.

Liaisons - Potrzuski attended the School Board meeting, reported former students working at the School District, and recognized retiring teachers. Miyasato reported the Parks and Recreation Committee has a full commission, reminded that city playgrounds require leashed dogs, and of the topic of the Community Playground.

Clerk - Acting Municipal Clerk Melissa Henshaw encouraged the public to volunteer on a board or commission.

IX. CONSENT AGENDA

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

Yes: 5 - McConnell, Swanson, Miyasato, Guevin, and Potrzuski

Absent: 2 - Hunter, and Eisenbeisz

A 16-101 Approve the minutes of the May 2, 3, 5, 10 Assembly meetings

This item was APPROVED ON THE CONSENT AGENDA.

B 16-104 Approve a liquor license transfer of ownership, transfer of location, and restaurant designation permit for Alejandro Vazquez dba Agave Restaurant

This item was APPROVED ON THE CONSENT AGENDA.

X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS

- C 16-103** Reappoint Melissa Greenhalgh to a three-year term on the Port and Harbors Commission
- Miyasato thanked the applicant for reapplying.
- A motion was made by Miyasato to APPROVE this Item. The motion PASSED by the following vote.**
- Yes:** 5 - McConnell, Swanson, Miyasato, Guevin, and Potrzuski
- Absent:** 2 - Hunter, and Eisenbeisz

XI. UNFINISHED BUSINESS:

- D ORD 16-16** Adjusting the FY16 Budget (*Airport baggage and TSA project*)

A motion was made by Swanson to APPROVE this Ordinance on SECOND AND FINAL READING. The motion PASSED by the following vote.

Yes: 5 - McConnell, Swanson, Miyasato, Guevin, and Potrzuski

Absent: 2 - Hunter, and Eisenbeisz

XII. NEW BUSINESS:

- E ORD 16-15** Amending Title 15 of the Sitka General Code by adding a new Chapter 15.15 entitled "Community Assisted Utility Subsidization Effort" (first reading)

Clyde Bright testified in opposition to the ordinance.

Guevin explained the intent was to create a mechanism for relief for individuals and families basic needs with the rising cost of living, rising costs of utility rates, and due to uneven distribution of income in Sitka. Potrzuski echoed and stated that you could not have a community without service workers. Chief Finance and Administrative Officer Jay Sweeney answered funds could come from rate payers or from the General Fund. Guevin told of a possible trial year, thought to use the Southeast Economic Development Fund, and told of the requirements. Sweeney explained the historic revenue including more subsidization funding available in the winter. Swanson spoke in opposition to the ordinance. Mayor wondered if there was a way to use the funds as a matching grant of some type with another entity. Acting Municipal Administrator Michael Harmon suggested it not be required to contract out for flexibility.

A motion was made by Guevin that this Ordinance be PASSED ON FIRST READING AS AMENDED. The motion PASSED by the following vote.

Yes: 4 - McConnell, Miyasato, Guevin, and Potrzuski

No: 1 - Swanson

Absent: 2 - Hunter, and Eisenbeisz

Sweeney indicated that staff was not equipped to handle judgment calls on eligibility and spoke to the difficulty of personnel time. Clyde Bright wondered what the cost would be to administer it. Guevin stated the amendment would leave options open to contracting it out or not and stated that line 136 would also need to change.

A motion was made by Potrzuski that this Ordinance be AMENDED deleting lines 128 to 131. The motion PASSED by the following vote.

Yes: 5 - McConnell, Swanson, Miyasato, Guevin, and Potrzuski

Absent: 2 - Hunter, and Eisenbeisz

F ORD 16-19 Amending Sitka General Code Title 19 "Building and Construction" by amending Chapter 19.01 "Building Code" by adding a new Section 19.01.105 entitled, "The International Building Code Chapter 18 Amended" (*first reading*)

Miyasato questioned if this was a part of the community mapping. Acting Municipal Administrator Michael Harmon stated the city mapping would move forward as a separate element, that this was similar to flood mapping, and was not currently in code. Potruzski clarified that this would be an expense to the applicant. Harmon told of cost to the developer and their due diligence. Swanson asked the cost of the applicant to have property reviewed. Harmon stated a range of \$5,000 to \$15,000 or more with a major development. Harmon told that risk mapping was in place for the Gary Paxton Industrial Park.

A motion was made by Miyasato that this Ordinance be PASSED ON FIRST READING. The motion PASSED by the following vote.

Yes: 5 - McConnell, Swanson, Miyasato, Guevin, and Potrzuski

Absent: 2 - Hunter, and Eisenbeisz

G ORD 16-17 Adjusting the FY16 Budget (*first reading - disaster declaration work/PERS funding*)

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

Yes: 5 - McConnell, Swanson, Miyasato, Guevin, and Potrzuski

Absent: 2 - Hunter, and Eisenbeisz

H ORD 16-18 Adjusting the FY16 Budget (*second reading - Sitka Seaplane Base repairs*)

Kevin Knox, Chair of Port and Harbors Commission told of support from the Commission, SouthEast Alaska Aviation Association, and the public. He spoke of replacing the base as it was and brought up the Southeast Economic Development fund since he felt this was an economic driver of the community. Dave Gordon, a seaplane owner was in support of replacing the current structure. Mayor McConnell and Acting Municipal Administrator Michael Harmon told of this community need.

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

Yes: 5 - McConnell, Swanson, Miyasato, Guevin, and Potrzuski

Absent: 2 - Hunter, and Eisenbeisz

XIII. PERSONS TO BE HEARD:

Clyde Bright encouraged the Assembly to release public land for affordable housing.

XIV. EXECUTIVE SESSION

I 16-091 Legal matter - Baranof Island Brewing Company loans

A motion was made by Potrzuski to go into Executive Session with the Acting Municipal Attorney to discuss a legal matter affecting the municipality and the Baranof Island Brewing Company loans and invite in Chief Finance and Administrative Officer, Jay Sweeney.

Yes: 5 - McConnell, Swanson, Miyasato, Guevin, and Potrzuski

Absent: 2 - Hunter, and Eisenbeisz

The Assembly met in executive session for 45 minutes regarding two Southeast Alaska Economic Development loans to Baranof Island Brewing Company. Chief Finance and Administrative Officer Jay Sweeney briefed the Assembly on the status of the two loans.

A motion was made by Miyasato to RECONVENE as the Assembly in regular session. The motion passed by an unanimous voice vote.

XV. ADJOURNMENT

A motion was made by Miyasato to ADJOURN. Hearing no objections, the meeting ADJOURNED at 7:46pm.

ATTEST: _____
Melissa Henshaw
Acting Municipal Clerk



CITY AND BOROUGH OF SITKA

ASSEMBLY CHAMBERS
1332 Seward Ave.
Room 229
Sitka, AK
(907)747-1811

Minutes - Draft

City and Borough Assembly

*Mayor Mim McConnell
Deputy Mayor Matt Hunter
Vice-Deputy Mayor Benjamin Miyasato
Aaron Swanson, Steven Eisenbeisz
Tristan Guevin, and Bob Potrzuski*

*Municipal Administrator: Mark Gorman
Acting Municipal Attorney: Brian Hanson*

Tuesday, May 31, 2016

6:00 PM

Assembly Chambers

Meeting to be held at the Sealing Cove Business Center 601 Alice Loop

SPECIAL MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Present: 4 - McConnell, Swanson, Miyasato, and Guevin

Absent: 3 - Hunter, Eisenbeisz, and Potrzuski

IV. CORRESPONDENCE/AGENDA CHANGES

None.

V. PERSONS TO BE HEARD

None.

VI. UNFINISHED BUSINESS:

A ORD 16-18 Adjusting the FY16 Budget (second reading - Sitka Seaplane Base repairs)

Administrator Mark Gorman pointed out in the accompanying document to the Ordinance, that it was suggested the Assembly consider providing a grant to the Harbor Enterprise Fund from the Southeast Alaska Economic Development Fund to pay for the float plane dock repairs. Assembly members agreed with this approach. Gorman stated staff would prepare an ordinance for a future meeting to appropriate money from the Southeast Alaska Economic Development Fund for transfer to the Harbor Fund.

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

Yes: 4 - McConnell, Swanson, Miyasato, and Guevin

Absent: 3 - Hunter, Eisenbeisz, and Potrzuski

VII. NEW BUSINESS:

B ORD 16-20 Adopting budgets for Fiscal Year July 1, 2016 through June 30, 2017 (first reading)

Assembly members spoke favorably of the FY2017 budget process and thanked staff for their work. Gorman stated that while the FY2017 budget had been unusually challenging, ultimately a balanced budget had been presented.

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

Yes: 4 - McConnell, Swanson, Miyasato, and Guevin

Absent: 3 - Hunter, Eisenbeisz, and Potrzuski

VIII. PERSONS TO BE HEARD:

None.

IX. EXECUTIVE SESSION

None.

X. ADJOURNMENT

A motion was made by Miyasato to ADJOURN. Hearing no objections, the meeting ADJOURNED at 6:07pm.

ATTEST:

Sara Peterson, CMC
Municipal Clerk



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 16-106 Version: 1 Name:
Type: Item Status: AGENDA READY
File created: 6/7/2016 In control: City and Borough Assembly
On agenda: 6/14/2016 Final action:
Title: Award a 3 year Library services contract to Malo's Janitorial for a total cost of \$22,680.00 per year with the option to be extended by mutual agreement between the City and Borough of Sitka and Contractor for 2 additional 3 year extensions

Sponsors:

Indexes:

Code sections:

Attachments: [Award of Library services contract.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

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

POSSIBLE MOTION

I MOVE TO award a 3 year Library services contract to Malo's Janitorial for a total cost of \$22,680.00 per year, with the option to be extended by mutual agreement between the City and Borough of Sitka and Contractor for two additional 3 year extensions.

MEMORANDUM

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

From: Michael Harmon, P.E., Public Works Director *MH*
Nick Kepler, O&M Superintendent *NK*

Reviewed: Tori Fleming, Contract Coordinator *TF*
Jay Sweeney, Chief Finance and Administrative Officer *JAS*
PAO ACTING

Date: June 8, 2016

Subject: Sitka Public Library Janitorial Services Contract

Background:

The Sitka Public Library janitorial services contract has been through the public advertisement and bidding process according to the CBS procurement policy and procedures. The new janitorial services contract for the Sitka Public Library is for a period of three (3) years. The contract has an option to be extended by mutual agreement between CBS and Contractor for two (2) additional three (3) year extensions.

Proposals were opened on June 3, 2016. The review committee evaluated all responsive and responsible proposals.

Bidder	Monthly Amount	Annual Amount	
Malo Janitorial	\$ 1,890.00	\$ 22,680.00	
Shelly's Cleaning	\$ 2,386.57	\$ 28,638.81	Non-responsive
Housekeeping Solutions, LLC.	\$ 3,300.00	\$ 39,600.00	

Analysis:

Public Works proposes to award a contract to Malo's Janitorial in the annual amount of \$22,680.00 for the Sitka Public Library Janitorial Services. The review committee evaluated the proposals and Malo's Janitorial received the highest overall score.

Fiscal Note:

The proposed FY17 operating budget for the Library has a budget of \$24,000 for janitorial services in contracted purchased services account, 100-540-041-5212.000.

Recommendation:

Award a 3 year Library services contract to Malo's Janitorial for a total cost of \$22,680.00 per year with the option to be extended by mutual agreement between CBS and Contractor for two (2) additional three (3) year extensions.



CITY AND BOROUGH OF SITKA

Legislation Details

File #: RES 16-09 Version: 1 Name:
Type: Resolution Status: AGENDA READY
File created: 6/8/2016 In control: City and Borough Assembly
On agenda: 6/14/2016 Final action:
Title: Setting the millage rates for the Fiscal Year July 1, 2016 through June 30, 2017
Sponsors:
Indexes:
Code sections:
Attachments: [Res 2016-09.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

If this item is pulled from the consent agenda the following motion would be in order:

POSSIBLE MOTION

I MOVE TO approve Resolution 2016-09 on first and final reading.

CITY AND BOROUGH OF SITKA

RESOLUTION NO. 2016-09

**A RESOLUTION OF THE CITY AND BOROUGH OF SITKA
SETTING THE MILLAGE RATES FOR THE FISCAL YEAR JULY 1, 2016
THROUGH JUNE 30, 2017**

WHEREAS, the Assessor has completed the final assessment records and the total assessed value of all real and personal property within the City and Borough of Sitka as of January 1, 2016, is **\$1,113,635,486**; and

WHEREAS, Sitka General Code 4.12.110 states that the Assembly shall fix the rate of tax levy and designate the number of mills upon each dollar of assessed taxable real and personal property.

THEREFORE, BE IT RESOLVED that the Assembly of the City and Borough of Sitka, Alaska by this resolution hereby adopts and levies the following millage rate upon each dollar of assessed taxable real and personal property for the fiscal year July 1, 2016, through June 30, 2017:

GENERAL PURPOSES.....	2.000 mills
SCHOOLS.....	4.000 mills
TOTAL.....	6.000 mills

BE IT FURTHER RESOLVED, all property taxes shall become due sixty days after the billing date and if not paid by the due date are delinquent.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska on the 14th day of June, 2016.

Mim McConnell, Mayor

ATTEST:

Sara Peterson, CMC
Municipal Clerk

1st and final reading 6/14/16

Roll Certification

January 1, 2016

Assessed Values

TAXABLE REAL PROPERTY VALUE	\$	975,577,680
<u>SENIOR/VETERAN EXEMPTED VALUES</u>		
SEN EXEMPT VALUE	\$	58,293,100
SNC EXEMPT VALUE	\$	7,500
SNV EXEMPT VALUE	\$	16,785,870
VET EXEMPT VALUE	\$	2,261,800
	\$	<u>77,348,270</u>
TOTAL SEN/VET EXEMPTED VALUES	\$	<u>77,348,270</u>
TOTAL ASSESSED REAL PROPERTY VALUE	\$	1,052,925,950
TAXABLE PERSONAL PROPERTY VALUE	\$	60,709,536
TOTAL ASSESSED RP/PP VALUES	\$	<u>1,113,635,486</u>
<u>TOTAL TAX AMOUNT @ 6 MIL</u>	\$	6,681,813
(\$1,113,635,486 * .006 = \$6,681,813)		
FLAT TAX BOAT AMOUNT	\$	136,280
<u>SEN/VET EXEMPTED AMOUNTS:</u>		
REAL PROPERTY	\$	464,090
PERSONAL PROPERTY	\$	1,100
	\$	<u>465,190</u>
LESS SENIOR CITIZEN/VET EXEMPTION	\$	(465,190)
ASSESSMENT PROJECTED REVENUES	\$	<u>6,352,903</u>

Prepared by Wendy Lawrence

Boat Tax

January 1, 2016

Taxable Boats

Class	Length	Tax	Number	Revenue	Assessed Value
B1	<15'	\$ 20	206	\$ 4,120	\$ 498,347
B2	15'< 20'	\$ 30	627	\$ 18,810	\$ 4,819,885
B3	20'< 30'	\$ 50	693	\$ 34,650	\$ 18,120,819
B4	30'< 50'	\$ 100	564	\$ 56,400	\$ 42,333,058
B5	50'+	\$ 200	117	\$ 23,400	\$ 32,242,895
Totals			2207	\$ 137,380	\$ 98,015,004

Less Senior Exempt Boats

Class	Length	Tax	Number	Revenue	Assessed Value
B4	30'< 50'	\$ 100	-5	\$ (500)	
B5	50'+	\$ 200	-3	\$ (600)	
Totals			-8	\$ (1,100)	

Total Boat Tax Revenue	2199	\$ 136,280
-------------------------------	-------------	-------------------

Boat Flat Fee Tax Full Value Equivalency	\$ 22,713,330
---	----------------------

(\$ 136,280 / 0.006)

Full Value - State Reported*	\$ 98,015,004
-------------------------------------	----------------------

Less Boat Tax Equivalency	\$ (22,713,330)
----------------------------------	------------------------

Optionally Exempted Boat Full Value	\$ 75,301,674
--	----------------------

Optionally Exempted Boat Tax	\$ 451,810
-------------------------------------	-------------------

(\$ 75,301,674 X 0.006)

*Owner Declared Boat Values from Personal Property Surveys

Prepared By: Wendy Lawrence, City & Borough of Sitka Assessor



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 16-111 Version: 2 Name:

Type: Item Status: AGENDA READY

File created: 6/7/2016 In control: City and Borough Assembly

On agenda: 6/14/2016 Final action:

Title: Grant preliminary approval authorizing the lease of approximately 7,082 square feet of sloping tidelands to Petro Marine Services in Alaska Tidelands Survey 15 adjacent to 1 Lincoln Street

Sponsors:

Indexes:

Code sections:

Attachments: [Prelim approval for tidelands lease request.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

POSSIBLE MOTION

I MOVE TO grant preliminary approval of a proposed tidelands lease request filed by Petro Marine Services for 7,082 square feet adjacent 1 Lincoln Street.

Note: Following preliminary approval, the applicant will then go back to the Planning Commission and go through the minor subdivision process before coming back to the Assembly for approval of a lease authorization ordinance.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

Coast Guard City, USA

MEMORANDUM

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

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

Subject: Lease of Tidelands to Petro Marine Services

Date: June 7, 2016

Recently Petro Marine Services approached the Planning Department with a request to lease tidelands 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. Petro Marine is requesting preliminary approval from the Assembly in order to proceed with the tideland lease.

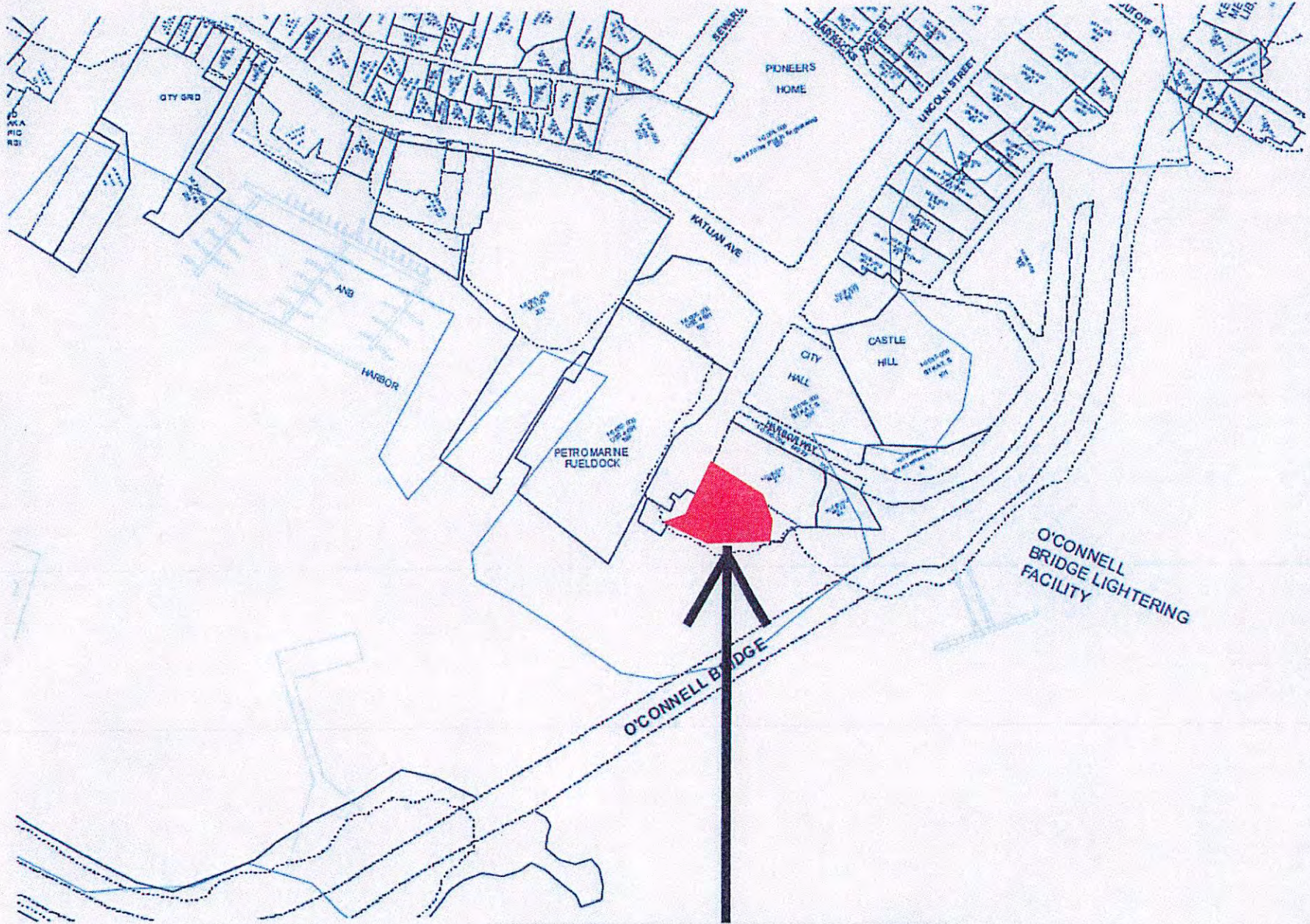
The Planning Commission heard the request for preliminary approval at their May 17, 2016 meeting. The Commission voted 5-0 to recommend preliminary approval of the tideland lease.

The tidelands request is 7082 square feet adjacent to property owned by Harbor Enterprises, Inc. at 1 Lincoln Street. The parcel is a portion of ATS 15. The tidelands are submerged. The applicant states the intent to build a new fuel dock on the tidelands in order to improve customer access to fuel services. In addition, the proposed dock is designed to better contain fuel spills than the existing dock. The applicant has requested a 50 year lease.

The City Assessor, Wendy Lawrence, determined a fee simple assessed value of \$102,300.00. Code assigns an annual lease rate of 4.5%, resulting in a minimum annual lease payment of \$4603.50. This amount will be the starting bid for a sealed bid process.

Following preliminary Assembly approval, the applicant will then go to the Planning Commission for approval of a minor subdivision, through the Historic Preservation Commission and the Port and Harbors Commission, through a public competitive bid process, then back to the Assembly for a final land lease ordinance.

RECOMMENDED ACTION: Pass a motion granting preliminary approval.



Petro Marine Services
Tideland Lease Request
Adjacent to 1 Lincoln Street



City & Borough of Sitka, Alaska

Selected Parcel: 1 LINCOLN ID: 10010000

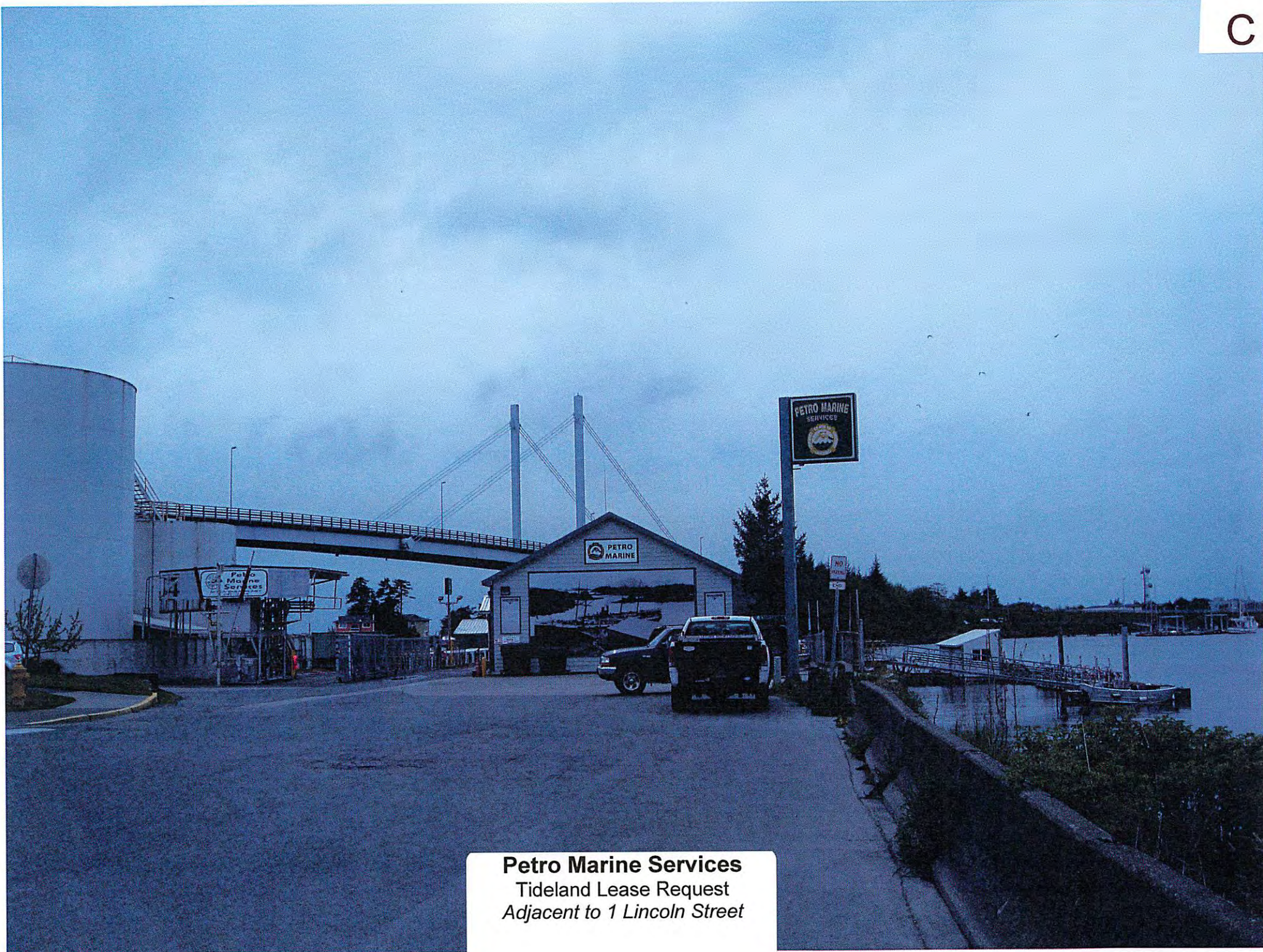
Printed on 3/8/2016 from <http://www.mainstreetmaps.com/ak/sitka/internal.asp>



This map is for informational purposes only. It is not for appraisal of, description of, or

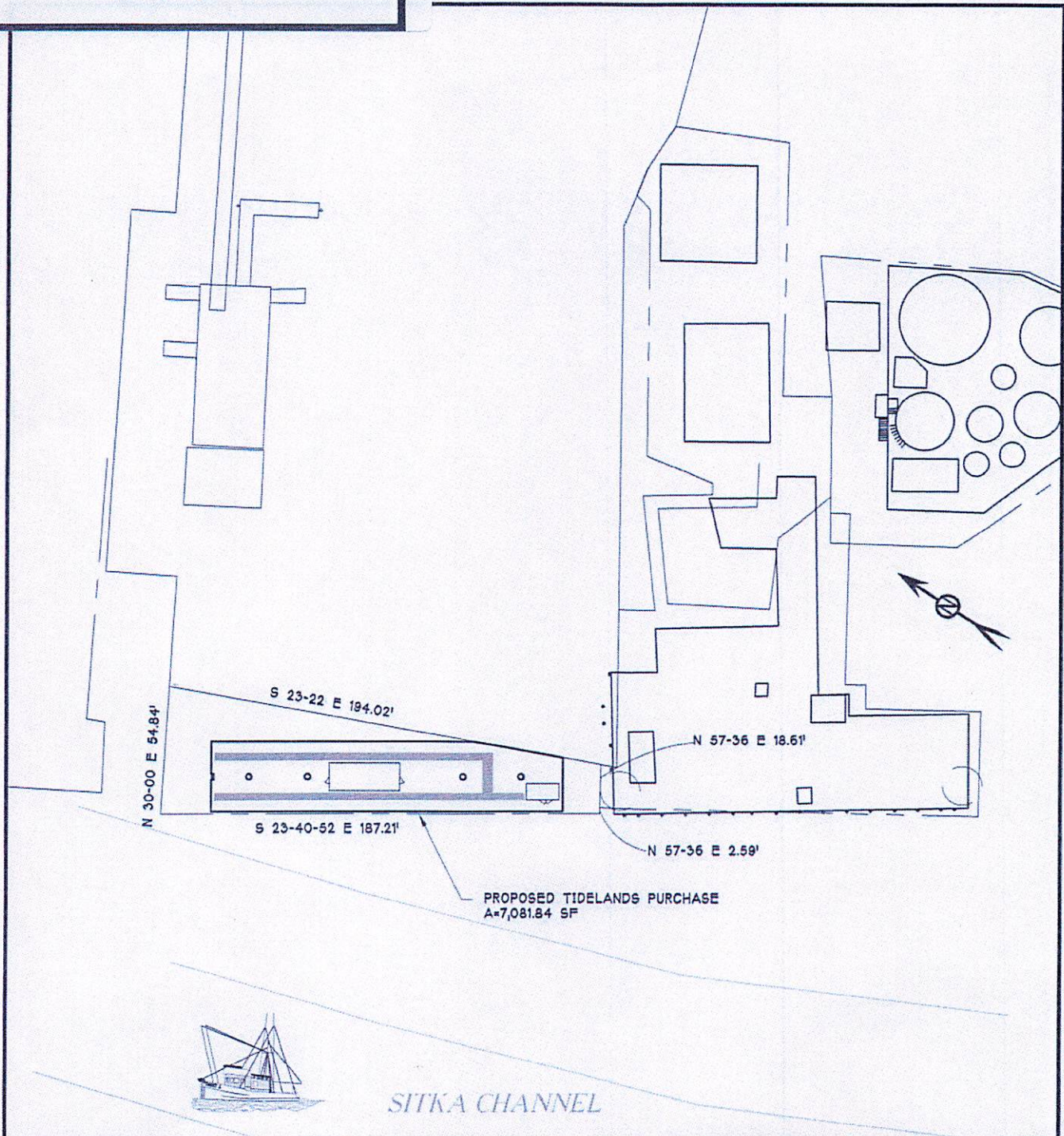
responsibility for the information contained herein.

Petro Marine Services
 Tideland Lease Request
 Adjacent to 1 Lincoln Street



Petro Marine Services
Tideland Lease Request
Adjacent to 1 Lincoln Street

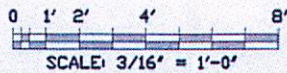
Petro Marine Services
 Land Management - Tideland Purchase Request
 1 Lincoln Street



PURPOSE: REPLACE AGING MARINE FUELING FACILITY

DATUM: 0.0' HTL = 12.7'
 MHW = 9.1'
 MLLW = 0.0'

PROPOSED TIDELANDS



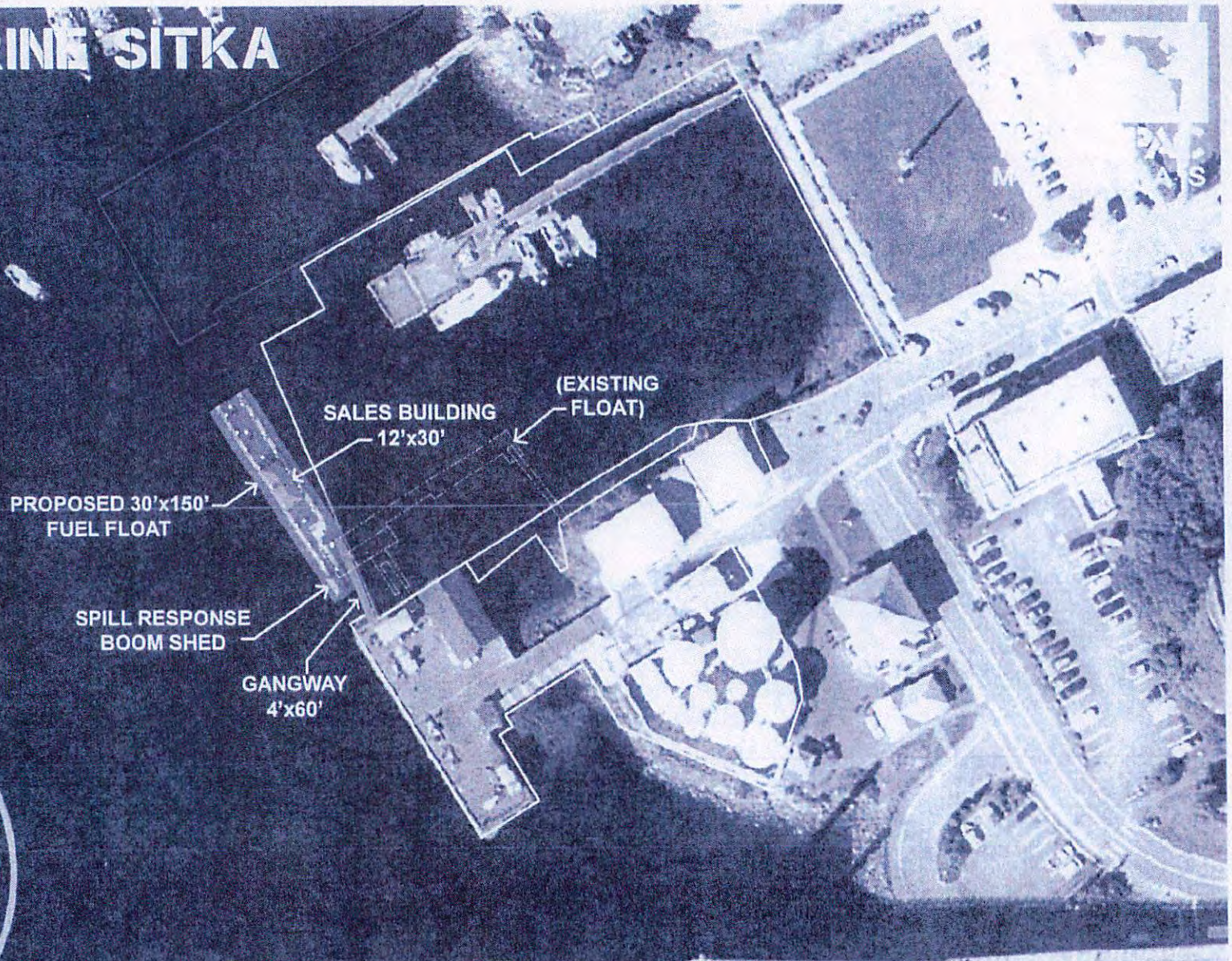
PETRO MARINE SERVICES
 JOB NO. 15_157_A

PROPOSED: SITKA SOUTH FUEL FACILITY
 IN: SITKA CHANNEL
 AT: SITKA, AK
 APPLICATION BY: PETRO MARINE SERVICES

DATE: 25 FEB '16

SHEET: 1 OF 1

PETRO MARINE SITKA SOUTH PLANT



Petro Marine Services
Land Management - Tideland Purchase Request
1 Lincoln Street

PETRO MARINE SITKA SOUTH PLANT

Petro Marine Services
Land Management - Tideland Purchase Request
1 Lincoln Street



PETRO MARINE SITKA SOUTH PLANT

Petro Marine Services
Land Management - Tideland Purchase Request
1 Lincoln Street



CERTIFICATE OF PAYMENT OF LOCAL IMPROVEMENT DISTRICT

I, THE UNDERSIGNED, BEING DULY APPOINTED AND QUALIFIED AND ACTING FINANCE DIRECTOR FOR THE CITY AND BOROUGH OF SITKA, DO HEREBY CERTIFY THAT, ACCORDING TO THE RECORDS OF THE CITY AND BOROUGH OF SITKA, THE FOLLOWING DESCRIBED PROPERTY IS CARRIED ON THE RECORDS IN THE NAME OF:

City & Borough of Sitka, AK

AND, THAT, ACCORDING TO THE RECORDS IN MY POSSESSION, ALL L.I.D.'S ASSESSED AGAINST SAID LANDS AND IN FAVOR OF THE CITY AND BOROUGH OF SITKA ARE PAID IN FULL.

DATED THIS 23rd DAY OF July, 1998.

Paul J. Smith
FINANCE DIRECTOR, CITY AND BOROUGH OF SITKA.

CERTIFICATE OF APPROVAL BY THE BOARD

I HEREBY CERTIFY THAT THE SUBDIVISION PLAT SHOWN HEREON HAS BEEN FOUND TO COMPLY WITH THE SUBDIVISION REGULATIONS OF THE CITY AND BOROUGH OF SITKA PLATTING BOARD, AND THAT SAID PLAT HAS BEEN APPROVED BY THE BOARD BY PLAT RESOLUTION NO. P 98-44 DATED JUNE 1, 1998 AND THAT THE PLAT HEREON HAS BEEN APPROVED FOR RECORDING IN THE OFFICE OF THE DISTRICT COURT, EX OFFICIO RECORDER, SITKA, ALASKA.

DATE 7-16-98 CHAIRMAN *[Signature]*

ATTEST: *[Signature]*
SECRETARY SEAL

CERTIFICATE OF APPROVAL BY THE ASSEMBLY

I HEREBY CERTIFY THAT THE SUBDIVISION PLAT SHOWN HEREON HAS BEEN FOUND TO COMPLY WITH THE SUBDIVISION REGULATIONS OF THE CITY AND BOROUGH OF SITKA, AND THAT SAID PLAT HAS BEEN APPROVED BY THE ASSEMBLY AS RECORDED IN MINUTE BOOK NA PAGE NA DATED NA AND THAT THE PLAT SHOWN HEREON HAS BEEN APPROVED FOR RECORDING IN THE OFFICE OF THE DISTRICT COURT, EX OFFICIO RECORDER, SITKA, ALASKA.

DATE 7-16-98 MAYOR *[Signature]*
ATTEST: *[Signature]*
CLERK



CERTIFICATE

STATE OF ALASKA } SS
1ST JUDICIAL DISTRICT }

I, THE UNDERSIGNED, BEING DULY APPOINTED AND QUALIFIED AND ACTING ASSESSOR FOR THE CITY AND BOROUGH OF SITKA, DO HEREBY CERTIFY THAT, ACCORDING TO THE RECORDS OF THE CITY AND BOROUGH OF SITKA, THE FOLLOWING DESCRIBED PROPERTY IS CARRIED ON THE TAX RECORDS IN THE NAME OF:

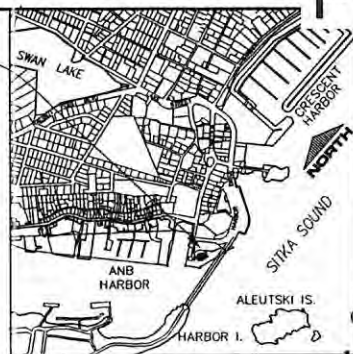
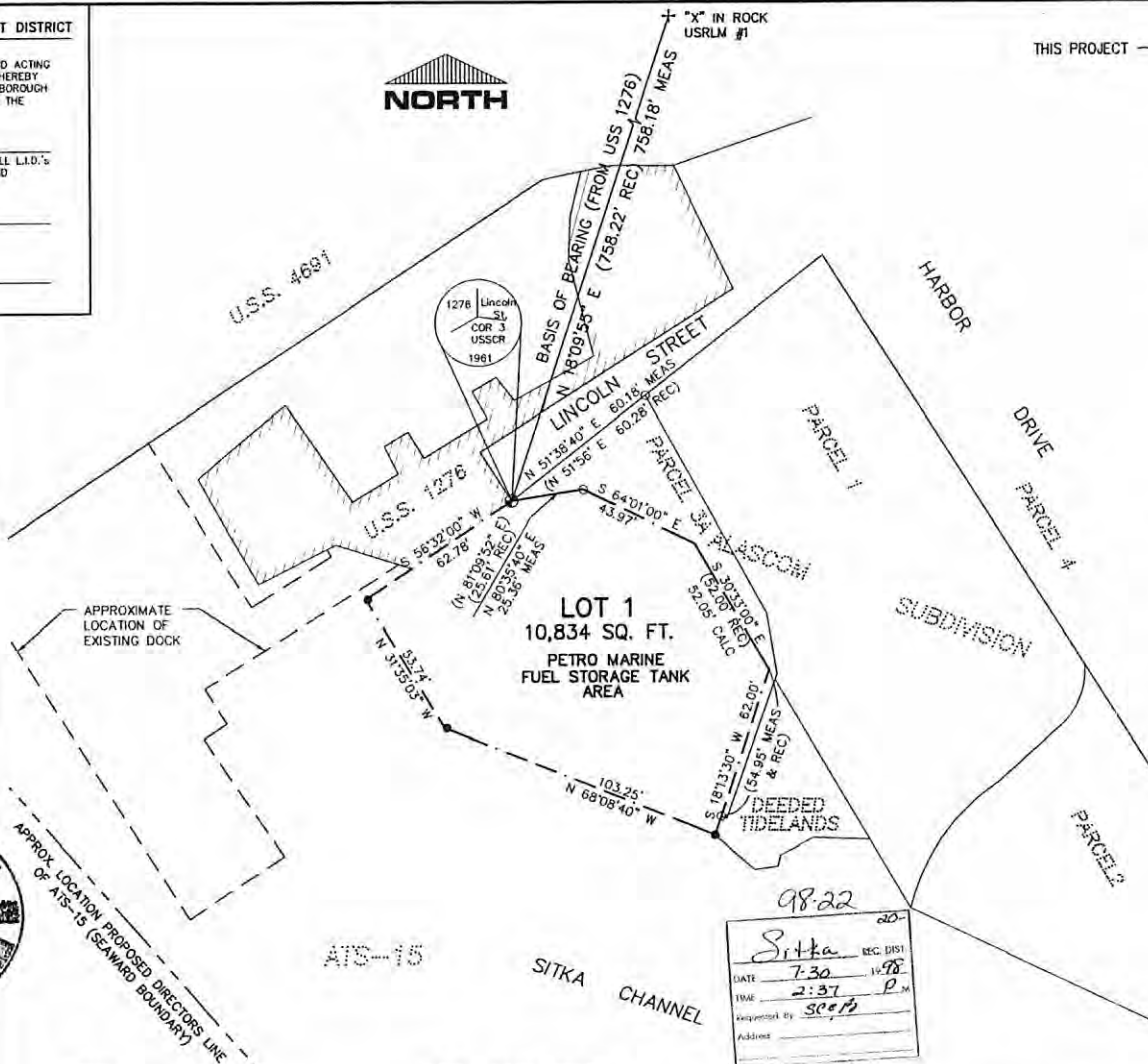
City & Borough of Sitka, Alaska

AND THAT, ACCORDING TO THE RECORDS IN MY POSSESSION, ALL TAXES ASSESSED AGAINST SAID LANDS IN FAVOR OF THE CITY AND BOROUGH ARE PAID IN FULL, THAT CURRENT TAXES FOR THE YEAR 1998 WILL BE DUE ON OR BEFORE August 31, 1998 DATED THIS 16th DAY OF July, 1998 AT SITKA, ALASKA

[Signature]
ASSESSOR, CITY AND BOROUGH OF SITKA.

PLAT NOTES

1. THE PURPOSE OF THIS PLAT IS TO SUBDIVIDE A PORTION OF ATS-15 INTO THE CONFIGURATION SHOWN HEREON.



VICINITY MAP
SCALE 1" = 1000'

STATE OF ALASKA
NOTARY PUBLIC
EDWINA BARNETT SIMMONS
My Commission Expires Nov. 18, 2001

CERTIFICATE OF OWNERSHIP AND DEDICATION

I HEREBY CERTIFY THAT I AM THE OWNER OF THE PROPERTY SHOWN AND DESCRIBED HEREON AND THAT I HEREBY ADOPT THIS PLAN OF SUBDIVISION WITH MY FREE CONSENT AND DEDICATE ALL PUBLIC STREETS, ALLEYS, WALKS, PARKS AND OTHER OPEN SPACES TO PUBLIC OR PRIVATE USE AS NOTED.

DATE 7/28/98 *[Signature]*
OWNER *City & Borough of Sitka*
ADMINISTRATOR

THE NOTARY'S ACKNOWLEDGEMENT

STATE OF ALASKA } SS
FIRST JUDICIAL DISTRICT }
CITY AND BOROUGH OF SITKA }
THIS IS TO CERTIFY THAT ON THIS 28th DAY OF July, 1998, BEFORE ME, THE UNDERSIGNED, A NOTARY PUBLIC IN AND FOR THE STATE OF ALASKA, DULY COMMISSIONED AS SHOWN, PERSONALLY APPEARED:

City & Borough of Sitka
CHERYL L. FORTON

TO ME KNOWN TO BE IDENTICAL INDIVIDUAL(S) MENTIONED AND WHO EXECUTED THE WITHIN PLAT AND

HE ACKNOWLEDGED TO ME THAT HE SIGNED THE NAME FREELY AND VOLUNTARILY FOR THE USES AND PURPOSES THEREIN SPECIFIED.

WITNESS MY HAND AND NOTARIAL SEAL THE DAY AND YEAR IN THIS CERTIFICATE FIRST HEREIN WRITTEN.

[Signature]
NOTARY PUBLIC IN AND FOR THE STATE OF ALASKA.
MY COMMISSION EXPIRES Nov. 18, 2001

LEGEND

- ⊙ FND BRASS CAP MONUMENT
- 1-1/2" ALUM CAP ON 5/8" REBAR SET IN CONCRETE THIS SURVEY
- CORNER MONUMENT FOUND THIS SURVEY



TYPICAL PROP CORNER



1-1/2" ALUM CAP SET ON 5/8" REBAR (UNLESS NOTED OTHERWISE)

NOTE

THE POSITION OF THE FOUND BRASS CAP MONUMENT MARKED AS COR 3, USSCR, 1276, LINCOLN ST, 1961 WAS HELD AS THE TRUE CORNER NO. 3, M.C. OF USS 1276 AND COR 3 OF U.S. SIGNAL CORPS RESERVE AS INDICATED ON THE RESPECTIVE PLATS. TIES TO ADJACENT PROPERTY CORNERS FROM THIS MONUMENT ARE SHOWN AS MEAS. ON THIS PLAT.

SURVEYOR'S CERTIFICATE
I HEREBY CERTIFY THAT I AM PROPERLY REGISTERED



Petro Marine Services
Tideland Lease Request
Adjacent to 1 Lincoln Street

PREPARED BY:

STRAGIER ENGINEERING SERVICES, INC.

CIVIL & STRUCTURAL ENGINEERING
LAND, CADASTRAL & TOPOGRAPHIC SURVEYS

504 DeGruiff St., Sitka, Alaska 99835
TEL: 907-747-5833 FAX: 907-747-4993
email: seinc@tidaska.net

FUEL TANK SUBDIVISION
A SUBDIVISION OF A PORTION OF ATS 15
ADJACENT TO ALASCOM SUBD & USS 1276

JOB NO:	3066	CHECKED BY:	BABE	DATE:	5/18/98
DRAWN BY:	DD	SCALE:	1"=30'		
PREPARED FOR:	PETRO MARINE				
#1 LINCOLN STREET					
SITKA, ALASKA 99835					



CITY AND BOROUGH OF SITKA

Minutes - Final

Planning Commission

Chris Spivey, Chair
Darrell Windsor, Vice Chair
Tamie (Harkins) Parker Song
Debra Pohlman
Randy Hughey

Tuesday, May 17, 2016

7:00 PM

Sealing Cove Business Center

I. CALL TO ORDER AND ROLL CALL

II. CONSIDERATION OF THE AGENDA

III. CONSIDERATION OF THE MINUTES

A Approval of the minutes from the May 3, 2016 meeting.

Pohlman/Windsor moved to APPROVE the May 3, 2016 minutes. Motion PASSED 5-0.

IV. REPORTS

B Planning Regulations and Procedures.

V. THE EVENING BUSINESS

C Annual review of a conditional use permit granted to Phyllis Hackett for an accessory dwelling unit at 707 Lake Street. The property is also known as Lot 21 Block 11, according to the amended plat of Sirstad Addition No. 2. The owner of record is Phyllis A. Hackett.

Pierson described the history of the conditional use permit. The Planning Commission originally denied the permit, but the Assembly approved the request. No comments have been received since the permit was approved.

Hughey/Parker Song moved to APPROVE the annual review. Motion PASSED 3-2. Spivey and Windsor voted against approval.

D Public hearing and consideration of a variance request filed by Jamie Steinson for 224 Marine Street, in the R-1 residential zone. The variance is for an increase in lot coverage to 40% for the construction of a patio. The property is also known as Lot 1 Golden Subdivision. The request is filed by Jamie Steinson. The owners of record are Gary and Phyllis Mulligan.

Neither the applicant nor the owners were present.

Windsor/Pohlman moved to **POSTPONE** until a representative can attend a meeting. **Motion PASSED 5-0.**

- E** Public hearing and consideration of a variance request filed by Peter Thielke for 722 Biorka Street, in the R-1 residential zone. The request is for the reduction of the easterly front setback from 20 feet to 6 feet, and the reduction of the southerly rear setback from 10 feet to 0 feet for the relocation of a shed. The property is also known as a fractional portion of Lot 13, Block 14, U.S. Survey 1474, Tract A, identified on the deed as Parcel 2. The application is filed by Peter Thielke. The owner of record is Peter L. Thielke.

POSTPONED by consent, as the applicant could not be reached by phone.

- F** Public hearing and consideration of a final plat for a major subdivision of ASLS 2015-06. The request is filed by Global Positioning Services, Inc. The owner of record is State of Alaska Department of Natural Resources Division of Mining, Land, and Water.

Scarcelli described the request for subdivision of state property. The lots will be primarily accessed via water, and will be intended for recreational use. Staff does not anticipate that roads will be developed in the near future. The applicant has agreed to include a plat note stating that the city is a party to all easements.

Stan Sears with Global Positioning Service represented the applicant. Access to some lots requires the use of easements. There are 4 or 5 coves for water access. Sears stated that the plat note making the city a party to all easements is acceptable to GPS.

Spivey stated that request is straight forward.

Parker Song/Pohlman moved to APPROVE the preliminary plat of a major subdivision for ASLS 15-06, and request that the final plat include a plat note that states that the municipality is a party to all easements. The request is filed by Global Positioning Services. The owner of record is Alaska Department of Natural Resources Division of Mining, Land, and Water. Motion PASSED 5-0.

- G** Public hearing and consideration of a tideland sale application filed by Forrest Dodson for tidelands adjacent to 263 Katlian Avenue.

Bosak explained the request. The applicant previously purchased the tidelands seaward of 263 Katlian, and now request to purchase tidelands adjacent to the house. Bosak stated the need to maintain public access to tidelands, and that tidelands may increase in value over time. Staff recommend denial of the sale, and recommend a Class I, month-to-month lease.

Forrest Dodson stated that he would prefer to purchase the property. Construction will cost \$10,000 more if he cannot acquire this parcel, and he would like to have more elbow room. Dodson stated that he believes there would be sufficient water access even if he was allowed to purchase the parcel. Hughey asked about current fill in the parcel. Dodson stated that the fill was temporary, and would have to be removed. Dodson stated that the parcel isn't being used. Hughey clarified that the previous proposal was to move the

house onto the seaward parcel with parking in front.

Margie Esquiro stated that Dodson's wife does a great job of restoring old properties.

Hughey stated that work on the house will happen regardless of the approval of this purchase, and stated that it would serve the public good to preserve access to the tidelands. Pohlman stated that the Land Use Plan meetings have raised concerns for lands on Katlian that were taken for the WWII effort. Bosak stated that the applicant can move forward to the Assembly even if the Planning Commission does deny the request. At Pohlman's request, Bosak explained the difference between the 3 tideland lease classifications.

Parker Song/Hughey moved to DENY the proposed land sale of 1,017 square feet of tidelands adjacent 263 Katlian Avenue and instead encourage the applicants to apply for a Class I tideland lease. Motion PASSED 4-1.

H Public hearing and consideration of a tideland lease request filed by Petro Marine Services for tidelands adjacent to 1 Lincoln Street.

Bosak explained the request for a 50-year Class 3 tideland lease. The request was originally a purchase request, but staff directed the applicant to pursue a lease. No public comment has been received. Staff recommend approval of the lease proposal.

Jerry Jacobs represented Petro Marine. Jacobs stated that Petro does not anticipate any change of hours. Windsor asked about access to the Forest Service dock. Jacobs stated that he believes the new dock will improve access. Hughey stated that it looks like a good idea. Bosak stated that staff anticipates that upland owners will respond to mailed notices if they anticipate problems. Jacobs stated the new dock will improve control of spills.

Hughey/Pohlman moved to RECOMMEND preliminary approval of the proposed tideland lease adjacent to 1 Lincoln Street filed by Petro Marine Services. Motion PASSED 5-0.

I Public hearing and consideration of a conditional use permit request filed by Kristy Crews and Levi Hunt for a short-term rental at 3001 Mikele Street, in the R-1 residential zone. The property is also known as Lot 7 West Subdivision. The request is filed by Kristy Crews and Levi Hunt. The owners of record are Kristy M. Crews and Levi G. Hunt.

Pierson described the request, and read a letter of support from Peter and Michelle Kennedy at 3002 Mikele.

Kristy Crews stated that they are new to home ownership, and would like to experiment with various lengths of rentals.

Windsor clarified that a short-term rental must be used within 12 months or it becomes void.

Pohlman/Windsor moved to APPROVE the required findings for conditional use permit.

Required Findings for Conditional Use Permits. The planning commission shall

not recommend approval of a proposed development unless it first makes the following findings and conclusions:

1. The city may use design standards and other elements in this code to modify the proposal. A conditional use permit may be approved only if all of the following findings can be made regarding the proposal and are supported by the record that the granting of the proposed conditional use permit will not:
 - a. Be detrimental to the public health, safety, and general welfare;
 - b. Adversely affect the established character of the surrounding vicinity; nor
 - c. Be injurious to the uses, property, or improvements adjacent to, and in the vicinity of, the site upon which the proposed use is to be located.
2. The granting of the proposed conditional use permit is consistent and compatible with the intent of the goals, objectives, and policies of the comprehensive plan and any implementing regulation.
3. All conditions necessary to lessen any impacts of the proposed use are conditions that can be monitored and enforced.
4. The proposed use will not introduce hazardous conditions at the site that cannot be mitigated to protect adjacent properties, the vicinity, and the public health, safety, and welfare of the community from such hazard.
5. The conditional use will be supported by, and not adversely affect, adequate public facilities and services; or that conditions can be imposed to lessen any adverse impacts on such facilities and services.
6. **Burden of Proof.** The applicant has the burden of proving that the proposed conditional use meets all of the criteria in subsection B of this section.

The city may approve, approve with conditions, modify, modify with conditions, or deny the conditional use permit. The city may reduce or modify bulk requirements, off-street parking requirements, and use design standards to lessen impacts, as a condition of the granting of the conditional use permit. In considering the granting of a conditional use, the assembly and planning commission shall satisfy themselves that the general criteria set forth for uses specified in this chapter will be met. The city may consider any or all criteria listed and may base conditions or safeguards upon them. The assembly and planning commission may require the applicant to submit whatever reasonable evidence may be needed to protect the public interest. The general approval criteria are as follows:

1. Site topography, slope and soil stability, geophysical hazards such as flooding, surface and subsurface drainage and water quality, and the possible or probable effects of the proposed conditional use upon these factors;
2. Utilities and service requirements of the proposed use, including sewers, storm drainage, water, fire protection, access and electrical power; the assembly and planning commission may enlist the aid of the relevant public utility officials with specialized knowledge in evaluating the probable effects of the proposed use and may consider the costs of enlarging, upgrading or extending public utilities in establishing conditions under which the conditional use may be permitted;
3. Lot or tract characteristics, including lot size, yard requirements, lot coverage and height of structures;
4. Use characteristics of the proposed conditional use that affect adjacent uses and districts, including hours of operation, number of persons, traffic volumes, off-street parking and loading characteristics, trash and litter removal, exterior lighting, noise, vibration, dust, smoke, heat and humidity, recreation and open space requirements;
5. Community appearance such as landscaping, fencing and screening,

dependent upon the specific use and its visual impacts.

Motion PASSED 5-0.

Pohlman/Windsor moved to **APPROVE** the conditional use permit request for a short-term rental at 3001 Mikele Street, subject to conditions of approval. The property is also known as Lot 7 West Subdivision. The request is filed by Levi Hunt and Kristy Crews. The owners of record are Levi Hunt and Kristy Crews.

Conditions of Approval:

1. Contingent upon a completed satisfactory life safety inspection.
2. The facility shall be operated consistent with the application and plans that were submitted with the request.
3. The facility shall be operated in accordance with the narrative that was submitted with the application.
4. The applicant shall submit an annual report every year, covering the information on the form prepared by the Municipality, summarizing the number of nights the facility has been rented over the twelve month period starting with the date the facility has begun operation. The report is due within thirty days following the end of the reporting period.
5. The Planning Commission, at its discretion, may schedule a public hearing at any time following the first nine months of operations for the purpose of resolving issues with the request and mitigating adverse impacts on nearby properties.
6. Failure to comply with all applicable tax laws, including but not limited to remittance of all sales and bed tax, shall be grounds for revocation of the conditional use permit.
7. Failure to comply with any of the above conditions may result in revocation of the conditional use permit.
8. The property owner shall register for a sales account prior to the Conditional Use Permit becoming valid.

Motion PASSED 5-0.

J

Public hearing and consideration of a conditional use permit request for marijuana retail at 1321 Sawmill Creek Road Suites O and P, in the C-2 commercial and mobile home zone. The property is also known as US Survey 2729. The request is filed by Mike Daly. The owner of record is Eagle Bay Inn LLC.

Scarcelli explained the request. Bays O and P will be reconfigured to house two facilities – one for retail and one for cultivation. Staff believes that parking is adequate. Staff recommends a condition of approval that the plaza's parking is striped to delineate 107 spaces. Scarcelli read a letter of concern submitted by Clyde Bright. Staff recommends approval. Windsor asked about electrical load. Scarcelli stated that the applicant has submitted the load calculation to staff.

Mike Daly stated that he is building airtight rooms and use filters to control odors. Daly stated that they will test for mold as they go. Daly stated that windows will be blacked out. Daly stated that eventually wants a smoke room for tourists. Spivey thanked Daly for thorough plans.

Joe D'Arienzo stated that this proposal will be a positive first step for the industry in town, and supports the application "whole heartedly."

Jennifer Davis urged caution. Children and families frequent the theater and Pizza Express.

Jay Stelzenmeller stated that he is encouraged by the thorough work of the applicant and staff.

Parker Song stated that the plans are thorough, and it seems like a good location. Spivey stated that kids do play in the neighborhood, and families do frequent the plaza. Spivey stated that the applicant's plans are sufficient to mitigate any concerns. Hughey stated that the applicant has set a high bar for future applicants. Hughey stated concern that the applicant will invest heavily, and the conditional use permit could theoretically be revoked in the future. Windsor stated that there aren't many areas for marijuana retail in town. Bosak stated that the reception room is a nice feature.

Windsor/Hughey moved to APPROVE the required findings.

Required Findings for Conditional Use Permits. The planning commission shall not recommend approval of a proposed development unless it first makes the following findings and conclusions:

1. The city may use design standards and other elements in this code to modify the proposal. A conditional use permit may be approved only if all of the following findings can be made regarding the proposal and are supported by the record that the granting of the proposed conditional use permit will not:
 - a. Be detrimental to the public health, safety, and general welfare;
 - b. Adversely affect the established character of the surrounding vicinity; nor
 - c. Be injurious to the uses, property, or improvements adjacent to, and in the vicinity of, the site upon which the proposed use is to be located.
2. The granting of the proposed conditional use permit is consistent and compatible with the intent of the goals, objectives, and policies of the comprehensive plan and any implementing regulation.
3. All conditions necessary to lessen any impacts of the proposed use are conditions that can be monitored and enforced.
4. The proposed use will not introduce hazardous conditions at the site that cannot be mitigated to protect adjacent properties, the vicinity, and the public health, safety, and welfare of the community from such hazard.
5. The conditional use will be supported by, and not adversely affect, adequate public facilities and services; or that conditions can be imposed to lessen any adverse impacts on such facilities and services.
6. Burden of Proof. The applicant has the burden of proving that the proposed conditional use meets all of the criteria in subsection B of this section.

The city may approve, approve with conditions, modify, modify with conditions, or deny the conditional use permit. The city may reduce or modify bulk requirements, off-street parking requirements, and use design standards to lessen impacts, as a condition of the granting of the conditional use permit. In considering the granting of a conditional use, the assembly and planning commission shall satisfy themselves that the general criteria set forth for uses specified in this chapter will be met. The city may consider any or all criteria listed and may base conditions or safeguards upon them. The assembly and planning commission may require the applicant to submit whatever reasonable evidence may be needed to protect the public interest. The general approval

criteria are as follows:

1. Site topography, slope and soil stability, geophysical hazards such as flooding, surface and subsurface drainage and water quality, and the possible or probable effects of the proposed conditional use upon these factors;
2. Utilities and service requirements of the proposed use, including sewers, storm drainage, water, fire protection, access and electrical power; the assembly and planning commission may enlist the aid of the relevant public utility officials with specialized knowledge in evaluating the probable effects of the proposed use and may consider the costs of enlarging, upgrading or extending public utilities in establishing conditions under which the conditional use may be permitted;
3. Lot or tract characteristics, including lot size, yard requirements, lot coverage and height of structures;
4. Use characteristics of the proposed conditional use that affect adjacent uses and districts, including hours of operation, number of persons, traffic volumes, off-street parking and loading characteristics, trash and litter removal, exterior lighting, noise, vibration, dust, smoke, heat and humidity, recreation and open space requirements;
5. Community appearance such as landscaping, fencing and screening, dependent upon the specific use and its visual impacts.

Specific Guidance from 22.24 on Findings for Marijuana Uses

Findings of Fact: Upon review and considerations of the required criteria, the Planning Commission shall determine whether the proposed use(s) at the proposed project location are found to not present a negative impact to the public's health, safety, and welfare.

1. If such a finding can be made, then the proposed use shall be approved with standard regulations, dimensions, and setbacks.
2. In the alternative, where the Planning Commission finds negative impacts are present, the Planning Commission shall only approve conditional use permits where the negative impacts can be adequately mitigated by conditions of approval that preserve the public's health, safety, and welfare. These conditions of approval shall be case by case specific and in addition to the standard regulations.
3. If negative impacts to the public's health, safety, and welfare cannot be mitigated through conditions of approval then the Planning Commission shall so find and deny the proposed conditional use permit.

Motion PASSED 5-0.

Windsor/Parker Song moved to APPROVE the conditional use permit request filed by Mike Daly and Northern Lights, LLC for marijuana retail at 1321 Sawmill Creek Road, Units O & P, in the C 2 General Commercial and mobile home zone subject to the attached 12 conditions of approval. The property is also known as U.S. Survey 2729. The owner of record is Eagle Bay Inn, LLC.

Conditions of Approval:

1. Owners, operators, and staff of conditional uses shall comply with all state and municipal licensing regulations.
2. All licensed facilities shall comply with all life and safety regulations as promulgated by the municipal Building Official.

3. All licensed manufacturing and cultivation uses shall provide a fire safety plan, material handling plan, and comply with all fire safety regulations that satisfies the Fire Marshal or their designee and the Building Official.
4. All licensed facilities and/or uses shall provide screening from public view of any marijuana related commercial, retail, cultivation, or manufacturing use.
5. All licensed facilities and/or uses shall establish an active sales account and business registration with the Municipality and shall comply with all standard & required accounting practices.
6. It shall be a standard regulation that all conditional uses comply with all applicable state regulations and licensing laws or it shall be deemed to abandon and extinguish and associated municipal license or conditional use permit.
7. All approved conditional use permits shall comply with all Sitka General Code or shall be deemed to abandon and extinguish any associated municipal license or conditional use permit
8. Applicant shall provide a Parking Plan that complies with Section 22.20.100 for all uses present and proposed at the current property including striped parking spaces where feasible (i.e. concrete or asphalt areas).
9. Odor Control shall include charcoal filters and other best means to limit and mitigate odor impacts to surrounding uses. Should a meritorious odor complaint be received the Planning Commission may require additional odor control measures to mitigate any actual negative impacts.
10. The proposed retail site shall not be located within 500 feet of any school grounds, recreation or youth center, religious service building, or correctional facility that was legally established prior to approval of this conditional use permit as intended by licensing restriction and regulations of the state in 3 AAC Chapter 306.
11. This permit only conditionally approved the use of retail; however, at the same time, all legally vested uses operating within Units O and P must comply with all pertinent state and local regulations, licenses, and permits to remain valid.
12. The Planning Commission may, at its discretion and upon receiving meritorious evidence of negative impacts to public health, safety, and welfare, schedule a review to address issues of concern and pursue mitigation through additional conditions if necessary.

Motion PASSED 5-0.

K

Public hearing and consideration of a conditional use permit request for marijuana cultivation at 1321 Sawmill Creek Road Suites O and P, in the C-2 general commercial and mobile home zone. The property is also known as US Survey 2729. The request is filed by Mike Daly. The owner of record is Eagle Bay Inn LLC.

Scarcelli described the request for a cultivation facility. The applicants submitted their entire AMCO application. One public comment was received, with concerns for odors. Staff believe that parking is sufficient, but the lot should be striped. There is no known sensitive use within the 500 foot buffer zone. Staff recommend approval.

Mike Daly stated that he had nothing additional to contribute. Windsor asked if Daly anticipated difficulty with striping the parking lot. Daly replied that the owner has given consent to striping.

Michelle Cleaver stated that the owner has stated that the entire lot will be

striped by the end of the month.

Parker Song/Pohlman moved to APPROVE the required findings.

Required Findings for Conditional Use Permits. The planning commission shall not recommend approval of a proposed development unless it first makes the following findings and conclusions:

1. The city may use design standards and other elements in this code to modify the proposal. A conditional use permit may be approved only if all of the following findings can be made regarding the proposal and are supported by the record that the granting of the proposed conditional use permit will not:
 - a. Be detrimental to the public health, safety, and general welfare;
 - b. Adversely affect the established character of the surrounding vicinity; nor
 - c. Be injurious to the uses, property, or improvements adjacent to, and in the vicinity of, the site upon which the proposed use is to be located.
2. The granting of the proposed conditional use permit is consistent and compatible with the intent of the goals, objectives, and policies of the comprehensive plan and any implementing regulation.
3. All conditions necessary to lessen any impacts of the proposed use are conditions that can be monitored and enforced.
4. The proposed use will not introduce hazardous conditions at the site that cannot be mitigated to protect adjacent properties, the vicinity, and the public health, safety, and welfare of the community from such hazard.
5. The conditional use will be supported by, and not adversely affect, adequate public facilities and services; or that conditions can be imposed to lessen any adverse impacts on such facilities and services.
6. Burden of Proof. The applicant has the burden of proving that the proposed conditional use meets all of the criteria in subsection B of this section.

The city may approve, approve with conditions, modify, modify with conditions, or deny the conditional use permit. The city may reduce or modify bulk requirements, off-street parking requirements, and use design standards to lessen impacts, as a condition of the granting of the conditional use permit. In considering the granting of a conditional use, the assembly and planning commission shall satisfy themselves that the general criteria set forth for uses specified in this chapter will be met. The city may consider any or all criteria listed and may base conditions or safeguards upon them. The assembly and planning commission may require the applicant to submit whatever reasonable evidence may be needed to protect the public interest. The general approval criteria are as follows:

1. Site topography, slope and soil stability, geophysical hazards such as flooding, surface and subsurface drainage and water quality, and the possible or probable effects of the proposed conditional use upon these factors;
2. Utilities and service requirements of the proposed use, including sewers, storm drainage, water, fire protection, access and electrical power; the assembly and planning commission may enlist the aid of the relevant public utility officials with specialized knowledge in evaluating the probable effects of the proposed use and may consider the costs of enlarging, upgrading or extending public utilities in establishing conditions under which the conditional use may be permitted;
3. Lot or tract characteristics, including lot size, yard requirements, lot coverage and height of structures;
4. Use characteristics of the proposed conditional use that affect adjacent

uses and districts, including hours of operation, number of persons, traffic volumes, off-street parking and loading characteristics, trash and litter removal, exterior lighting, noise, vibration, dust, smoke, heat and humidity, recreation and open space requirements;

5. Community appearance such as landscaping, fencing and screening, dependent upon the specific use and its visual impacts.

Specific Guidance from 22.24 on Findings for Marijuana Uses

Findings of Fact: Upon review and considerations of the required criteria, the Planning Commission shall determine whether the proposed use(s) at the proposed project location are found to not present a negative impact to the public's health, safety, and welfare.

1. If such a finding can be made, then the proposed use shall be approved with standard regulations, dimensions, and setbacks.

2. In the alternative, where the Planning Commission finds negative impacts are present, the Planning Commission shall only approve conditional use permits where the negative impacts can be adequately mitigated by conditions of approval that preserve the public's health, safety, and welfare. These conditions of approval shall be case by case specific and in addition to the standard regulations.

3. If negative impacts to the public's health, safety, and welfare cannot be mitigated through conditions of approval then the Planning Commission shall so find and deny the proposed conditional use permit.

Motion PASSED 5-0.

Parker Song/Pohlman moved to APPROVE the request the conditional use permit request filed by Mike Daly and Northern Lights, LLC for marijuana cultivation at 1321 Sawmill Creek Road, Units O & P, in the C-2 General Commercial and mobile home zone subject to the attached 12 conditions of approval. The property is also known as U.S. Survey 2729. The owner of record is Eagle Bay Inn, LLC.

Conditions of Approval:

1. Owners, operators, and staff of conditional uses shall comply with all state and municipal licensing regulations.
2. All licensed facilities shall comply with all life and safety regulations as promulgated by the municipal Building Official.
3. All licensed manufacturing and cultivation uses shall provide a fire safety plan, material handling plan, and comply with all fire safety regulations that satisfies the Fire Marshal or their designee and the Building Official.
4. All licensed facilities and/or uses shall provide screening from public view of any marijuana related commercial, retail, cultivation, or manufacturing use.
5. All licensed facilities and/or uses shall establish an active sales account and business registration with the Municipality and shall comply with all standard & required accounting practices.
6. It shall be a standard regulation that all conditional uses comply with all applicable state regulations and licensing laws or it shall be deemed to abandon and extinguish and associated municipal license or conditional use permit.
7. All approved conditional use permits shall comply with all Sitka General

Code or shall be deemed to abandon and extinguish any associated municipal license or conditional use permit

8. Applicant shall provide a Parking Plan that complies with Section 22.20.100 for all uses present and proposed at the current property including striped parking spaces where feasible (i.e. concrete or asphalt areas).

9. Odor Control shall include charcoal filters and other best means to limit and mitigate odor impacts to surrounding uses. Should a meritorious odor complaint be received the Planning Commission may require additional odor control measures to mitigate any actual negative impacts.

10. The proposed cultivation site shall not be located within 500 feet of any school grounds, recreation or youth center, religious service building, or correctional facility that was legally established prior to approval of this conditional use permit as intended by licensing restriction and regulations of the state in 3 AAC Chapter 306.

11. This permit only conditionally approved the use of cultivation; however, at the same time, all legally vested uses operating within Units O and P must comply with all pertinent state and local regulations, licenses, and permits to remain valid.

12. The Planning Commission may, at its discretion and upon receiving meritorious evidence of negative impacts to public health, safety, and welfare, schedule a review to address issues of concern and pursue mitigation through additional conditions if necessary.

Motion PASSED 5-0.

L

Public hearing and consideration of a conditional use permit request for marijuana cultivation at 4614 Halibut Point Road, in the C-2 general commercial and mobile home zone. The property is also known as Lot 3 of Carlson Resubdivision. The request is filed by Green Leaf, Inc. The owners of record are Connor K. Nelson and Valerie L. Nelson.

Scarcelli explained the request for a cultivation facility. The applicant has worked with staff to mitigate staff concerns. Cultivation tends to have lower traffic than other manufacturing uses. Staff have received public comment about noise from the fans; however, the property is commercially zoned. The applicant has proposed extensive ventilation. Staff recommends approval.

Aaron Bean asked that the application be amended to list Green Leaf, Inc. as the applicant. Spivey asked if the applicant plans to do retail in the future. Bean stated that he hopes to eventually do retail on a different lot at the same site. Spivey thanked the applicant for the thorough application.

Hughey/Pohlman moved to APPROVE the required findings.

Required Findings for Conditional Use Permits. The planning commission shall not recommend approval of a proposed development unless it first makes the following findings and conclusions:

1. The city may use design standards and other elements in this code to modify the proposal. A conditional use permit may be approved only if all of the following findings can be made regarding the proposal and are supported by the record that the granting of the proposed conditional use permit will not:
 - a. Be detrimental to the public health, safety, and general welfare;
 - b. Adversely affect the established character of the surrounding vicinity; nor
 - c. Be injurious to the uses, property, or improvements adjacent to, and in the vicinity of, the site upon which the proposed use is to be located.

2. The granting of the proposed conditional use permit is consistent and compatible with the intent of the goals, objectives, and policies of the comprehensive plan and any implementing regulation.
3. All conditions necessary to lessen any impacts of the proposed use are conditions that can be monitored and enforced.
4. The proposed use will not introduce hazardous conditions at the site that cannot be mitigated to protect adjacent properties, the vicinity, and the public health, safety, and welfare of the community from such hazard.
5. The conditional use will be supported by, and not adversely affect, adequate public facilities and services; or that conditions can be imposed to lessen any adverse impacts on such facilities and services.
6. **Burden of Proof.** The applicant has the burden of proving that the proposed conditional use meets all of the criteria in subsection B of this section.

The city may approve, approve with conditions, modify, modify with conditions, or deny the conditional use permit. The city may reduce or modify bulk requirements, off-street parking requirements, and use design standards to lessen impacts, as a condition of the granting of the conditional use permit. In considering the granting of a conditional use, the assembly and planning commission shall satisfy themselves that the general criteria set forth for uses specified in this chapter will be met. The city may consider any or all criteria listed and may base conditions or safeguards upon them. The assembly and planning commission may require the applicant to submit whatever reasonable evidence may be needed to protect the public interest. The general approval criteria are as follows:

1. Site topography, slope and soil stability, geophysical hazards such as flooding, surface and subsurface drainage and water quality, and the possible or probable effects of the proposed conditional use upon these factors;
2. Utilities and service requirements of the proposed use, including sewers, storm drainage, water, fire protection, access and electrical power; the assembly and planning commission may enlist the aid of the relevant public utility officials with specialized knowledge in evaluating the probable effects of the proposed use and may consider the costs of enlarging, upgrading or extending public utilities in establishing conditions under which the conditional use may be permitted;
3. Lot or tract characteristics, including lot size, yard requirements, lot coverage and height of structures;
4. Use characteristics of the proposed conditional use that affect adjacent uses and districts, including hours of operation, number of persons, traffic volumes, off-street parking and loading characteristics, trash and litter removal, exterior lighting, noise, vibration, dust, smoke, heat and humidity, recreation and open space requirements;
5. Community appearance such as landscaping, fencing and screening, dependent upon the specific use and its visual impacts.

Specific Guidance from 22.24 on Findings for Marijuana Uses

Findings of Fact: Upon review and considerations of the required criteria, the Planning Commission shall determine whether the proposed use(s) at the proposed project location are found to not present a negative impact to the public's health, safety, and welfare.

1. If such a finding can be made, then the proposed use shall be approved with standard regulations, dimensions, and setbacks.

2. In the alternative, where the Planning Commission finds negative impacts are present, the Planning Commission shall only approve conditional use permits where the negative impacts can be adequately mitigated by conditions of approval that preserve the public's health, safety, and welfare. These conditions of approval shall be case by case specific and in addition to the standard regulations.

3. If negative impacts to the public's health, safety, and welfare cannot be mitigated through conditions of approval then the Planning Commission shall so find and deny the proposed conditional use permit.

Motion PASSED 5-0.

Hughey/Parker Song moved to APPROVE approve the conditional use permit request filed by Green Leaf, Inc. for marijuana cultivation at 4614 Halibut Point Road, in the C 2 General Commercial and Mobile Home zone, subject to conditions of approval. The property is also known as Lot 3 of Carlson Resubdivision. The owners of record are Connor K. Nelson and Valorie L. Nelson.

Conditions of Approval:

1. Owners, operators, and staff of conditional uses shall comply with all state and municipal licensing regulations.
2. All licensed facilities shall comply with all life and safety regulations as promulgated by the municipal Building Official.
3. All licensed manufacturing and cultivation uses shall provide a fire safety plan, material handling plan, and comply with all fire safety regulations that satisfies the Fire Marshal or their designee and the Building Official.
4. All licensed facilities and/or uses shall provide screening from public view of any marijuana related commercial, retail, cultivation, or manufacturing use.
5. All licensed facilities and/or uses shall establish an active sales account and business registration with the Municipality and shall comply with all standard & required accounting practices.
6. It shall be a standard regulation that all conditional uses comply with all applicable state regulations and licensing laws or it shall be deemed to abandon and extinguish and associated municipal license or conditional use permit.
7. All approved Conditional use permits shall comply with all Sitka General Code or shall be deemed to abandon and extinguish any associated municipal license or conditional use permit
8. Applicant shall provide a Parking Plan that complies with Section 22.20.100 for all uses present and proposed at the current property including striped parking spaces where practical.
9. Odor Control shall include charcoal filters and other best means to limit and mitigate odor impacts to surrounding uses. Should a meritorious odor complaint be received the Planning Commission may require additional odor control measures to mitigate any actual negative impacts.
10. The proposed cultivation site shall not be located within 500 feet of any school grounds, recreation or youth center, religious service building, or correctional facility that was legally established prior to approval of this conditional use permit as intended by licensing restriction and regulations of the state in 3 AAC Chapter 306.
11. The Planning Commission may, at its discretion and upon receiving

meritorious evidence of negative impacts to public health, safety, and welfare, schedule a review to address issues of concern and pursue mitigation through additional conditions if necessary.

Motion PASSED 5-0.

M

Public hearing and consideration of a conditional use permit request for marijuana retail at 205 Harbor Drive, in the central business district. The property is also known as Lot 1 Van Winkle Subdivision. The request is filed by Mary Magnuson. The owners of record are Frank and Mary Magnuson.

Scarcelli reviewed the request. The ultimate decision about possible buffer zone issues would be determined by the state AMCO office. Staff recommends that the commission postpone the request to a later meeting so more information can be provided. Windsor asked if a postponement would "foul up" the process for the applicant. Scarcelli stated that he understands that the state is postponing some of their previously advertised dates. Spivey asked if staff have reached out to request additional information, and Scarcelli stated that he and Pierson had both been in touch with the applicant, requested additional information, and the applicant indicated that she would provide more information. Pohlman stated concern for proximity to the Lutheran Church.

Mary Magnuson stated that operations will be according to state regulations. Magnuson stated that she has difficulty luring her potential tenant before a permit is granted. The property has been retail in the past, and will be some sort of retail in the future. Magnuson stated that she believes her application is adequate. The building is already sprinkled and fire alarmed, has "tremendous" ventilation, and will have approximately 16 security cameras. Magnuson stated that she does not see the need to delay the request. Windsor asked if the applicant had plans for a smoking room, and Magnuson said no.

Margie Esquiro stated concern for the proximity to sensitive uses, and the city can be more stringent than the state.

Joe D'Arienzo stated that this is one of the only available sites in the central business district due to sensitive uses.

Scarcelli read a letter from Susan Jensen, in opposition to the proposal.

Windsor asked what would happen if the conditional use permit was granted but the state license was denied. Scarcelli stated that until a state license is granted, the conditional use permit is not activated. Hughey asked what would be required for staff to view the application as complete. Scarcelli stated that the ordinance pulls state regulations into municipal requirements, so the city can enforce issues as they arise; therefore, the planning department would like to receive the same information that is submitted to the state, including security, diversion, floor plan, and overall detailed plans. Parker Song asked if another retail would be analyzed to this extent. Bosak stated that uses that are conditional are analyzed by the framework in code.

Pohlman stated that community concerns have been raised, so she would like to see the lessee and his/her plans in full detail. Spivey stated that a conditional use requires detailed plans.

Windsor/Hughey moved to POSTPONE the item to June 21 and request that the applicant provide more information. Motion PASSED 5-0.

N

Public hearing and consideration of a conditional use permit request for a marijuana retail facility at 1321 Sawmill Creek Road J, in the C-2 commercial and mobile home zone. The property is also known as US Survey 2729. The request is filed by Anna Michelle Cleaver. The owner of record is Eagle Bay Inn, LLC.

Scarcelli described the request for marijuana retail. The applicant has provided the AMCO application. Parking is sufficient, but parking space striping should be a condition of approval. No sensitive uses are known within the state buffer zone. Staff recommends approval. Spivey stated that he notarized the state application, but has no financial gain at stake.

Michelle Cleaver stated that the owner intends to stripe 120 parking spaces by the end of the month. Hughey clarified that Cleaver would sell locally cultivated marijuana, and she stated yes.

Jeremy Twaddle asked about how odor is determined. Bosak stated that odor would be addressed if complaints were raised.

Jennifer Davis stated that she lives nearby, and is concerned that children and families use the plaza.

Windsor asked about the time requirements for review by the board. Bosak stated that review could occur at any time when a meritorious complaint is received which indicates that the operation is not in compliance with the conditions of approval.

Parker Song/Pohlman moved to APPROVE the required findings.

Required Findings for Conditional Use Permits. The planning commission shall not recommend approval of a proposed development unless it first makes the following findings and conclusions:

1. The city may use design standards and other elements in this code to modify the proposal. A conditional use permit may be approved only if all of the following findings can be made regarding the proposal and are supported by the record that the granting of the proposed conditional use permit will not:
 - a. Be detrimental to the public health, safety, and general welfare;
 - b. Adversely affect the established character of the surrounding vicinity; nor
 - c. Be injurious to the uses, property, or improvements adjacent to, and in the vicinity of, the site upon which the proposed use is to be located.
2. The granting of the proposed conditional use permit is consistent and compatible with the intent of the goals, objectives, and policies of the comprehensive plan and any implementing regulation.
3. All conditions necessary to lessen any impacts of the proposed use are conditions that can be monitored and enforced.
4. The proposed use will not introduce hazardous conditions at the site that cannot be mitigated to protect adjacent properties, the vicinity, and the public health, safety, and welfare of the community from such hazard.
5. The conditional use will be supported by, and not adversely affect, adequate public facilities and services; or that conditions can be imposed to lessen any adverse impacts on such facilities and services.

6. Burden of Proof. The applicant has the burden of proving that the proposed conditional use meets all of the criteria in subsection B of this section.

The city may approve, approve with conditions, modify, modify with conditions, or deny the conditional use permit. The city may reduce or modify bulk requirements, off-street parking requirements, and use design standards to lessen impacts, as a condition of the granting of the conditional use permit. In considering the granting of a conditional use, the assembly and planning commission shall satisfy themselves that the general criteria set forth for uses specified in this chapter will be met. The city may consider any or all criteria listed and may base conditions or safeguards upon them. The assembly and planning commission may require the applicant to submit whatever reasonable evidence may be needed to protect the public interest. The general approval criteria are as follows:

1. Site topography, slope and soil stability, geophysical hazards such as flooding, surface and subsurface drainage and water quality, and the possible or probable effects of the proposed conditional use upon these factors;
2. Utilities and service requirements of the proposed use, including sewers, storm drainage, water, fire protection, access and electrical power; the assembly and planning commission may enlist the aid of the relevant public utility officials with specialized knowledge in evaluating the probable effects of the proposed use and may consider the costs of enlarging, upgrading or extending public utilities in establishing conditions under which the conditional use may be permitted;
3. Lot or tract characteristics, including lot size, yard requirements, lot coverage and height of structures;
4. Use characteristics of the proposed conditional use that affect adjacent uses and districts, including hours of operation, number of persons, traffic volumes, off-street parking and loading characteristics, trash and litter removal, exterior lighting, noise, vibration, dust, smoke, heat and humidity, recreation and open space requirements;
5. Community appearance such as landscaping, fencing and screening, dependent upon the specific use and its visual impacts.

Specific Guidance from 22.24 on Findings for Marijuana Uses

Findings of Fact: Upon review and considerations of the required criteria, the Planning Commission shall determine whether the proposed use(s) at the proposed project location are found to not present a negative impact to the public's health, safety, and welfare.

1. If such a finding can be made, then the proposed use shall be approved with standard regulations, dimensions, and setbacks.
2. In the alternative, where the Planning Commission finds negative impacts are present, the Planning Commission shall only approve conditional use permits where the negative impacts can be adequately mitigated by conditions of approval that preserve the public's health, safety, and welfare. These conditions of approval shall be case by case specific and in addition to the standard regulations.
3. If negative impacts to the public's health, safety, and welfare cannot be mitigated through conditions of approval then the Planning Commission shall so find and deny the proposed conditional use permit.

Motion PASSED 5-0.

Parker Song/Pohlman moved to APPROVE the conditional use permit request filed by Anna Michelle Cleaver for marijuana retail at 1321 Sawmill Creek Road, Unit J, in the C 2 General Commercial and mobile home zone subject to the attached 11 conditions of approval. The property is also known as U.S. Survey 2729. The owner of record is Eagle Bay, LLC.

Conditions of Approval:

1. Owners, operators, and staff of conditional uses shall comply with all state and municipal licensing regulations.
2. All licensed facilities shall comply with all life and safety regulations as promulgated by the municipal Building Official.
3. All licensed manufacturing and cultivation uses shall provide a fire safety plan, material handling plan, and comply with all fire safety regulations that satisfies the Fire Marshal or their designee and the Building Official.
4. All licensed facilities and/or uses shall provide screening from public view of any marijuana related commercial, retail, cultivation, or manufacturing use.
5. All licensed facilities and/or uses shall establish an active sales account and business registration with the Municipality and shall comply with all standard & required accounting practices.
6. It shall be a standard regulation that all conditional uses comply with all applicable state regulations and licensing laws or it shall be deemed to abandon and extinguish and associated municipal license or conditional use permit.
7. All approved conditional use permits shall comply with all Sitka General Code or shall be deemed to abandon and extinguish any associated municipal license or conditional use permit
8. Applicant shall provide a Parking Plan that complies with Section 22.20.100 for all uses present and proposed at the current property including striped parking spaces where feasible (i.e. concrete or asphalt areas).
9. Odor Control shall include reasonable best means (such as high quality Commercial HEPA filter) to limit and mitigate odor impacts to surrounding uses. Should a meritorious odor complaint be received, the Planning Commission may require additional odor control measures to mitigate any actual negative impacts.
10. The proposed retail site shall not be located within 500 feet of any school grounds, recreation or youth center, religious service building, or correctional facility that was legally established prior to approval of this conditional use permit as intended by licensing restriction and regulations of the state in 3 AAC Chapter 306.
11. The Planning Commission may, at its discretion and upon receiving meritorious evidence of negative impacts to public health, safety, and welfare, schedule a review to address issues of concern and pursue mitigation through additional conditions if necessary.

Motion PASSED 5-0.

VI. PLANNING DIRECTOR'S REPORT

Bosak reported on the Assembly Lands Work Session from the previous week. The June 7 meeting will focus on acquisition, retention, and disposal of municipal lands, and will be held at the Fire Hall. The July 5 meeting is

cancelled.

VII. PUBLIC BUSINESS FROM THE FLOOR

Mary Magnuson stated that she was told that she would not have to disclose the identity of her lessee. Scarcelli stated that the tenant isn't relevant, but the details are relevant.

VIII. ADJOURNMENT

Hughey/Windsor moved to ADJOURN at 9:44 PM. Motion PASSED 5-0.

ATTEST: _____
Samantha Pierson, Planner I



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

Coast Guard City, USA

Planning and Community Development Department

Date: May 6, 2016

From: Maegan Bosak, PCDD

To: Planning Commission

Re: Petro Marine Services Tideland Lease Request

GENERAL INFORMATION

Applicant: Petro Marine Services
P.O. Box 418
Sitka, AK 99835

Property Owner: City and Borough of Sitka

Property Address: Adjacent 1 Lincoln Street

Legal Description: 7082 sq ft submerged tidelands within
ATS 15

Parcel ID Number: New parcel to be created

Size of Existing Lot: 7,082 square feet

Zoning: WD Waterfront

Existing Land Use: Unoccupied submerged tidelands

Utilities: None

Access: By water or Lincoln Street

Surrounding Land Use: Commercial

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: Parcel Pictures
Attachment D: Application
Attachment E: Site Plan
Attachment F: Subdivision Plat
Attachment G: Zoning Map
Attachment H: Mailing List
Attachment I: City Department Staff Comments

PROJECT DESCRIPTION

Petro Marine is requesting a long term tideland lease adjacent their deeded tidelands at 1 Lincoln Street. The request includes 7,082 square feet for the purpose of relocating the existing floating fuel dock to the area and replacing it with a 150' marine fueling dock.

The Assessor is working on establishing an assessment for the tidelands of which the lease would be charged a 4.5% annual fee, with an adjustment every 7 years, per SGC. The applicant has requested a 50 year lease period.

Following the Planning Commission meeting, the request will be presented to the Assembly for preliminary approval. From preliminary approval, a plat will be created and presented to the Commission again for subdivision approval. Port and Harbors and Historic Preservation will be consulted. A final lease ordinance will be authorized by the Assembly and then the parcel to be put out for competitive bid. This is a long and arduous process and one that Staff is hoping to streamline in the new land use plan.

BACKGROUND

In March, Petro Marine submitted a request to purchase additional tidelands adjacent their deeded tidelands at 1 Lincoln Street, for expansion of marine fueling services and dock realignment. The sales request was denied based on:

Possible limitations to use to upland property owners

Restriction of access to upland property owners

Comprehensive Plan Policy 2.4.12 *To maintain public access to the waterfront, where feasible, in all zones*

Municipally owned tidelands are limited and are not considered surplus to future community priorities.

The applicant was instead routed towards the lease process and resubmitted requesting a 50 year lease.

Only upland property owners have “preference rights” to tidelands, meaning that a sale or lease can be made without going to a public competitive bid process. For this small portion of property, the upland property owner is the Forest Service and CBS. The lease request requires a public competitive bid process.

Tidelands will continue to increase in value and be an asset to the citizens. Many feel the waterfront should be for public facilities and enjoyment, more of a benefit to the masses rather than an individual land owner. Tidelands are a very limited resource.

PCDD is in support of a Class III Tideland lease. This commercial designation lease requires a lengthy public notification period which allows concerns to be aired.

This option seems to be beneficial to all parties in that it allows the applicant the use of the property and allows CBS to retain the property should future needs arise.

ANALYSIS

Project / Site: The proposed tidelands are immediately adjacent 1 Lincoln Street. It is approximately 7,082 square feet of unoccupied submerged tidelands that are next to the current Petro Marine Fuel dock.

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 in expected. Concerns stem from access and the restrictions that this new configuration could impose.

Amount of noise to be generated and its impacts on surrounding land use: Construction noise should be anticipated during install of the new dock facility. After that, Staff expects that 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.

Hours of operation: Unknown. Expect similar hours as present site.

Effects of vehicular and pedestrian safety: Public safety in general is a concern for any fuel facility. Commissioners should consider plans for spill response, boat congestion, dock falls and fire.

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: Limited change to signage.

Conformity with Comprehensive Plan: The Comprehensive Plan section 2.3.12 *To maintain public access to the waterfront, where feasible.*

RECOMMENDATION

It is recommended that the Planning Commission adopt the Director's analysis and move to recommend preliminary approval of the tideland lease adjacent 1 Lincoln Street.

If the Planning Commission approves the proposed tideland lease, the process would be this: The request would go to the Assembly for concept approval, followed by creation of a minor subdivision, through Ports and Harbors and Historic Preservation Commissions, public competitive bid and then back to the Assembly for a final land sale ordinance.

Recommended Motions:

- 1) I move to recommend preliminary approval of the proposed tideland lease adjacent to 1 Lincoln Street filed by Petro Marine Services.

Memorandum

TO: Maegan Bosak, Planning and Community Development Director

FROM: Wendy Lawrence, Assessing Director
Wendy Lawrence

SUBJECT: City and Borough of Sitka Tidelands Assessed Valuation for Proposed Lease – Approximately 7,082 sf of a Portion of ATS 15/ADL 1966 (which is adjacent to: PID: 1-0010-000 – #1 Lincoln)

DATE: May 12, 2016

The real property described above was inspected for the valuation of tideland parcel subject to a lease proposal of sloping tidelands adjacent to the Petro Marine fuel dock at #1 Lincoln Street.

The subject site consists of 7,082sf of sloping tidelands within ATS 15, located directly north and adjacent to Petro Marine's downtown facility. The depth of the water ranges from 15-35' more or less, is zoned waterfront, and is intended to be used as key waterfront access for this marine fueling facility. Use of this site would allow the applicant to reconfigure, expand and enhance the current fuel dock for greater efficiency and safety.

Tidelands within the City and Borough of Sitka are valued according to their classification: upland and filled tidelands are valued at the same rate as the regular land values for the area, with sloping and submerged tidelands valued at a percentage of the upland rate. This standard of valuation is used throughout Alaska, with price variances according to upland land values, zoning classifications, and adjustments for inferior or superior qualities in comparable sales. Acquisition of this site would enhance Petro Marine's waterfront access to this marine fueling business, and as such is valued at 45% of the upland land value for Petro Marine's #1 Lincoln overall facility.

Waterfront comparable sales prices per square foot range from \$26.05 to \$34.99 per upland square foot for this market area. The attached table shows the tideland comparable sales, with most weight being given to the subject's prior tideland purchase, at this same location, as Comparable #1 at a time-adjusted value of \$32.11/sf. Comparable #2 is similar in quality and location, and as such is weighted heavily as well at a time adjusted upland rate of \$34.99/sf. Comparable #3 is slightly inferior in location to the subject and brackets the subject at the low end of the range. All uses are commercial and all zoning classifications for the comparable sales are waterfront, similar to the subject property. Time adjustments were calculated at 2% per year prior to 2008, and 1% per year after.

Based upon the sales data available for this area, I have estimated the fee simple assessed value of \$102,300 for this proposed site. This figure was calculated by multiplying 45% of the upland square foot value of \$32.11 to the estimated square footage of 7,082 for these sloping tidelands, for a rounded fee simple value of \$102,300.

**Comparable Sales Table
Waterfront Tidelands Valuation**

2016							Up/Filled Rate	
Comp	PID	Location	Zoning	Sale Date	Sale Price	Size	Time-Adj \$/SF	Sale Price/SF
1	1-0010-000	#1 Lincoln	W	11/20/98	\$45,800	2,125	\$ 32.11	\$23.16
2	1-6655-000	201 Katlian	W	06/20/06	\$38,000	4,514	\$ 34.99	\$31.68
3	1-6845-000	485 Katlian	W	01/26/16	\$20,800	5,327	\$ 26.05	\$26.05

Range: \$26.05/sf to \$34.99/sf

Samantha Pierson

From: Stan Eliason
Sent: Wednesday, March 16, 2016 9:42 AM
To: Samantha Pierson
Subject: Re: Land Purchase Inquiries

Samantha, I don't foresee any use of these tidelands with my operations.

Stan

Sent from my iPhone us my new email address: stan.eliason@cityofsitka.org

On Mar 14, 2016, at 12:32 PM, Samantha Pierson <samantha.pierson@cityofsitka.org> wrote:

Dear Department Heads,

Two parties have expressed interest in acquiring parcels of city-owned property. One inquiry concerns a the sale of a portion of tidelands adjacent to 1 Lincoln Street. The applicants state that they wish to create a new fuel dock on the property.

The second inquiry concerns the sale of Mineral Survey 1587, near Herbert Graves Island. The applicant wishes to purchase the property for personal use as a subsistence camp.

Like most land sales, these proposals will also receive formal review by the Historic Preservation Commission and the Port and Harbors Commission.

Before proceeding with a process to possibly dispose of these properties, a necessary step is to determine if they are surplus to the city's needs.

Therefore, I ask department heads to advise the Planning Department as to whether these parcels are surplus to their department's needs. Additionally, even if it is surplus, please advise if you are aware of a reason why it might be in the city's best interest to retain these properties in the city lands inventory.

Please respond by Tuesday, March 22, or let me know if you need more time. If we receive no response from a department, the Planning Department will consider there to be no objection to disposing of the property.

Feel free to give me a call if you would like more information. Thank you.

Sam

Samantha Pierson
Planner I
City and Borough of Sitka
100 Lincoln Street
Sitka, AK 99835
(907) 747-1814

Petro Marine Services
Tideland Lease Request
Adjacent to 1 Lincoln Street

Samantha Pierson

From: Dave Miller
Sent: Monday, March 14, 2016 2:29 PM
To: Samantha Pierson
Subject: RE: Land Purchase Inquiries

Fire Department has no problems with the sale
Dave Miller

From: Samantha Pierson
Sent: Monday, March 14, 2016 12:32 PM
To: cbs.depthheads.staff <cbs.depthheads.staff@cityofsitka.org>
Subject: Land Purchase Inquiries

Dear Department Heads,

Two parties have expressed interest in acquiring parcels of city-owned property. One inquiry concerns a the sale of a portion of tidelands adjacent to 1 Lincoln Street. The applicants state that they wish to create a new fuel dock on the property.

The second inquiry concerns the sale of Mineral Survey 1587, near Herbert Graves Island. The applicant wishes to purchase the property for personal use as a subsistence camp.

Like most land sales, these proposals will also receive formal review by the Historic Preservation Commission and the Port and Harbors Commission.

Before proceeding with a process to possibly dispose of these properties, a necessary step is to determine if they are surplus to the city's needs.

Therefore, I ask department heads to advise the Planning Department as to whether these parcels are surplus to their department's needs. Additionally, even if it is surplus, please advise if you are aware of a reason why it might be in the city's best interest to retain these properties in the city lands inventory.

Please respond by Tuesday, March 22, or let me know if you need more time. If we receive no response from a department, the Planning Department will consider there to be no objection to disposing of the property.

Feel free to give me a call if you would like more information. Thank you.

Sam

Samantha Pierson
Planner I
City and Borough of Sitka
100 Lincoln Street
Sitka, AK 99835
(907) 747-1814

Petro Marine Services
Tideland Lease Request
Adjacent to 1 Lincoln Street

CITY AND BOROUGH OF SITKA
PLANNING DEPARTMENT
LAND SALES APPLICATION

RECEIVED MAR 03 2016 9:07 AM

Applicant

Applicant's Name: Petro Marine Services Phone: 747-3414

If application is a corporation, give name of agent: Jerry Jacobs

Mailing Address: Box 418, Sitka AK 99835

Requested Property SEE ATTACHED DRAWING

Legal Description: Lot _____ Block _____ U.S. Survey No. _____

Existing Subdivision _____

Street Address _____

Intended Use (circle): Residential Private Recreation Commercial Industrial

Reason for requesting sale: To relocate the existing floating fuel dock at #1 Lincoln St. to the area in question, and replace it with a structure designed to enhance public safety and environmental protection (see attached).


Area of land: 7082 sq. ft.

Current use and appearance: Unoccupied submerged tidelands adjacent to the Petro Marine fuel dock at #1 Lincoln St.

Historical Use: See attached comments.

Proposed construction or improvement: 150' marine fueling dock - see attached drawings

If the Assembly authorizes the sale to proceed, 1) an additional \$150 will be required to cover advertising costs, 2) a subdivision plat will be required, and 3) an appraisal will be required. The cost of the appraisal may be split between the municipality and the applicant.

Signature:  Date: 3/2/16

Petro Marine Services
Land Management - Tideland Purchase Request
1 Lincoln Street

Attachment to Land Sales Application

Petro Marine Services

Reason for requesting sale (continued)

Petro Marine is considering a reconfiguration of the marina for several reasons. These include:

Upgrade Aging Equipment. The existing marina has been in place since the mid 1980's. The proposed marina will be much like the one we built at our Katlian St. facility in 2012. That design incorporates improved control valves, among other features, that do not allow fuel to flow unless the valves are energized by an attendant.

Public Safety. The new configuration improves access to the USFS dock by reducing conflicts between boat traffic to our marina and the float plane the USFS brings in to their dock during the summer. Boat traffic to the proposed marina would be much farther from the USFS dock than it is at present, reducing the chance of a boat/plane collision.

The proposed design includes a covered ramp, reducing the possibility of slips, trips and falls due to the buildup of snow and ice. The design also contains permanently mounted safety ladders. Incidents at City harbors over the last few years have shown the value of this equipment. Due to its configuration and method of construction, installing ladders on the existing dock is not practical.

Enhanced Spill Response. The design of the marina provides immediate containment of any fuel spilled on the marina surface itself. In addition, the plan calls for staging spill containment boom in a shed on the marina. This boom can be easily deployed to contain spills to the water surrounding the marina itself and the adjacent piling dock. The pontoon design means that, in combination with deployed boom, the marina itself is part of a containment system that allows for rapid control of a fuel spill.

Enhanced Fire Suppression Capability. At the request of the Fire Chief, the water supply line to the north plant marina (constructed in 2012) is equipped with fittings for the connection of fire hoses. It was the Chief's opinion that this would significantly improve the Fire Departments ability to fight a fire there. This design could also be incorporated into the proposed marina.

Historical Use (continued)

The Lincoln St. fuel facility has been an important location for re-fueling both local and out of town vessels for well over 100 years. In the 30's, 40's and 50's, the tidelands in question were home to a piling dock owned by Standard Oil Company (picture attached). Since that time, most of the vessels that have come in to fuel up at either of the docks at the Lincoln St. facility have transited and/or moored in the area above these tidelands (pictures attached).



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, June 14, 2016 on the following item:

A. Public hearing and consideration of a tideland lease request filed by Petro Marine Services for tidelands adjacent to 1 Lincoln Street.

The Assembly may take action on June 14, 2016. The Assembly meeting will begin at 6:00 pm at University of Alaska Southeast, 1332 Seward Avenue, Room 229 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: 10001000
STATE OF ALASKA
PIONEER HOME
ALASKA, STATE OF
P.O. BOX 110208
JUNEAU AK 99811

Parcel ID: 10010000
HARBOR ENTERPRISES, INC.
PETRO MARINE SERVICES
HARBOR ENTERPRISES, INC.
P.O. BOX 389
SEWARD AK 99664-0389

Parcel ID: 10015001
RAVEN RADIO FOUNDATION, INC.
RAVEN RADIO FOUNDATION, INC.
2B LINCOLN ST.
SITKA AK 99835

Parcel ID: 10015002
CITY & BOROUGH OF SITKA
C/B OF SITKA
100 LINCOLN ST
SITKA AK 99835

Parcel ID: 10015004
CITY & BOROUGH OF SITKA
C/B OF SITKA
100 LINCOLN ST
SITKA AK 99835

Parcel ID: 10016000
CITY & BOROUGH OF SITKA
CITY HALL
C/B OF SITKA
100 LINCOLN ST
SITKA AK 99835

Parcel ID: 10017000
STATE OF ALASKA
CASTLE HILL
STATE OF ALASKA
6860 GLACIER HWY
JUNEAU AK 99801

Parcel ID: 10017001
CITY & BOROUGH OF SITKA
CASTLE HILL (BELOW HARB DR)
C/B OF SITKA
100 LINCOLN ST
SITKA AK 99835

Parcel ID: 10020000
CASTLE HILL, LLC
CASTLE HILL, LLC
117 GRANITE CREEK RD, STE 201
SITKA AK 99835

Parcel ID: 10033000
BLANCA HERNANDEZ
HERNANDEZ, BLANCA
2435 MARIAN BAY CIRCLE
ANCHORAGE AK 99515

Parcel ID: 15997000
SITKA TRIBE OF ALASKA
SHEETKA KWAAN NAA KAHINI
SITKA TRIBE OF ALASKA
456 KATLIAN ST.
SITKA AK 99835

Parcel ID: 16000000
JAMES MCGOWAN
MCGOWAN, JAMES, W.
202 KATLIAN, #A
SITKA AK 99835

Parcel ID: 16015000
ROBERT/KAREN PARKER
PARKER, ROBERT & KAREN
204 KATLIAN AVE
SITKA AK 99835

Parcel ID: 16655000
SCOJO, LLC
TOTEM SQUARE
SCOJO, LLC
2819 DAWSON ST
ANCHORAGE AK 99503

Parcel ID: 16655001
C/B OF SITKA
BETWEEN TOTEM SQ & KAT AVE
C/B OF SITKA
100 LINCOLN ST
SITKA AK 99835

Parcel ID: 16656000
ALASKA, STATE OF
TOTEM SQUARE LAWN
ALASKA, STATE OF
TOTEM SQ LAWN
SITKA AK 99835

Parcel ID: 16657000
U.S. FOREST SERVICE
FOREST SERVICE DOCK
U.S. FOREST SERVICE
204 SIGINAKA WAY
SITKA AK 99835

Parcel ID: 16675000
CITY & BOROUGH OF SITKA
(BAILEY'S MARINE)
C/B OF SITKA
100 LINCOLN ST
SITKA AK 99835

State of Alaska
PO Box 110690
Juneau, AK 99811

Assembly Mailing
June 3, 2016

Parcel ID: 10010000
HARBOR ENTERPRISES, INC.
PETRO MARINE SERVICES
HARBOR ENTERPRISES, INC.
P.O. BOX 389
SEWARD AK 99664-0389

Parcel ID: 10015001
RAVEN RADIO FOUNDATION, INC.
RAVEN RADIO FOUNDATION, INC.
2B LINCOLN ST.
SITKA AK 99835

Parcel ID: 10015002
CITY & BOROUGH OF SITKA
C/B OF SITKA
100 LINCOLN ST
SITKA AK 99835

Parcel ID: 10015004
CITY & BOROUGH OF SITKA
C/B OF SITKA
100 LINCOLN ST
SITKA AK 99835

Parcel ID: 10016000
CITY & BOROUGH OF SITKA
CITY HALL
C/B OF SITKA
100 LINCOLN ST
SITKA AK 99835

Parcel ID: 10017000
STATE OF ALASKA
CASTLE HILL
STATE OF ALASKA
6860 GLACIER HWY
JUNEAU AK 99801

Parcel ID: 10017001
CITY & BOROUGH OF SITKA
CASTLE HILL(BELOW)HARB DR
C/B OF SITKA
100 LINCOLN ST
SITKA AK 99835

Parcel ID: 10020000
CASTLE HILL, LLC
CASTLE HILL, LLC
117 GRANITE CREEK RD, STE 201
SITKA AK 99835

Parcel ID: 16655000
SCOJO, LLC
TOTEM SQUARE
SCOJO, LLC
2819 DAWSON ST
ANCHORAGE AK 99503

Parcel ID: 16656000
ALASKA, STATE OF
TOTEM SQUARE LAWN
ALASKA, STATE OF
TOTEM SQ LAWN
SITKA AK 99835

Parcel ID: 16657000
U.S. FOREST SERVICE
FOREST SERVICE DOCK
U.S. FOREST SERVICE
204 SIGINAKA WAY
SITKA AK 99835

Petro Marine Services
Tideland Lease Request
Adjacent to 1 Lincoln Street

P&Z Mailing
May 6, 2016



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 16-108 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 6/7/2016 In control: City and Borough Assembly

On agenda: 6/14/2016 Final action:

Title: Reappoint: 1) Debra Pohlman to a term on the Planning Commission, 2) Brendan Jones to a term on the Port and Harbors Commission, 3) Morgan Doubleday to a term on the Animal Hearing Board, and, 4) Grant Miller to a term on the Gary Paxton Industrial Park Board

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and reappointment apps.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

POSSIBLE MOTION

I MOVE TO reappoint: 1) Debra Pohlman to a term on the Planning Commission, 2) Brendan Jones to a term on the Port and Harbors Commission, 3) Morgan Doubleday to a term on the Animal Hearing Board, and, 4) Grant Miller to a term on the Gary Paxton Industrial Park Board.



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

Board/Commission/Committee: Planning Commission
Name: Debra Pohlman Daytime Phone: 907 360 0149
Address: 515 Charteris St. Evening Phone: 907 623 0417
Email Address: dpohlman@sitkahospital.org Fax Number: —
Length of Residence in Sitka: 10 years Registered to vote in Sitka? Yes No
Employer: Sitka Community Hospital
Organizations you belong to or participate in: AAFP, Braveheart

Explain your main reason for applying: I see the importance of participating on the City Planning Board and have a better understanding of the Planning Commission's function, having been a member of the Commission.

What background, experience or credentials will you bring to the board, commission, or committee membership?
3 years on Planning Commission.

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

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

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

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

Date: 5/17/16 Signature: [Handwritten Signature]

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

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

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



PLANNING COMMISSION

NAME	CONTACT NUMBERS	TERM STARTS	EXPIRES	CATEGORY
CHRIS SPIVEY PO Box 312	747-6636 w 738-2524 c spi3050@yahoo.com	12/11/12 1/28/14	2/8/14 1/28/17	CHAIR
DARRELL WINDSOR PO Box 1973	738-4046 c dwindsor@gci.net	6/28/11 6/24/14	6/28/14 6/24/17	VICE CHAIR
TAMIE (HARKINS) PARKER SONG PO Box 1121	623-7687 tamieparkersong@gmail.com	4/23/13 4/26/16	4/23/16 4/26/19	
DEBRA POHLMAN 209 Moller Avenue	747-1722 w dpohlman@sitkahospital.org	6/25/13	6/25/16	
RANDY HUGHEY 220 Lakeview Drive	738-2999 c randywhughey@gmail.com	2/24/15 10/13/15	10/23/15 10/13/18	
Michael Scarcelli Senior Planner	747-1815 michael.scarcelli@cityofsitka.org			Staff Liaison
Maegan Bosak Planning and Community Development Director	747-1824 maegan.bosak@cityofsitka.org			
Samantha Pierson Planner I	747-1814 samantha.pierson@cityofsitka.org			Secretary

5 members from public, 3-year terms
 Established by Ordinance 74-118/SGC2.18 & Charter Article VIII
 Must be registered to vote
 First and Third Tuesdays 7:00 p.m. – Sealing Cove Business Center

**CONFLICT OF INTEREST FORMS
 OATHS OF OFFICE**

Revised: April 27, 2016

June 17th, 2013

To Assembly Members of the City and Borough of Sitka,

Having returned back to Sitka to work and live, I am interested in service to my community by applying for a vacancy on the Planning Commission for the City of Sitka. I believe in giving back to the community in which I live, and chose the Planning Commission because of the vacancy; I have no specific agenda or preconceived ideas that I bring to the commission but rather open-mindedness to address concerns that come before it.

My occupation has required participation in numerous medical committees over the years and I have served on the State of Alaska Medicaid Rate Advisory Commission. Currently I attend several meetings for required hospital committees. While preparation for the Planning Commission meetings will require extra time, the meetings aren't so frequent that I anticipate difficulty attending.

I appreciate your consideration for the vacancy and hope you will choose to add me to the Planning Commission.

Sincerely,

A handwritten signature in black ink, appearing to read 'Debra Pohlman MD'. The signature is stylized with large, overlapping loops and a long horizontal stroke extending to the right.

Debra Pohlman MD



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

Board/Commission/Committee: Port and Harbors
Name: Brendan Jones Daytime Phone: 907. 738. 8209
Address: Elisava Harbor, Adak Evening Phone: _____
Email Address: brendanusa@gnail.com Fax Number: _____
Length of Residence in Sitka: First came in 1997, on and off since Registered to vote in Sitka? Yes No
Employer: Stanford University, Self
Organizations you belong to or participate in: Sitka Conservation Society, Haines Center, Raven Radio

Explain your main reason for applying:
To contribute to local government, and the overall quality of Sitka's ports.

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

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

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

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

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

Date: 6 June 2016 Signature: [Handwritten Signature]

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

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

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

6 June 2016

Assembly:

Thank you for this opportunity to become a member on the Port & Harbors Commission.

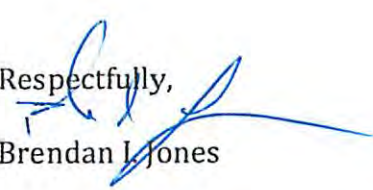
As a resident of the Eliason Harbor, where I live with my wife and daughter, I witness daily the work the Harbor Department performs to keep our docks operational. I have great respect for the amount of time, and attention to detail, workers expend to keep our boats safe.

I would like to do my part as a Sitkan, and commit my time to serving on a commission. I would look forward to attending the nine annual meetings of, keeping up with the business of the assembly, and being a contributing member to the ongoing conversation on how to improve Sitka's marine facilities. I would take very seriously the commitment to planning new harbors, evaluating needs for better harbor services, examining harbor ordinances, reviewing budgets, and preparing the annual report to the assembly on the general status of the harbor system. I would bring to bear my background as a general contractor for seven years, a deckhand and worker in the commercial fishing industry since the age of 19, and a writer, in an effort to keep the docks safe, operational, and up-to-date.

I am currently on the board of the Sitka Conservation Society. I have an B.A. and M.A. from Oxford University, and teach creative writing at Stanford.

Once again, thank you for the opportunity.

Respectfully,


Brendan I. Jones



PORT AND HARBORS COMMISSION

NAME	CONTACT NUMBERS	TERM STARTS	EXPIRES	CATEGORY
KEVIN KNOX 324 Wachussetts Street	738-4664 c kevin@bluesteel.org	12/10/13 3/24/15	4/10/15 3/24/18	CHAIR
JOSH ARNOLD 106 Shotgun Alley	738-0854 c 747-0545 oceanlure@gmail.com	5/13/14	5/22/15	VICE CHAIR <i>Coleman's term</i>
MARY ANN PETERSON PO Box 593	752-3684 map3684@gmail.com	10/7/13	10/7/16	
MELISSA GREENHALGH PO Box 25	738-1320 c melissarae1984@yahoo.com	2/11/15 5/24/16	3/26/16 5/24/19	
ERIC SKOUSEN 105 Burkhart Road B12	623-8003 skousenpride@hotmail.com	10/27/15	10/27/18	
MICHAEL NURCO Po Box 6443	738-0927 albatrossalaskacharters@gmail.com	11/11/15	7/8/17	<i>Davis term</i>
BRENDAN JONES PO Box 6265	738-8209 c brendanisaacjones@gmail.com	2/9/16	6/11/16	<i>Johnson's term</i>
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
Renee Wheat Administrative Coordinator	747-1808 w renee.wheat@cityofsitka.org			Secretary

7 members from the public, 3-year terms
 Established by Resolution 88-375
 Nine meetings per year, September – May, 2nd Wednesday
 Sealing Cove Business Center, 601 Alice Loop 6:00 p.m.

Revised: May 25, 2016



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

Board/Commission/Committee: ANIMAL HEARING BOARD
Name: MORGAN DOUBLEDAY Daytime Phone: 907 738 4242
Address: 1705 SMC P.O. BOX 6507 Evening Phone: SAME
Email Address: COGEVE@AOL.COM Fax Number: (907) 918 9119
Length of Residence in Sitka: 33 YEARS Registered to vote in Sitka? Yes No
Employer: SSS

Organizations you belong to or participate in:

Explain your main reason for applying:

GIVE A VOICE TO THOSE WHO CANNOT SPEAK FOR THEMSELVES.

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

8 YEARS ON BOARD FOR ANIMALS

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: 5/17/18 Signature: M. Doubleday

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

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

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

FAX 747-7403

Resume MORGAN DOUBLEDAY

Occupation: Boat Captain/ Fisherman 40 years

Hobbies: Travel gardening

References: C Regis artist 907-738-4333/ Elton Johnson
fisherman 907-623-7127

Email cogeye@aol.com Phone 907-739-4242



ANIMAL HEARING BOARD

NAME	CONTACT NUMBERS	TERM STARTS	EXPIRES	CATEGORY
SUSAN ROYCE 1919 Cascade Creek Rd.	747-6064 747-6599 fax svroyce@gmail.com	7/9/02 7/12/05 6/24/08 6/14/11 6/10/14	7/09/05 7/12/08 6/24/11 6/14/14 6/10/17	CHAIR Animal Trainer
CARIN ADICKES 1401 Edgcumbe Dr.	747-1078 4seapeople@gci.net	1/26/10 1/8/13 12/22/15	1/26/13 1/8/16 12/22/18	Animal Interest Group
MORGAN DOUBLEDAY 1705 Sawmill Creek Road	747-5424 w 738-4242 c	4/8/08 6/22/10 6/11/13	7/10/10 6/22/13 6/11/16	Dog Keeper
DAVID HUNT PO Box 1774	747-7387 w sitkavet@alaska.com	8/9/11 8/26/14	8/9/14 8/26/17	Veterinarian

Note: Hearing boards do not have an assembly liaison nor does the Animal Control Officer sit on the board. The hearing board consists of five members as defined in Ordinance 02-1656.

5 Members from Public and one alternate

Initial terms staggered (1) one-year (2) two-year and (2) three-year terms and (1) alternate with 3-year term.

Established by Ordinance 02-1656

The Animal Hearing Board shall meet within 5 business days, or as soon as possible thereafter, after receipt for a hearing.

Revised: December 29, 2015



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

Board/Commission/Committee: Gary Paxton Industrial Park board
Name: Grant Miller Daytime Phone: 2383443
Address: Box 6097 Evening Phone: "
Email Address: grantjaymiller@gmail.com Fax Number: _____
Length of Residence in Sitka: 35 yrs Registered to vote in Sitka? Yes ___ No
Employer: Murray Pacific
Organizations you belong to or participate in:

Raven Radio

Explain your main reason for applying:

I want to follow through on what we began

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

current, past, present member

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

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

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

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

Date: 6-4-14 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



GARY PAXTON INDUSTRIAL PARK BOARD OF DIRECTORS

NAME	CONTACT NUMBERS	TERM STARTS	EXPIRES	CATEGORY
SCOTT WAGNER 304 Nicole Drive	747-6850 w 747-3791 h scott_wagner@nsraa.org	11/25/14	6/24/16	CHAIR <i>Eisenbeisz's term</i>
DAN JONES 719 Sirstad Street	738-6998 c 747-6373 h danielgjonespe@gci.net	10/11/11 10/22/13 10/27/15	10/11/13 10/22/15 10/27/17	VICE- CHAIR
GRANT J. MILLER P.O. Box 6097	738-3443 w 747-7870 fax grantjaymiller@gmail.com	6/13/06 6/10/08 6/8/10 6/12/12 6/24/14	6/13/08 6/10/10 6/8/12 6/12/14 6/24/16	
CHARLES HORAN 403 Lincoln Street	747-6666 w 747-7417 fax charles@horanappraisals.com	3/24/15	7/9/15	<i>Fondell's term</i>
PTARMICA MCCONNELL 2575 Sawmill Creek Rd.	738-9941 c ptarmica@sheeatika.com	6/10/14	6/10/16	
Garry White 329 Harbor Drive, #212	747-2660 w 747-7688 fax garrywhite@gci.net			GPIP Director
Mark Gorman City & Borough of Sitka 100 Lincoln Street	747-1808 w 747-7403 fax mark.gorman@cityofsitka.org			Municipal Administrator
Steven Eisenbeisz 208 Lincoln Street	738-9075 c assemblyeisenbeisz@cityofsitka.org			Assembly Liaison
Linda Wilson 329 Harbor Drive, #212	747-2660 w 747-7688 fax sedasitka@gmail.com			Secretary

Established by Ordinance 00-1568

Five members appointed by the Assembly for 2-year terms, one designated At-Large

Revised: March 21, 2016



CITY AND BOROUGH OF SITKA

Legislation Details

File #: ORD 16-17 Version: 1 Name:
Type: Ordinance Status: AGENDA READY
File created: 5/17/2016 In control: City and Borough Assembly
On agenda: 6/14/2016 Final action:
Title: Adjusting the FY16 Budget (disaster declaration work/PERS funding)
Sponsors:
Indexes:
Code sections:
Attachments: [Motion Ord 2016-17.pdf](#)
[Ord 2016-17.pdf](#)

Date	Ver.	Action By	Action	Result
5/24/2016	1	City and Borough Assembly		

POSSIBLE MOTION

I MOVE TO approve Ordinance 2016-17
on second and final reading.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2016-17

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA
ADJUSTING THE FY16 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 FY16 budgets for known changes.

4. **ENACTMENT.** The Assembly of the City and Borough of Sitka hereby adjusts the FY16 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, 2015 and ending June 30, 2016 is hereby adjusted as follows:

<u>Account Number</u>	<u>Account</u>	<u>Increase</u>	<u>Decrease</u>
<u>FISCAL YEAR 2016 EXPENDITURE BUDGETS</u>			
<u>CAPITAL PROJECTS</u>			
Contingency Fund – Operations: At the October 27th meeting, the Assembly approved to authorize a budget in the amount of \$1,500,000 for all costs related to the disaster declaration work and authorize the Municipal Administrator to award all bids and execute all contracts necessary to complete the remaining disaster remediation work with a total not to exceed budget of \$1,500,000. October 13th the Assembly approved a Budget Ordinance for \$1,000,000 of those funds. This Budget Ordinance will appropriate the remaining \$500,000. If funds are not fully expensed in FY16, a re-appropriation will be requested in the first Budget Adjustment in FY17.			
Overall Funds – Personnel: This entry will increase appropriations in each Fund for the Employer On-Behalf Funding – PERS ER120. General Fund - \$348,692; Electric Fund - \$128,527; Water Fund - \$11,527; Wastewater Fund - \$35,158; Solid Waste Fund – 2,306; Harbor Fund - \$24,207; Management Information Systems Fund - \$10,375; Central Garage Fund - \$5,188; Building Maintenance Fund - \$10,375.			

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

29
30
31
32
33
34
35
36
37
38
39
40

43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67

EXPLANATION

Necessary revisions in the FY 2016 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 14th Day of June, 2016.

ATTEST:

Mim McConnell, Mayor

Sara Peterson, CMC
Municipal Clerk

**Materials from
October 27, 2015
Assembly meeting**

POSSIBLE MOTION


I MOVE to approve a total authorized budget of \$1,500,000 for all costs related to the disaster declaration work and authorize the Municipal Administrator to award all bids and execute all contracts necessary to complete the remaining disaster remediation work with a total not to exceed budget of \$1,500,000.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

To: Mayor McConnell and Members of the Assembly

From: Mark Gorman, Municipal Administrator 

cc: Michael Harmon, P.E. Public Works Director
Jay Sweeney, Finance Director

Date: October 21, 2015

Subject: Authorization to Award Disaster Relief Projects

Background:

The State has completed their review of our accounting, bids, and overall paperwork related to the August 18th disaster work and declaration to fund these expenses. The total estimated cost for the past and future work is approximately \$1.5-million with a total State authorized budget of \$1-million. The State representatives will be working with us to authorize a budget increase to cover the total cost and have indicated that these are commonly approved. Additionally, the State has approved us to move forward with putting the additional work out to bid.

Analysis:

Following the State's program will generate several required contracts and procurement approvals for the various categories of work. Time is of the essence and the CBS needs to position itself to be efficient and expeditious in completing this work. For this reason, it is important for the Administrator to have the authority to award all necessary bids and contracts to ensure there is no further delay to these much needed repairs and debris removal work.

Fiscal Note:

The Assembly has authorized a CBS budget of \$1-million and the State declaration budget is an additional \$1-million. The State will be pursuing a budget increase to approximately \$1.5-million to match the current estimated total cost. It is important to note that these projects need to be completed regardless of the State's ability to increase their total budget.

Recommendation:

- Approve a total authorized budget of \$1,500,000 for all costs related to the disaster declaration work.
- Authorize the Administrator to award all bids and execute all contracts necessary to complete the remaining disaster remediation work with a total not to exceed budget of \$1,500,000.

CITY AND BOROUGH OF SITKA - Action Details

File #: 15-211 Version: 1

Type: Item

Title: Approve a total authorized budget of \$1,500,000 for all costs related to the disaster declaration work and authorize the Administrator to award all bids and execute all contracts necessary to complete the remaining disaster remediation work with a total not to exceed budget of \$1,500,000

Mover: [Benjamin Miyasato](#) Secondar: [Aaron Swanson](#)

Result: Pass

Agenda note:

Minutes note: Municipal Administrator, Mark Gorman, stated he was comfortable the \$1.5 million would be reimbursed as long as there was compliance with State procurement guidelines. Gorman and Public Works Director, Michael Harmon, noted the work needed to be done regardless of reimbursement from the State. Eisenbeisz requested that the Assembly receive regular updates throughout the process.

Action: APPROVED

Action text: A motion was made by Miyasato that this Item be APPROVED. The motion PASSED by the following vote.

Votes (7:0)

Person Name	Vote
Mim McConnell	Yes
Matthew Hunter	Yes
Aaron Swanson	Yes
Benjamin Miyasato	Yes
Steven Eisenbeisz	Yes
Tristan Guevin	Yes

7 records Group Export



CITY AND BOROUGH OF SITKA

Legislation Details

File #: ORD 16-20 Version: 1 Name:
Type: Ordinance Status: AGENDA READY
File created: 5/25/2016 In control: City and Borough Assembly
On agenda: 6/14/2016 Final action:
Title: Adopting budgets for Fiscal Year July 1, 2016 through June 30, 2017
Sponsors:
Indexes:
Code sections:
Attachments: [Motion and Ord 16-20.pdf](#)

Date	Ver.	Action By	Action	Result
5/31/2016	1	City and Borough Assembly		

POSSIBLE MOTION

I MOVE TO approve Ordinance 2016-20
on second and final reading.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2016-20

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA
ADOPTING BUDGETS FOR THE FISCAL YEAR JULY 1, 2016
THROUGH JUNE 30, 2017

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 portion 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 set forth budgetary requirements for the operation of the various divisions, departments and organizations of the City and Borough of Sitka for Fiscal Year 2017.
4. **ENACTMENT. NOW THEREFORE, BE IT ENACTED** by the Assembly of the City and Borough of Sitka, Alaska that the following expenditure budgets for the fiscal period beginning July 1, 2016 and ending June 30, 2017 are hereby adopted as follows:

<u>FUND</u>	<u>REVENUE</u>	<u>EXPENDITURE BUDGET</u>		
<u>GENERAL FUNDS</u>	REVENUE	OPERATIONS	CAPITAL/ TRANSFER	TOTAL
General Fund	\$ 28,288,850	\$ 26,788,850	\$ 1,500,000	\$ 28,288,850
<u>ENTERPRISE FUNDS</u>				
Electric Fund	\$ 18,086,900	\$ 17,268,250	\$ 3,475,000	\$ 20,743,250
Water Fund	\$ 3,590,030	\$ 2,126,252	\$ 75,000	\$ 2,201,252
Wastewater Fund	\$ 4,680,820	\$ 3,177,896	\$ 226,500	\$ 3,404,396
Solid Waste Fund	\$ 3,750,668	\$ 3,563,072	\$ -0-	\$ 3,563,072
Harbor Fund	\$ 3,759,500	\$ 2,267,774	\$ -0-	\$ 2,267,774
Airport Terminal Fund	\$ 486,000	\$ 463,288	\$ -0-	\$ 463,288
Marine Service Center Fund	\$ 265,484	\$ 158,197	\$ -0-	\$ 158,197
Gary Paxton Industrial Park	\$ 7,188,900	\$ 306,972	\$ -0-	\$ 306,972

29

<u>INTERNAL SERVICE FUNDS</u>	REVENUE	OPERATIONS	CAPITAL/ TRANSFER	TOTAL
Management Information Systems Fund	\$ 1,144,022	\$ 1,051,410	\$ -0-	\$ 1,051,410
Central Garage Fund	\$ 1,816,156	\$ 896,929	\$ 821,200	\$ 1,718,129
Building Maintenance Fund	\$ 772,400	\$ 689,961	\$ -0-	\$ 689,961
<u>SPECIAL REVENUE FUNDS</u>				
Pet Adoption Fund	\$ 960	\$ 2,000	\$ -0-	\$ 2,000
SEACAD Fund	\$ 5,000	\$ 5,000	\$ -0-	\$ 5,000
Sitka Forfeiture Fund	\$ 2,000	\$ 2,000	\$ -0-	\$ 2,000
NARCO Task Force Grant	\$ 130,000	\$ 130,000	\$ -0-	\$ 130,000
State Forfeiture Fund	\$ 2,000	\$ 2,000	\$ -0-	\$ 2,000
Homeland Security Grant	\$ 30,000	\$ 30,000	\$ -0-	\$ 30,000
Library Building Fund	\$ 1,700	\$ -0-	\$ -0-	\$ -0-
Southeast Alaska Economic Development Fund	\$ 37,500	\$ 37,500	\$ -0-	\$ 37,500
GPIP Contingency Fund	\$ 19,000	\$ 19,000	\$ -0-	\$ 19,000
Tobacco Excise Tax Fund	\$ 681,500	\$ 680,000	\$ -0-	\$ 680,000
Fisheries Enhancement Fund	\$ 40,000	\$ 40,000	\$ -0-	\$ 40,000
Commercial Passenger Vessel Excise Tax Fund	\$ 236,900	\$ 81,800	\$ -0-	\$ 81,800
Visitor Enhancement Fund	\$ 433,905	\$ 371,368	\$ -0-	\$ 371,368
Revolving Fund	\$ 38,200	\$ 28,700	\$ -0-	\$ 28,700
Guarantee Fund	\$ 6,200	\$ 6,200	\$ -0-	\$ 6,200
Cemetery Fund	\$ 2,000	\$ 2,800	\$ -0-	\$ 2,800
Rowe Trust Fund	\$ 4,000	\$ 4,000	\$ -0-	\$ 4,000
Library Endowment Fund	\$ 6,500	\$ -0-	\$ -0-	\$ -0-
Bulk Water Fund	\$ 25,000	\$ -0-	\$ -0-	\$ -0-
Seasonal Sales Tax/School Bond Debt Service Fund	\$ 4,551,032	\$ 4,765,998	\$ -0-	\$ 4,765,998
<u>PERMANENT FUND</u>				
Permanent Fund	\$ 576,000	\$ 1,346,888	\$ -0-	\$ 1,346,888

30

31

<u>CAPITAL PROJECT FUNDS</u>	REVENUE	OPERATIONS	CAPITAL /TRANSFER	TOTAL
General Capital Project Fund	\$ 1,500,000	\$ -0-	\$ 2,808,666	\$ 2,808,666
GF Contingent on State/Federal Funding	\$ 2,368,060	\$ -0-	\$ 2,368,060	\$ 2,368,060
Electric Capital Project Fund	\$ 3,475,000	\$ -0-	\$ 3,475,000	\$ 3,475,000
Electric Contingent on State/Federal Funding	\$ 2,669,000	\$ -0-	\$ 2,669,000	\$ 2,669,000
Water Capital Project Fund	\$ 75,000	\$ -0-	\$ 75,000	\$ 75,000
Water Contingent on State/Federal Funding	\$ 6,462,322	\$ -0-	\$ 6,462,322	\$ 6,462,322
Wastewater Capital Project Fund	\$ 125,000	\$ -0-	\$ 125,000	\$ 125,000
Wastewater Contingent on State/Federal Funding	\$ 16,961,461	\$ -0-	\$ 16,961,461	\$16,961,461
Solid Waste Capital Project Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Harbor Capital Project Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Harbor Contingent on State/Federal Funding	\$ 1,850,000	\$ -0-	\$ 1,850,000	\$ 1,850,000
MSC Contingent on State/Federal Funding	\$ 8,440,000	\$ -0-	\$ 8,440,000	\$ 8,440,000
<u>COMPONENT UNIT</u>				
Sitka Community Hospital	\$ 25,573,363	\$ 25,153,387	\$ 419,976	\$ 25,573,363

32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53

EXPLANATION

Details of individual budgets are contained in Enclosure 1. Support to the Sitka School District has been included in the General Fund Expenditures. Budgeted amounts for all funds include revenue, operating expenditures and new capital outlays.

5. EFFECTIVE DATE. This ordinance shall become effective on July 1, 2016.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 14th day of June, 2016.

Mim McConnell, Mayor

ATTEST:

Sara Peterson, CMC
Municipal Clerk



CITY AND BOROUGH OF SITKA

Legislation Details

File #: ORD 16-15A Version: 1 Name:

Type: Ordinance Status: AGENDA READY

File created: 4/20/2016 In control: City and Borough Assembly

On agenda: 6/14/2016 Final action:

Title: Amending Title 15 of the Sitka General Code by adding a new Chapter 15.15 entitled "Community Assisted Utility Subsidization Effort" (first reading as amended)

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Ord 2016-15A.pdf](#)
[Ord 2016-15A.pdf](#)
[Community Options for Utility Assistance.pdf](#)

Date	Ver.	Action By	Action	Result
5/24/2016	1	City and Borough Assembly		
5/24/2016	1	City and Borough Assembly		

POSSIBLE MOTION

I MOVE TO approve Ordinance 2016-15A on first reading.

POSSIBLE MOTIONS after discussion of the ordinance:

- 1) **I MOVE TO** provide a \$200,000 grant from the Southeast Economic Development Fund for one year support of the community assisted utility subsidization effort.

OR

- 2) **I MOVE TO** increase utility rates to generate \$200,000 per year for the community assisted utility subsidization effort.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2016-15A

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING TITLE 15 OF THE SITKA GENERAL CODE BY ADDING A NEW CHAPTER 15.15 ENTITLED "COMMUNITY ASSISTED UTILITY SUBSIDIZATION EFFORT"

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 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. The purpose of this ordinance is to add a new chapter to Title 15 of the Sitka General Code providing a regulatory framework for the subsidization of utility costs for low income households. This ordinance shall set forth how and when utility costs subsidizations shall be authorized, implemented; how long such subsidizations shall continue for; when such subsidizations shall be terminated; and, penalties for obtaining subsidies under false pretenses.

4. ENACTMENT. NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that the Sitka General Code Title 15 is amended by adding a new Chapter 15.15 entitled, "Community Assisted Utility Subsidization Effort" to read as follows (new language underlined; deleted language stricken):

Title 15
Public Utilities

- 15.01 Electric Utility Policies
15.02 Watershed Control Program
15.04 Sewer System
15.05 Water System
15.06 Solid Waste Treatment and Refuse Collection
15.07 Storm Drainage
15.08 Utility Poles
15.12 Private Extensions of Water, Wastewater, and Stormwater Utilities
15.15 Community Assisted Utility Subsidization Effort

Chapter 15.15
Community Assisted Utility Subsidization Effort

47 Sections:

48 15.15.010 Definitions.

49 15.15.020 Municipal Utility Cost Subsidization Policy.

50 15.15.030 Eligibility Criteria.

51 15.15.040 Determining Eligibility.

52 15.15.050 Program Administration.

53 15.15.060 Responsibilities Incumbent Upon Subsidized Households.

54 15.15.070 Penalties For Obtaining Subsidization Under False Pretenses.

55

56 **15.15.010 Definitions.**

57 A. "Uncollectable Accounts" refers to any account or debt owed the City which has become
58 overdue by more than one hundred twenty days.

59 B. "Collection" means any action taken by the City to attempt to collect a debt or account which
60 is overdue.

61 C. "Credit" means the extension of any services by the City to any person or entity for which a
62 charge or fee is levied, and, for which the charge or service is provided in advance of payment.

63 D. "Debt" means any sum of money which a citizen of the City, or customer of the City in
64 some capacity, is legally obligated to pay to the City for any purpose.

65 E. "Good Standing" shall mean that any citizen, business, or other entity doing business with the
66 City does not have an account which is overdue.

67 F. "Overdue" refers to any debt owed to the City which has not been paid within thirty days of
68 the date the payment was due. As an exception, debts owed for utility services consumed are
69 considered overdue fifteen days after the date the payment was due.

70 G. "Write Off" refers to any debt for which collection action is no longer pursued.

71 **15.15.020 Municipal Utility Cost Subsidization Policy.**

72 A. It shall be the policy of the City and Borough of Sitka that households meeting certain
73 criteria shall be eligible for subsidization of their municipal utility costs from general
74 governmental sources.

75
76 B. Subsidization shall be in the form of general governmental subsidy payments to municipal
77 utilities on behalf of eligible households. Under no circumstances shall subsidization be in the
78 form of reduced utility rates or the provision of free utility services.

79
80 C. The amount of annual subsidization by the City shall be in the municipal Administrator's
81 annual Consolidated Operating Budget. The annual subsidization shall be further pro-rated
82 across the months of the fiscal year based on the historic amount of revenue for the month
83 divided by annual revenue. Applications for subsidization shall be processed on a first-come,
84 first-served basis for each month; once the monthly subsidization has been dispensed, no
85 additional subsidizations can be dispensed until the start of the next month.

86 D. Subsidization of utility costs, once extended by the City, shall not be a permanent entitlement
87 of receiving households. Subsidization for individual households may be revoked at any time by
88 the Assembly for any reason. Furthermore, failure of receiving households to adhere to program
89 requirements may be grounds for termination of subsidies.

90
91 E. Monies used for utility subsidization shall be accounted for in a separate fund and shall be
92 used for no other purpose than utility subsidization. The separate fund to be established shall be
93 funded at inception by a special appropriation from the Assembly.

94
95 **15.15.030 Eligibility Criteria.**

96 A. Any household will be eligible to apply which is receiving, or which has a pending
97 application for any one of the following:

- 98 1. Assistance from the State of Alaska under the Food Stamp Program administered by the
99 Division of Public Assistance, Alaska Department of Health and Social Services,
- 100 2. The General Assistance Program administered by Sitka Tribe of Alaska,
- 101 3. The Temporary Assistance to Needy Families Program administered by Central Council
102 Tlingit and Haida Indian Tribes of Alaska and the Alaska Department of Health and
103 Social Services Division of Public Assistance,
- 104 4. The Women Infant and Children (WIC) Program administered by Southeast Alaska
105 Regional Health Consortium,
- 106 5. Children in the household qualify for the Free-or-Reduced Lunch Program administered
107 by the Sitka School District.

108
109 B. Termination of assistance from any of the following programs shall discontinue eligibility for
110 subsidization of City Utility Costs:

- 111 1. The State of Alaska under the Food Stamp Program administered by the Division of
112 Public Assistance, Alaska Department of Health and Social Services,
- 113 2. The General Assistance Program administered by Sitka Tribe of Alaska,
- 114 3. The Temporary Assistance to Needy Families Program administered by Central Council
115 Tlingit and Haida Indian Tribes of Alaska and the Alaska Department of Health and
116 Social Services Division of Public Assistance,
- 117 4. The Women Infant and Children (WIC) Program administered by Southeast Alaska
118 Regional Health Consortium,
- 119 5. Children in the household cease to qualify for the Free-or-Reduced Lunch Program
120 administered by the Sitka School District.

121 C. An applying household will be deemed ineligible for assistance if it, or its constituents, have
122 any past due obligation owed to the City other than utility-related obligations. These other
123 obligations shall include all unpaid citations and billings for protective custody costs. On a case-
124 by-case basis, the Administrator may write off past due obligations in order for an applying
125 household to be eligible for assistance.

126

127 **15.15.040 Determining Eligibility.**

128 A. Any household meeting tentative eligibility criteria and desiring utility cost subsidization
129 must complete and submit an application, along with required documentation, to the entity or
130 organization engaged by the City to manage the utility cost subsidization program.

131 B. The entity administering the utility cost subsidization program shall examine all submitted
132 applications, determine the eligibility of households requesting subsidization, and, provide a
133 recommendation to the City on all completed applications submitted to it under the program.

134
135 **15.15.050 Program Administration.**

136 A. Upon determination of eligibility for an applying household, the entity administering the
137 utility cost subsidization program shall submit a recommendation to the City. The
138 recommendation shall contain the following elements:

139
140 (1) Determination of eligibility or ineligibility

141
142 (2) Length of subsidization

143 B. Upon receipt of a subsidization recommendation, the City shall credit the qualifying
144 household's utility account \$100, not including sales tax.

145 C. The Municipal Administrator shall have the authority to reject or modify any
146 recommendations submitted by the administering entity to the City.

147
148 **15.15.060 Responsibilities Incumbent On Households Receiving Utility Subsidization.**

149 A. To remain eligible for continued subsidization, a household must meet all other financial
150 obligations to the City in a timely basis. Having any obligation owed to the City become past
151 due while receiving subsidization shall be cause for termination of subsidization.

152 B. Households receiving subsidization which undergo changes in financial status causing them
153 to no longer be eligible for subsidization, such as no longer receiving Food Stamps, General
154 Assistance or Temporary Assistance to Needy Families or Women Infant and Children (WIC)
155 Program assistance, or if children in the household cease to qualify for the Free-or-Reduced
156 Lunch Program administered by the Sitka School District, shall immediately notify the
157 administering entity.

158

159 **15.15.070 Penalties For Obtaining Subsidization Under False Pretenses.**

160 A. It will be unlawful for any citizen, or household, to obtain utility cost subsidization from the
161 City under false pretenses. It will also be unlawful for any citizen, or household, to continue to
162 accept subsidization from the City after experiencing a change in financial status which would
163 end eligibility.

164 B. Upon the determination that an unlawful act may have occurred in which utility cost
165 subsidization was obtained under false pretenses, the City will immediately notify the
166 appropriate law enforcement agency so that a criminal investigation can be initiated.

167

168

169 **5. EFFECTIVE DATE.** This ordinance shall become effective 60 days after the
170 date of its passage.

171

172 **PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of
173 Sitka, Alaska this 28th day of June, 2016.

174

175

176

Mim McConnell, Mayor

177 ATTEST:

178

179

180

181 _____
Sara Peterson, CMC

182 Municipal Clerk

183

184 1st reading 5/24/16 amended

Community Options for Utility Assistance

What	How Much	How Often	Who	Notes
Salvation Army	Might pay for the past month, applicant is responsible for the next month. Salvation Army inquires at to the reason the applicant cannot pay.	Up to three times a year, housing only once a year.	Money comes from the State. Ocasasionally FEMA will contribute, in which case the money is earmarked for a specific demographic, such as people left without shelter.	
SOA General Assistance	Income based, emergent need only, if eligible for temporary cash assistance, would deny general relief. \$120 per person,	Can apply monthly, but that will eventually lead to being denied. Monthly is discouraged. Only toward current bill, not past due bills.	Emergent need, limited, are they eligible for other programs? If so, may be denied. Have they received funds from other programs, is so, may be denied. Must have less than \$500 in the bank and less than \$300 of income per month.	If they see that the \$120 isn't going to cover the past due amount, they will be denied. Based on income during the month of application. State funded.
Moose Lodge	Depends on situation, often around \$250	Once a year.	Anyone who can demonstrate need.	Simply a form that needs to be filled out.
Elks Lodge	Depends on how much Lodge has in their fund. Cut check to City directly for the minimum amount they can pay to keep the lights on. Each situation is different.	One time only. Never again.	Anyone who can demonstrate need.	Application. Social and Community Welfare Fund, contributions from members. For electricity, they will verify need with the City.
SOA Heating Assistance Program	Cost of heating home must exceed housing subsidy by over \$200.	Once a year.	Seniors have priority, followed by those with demonstrated need.	Based on income in month prior to application. If heating is provided in rent (in subsidized housing) they are denied.

What	How Much	How Often	Who	Notes
Tlingit and Haida	Based on gross income and "points" based on "as needed" points (must have minimum of 2 "as needed" points). Number of points determines how much you can receive, \$175 per point. Food stamps = automatic qualifier, elderly and disabled = automatic qualifier, children <5 years of age, number of people in household all add points.	Once per grant year, can reapply subsequent year.	Native American and Alaska Native, Elderly are prioritized.	Energy Assistance Program, State Grants, (likely facing some cuts), Federal Grants.
Catholic Church	see notes	see notes	per Salvation Army guidelines	The Catholic Church acts as an assisting revenue source for the Salvation Army if and when they are needed.
SEARHC	Don't receive money, receive food tailored to the needs of the client. Vouchers are given, for certain foods and farmers markets, then store brings back to get reimbursed. Strictly food stuffs.	Based on income, on Denali kid care, or food stamps automatically qualify. There are income caps, above which the applicant is precluded.	Anyone who can meet income guidelines and are pregnant, post partum, breast feeding or with a child <5 years of age.	WIC ultimately funded by USDA through the SOA
Sitka Tribe of Alaska	\$250, depending on household	Once a month	Tribal members who are enrolled in Sitka and have been enrolled for a minimum of six months.	General or emergency assistance. Can be used for any utility or groceries.



CITY AND BOROUGH OF SITKA

Legislation Details

File #: ORD 16-21 Version: 1 Name:

Type: Ordinance Status: AGENDA READY

File created: 6/8/2016 In control: City and Borough Assembly

On agenda: 6/14/2016 Final action:

Title: Repealing Chapter 7.20 "Marijuana Advisory Committee", and creating Chapter 7.40 "Local Regulatory Authority", formally dissolving the existing local regulatory authority and its framework and designating the City Assembly as the permanent Local Regulatory Authority, and creating Chapter 7.50 "Licensing", detailing the procedure of the City Assembly in reviewing, approving and protesting marijuana licenses

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Ord 16-21.pdf](#)
[Ord 16-21.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

POSSIBLE MOTION

I MOVE TO approve Ordinance 2016-21 on
first reading.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2016-21

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA REPEALING CHAPTER 7.20 "MARIJUANA ADVISORY COMMITTEE", AND CREATING CHAPTER 7.40 "LOCAL REGULATORY AUTHORITY", FORMALLY DISSOLVING THE EXISTING LOCAL REGULATORY AUTHORITY AND ITS FRAMEWORK AND DESIGNATING THE CITY ASSEMBLY AS THE PERMANENT LOCAL REGULATORY AUTHORITY, AND CREATING CHAPTER 7.50 "LICENSING", DETAILING THE PROCEDURE OF THE CITY ASSEMBLY IN REVIEWING, APPROVING AND PROTESTING MARIJUANA LICENSES

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 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.** The purpose of this ordinance is to dissolve the existing Local Regulatory Authority and designate the City Assembly as the permanent Local Regulatory Authority. This ordinance also clarifies that the Assembly has the authority to review and approve or protest State marijuana licensing applications, as well as determining marijuana regulatory issues that affect the municipality.

4. **ENACTMENT.** NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that SGC Chapter 7.20 is repealed and SGC Chapters 7.40 and 7.50 are created (old or repealed language stricken, new language underlined) as follows:

Title 7
MARIJUANA REGULATIONS

Chapters:

- 7.20 Marijuana Advisory Committee
7.30 Public Consumption
7.40 Local Regulatory Authority
7.50 Licensing

Chapter 7.20
MARIJUANA ADVISORY COMMITTEE

Sections:

- 7.20.010 Marijuana advisory committee.
7.20.030 Proceedings of the committee.
7.20.040 Sunset clause.

51 ~~**7.20.050 Duties and responsibilities of the committee.**~~

52

53 ~~**7.20.040 Marijuana advisory committee.**~~

54 ~~A. There is created the marijuana advisory committee, referred to in this chapter as~~
55 ~~the committee. The committee shall serve as the local regulatory authority for purposes~~
56 ~~of AS 17.38~~

57

58 ~~B. The committee consists of nine voting members; the composition is as follows:~~

59

60 ~~1. Six members; three from the public at large and one each from the police and~~
61 ~~fire commission, health needs and human services commission, and the school~~
62 ~~board. If no volunteers from each of these boards and commissions can be found,~~
63 ~~the assembly may select members from the public to fill each vacant seat.~~

64

65 ~~2. Two assembly members and one member from the planning commission.~~

66

67 ~~3. The city attorney will sit on the committee in an advisory capacity, with no voting~~
68 ~~rights.~~

69

70 ~~4. The committee will receive staff support processing applications, setting up~~
71 ~~rules and regulations for time, place and manner restriction from the office of~~
72 ~~planning and community development.~~

73

74 ~~**7.20.030 Proceedings of the committee.**~~

75 ~~The committee shall meet regularly as needed and at the call of the chair. Permanent~~
76 ~~records or minutes shall be kept of the vote of each member upon every question.~~
77 ~~Every decision of finding shall immediately be filed in the office of the city clerk, and~~
78 ~~shall be public record open to inspection by any person. Every decision of finding shall~~
79 ~~be directed to the assembly at the earliest possible date.~~

80

81 ~~**7.20.040 Sunset clause**~~

82 ~~If no permanent body is designated by February 24, 2016, the committee shall continue~~
83 ~~as the local regulatory authority until a permanent body is appointed by the assembly.~~

84

85 ~~**7.20.050 Duties and responsibilities of the committee.**~~

86 ~~It shall be the duty of the committee to act in an advisory capacity to the administrator~~
87 ~~and assembly on the regulation of marijuana and operation of marijuana facilities within~~
88 ~~the city and borough of Sitka. Further duties shall include but not be limited to:~~

89

90 ~~A. Work with the state to collect fees and administer licensing and regulations. Draft~~
91 ~~recommended laws and policies for assembly approval, regulating marijuana and~~
92 ~~related facilities within the city and borough of Sitka.~~

93

94 ~~B. Make recommendations, for assembly approval, on time, place and manner~~
95 ~~regulations related to use, manufacturing and distribution of marijuana.~~

96

97 ~~C. Supervise and monitor the implementation and enforcement of laws and policies~~
98 ~~governing marijuana, in conjunction with the city attorney, department of planning and~~
99 ~~community development, the city administrator, and the state authorities.~~

100
101 ~~D. Analyze the economic impact of marijuana regulation in the city and borough of~~
102 ~~Sitka, and working with the city finance department, make recommendations on taxation~~
103 ~~of marijuana.~~

104
105 ~~E. Analyze the environmental impact of manufacturing of marijuana, working with both~~
106 ~~the electric department and wastewater treatment department.~~

107
108 * * *

109 **Chapter 7.40**
110 **Local Regulatory Authority**

111
112 **Sections:**

113 **7.40.010 Duties and powers.**

114
115 **7.40.010 Duties and powers.**

116 The Assembly of the City and Borough shall function as the Local Regulatory Authority
117 for the purpose of the regulation of marijuana with the authority to:

118
119 A. Consider appeals of conditional use permits.

120
121 B. Work with the state to collect fees and administer licensing and regulations. Draft
122 recommended laws and policies for assembly approval, regulating marijuana and
123 related facilities within the City and Borough of Sitka.

124
125 * * *

126 **Chapter 7.50**
127 **Licensing**

128 **Sections:**

129 **7.50.010 License required**

130 **7.50.020 Application for license**

131
132 **7.50.010 License required.**

133 AS 17.38.070 designating a classification of licenses is incorporated herein and made a
134 part hereof, and the sale of marijuana, including any derivative thereof, by any person,
135 firm or corporation is prohibited anywhere except under and by virtue of a license
136 secured from the Director of the Marijuana Control Board, and the sale, barter or
137 consumption of marijuana, including any derivative thereof, on any premises not
138 covered by a license under the classifications in AS 17.38.070 is prohibited.

139
140
141
142
143
144
145
146
147

148
149
150
151

152
153

154
155
156

157
158

159
160
161
162

163

164
165
166
167
168
169
170
171
172
173
174
175
176

7.50.020 Application for license

A. The Assembly of the City and Borough of Sitka will make recommendations to the State as to support for or objections to license applications.

B. At such time that the licensee is seeking a new license, is seeking to reestablish a license that was allowed to expire, is proposing a change in the controlling interest of the establishment license, or there is a proposed change or addition to license type, the municipal clerk shall give notice of such application as follows:

1. Notice shall be posted on the premises ten days prior to the assembly meeting at which application will be heard. All time limitations, however, may be decreased at the discretion of the municipal clerk to meet any period specified by the Director of the Marijuana Control Board;

2. Notice shall be published once in a local newspaper at least one week before such meeting;

3. The notice shall contain the time and place of assembly meeting; the type of license applied for; the name of all applying persons; and inform the public that any protest may be lodged with the assembly at that time;

4. Give proof to the assembly at the time of hearing of compliance with all phases of this chapter.

C. By Persons seeking to renew a Licenses. The individuals or groups of individuals holding existing licenses shall not be affected by subsection (B) and shall have the right to apply for renewal of their licenses unless disqualified on grounds other than contained herein.

* * *

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 28th day of June, 2016.

Mim McConnell, Mayor

ATTEST:

Melissa Henshaw
Acting Municipal Clerk



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 16-110 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 6/7/2016 In control: City and Borough Assembly

On agenda: 6/14/2016 Final action:

Title: Consideration and award of the request for proposals submitted for the available funds (\$37,989) in the Fisheries Enhancement Fund

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and Memo Fisheries Enhancement Fund.pdf](#)
[Sitka Sound Science Center Submittal.pdf](#)
[Alaska Longline Fishermen's Association Submittal.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

Step 1

I MOVE TO make \$37,989 in the Fisheries Enhancement Fund available for disbursement.

Step 2

POSSIBLE MOTIONS

I MOVE TO award \$_____ to the Sitka Sound Science Center. (*Note: \$37,900 requested*)

I MOVE TO award \$_____ to the Alaska Longline Fisherman's Association. (*Note: \$10,000 requested*)

Note: \$37,989 is available for disbursement from the Fisheries Enhancement Fund. A total of \$47,900 has been requested.




City and Borough of Sitka

100 Lincoln Street Sitka, Alaska 99835

Coast Guard City, USA

Memo

To: Mayor McConnell and Members of the Assembly

From: Mark Gorman, Administrator 

Date: June 7, 2016

Re: FY2016 Fisheries Enhancement Fund Proposals

The Fisheries Enhancement Fund was established by Ordinance 2006-38 and approved by voters in 2006.

The amount available for disbursement from the FY2016 budget is \$37,989. Our office received two timely proposals from:

- Sitka Sound Science Center
- Alaska Longline Fisherman's Association

By the terms of the Ordinance the two proposals meet the requirements.

The Assembly is required by Ordinance to make a determination of the distribution of funds.

FY16 Fisheries Enhancement Grant Requests

Applicant	FY 2016 Requested	To be Used For	Amount Recommended
Sitka Sound Science Center	\$37,900.00	To continue its hatchery production and enhancement operations	
Alaska Longline Fisherman's Association	\$10,000.00	1) expand apprentice or entry-level deckhand opportunities on commercial fishing boats; 2) facilitate inter-generational transfer of permits and quota to Sitka residents; 3) mentor new fishermen through Sitka-based education and training programs; and 4) expand exports of local fish regionally and statewide through enhanced marketing of ALFA's rapidly growing Alaskans Own program.	
TOTAL	\$47,900.00		\$0.00

Note: \$37,989 is available for disbursement from the Fisheries Enhancement Fund

LEGAL NOTICE

 COPY

Request for Proposals By the City and Borough of Sitka, Alaska Fisheries Enhancement Fund

Request for Proposals for the disbursement of the available \$37,989 in the Fisheries Enhancement Fund, established by Ordinance 2006-38 and approved by voters in the regular election held October 3, 2006, will be received at the office of the Municipal Clerk, City Hall, City and Borough of Sitka, 100 Lincoln Street, Sitka, Alaska until Friday, May 27, 2016, 2:00 pm. Proposals received after the time fixed for receipt will not be considered.

The proposal should contain the following information:

- History of the organization
- Current balance sheet
- Pro forma financial statements
- Dollars requested from funds
- Statement of what will be achieved with the funding
- Explanation of how this will enhance the fisheries within the City and Borough of Sitka

Questions may be directed to Renee Wheat, Administrative Coordinator, 100 Lincoln St., Sitka, Alaska, 747-1808.

Publish: April 29, May 6, May 13, May 20, May 25

**SITKA SOUND
SCIENCE CENTER**

834 Lincoln Street, Suite 200
Sitka, Alaska 99835
Admin Phone: 907.747.8878
www.sitkascience.org



May 23, 2016

Dear City and Borough Assembly members,

It is a great pleasure to send this proposal request for the Fisheries Enhancement Fund on behalf of the Sitka Sound Science Center (SSSC). The voters approved the Enhancement Funds to be used in part for fisheries enhancement in the Sitka area. For the past several years, SSSC has utilized the dollars from this Fund to provide salmon to the common property fishery in Sitka Sound through its operation of the Sheldon Jackson Salmon Hatchery and increasing fishing opportunities near town. In addition, our organization has been able to train people to work in the salmon enhancement sector and provide support to the aquaculture industry.

We hope you agree that SSSC's work dovetails perfectly with the Funds's intended purpose.

Thank you for your past support and for helping us build an organization that is supporting the fishing sector of our community.

Thank you also for your careful consideration of this proposal.

All the best,

A handwritten signature in black ink, appearing to read 'Lisa Busch', written in a cursive style.

Lisa Busch
Executive Director
Sitka Sound Science Center

Application City and Borough of Sitka Fisheries Enhancement Fund

Sitka Sound Science Center

2016

The Sitka Sound Science Center's respectfully requests the City and Borough of Sitka consider providing the Sheldon Jackson Salmon Hatchery \$37,900 from the Fisheries Enhancement Fund. The SJ salmon hatchery work dovetails perfectly with the purpose of the Fisheries Enhancement Fund. Our facility is permitted for 12 million chums, 3 million pink and 250,000 Coho eggs. The Sitka Sound Science Center produces these fish for the commercial, sport and subsistence harvest in Sitka Sound and Deep Inlet. We have a partnership with the Northern Southeast Regional Aquaculture, for whom we provide 9 million chum eggs which has returned \$5.5 million total value to the fishing fleets of Sitka in the past five years.

History of the Organization: Sitka Sound Science Center

The Sitka Sound Science Center(SSSC) is a non-profit 501c3 organization formed in 2007. The Sitka Sound Science Center is dedicated to increasing understanding and awareness of terrestrial and aquatic ecosystems of Alaska through education and research. Our vision is to build on Sitka's legacy and potential as an educational and scientific community. We have 15 year-round staff members and 14 additional summer employees. We own the 1929-era Sage building that at one time housed the Sheldon Jackson college science classrooms and laboratories. Today we operate the Molly O Ahlgren Aquarium and the Sheldon Jackson Salmon Hatchery. Our hatchery contributes to the Sitka Sound common property fishery, the Deep Inlet chum fishery and towards training people in the UAS Fisheries Technology Training Program. Students in this program are the future of salmon enhancement and fisheries management. This year three of the student graduates of the UAS Fisheries Technology Program interned at the Sitka Sound Science Center. One of these interns is now working at Solomon Gulch Hatchery, another is working as a Creel surveyor for ADF&G and the third is still employed by SSSC.

The Sheldon Jackson Salmon Hatchery was one the first hatcheries permitted in the State of Alaska. The hatchery was a production facility and a training location where students learned fisheries biology, natural resource management and fisheries enhancement techniques. Graduates from the fisheries program at Sheldon Jackson College from 1975 to 2007 are now professionals and leaders in fisheries enhancement, management and policy around the State of Alaska. When the Science Center took over operation of the hatchery in 2007, our board remained committed to contributing to the common property fishery and the continuation of the unique training program our location and facility affords.

Today, SSSC delivers high quality science education programs and conducts collaborative research with a number of research institutions from around the nation. SSSC works in

partnership with fishing interests and works to conduct research that reflects Sitka's local scientific questions.

Our programs:

What's new? With the large renovation of the Sage Building behind us SSSC has begun to make small improvements to the hatchery and our facility that allows it to operate more efficiently and safely. Occurring now is the first stages of re-vamping the back part of the Sage building to house a recirculation system and an improved saltwater pump and degassing complex as well as improving the safety of the entryway. SSSC has begun plans to make the hatchery more environmentally self-sustaining. For example, we are beginning research on making a locally-produced hatchery feed that utilizes fish waste. We are also in the spat collecting stage of beginning a small integrated shellfish mariculture program for saltwater fish waste recycling. Our research on kelp and abalone continues and we hosted Mote Marine Laboratory's research on the effect of sub lethal oil on salmon. This year we continued our strong partnerships with the University of Alaska Southeast Fish Tech program, NSRAA, Sitka School District, Alaska Longline Fishermen's Association, Mt. Edgecumbe High School, Stanford University, University of San Francisco, U.S. Coast Guard Academy, Mote Marine Laboratory, and the University of California Santa Cruz.

SSSC has a new partnership this year with Silver Bay Seafoods in which the Sitka-based processing company donates once cent to the Sitka Sound Science Center for every can of salmon it produces. The One Cent for Science program is promoted through the Science Center and highlights the company's interest and commitment to science while providing a sustainable revenue source to the non profit. Also this year, SSSC with help from Murray Pacific rents fishing poles so residents and visitors can better access fishing opportunities near town.

Enhancement

Sitka Sound Science Center is part of the almost \$1 billion aquaculture industry in Alaska. Southeast Alaska hatcheries contribute millions of pounds of fish to commercial, charter, sport, personal use and subsistence fisheries, resulting in the injection of millions of dollars into the Sitka economy. The McDowell study (May 2010) demonstrates how important hatcheries are to our community and regional economy. The SJ Hatchery facility is permitted by the State for 12 million Chums, 3 million Pinks, and 250,000 Coho that return to Crescent Bay, providing important local sport, commercial and charter fishing opportunities near town. Visitors target our fish when fishing near the sea walk and Sage Beach (adjacent to our facility). Our nonprofit organization provides 9 million chum eggs for the Deep Inlet remote release site. **The value of the SSSC's S.J. Hatchery contribution over the last seven years is estimated at \$5.5 million in total value. Over \$3.9 million of that value has gone to the common property fishery.** Because of our location, SSSC-reared salmon are easily accessible to commercial fishermen,

recreational and guided sport fishermen including land based sport fishing. In addition, SSSC is training people to work in fisheries enhancement. We have a formal Memorandum of Understanding with the University of Alaska Southeast to provide hands on training to people in the University of Alaska Fisheries Technology Program. We are the only working training facility hatchery in the State of Alaska, and one of only two in the Pacific Northwest.

The Science Center coordinates and conducts scientific research related to enhancement. We finished our third year working with the Prince William Sound Science Center on \$20 million State of Alaska and Aquaculture industry-funded project to investigate hatchery and wild salmon interactions.

SSSC continues to conduct controlled research experiments for the hatchery feed company Skretting in which we are testing alternative fish food ingredients. Currently we are doing research in partnership with University of Alaska Southeast, University of Alaska Fairbanks School of Fisheries, NSRAA and SeaGrant on humpback whales feeding on hatchery released smolt and fry. This is a growing problem for the common property fishery and hatcheries who are seeing enhanced salmon production literally swallowed up by marine mammals.

SSSC conducts longline fishery research, funded by NOAA, and in partnership with Scripps Institution of Oceanography, the University of Alaska Southeast, the Central Bering Sea Fishermen's Cooperative, and the Alaska Longline Fishermen's Association. We are working with the National Marine Fisheries Service on an ocean acidification study and we are funded by NOAA and the Department of Environmental Conservation to conduct monitoring and clean-up of marine debris on the beaches around Sitka. We also conduct a number of projects for the National Oceanic and Atmospheric Administration (NOAA) including a RNA/DNA of black cod and outreach for the \$18 million Gulf of Alaska Integrated Ecosystem Research (GOAIERP) project that is investigating fish recruitment of commercially important species.

SSSC also provides aquaculture instruction to a number of colleges and universities outside of Sitka that bring students to Sitka for field courses and research in marine-related sciences. These colleges include: Stanford University, University of San Francisco; Duke University, Knox College, and University of Alaska Fairbanks School of Fisheries.

Community Support

Sitka Sound Science Center has a wide breadth of community support as represented by our donation and in-kind support from fish processors such as Silver Bay Seafoods, and Sitka Sound Seafoods; private foundations including the Sitka Permanent Charitable Trust, the Boat Company, Rasmuson Foundation, and a breadth of individual donations. We are also supported by Douglas Island Pink and Chum (DIPAC) and the Northern Southeast Regional Aquaculture Association (NSRAA). Our Board of Directors represents a cross section of Sitka. Our board members are: Trish White (co-chair, owner, White's Pharmacy); Kitty LaBounty (co-chair, UAS); Justin Penny (Wells Fargo), Linda Waller (co-secretary, Sitka Sound Seafoods);

Nancy LeClerc-Davidson(co-secretary, retired); Rob Allen (Sitka Community Hospital administrator), and Steve Clayton (building contractor).

Dollars Requested: Sitka Sound Science Center respectfully requests the balance of the fisheries enhancement fund \$37,900

Statement of what will be achieved with the funding: Fisheries Enhancement funding will enable Sitka Sound Science Center to continue building its hatchery production and enhancement operations. The monies from the Fisheries Enhancement Fund go directly into supporting hatchery operations and funding our aquaculture director. This position is responsible for overseeing feeding fish, tagging fish, water quality monitoring, research operations, facility issues and other essential hatchery tasks that support strong, healthy fish releases. Because of the small size of our facility, low fish prices last year had a devastating impact on cost recovery. The funds provided by the fish box tax are vital for our organization.

Explanation of how this will enhance the fisheries within the City and Borough of Sitka: Sitka Sound Science Center provides fisheries enhancement in many ways. We directly contribute to salmon fishing opportunities for all users in Sitka by:

- Enhance the quantity of fish stocks returning to Sitka Sound by releasing 250,000 Coho, 3 million Chum and 3 million Pink salmon that return to Crescent Bay.
- Enhance and contribute to the Deep Inlet terminal fishery in partnership with NSRAA to release 9 million Chum salmon.

Additionally, we ensure fisheries enhancement into the future by:

- Train adults and students to become competent aquaculture technicians for work at NSRAA or other hatcheries/salmon enhancement projects through on-the-job training and UAS Fisheries Technology class laboratories.
- Introduce K-12 students to fisheries enhancement, science and other marine related disciplines as options for their future careers by providing hands-on laboratories and supporting science curriculum at all Sitka Schools.
- Educate visitors about hatcheries and how salmon enhancement works in conjunction with wild salmon management and conservation in Southeast Alaska
- Educate visitors and residents about the important role of commercial, sport and subsistence fishing to Sitka's economy, lifestyle and culture.
- Provide internship opportunities for college students studying science and to work in science education and hatchery operations during the summer.
- Provide summer employment opportunities for Sitka High School students to work in science education and hatchery operations.

ATTACHED:

Hatchery Pro Forma

SSSC recent Balance Sheet

Support Letter from Silver Bay Seafoods

PROJECTED FINANCIAL STATUS											
<i>RETURN YEAR</i>	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<i>FISCAL YEAR</i>	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
INCOME:											
PINK GROSS REVENUES	\$ 34,659	\$ 42,133	\$ 41,784	\$ 43,641	\$ 44,732	\$ 45,850	\$ 46,996	\$ 48,170	\$ 49,374	\$ 50,608	\$ 51,873
CHUM GROSS REVENUES	\$ 2,020	\$ 12,883	\$ 35,832	\$ 38,118	\$ 42,462	\$ 44,735	\$ 45,795	\$ 46,930	\$ 48,099	\$ 49,298	\$ 50,527
COHO GROSS REVENUES	\$0	\$6,767	\$39,004	\$3,731	\$44,804	\$45,918	\$47,060	\$48,231	\$49,431	\$50,661	\$51,921
CHINOOK GROSS REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grants	\$37,900	\$37,900	\$35,000	\$35,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Loans	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Education & Research (NOAA)	\$35,000	\$0	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
NSRAA agreement	\$160,400	\$167,272	\$172,290	\$177,459	\$182,783	\$188,266	\$193,914	\$199,732	\$205,723	\$211,895	\$218,252
TOTAL REVENUE	\$ 269,978	\$ 266,955	\$ 348,910	\$ 322,949	\$ 349,781	\$ 359,769	\$ 368,766	\$ 378,063	\$ 387,628	\$ 397,462	\$ 407,573
EXPENSES:											
OPERATING	\$252,345	\$218,873	\$224,345	\$229,953	\$235,702	\$241,595	\$247,635	\$253,826	\$260,171	\$266,675	\$273,342
- FISH FOOD	\$44,412	\$40,827	\$41,848	\$42,894	\$43,966	\$45,065	\$46,192	\$47,347	\$48,530	\$49,744	\$50,987
CAPTIAL IMPROVEMENTS	\$0	\$0	\$80,000	\$40,000	\$50,000		\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
LOAN PAYMENT					\$16,907	\$16,907	\$16,907	\$16,907	\$16,907	\$16,907	\$16,907
TOTAL EXPENSES	\$296,757	\$259,700	\$346,193	\$312,847	\$346,575	\$303,567	\$320,734	\$328,079	\$335,609	\$343,326	\$351,237
NET INCOME	\$ (26,779)	\$7,255	\$2,718	\$10,102	\$3,205	\$56,202	\$48,032	\$49,983	\$52,019	\$54,136	\$56,336
Principal pmt					\$ 5,780	\$ 6,069	\$ 6,372	\$ 6,691	\$ 7,025	\$ 7,377	\$ 7,745
STATE LOAN BALANCE	\$222,550	\$222,550	\$222,550	\$222,550	\$216,770	\$210,702	\$204,329	\$197,639	\$190,613	\$183,237	\$175,491

3:13 PM
05/18/16
Accrual Basis

Sitka Sound Science Center
Balance Sheet
As of May 18, 2016

	<u>May 18, 16</u>
ASSETS	
Current Assets	
Checking/Savings	669,429.07
Accounts Receivable	12,171.44
Other Current Assets	35,625.00
Total Current Assets	<u>717,225.51</u>
Fixed Assets	<u>1,972,070.17</u>
TOTAL ASSETS	<u><u>2,689,295.68</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	341.07
Credit Cards	25,276.64
Other Current Liabilities	35,177.89
Total Current Liabilities	<u>60,795.60</u>
Long Term Liabilities	<u>635,109.67</u>
Total Liabilities	<u>695,905.27</u>
Equity	<u>1,993,390.41</u>
TOTAL LIABILITIES & EQUITY	<u><u>2,689,295.68</u></u>



208 Lake St. Suite 2E Sitka, Alaska 99835

Phone: 907.966.3110 Fax: 907.966.3115

Sitka ♦ Craig ♦ Valdez ♦ Naknek ♦ Metlakatla

May 24, 2016

Mayor Mim McConnell and
Members of the Assembly
City and Borough of Sitka
100 Lincoln St.
Sitka, AK 99835

Dear Mayor McConnell and Members of the Assembly,

On behalf of Silver Bay Seafoods, I join the Sitka community in strongly endorsing the Sitka Sound Science Center (SSSC) to receive the fish box tax money from the City of Sitka. Silver Bay Seafoods believes in the work of the Science Center – both in its mission of scientific research and science education and as a salmon production facility.

Silver Bay is supportive of the contributions that the Science Center makes to the common property fishery in Sitka Sound, enhancing commercial, sport and subsistence fishing. In 2015, Silver Bay made a long-term commitment to donate 1 cent to SSSC for every marketable can of salmon produced by SBS in the Sitka facility – all in support of SSSC's commitment to science, research and education as it pertains to the fisheries. Last year that commitment resulted in a donation of \$75,000 from Silver Bay to the SSSC.

While SSSC is not a large production facility, it has a long and important history in Sitka and in Alaska. It was one of the original hatcheries permitted by the State of Alaska in 1972 (it holds permit number 3 issued by the State) and holds a long and important legacy of salmon enhancement for the State of Alaska.

We are grateful that the hatchery was stabilized by Sitka Sound Science Center after Sheldon Jackson College shut down in 2007. As a non-profit, SSSC has done a good job in diversifying its revenue sources. The developing non-profit is showing great promise for helping our local economy in a number of ways and we believe it well deserves to receive the City and Borough of Sitka Fish Box tax money this year.

Thank you for joining us with your support.of the SSSC.

Sincerely,



Richard A. Riggs, CEO



Alaska Longline

FISHERMEN'S ASSOCIATION

Application to Fisheries Enhancement Fund City and Borough of Sitka

Organization Name:	Alaska Longline Fishermen's Association		
Street 1:	834 Lincoln Street Room 23		
City:	Sitka	State:	AK
Country:	USA	Zip Code:	99835
Telephone No.:	907 747 3400	Extension:	
Mobile:	907 738 3615	Fax:	907 747 3462
Email:	alfafish@acsalaska.net ; alfastaff@gmail.com		
Website:	www.alfafish.org		

Summary of ALFA mission:

The Alaska Longline Fishermen's Association (ALFA) is a non-profit association of independent commercial hook and line vessel owners and crewmembers who promote sustainable harvest of marine fisheries, thriving coastal communities, and healthy marine ecosystems. ALFA represents fishermen in local, state and national marine management forums and actively engages fishermen in marine research, conservation and management to encourage innovative improvement to best fishing practices and promote resource stewardship.

Fisheries Enhancement Fund: Overview of Proposal

Respectfully submitted by: Alaska Longline Fishermen's Association:

Summary

The Sitka-based Alaska Longline Fishermen's Association (ALFA) is an alliance of small boat, commercial fishermen committed to sustainable fisheries and thriving coastal communities. Our members support science-based fisheries management through collaborative research, advocacy and innovation. We work to safeguard ocean health and improve the economic viability of small boat fishing.

This grant application is divided into the following 5 sections:

- History of our Organization (pages 2-3)
- What we will achieve with the Funding (pages 3-4)
- How the project will enhance Sitka's Fisheries (pages 4-5)
- Timeline and Evaluation of Project (pages 6-7)
- Project Staff (page 7-8)
- Budget (page 9)

The History of our Organization:

ALFA was launched in 1978 by fishermen dedicated to protecting fish stocks from foreign fishing and to developing markets for locally harvested seafood. ALFA led a successful campaign to rebuild Alaska sablefish and rockfish stocks in the early 1980s, forgoing harvest until stocks rebuilt. When U.S.-based factory boats replaced the foreign fleet, ALFA again worked to protect the local fishing fleet and the communities that depend on it (NPFMC Amendment 14). In 1991, when the current ALFA executive director was hired, ALFA launched what became a six-year battle to eliminate trawling from the Southeast Alaska fishing grounds that support the local fishing fleet and contain a high abundance of cold water corals. During development of the Alaska halibut/sablefish catch share program, ALFA successfully championed measures to promote sustained participation by Alaska's small boat fleet. At the local level, ALFA actively participated in creating and championing the Sitka Local Area Management Plan, which prioritizes access for Sitka's non-commercial fishing residents to local halibut stocks, and at the national level ALFA has actively advocated for resource and community provisions during the last two and current reauthorizations of the Magnuson-Stevens Act. ALFA is also engaged in multiple national networks and willingly shares lessons learned regarding effective policy advocacy with community-based fishing groups from around the nation through the Maine Island Institute, the Marine Fish Conservation Network (MFCN) and the Community Fisheries Network (CFN).

Since 2000, ALFA has focused on raising awareness about halibut and salmon bycatch, promoting sustainable fisheries policy at the National level, and, closer to home, engaging ALFA members in collaborative research to improve our fleet's viability and stewardship. This collaborative research has included habitat and bycatch mapping, marine mammal avoidance and deterrent strategies, electronic catch monitoring, and fuel efficiency for small boats.

Core ALFA operations are supported by fishermen memberships, local and marine businesses, and an annual seafood raffle/ fundraiser. ALFA operated with a single staff member supported by these revenue sources from 1978 until the late 1990s. In the '90s, ALFA began to build a stronger state-wide presence and ALFA staff engaged in national policy development. After deliberative strategic planning in the early 2000s, ALFA expanded staff capacity, formed collaborative partnerships, secured additional grant support, and engaged fishing members in marine research and conservation initiatives. This collaborative research, which was formalized into the Fishery Conservation Network (FCN) in 2009, now attracts grant invitations from scientists and fishing organizations that recognize the potent skills and expertise that the organization brings to the table. ALFA does not hold any debt and is well recognized as a force for sustainable community-based fisheries at both the state and national level.

ALFA is now deeply engaged in supporting the next generation of fishermen and ensuring that they remain residents of coastal communities such as Sitka. There is research documenting the fact that fishery access permits and quota are being lost from rural Alaskan communities, and that gaining access to the fisheries off our shores is becoming increasingly difficult for young rural Alaska residents. The reasons are complex, but the high cost of entry, the financial risks new fishermen face and the lack of entry-level opportunities are three of the major obstacles young fishermen are facing. We are committed to helping young fishermen overcome these obstacles, and to ensuring that Sitka continues to have a strong economic base in commercial fisheries.

What we will achieve with funding from the Sitka FEP:

We are requesting \$10,000 from the Sitka Fisheries Enhancement Program to support our young fishermen's initiative. Each of the small projects outlined in the four objectives below are areas that we are actively applying for large grants in 2016. The support from the city of Sitka would enhance our capacity to achieve the goals outlined in this proposal as well as to provide the demonstration of support necessary to secure these larger grants.

We will use the funds to achieve four objectives: 1) expand apprentice or entry-level deckhand opportunities on commercial fishing boats; 2) facilitate inter-generational transfer of permits and quota to Sitka residents; 3) mentor new fishermen through Sitka-based education and training programs; and 4) Expand exports of local fish regionally and statewide through enhanced marketing of ALFA's rapidly growing Alaskans Own program.

Objective 1: We will achieve this objective by increasing capacity in ALFA's deckhand apprentice program. Over the past three years, successful, local longtime fishermen that are ALFA members have taken 26 first time deckhands fishing. These young people learn about safety at sea, regulatory compliance, and the responsibilities of deckhanding on a commercial fishing boat. They gain important skills and important knowledge about themselves and their ability to function on the exposed, dynamic and often challenging platform of a small boat on the ocean. And, because every skipper is looking for

experienced crew, this introduction to fishing helps these young fishermen secure a more permanent position on another fishing boat.

Objective 2: ALFA works closely with the Alaska Sustainable Fisheries Trust (www.thealaskatrust.org) to recapture fishery access for young fishermen. ALFA and ASFT have developed an innovative model that reduces entry-level costs and shares the risk between new fishermen and individuals or foundations willing to participate in loans. With funding from the Sitka FEP, we will target entry-level access for Sitka fishermen, support purchase of fishery access permits or quota, and increase revenue and jobs for Sitka. ASFT has a list of fishermen interested in borrowing from LFF. ALFA and ASFT are poised to secure partnerships to greatly enhance and expand current deliverables. For example, Haa Aani has expressed interest in providing loan officer and loan committee review services. Currently two buyers recommended by LFF are undergoing credit review by Haa Aani's loan committee for a quota share purchase financed with a Haa Aani loan using LFF terms; one ASFT recommended buyer received financing from Haa Aani in May to purchase a state limited entry permit. Once this review is complete and we have a decision from the Securities Commission we will resume discussions with Haa Aani.

Objective 3: Federal programs currently provide funding to organizations offering education and training to new farmers, ranchers or aquaculture workers. Fishermen currently DO NOT qualify for this federally supported training. With support from Sitka FEP, ALFA will work to expand this program to include fishermen and to enhance education and training opportunities for Sitka fishermen.

Objective 4: Expand exports of local fish regionally and statewide, in part through ALFA's program, Alaskans Own (AO). AO is a local Community Supported Fishery (CSF) program, similar to Community Supported Agriculture programs, which address an important environmental and socio-economic need by forging stronger consumer-producer relationships. By forward-funding a season of seafood, consumers invest in sustainable harvest and the community-based fishermen who catch their fish. The Alaskans Own (AO) CSF has a solid subscriber base, and every opportunity for exposure has yielded tangible impacts in increased number of subscriptions. There is a clear market demand for Sitka fish, particularly in interior Alaska. When we opened the CSF to Fairbanks for the first time this year, we received 35 signups in three days after an article about the program appeared in the Fairbanks Daily News-Miner newspaper. However, paid advertising, or even community event hosting is not possible within our current budget. With the support of FEP funding, AO will host local producer events and create shareable materials that tell the story of small-boat fishing, including information on gear types, challenges faced in the fisheries, and successful strategies to address these challenges. These would be adapted to promote products for a variety of small-scale producers and direct marketers.

How the project will enhance Sitka fisheries:

Funding ALFA's young fishermen's initiative will benefit Sitka's fisheries by ensuring Sitkans continue to have access to adjacent fisheries and that fishing jobs and revenue

remain a cornerstone of Sitka's economy. Entry-level opportunities, expanded fishery access, and adequate training will strengthen Sitka's stake in the future of fisheries which will, in turn, strengthen Sitka's economic base. Fishing in Alaska has traditionally offered a way of life that many choose for the tangible connection to the ocean, the independence and self-determination it provides, and the opportunity to work alongside family. This way of life engenders a strong sense of place and a deep commitment to resource stewardship, with fishermen eager to safeguard ocean productivity for their children and grandchildren.

Limited access programs have significantly raised the cost of entry to Alaska's fisheries and are changing the character of the fishing fleet. As the cost of entry to fisheries rises, fishing is increasingly dominated by a more industrial and corporate model of extraction. Bigger operations pressure the system to allow increased consolidation of access privileges and to foster policy that marginalizes small operations. Corporate fishing operations seek profits now while overlooking long-term costs to ecosystem and community health. ALFA's mission is to hold space in the nation's fisheries for small, community-based operations; to ensure policy is scaled to meet the needs of this conservation-minded fleet; and to create market forces that support the economic success and political leverage of community-based fishermen. These bottom line objectives are central to both ALFA and the Alaska Sustainable Fisheries Trust, which works outside the fishery management forum toward the same goals.

Project Timeline and Evaluation

TIMELINE:

TIMELINE: July 2016-June 2017	2016		2017	
	Q3	Q4	Q1	Q2
Objective 1) Expand apprentice or entry-level deckhand opportunities on commercial fishing boats				
Task 1: Renew contract and requirements for Apprentice Mentorship, select 1-2 fishing vessels for delivery of program				
Task 2: Review and approval of Apprentice Training deployment plan				
Task 3: Release call for applicants select 6-8 individuals				
Task 4: select 6-8 individuals for apprentice opportunity				
Task 5: Submit interim and final report to Sitka FEP				
Activity 2) Facilitate inter-generational transfer of permits and quota to Sitka residents through partnership development				
Task 1: Secure partnerships to greatly enhance and expand current deliverables.				
Task 2: Explore and if possible, secure partnership with Haa Aani in providing loan officer and loan committee review services, thus preventing the recreation of these exact programs here in Sitka and most importantly, bringing the services to Sitka.				
Task 3. Apply to large grantors such as The Nature Conservancy and The Rasmuson Foundation for funding to support quota purchases and intergenerational quota transfer.				
Activity 3) Mentor new fishermen through Sitka-based education and training programs				
Task 1: Renew contract and requirements for Mentorship Program,				
Task 2: Review and approval of Training and Educational Plan				
Task 3: Release call for applicants				
Task 4: Seek Funding through federal program to enhance training/mentorship and educational opportunities for fishermen that are otherwise not available for Sitkans.				
<i>Project timeline continued on page 7</i>				

Project Timeline	Q2	Q3	Q1	Q2
Activity 4) Expand exports of local fish regionally and statewide through enhanced marketing of ALFA's rapidly growing Alaskan's Own program.				
Task 1: increase consumer appreciation, access, and consumption of sustainably harvested local seafood through enhanced marketing plans in Seattle, Fairbanks and Juneau				
Task 2: Improve viability and profitability of Alaskans Own through increased partners in Junea, Seattle and Fairbanks.				
Task 3: increase pounds of locally harvested seafood moved into local farmer's markets, institutions, businesses and restaurants. Bulk buyers identified and secured (a minimum of 4 new bulk purchasers secured in Juneau, Seattle, Fairbanks.)				
Task 4: Renew contracts and requirements as well as Marketing and Business plan for Alaskan's Own				
Task 5: Apply to USDA and other major grantors for development of Alaska's Own (two grants minimum)				

Overall progress will be monitored relative to achieving the metrics and expected results/outcomes identified above.

Both ALFA and ASFT programs will be evaluated individually to ensure each is contributing to organizational mission and strategic plan or is modified to achieve success.

ALFA Management Team

Linda Behnken, ALFA	Ms. Behnken is the Executive Director of ALFA and has served in this capacity since 1991. Ms. Behnken has a BA from Dartmouth College and a Masters in Environmental Science from Yale University. Ms. Behnken served on the North Pacific Fishery Management Council (NPFMC) from 1992-2001 and co-chaired the NPFMC's Essential Fish Habitat Committee. Ms. Behnken was awarded the National Fisherman Highliner award in 2009 for her work promoting healthy marine ecosystems and strong coastal communities, and was a keynote speaker at the 2009 Young Fishermen's Summit in Anchorage, Alaska. Ms. Behnken has fished commercially for over 30 years, and served on the North Pacific Fishery Management Council for nine years. Ms. Behnken
---------------------	--

	<p>knows the seafood industry from both the “boots on deck” and policy perspective. As a more than 30 year resident of the remote island community of Sitka Alaska, Ms. Behnken has a deep knowledge of and commitment to rural communities. Ms. Behnken helped launch Alaskans Own to build connections between ALFA’s conservation-minded small boat fishermen and consumers who care about local and sustainably sourced seafood. With other talented staff, Ms. Behnken has built ALFA from a minor organization with an annual budget of less than \$50,000 to a well-recognized local, regional and national leader in sustainable fisheries.</p>
<p>Daniel Falvey, ALFA</p>	<p>Mr. Falvey has a BA in resource management and policy from Western Washington University and training in Geographic Information Systems analysis from Penn State World Campus. He has owned/operated commercial fishing vessels in Alaska since 1984. Mr. Falvey served on the Advisory Panel to the NPFMC from 1991-2004, and has served on the Advisory Panel of the North Pacific Research Board since 2010. Mr. Falvey was awarded the National Fisherman Highliner award in 2011. Through his involvement with ALFA, Mr. Falvey has successfully coordinated several cooperative research projects, and is a member of the Council’s EM workgroup and Observer Advisory Committee. Mr. Falvey will serve as the project’s financial manager and be responsible for contract management, project implementation, and reporting.</p>
<p>Willow Moore, ALFA</p>	<p>Ms. Moore is the Assistant Director of ALFA. After spending the last six years serving as Executive Director of Brave Heart Volunteers, Willow has been delighted to join the dynamic ALFA team. Ms. Moore holds a degree in nursing, an undergraduate degree in psychology and is finishing a Masters of Public Administration in Natural Resource Management degree (Graduation date: December 2016), all from University of Alaska. In 2013 Ms. Moore was the recipient of the Rasmuson educational award for Emerging Leaders and in 2014 was a Rasmuson Foundation Sabbatical award winner. Throughout her 20 years of work in the nonprofit sector, Ms. Moore has specialized in executive management and program development and sustainability, working to build and support business strategies and objectives through effective marketing plans, increased partnerships, developing performance-measurement systems, and improved integration of quality, operational, and financial information. Ms. Moore has lived in Sitka since 2001, and is deeply committed to locally and sustainably harvested seafood. Ms. Moore and her family were among the program’s first subscribers when the Alaskan’s Own program was founded.</p>

Budget

Staff Time (for all 4 objectives)

Description	# of Units	Per Unit Cost	Total
Alfa Staff Time	175	\$40.00	\$7,000.00

Total Staff Time **\$7,000.00**

ALFA staff time to coordinate stakeholder and marketing involvement and outreach, grant reporting, and administration requirements. Duties will be assigned to ALFA staff members as appropriate.

Marketing and Promotion/Printing

Description	# of Units	Per Unit Cost	Total
Outreach materials	4 (1 per each project)	\$750.00	\$3,000.00

Total Printing **\$3,000.00**

For all four objectives outlined in this proposal, ALFA will conduct outreach to consumers, partners, fishermen and local producers in all four objectives outlined above, and will include project updates on the ALFA and AO websites as well as in ALFA newsletters. ALFA/AO will communicate at least monthly with subscribers and businesses carrying AO product via email, email and printed material; and will host events in each subscriber community to build awareness and thank subscribers for their participation as well as to provide outreach opportunities for new subscribers.

*Marketing estimates are based on 3 different quotes from local and state printing vendors.

Enclosed:

ALFA contracts with a third-party bookkeeper and at this time does not have pro forma financial statements. ALFA is audited yearly and if appropriate, ALFA would like to submit extra financial documentation to provide the necessary documentation for the project. Please see enclosed the following attachments, we are happy to provide any necessary further information:

- IRS Non-Profit Status
- ALFA 990
- ALFA Balance Sheet as of April 30th 2016
- ALFA Income Statement as of April 2016
- Latest available ALFA Audited financials 2014-2015 (we are very happy to provide the last five years of audited financial statements if appropriate.)

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: **APR 09 2010**

ALASKA LONGLINE FISHERMEN'S
ASSOCIATION
PO BOX 1229
SITKA, AK 99835

Employer Identification Number:
01-0951115
DLN:
600098021
Contact Person:
DENISE L. TAMAYO ID# 95120
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
December 31
Form 990 Required:
Yes
Effective Date of Exemption:
January 6, 2009
Contribution Deductibility:
No

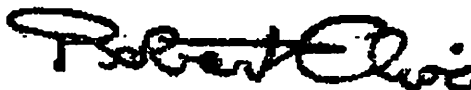
Dear Applicant:

We are pleased to inform you that upon review of your application for tax-exempt status we have determined that you are exempt from Federal income tax under section 501(c)(6) of the Internal Revenue Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Please see enclosed Publication 4221-NC, Compliance Guide for Tax-Exempt Organizations (Other than 501(c)(3) Public Charities and Private Foundations), for some helpful information about your responsibilities as an exempt organization.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

Sincerely,



Robert Choi
Director, Exempt Organizations
Rulings and Agreements

Enclosure: Publication 4221-NC

Letter 948 (DO/CG)

ALFA
Balance Sheet
As of April 30, 2016

	<u>Apr 30, 16</u>
ASSETS	
Current Assets	
Checking/Savings	
First Bank Checking	278,613.56
First Bank Savings	66,054.34
Gaming Account	6,106.93
PayPal	546.70
PayPal Alaskans Own	7,160.54
Petty Cash	121.40
Total Checking/Savings	<u>358,603.47</u>
Accounts Receivable	
11000 - Accounts Receivable	1,831.25
Total Accounts Receivable	<u>1,831.25</u>
Other Current Assets	
1200 - Undeposited Funds	1,295.00
1220 - Loan to ASFT	20,000.00
1500 - Security Deposit	750.00
Total Other Current Assets	<u>22,045.00</u>
Total Current Assets	<u>382,479.72</u>
Fixed Assets	
15000 - Furniture and Equipment	7,090.00
Total Fixed Assets	<u>7,090.00</u>
Other Assets	
18700 - Rent Deposit	200.00
Total Other Assets	<u>200.00</u>
TOTAL ASSETS	<u><u>389,769.72</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 - Accounts Payable	21,457.82
Total Accounts Payable	<u>21,457.82</u>
Other Current Liabilities	
Payroll Tax Liability	2,465.26
Sales Tax Payable	60.48
Total Other Current Liabilities	<u>2,525.74</u>
Total Current Liabilities	<u>23,983.56</u>
Total Liabilities	<u>23,983.56</u>
Equity	
32000 - Retained Earnings	118,696.18
Net Income	247,089.98
Total Equity	<u>365,786.16</u>
TOTAL LIABILITIES & EQUITY	<u><u>389,769.72</u></u>

2:50 PM

05/26/16

Accrual Basis

ALFA
Income Statement
 January through April 2016

	Jan - Apr 16
Ordinary Income/Expense	
Income	
4000 - Grant Income	158,783.57
4005 - Contract Income	163,892.19
4010 - Individual Membership Dues	11,180.00
4020 - Business Membership	10,800.00
4030 - Donation Income	1,150.00
4040 - Fundraising Income	625.00
4050 - Retail Sales	4,293.00
4060 - Alaskans Own Fish Sales	39,786.00
	390,509.76
Total Income	390,509.76
Cost of Goods Sold	
5000 - Cost of Goods Sold	1,170.33
5002 - Credit Card Merchant Fees	517.93
5010 - Fish Purchases	15,321.45
	17,009.71
Total COGS	17,009.71
Gross Profit	373,500.05
Expense	
100 - Personnel Services Expense	
110 - Payroll Tax Expense	2,882.76
120 - Director Salary	15,000.00
130 - Salary & Wages	18,326.67
140 - Worker's Comp	1,204.00
	37,413.43
Total 100 - Personnel Services Expense	37,413.43
200 - Direct Supp to Target Pop	
250 - Dues, Subscript. & Memberships	3,100.00
270 - Vessel Support	1,865.32
	4,965.32
Total 200 - Direct Supp to Target Pop	4,965.32
300 - Consultants & Contracted	
330 - Accounting	2,823.85
360 - Professional Services	15,927.50
390 - Other Contractual/Professional	7,264.60
	26,015.95
Total 300 - Consultants & Contracted	26,015.95
400 - Travel & Conferences	
410 - NPFMC	5,377.92
420 - IPHC	1,544.82
430 - Outreach Travel	13,371.10
450 - Board Of Fisheries	500.37
460 - Other Travel	2,525.29
	23,319.50
Total 400 - Travel & Conferences	23,319.50
500 - Equipment & Capital Expenditure	
530 - Computer	819.00
540 - Scientific	18,709.59
	19,528.59
Total 500 - Equipment & Capital Expenditure	19,528.59
600 - Other Direct Costs	
601 - Postage, Shipping, PO Rental	162.05
602 - Rent	3,643.00
603 - Telephone/Internet	1,239.85
605 - Office	93.11
606 - Software/Computer Supplies	417.41
607 - Program	4,088.55
610 - Advertising/Printing	1,271.17
625 - Donations Made	14.69
680 - Meeting Expense	208.22
695 - Taxes, Licenses & Permit	100.00

2:50 PM

05/26/16

Accrual Basis

ALFA
Income Statement
January through April 2016

	<u>Jan - Apr 16</u>
696 - Volunteer Stipend	3,600.00
Total 600 - Other Direct Costs	14,838.05
69800 - Uncategorized Expenses	21.75
Total Expense	126,102.59
Net Ordinary Income	247,397.46
Other Income/Expense	
Other Income	
800 - Interest/Div Income	154.24
Total Other Income	154.24
Other Expense	
Ask Brandie	461.72
Total Other Expense	461.72
Net Other Income	-307.48
Net Income	<u>247,089.98</u>

ALASKA LONGLINE FISHERMEN'S ASSOCIATION

TABLE OF CONTENTS

	<u>Page</u>
Financial Statements	
Independent Auditor's Report	2
Financial statements:	
Statements of financial position	3
Statements of activities	4
Statements of functional expenses	5
Statements of cash flows	6
Notes to financial statements	7 - 10

CHRISTINE E. HARRINGTON

Certified Public Accountant, LLC

329 Harbor Drive, Suite 210, P.O. Box 1328 Sitka, Alaska 99835 (907) 747-5500

Independent Auditor's Report

Board of Directors
Alaska Longline Fishermen's Association
Sitka, Alaska

I have audited the accompanying financial statements of the Alaska Longline Fishermen's Association (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

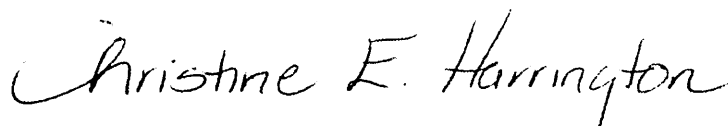
My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Alaska Longline Fishermen's Association as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Sitka, Alaska
June 6, 2014

ALASKA LONGLINE FISHERMAN'S ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

December 31, 2013 and 2012

Assets	<u>2013</u>	<u>2012</u>
Current assets:		
Cash and cash equivalents	\$ 219,826	\$ 234,026
Accounts receivable	-	2,810
Grants receivable	25,439	28,313
Total current assets	<u>245,265</u>	<u>265,149</u>
	<u>\$ 245,265</u>	<u>\$ 265,149</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 4,031	\$ 1,937
Accrued payroll taxes	1,683	1,630
Deferred revenue	116,190	135,185
Total current liabilities	121,904	138,752
Net assets:		
Unrestricted, undesignated	123,361	126,397
Total net assets	<u>123,361</u>	<u>126,397</u>
	<u>\$ 245,265</u>	<u>\$ 265,149</u>

ALASKA LONGLINE FISHERMAN'S ASSOCIATION

STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2013 and 2012

	December 31, 2013			December 31, 2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues, gains and other support:						
Grant revenue	\$ 154,926	\$ -	\$ 154,926	\$ 153,192	\$ -	\$ 153,192
Contract revenue	113,261	-	113,261	125,178	-	125,178
Product sales	4,615	-	4,615	2,592	-	2,592
Membership dues	39,800	-	39,800	32,200	-	32,200
Interest	403	-	403	435	-	435
Fundraising	5,990	-	5,990	5,740	-	5,740
Donations	6,618	-	6,618	14,959	-	14,959
Net assets released from restriction due to satisfaction of program requirements		-	-	154,227	(1,035)	153,192
Total revenues, gains and other support	325,613	-	325,613	488,523	(1,035)	487,488
Expenses and losses:						
Marine conservation and protection	247,247	-	247,247	265,731	-	265,731
Information outreach to public policy forums	32,725	-	32,725	10,779	-	10,779
Management support	48,677	-	48,677	59,591	-	59,591
Total expenses	328,649	-	328,649	336,101	-	336,101
Change in net assets	(3,036)	-	(3,036)	152,422	(1,035)	151,387
Net assets, beginning of year	126,397	-	126,397	127,167	1,035	128,202
Net assets, end of year	\$ 123,361	\$ -	\$ 123,361	\$ 279,589	\$ -	\$ 279,589

See notes to financial statements.

ALASKA LONGLINE FISHERMEN'S ASSOCIATION

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2013 and 2012

	December 31, 2013				December 31, 2012			
	Marine Conservation and Protection	Information Outreach to Public Policy Forums	Management Support	Total	Marine Conservation and Protection	Information Outreach to Public Policy Forums	Management Support	Total
Expenses:								
Cash operating activities:								
Personal services	\$ 51,074	\$ -	\$ 26,839	\$ 77,913	\$ 36,544	\$ -	\$ 29,801	\$ 66,345
Direct support to target population	31,405	-	3,401	34,806	34,635	-	3,045	37,680
Professional services	137,554	29,029	4,322	170,905	164,921	6,180	15,177	186,278
Travel and conferences	9,163	3,696	2,991	15,850	13,155	4,599	200	17,954
Small equipment	10,911	-	-	10,911	1,286	-	52	1,338
Other direct costs	7,140	-	11,124	18,264	15,190	-	11,316	26,506
	<u>\$ 247,247</u>	<u>\$ 32,725</u>	<u>\$ 48,677</u>	<u>\$ 328,649</u>	<u>\$ 265,731</u>	<u>\$ 10,779</u>	<u>\$ 59,591</u>	<u>\$ 336,101</u>

ALASKA LONGLINE FISHERMEN'S ASSOCIATION

STATEMENTS OF CASH FLOWS

For the Year Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash received from granting and contracting agencies	\$ 254,876	\$ 261,261
Cash received from members and contributors	57,023	52,681
Interest received	403	435
Cash paid to suppliers	(248,642)	(268,200)
Cash paid to employees	(77,860)	(66,447)
Net cash provided (used) by operating activities	(14,200)	(20,270)
Net change in cash and cash equivalents	(14,200)	(20,270)
Cash and cash equivalents, beginning of year	234,026	254,296
Cash and cash equivalents, end of year	<u>\$ 219,826</u>	<u>\$ 234,026</u>
Reconciliation of change in net assets to net cash used by operating activities:		
Change in net assets	\$ (3,036)	\$ (1,805)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	2,810	(2,810)
(Increase) decrease in grants receivable	2,874	(28,313)
Increase (decrease) in accounts payable	2,094	1,556
Increase (decrease) in payroll taxes payable	53	(102)
Increase (decrease) in deferred revenue	(18,995)	11,204
Total adjustments	(11,164)	(18,465)
Net cash provided by operating activities	<u>\$ (14,200)</u>	<u>\$ (20,270)</u>

ALASKA LONGLINE FISHERMEN'S ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

Note 1. Organization and Summary of Significant Accounting Policies

A. Organization

Alaska Longline Fishermen's Association ("ALFA") is a non-profit association of independent commercial longline vessel owners and crewmembers who are committed to continuing the sustainable harvest of sablefish, halibut, and groundfish, while supporting healthy marine ecosystems and strong coastal communities through resource stewardship and participation in federal, state, and local forums.

ALFA 's income includes membership dues, donations, and grant and contract revenue. During 2013, ALFA administered the following grants and contracts:

The Oak Foundation grant which has three objectives. One, to establish a rockfish bycatch reporting network to increase the conservation of these resources. Two, to minimize potentially dangerous interaction with sperm whale as a result of the depredation activities of these marine mammals on longline gear. Third, to launch the Alaska Sustainable Fisheries Trust marketing initiative to connect conservation minded consumers with community-based fishermen to foster sustainable harvesting of high quality seafood.

Three grants from the National Fish and Wildlife Foundation, one to test at-sea electronic monitoring of the Alaskan halibut and sablefish IFQ fisheries, a second to evaluate GPS data loggers as a low cost alternative to satellite based Vessel Monitoring System (VMS), and a third to engage stakeholders in the process of transitioning at-sea monitoring of the Alaskan halibut and sablefish IFQ fisheries from the pilot program stage to an operational program. The first EM project has four objectives:

- Engage stakeholders in developing a workable at-sea monitoring process through collaborative research and outreach;
- Field test at-sea monitoring hardware in the Alaskan halibut and sablefish catch share fisheries to ensure system reliability on a range of vessels and in varied fishing conditions;
- Develop and field test a cost effective means of rotating EM hardware among vessels and retrieving data;
- Summarize and apply study findings to inform development and implementation of the restructured North Pacific Observer Program.

The data logger project has two objectives: First to field test several different off-the-shelf data logger systems on Alaskan halibut and sablefish vessels, and second to evaluate the results and summarize the findings to inform stakeholders and fishery management decisions related to at-sea vessel monitoring.

The EM transition project a three objectives:

- Support the design, submission, and review of the EM Exempted Fishery Permit (EFP), including the sampling plan and data review protocols, to experimentally develop the performance standards, operational procedures, and operator responsibilities necessary to integrate EM as a component of the NPRP for fixed gear vessels.
- Strengthen the National Marine Fisheries Service (NMFS) EM pilot program and incorporate the pilot program objectives into a structured, collaborative transition process for the fixed gear fisheries.

ALASKA LONGLINE FISHERMEN'S ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

Note 1. - continued

- Support stakeholder participation in EM planning meetings and national workshops to share lessons learned, identify best practices, and to collaborate with fishery managers, stock assessment scientists, and third party experts to identify management needs and monitoring objectives which advance EM.

Two contracts with the Central Bering Sea Fishermen's Association to continue development and testing of active and passive deterrent strategies for sperm and killer whales, and to conduct tagging operations on sperm whales to track their location and movement.

A contract with the Sitka Sound Science Center to coordinate fishing vessel participation in whale deterrent testing programs.

Grants and contracts were approximately 82% and 83% of ALFA's total revenue for the year ended December 31, 2013 and 2012, respectively.

B. Basis of Presentation

The accounting records of the ALFA are maintained on the accrual basis of accounting under which revenues are recognized when earned and liabilities and expenses when incurred. Grant revenues are recorded as earned after allowable costs related to the grant have been incurred.

ALFA is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted net assets represent the portion of the net assets of ALFA that are neither permanently nor temporarily restricted.

Temporarily restricted net assets are that portion of net assets restricted by the donor, grantor or other outside parties whose restriction either expires by the passage of time or can be fulfilled and removed by the actions of ALFA. When the restriction expires temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets represent the portion of the net assets from contributions and grants whose use by ALFA is limited by donor-imposed stipulations which neither expire by the passage of time nor can be removed by an action of ALFA. ALFA has no permanently restricted net assets.

C. Revenue Recognition

Grants funds restricted by the donor, grantor, or other outside party for a particular purpose are deemed to be earned when ALFA has incurred expenditures in compliance with the specific restrictions. However, any advance payments on grants received but not used in accordance with the requirements of the grants are reflected as deferred revenue until the grant restriction has been released.

D. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ALASKA LONGLINE FISHERMEN'S ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

Note 1. - continued

E. Subsequent Events

ALFA has evaluated subsequent events through the date of the Independent Auditor's Report, which is commensurate with the date the financial statements were available to be issued.

F. Assets, Liabilities and Net Assets

Cash and Cash Equivalents

Cash and cash equivalents are stated at cost, which approximates market. For the purposes of the statement of cash flows cash equivalents include cash in bank and savings accounts.

Property and Equipment

The Organization's only property and equipment is used office furniture and computer equipment. None of these items meet the criteria for capitalization and have been recognized as an expense when purchased

Deferred Revenue

Deferred revenue represents amounts for which the revenue recognition criteria have not been met. In the case of ALFA, deferred revenue results from grant funds received prior to incurring allowable grant costs or contract advances received prior to fulfilling the terms of the contract.

Income Taxes

The Corporation is exempt from federal income taxes under Section 501(c)(6) of the U.S. Internal Revenue Code. The organization's Form 990s, *Return of Organizations Exempt from Income Tax* are subject to possible examination by the Internal Revenue Service until the expiration of the related statute of limitation on those tax returns, which, in general, is three years.

Advertising Costs

Advertising costs are expensed as incurred.

Functional Allocation of Expenses

The cost of providing ALFA's programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited based on an estimate by management of time spent supporting each function.

Note 2. Cash and Cash Equivalents

Cash and cash equivalents includes the following at December 31,:

	<u>2013</u>	<u>2012</u>
Demand deposits	\$ 219,555	\$ 232,608
PayPal deposits	150	1,306
Petty cash	121	112
	<u>\$ 219,826</u>	<u>\$ 234,026</u>

ALASKA LONGLINE FISHERMEN'S ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

Note 2. - continued

Demand deposits are guaranteed under the Federal Deposit Insurance Corporation up to a maximum of \$250,000 of total deposits in a bank. At December 31, 2013 and 2012, the bank balance was \$238,080 and 248,958, respectively. The entire bank balance was insured at the end of each of the years. Paypal deposits are held by FDIC insured banks. Individual customer balances are subject to FDIC pass-through deposit coverage up to a total of \$100,000.

Note 3. Accounts and Grants Receivable

Accounts receivable at December 31, 2012 include amounts due from a vendor. There were no accounts receivable at December 31, 2013.

Grants receivable at December 31, 2013 and 2012 include amounts due from the National Fish and Wildlife Foundation for allowable expenses under the terms of the grant. Management considers grants receivable to be fully collectible at both year-ends. Accordingly, no allowance for doubtful accounts has been recorded.

Note 4. Deferred Revenue

Deferred revenue includes both advances from granting agencies which were not spent or otherwise obligated at the end of the year and advances on contracts with third parties. ALFA recognizes contract income based on the estimated percent of completion at year end.

Deferred revenue includes the following at December 31,:

	<u>2013</u>	<u>2012</u>
Advances from granting agencies	\$ 37,278	\$ 50,262
Unearned contract revenue	<u>78,912</u>	<u>84,923</u>
	<u>\$ 116,190</u>	<u>\$ 135,185</u>



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 16-112 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 6/7/2016 In control: City and Borough Assembly

On agenda: 6/14/2016 Final action:

Title: Discussion of the Memorandum of Understanding between the State of Alaska and the Southeast Conference for the Alaska Marine Highway System strategic plan and approval of a \$10,000 grant from the Southeast Economic Development Fund to Southeast Conference to assist with funding of the plan

Sponsors:

Indexes:

Code sections:

Attachments: [MOU Alaska Marine Highway strategic plan.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

DISCUSSION of the Memorandum of Understanding between the State of Alaska and the Southeast Conference for the Alaska Marine Highway System strategic plan.

POSSIBLE MOTION

I MOVE TO approve a \$10,000 grant from the Southeast Economic Development Fund to Southeast Conference to assist with funding of the Alaska Marine Highway strategic plan.

Memorandum of Understanding



BETWEEN
THE STATE OF ALASKA
AND
THE SOUTHEAST CONFERENCE



This Memorandum of Understanding (MOU) sets forth the terms and understanding between the State of Alaska and the Southeast Conference, a regional development organization, to develop a proposed strategic plan, to include a long-term, comprehensive operational and business plan for the Alaska Marine Highway System (AMHS).

Background

For over 50 years, the AMHS has provided a critical transportation link between Alaska's coastal communities, the Lower 48, and Canada. The AMHS serves as a socio-economic lifeline and transportation corridor for many of the communities it serves, and provides statewide economic benefits. In recent years, the AMHS has experienced rising costs, decreasing budgets, and significant reductions in service. Ferry users statewide have expressed concerns about service reductions, system unreliability and interruptions in service. The AMHS system's aging fleet requires increased maintenance and a plan for vessel replacement. The State's current fiscal challenges add imperative to re-examining the AMHS system, the needs of those it serves, and opportunities for transformational change to ensure the system's long-term viability.

Purpose

This MOU establishes an agreement of understanding between the State of Alaska (State) and the Southeast Conference to develop an AMHS Strategic Plan (Plan), to include a long-term, comprehensive operational and business plan for the AMHS that is financially sustainable and meets the needs of those it serves. The process will involve broad public engagement and should result in a 25-year plan for the system. The plan is intended to provide a benefit to the State and the public.

Roles and Responsibilities

Through this MOU, the State of Alaska agrees to:

- Outline goals and objectives for the Plan;
- Contract with the Southeast Conference under AS 36.30.850(b)(29) to manage development of the Plan;
- Comply with all applicable procurement laws and regulations;
- Provide access to relevant data, information and expertise, subject to confidentiality rules that may apply; and
- Participate as a member on the Project Steering Committee.

Through this MOU, Southeast Conference agrees to:

- Perform its contractual duties to manage the development of the Plan;

- Identify, request, and receive additional non-state aid for the project;
- Provide staff and resources to coordinate a statewide steering committee of community leaders for the development of a long-term, comprehensive operational and business plan;
- Actively solicit statewide input through a broad public process;
- Contract with specialists if needed to identify possible solutions for the AMHS; and
- Develop and submit a draft written Plan to the State, followed by a final written Plan that is responsive to State and stakeholder feedback.

The AMHS Strategic Plan developed by Southeast Conference under this MOU shall address, at a minimum, the following issues:

- *AMHS Mission Statement:* The AMHS mission must be identified, stated, and agreed to, and the mission statement will be the project's first deliverable.
- *Governance Structure:* What type of governance structure or combination of structures is best suited to operate the AMHS in an economically optimal way that meets user needs?
- *Operations:* How can the AMHS best serve the basic transportation and shipping needs for Alaskans? How can vessels be better matched to specific routes? What routing structure is most viable for the AMHS?
- *Other Revenue:* What mix of public funding and other revenues will provide for the sustainability of the AMHS for the next 25 years? What changes are needed to the tariff rates and structure? What are the opportunities for marketing and ancillary revenue?
- *Partnerships:* What is the potential for partnerships with private, tribal, municipal and/or nonprofit entities? Is there a role for contracting for concessions, routes, or other aspects of operations? Are there opportunities to leverage AMHS assets to create revenue?

Duration

This MOU may be modified by mutual consent of authorized officials from the State of Alaska and Southeast Conference. This MOU shall become effective upon signature by the authorized officials from the State of Alaska and Southeast Conference and will remain in effect until modified or terminated by mutual consent. In the absence of mutual agreement on an alternative timeframe by the authorized officials from State of Alaska and Southeast Conference, this MOU shall end on December 31, 2017.

Dated this 19th day of May, 2016



Bill Walker, Governor
State of Alaska



Garry White, Board President
Southeast Conference



612 W. Willoughby Ave., Suite B
P.O. Box 21989, Juneau, AK 99802
Phone (907) 586-4360
www.seconference.org
Email info@seconference.org

SOUTHEAST ALASKA REGIONAL DEVELOPMENT ORGANIZATION

Dear Alaska Marine Highway Supporter;

Southeast Conference is asking for your contribution and support to help move the Alaska Marine Highway System Reform Project forward.

Alaska's Marine Highway is entering a period of profound change. With its financial reserves exhausted, vessels in need of major refits or replacements, an unsustainable cost structure and waning political support, cuts in service have crippled the system. Yet the communities it serves are heavily dependent on reliable marine transportation. AMHS operates in an environment with market, political and operational challenges unlike those anywhere else in the world. Its service mandate is broad, its markets small and diverse, and its political support increasingly fragmented. Typically, annual appropriations fall approximately \$20 million short of what is needed to sustain operations. Success over the long-term will require a carefully crafted combination of management, operations and funding strategies (and execution). Yet the value of AMHS is clear. In addition to providing transportation to communities with no other options and infrastructure for several regional economies, AMHS accounted for 1,700 Alaska jobs and \$104 million in Alaska wages in 2014. The State of Alaska's general fund investment of \$117 million resulted in a total return on investment of \$273 million, a return of more than 2 to 1.

Southeast Conference recently signed a Memorandum of Understanding with Governor Walker that establishes an agreement between the two parties to develop an Alaska Marine Highway System Strategic Plan, to include a long-term comprehensive operational and business plan that is financially sustainable and meets the needs of those it serves. The process will involve broad public engagement and should result in a 25-year plan for the system.

Southeast Conference was formed in 1958 to focus on the creation of the Alaska Marine Highway System (AMHS). SEC continues to advocate for an effective marine transportation system and it remains a centerpiece of our organization. As Alaska's Regional Development Organization (ARDOR), we reached out across the coastal regions of the state and are working statewide to find solutions for AMHS.

This is one of the most important projects Alaska will engage in and it will make a positive difference for years to come for AMHS and the people of Alaska. Financial contributions from user groups like, municipalities, tribes, corporations, and other organizations is essential to the success of this project.

This AMHS project needs your contribution. The agreement with the Governor's office comes with some financial backing but the development of this strategic plan is going to be costly. This public private partnership is very valuable and your contribution will help move this project forward. The project will be divided into 2 phases. Phase 1 will be the governance modeling and recommendations. Our goal is to have findings on the governance structure back to the Governor and Legislature this fall. We are hopeful that you will partner with us and contribute to this AMHS revitalization and reform effort.

Please contact Southeast Conference office if you have questions or would like more information. We look forward to your support and contribution to this very important project.

Sincerely,

Shelly Wright



Alaska Marine Highway System Reform Sponsorship Program

We invite you to be a sponsor of Alaska Marine Highway System Reform Project. Our mission to support activities that promote strong economies, healthy communities, and a quality environment in Alaska aligns directly with the AMHS Reform.

Annual sponsors receive recognition at both the Mid-Session Summit and the Annual Meeting, as well as on our website. Sponsorships not only move this project forward they are also opportunities to advertise and build name recognition for your business or organization. Be sure to send us your logo.

If you would like to participate, call SEC at (907) 523-4360 or complete the form below and fax it to SEC at (907)463-5670, or email to info@seconference.org.

Legacy	\$10,000
Benefactor	\$5,000
Gold	\$3,500
Silver	\$2,500
Bronze	\$1,500

No amount is too big or too small, any amount is welcome there is great value in user group contribution.

Other amount \$ _____

Name: _____

Community/Organization: _____

Address: _____ City: _____ State & Zip: _____

Phone: _____ Fax: _____

Email: _____

Payment Options:

Charge to Credit Card:

Check enclosed

Card Number: _____ Exp. Date: _____

Name as it appear on the card: _____

3-4 Digit Identifiers: _____ Statement Zip Code: _____

Signature: _____





CITY AND BOROUGH OF SITKA

Legislation Details

File #: 16-113 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 6/8/2016 In control: City and Borough Assembly

On agenda: 6/14/2016 Final action:

Title: Approve the 2016-2019 Alaska State Employees Association (ASEA) Collective Bargaining Agreement

Sponsors:

Indexes:

Code sections:

Attachments: [ASEA Collective Bargaining Agreement.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

POSSIBLE MOTION

I MOVE TO approve the Collective Bargaining Agreement between the City and Borough of Sitka and the Alaska State Employees Association American Federation of State, County Municipal Employees (ASEA/AFSCME) Local 52, AFL-CIO and authorize the Municipal Administrator to execute the document.




City and Borough of Sitka

100 Lincoln Street Sitka, Alaska 99835

Coast Guard City, USA

Date: Wednesday, June 08, 2016

To: Honorable Mayor Mim McConnell and Assembly of the City and Borough of Sitka

From: Mark Gorman 
Municipal Administrator

RE: ASEA – CBS Collective Bargaining Agreement Approval

Dear Ms. Mayor and Assembly,

We have concluded negotiations with the Alaska State Employees Association (ASEA). Negotiations began March 29, 2016 with our team composed of lead negotiator Kimberly Gearity and Mark Danielson, HR Director. These negotiations with ASEA representatives concluded May 05, 2016 when tentative agreement was reached between the parties.

Attached is a reference table outlining the changes in the agreement with the central issue being wages. The agreement on wages is:

- July 1 2016: 1.5 % wage increase + \$500
- July 1 2017: 2.0 % wage increase + \$500
- July 1 2018: 1.0 % wage increase

The ASEA has ratified this agreement and the CBS bargaining team and I recommend that the Assembly approve this three-year agreement.

2016 – 2019 ASEA City and Borough of Sitka Tentative Agreement Reference Table

ARTICLE	CHANGE/NO CHANGE
Preamble	No change.
Article 1 – Recognition	No change.
Article 2 – Union Representation and Activities	No change.
Article 3 – Union Security	No change.
Article 4 – Management Rights	No change.
Article 5 – No Strike and No Lockout	No change.
Article 6 – Non Discrimination	No change.
Article 7 – Labor-Management Committee	No change.
Article 8 – Personnel Files	No change.
Article 9 – Vacancies Page 13	Language to keep departmental vacancies for hire, promotion or transfer within the bargaining unit. Departmental applicants meeting minimum qualifications receive at minimum an interview.
Article 10 – Discipline and Discharge and Resignation	No change.
Article 11 – Probationary Periods	No change.
Article 12 – Grievance Arbitration	No change.
Article 13 – Personnel Policies Page 21	Removed language referencing the non-existent CBS Rewards for Excellence Program.
Article 14 – Safety and Health	No change.
Article 15 – Occupational Injury	No change.
Article 16 – Drug-free and Alcohol-free Workplace	No change.
Article 17 – Layoff Pages 24-26	Department Head, City Administrator and City Assembly decide work to be eliminated in layoff situation within a department. Length of service, possibility of transfer and demotion to another position for which employees are qualified are considerations. Seniority is the determining factor if two or more employees do the same work. Two weeks of severance pay language added in addition to wages owed. If the position is re-established, the employee is subject to recall for a two-year period. Laid off employees are given the opportunity for interviews for any CBS positions for which they are qualified during the two-year recall period.
Article 18 – Hours, Overtime, Premium Pay, Shifts and Breaks	No change.
Article 19 – Holidays	No change.
Article 20 – Time Off Page 31	Up to 16 hours of donated vacation time to the sick leave bank are credited toward an Employee's mandatory yearly usage upon the Employee's written request.
Article 21 – Travel	No change.

2016 – 2019 ASEA City and Borough of Sitka Tentative Agreement Reference Table

ARTICLE	CHANGE/NO CHANGE
Article 22 – Working Out of Job Classification Page 34	Notification in writing to employees indicating who will serve as the temporary supervisor in the regular supervisor’s absence.
Article 23 – Wages Page 35	July 1 2016: 1.5 % wage increase + \$500 July 1 2017: 2.0 % wage increase + \$500 July 1 2018: 1.0 % wage increase
Article 24 – Health Insurance	No change.
Article 25 – Retirement	No change.
Article 26 – Education Reimbursement Page 37	New Article – Upon approval of Department Head, reimbursement for tuition and other educational costs for job-related courses. Passing grade of “C” required.
Article 27 – Contracting Out Pages 37-38	New Article – Requires CBS to give ASEA and the City Assembly notice of any intent to contract out work. Provides 20 calendar days for ASEA to respond with a letter of intent to propose alternatives to keep the work. Gives ASEA 45 calendar days to devise alternatives for cost savings or improved services as counter proposal to keep the work. No RFP will be issued until after the Union’s proposal is received and considered.
Article 28 – Savings Clause	No change.
Article 29 – Zipper Clause	No change.
Article 30 – Duration Pages 39-40	Duration of contract for 3 years from July 1, 2016 – June 30, 2019.
Letter of Agreement Page 41	Provides for Water and Wastewater classification and pay study considering increases for specialized certifications held by incumbent employees.

COLLECTIVE BARGAINING AGREEMENT

BETWEEN THE

CITY AND BOROUGH OF SITKA



AND THE

**ALASKA STATE EMPLOYEES ASSOCIATION
AMERICAN FEDERATION OF STATE, COUNTY
MUNICIPAL EMPLOYEES (ASEA/AFSCME)
LOCAL 52, AFL-CIO**



July 1, 2016 – June 30, 2019

TABLE OF CONTENTS

Preamble	6
Article 1 - Recognition	6
Article 2 - Union Representation and Activities	6
2.01 Union Staff Representatives	6
2.02 Stewards	6
2.03 Meeting Space	7
2.04 Bulletin Boards	7
2.05 Union Use of the Employer's Email System.....	7
2.06 Union Business Leave	7
Article 3 - Union Security	9
3.01 Noninterference	9
3.02 New Employee Orientation Notification.....	9
3.03 Agency Shop.....	9
3.04 Payroll Deductions	10
3.05 Information Supplied to the Union.....	10
Article 4 - Management Rights	11
Article 5 - No Strike and No Lockout	11
Article 6 - Non-Discrimination	12
Article 7 - Labor-Management Committee	12
Article 8 - Personnel Files	12
8.01 Employee Access	12
8.02 Union Access	12
8.03 Removal of Documents.....	13
Article 9 - Vacancies	13
Article 10 - Discipline and Discharge and Resignation	14
10.01 Discipline and Discharge.....	14
10.02 Resignation	14
Article 11 - Probationary Periods	15
11.01 New Employees	15
11.02 Promoted or Transferred Employees	15

Article 12 - Grievance Arbitration	15
12.01 Informal Resolution	15
12.02 Definition of Grievance.....	15
12.03 Exclusive Procedure	15
12.04 Time Frames.....	16
12.05 Grievance Procedures	17
12.06 Board of Arbitration	18
12.07 Authority of the Arbitrator	19
Article 13 - Personnel Policies.....	19
13.01 Nepotism.....	20
13.02 Personal Business	20
13.03 Safety Policy	20
13.04 Anti-Harassment Policy.....	20
13.05 Email and Internet Policy	20
13.06 Performance Evaluations	20
13.07 Other Employment.....	20
13.08 Gifts and Gratuities	21
13.09 Rewards for Excellence Program.....	21
13.10 Training.....	21
Article 14 - Safety and Health	21
14.01 Employer Responsibilities	21
14.02 Employee Responsibilities	21
14.03 Refusal to Work Under Unsafe Conditions.....	21
14.04 Safety and Health Committee	21
14.05 Tools and Equipment.....	22
14.06 Protective Clothing.....	22
14.07 Employer-Designated Clothing or Uniforms	22
Article 15 - Occupational Injury	22
15.01 Duty of the Employee to Report.....	22
15.02 Salary While Off Duty.....	22
15.03 Position Held Open	22
15.04 Definition – Occupational Injury	22

15.05	Contested Occupational Injuries	23
Article 16 - Drug-Free and Alcohol-Free Workplace		23
16.01	Influence of Intoxicants at the Workplace.....	23
16.02	Alcohol and Drug Screening Test	23
16.03	Alcohol and Drug Dependency	23
16.04	Use of Over-The-Counter or Prescribed Legal Drugs	24
16.05	Reporting a Conviction.....	24
16.06	Commercial Drivers License Holders	24
Article 17 - Layoff.....		24
17.01	Layoff Order	24
17.02	Layoff Notice	25
17.03	Bumping Rights.....	25
17.04	Recall Rights	26
Article 18 - Hours of Work, Overtime, Premium Pay, Shifts, and Breaks.....		26
18.01	Hours of Work	26
18.02	Overtime	26
18.03	Call-Out Time	26
18.04	Standby Pay.....	27
18.05	Shift Differential Pay.....	27
18.06	Notice of Change in Work Schedule or Shift Assignment	27
18.07	Breaks.....	28
Article 19 - Holidays		28
19.01	Designated Holidays	28
19.02	Observance of Holidays	29
19.03	Holiday Worked Compensation.....	29
Article 20 - Time Off.....		29
20.01	Vacation	29
20.02	Sick Leave	30
20.03	Family and Medical Leave	31
20.04	Leave Without Pay	31
20.05	Military Leave	32
20.06	Court Leave	32
20.07	Time Off to Vote.....	32

20.08	Time Off for Certification	32
Article 21 - Travel		32
21.01	Travel Requests.....	32
21.02	Travel by Common Carrier Reimbursement.....	32
21.03	Lodging Reimbursement.....	32
21.04	Meal Reimbursement.....	33
21.05	Transportation Expenses	33
21.06	Receipts Required.....	33
21.07	Registration Fees.....	33
21.08	Travel Advances	33
21.09	Use of Private Vehicles.....	34
21.10	Employee Responsibility.....	34
Article 22 - Working Out of Job Classification		34
22.01	Temporary Working in a Higher Classification	34
22.02	Temporary Transfer to Lower Classification.....	34
22.03	Job Classification Review	34
Article 23 - Wages		35
23.01	Wage Increases	35
23.02	Probationary Period Increase.....	355
23.03	Determining Wage Rates for Various Personnel Actions.....	355
23.04	Direct Deposit	36
23.05	Severance Pay.....	36
Article 24 - Health Insurance		36
Article 25 - Retirement		36
25.01	State Retirement System	36
25.02	Supplemental Benefits System	37
Article 26 - Education Reimbursement		38
Article 27 - Contracting Out		387
Article 28 - Savings Clause		398
Article 29 - Zipper Clause		38
Article 30 - Duration		39
Letter of Agreement		41

Preamble

This Agreement is made by and between the City & Borough of Sitka, Alaska (the Employer) and the Alaska State Employees Association/American Federation of State, County and Municipal Employees (ASEA/AFSCME) Local 52, AFL-CIO ("ASEA"), covering the Employees in the General Government Unit consistent with the Sitka General Code. The policy and purpose of this Agreement is to promote harmonious and cooperative relations between government and its Employees and to protect the public by ensuring orderly and effective operations of government.

Article 1 - Recognition

The Employer recognizes the Union as the sole and exclusive bargaining representative for the purpose of negotiating wages, hours, and other terms and conditions of employment for all regular full-time and part-time Employees in the General Government Unit ("GGU") certified by the Sitka Employment Relations Board.

Article 2 - Union Representation and Activities

2.01 Union Staff Representatives

Union representatives who are not Employees shall be authorized to speak for the Union in all matters governed by this Agreement and shall be permitted to visit work areas with prior notice to and approval by the Department Head responsible for the work area to be visited. The Union shall provide a list of names of the Union Representatives to the Employer.

2.02 Stewards

A. The Union may authorize up to six (6) Stewards. The Union shall provide a list of names of the Stewards to the Employer.

B. Stewards are expected to perform Union business during non-work time or while using the ASEA business leave bank. However, Stewards shall be allowed to handle potential or actual grievances under this Agreement during working hours without loss of pay so long as such time does not interfere with their regular work assignments and responsibilities. Release from work to perform Steward duties shall be pre-approved by the Employee's immediate Supervisor and will not be unreasonably denied. Time spent performing Steward duties during work time shall

be recorded on the Employee's time sheet as Steward duties.

C. Stewards shall be allowed to post Union information on bulletin boards and may distribute Union information to other Employees covered by this Agreement in non-work areas and during non-work time.

2.03 Meeting Space

Meeting space in buildings owned or leased by the Employer may be used for Union meetings provided the request is approved by the Employer.

2.04 Bulletin Boards

The Employer shall provide bulletin boards and/or designated space on existing bulletin boards at each work location. The designated bulletin boards or space shall be for the sole and exclusive use of the Union.

2.05 Union Use of the Employer's Email System

A. Union Representatives, Union Officers, and Stewards may use the Employer's computer system to communicate with the Employer or Union regarding issues affecting the General Government Unit or the application or interpretation of this Agreement.

B. The Union may use the Employer's email system for broadcast distribution of the following information to its members with a copy to the Municipal Administrator:

Meeting notices
Election or ratification notices

The Union may also distribute the Union's newsletters via the Employer email; however, the newsletter shall be sent to the Municipal Administrator, or designee, at least twenty-four (24) hours in advance.

C. The Union understands that any emails exchanged or distributed under this Section are not private and may be subject to the Employer's inspection. In the event the Union abuses its rights under this Section, the Employer reserves the right to deny the Union any access to the Employer's email system at any time during the life of this Agreement.

2.06 Union Business Leave

A. The parties agree to establish a Union Business Leave Bank which shall be administered by the Employer. A monthly report of the balance and withdrawals from the Bank shall be provided to the Union.

B. Donations

1. As a condition of employment and upon written authorization by a newly hired Employee, eight (8) hours of vacation leave shall be transferred from the Employee's vacation leave once it equals eight (8) hours or more.
2. At any time any Employee at their option may transfer vacation leave in at least one (1) hour increments to the Bank. Transfers may be made at any time during the duration of the Agreement with no maximum limit of the number of increments except that an Employee may not transfer more increments of vacation leave than are posted to the Employee's vacation leave balance at the time of the transfer request. The Employee's leave balance will be reduced by the amount of leave transferred to the Bank.
3. Upon written request from the Executive Director of ASEA/AFSCME Local 52, the Employer shall transfer up to four (4) hours at the start of each fiscal year from each Employee's vacation leave account to the Union Business Leave Bank.

C. All leave assessments to the Union Business Leave Bank will be converted to its dollar value at the rate of pay of the Employee from whom the leave was received. Those dollars (with benefit costs) shall be placed in the Union Business Leave Bank. When business leave is authorized by the Union, dollars will be withdrawn from the Union Business Leave Bank equal to the hourly rate (with benefit costs) of the Employee utilizing the leave times the hours of leave taken.

D. Use of Union Business Leave

1. The Union Business Leave Bank may be used for contract negotiations and formulation, meetings, conventions, training sponsored by the Union, attendance at arbitration or other hearings as witnesses for the Union and any other like purposes as may be determined by the Union.
2. Only the Executive Director, or designee, may authorize use of the Union Business Leave Bank in accordance with the following procedures:
 - a. The Employee is responsible for obtaining permission for taking time off in accordance with vacation time off procedures.
 - b. Once permission for the time off is granted, the leave slip shall be presented to the Union Executive Director, or designee, for approval.
 - c. If approved, the Union shall sign the leave slip where designated and return the leave slip to the Employee.
 - d. The Employee submits the leave slip with their timesheet.

E. All vacation leave transferred to the Bank is final and not available for re-credit to an individual's vacation leave account.

F. Should there be insufficient money available through the leave bank, the Employer shall approve vacation leave or leave without pay for purposes listed in D.1.

G. The release of Employees for Union Business Leave purposes shall be handled on the same basis as release from duty for vacation leave. Such approval shall not be unreasonably withheld by the Supervisor.

H. Time spent on Union Business Leave shall not be considered hours worked for overtime purposes.

Article 3 - Union Security

3.01 Noninterference

The Employer agrees that it will not in any manner directly or indirectly attempt to interfere between any Employee and the Union. It will not in any manner attempt to restrain any Employee from belonging to the Union or from taking an active part in Union affairs, and it will not discriminate against any Employee because of Union membership or activity, upholding Union principles, or working under the instruction of the Union or serving on a committee, provided that such activity is not contrary to this Agreement.

3.02 New Employee Orientation Notification

The Union shall provide the Employer with information regarding the Union and membership or agency fee obligations to be included with the new Employee orientation packet. The Employee is responsible to contact the Union.

3.03 Agency Shop

A. The Union owes the same responsibility of representation to all General Government Unit (GGU) Employees without respect to membership in the Union.

B. From the effective date of this Agreement through the expiration date, all Employees covered by this Agreement shall, as a condition of continued employment, either become a member of the Union or become an agency fee payer. The Union dues/agency fee will be an amount set by the Union. Payment of Union dues or agency fees shall commence no later than thirty (30) calendar days after the date of hire.

C. Upon written request by the Union Executive Director to the Employer, an Employee who has been employed for more than thirty (30) calendar days and who is not complying with the agency shop provisions of this Agreement shall be dismissed by the Employer.

3.04 Payroll Deductions

A. Upon receipt by the Employer of an Authorization for Payroll Deduction of Union Dues/Fees dated and executed by the Employee which includes the Employee's Social Security number, the Employer shall each pay period deduct from the Employee's wages the amount of the Union membership dues or agency fee owed for that pay period. The Employer will forward the monies so deducted to the Union together with a list of Employees from whose wages such monies were deducted not later than the tenth (10th) day of the following calendar month. The Employer shall deduct from an Employee's wages only that amount of money that the Union has certified in writing is the amount of dues or agency fees.

B. If, for any payroll period in which the Employer is obligated to make deductions pursuant to this Section, the wages owed an Employee after mandatory deductions are less than the authorized dues or fees to be deducted pursuant to this Article, the Employer shall make no deduction from wages owed the Employee for that payroll period. Payment of dues or agency fees for that pay period shall be made by the Employee directly to the Union.

C. The Union Executive Director shall notify the Employer in writing of any increase or decrease in authorized dues or agency fees at least thirty (30) calendar days prior to the effective date.

3.05 Information Supplied to the Union

A. The Employer shall provide the Union with a current list of Employees once per pay period at no cost to the Union. This list shall include the Employee's name, Social Security number, Employee number, organizational routing code, department, location, and termination date or last date in pay status, if applicable. The list will also itemize and show any regular deductions made and forwarded to the Union.

B. Not later than Wednesday following each pay day the Employer shall furnish to the Union without cost a report showing all personnel transactions adding to or deleting Employees from the bargaining unit.

C. The Union specifically agrees that all information provided shall be used only for purposes related to the execution of the Agreement, that the Union shall be responsible for the protection and security of information provided, and that the Union shall assume liability which may result from any improper disclosure or use by the Union of information provided.

Article 4 - Management Rights

The Union recognizes that any and all rights, not in conflict with this Agreement, concerned with the management of the Employer and the direction of the Employees shall be vested exclusively with the Employer. Management rights and responsibilities shall include, but are not limited to, the right to:

- A. Determine the overall mission and purpose of the Employer;
- B. Maintain and improve the efficiency and effectiveness of the City to provide its citizens and taxpayers with adequate and reliable municipal services.
- C. Determine and alter the services to be rendered, the operations to be performed, the technology to be utilized, or the matters to be budgeted and the priorities therefore;
- D. Determine the overall methods, processes, means, and personnel by which the work of the Employer is to be conducted;
- E. Relieve Employees from duties or reduce the workforce because of lack of work or funds or under conditions where the Employer determines that continued work would be inefficient or nonproductive;
- F. Recruit, examine, select, promote, transfer and train personnel of its choosing, and determine the times and methods of such actions.
- G. Develop and modify class specifications, assign the salary range for each classification, and allocate positions to those classifications.
- H. Assign and direct the work; determine the methods, materials and tools to accomplish the work; designate duty stations and assign personnel to those duty stations.
- I. Discipline, suspend, demote, or dismiss Employees for just cause.
- J. Adopt policies, rules, regulations, educational programs, safety programs and any other measures not in conflict with this Agreement, necessary to assure the efficient and effective operations of the Employer.

Article 5 - No Strike and No Lockout

The Union agrees that during the life of this Agreement, neither the Union nor its agents or Employees will authorize, instigate, aid or engage in any work stoppage, refusal to

work or strike against the Employer. The Employer agrees that during the life of this Agreement there will be no lockout.

Article 6 - Non-Discrimination

Both the Employer and the Union agree to comply with all applicable federal, state and local laws prohibiting discrimination. Neither the Employer nor the Union will discriminate against any Employee on the basis of race, sex, religion, color, marital or parental status, age, national origin, mental or physical disability, sexual orientation, or any other status protected by federal, state or local law.

Article 7 - Labor-Management Committee

The parties agree to convene a labor-management committee as needed to discuss issues affecting the General Government Unit Employees. The committee shall include up to three (3) management team members and up to three (3) team members from the Union. Meetings shall not exceed three (3) hours, unless mutually agreed to otherwise. A request to hold such a meeting shall be sent in writing to either the Human Resources Director or the President of the Sitka ASEA chapter. Meetings will convene not later than thirty (30) days after receipt of such notice unless agreed to otherwise. There shall be no more than three (3) labor-management committee meetings under this article each calendar year unless agreed to otherwise.

Article 8 - Personnel Files

8.01 Employee Access

- A. Employees shall have access to their personnel file in Human Resources upon reasonable notice and at reasonable times.
- B. Employees may request a copy of any document in their personnel file.
- C. Employees may also submit job-related documents to be added to their personnel file with the approval of the Human Resources Director which shall not be unreasonably denied.

8.02 Union Access

- A. Upon receipt of written authorization from an Employee, a designated Union Representative, Union Officer, or Steward will have the right to inspect the Employee's personnel file upon reasonable notice and at reasonable times.

B. Upon receipt of written authorization from an Employee, the Union may request copies from the Human Resources Director of documents from an Employee's personnel file. The Employer reserves the right to charge the Union the cost of such copying.

C. The Union Representative, Union Officers and Stewards understand and agree that all information contained in an Employee's personnel file is confidential. The Union Representative, Union Officers and Stewards will handle such confidential information in a manner to ensure the Employee's right to privacy is protected.

8.03 Removal of Documents

An Employee may request a disciplinary action in the Employee's personnel file be removed after twelve (12) months, and once every calendar year thereafter. Such requests must be in writing submitted to the Human Resources Director. Removal of any disciplinary actions is subject to the approval of the Municipal Administrator.

Article 9 - Vacancies

9.01 Whenever a vacancy occurs in a position the Employer intends to fill in the bargaining unit, a notice of such vacancy shall be posted on bulletin boards and electronic bulletin boards normally used for communicating with Employees.

9.02 The Employer shall post vacancies internally at least five (5) working days prior to external advertisements.

9.03 Upon posting, Employees may apply for the position in writing for a period of not less than ten (10) working days.

9.04 When there are current, qualified Employees within the **bargaining unit** interested and available for the **Department** vacancy, the Employer shall endeavor to hire, promote, or transfer from within the existing work force. Where applicants' qualifications are the same, as determined by the Employer, the applicant with the most Department seniority shall be selected.

9.05 Any current Department bargaining unit member **who meets the minimum qualifications set forth in the job description and** who applies for a vacancy within the Department shall at a minimum receive an interview during the hiring process.

Article 10 - Discipline and Discharge and Resignation

10.01 Discipline and Discharge

- A. The Employer shall not discipline or discharge an Employee without just cause.
- B. The Employer shall normally utilize progressive discipline to correct Employee misconduct. However, the Employer reserves the right to issue any level of discipline in its discretion based on the severity of the offense.
- C. Any discipline imposed upon a regular Employee may be processed as a grievance through the grievance procedure, so long as the Employee has completed the Employer's initial probationary period.
- D. An Employee has the right to request and receive Union representation during any investigative interview in which the Employee reasonably believes the interview could lead to discipline or discharge.
- E. Employees and the Union shall receive a copy of any written disciplinary action that is placed in the Employee's personnel file.

10.02 Resignation

- A. To remain in good standing, an Employee who intends to terminate service with the Employer should submit a written resignation to the Employer's immediate Supervisor stating the Employee's last date of employment. Resignation notices shall be submitted as early as possible, but at least two (2) weeks before the final work day unless mutually agreed otherwise by the Employer.
- B. A copy of the Employee's resignation shall be filed in the Employee's personnel file.
- C. At the Employer's option, the resignation may be accepted upon receipt and the Employee will be relieved of all duties immediately. In such circumstances, the Employee shall receive full pay and benefits for the notice period up to two (2) weeks.
- D. An Employee may request in writing to their Department Head that their resignation be rescinded within 48 hours after it has been submitted. The Municipal Administrator, or designee, after recommendation by the Department Head, shall decide whether the Employees request shall be granted.

Article 11 - Probationary Periods

11.01 New Employees

Every new regular Employee shall serve a six-month probationary period (180 consecutive days of service from date of hire) during which time the Employee may be terminated at the sole discretion of the Employer without right of appeal. All probationary Employees shall accrue service credits and seniority during the probationary period. An Employee's probationary period may be extended by mutual Agreement between the Employer and Union.

11.02 Promoted or Transferred Employees

Current regular Employees who are promoted or transferred to a different position shall serve a three-month (90 consecutive days from date of promotion or transfer) probationary period. If the Employee's performance in the new position is unsatisfactory in the Employer's sole discretion or at the Employee's choosing, the Employee may be returned to their previous position if vacant or to another vacant position so long as the Employee is qualified for that position. This employment action shall not be construed to be a demotion or disciplinary action requiring just cause.

Article 12 - Grievance Arbitration

12.01 Informal Resolution

Differences between Employees and the Employer should be resolved as quickly and satisfactorily as possible. To achieve this goal, Employees are expected to discuss any differences with their immediate Supervisor as soon as possible after they are aware of the event leading to the difference and prior to the filing of a grievance. Supervisors are similarly expected to be responsive to such discussion. Resolutions that may be reached during this informal process may not conflict with this Agreement or applicable written laws or regulations.

12.02 Definition of Grievance

A grievance shall be defined as any controversy or dispute involving the application or interpretation of the terms of this Agreement.

12.03 Exclusive Procedure

A. The Union or the aggrieved Employee or Employees shall use the following procedure as the sole means of settling grievances unless mutually agreed otherwise.

B. This procedure shall not be available to probationary Employees during their initial probationary period if the Employee is discharged. Probationary Employees may

appeal a discharge by filing a written notice with the Municipal Administrator. The Municipal Administrator's decision will be final.

C. Letters of instruction and performance appraisals that do not affect the Employee's pay status are not subject to this grievance procedure.

12.04 Time Frames

A. Any grievance, whether individual or a class action, must be brought to the attention of the Employer, consistent with the procedures set forth in this Article, within fifteen (15) working days of the effective date of the disputed action or inaction or the date the Employee is made aware of the action or inaction, whichever is later.

B. All grievances resulting from dismissal, demotion for cause, or a single suspension in excess of thirty (30) calendar days shall be entered into the procedure at Step Two. Such grievances shall be brought to the attention of the Employer within fifteen (15) working days of the action or knowledge thereof.

C. If the Employer fails to render a decision in the allotted time frame, the grievance may be advanced to the next step of the procedure by the Union. Any grievance not filed by the Union according to the procedures and time frames in Section 4 shall not be entitled to further consideration unless mutually agreed to otherwise.

D. Allotted time frames may be extended by written mutual agreement.

- Deadlines for submission of a grievance at Step Two and above shall be counted from the date of receipt of a response from the Employer, or the date the response is due, whichever is earlier.
- Date of receipt of a grievance or response shall be either seven (7) calendar days following date of postmark, the date of a signed verification of receipt through the US Mail or in person, a faxed copy with date of receipt noted on it, or a copy of an email transmission showing date sent.
- All mailed material relating to Steps Two, Three, and Four of a grievance shall be accomplished through a proof of receipt method. Postmarks shall be relied on to satisfy the time frames in this Article.

E. Union Representatives may file an initial grievance at an advanced step of the grievance procedure with the prior written approval of the Municipal Administrator.

12.05 Grievance Procedures

A. Grievances shall be processed on forms provided by the Union. The grievance shall state the facts giving rise to the grievance, the provisions of the Agreement that have been violated, and the remedy requested.

B. Class Action Grievances

A class action grievance is a situation which affects two (2) or more Employees in the same manner. Class action grievances shall be submitted by the Union Representative to the Department Head, or if the Employees are from different departments, to the Municipal Administrator. Class action grievances must identify each individual grievant by name, job class and department to the extent possible.

C. Grievance Steps

STEP ONE:

a) Within fifteen (15) working days of the disputed action or inaction, or the date the Employee is made aware of the action or inaction, whichever is later, the aggrieved Employee, Union Representative, or Steward, may submit a grievance in writing to the Employee's first level Supervisor outside of the bargaining unit.

b) The Supervisor shall respond to the grievance in writing within fifteen (15) working days after its presentation. Copies of the Supervisor's response shall be provided to the Employee and Union.

c) The Supervisor may resolve the matter so long as such resolution is consistent with this Agreement and the law, subject to the approval of the Municipal Administrator. Resolutions at Step One contrary to this Agreement or the law may be reopened through written notice to either party and re-filed for reconsideration at Step Three below.

STEP TWO:

a) Failing to settle the grievance at Step One, the grievance will be submitted by the Union Representative or Steward to the Department Head in which the grievant is employed within fifteen (15) working days after the response from Step One is due or received whichever is earlier. The Department Head shall respond in writing to the Union within fifteen (15) working days after receipt of the appeal.

b) If the first level Supervisor is the Department Head and the grievance is not resolved at step one, Step Two shall be skipped and the grievance filed at Step Three.

STEP THREE:

Failing to settle the grievance at Step Two, the appeal will be submitted by the Union Representative in writing to Municipal Administrator within fifteen (15) working days after the response from Step Two is due or received, whichever is earlier. The Municipal Administrator shall respond in writing to the Union within fifteen (15) working days after receipt of the grievance.

STEP FOUR:

Any grievance which is not settled at Step Three may be submitted by the Union to arbitration. This demand for arbitration must be sent via US Mail to the Municipal Administrator in writing within twenty (20) working days after the response from Step Three is due or received whichever is earlier. The Union shall state specifically which article(s) and section(s) the Employer may have violated and the manner in which the violation is alleged to have occurred. The Union shall contact the Employer to select an arbitrator within twenty (20) working days after receipt of the demand for arbitration.

12.06 Board of Arbitration

A. Within thirty (30) calendar days of the signing of this Agreement, the Employer and Union will jointly request from the U.S. Federal Mediation and Conciliation Service (FMCS) the names of thirty (30) qualified arbitrators from California, Washington, Oregon, Idaho, or Alaska. From the list of arbitrators the Employer and Union shall alternately strike from the list one (1) name at a time until eleven (11) names remain on the list. This list of eleven (11) arbitrators shall be used by the parties to select individual arbitrators for hearings. This section does not preclude the parties from compiling a mutually agreeable list without the assistance of FMCS.

B. When an arbitration becomes necessary to resolve a dispute, the parties will select the arbitrator by alternately striking one (1) name at a time from the list of eleven (11) until only one (1) name remains on the list. The parties will alternate on striking the first (1st) name. The name of the arbitrator remaining on the list shall be accepted by the parties as the arbitrator, and arbitration shall commence on a mutually acceptable date. Alternatively, the parties may select an arbitrator by mutual agreement.

C. Pre-submission meeting. No later than seven (7) working days prior to the scheduled arbitration meeting, the parties shall exchange information and attempt to agree on the phrasing of the question(s) to be submitted to the arbitrator. Each party

shall inform the other of any witnesses it intends to present testimony at the hearing and whether or not either party intends, if known, to file a post-hearing brief.

12.07 Authority of the Arbitrator

A. Question as to whether a matter is arbitrable shall be decided by the arbitrator. The arbitrator shall make a preliminary determination on the question. Once a determination is made that the matter is arbitrable, the arbitrator shall then proceed to hear the merits of the dispute.

B. The parties agree that the decision or award of the arbitrator shall be final and binding. The arbitrator's function is to interpret the Agreement and is limited to considering the particular issue(s) set forth in the written grievance and responses. The arbitrator shall have no authority to rule contrary to, amend, add to, subtract from or eliminate any of the terms of this Agreement. The arbitrator shall have no power to modify a penalty or other management action except by finding a contractual violation. The arbitrator shall not award or grant any right, privilege, or benefit to the Union or Employees not provided for by this Agreement.

C. The arbitrator shall be requested to provide a written decision and award within 30 working days of the hearing's completion or after receipt of post-hearing briefs, unless the parties consent to a longer time.

D. Each party shall bear its own expenses associated with the arbitration. The arbitrator shall assign his/her fees and expenses to the losing party, i.e., either to the Union or to the Employer; if there is no losing party, the fees and expenses shall be apportioned by the arbitrator between the parties. The parties shall use their best efforts to minimize the costs of any arbitration.

E. A grievant shall be allowed to attend the arbitration proceeding without loss of pay. If the grievance is a class action, the Union may designate one of the grievants to represent the class at arbitration without loss of pay. Witnesses, who are employed by the Employer, may participate in arbitration without loss of pay for time required to testify at the hearing. Union officers or Stewards who want to attend the arbitration will be required to use ASEA business leave bank.

Article 13 - Personnel Policies

The City's Personnel Policies Handbook as adopted by Ordinance does not apply to any Employee covered by this Agreement unless specifically referenced otherwise in this Agreement or as listed below.

13.01 Nepotism

No Employee may be employed in a position supervised by another family member. If an Employee and their Supervisor should marry, the Employer shall elect which Employee may continue with the department and which Employee shall terminate or transfer, if other positions are available. Family members, for purposes of this paragraph, shall include spouse, father, mother, brother, sister, child, and the same relationship by in-law.

13.02 Personal Business

An Employee is expected to conduct personal business outside the Employee's work hours. Personal calls during the Employee's work hours are discouraged. Breaks, meal periods, and leave are available for an Employee to use for personal business.

13.03 Safety Policy

All Employees covered by this Agreement shall be expected to comply with the City's Job Safety Policy found in Attachment B of the Personnel Policies Handbook so long as such policy does not contradict the provisions found in Article 14 of this Agreement.

13.04 Anti-Harassment Policy

All Employees covered by this Agreement shall be expected to comply with the City's Sexual Harassment and Anti-Harassment Policy found in Attachment D of the Personnel Policies Handbook.

13.05 Email and Internet Policy

All Employees covered by this Agreement shall be expected to comply with the City's E-Mail and Internet Policy found in Attachment E of the Personnel Policies Handbook.

13.06 Performance Evaluations

An Employee's performance shall be reviewed annually on the Employee's anniversary date.

13.07 Other Employment

Occupations or outside activity, which are incompatible with employment with the City or adversely affects the performance of the Employee's job duties with the City are prohibited.

13.08 Gifts and Gratuities

An Employee shall not accept a gift, gratuity, consideration or extraordinary favor from any person doing business, or likely to do business with the City and shall immediately report to their Department Head any offer, promise or suggestion that such a gift be made. This prohibition does not apply to the giving of ceremonial gifts of nominal value or gifts received from an Employee's family or ordinary circle of friends when not offered for an actual or perceived corrupt purpose.

~~13.09 Rewards for Excellence Program~~

~~Employees covered by this Agreement are entitled to participate in the Rewards for Excellence Program provided for in Section 21 of the Personnel Policies Handbook.~~

13.09 Training

Each Department Head shall develop and conduct such practical training programs as are suited to the special requirements for the Department. Training programs shall particularly emphasize accident prevention, Employee safety and public relations.

Article 14 - Safety and Health

14.01 Employer Responsibilities

The Employer shall comply with applicable federal and state occupational safety laws and regulations and industry standards. The Employer shall make every effort to provide a safe and healthful work place.

14.02 Employee Responsibilities

Each Employee is required to act with due care and regard for his own safety and that of his fellow Employees. All Employees shall comply with applicable federal and state occupational safety laws and regulations and industry standards. Employees shall not knowingly or negligently expose or subject themselves or others to unsafe working conditions.

14.03 Refusal to Work Under Unsafe Conditions

It shall not be grounds for discipline if an Employee refuses to work under conditions posing an immediate danger of death or serious bodily injury.

14.04 Safety and Health Committee

The Union and Employer agree to establish an ASEA Safety and Health Committee upon request in writing by either party. The ASEA Safety and Health Committee shall

meet upon written notice to the other party but not more often than quarterly to discuss safety-related issues. The committee shall consist of two management representatives and two representatives from the Union.

14.05 Tools and Equipment

The Employer agrees to furnish and maintain in safe working condition all tools and equipment required to carry out the duties of each position. Employees are responsible for reporting any unsafe condition or practice and for properly using and caring for the tools and equipment furnished by the Employer.

14.06 Protective Clothing

Protective apparel required by the Employer shall be provided and cleaned by the Employer.

14.07 Employer-Designated Clothing or Uniforms

If the Employer designates specific clothing or uniforms for the Employees to wear while performing work for the Employer, the Employer shall provide the clothing or uniforms.

Article 15 - Occupational Injury

15.01 Duty of the Employee to Report

It shall be the duty of each Employee to immediately report any and all accidents or work-related illness or injury to the immediate Supervisor.

15.02 Salary While Off Duty

The Employer shall pay the difference between what an Employee receives under Worker's Compensation and the Employee's regular earnings for up to three (3) months as well as for the three-day waiting period prescribed by Alaska statutes.

15.03 Position Held Open

In the case of an occupational injury, the Employer will, when feasible, hold the Employee's position open for up to six (6) months following the injury, or until a competent physician, following a physical or mental examination, has certified that the Employee will be unable to return to the former position, whichever occurs earlier.

15.04 Definition – Occupational Injury

Occupational injury shall have that meaning used to define "injury" in the Alaska

Worker's Compensation Act.

15.05 Contested Occupational Injuries

In the event of a controversy whether the Employee's injury is an "occupational injury," the Employer shall not be required to pay the benefits set forth in this Section until the Alaska Worker's Compensation Board has reached a final determination, following all appeals, that the injury is an "occupational injury." If found to be an "occupational injury," payment of benefits set forth in this section shall be made within ten (10) working days after the Employer receives notice of the final decision.

Article 16 - Drug-Free and Alcohol-Free Workplace

16.01 Influence of Intoxicants at the Workplace

Employees are expected to report to work on time in appropriate mental and physical condition for work. Employees are not to report to work under the influence of intoxicants (alcoholic beverages or illegal drugs) and shall not consume, use, or possess intoxicants at any time during their scheduled workday, on the Employer's property, or in any Employer vehicle. The unlawful, manufacture, distribution, dispensation, possession, or use of a controlled substance on Employer premises or while conducting Employer business off premises is absolutely prohibited. Grounds for discharge shall include but not be limited to an Employee reporting to work at above the legal limit for intoxication set forth in state law.

16.02 Alcohol and Drug Screening Test

If any Supervisor or Department Head has reasonable cause to believe that an Employee has reported to work under the influence of intoxicants or after an accident involving injury or property damage, the Supervisor or Department Head, has the right to require the Employee submit to an alcohol or drug screening test at the Employer's expense. The failure of an Employee to submit to an alcohol or drug screening test shall be grounds for discipline up to and including discharge. The results of the alcohol or drug test shall not be used by the Employer for any purpose other than to determine adherence to Employer policy, to discipline an Employee whenever necessary, and to comply with local, state, and federal laws.

16.03 Alcohol and Drug Dependency

The Employer and Union recognizes alcohol and drug dependency as a major problem. The Employer and Union also recognizes drug abuse as a potential health, safety and security problem. The Employer and Union agree to work together whenever necessary to assist Employees who may have an alcohol or drug dependency problem.

Employees needing help in dealing with such problems are encouraged to use the Employer's Employee Assistance Program.

16.04 Use of Over-The-Counter or Prescribed Legal Drugs

No Employee shall be subject to discipline for the recommended use of over-the-counter or the prescribed use of legal drugs for the treatment of illness or injury. However, if the Employee knows or should know that use of an over-the-counter or prescribed drug does or could impair the Employee's ability to perform the Employee's job duties or operate an Employer vehicle or equipment, the Employee shall promptly notify the Employee's immediate Supervisor.

16.05 Reporting a Conviction

An Employee shall, as a condition of employment be required to give the Human Resource Director written notice within five (5) working days of any criminal conviction involving illegal drug activity, driving while intoxicated (DUI), or for any other criminal or moving violation that results in a loss of the Employee's driver's license.

16.06 Commercial Drivers License Holders

Employees who are required to hold a commercial driver's license ("CDL") as a condition of employment shall be also subject to additional drug and alcohol testing requirements set forth in federal law.

Article 17 - Layoff

17.01 Layoff Order

A. No regular Employee shall be laid off while there are temporary Employees performing the same work as determined by the Employer.

B. There shall be two layoff lists: part-time and full-time by Department. The Employer reserves the right to determine which list shall be utilized if layoffs become necessary.

~~C. Employees shall be laid off in reverse order based on Department seniority.~~

C. The Department Head, subject to approval by the Municipal Administrator and the Assembly, shall decide what work shall be eliminated in a layoff situation within their Department. Consideration shall be given to the length of service of employees affected and the possibility of transferring or demoting the Employee to be laid off to another position for which they are qualified. If two or more employees perform the same work, the employees(s) with the lowest department Seniority shall be laid off.

1. Department Seniority shall be determined based on the length of time an Employee has been employed by a specific department.

2. Departments for purposes of this Article are Harbors, Library, Public Works, Assessor, Harrigan Centennial Hall, Finance, and IT.

17.02 Layoff Notice

In the event an Employee is to be laid off, the Employee shall be given at least thirty (30) calendar days written notice of such lay off and two (2) weeks of severance pay in addition to whatever wages are due.

17.03 Bumping Rights

A. If a full-time Employee is given a layoff notice pursuant to Section 17.02, and the Employee has more seniority than a part-time Employee in the same Department, the full-time Employee, if qualified, may move to the part-time position in lieu of layoff.

1. Within ten (10) working days after receipt of layoff notice, the full-time Employee must provide the Department Head written notice of intent to move to the part-time position.

2. Pay Rates and Benefits

a. If the full-time Employee bumps into a different job classification, the full-time Employee shall be paid at the part-time hourly rate of the incumbent with pro-rated benefits. The Employer may offer a higher hourly rate of pay based on qualifications and years of service with the City.

b. If the full-time Employee bumps into the same job classification, the full-time Employee shall maintain their hourly rate but have all benefits pro-rated.

c. The part-time Employee shall be laid off.

B. If a full-time Employee is given a layoff notice pursuant to Section 17.02 and the Employee has more seniority than any full-time employee in the same department, the Employee, if qualified, may move to a position held by the least senior employee in lieu of layoff. If not qualified, the senior Employee may then move to the next position held by the next least senior employee, repeating until all qualified positions held by less senior employees are exhausted.

17.04 Recall Rights

An Employee's name shall remain on the layoff list for a period of two (2) years and subject to recall if the position from which they were laid off is re-established. Employees laid off shall be considered and given an opportunity to interview for any vacancy that arises during the two (2) year recall period so long as the Employee is qualified.

Article 18 - Hours of Work, Overtime, Premium Pay, Shifts, and Breaks

18.01 Hours of Work

A. Department Heads shall determine the hours of work, the workdays and work week, the work schedules including shift assignments, and work periods of all Employees.

B. The regular workweek shall consist of five (5) days at eight (8) hours per day, or upon approval of the Department Head, four (4) days at ten (10) hours per day. Part-time Employees schedules shall be established consistent with Section 4.1 (b) of the Personnel Policies Handbook.

C. Employee(s) may request a flexible schedule regarding hours of work (flextime) or days of work (alternate work schedule). Establishment of such flextime or alternate work schedule must be approved by the Department Head.

18.02 Overtime

A. All overtime work must have the prior approval of the Department Head except in an emergency. The Department Head shall review and approve overtime for payment.

B. Employees shall be paid at one and one-half (1½) times their regular rate of pay for all hours worked in excess of forty (40) hours a workweek

C. All work performed on the consecutive seventh (7th) day shall be paid at double time so long as the Employee has forty-four (44) hours of work recorded on the time sheet preceding the seventh (7th) day.

D. Overtime shall be distributed as equally as possible among qualified Employees who normally perform the work in which the overtime is needed.

18.03 Call-Out Time

A. Regular Employees who are called out to work outside of their regular work shift shall receive a minimum of two (2) hours of "call-out pay" calculated at one and one

half times the Employee's regular rate of pay or for all hours worked, whichever is greater.

B. Employees are eligible to be paid for one call-out during any two (2) hour period, even if the Employee is called out more than once during the same two (2) hour period.

C. If an Employee is required to be on unscheduled duty for more than four consecutive hours and for every four consecutive hours of continuous duty thereafter, the Department will furnish them a meal and a half-hour at the overtime rate to eat or the Employee may be compensated for meals at the Employer's per diem rate and receive a half-hour at the overtime rate for each meal they did not stop to eat.

18.04 Standby Pay

A. When the Employer instructs an Employee to remain available for work in a "standby" status after regularly scheduled work hours, on scheduled days off, or on holidays, the Employee shall receive \$3.50 per hour for each hour the Employee is on standby status. Standby pay is only paid for actual hours in standby status. Standby pay shall not be paid for regular hours worked, overtime, or call-out. Employees on standby status will be required to respond ready-to work within 30 minutes.

B. When emergency work is required, the Employee on stand-by status will be called in.

18.05 Shift Differential Pay

A. Shift differential shall be paid to Employees assigned to work evening and night shifts.

1. Evening Shift is 4 p.m. to midnight and shall be paid \$1.00 per hour in addition to the regular wage.

2. Night Shift is midnight to 8 a.m. and shall be paid \$1.50 per hour in addition to the regular wage.

3. In no case will this differential be considered the permanent rate of pay.

B. An Employee who works for two (2) or more hours beyond their regular shift shall be entitled to the appropriate shift differential for all hours worked after the end of the Employee's regular shift.

C. If an Employee is called in to work for four (4) or more hours of an evening or night shift, the Employee shall be paid shift differential pay for all hours worked on that shift.

18.06 Notice of Change in Work Schedule or Shift Assignment

The Employer shall provide ten (10) working days written notice to the affected Employees prior to making changes in their work schedule or shift assignment except in an emergency such as weather, or when mutually agreed upon between the Employer and the affected Employee.

18.07 Breaks

A. Rest Periods. Employees normally shall have two rest periods of not more than fifteen (15) minutes each approximately halfway during the first and second half of their work day subject to the approval of the Employee's immediate Supervisor.

B. Meal Periods. Work schedules shall normally provide for the workday to be interrupted at approximately the mid-point for an unpaid meal period of at least thirty (30) minutes and not more than one (1) hour as scheduled by the Employee's immediate Supervisor after consultation with the Employee.

Article 19 - Holidays

19.01 Designated Holidays

A. All Employees covered by this Agreement shall have nine (9) paid holidays per year to be observed on the following days:

New Year's Day	January 1
President's Day	Third Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	First Monday in September
Alaska Day	October 18
Veteran's Day	November 11
Thanksgiving Day	Fourth Thursday in November
Christmas Day	December 25

and such other days as may be proclaimed by the Municipal Administrator. Veteran's Day may be taken the day after Thanksgiving if approved by the Employee's Supervisor in writing in advance of November 11.

B. All Employees employed on January 1 of each year of this Agreement shall receive twenty (20) hours for floating holidays to be used on or before December 31 of each calendar year.

C. A holiday shall consist of eight (8) hours off with pay for all regular full-time Employees except for part-time regular Employees, for whom holiday hours shall be accrued and used based upon the ratio of time worked compared to a full-time

Employee (FTE) as listed in the current fiscal year's budget book.

19.02 Observance of Holidays

A designated holiday will be observed on the calendar day on which it falls, except as follows. If the holiday falls on an Employee's first regularly scheduled day off, it will be observed on the preceding day. If the holiday falls on the Employee's other scheduled day off, it will be observed on the first work day following the holiday.

19.03 Holiday Worked Compensation

- A. All hours worked on a holiday shall be compensated at one and one-half times the Employee's regular rate of pay.
- B. All hours worked on a holiday shall be counted toward hours worked for overtime purposes.
- C. No additional time off or pay will be granted for a holiday worked.

Article 20 - Time Off

20.01 Vacation

A. All regular full-time Employees covered by this Agreement shall accrue vacation at the following rate. Regular part-time Employees shall accrue vacation on a ratio of the hours they work to a forty (40) hour week.

Years of Service	Accrual Rate Per Month	Accrual Rate Each Year	Mandatory Yearly Usage
0 year through 3 rd	8.67 hours	104 hours	40 hours
4 th year through 7 th	12.67 hours	152 hours	80 hours
8 th year through 10 th	16.67 hours	200 hours	120 hours
Start of 11 th year	20.67 hours	248 hours	120 hours

- B. No vacation will accrue while on leave-without-pay.
- C. Vacation shall be taken with authorization of the immediate Supervisor and shall be paid at the current rate of pay. Employee requests for time off under this Section shall be granted based on operational needs, and shall not be unreasonably denied.
- D. Vacation shall not accrue and may not be taken prior to six (6) months of continuous satisfactory service, but after six months of employment, vacation time shall accrue retroactive to the date of employment.

E. Vacation accrued but not taken shall accumulate to a maximum of not more than 560 hours as of June 30 of each year. Any hours in excess of 560 shall be paid on the check issued in the first full pay period of the fiscal year.

F. When a holiday falls when an Employee is on vacation, the Employee shall be paid for the holiday without a deduction from accrued vacation.

G. Accrued vacation will be paid to Employees upon termination after six (6) months of service.

H. Each fiscal year, Employees with more than one hundred twenty (120) accrued vacation leave may receive payment for all or part of vacation leave in excess of one hundred and twenty (120) hours. The leave balance shall be reduced accordingly. Such payment does not eliminate the mandatory leave use requirements set forth in this Section. Conversion payments are limited to twice each calendar year.

I. An Employee may request an advance of their vacation pay if they are going to be absent for more than ten (10) consecutive days and during which time a payroll is paid. The request to payroll must be made at least five (5) working days before the Employee's vacation is to begin and must include the signature of the Employee's immediate supervisor. Otherwise, Employees shall receive their pay check on regular scheduled pay days while on vacation.

J. The Employer shall remind each Employee in writing not later than April 1 of the need to use mandatory vacation time off and an accounting of time off used by the Employee between July 1 and March 31 of current fiscal year. Employees who do not use their mandatory time off as required shall forfeit the remaining balance of their unused mandatory time off as of June 30 of each calendar year. When operational needs do not allow an Employee to take the required time off, the Municipal Administrator may extend the time to use mandatory leave. An extension does not waive the following year's mandatory leave usage requirement.

20.02 Sick Leave

A. Regular full-time Employees shall accrue sick leave at the rate of ten (10) hours for each calendar month of employment. Regular part-time Employees shall accrue sick leave on a ratio of the hours they work to a forty (40) hours week. No sick leave will accrue while on leave- without-pay.

B. Sick leave accrual shall be capped at a maximum of 720 hours. There shall be no accrual after the cap has been reached; accrual will resume once the Employee's sick leave balance is less than 720 hours for regular Employees.

C. Sick Leave Bank

1. When an Employee has exhausted his or her accrued sick and vacation

leave, the Employee may apply for leave from the sick leave bank consistent with Section 9.11 of the Personnel Policies Handbook.

2. Employees may donate to the sick leave bank by donating in increments of eight (8) hours, first vacation leave and then sick leave. Sick leave contributions to the sick leave bank may not exceed forty (40) hours in any calendar year. There is no cap on vacation leave contributions during a calendar year.

3. Up to sixteen (16) hours of donated vacation time to the sick leave bank shall be credited toward an Employee's mandatory yearly usage upon the Employee's written request.

D. Employees are responsible to notify their immediate Supervisor or the Department Head as soon as possible prior to the beginning of the Employee's shift if they are to be absent.

E. Sick leave shall be paid at the Employee's current rate of pay and may be used for the Employee's illness or injury. Up to 120 hours of sick leave may be used or for the illness or injury of the Employee's immediate family members each calendar year. Up to 40 hours of sick leave may be used for a death in the Employee's immediate family. "Immediate family" for purposes of this section includes the Employee's spouse, children, parents, siblings, parents-in law, grandparents, or grandchildren.

F. The Employer may require a certificate from a medical provider confirming the absence was due to illness or injury for three days or more or to provide a fitness to return to duty for any absence. If an Employee is absent due to illness or injury for more than 10 days in a 12 month period, the Employer reserves the right to require the Employee provide a certificate for every absence.

G. When a holiday falls when an Employee is on sick leave, the Employee shall be paid for the holiday without a deduction from accrued sick leave.

H. Employees shall be eligible for a sick leave benefit from date of hire. Sick leave will be granted to the Employee commencing on the first day of illness.

I. Sick leave has no cash value, and will not be cashed out upon termination.

20.03 Family and Medical Leave

The Employer shall grant family and medical leave consistent with both the Federal and State Family and Medical Leave Act effective the first day of the authorized leave as provided in Section 9.10 of the Personnel Policies Handbook.

20.04 Leave Without Pay

Leave without pay shall be permitted consistent with Section 11 of the Personnel Policies Handbook.

20.05 Military Leave

Employees shall be eligible for military time consistent with federal (USERRA) and state law (AS 39.20.340) governing military time off.

20.06 Court Leave

Employees shall be eligible for court leave consistent with Section 13 of the Personnel Policies Handbook.

20.07 Time Off to Vote

Employees shall be granted a reasonable amount of time off to vote if the polls are not open before or after the Employee's shift begins or if the Employee is unable to take the Employee's meal period off to vote.

20.08 Time Off for Certification

When required or requested by the Employer, Employees shall be granted time off with pay to obtain the required or requested certification, accreditation, or licensure.

Article 21 - Travel

21.01 Travel Requests

Prior to the payment of any travel advance or commencement of official travel, a travel request will be completed by the Employee. The request will be approved by the Employee's Department Head and authorized by the Municipal Administrator. Travel requests must indicate the itinerary; mode of travel; lodging costs, if known; whether or not use of a rental car is authorized; and, amount and nature of authorized registration fees. Travel requests will also indicate if per diem is requested and whether or not reimbursement for actual costs is requested.

21.02 Travel by Common Carrier Reimbursement

Reimbursement shall be allowed for the lowest fare for the most direct route by a common carrier unless authorized otherwise by the Municipal Administrator.

21.03 Lodging Reimbursement

While traveling on official business and away from home or designated posts of duty, an Employee will be reimbursed for the actual cost of lodging which is reasonable and necessary.

21.04 Meal Reimbursement

A. An Employee may receive a per diem rate up to \$61.00 for meals as follows:

Midnight	to	10:00 a.m.	Breakfast	\$10.00
10:00 a.m.	to	3:00 p.m.	Lunch	\$19.00
3:00 p.m.	to	Midnight	Dinner	<u>\$32.00</u>
			Total	\$61.00

B. To be eligible, an Employee must be in travel status during a meal allowance period for three (3) consecutive hours. The first day and last day of travel will be prorated as shown above.

C. In the event meals are provided in the registration fee or agenda at training or a conference, per diem for meals shall not be paid. However, upon return, an Employee may submit a written explanation why the Employee did not eat the meal(s) provided at the training or conference along with a receipt for such meal(s) and so long as the above-noted requirements are met, the Employee shall be paid the per diem rate for the meal(s) expensed.

21.05 Transportation Expenses

A. Rental car expenses will be reimbursed on an actual cost incurred basis so long as such rental car is authorized in an Employee's travel request. Reimbursement for a rental car will not exceed the lowest rate for an economy class rental unless approved by the Department Head. Employees required to rent a vehicle in the performance of their official duties for the Employer shall be covered by the Employer's insurance.

B. All other transportation costs will be reimbursed based on actual costs incurred.

21.06. Receipts Required

Except for per diem paid in advance for meal reimbursement, receipts will be required for reimbursement of all other costs incurred while traveling.

21.07 Registration Fees

Registration fees will be paid or reimbursed on an actual cost incurred basis when authorized in an Employee's travel request.

21.08 Travel Advances

A. Prior to traveling on official business, an Employee may request an advance of per diem.

B. Travel advances must be requested at least two weeks prior to the date travel is to commence. The Municipal Administrator may grant exceptions to this requirement.

21.09 Use of Private Vehicles

Employees shall not normally be required to use the Employee's personal vehicle for Employer business. If a situation arises where an Employee must use the Employee's personal vehicle, the Employee shall be reimbursed for mileage at the current IRS rate. Reimbursement for actual costs of ferry fare, bridge, road and tunnel tolls, shall be paid.

21.10 Employee Responsibility

Employees shall be responsible to reimburse the Employer for travel advances in excess of actual expenses (with the exception of meal reimbursement) or personal expenses charged to the Employer's credit card within thirty (30) days after travel has ended. Reimbursement for costs incurred by the Employee may be delayed or future travel advances denied until the Employee reimburses the Employer under this paragraph.

Article 22 - Working Out of Job Classification

22.01 Temporary Working in a Higher Classification

When an Employee is temporarily required to perform work in another higher classification for EIGHT (8) or more hours, the Employee shall be paid the higher rate for all hours worked in the higher classification. Such assignment shall be designated in writing by the Employee's immediate Supervisor and submitted with the Employee's timesheet to payroll. **In the event a Supervisor is absent, the Employees shall be notified in writing who shall serve as the temporary supervisor in their absence.**

22.02 Temporary Transfer to Lower Classification

No Employee will suffer a reduction in pay by reason of the Employee's temporary transfer to a job carrying a lower pay classification.

22.03 Job Classification Review

If an Employee believes the Employee's position is improperly classified, the Employee may submit a written request for a job classification review to the Director of Human Resources with a copy to the Department Head. If, after review and consultation with

the Department Head, it is determined by the Director of Human Resources that the position should be reclassified based on the job duties performed any pay adjustment shall be made retroactive to the date of the request. Nothing in this Section precludes the Director of Human Resources from determining that the Employee is working out of class but directing the Employee through the Department Head to perform the work of the original job classification instead of reclassifying the positions.

Article 23 - Wages

23.01 Wage Increases

A. Effective July 1, 2016, all Employees covered by this Agreement shall be given a one and one-half percent (1.5%) pay increase. Employees shall also receive a Five Hundred Dollars (\$500.00), less applicable taxes, lump sum not later than the second pay period in July 2016.

B. Effective July 1, 2017, all Employees covered by this Agreement shall be given a two (2.0%) pay increase. Employees shall also receive a Five Hundred Dollars (\$500.00), less applicable taxes, lump sum not later than the second pay period in July 2017.

C. Effective July 1, 2018, all Employees covered by this Agreement shall be given a one percent (1.0%) pay increase.

23.02 Probationary Period Increase

Employees who satisfactorily complete their probationary period shall receive a 2.5% increase in their starting wage.

23.03 Determining Wage Rates for Various Personnel Actions

A. The Employer shall determine the starting wage for any new hire in its sole discretion.

B. The Employer shall determine the wage for any promotion of an Employee covered by this Agreement. Upon promotion, the Employee shall receive a minimum increase of five percent (5%) effective on the date of the promotion.

C. When an Employee's position is reclassified and the reclassification results in a reduction in pay, the Employee's current pay rate shall not be reduced. If it is reclassified and the reclassification results in a pay increase, the Employee's wage rate shall be determined consistent with paragraph B above.

D. When an Employee applies for and is hired into a different position with the City at a lower pay rate, the Employee's wage shall be reduced. The Employer and the

Employee shall determine the pay rate for the transferred position.

E. The Employer shall notify the Union in writing within thirty (30) days after any personnel action is taken under this Section.

23.04 Direct Deposit

All Employees are encouraged to authorize in writing direct deposit of their paychecks.

23.05 Severance Pay

When an Employee with a regular appointment in good standing is laid off, the Employee is entitled to severance pay of two (2) weeks regular pay in addition to whatever wages are due. In the event of termination by death, his or her heirs, assigns, or estate shall be entitled to this severance pay.

Article 24 - Health Insurance

24.01 Full time regular Employees may enroll in the Employer group health insurance plan with the Employer paying 90% of the Employees' and dependents' health insurance premium. The Employee shall pay the remaining 10% of the health insurance premium through payroll deduction.

24.02 The Employer will pay a portion of the cost of health insurance premiums for part-time regular Employees, based on a ratio of the hours they actually work in a forty-hour workweek.

24.03 The Employer shall notify and meet with the Union regarding any proposed changes to the insurance benefits prior to such changes becoming effective. It is the intent of the City to continue to provide overall health insurance benefits equal to or greater than the plan in place on July 1, 2009 unless budget constraints require otherwise during the life of this Agreement.

Article 25 - Retirement

25.01 State Retirement System

The Employer is a participant in the State of Alaska Public Employees Retirement System (PERS) effective January 1, 1970. Coverage is mandatory for all FULL-TIME AND PART-TIME REGULAR EMPLOYEES who are not temporary Employees and who are not retirees under PERS who have been allowed by PERS to waive participation in PERS while being re-employed with a PERS Employer. Details regarding retirement

benefits and the retirement system may be obtained from the Human Resources office, City and Borough of Sitka.

25.02 Supplemental Benefits System

The Employer is a participant in the Supplemental Benefits System – Annuity Plan (SBS–AP). Coverage is mandatory for all full-time and part-time regular Employees who are not temporary Employees and who are not retirees under PERS. The Employer will match the Employee contribution up to the maximum limit.

Article 26 - Education Reimbursement

Upon application to and approval of their Department Head, an employee may be reimbursed for tuition or other educational costs for job-related courses or courses taken as part of a job-related degree program. Approval must be granted in writing in advance of the Employee taking any such courses in order to receive reimbursement. Reimbursement shall be made upon receipt of proof of a passing grade of “C” or better.

Article 27 – Contracting Out

27.01 The Employer retains the right to contract out services provided by the Employer after analyzing its operation for the purpose of identifying cost-saving opportunities or improved service to the citizens of Sitka.

27.02 Employer Notification of Intent to Contract Out

A. If the Employer develops a plan to contract out which includes a proposal to layoff bargaining unit employees, the Employer shall provide the Union with written notice after the Municipal Administrator approves the plan.

B. The notification shall include information upon which the Employer based its decision to contract out the work including but not limited to the total cost savings anticipated by the Employer. Such information may include, but is not limited to, wages, benefits, and administrative costs. The Employer shall at the same time notify the Assembly of its intent to contract out work.

C. The notification shall be sent to the Union prior to issuing any Requests for Proposals (“RFP”) seeking bids on the proposed work to be contracted out.

27.03 Union Response to Employer Notification

A. The Union will have twenty (20) calendar days from the date of the notification in which to submit a letter of intent to submit a written proposal to the proposed contracting out of bargaining unit work. If the Union fails to send to the Municipal Administrator a written letter of intent under this paragraph within the twenty (20) calendar days from the date of the notification, the Employer may proceed to issue the RFP seeking bids on the proposed contracted out work.

B. If the Union submits a letter of intent to submit a proposal, the Union will have a total of forty-five (45) calendar days from the date of the Employer's notification to submit a written proposal to the Municipal Administrator. The Union's proposal shall identify cost-savings or improved services to be considered as alternatives to the Employer's plan to contract out work that displaces bargaining unit members. No RFP shall be issued until after the Union's proposal is received and considered.

27.04 Once the Employer makes a decision to contract out work that will result in the displacement of bargaining unit members, it will make a good faith effort to place the displaced Employees in other City and Borough positions. In the event layoff is required, it shall be made in accordance with the layoff provisions of this Agreement.

27.05 The decision by the Employer shall be final and binding and not subject to the Grievance Procedure of this Agreement.

Article 28 - Savings Clause

Should it be decided by decree of judgment of any court of competent jurisdiction that any article, section or provision herein is rendered invalid by reason of any existing or subsequently enacted statute, ordinance or other law, the invalidation of such article, section or provision will not affect the remaining portions hereof and such other parts and provisions will remain in full force and effect. Upon the invalidation of any article, section or provision hereof, the parties will meet and negotiate the parts and provisions concerned within thirty (30) days from the date the fact of such invalidation is communicated to them; provided, however, that the parties may mutually agree to extend the time for such negotiations.

Article 29 - Zipper Clause

29.01 This Agreement sets forth all of the terms, conditions and understandings between the parties hereto and there are no terms, conditions or understandings, either oral or written, between them other than as herein set forth. No subsequent alternation, amendment, change or addition to this Agreement shall be binding on the parties hereto unless reduced to writing and signed by them.

29.02 The parties acknowledge that during the negotiations which resulted in this Agreement. each had the unlimited right and opportunity to make demands and proposals with respect to any subject matter not removed by law from the area of collective bargaining and that the understandings and agreements arrived at by the parties are set forth in this Agreement. The parties further understand that they have agreed to meet about any subjects relating to this Agreement and other matters of mutual concern during the term of this Agreement when requested. However, nothing in this Section obligates a party to reach agreement or to change this Agreement with

respect to any subject or matter specifically referred to or covered by this Agreement. This Agreement replaces and supersedes all prior oral and written understandings, agreements, and policies otherwise referred to or covered by this Agreement and concludes all collective bargaining for the duration of the Agreement. Nothing in this Section relieves either party of their legal obligation to bargain in good faith with respect to mandatory subjects of bargaining.

Article 30 - Duration

This term of this Agreement shall be from **July 1, 2016 through June 30, 2019**, and thereafter from year to year, provided, however that either party may give the other party written notice of its desire to effect changes to the Agreement. Such written notice shall specify the particular Articles in which changes are desired, and shall be served upon the other party not more than one hundred and eighty (180) days and not less than one hundred twenty (120) days prior to the end of the initial period of the Agreement or any annual extension thereof. The parties agree to meet to schedule negotiations within thirty (30) days after receipt of such notice. Nothing herein will preclude the termination, modifications or amendment of this Agreement at any time by written mutual consent of the parties.

This Agreement shall become effective on the date of signing unless specified otherwise in the Agreement or in writing by the parties.

This Agreement is entered into this _____ day of _____, 2016.

Mark Gorman
Municipal Administrator

Jim Duncan
ASEA Executive Director

Kimberly K. Gearity
Sitka Chief Labor Negotiator

Shawn McLeod
ASEA Sitka CNC

_____ Mark
Danielson
Sitka Human Resources Director

Steve Stiles
ASEA Sitka CNC

Dan Berland
ASEA Sitka CNC

Angela Schieler
ASEA Sitka CNC

Tom Climo
ASEA Sitka CNC

Sam Rhodes
ASEA Spokesperson

Lizzie Solger
ASEA Bargaining Team Business Agent

Reber Stein
ASEA Bargaining Team Information Officer

**LETTER OF AGREEMENT
BETWEEN THE
ALASKA STATE EMPLOYEES ASSOCIATION
REPRESENTING THE
GENERAL GOVERNMENT UNIT
AND THE
CITY AND BOROUGH OF SITKA**

The parties agree and understand that the Employees who are currently assigned to the Water and Wastewater job classifications are required to hold certain specialized certifications in order to perform the work. The parties also agree and understand that it is in the best interest of the City and Borough of Sitka to compensate Employees for such certifications when they provide value or services. Given the changes in technology and operations in Water and Wastewater, advanced certifications over and above what is currently minimally required by have such value or provide additional service to the community.

Consequently, the Employer agrees to conduct a classification and pay study of the Water and Wastewater job classifications to determine which certification is required and necessary, which is desired, and that which does not add value or service. A written analysis of the study shall be completed not later than September 30, 2016, with a copy to the Union. If after the study is completed, pay adjustments are recommended for incumbents for certifications currently held, the Employer shall notify the Union to establish a letter of agreement implement pay adjustments.

Mark Gorman
Municipal Administrator

Jim Duncan
ASEA Executive Director



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 16-114 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 6/8/2016 In control: City and Borough Assembly

On agenda: 6/14/2016 Final action:

Title: Approve the 2016-2019 Public Safety Employees Association (PSEA) Collective Bargaining Agreement

Sponsors:

Indexes:

Code sections:

Attachments: [PSEA Collective Bargaining Agreement.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

POSSIBLE MOTION

I MOVE TO approve the Collective Bargaining Agreement between the City and Borough of Sitka and the Public Safety Employees Association and authorize the Municipal Administrator to execute the document.




City and Borough of Sitka

100 Lincoln Street Sitka, Alaska 99835

Coast Guard City, USA

Date: Wednesday, June 08, 2016

To: Honorable Mayor Mim McConnell and Assembly of the City and Borough of Sitka

From: Mark Gorman 
Municipal Administrator

RE: PSEA – CBS Collective Bargaining Agreement Approval

Dear Ms. Mayor and Assembly,

We have concluded negotiations with the Public Safety Employees Association (PSEA). Negotiations began March 8, 2016 with our team composed of lead negotiator Kimberly Gearity and Mark Danielson, HR Director. These negotiations with PSEA representatives concluded May 26, 2016 when tentative agreement was reached between the parties.

Attached is a reference table outlining the changes in the agreement with the central issue being wages. The agreement on wages is:

- July 1 2016: 1.5 % wage increase + \$500
- July 1 2017: 0 % wage increase – 1-step increase if eligible, effective on employee's anniversary date in 2017
- July 1 2018: 1 % wage increase

The Police Department has ratified this agreement and the CBS bargaining team and I recommend that the Assembly approve this three-year agreement.

2016 – 2019 PSEA/City and Borough of Sitka Tentative Agreement Reference Table

ARTICLE	CHANGE/NO CHANGE
Article 1 – Purpose	No change.
Article 2 – Recognition	No change.
Article 3 – Merit Principles and Nondiscrimination	No change.
Article 4 – Association Security and Activities	No change.
Article 5 – Management Rights	No change.
Article 6 – Personal Leave	Clarified accrual rates for pay periods vs. months
Article 7 – Relief Periods and Lunch Breaks	No change.
Article 8 – Wages, Overtime and Premium Pay	July 1 2016: 1.5 % wage increase + \$500 July 1 2017: 0 % wage increase – 1-step increase if eligible, effective on anniversary date in 2017 July 1 2018: 1.0 % wage increase
Article 9 – Uniforms, Property and Equipment	Removed Cleaning Allowance language; \$150 reimbursement for non-sworn, \$300 for sworn. This is an increase of \$50.
Article 10 – Training	No change.
Article 11 – Employee Benefits	No change.
Article 12 – Travel Reimbursement	No change.
Article 13 – Safety	No change.
Article 14 – Personnel Files	Clarified that employee is provided written explanation if a request for document removal from employee file is denied; moved from Article 15 Section 2.
Article 15 – Grievance Procedures	No change.
Article 16 – Administrative Investigations	No change.
Article 17 – Probationary Periods and Performance Evaluations	Clarification – Sworn officers, 12-month probation. Non-Sworn, 6-month probationary period.
Article 18 – Discipline, Discharge and Resignation	Clarified effect of Administrative Leave with Pay
Article 19 – Seniority, Layoff and Recall	Added Jail Officer II and set up job series for Jail positions; updated IT Specialist job title
Article 20 – Labor-Management Committee	No change.
Article 21 – Holidays	No change.
Article 22 – General Provisions	No change.
Article 23 – Operating Procedures Manual	No change.
Article 24 – Personnel Policies	Removed Section 9 – Rewards for Excellence Program
Article 25 – Duration	July 1, 2016 – June 30, 2019
Appendix A - Leave Accrual Chart	No change. Clarified accrual rates for pay periods vs. months
Appendix B – Pay Matrix 2016	Reflects 1.5% increase for 2016
Appendix C – Pay Matrix 2018	Reflects 1% increase for 2018

AGREEMENT
between the
City and Borough of Sitka, Alaska
and the
Public Safety Employees Association

July 1, 2016 to June 30, 2019

TABLE OF CONTENTS

ARTICLE 1	PURPOSE.....	3
ARTICLE 2	RECOGNITION.....	3
ARTICLE 3	MERIT PRINCIPLES AND NONDISCRIMINATION.....	3
ARTICLE 4	ASSOCIATION SECURITY AND ACTIVITIES.....	3
ARTICLE 5	MANAGEMENT RIGHTS.....	5
ARTICLE 6	PERSONAL LEAVE.....	6
ARTICLE 7	RELIEF PERIODS AND LUNCH BREAKS.....	10
ARTICLE 8	WAGES, OVERTIME, and PREMIUM PAY.....	10
ARTICLE 9	UNIFORMS, PROPERTY, and EQUIPMENT.....	14
ARTICLE 10	TRAINING.....	15
ARTICLE 11	EMPLOYEE BENEFITS.....	16
ARTICLE 12	TRAVEL REIMBURSEMENT.....	17
ARTICLE 13	SAFETY.....	18
ARTICLE 14	PERSONNEL FILES.....	19
ARTICLE 15	GRIEVANCE PROCEDURES.....	20
ARTICLE 16	ADMINISTRATIVE INVESTIGATIONS.....	23
ARTICLE 17	PROBATIONARY PERIODS AND PERFORMANCE EVALUATIONS...	24
ARTICLE 18	DISCIPLINE AND DISCHARGE; RESIGNATION.....	25
ARTICLE 19	SENIORITY, LAYOFF, AND RECALL.....	26
ARTICLE 20	LABOR-MANAGEMENT COMMITTEE.....	30
ARTICLE 21	HOLIDAYS.....	30
ARTICLE 22	GENERAL PROVISIONS.....	31
ARTICLE 23	OPERATING PROCEDURES MANUAL.....	32
ARTICLE 24	PERSONNEL POLICIES.....	32
ARTICLE 25	DURATION.....	34
APPENDIX A	WAGE MATRIX.....	35

ARTICLE 1

PURPOSE OF AGREEMENT

The purpose of this Agreement is to: promote harmonious and cooperative relations between the City and Borough of Sitka ("Employer") and the Public Safety Employees Association ("PSEA" or "Union"); to protect the public by assuring orderly and effective operation of government and to promote efficiency and economy in service to the people of Sitka; and to record those agreements between the Employer and Union on matters of wages, hours and other terms of employment.

ARTICLE 2

RECOGNITION

The Employer recognizes the Union as the sole and exclusive bargaining agent for all regular full-time and part-time Employees in the Sitka Police Department, hereinafter "Department," except for the Chief, Lieutenants, and the Executive Assistant/Office Manager. Therefore, the Employer agrees that it will not negotiate or handle grievances with any individual or with any organization other than PSEA or its designee with reference to wages, hours, and other terms and conditions of employment of bargaining unit members. When individuals or organizations other than the Union, or its designee, request negotiations or handling of grievances, they will be advised by the Employer to transmit their request to the PSEA.

ARTICLE 3

MERIT PRINCIPLES AND NONDISCRIMINATION

The Employer and the Union agree to comply with all federal, state, and local laws prohibiting discrimination or harassment and that neither party will discriminate against any person or persons in violation of current state and federal statutes so as to deny such person or person's equal employment opportunities and rights as public Employees. The parties agree that it is their mutual intent to strengthen merit principles of employment in the bargaining unit.

ARTICLE 4

ASSOCIATION SECURITY AND ACTIVITIES

Section 1 - Union Security

It shall be a condition of employment that all Employees covered by this agreement become members of PSEA and maintain Union membership in good standing or shall pay a service fee of not more than Union membership dues. However, Employees whose bona fide religious convictions shall donate an amount equal to membership dues to a charitable organization chosen by PSEA.

Section 2 - Payroll Deductions

- A. The Employer shall make all appropriate deductions in each payroll period, including dues from the pay of those members who have presented the Employer with a signed authorization for the

deduction. These deductions shall be delivered to PSEA on a monthly basis not later than five (5) working days after the first payroll during each month.

- B. The Employer will not be held liable for deduction errors. If the Employer makes any errors in deductions the sole remedy will be to increase or reduce the amount deducted from the Employee's future deduction until the error has been corrected.

Section 3 - Nondiscrimination

Neither the Union nor the Employer will discriminate against or harass Union or nonUnion members for lawful activities.

Section 4 - Bulletin Boards

The Employer shall provide space for the posting of Union notices on existing bulletin boards.

Section 5 - Union Representative

- A. PSEA, whose main office is located in Anchorage, shall have a representative who shall be authorized to speak for the Union in all matters covered by this Agreement. The President of the Sitka Police Department Members Association, or designee, shall be the local representative of PSEA. However, no agreement, condition, modification, exception, waiver, or related action shall become effective until reduced to writing and signed by PSEA's Executive Director.
- B. PSEA representatives shall be permitted to visit any site at which bargaining unit members are working provided visitation is in compliance with security procedures and does not interfere with the members' work. The PSEA representative shall notify the Chief or his designee prior to such visitation.

Section 6 - Union Steward

A steward may be appointed from among the members at any time by the Union. The Union will notify the Human Resources Director and the Chief in writing of such appointments, and when the member is no longer the steward within five (5) days of any appointment or change.

Section 7 - Union Security Compliance

- A. On the written demand of the Union, any member who has been employed for more than 60 days and is not in compliance with Section 1 of this Article shall be separated by the Employer. The Employer must provide written notice to the member 30 days prior to the effective date of separation.
- B. PSEA will indemnify, defend, and hold harmless, the Employer, its agents, insurers, and Employees, from any claim, termination, grievance arbitration, or cause of action arising from or related to any act or omission under this article.

Section 8 - Member Status Notification

- A. The Employer shall provide written notice to the Union within seven (7) days of the name, address and date of hire for any new member. The Employer shall likewise notify the Union within seven (7) days of the name of any member who has separated from employment.
- B. Unless a member leaves employment on the first day of the month, a member shall be obligated to make full dues payment for any month in which they are employed, including any part of the last month of employment.

Section 9 - Member Orientation

Within the first thirty (30) days of employment, the Chapter President, his designee, or a PSEA representative, shall have one (1) hour of each new member's on-duty time, by prior arrangement with the Chief or his designee, to discuss matters pertaining to this Agreement and Union representation. Nothing within this provision precludes the Employer from arranging for several members to attend the one-hour session at the same time.

Section 10 - Member Rights

Nothing contained herein shall be construed to, in any way, deprive members of rights as provided by law or ordinance.

ARTICLE 5

MANAGEMENT RIGHTS

Nothing in this Agreement is intended to, or should be construed to, interfere with the prerogatives of the Employer, regardless of frequency of exercise, to operate and manage its affairs and the Department in each and every respect as provided in the Employer and Borough's Charter and Ordinance, the Department's Operating Procedures Manual, and any other applicable state or federal law, including but not limited to the right to hire, determine the work, assign the work and work schedule, classify and budget for positions, discipline and discharge, require and assign overtime work, and enforce reasonable rules and regulations. Therefore, except as specifically abridged, delegated, or modified by this Agreement, all the functions, rights, powers, and authority of the Employer are recognized by the Union as being retained by the Employer.

ARTICLE 6

PERSONAL LEAVE

Section 1 - Personal Leave General

- A. Personal leave shall be used for any and all purposes for which sick and/or annual leave has heretofore been used.

B. Requests for Time Off

1. Requests for time off for other than illness and injury. Personal leave requests require the prior approval of the supervisor. Employee requests shall be given full consideration and, to the extent practicable, approved. Management will respond to leave requests in a timely manner, allowing for the Employee to finalize plans for the absence. However, the parties agree that the final decision with regard to approval or disapproval of any request shall be based on the supervisor's determination of operational needs.
2. An Employee who wishes to take more than two weeks of leave shall submit their leave request in writing a minimum of thirty (30) calendar days prior to their departure. Management shall respond to requests made for more than a two (2) weeks absence within ten (10) calendar days from the date of submission.
3. Requests for time off due to illness and injury. When an Employee needs to use personal leave for illness or injury, the Employee shall notify the supervisor not later than the start of the Employee's scheduled shift of their expected absence. When a member takes three or more consecutive work days of personal leave due to an illness or injury, the supervisor may require the member to provide a physician's certificate stating the reason for the absence.
4. If changes to the work schedule are made after the leave request is approved which result in the Employee having to take additional leave than originally requested, the Employer shall take into consideration the Employee's approved leave schedule to avoid adversely affecting the Employee whose leave is already allocated and approved.

Section 2 - Leave Accrual

- A. Rate of Accrual: All Employees shall accrue leave based on their total years of service with the Employer as set forth in Appendix A.
- B. Leave Reporting: Leave usage will be reported on each pay warrant. Monthly leave accrual shall be reported on the first pay warrant of each month after the accrual for the prior month is earned.
- C. Mandatory Usage: There shall be no mandatory leave usage requirement for the first twelve (12) months of service. After the first year of employment, Employees will forfeit any unused mandatory time off at the end of each fiscal year (June 30). When business needs do not allow an Employee to take the required time off and when the leave request is denied in writing by the Chief, or designee, the Employee will retain those hours in their leave account.

Section 3 - Leave Anniversary Date

Changes in the leave accrual rate take effect on the first day of the pay period immediately following the date on which the Employee completes the prescribed period of service.

Section 4 - Maximum Accrual

Unused personal leave may accumulate up to eight hundred and twenty (820) hours. Once the cap has been reached, the Employee shall not accrue any personal leave until such time as the balance of the account is below the cap amount. There shall be no cash out of any accrual over the cap.

Section 5 - Payment of Personal Leave upon Termination

Accrued personal leave will be paid to Employees who voluntarily or involuntarily terminate after twelve (12) month's service, based on the wage rate at date of termination.

Section 6 - Personal Leave Cash-In

Employee may cash out up to two hundred (200) hours each fiscal year in no more than two installments. The Municipal Administrator has the authority to defer a request for up to thirty (30) days if there is a budget shortfall or cash flow problem or any other legitimate business need arises. The Employee shall be notified in writing of the reason for the deferral.

Section 7- Leave Bank

When an Employee has exhausted all personal leave, the Employee may apply for leave from the leave bank, which is subject to the following rules:

- A. Employees covered by this Agreement may voluntarily contribute personal leave into the leave bank; other Employer and Borough Employees may voluntarily contribute annual leave under this Section.
- B. The bank may be used to aid members who are experiencing a "serious health condition," or a qualifying family member is experiencing a "serious health condition," as provided in AS 23.10.550;
- C. Eligibility and allocation of leave bank hours will be determined by the Finance Director with the approval of the Administrator;
- D. An individual member may not use more than 2080 hours from the bank in a lifetime; and
- E. The amount of leave provided to an individual from the leave bank cannot exceed the amount that member would be entitled to under the Family Medical leave Act or the Alaska Family Leave Act.

Section 8 – Leave Without Pay

- A. Up to 10 Days: Employees who have used their accrued personal leave may be granted leave-without-pay, not to exceed a total of ten (10) working days in any calendar year, for any compelling reason subject to approval by the Department Head.
- B. More than 10 Days: Employees who have used their accrued personal leave may be allowed to be absent from duty without pay, in excess of ten (10) days; on the basis of application for leave-without-pay approved by the Department Head, subject to the approval of the Administrator, so long as the Employer's interests and service are not unduly affected. Upon return from such leave, the Employee may be returned to their same position or any other vacant position to which the Employee is qualified.

- C. Personal Leave will not accrue while a member is on leave-without-pay.

Section 9 - Jury Leave

- A. When an Employee is required to report for jury duty, the Employee shall be afforded time off from work to allow the jury duty time and a minimum of eight (8) hours for rest between jury service and the Employee's next work shift.
- B. When an Employee is required to attend jury duty during his or her regularly scheduled shift shall be granted Jury Leave to attend jury duty and must return to work for the completion of their shift if the jury duty is completed prior to the end of the shift.
- C. An Employee on authorized Jury Leave shall give the Employer all monies received from the court as compensation for services and the Employee shall be paid their regular wage while on Jury Leave.
- D. Jury Leave shall be supported by written documents such as the Court Clerk's Statement of Attendance.

Section 10 - Military Leave

Employees shall be entitled to military leave in accordance with State, including but not limited to AS 39.20.340 and Federal law, including but not limited to USERRA

Section 11 - Association Leave

- A. There is hereby created an Association Leave Bank for the sole and exclusive use of the Union. The bank shall be administered and managed solely by the Union.
- B. The first eight (8) hours of accrued personal leave of all new Employees shall be transferred to the Association Leave Bank.
- C. Upon written request from the Executive Director of the Public Safety Employee's Association, or the President of the Sitka Police Department Members Association, the Employer shall transfer from one hour (1) to eight (8) hours from each Employee's personal leave account to the Association Leave Bank. Such deductions are not credited toward the mandatory use of personal leave required in Section 2.
- D. Transfers of leave into the Association Leave Bank may not occur more than once every three months, unless the Union and the Employer agree to another schedule or exception.
- E. Leave placed in the Association Leave Bank shall be given a cash value by multiplying the number of hours deducted from the member's leave balance by the regular hourly pay rate of the donor. This cash value shall then be divided by the regular hourly rate of the recipient to establish its value in hours as business leave.
- F. The Union further agrees that the leave balance is neither returnable to the personal leave accounts of the Employer, nor transferable to successor bargaining agents, and has no cash value upon decertification.

- G. Requests for absences from duty for business leave shall be made in writing by the Executive Director of PSEA or the Chapter President to the Chief, or designee.
- H. Requests for absences for Union business shall not be denied except in exigent circumstances.
- I. The Employer will provide to the PSEA Business Office an electronic accounting of the Association Leave Bank at the end of each calendar year not later than January 31 of the following year.

Section 12 - Family/Medical Leave

The Employer shall provide family and medical leave consistent with the Family Medical Leave Act (FMLA) and/or the Alaska Family Leave Act (AFLA), whichever applies, effective the first day of the qualifying leave.

ARTICLE 7

RELIEF PERIODS AND LUNCH BREAKS

Section 1 - Relief Periods

- A. Employees whose work schedule prohibits relief or refreshment during their shift shall be allowed one relief break not to exceed fifteen (15) minutes during the second half of the shift
- B. Employees who work a ten (10) hour or longer shift by assignment or holdover shall be entitled to an extra fifteen (15) minute break arranged with their supervisor at an appropriate time.

Section 2 - Lunch Break

- A. All Employees shall be allowed a paid lunch break of thirty (30) minutes approximately halfway through their assigned shift at the Employee's straight-time rate of pay. No additional compensation will be paid if the lunch break is worked, except for (B) below or if the time worked creates an overtime situation.
- B. If Communication Center or Jailer/Correction Employees are required to work through the lunch break, the Employee shall be paid at the time and one-half rate of pay instead of straight-time rate of pay for the missed lunch break.

Section 3 - Scheduling Relief Periods and Lunch Breaks

The Employer, based on Department demands and requirements, will endeavor to schedule time off for relief periods and lunch breaks consistent with this article.

ARTICLE 8

Wages, Overtime, and Premium Pay

Section 1 – Pay Matrix and Step Increases

- A. Effective July 1, 2016, all Employees covered by this Agreement shall be given a one and one-half percent (1.5%) across-the-board pay increase as reflected in Appendix B. Employees shall also receive a Five Hundred Dollars (\$500.00), less applicable taxes, lump sum of not later than the second pay period in July 2016.
- B. Effective on the Employee's anniversary date on or after July 1, 2017 but on or before June 30, 2018, all Employees except those at Step O shall be entitled to a step increase as reflected in Appendix B.
- C. Effective July 1, 2018, all Employees covered by this Agreement shall be given a one percent (1%) across-the-board pay increase as reflected in Appendix C.
- D. When steps are granted under this Agreement, the following shall apply:
1. Employees in Steps A - G (merit steps) shall be entitled to a step increase each year upon their anniversary date upon a satisfactory or better performance evaluation.
 2. Employees in Steps H – O (longevity steps) shall be entitled to a step increase every two years on their anniversary date upon a satisfactory or better performance evaluation.
 3. Once an Employee reaches Step O, the Employee will only be eligible to receive across-the-board cost-of-living adjustments to the pay matrix, if any.

Section 2 - Wage Rate for New Employees

- A. New Employees shall be placed at Step A of the pay matrix, except as provided in paragraphs B and C below.
- B. New Police Officers, who are hired from another jurisdiction with prior work experience and upon proof of an APSC certification or eligible for certification by the APSC, may be hired at a pay rate above Step A but not any higher than Step C. This determination will be made by the Chief, subject to the approval by the Municipal Administrator. The pay rate shall be disclosed in the offer letter to the new Police Officer.
- C. Other newly hired Department Employees may be placed at a pay rate above Step A, but not any higher than Step C, if in the judgment of the Chief and subject to the approval by the Municipal Administrator, the newly hired Employee has knowledge, skills, and abilities specific to the job class they will fill with the Employer that justify the higher pay rate. The pay rate shall be disclosed in the offer letter to the new Employee.

Section 3 - Overtime

- A. All hours worked in excess of eighty-four (84) hours per pay period by police officers, sergeants, dispatchers, and jail officers shall be compensated at one and one-half times (1.5x) the Employee's regular rate of pay. Police officers and jail officers while at the Academy shall not be eligible for overtime.
- B. For all other Department Employees working an eight (8) or ten (10) hour workday and a forty (40) hour workweek, all hours worked in excess of forty (40) hours in a workweek shall be compensated at one and one-half times (1.5x) the Employees regular rate of pay.
- C. Employees shall not work overtime without advance supervisory approval. The Employer will endeavor to distribute overtime work on an equitable and practical basis among Employees in the affected job classifications able to perform the work as determined by the Employer.
- D. All work performed on the seventh day which follows five (5) days of work of at least eight (8) hours and one (1) day of at least four (4) hours of work shall be paid at double the straight time rate.

Section 4 - Call Back Time

- A. If an Employee is in a "call back" situation, the Employee shall receive a minimum of two (2) hours call-back pay calculated at one and one-half times (1.5x) the Employee regular rate of pay.
- B. When scheduling extra duty, the Employer shall notify the Employee not less than twenty-four (24) hours prior to commencement of extra duty. If less than twenty-four (24) hours notice is given, the extra duty shall be treated as "call back" and paid at the premium rate of pay. If scheduled extra duty is cancelled with less than 24 hours notice, the employee shall be paid two (2) hours of call back premium pay.

Section 5 - Court Pay

An Employee who must go to court outside of the Employee's normal work schedule shall receive a minimum of two (2) hours at one and one-half times (1.5x) the Employee's regular rate of pay.

Section 6 - Standby Pay

When an Employee is required to be available for work on standby status outside of their normal work schedule as designated in writing by the Chief will be compensated at the rate of Three Dollars and Fifty Cents (\$3.50) per hour for each hour in standby status. Employees on standby status will be required to respond and be ready-to-work within thirty (30) minutes or at such time as designated by the Chief or designee.

Section 7 - Field Training Officer and Communications Training Officer

An Employee assigned to conduct FTO or CTO training shall receive Two Dollars (\$2.00) per hour more than the Employee's regular rate of pay for all hours performing FTO and CTO duties.

Section 8 - Officer-In-Charge and Dispatcher-In-Charge Pay

An Employee assigned to Officer-In Charge or Dispatcher-In-Charge duty shall receive a five percent (5%) or a two-step (2) increase for all hours performing in-charge duties.

Section 9 - Shift Differential

- A. Any Employee assigned to work a swing shift shall be paid two and one-half percent (2.5%) or one step more for all hours worked on the swing shift
- B. Any Employee assigned to work a night shift shall be paid five percent (5%) or two steps more for all hours worked on the night shift.

Section 10 - Detective Premium Pay

A police officer assigned to work investigations and designated as a detective shall be paid five percent (5%) or two steps more for all hours worked as a detective.

Section 11 - Prisoner Transport

- A. At the start of every calendar year, but not later than February 1, the Employer shall establish a list of interested and qualified Employees who would like to transport prisoners. The Department shall set up the list by Department Seniority and selection for prisoner transport assignments shall be by rotation.
- B. In an emergency situation, the parties agree and understand that it may be necessary to call Employees out of the normal rotation.
- C. Nothing in this Section precludes Employees outside the bargaining unit from conducting prisoner transports.

Section 12 – Pay Shortages and Overpayments

If a shortage or overpayment occurs, the Employer shall notify the Employee of the problem immediately. Prior to recovering any overpayment, the Employer shall work with the Employee to set up a repayment plan. Any shortage shall be paid to the Employee on the Employee's next pay check.

ARTICLE 9

UNIFORMS, PROPERTY, AND EQUIPMENT

Section 1 - Providing Uniforms and Uniform Items

The Employer shall furnish any additional uniform items negotiated into this Article within 90 days of the signing of this agreement unless another date is herein specified. The Employer shall further furnish these items to new members within 90 days of their date of appointment unless another date is herein specified.

Section 2 - Uniforms and Uniform Items

A. The Employer shall provide the following uniform items:

ITEM	Police Officers	Dispatch Members	Correction Officers	Traffic/Community Service Officers/Animal Control
Shirts, Long Sleeve	3	4	3	3
Shirts, Short Sleeve	3	4	3	3
Trousers	3		3	3
Cap, Baseball Style	1		1	1
Utility Jacket	1		1	1
Coveralls	1			1
Sam Browne Belt	1		1	1
Belt, Uniform	1		1	1
Holster*	1*			
Magazine Holder*	2*			
Handcuffs	1		1	
Cuff Case	1		1	
Cuff Keys	2		2	
Baton with Holder	1			
Badge, Breast	1			
Holder, Badge	1			
ID Card	1	1	1	1
Name Tag	2			2
Citation Holder	1			1
Capstun Holder	1		1	1

*Holster and magazine holders will be replaced at the discretion of the Police Chief.

B. Upon their initial assignment, police officers assigned to Investigations shall receive a payment up to five hundred dollars (\$500.00) and after six months another Five Hundred Dollars (\$500.00) not to exceed a total of One Thousand Dollars (\$1000.00) in a twelve month period to cover the cost of plainclothes purchases. In subsequent years and if still assigned to investigations, the police officer shall receive Six Hundred Dollars (\$600.00) on the anniversary date of the initial assignment. In order to receive the subsequent year's installment, the police officer must submit a receipt to the Chief or designee for approval.

Section 3 - Handgun

A. The Employer will provide newly appointed police officers with a handgun, holster, magazine and magazine holder to be used while on-duty.

B. Police Officers may use another handgun on duty so long as the handgun meets Department requirements and is approved by the Chief in advance.

Section 4 - Soft Body Armor

The Employer will provide each newly appointed police officer National Institute of Justice approved soft body armor and external carrier. The Employer will take steps to replace all soft body armor prior to its recommended expiration date.

Section 5 - Wearing of Uniform

- A. Uniform items provided by the Employer and items which identify the individual as an Employee shall be worn only with the permission of the Police Chief, in the performance of assigned job duties or when traveling directly from place of residence to work and traveling directly from work to place of residence.
- B. The parties agree that PSEA may request its members to appear in uniform for its functions with prior written notice and approval by the Chief.

Section 6 -- Equipment and Other Work-Related Necessities Allowance

The Employer shall provide an allowance for equipment and other work-related necessities on January 1 of each calendar year of this Agreement. In order to receive this allowance, the Employee must submit a receipt to demonstrate the purchase was for equipment or other work-related necessities. Employee will be reimbursed for such expenses up to \$150.00 for non-sworn positions and \$300.00 for sworn positions. The amount will be paid to the Employee without deductions for taxes.

ARTICLE 10

TRAINING

Section 1 - Employer Assigns Training

The Employer shall determine when training is necessary and will make reasonable efforts to provide training opportunities to all Employees so long as such training is consistent with the Employer's needs. The Employer will normally not schedule an Employee for training which conflicts with the Employee's scheduled and approved personal leave.

Section 2 - Employee Request

An Employee who wants to attend a course, seminar, workshop or other type of training and have the Employer reimburse the cost shall:

- A. Describe the training and how it relates to the Employee's current position or a position within the Police Department to which the Employee could be assigned;
- B. State the total cost of the training and the amount proposed for reimbursement by the Employer; and
- C. Secure the written concurrence of the Chief through the chain of command on the amount of reimbursement for satisfactory completion of the training.

Section 3 - Successful Course Completion Required

An Employee who does not successfully complete a course of instruction approved by the Employer may not be reimbursed for the training costs unless authorized otherwise by the Chief.

Section 4 - Registration Fees

Actual costs of registration fees will be paid or reimbursed if previously authorized by the Chief.

ARTICLE 11

EMPLOYEE BENEFITS

Section 1 - Worker's Compensation

In cases of injury or ailment which is covered by Workers Compensation Insurance, personal leave shall be used to pay the disabled Employee the difference of the wage which the Employee would have otherwise earned and the workers compensation benefit received. Once the Employee's personal leave is exhausted, the Employee may submit a request under Article 6, Section 7, Leave Bank, for donations.

Section 2 - Health Insurance

The Employer will make available to all Employees covered by this Agreement a health and life insurance plan, subject to plan eligibility requirements. The Employer shall pay 100% of the cost of coverage for the Employee and their dependents.

Section 3 - Retirement

The Employer and all regular Employees covered under this Agreement will participate in the Public Employees Retirement System of Alaska.

ARTICLE 12

TRAVEL REIMBURSEMENT

Section 1 - Travel Reimbursement

The parties agree that occasions may arise where Employees are required to travel for the business purposes of Employer. Whenever possible, the Department shall provide the Employee with a Employer credit card and pre-pay expenses, therefore it shall not be the normal practice for Employees to use personal funds while traveling. If circumstances require an Employee use personal funds to cover any valid business-related travel expenses, the Employee shall be reimbursed for such expenses within twenty-one (21) days after submission of all receipts.

Section 2 - Lodging Reimbursement

While traveling on official business and away from home or designated posts of duty an Employee will be reimbursed for the actual cost of lodging which is reasonable and necessary.

Section 3 – Meal Reimbursement

Employees will receive a per diem rate of \$61.00 for meals and incidentals, distributed as follows:

Midnight to 10:00 am	Breakfast	\$10.00
10:00 am to 3:00 pm	Lunch	\$19.00
3:00 pm to Midnight	Dinner	<u>\$32.00</u>
	Total	\$61.00

To be eligible, an Employee must be in travel status during a meal allowance period for three consecutive hours. The first day and last day of travel will be prorated as shown above. Same-day travel will be prorated only if travel is more than 10 hours.

Section 4 – Transportation Expenses

- A. Rental car expenses, cab fare, parking fees, and other transportation costs will be reimbursed on an actual cost incurred basis when use of a rental car is authorized in an Employee’s travel request.
- B. Reimbursement for a rental car will not exceed the lowest rate for an economy class rental unless approved by the Chief.
- C. Employees required to rent a vehicle in the performance of their official duties for the Employer shall be covered by the Employer’s insurance.

Section 5 - Receipts Required

Except for meals, receipts will be required for reimbursement of costs incurred while traveling.

Section 6 - Per Diem Advances

Prior to traveling on official business, an Employee will be entitled to obtain an advance of per diem so long as Finance has received a copy of the travel authorization form signed by the Department Head and the Employer Administrator ten (10) calendar days before departure

Section 7 - Use of Private Vehicles

Employees shall not normally be required to use his or her personal vehicle for the Employer's business. If a situation arises where an Employee must use his or her personal vehicle, the Employee shall be reimbursed at the IRS mileage rate in effect on the date of use.

Section 8 - Credit Cards

- A. The Employer shall provide a minimum of four (4) credit cards for individual use when Employees are traveling for prisoner transport, evidence, and administrative purposes within (60) days of the approval of this Agreement by the Assembly. The rules regarding and procedures for using credit cards issued in individuals names shall be solely determined by the Employer.

- B. Employees may not use Employer credit cards for personal charges at any time. Use of a Employer credit card for personal use may result in disciplinary action, up to and including dismissal.

ARTICLE 13

SAFETY

Section 1 - Employer Responsibilities

The Employer shall comply with applicable federal and state occupational safety laws and regulations and industry standards. The Employer shall make every effort to provide a safe and healthful work place.

Section 2 - Employee Responsibilities

Each Employee is required to act with due care and regard for his own safety and that of his fellow Employees. All Employees shall comply with applicable federal and state occupational safety laws and regulations and industry standards. Employees while on duty shall not expose or subject themselves or others to unsafe working conditions outside the scope of their employment.

Section 3 - Refusal to Work: Unsafe Conditions

It shall not be grounds for discipline if an Employee refuses to work under conditions posing an immediate danger of death or serious bodily injury.

Section 4 - Unique Nature of Law Enforcement Work Recognized

The parties recognize the nature of law enforcement and demands placed upon public safety Employees may require an Employee to act according to Department protocols and incur necessary exposure to unsafe situations not demanded of other Employer Employees.

Section 5 – Safety Officer

The steward, or designee in their absence, shall serve as the safety officer and shall act as the liaison between the Employees and the Employer regarding safety matters. The steward shall be given an opportunity at the monthly staff meetings to bring safety matters to the attention of the Chief and administrative staff. If the safety matter requires immediate attention, the steward shall report the safety matter to the Chief, or designee, at their earliest opportunity and not wait for the monthly meeting to be held.

Section 6 – Safety Meetings

The Employer agrees to hold regular safety meetings with all staff.

ARTICLE 14

PERSONNEL FILES

Section 1 - Location

Official personnel files shall be maintained in the Human Resources Department. Field personnel files may also be maintained by the Department.

Section 2 - Confidentiality

All information contained within an Employee's personnel file, regardless of location, is confidential except as provided by law. Employees who have a need to know the information contained in an individual Employee's personnel file to perform their official duties with the Employer shall have access to the Employee's personnel files. The Human Resources Department shall maintain a record of any person or entity, other than the Human Resources staff, which reviews or has access to the Employee's personnel files.

Section 3 - Employee Access

Employees shall have access to the Employee's personnel files upon reasonable notice and at reasonable times. Personnel files may not be removed from their location, and shall be reviewed in the presence of staff. Upon request, Employees may receive copies of any documents contained within their personnel files.

Section 4 - Union Access

Upon written authorization by an Employee, the Union and its representatives shall have the right to review the Employee's personnel files upon reasonable notice and at reasonable times.

Section 5 - Third Party Access

Employees may authorize in writing any other person or entity the right to review the Employee's personnel files. Access to the file by anyone outside of the Employer, including the Union, shall be in accordance with applicable local, state, and federal laws or regulations, or as ordered by a court of competent jurisdiction. In the event a governmental agency or court obtains access, the affected Employees shall be notified of such access.

Section 6 – Removal of Documents

Upon request by an Employee, the Chief, or designee, may remove a Written Reprimand, or any lesser form of discipline, given to an Employee two (2) years after it is issued provided no further instance of similar conduct occurs as determined by the Chief. If the request to remove the document is denied, the Employee will be provided a written explanation of the reasons. Nothing in this paragraph requires removal of any reference to the disciplinary action in the Employee's performance evaluation.

ARTICLE 15

GRIEVANCE PROCEDURE

Section 1 – Exclusive Remedy

This procedure shall be the sole and exclusive means of settling disputes and disagreements between the parties involving the application of this Agreement.

Section 2 - Grievance Defined

- A. A “grievance” is any disagreement or dispute between the Employer and the Union regarding the application of this Agreement.
- B. This procedure shall not be available to probationary Employees where disciplinary action or termination occurs.
- C. A Written Reprimand given to an Employee is not subject to the grievance procedures under this Article. However, an Employee may submit a rebuttal memorandum which shall be attached to it when it is placed in the Employee's personnel file.

Section 3 - General Procedures

- A. All written grievances shall contain the following information, to the extent known at the time of filing:
 - 1. the name and job classification of the grievant or grievants:
 - 2. the date of the alleged action or omission which lead to the grievance:
 - 3. a statement of the facts know to the Employee and/or the Union supporting the grievance:
 - 4. a list of articles and sections within the collective bargaining agreement that have been violated:
 - 5. the remedy sought: and
 - 6. the signature of the grievant or grievants.
- B. Should the Employer not comply with the time limits specified in this Article, the Union may advance the grievance to the next higher step. Any grievance not filed by the Union according the procedures and time frames in Section 4 below shall be deemed to have been waived and shall not be entitled to further consideration.
- C. Grievances filed by the Employer shall be filed with PSEA's Executive Director.
- D. “Days” as used within this Article is defined as calendar days, unless specified otherwise.

- E. Fax delivery of grievances and responses between the Union and the Employer shall be acceptable.
- F. In all instances, Employer responses shall be delivered to PSEA in Anchorage as the official recipient of grievance responses.
- G. The time limits herein stated may be extended by written mutual agreement of the parties. Such mutual written agreement may be transmitted via US mail, a fax, e-mail or other reliable written electronic communication.
- H. "Class action grievances" shall be defined as grievance affecting more than one Union Employee. Class action grievances shall be filed at Step 2. For purposes of signing the grievance as required above, a single grievant may sign on behalf of the entire class.
- I. Disciplinary action greater than a Letter of Reprimand shall be filed at Step 2.
- J. A grievance may be filed at a higher step if the recipient of the grievance does not have the power or authority to grant the relief requested upon mutual agreement between the parties.

Section 4 - Grievance Procedure Steps

- A. The parties shall first attempt to resolve their disputes informally. If this method is unsuccessful, the following steps shall be followed in processing grievances:
 - B. STEP 1
 - 1. A grievance shall be initiated by the Union's submitting the grievance in writing to the first level of supervisor outside the bargaining unit within twenty-one (21) days from the date the Employee knew of the action or inaction.
 - 2. The supervisor shall meet with and discuss the grievance with the grievant and his/her Union representative and provide a written response within fourteen (14) days of the receipt of the original grievances.
 - C. STEP 2
 - 1. If resolution is not reached at Step 1, the grievance may be elevated by the Union to the Chief no later than fourteen (14) days after the supervisor's response or the date the response was due, whichever is earlier.
 - 2. Within fourteen (14) days of receipt of the grievance, the Chief may meet with the grievant and the Union representative to discuss the grievance and shall provide a written response within fourteen (14) days after receipt of the grievance.
 - D. STEP 3
 - 1. If resolution is not reached at Step 2, the grievance may be elevated by the Union to the Employer Administrator within fourteen (14) days of receipt of the Chiefs response, or the date of the response was due, whichever is earlier.

2. Within fourteen (14) days of receipt, the Employer Administrator shall provide a written response upholding, modifying, or disapproving the suspension or demotion and any suspension shall then take effect in accordance with the Administrator's decision.

E. STEP 4

1. If resolution is not reached at Step 3, the grievance may be submitted by the Union to arbitration in the following manner: Within twenty-one (21) days of the Unions receipt of the Employer Administrators response at Step 3 or the date the response as due, whichever is earlier, the Union may deliver to the Employer Administrator a written demand for arbitration.
2. Within ten (10) working days after receipt of the written demand, the Union and the Human Resource Director or his designee shall meet in an effort to select an arbitrator.
3. If an arbitrator has not been agreed after this meeting, the parties shall jointly contact the United States Federal Mediation and Conciliation Services (USFMCS) or by mutual consent, the American Arbitration Association (AAA), to request the names of 11 qualified arbitrators from Nevada, Arizona, California, Washington, Oregon, Idaho, or Alaska: the cost of such request shall be equally borne by the parties. Nothing in this paragraph precludes the parties from creating a single arbitrator panel after Agreement is effective to be used for the duration of this Agreement.
4. If the parties cannot mutually agree which list to request, the issue will be resolved by flipping a coin. Within fourteen (14) days of receipt of a list of arbitrators, the parties shall proceed alternately to strike names from the list until one name remains and that person shall become the arbitrator.
5. The first choice in striking an arbitrator shall be done by flip of a coin if the parties do not consent to exercise of the first choice.
6. The arbitration shall commence at a neutral location provided by the Employer at a time selected by the arbitrator and agreed upon by the parties.
7. The Arbitrator's function is to interpret the Agreement. The Arbitrator's authority is limited to considering the particular issue(s) set forth in the written grievance by the Union and the written response by the Employer. The Arbitrator shall have no authority or power to add to, delete from, disregard, or alter any of the provisions of this Agreement, but shall be authorized only to interpret the existing provisions of this Agreement as they may apply to the specific facts of the issue in dispute. The Arbitrator shall not award or grant any right, privilege, or benefit to the Union or Employees not provided for by this Agreement.
8. Procedural issues shall be reviewed by the Arbitrator during the same proceeding as the underlying merits of the same grievance, unless agreed to otherwise by the parties.
9. The arbitrator shall be requested to provide the parties with written findings of fact and conclusions of law, if any, and the complete rationale for any award within 30 working days of the hearing's completion or after receipt of post-hearing briefs, unless the parties

consent to a longer time. The decision of the arbitrator shall be final and binding upon the parties.

10. Each party shall bear its own expenses associated with the arbitration. The arbitrator shall assign his/her fees and expenses to the losing party, i.e., either to the Union or to the Employer; if there is no losing party, the fees and expenses shall be apportioned by the arbitrator between the parties. The parties shall use their best efforts to minimize the costs of any arbitration.

ARTICLE 16

ADMINISTRATIVE INVESTIGATIONS

During the life of this Agreement, the parties agree to meet to review any proposed changes to the Administrative Investigation Manual ("AI manual") using the Labor Management Committee process set forth in Article 20. If either party desires changes to the AI manual, they must provide the proposed changes in writing at the same time the Labor Management Committee request is made. Decisions regarding the final content of the AI manual will be determined by the Chief after the Labor Management Committee meeting.

ARTICLE 17

PROBATIONARY PERIODS AND PERFORMANCE EVALUATIONS

Section 1 - Probationary Periods

- A. Every new regular Employee shall serve either a six-month (for non-sworn positions) or a twelve-month (for sworn positions) probationary period depending on their job classification, during which time the Employee may be terminated at the sole discretion of the Employer without right of appeal.
- B. Current regular Employees who are promoted or transferred to a different position shall serve a six-month probationary period. If the Employee's performance in the new position is unsatisfactory in the Employer's sole discretion, the Employee may be returned to their previous position if vacant or to another vacant position so long as the Employee is qualified for that position. This employment action shall not be construed to be a demotion or disciplinary action requiring just cause.
- C. A demoted Employee shall not serve another probationary period so long as the Employee had previously completed the initial probationary period in the job classification to which the Employee returns.

Section 2 - Performance Evaluations

- A. An Employee shall be evaluated within thirty (30) days of the Employee's anniversary date of employment in the job classification.

- B. Uniform standards of performance as determined by the Chief shall be applied to each Employee in a job classification.
- C. The purpose of a performance evaluation is to assess the ability of an Employee to effectively perform his job duties.
- D. An Employee shall be allowed to submit a written comment or rebuttal to any performance evaluation received. The rebuttal may challenge the overall rating or any part of the evaluation and must be submitted within thirty (30) days after the Employee's receipt of the evaluation. The rebuttal will be initially submitted to the Chief for his review, and then forwarded to the Human Resources Director to be attached to the performance evaluation being challenged in the Employee's personnel file.
- E. An Employee denied a merit increase due to an unacceptable performance evaluation shall be re-evaluated within six months after the Employee's anniversary date. If the Employee has improved and obtained an acceptable rating, the Employee shall be entitled to a merit increase from the six-month anniversary date forward.
- F. An unacceptable performance evaluation shall not affect a member's anniversary date for purposes of future evaluations or any other benefits.

ARTICLE 18

DISCIPLINE AND DISCHARGE; RESIGNATION

Section 1 - DISCIPLINE AND DISCHARGE

- A. No regular Employee shall be disciplined or discharged without just cause. All discipline, except for written reprimands, shall be subject to review if challenged timely and in accordance with the grievance-arbitration procedure set forth at article 15.
- B. The Employer reserves the right to determine what level of discipline will be issued in any given situation. A copy of the disciplinary notice will be given to the Employee and sent to the PSEA Anchorage office via fax, email or scan on the same day it is issued. The Employer in its discretion will utilize the following progressive discipline steps:
 - Written reprimand
 - Suspension without pay
 - Demotion
 - Discharge
- C. In the event an Employee may be suspended or demoted, the Employee may be placed on administrative leave with pay until any investigation is concluded. If, through the grievance procedure, the suspension or demotion is overturned, then the Employee shall be entitled to back pay. An Employee placed on administrative leave is presumed innocent until a decision is made by the Chief, as approved by the Administrator.

Section 2 - Resignation

An Employee who intends to terminate service with the Employer shall submit a written resignation to the Chief or designee stating his/her last dates of employment. Resignations shall be submitted as early as possible, but at least two (2) weeks before the final work day unless mutually agreed beforehand between the Employer and the Union. A copy of the Employee's resignation shall be filed in the Employee's personnel file, and sent to the Union. At the Employer's option, the Employee may be paid two weeks full pay and benefits and allowed to leave employment immediately.

Section 3 - Pay in Lieu of Notice

Regular Employees shall be given two (2) weeks' notice of separation. The Employer, at its sole discretion, may elect to provide full pay in lieu of notice.

Section 4 - Medical Examinations

No Employee shall be required to submit to a medical or psychological examination unless the Employer has a job related justification to require the Employee to submit to such an examination. Nothing in this paragraph limits the Employer's right to seek medical certifications or fitness for duty reports as permitted by federal and state law, or as otherwise provided for in this agreement.

ARTICLE 19

SENIORITY, LAYOFF, AND RECALL

Section 1 - Seniority Defined

A. There are two types of seniority. All Employees shall be listed in descending order.

1. Job Classification Seniority.

The Employee having the longest term of unbroken service in the job classification represented by the Union shall be number one (1) on the Job Classification Seniority.

2. Department Seniority

The Employee having the longest term of unbroken service in the Department shall be number one (1) on the Department Seniority list.

B. The job classifications represented by the Union are:

Sergeant	Police Officer
Dispatch and Records Supervisor	Dispatcher and Records Clerk
Multi-Service Officer	Animal Control Officer
Police Technician	Jail/Corrections Officer
IT Specialist	Jail Officer II

C. There are three job series for purposes of this Article

Job Series I
Sergeant
Police Officer

Job Series II
Dispatch and Records Supervisor
Dispatch and Records Clerk

Job Series III
Jail Officer II
Jail/Corrections

D. If two or more Employees have identical seniority, the following shall be used to break the tie:

1. First, the Employee with the most seniority with the Department
2. Second, the Employee with the most seniority with the Employer;
3. Third, the Employee who has the most favorable overall performance rating score during the previous year;
4. Fourth, veteran status defined as an individual who has been honorably discharged from military service;
5. Fifth, by lot.

Section 2 - Application of Seniority

- A. Seniority may be used where scheduling issues or other operational requirements are open to Employee bidding by the Chief. The type of seniority to be used shall be designated by the Chief.
- B. Job Classification Seniority shall be used to determine the order of layoff and recall; Department Seniority shall be used to determine bumping rights.

Section 3 - Termination of Seniority

- A. Seniority shall be terminated upon:
 1. resignation;
 2. layoff for a period of more than two (2) years;
 3. failure of the member to report for duty within thirty (30) days after notification of a recall from layoff;
 4. abandonment of position (failure to report within three (3) days of scheduled duty);
 5. promotion to a position outside the bargaining unit except as provided in section 4 below; or
 6. dismissal.

B. Seniority shall not be interrupted by:

1. periods of leave or layoff for a period of less than two (2) years;
2. absence due to an on-the-job injury;
3. active military duty when recall for such duty is beyond the control of the member; or
4. retirement disability up to three years.

Section 4 - Retention of Seniority

An Employee promoted or assigned to a position outside the job classifications represented by the Union but who remains within the police Department is entitled to a two-year period of absence from the bargaining unit without loss of seniority. The Employee's seniority will be frozen at the level attained at departure from the unit position, and will not accrue during the Employee's one-year absence. If the Employee retains the position outside of the bargaining unit for more than one year, the Employee's seniority for purposes of this article shall terminate.

Section 5 - Layoff/Recall

A. General Provisions

1. The Chief of Police, upon approval of the Employer Administrator or designee, may layoff an Employee by reason of abolition of position, shortage of work or funds, or other reasons outside the Employee's control. A layoff does not reflect discredit on the service or performance of the laid-off Employee.
2. No Employee shall be laid off if there are temporary Employees in the Department.
3. Probationary Employees will be laid off prior to regular Employees.
4. No Employee shall be laid off because a non-bargaining unit member wishes to return to a bargaining unit position.

B. Order of Layoff

1. Order of layoff is by job classification, and by job series, when one exists, except as provided below in 3c.
2. Layoffs shall be made in inverse order of seniority.
3. Bumping Rights
 - a. Once the job classification to be laid off is identified, the Employee with the least bargaining unit seniority in the job classification to be laid off shall be the first to be laid off.

- b. If the identified Employee is in a job classification in a job series set forth in Section 1(c), the Employee may choose to displace another Employee in the lower job classification, provided that the Employee in the higher job classification has more Department seniority than the Employee in the next lower classification.
- c. If an Employee is to be laid off in a single job classification (no Job Series in Section 1(c) has obtained regular status in a job classification covered by this Agreement, the Employee may choose to displace an Employee in a previously held job classification provided that the Employee has more Department Seniority than the Employee in the previously held job classification.

C. Notification of layoff and recall requirements

1. After a decision is made that a layoff is necessary in the Department, the Chief shall notify in writing all Employees that a layoff will occur and the anticipated job classification to be laid off, and the expected date of the layoff.
2. The Employees in the identified job classification to be laid off shall -receive a minimum of thirty (30) days written notice before the layoff is effective.
3. If the affected Employee is eligible to bump to a lower or different job classification covered by this agreement, the Employee shall notify the Chief in writing within five (5) working days from the date the Employee receives the layoff notice of the Employee's desire to bump to a lower or different classification. Failure to notify the Chief of a desire to bump as required herein shall result in a forfeiture of the Employee's right to bump.

D. Rights of laid-off Employees

1. At the time of layoff, the Employee laid off will receive payment for all personal leave.
2. No temporary Employees shall be hired while Employees are in layoff status unless the laid-off Employee is first offered the work and does not accept or timely respond to an inquiry.
3. A laid-off Employee may reject a temporary or seasonal position without losing layoff recall rights. Notice to the laid-off Employee shall include the estimated duration of the temporary or seasonal position.
4. Upon layoff, the laid off Employee shall be placed on the layoff list for the job classification series from which the Employee was laid off, and for the bargaining unit. Recall rights exist for two (2) years from the effective date of the layoff.
5. The layoff list shall be ranked in inverse order of layoff. Any vacant position that the Employer elects to fill in the job classification shall be offered to the first Employee on the layoff list, provided however, that an Employee may not be recalled to a higher job classification than the Employee previously held.
6. To be reappointed an Employee on layoff status must meet the licensing and certification required for the other incumbents in the classification.

7. An Employee on layoff status may apply for any vacant position with the Employer. Qualified applicants on layoff status will be given the opportunity to interview for the vacant position.
8. An Employee on layoff status may accept alternative employment without forfeiting layoff rights.
9. When an Employee on layoff status is recalled to a position in the Employee's former job classification, the Employee will resume employment with the same employment status, range and step held at the time of layoff.
10. When an Employee on layoff status is offered appointment to a different job classification with the Employer, the Department director and the Human Resources Director shall determine the Employee's employment status, range and step. When an Employee on layoff status accepts an appointment in a different job classification, a probationary period must be served.

E. Employee Obligations

1. When an Employee on layoff status refuses or fails to respond to a written offer of appointment to the Employee's former Job classification within 10 days, layoff status is ended and the Employee will be separated in good standing.
2. When an Employee on layoff status fails to respond within 10 days to a written inquiry relating to availability for appointment to a different job classification, layoff status is ended and the Employee will be separated in good standing.

F. Job Vacancy Announcements

The Human Resource Director will post all job vacancy announcements on the Employer's web site and will make available, upon written request by the laid-off Employee, copies of such job vacancy announcements.

ARTICLE 20

LABOR MANAGEMENT COMMITTEE

The parties agree that they will meet in good faith at reasonable times and places concerning this Agreement and its interpretation or any other matter of mutual concern. The parties further agree that either part may request in writing that the parties meet within fifteen (15) working days after the date of delivery of the request. The written request will specify the matter to be discussed, the anticipated time required for the meeting, and who will participate in the process. The parties recognize that the success of the Employer in conducting the affairs of government and the job security of the Employees and effective administration of this Agreement depends on mutual cooperation and effective communication among all parties.

ARTICLE 21

HOLIDAYS

Section 1 - Designated Holidays

- A. All Employees covered by this Agreement shall have eleven (11) holidays per year to be observed on the following days:

New Year's Day	January 1
Martin Luther King Day	Third Monday in January
Presidents Day	Third Monday in February
Seward's Day	Last Monday in March
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	First Monday in September
Alaska Day	October 18
Veteran's Day	November 11
Thanksgiving Day	Fourth Thursday in November
Christmas Day	December 25

and such other days as may be proclaimed by the Municipal Administrator.

- B. When the holiday falls on a Saturday, the holiday will be observed on the preceding Friday, and when the holiday falls on a Sunday, the holiday will be observed on the following Monday. For Employees who work a schedule other than a Monday-Friday, the Employee's first day off shall be considered their Saturday and the Employee's second day off shall be considered their Sunday.

Section 2 - Holiday Compensation

- A. All Employees will be paid holiday pay at the Employee's straight time rate for all hours of their scheduled shift on the holiday or designated holiday.
- B. Work performed on a holiday or designated holiday shall be compensated at the one and one-half times (1.5x) the Employee's regular rate in addition to the regular day's holiday pay for all hours worked up to twelve (12) hours and double time (2x) for all hours worked in excess of the Employee's schedule shift. No additional time off or pay will be granted for a holiday worked.
- C. If working on a holiday results in an Employee working on either end of the holiday time period, an Employee shall be paid one holiday premium provided in paragraph B above for the first shift that falls within that holiday.

ARTICLE 22

GENERAL PROVISIONS

Section 1 - Availability of the Parties

Upon written request the parties agree that representatives of the Union and the Employer shall meet during the life of this agreement to discuss this Agreement, its interpretations, continuation or modification and other matters of mutual concern.

Section 2 - Letters of Agreement

Nothing in this agreement precludes the parties from amending this agreement by mutual consent of the parties in writing at any time during its term.

Section 3 - Subordination and Savings

- A. **Subordination:** The Employer and the Union mutually agree that this Agreement shall in all aspects comply with and be subordinate to federal laws, state laws, and ordinances of the Employer and Borough of Sitka that have not been expressly modified by this agreement.
- B. **Savings:** If an Article or part of an Article should be found by a court of competent jurisdiction or by mutual agreement between the Employer and the Union to be in violation of any federal law, state law or Employer and Borough of Sitka ordinance, the remaining Articles and provisions of this Agreement remain in full force and effect.

Section 4 - Complete Agreement

The parties acknowledge that during the negotiations which resulted in this Agreement each had the unlimited right and opportunity to make demands and proposals with respect to any subject matter not removed by law from the area of collective bargaining and that the understandings and agreements arrived at by the parties are set forth in this Agreement. The parties further understand that they have agreed to meet about any subjects relating to this Agreement and other matters of mutual concern during the term of this Agreement when requested. However, nothing in this Section obligates a party to reach agreement or to change this Agreement with respect to any subject or matter specifically referred to or covered by this Agreement. This Agreement replaces and supersedes all prior oral and written understandings, agreements, and policies otherwise referred to or covered by this Agreement and concludes all collective bargaining for the duration of the Agreement. Nothing in this Section relieves either party of their legal obligation to bargain in good faith with respect to mandatory subjects of bargaining.

ARTICLE 23

OPERATING PROCEDURES MANUAL

The Department Operating Procedures Manual ("OPM") shall apply to the Employees covered by this Agreement. Where the terms of the OPM are in conflict or otherwise inconsistent with this Agreement, the Agreement shall prevail.

ARTICLE 24

PERSONNEL POLICIES

Section 1 - Personnel Policies Handbook

A. The Employer's Personnel Policies Handbook as adopted by Ordinance does not apply to any Employee covered by this Agreement unless specifically referenced otherwise in this Agreement or as listed below.

B. In the event a change is proposed by the Employer to a Personnel Policy specifically noted by Section or Attachment below or elsewhere in this Agreement, a copy of that change will be provided to the Union when they are submitted to the Assembly. The Employer and the Union shall meet to negotiate the applicability of the changed policy to the Employees covered by this Agreement.

Section 2 - Nepotism

No Employee may be employed in a position supervised by another family member. If an Employee and their supervisor should marry, the Employer shall elect which Employee may continue with the Department and which Employee shall terminate or transfer, if other positions are available. Family members for purposes of this paragraph, shall include spouse, father, mother, brother, sister, child and the same relationship by in-law.

Section 3 - Personal Business

An Employee is expected to conduct personal business outside the Employee's work hours. Personal calls during the Employee's work hours are discouraged. Breaks, meal periods, and leave are available for an Employee to use for personal business.

Section 4 - Anti-Harassment Policy

All Employees covered by this Agreement shall be expected to comply with the Employer's Sexual Harassment and Anti-Harassment Policy found in Attachment D of the Personnel Policies Handbook.

Section 5 - Email and Internet Policy

All Employees covered by this Agreement shall be expected to comply with the Employer's E-Mail and Internet Policy found in Attachment E of the Personnel Policies Handbook.

Section 6 - Drug and Alcohol Policy

All Employees covered by this Agreement shall be expected to comply with the Employer's Drug and Alcohol Policy found in Section 24 of the Personnel Policies Handbook.

Section 7 - Other Employment

Occupations or outside activity, which are incompatible with employment with the Employer or adversely affects the performance of the Employee's job duties with the Employer are prohibited.

Section 8 - Gifts and Gratuities

An Employee shall not accept a gift, gratuity, consideration or extraordinary favor from any person doing business, or likely to do business with the Employer and shall immediately report to their Department Head any offer, promise or suggestion that such a give be made. This prohibition does not apply to the giving of ceremonial gifts of nominal value or gives received from an Employee's family or ordinary circle of friend when not offered for an actual or perceived corrupt purpose.

Section 9 - Occupational Injury

The Personnel Policies Handbook Section 18, Occupational Injury, shall apply to the Employees covered by this Agreement.

ARTICLE 25

DURATION

This Agreement shall become effective on July 1, 2016 and shall continue in effect until June 30, 2019 and thereafter from year to year, provided, however that either party may give the other party written notice of its desire to effect changes to the Agreement. Such written notice shall specify the particular Articles in which changes are desired, and shall be served upon the other party not more than one hundred and eighty (180) days and not less than one hundred twenty (120) days prior to the end of the initial period of the Agreement or any annual extension thereof. The parties agree to meet to schedule negotiations within thirty (30) days after receipt of such notice. Nothing herein will preclude the termination, modifications or amendment of this Agreement at any time by written mutual consent of the parties.

This Agreement is entered into on this _____ day of _____, 2016.

Mark Gorman
Municipal Administrator

Jake Metcalfe
PSEA Executive Director
Chief Spokesperson

Kimberly K. Gearity
Chief Spokesperson

David Johnson
Chapter President

Mark Danielson
HR Director

Dave Nelson
Chapter Vice-President

Jackie Ojala
Secretary

Judy Puckett
Negotiating Team Member

APPENDIX A

LEAVE ACCRUAL CHART

Years of Service	Pay Period Accrual Rate for 80 Hour Employee	Pay Period Accrual Rate for 84 Hour Employee	Mandatory Usage for 80 Hour Employee Each Fiscal Year	Mandatory Usage for 84 Hour Employee Each Fiscal Year	Total Hours Annually for 80 Hour Employee	Total Hours Annually for 84 Hour Employee
Year One	5.54 Hours	5.82 Hours	0 Hours	0 Hours	144	151.20
2-4	7.39 Hours	7.76 Hours	80 Hours	84 Hours	192	201.60
5-8	8.31 Hours	8.73 Hours	120 Hours	126 Hours	216	226.80
9-12	9.24 Hours	9.70 Hours	120 Hours	126 Hours	240	252.00
More than 12 Years	11.08 Hours	11.64 Hours	160 Hours	168 Hours	288	302.40

APPENDIX B

PAY MATRIX AS OF JULY 1, 2016

APPENDIX B															
PAY MATRIX AS OF JULY 1, 2016															
Grade	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
Animal Control	\$19.78	\$20.28	\$20.78	\$21.30	\$21.83	\$22.38	\$22.95	\$23.42	\$23.88	\$24.35	\$24.84	\$25.33	\$25.84	\$26.36	\$26.89
D&R Clerk/Jail Officer	\$19.78	\$20.28	\$20.78	\$21.30	\$21.83	\$22.38	\$22.95	\$23.42	\$23.88	\$24.35	\$24.84	\$25.33	\$25.84	\$26.36	\$26.89
Multi-Service	\$23.08	\$23.66	\$24.25	\$24.85	\$25.48	\$26.12	\$26.78	\$27.30	\$27.85	\$28.41	\$28.98	\$29.56	\$30.15	\$30.75	\$31.36
D&R Supv./Jail Officer II	\$24.07	\$24.66	\$25.28	\$25.91	\$26.56	\$27.22	\$27.90	\$28.47	\$29.04	\$29.62	\$30.21	\$30.82	\$31.42	\$32.05	\$32.69
Police Officer	\$27.11	\$27.78	\$28.48	\$29.18	\$29.92	\$30.66	\$31.43	\$32.06	\$32.70	\$33.36	\$34.02	\$34.70	\$35.39	\$36.10	\$36.82
IT Specialist	\$27.84	\$28.55	\$29.26	\$29.98	\$30.73	\$31.51	\$32.30	\$32.96	\$33.61	\$34.28	\$34.96	\$35.66	\$36.37	\$37.10	\$37.84
Police Sergeant	\$29.07	\$29.80	\$30.55	\$31.31	\$32.09	\$32.91	\$33.73	\$34.40	\$35.09	\$35.79	\$36.50	\$37.23	\$37.97	\$38.73	\$39.50

APPENDIX C

PAY MATRIX AS OF JULY 1, 2018

APPENDIX C															
PAY MATRIX AS OF JULY 1, 2018															
Grade	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
Animal Control	\$19.98	\$20.48	\$20.99	\$21.51	\$22.05	\$22.60	\$23.18	\$23.65	\$24.12	\$24.59	\$25.09	\$25.58	\$26.10	\$26.62	\$27.16
D&R Clerk/Jail Officer	\$19.98	\$20.48	\$20.99	\$21.51	\$22.05	\$22.60	\$23.18	\$23.65	\$24.12	\$24.59	\$25.09	\$25.58	\$26.10	\$26.62	\$27.16
Multi-Service	\$23.31	\$23.90	\$24.49	\$25.10	\$25.73	\$26.38	\$27.05	\$27.57	\$28.13	\$28.69	\$29.27	\$29.86	\$30.45	\$31.06	\$31.67
D&R Supv./Jail Officer II	\$24.31	\$24.91	\$25.53	\$26.17	\$26.83	\$27.49	\$28.18	\$28.75	\$29.33	\$29.92	\$30.51	\$31.13	\$31.73	\$32.37	\$33.02
Police Officer	\$27.38	\$28.06	\$28.76	\$29.47	\$30.22	\$30.97	\$31.74	\$32.38	\$33.03	\$33.69	\$34.36	\$35.05	\$35.74	\$36.46	\$37.19
IT Specialist	\$28.12	\$28.84	\$29.55	\$30.28	\$31.04	\$31.83	\$32.62	\$33.29	\$33.95	\$34.62	\$35.31	\$36.02	\$36.73	\$37.47	\$38.22
Police Sergeant	\$29.36	\$30.10	\$30.86	\$31.62	\$32.41	\$33.24	\$34.07	\$34.74	\$35.44	\$36.15	\$36.87	\$37.60	\$38.35	\$39.12	\$39.90



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 16-115 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 6/8/2016 In control: City and Borough Assembly

On agenda: 6/14/2016 Final action:

Title: Approve a 10-year purchase agreement and a 20-year purchase agreement for raw water in bulk for export with Alaska Bulk Water Inc.

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and Memo ABWI.pdf](#)
[ABWI correspondence.pdf](#)
[RFP Bulk Water Sales.pdf](#)
[Alaska Bulk Water Inc - RFP Bulk Water Sales.pdf](#)
[ABWI 10 year purchase agreement.pdf](#)
[ABWI 20 year purchase agreement.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

POSSIBLE MOTION

I MOVE TO 1) approve a 10-year purchase agreement between the City and Borough of Sitka and Alaska Bulk Water, Inc. for raw water in bulk for export, and, 2) approve a 20-year purchase agreement between the City and Borough of Sitka and Alaska Bulk Water, Inc. for raw water in bulk for export as recommended by the Gary Paxton Industrial Park Board and authorize the Municipal Administrator to execute these documents.



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

Monday, June 6, 2016

MEMORANDUM

To: Mark Gorman – CBS Administrator
From: Garry White, Director
Subject: Alaska Bulk Water Inc. (ABWI) Bulk Water Agreement

Introduction

The Gary Paxton Industrial Park (GPIP) Board of Directors is recommending that the CBS enter into two separate water purchase agreements with Alaska Bulk Water Inc. (ABWI) for the export of bulk water.

The GPIP Board approved the following recommendations at its 5/16/2016 meeting:

MOTION: M/S Horan/McConnell moved to recommend the CBS Assembly enter into a 20-year bulk water purchase agreement with ABWI for the purchase of 1B gallons of raw water with similar terms set forth in the revised purchase agreement developed in the fall of 2015 and the following specific terms:

1. ABWI shall make a non-refundable payment of \$128,205 dollars to the City and Borough of Sitka (CBS);
2. The CBS shall provide a letter of permission granting ABWI the right to keep and maintain currently installed water loading infrastructure within CBS owned tidelands under the condition that such infrastructure be made available for use by any other bulk water export company for a loading fee of not greater than \$0.002 per gallon loaded and that the CBS has the right to require that said infrastructure be moved or removed at its discretion.
3. ABWI shall pay the CBS \$5k annually for the right to use the tidelands under the letter of permission.
4. Letter of permission is to be reviewed every 5 years.

ACTION: Motion PASSED 4/0 on a roll call vote
Yeas: Dan Jones, Ptarmica McConnell, Charles Horan, Scott Wagner (teleconference)
Nays: None Absent: Grant Miller

MOTION: M/S Horan/McConnell moved to recommend the CBS Assembly enter into a 10-year bulk water purchase agreement with ABWI for the purchase of 1B gallons of raw water with similar terms set forth in the revised purchase agreement developed in the fall of 2015 and following specific terms:

1. ABWI shall make a non-refundable payment of \$100,000 dollars to the City and Borough of Sitka (CBS);
2. That the \$1,350,000 dollars paid to the City under previous agreements be carried forward as pre-purchased water credits on this agreement only.

ACTION: Motion PASSED 3/1 on a roll call vote
Yeas: Dan Jones, Pfarmica McConnell, Charles Horan,
Nays: Scott Wagner (teleconference) Absent: Grant Miller

Background

The City and Borough of Sitka (CBS) has permits to export 29,235 Acre-feet (~9.5 billion gallons) of raw water annually.

The CBS has entered into multiple water purchase agreements with multiple entities for bulk export since 1996.

Most recently, the CBS had a water purchase agreement with ABWI, formerly True Alaska Bottling Company to export bulk water, since 2006. The CBS agreed to revise ABWI's purchase agreement for raw water in bulk for export for the 6th time in the fall of 2015. The revised agreement required ABWI to make a \$1,000,000 non-refundable payment to Sitka no later than December 8th, 2015. ABWI was unable to make its required payment which resulted in a breach in terms of the revised agreement and contract termination.

The GPIIP Board met multiple times during the spring of 2016 to discuss bulk water proposals and directed the GPIIP Director to release a Request for Proposal (RFP) to solicit proposals for exporting water.

The RFP for bulk water sales was released in April 2016 with proposals due to the CBS the 5th of May 2016. The CBS received 4 proposals. The GPIIP Board met on the 16th of May to evaluate the proposals.

The GPIIP Board recommended that the CBS enter into an agreement for raw water export with the following entities:

- Arctic Blue Water Inc. for 20,869 Acre-feet (~6.8 billion gallons) annually for 20 years.
- ABWI for 3,069 Acre-feet (1 billion gallons) annually for 20 years
- ABWI for another 3,069 Acre-feet (1 billion gallons) annually for 10 years

**all RFP results can be found at <http://www.sawmillcove.com/board/2016/051616/UB-1%20Bulk%20Water%20RFP.pdf>*

Basic Terms of ABWI's 20-year Bulk Water Export Agreement

- Requires ABWI to make a non-refundable fee of \$128,205 that can be used as water credits.

- Requires ABWI to export 50 million gallons of water within a 36-month period or CBS can terminate contract.
- The agreement defines Stages of water volume export to retain water allocation amounts. (Section 3.2)
 - ABWI gains more allocations by exporting more water and can lose allocation amounts by failing to export specified amounts.
- Ensures municipal water uses retain first right and priority to the water. (Section 4a)
- The agreement allows for hydroelectric dam and water system maintenance. (Section 4c)
- Protects the CBS from water quality issues with human consumption uses. (Section 4.3 & 13.3)
- The price for water has been set at \$3,258.51/Acre-feet or \$0.01/US gallon. (Section 7.1)
- Allows and defines terms of a license for ABWI to install, construct, maintain water loading infrastructure.
 - Charges a \$5,000 payment for license to use CBS tidelands for this purpose.
 - Defines terms on how much ABWI can charge other bulk water customers for using its water loading infrastructure.
- Defines requirements for ballast water discharges and water loading.
- Other standard terms and conditions.

Basic Terms of ABWI's 10-year Bulk Water Export Agreement

The terms of ABWI's 10-year bulk water export are the same as the 20-year agreement except the following changes:

- Requires ABWI to make an additional, non-refundable fee of \$100,000 that can be used as water credits.
- Allows ABWI to retain \$1,350,000 in credits towards water export payments that ABWI had paid and accumulated in previous bulk water agreements from 2009-2015

Additional Information

- The GPIIP Board choose to recommend two separate bulk water agreements instead of one to allowing ABWI to use previous non-refundable payments as water credits within 10 years instead of 20 years.
 - A separate 20-year contract would allow ABWI to still be able to attract long term investment.
- ABWI obtained a tidelands lease from the CBS in 2014 for 18 acres directly seaward of the CBS bulk water pipeline for a lease amount of \$5,292 annually.
 - The tideland lease was terminated when the ABWI water purchase agreement was terminated.
 - A license to allow for this infrastructure to remain in the tidelands has been incorporated into new agreement in lieu of a tidelands leases.
 - A license was deemed to be better contractual documentation than a “letter of permission” as directed by the GPIIP Board.
- ABWI installed two mooring buoys in its tideland lease in June 2015.
 - Section 10 of the agreement defines ABWI's use and removal of this infrastructure.
- ABWI constructed a valve at the end of the CBS bulk water pipeline and assembled a floating pipeline system to the mooring buoy in June 2015.
 - Section 10 of the agreement defines ABWI's use and removal of this infrastructure.
- The CBS is moving forward with potentially constructing a multipurpose dock in the tidelands of Sawmill Cove.
 - Section 10 addresses the CBS ability to require ABWI or Arctic to move existing infrastructure and use CBS infrastructure.
- The CBS retains 2,228 Acre-feet (~726 million gallons) of water annually to support future water bottling operations with the execution of all water purchase agreements recommended to ABWI and ARCTIC.

Attachments

- ABWI's letters to the CBS dated March 10, 2016 & April 26th, 2016.
- The RFP the CBS released to solicit bulk water proposals.
- ABWI's submittal to the RFP.
- Water purchase agreement between the CBS and ABWI for a 10-year term.
- Water purchase agreement between the CBS and ABWI for a 20-year term.

Action

The GPIIP Board requests that the CBS Assembly approve the recommended water purchase agreements.

Alaska Bulk Water Inc.

2211 Elliott Ave, Seattle, Washington Suite 200 98121

Mar.10, 2016

sent by email

Mr. Garry White/GPIP Board of Directors
Gary Paxton Industrial Park
329 Harbor Drive, Suite 212
Sitka, Alaska 99835

Dear Garry/Board Members

Alaska Bulk Water Inc. (ABWI) has been working diligently to meet the financial requirement that its promised to the City last fall to maintain its exclusive bulk water contract. Alare and Langenburg Technologies have recently signed an agreement for supplying power using its proprietary technology that is worth many hundreds of millions of dollars. Unfortunately, this money will not be available to Alare until the first of the month outside of tomorrow nights meeting. Hence, Alare cannot fund ABWI to make its payment to the City of Sitka in the necessary time frame.

ABWI is asking the GPIP Board to consider the following:

1. ABWI has made payments of \$1.35 million to the CBS for prepaid water purchases. This amounts to 135 million gallons of water. ABWI would like to be able to sell at least this amount of water immediately. To do so, will require a modified contract with ABWI which permits ABWI to be able to sell the water it has paid for and as much as 1 billion gallons per year for other customers. ABWI has constructed the loading station and has valid customers to begin shipping water. It would be to the City's benefit to allow ABWI to begin shipping water. ABWI would have a non exclusive contract and the city may issue other bulk water contracts, if it so desires.
2. Loading Station – ABWI constructed a loading station for bulk water at a cost of over 1 million dollars last year. ABWI agreed to the modifications requested by the City Administrator in January. ABWI further offered to assist the City in its plans for a general purpose dock that could also service bulk water. As a good faith gesture, ABWI also gave the CBS the bottom profiling in Silver Bay that ABWI paid \$43,000 in constructing the bulk water loading station. ABWI requests that the tidelands lease for the bulk water loading station stay in place. ABWI agrees to make the use of the loading station available for any other vessels which may wish to load bulk water. ABWI will charge a reasonable fee for loading any other vessels with bulk water. By allowing ABWI to maintain the loading station, any new users would not have to construct a new facility.

Supplying the purest water on earth...

Alaska Bulk Water Inc.

2211 Elliott Ave, Seattle, Washington Suite 200 98121

ABWI has worked with the CBS for 10 years and has done all in its power to make the shipment of bulk water from Sitka a success. The Loading Station was constructed to fill bulk water ships. The plans are not in conflict with the City. ABWI has developed a shipping partner in Prisma Shipping to meet the shipping needs of bulk water. ABWI has also worked with its customers to develop infrastructure on the receiving customer's sides. Funding was recently approved with ABWI's customer in California to build tanks and a distribution system for bulk water. Similar plans have been developed in Mexico and with ABWI's other customers. In short, and ironically enough, ABWI now is ready to start shipping water but lacks a bulk water contract. It is unfortunate that the obligation of \$1 million that ABWI created could not be met within the contract time frames. ABWI is confident that it will receive funds soon to be able to complete a number of related projects that it contemplates in the GPIIP. We only hope there will be an opportunity to do so.

Yours truly,

Terry Trapp
CEO ABWI

Supplying the purest water on earth...

Alaska Bulk Water Inc.

2211 Elliott Ave, Seattle, Washington Suite 200 98121

April 26 2016

sent by email

Mr. Garry White/GPIP Board of Directors
Garry Paxton Industrial Park
329 Harbor Drive, Suite 212
Sitka, Alaska 99835

Dear Garry/Board Members:

As a follow up to the motion made at the last GPIP Board meeting of April 7, 2016 regarding ABWI's bulk water purchase agreement and tidelands lease, ABWI wishes to respond in a counter proposal. ABWI proposes that it have a bulk water contract for 1 Billion gallons annually with a term the same as its last agreement amendment no.6. In the contract ABWI would have 3 years to ship 50 million gallons of water in order to maintain its contract. ABWI would pay \$ 100,000 as a payment for bulk water at the price of \$.01 per gallon. The past amounts paid to the CBS of \$ 1.35 million would be also preserved as credits for water purchases. ABWI will also bid separately for more water per the RFP for bulk water.

Regarding the loading station that ABWI constructed to load bulk water, ABWI proposes that a tidelands lease be issued to ABWI either separately or in conjunction with a new bulk water contract. ABWI agrees that it will load any other vessels who are authorized by the CBS for bulk water sales. ABWI will perform the loading, subject to the specifications of its loading station, at a cost of \$.002 per gallon for water loading on board a vessel.

Terry Trapp

CEO- ABWI

Supplying the purest water on earth...



REQUEST FOR PROPOSALS/INTEREST BULK WATER SALES



**REQUEST FOR PROPOSALS
By the City and Borough of Sitka, Alaska and
The Gary Paxton Industrial Park Board of Directors
Selection of a private entity(s) to purchase and export raw water from Sitka.**

Proposals will be received at the Office of the Municipal Clerk, City Hall, City and Borough of Sitka, 100 Lincoln Street, Sitka, Alaska 99835 until 2:00 P.M., May 5th, 2016. The time of receipt will be determined by the Municipal Clerk's time stamp. Proposals received after the time fixed for the receipt of the bids may not be considered.

For Proposal Specifications and Evaluation Criteria contact:

City and Borough of Sitka
Gary Paxton Industrial Park Director
329 Harbor Drive, Suite 212
100 Lincoln Street, Sitka, Alaska 99835
(907) 747-2660
garrywhite@gci.net

Additional information regarding this raw water asset is available upon request.

The City and Borough of Sitka reserves the right to accept or reject any and/or all proposals, to waive irregularities or informalities in the proposals, and to negotiate a contract with the respondent that best meets the selection criteria.

Dated this ____ day of _____, 2016.

CITY AND BOROUGH OF SITKA

Mark Gorman, Municipal Administrator

CITY & BOROUGH OF SITKA, ALASKA

Summary

The City and Borough of Sitka, Alaska (CBS) is requesting proposals and/or bids from companies or individuals wishing to purchase high quality fresh, raw water for bulk export. The annual amount of water available for bulk export is 23,938 acre feet (7,800,257,957 gallons). The source of the water is the Blue Lake Reservoir, a body of water fed by mountain spring, snowmelt and rain precipitation. Blue Lake water is nearly pure in its natural state, and Sitka is not required to filter the water prior to purification and distribution to the consumer. The water that we sell for bulk water export is in its raw, untreated state. A complete chemical analysis of the water is available upon request. In addition, 2,228 acre feet (725,996,028 gallons) of water has been set aside for potential bottled water businesses.



Blue Lake Reservoir – Sitka, Alaska

Introduction

Over the past decade, there has been increased interest in bulk water export. The City and Borough of Sitka is in a unique position to provide the right company(s) an opportunity to acquire high quality fresh water in bulk export volume. Sitka has secured rights to export its water and has a bulk water pipeline from the water source to the shoreline of Silver Bay already in place. The pipeline is located within an industrial park with its terminus next to an area of the Bay that is suitable for a deep water docking facility.

Background

In 1953, Alaska Pulp Corporation began construction on a paper mill at a location called Sawmill Creek on Silver Bay. The Blue Lake dam was constructed on Sawmill Creek to provide both process water and hydro-electricity. In 1993, the mill was closed and in 1999 the plant was demolished and the remaining land, buildings, dam and lake were donated to the City of Sitka. At the same time, the CBS established the Gary Paxton Industrial Park at the former mill site and appointed a five member Board of Directors.



Gary Paxton Industrial Park - 2010

Since taking ownership of the property, the CBS has received nearly \$10 million in federal grant money to replace the original water, sewer and electrical systems in the Park. In 2014, the Blue Lake dam was raised an additional 83' increasing hydro-electric capacity to an annual average of 98,000 Megawatt hours.

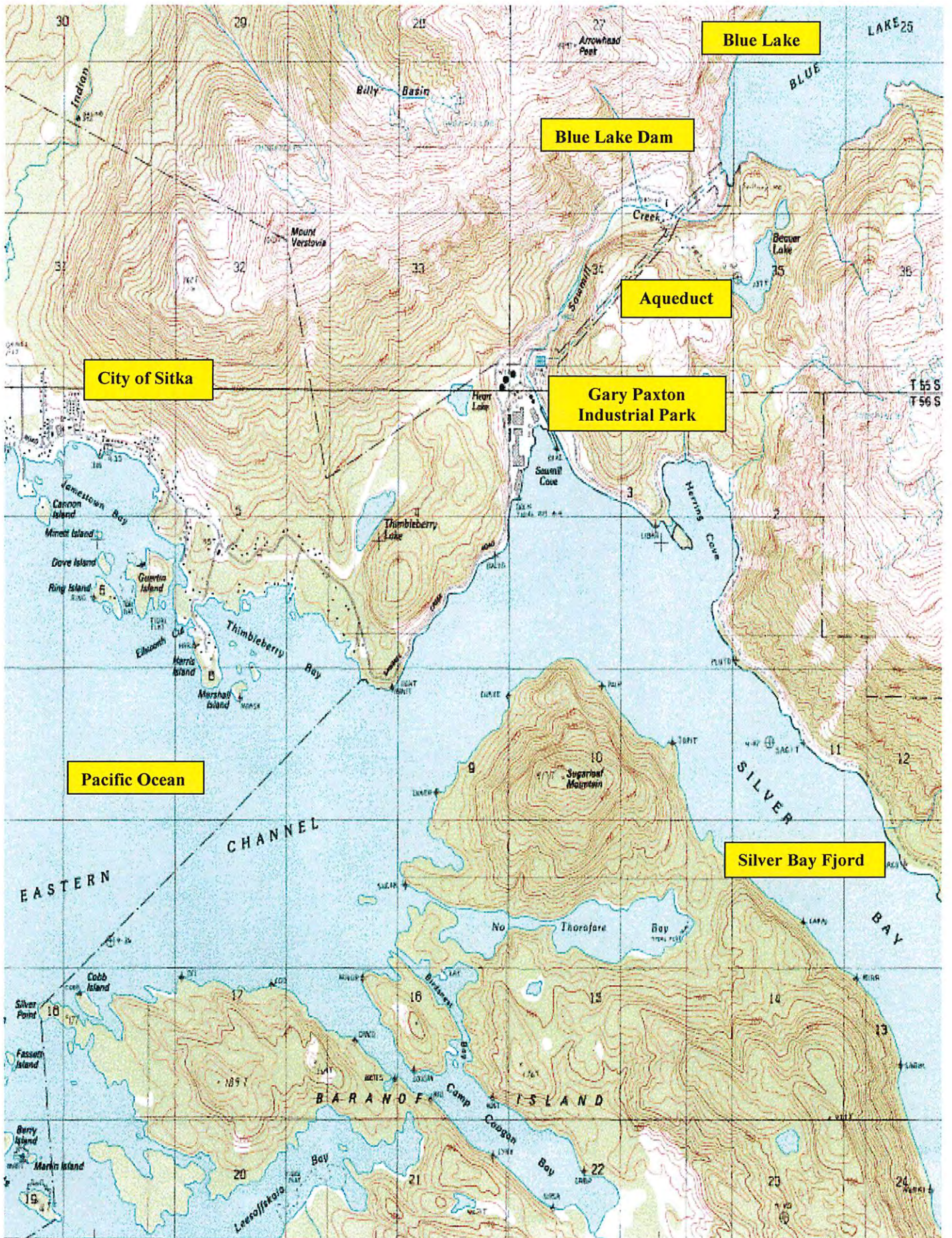
Silver Bay is a large ocean bay where the Park is located. The water depth is sufficient to accommodate a deep-water bulk tanker ship or barge. Currently there is no dock or moorage for a ship. However, the CBS is considering acquisition and installation of a floating pontoon dock that would be able to accommodate a small Panamax sized vessel. Limited moorage for a barge is available now. An amount of waterfront land to support a dock has been set aside at the Park for this purpose and is available for long-term lease.

The Park is a suitable site for development of an ice-free deep-water port, with access to the Great Circle Trade route and Pacific Rim markets.

Location of Sitka, Alaska

Sitka is located on the Pacific Rim, in Alaska's Alexander Archipelago on the outside of Baranof Island (Latitude 57.053N Longitude 135.330W), just 237 nautical miles from the Port of Prince Rupert.





Blue Lake

Blue Lake Dam

Aqueduct

City of Sitka

Gary Paxton Industrial Park

Pacific Ocean

Silver Bay Fjord

Water Rights

Sitka has a unique water right that allows the exportation of bulk water. The water being offered is controlled by the following certificates of appropriation granted by the State of Alaska:

Original #	Transfer, if Any	Owner of Right	Water Use
ADL 43826	LAS 19669	City of Sitka	Available for Export
ADL 43826	ADL 43826	City of Sitka	Available for Export

Under conditions set forth in the water rights certificates listed above, maximum water delivery per 24-hour period has been set at 33.6 million gallons for both bulk-water and bottled water uses.

Water Quality

Blue Lake is a remote lake with absolutely no development, ranching or farming on its shores or in the water shed. The lake is fed by mountain spring, snowmelt, rain (95" per year) and glacier-melt. The water is unusually pure and of good taste. The City supplies drinking water to its citizens meeting surface water treatment rules without filtration. A complete chemical analysis of the water is available. The water being offered for bulk export is raw, un-treated water.

Bulk Water Pipeline

The City and Borough of Sitka has completed the construction of a high volume, large diameter water line that is specifically designed to serve bulk water exports. The pipeline delivers untreated fresh water to the ocean shoreline at Gary Paxton Industrial Park.

The pipeline has been constructed to drinking water standards in order to make it available as an alternate water transmission main for the community of Sitka in case of failure of the Blue Lake water treatment plant. The line also supplies water to the NSRAA hatchery located within the Industrial Park.

Loading of Water

There is no existing dock currently suitable for holding a ship for the purpose of loading water. The Gary Paxton Industrial Park has both uplands and submerged lands suitable for the construction of a deep-water dock or berth, and the CBS is drafting an RFP for the acquisition and installation of a floating pontoon dock that would accommodate a Panamax sized vessel. However, there is no guarantee this project will be completed, and a suitable dock may have to be constructed at the water exporter's cost.

Transportation

Sitka is served by two tug and barge lines that transport freight. In addition, other marine transportation lines based in Alaska and Seattle, Washington frequent Alaska waters with marine transportation equipment. Silver Bay is deep enough to accommodate the draft of a barge, bulk-carrier ship or tanker ship. It is up to the business interested in exporting bulk water from Sitka to determine the best method of transportation.

Proposal Guidelines

1. **Closing(s)**: This request for proposals/interest shall remain open until 2:00 pm Alaska time, May 5, 2016.
2. **Pre-Purchased Water Credits**: In order to execute a water purchase contract, a deposit toward non-refundable, pre-purchased water credits must be made to the City of Sitka. The proposal should include the US dollar amount of deposit. There is no minimum deposit amount, but the offered deposit will become an important point for consideration and negotiations by the City. Funds deposited are non-refundable, but shall be applied as credits toward water purchases as long as the water purchase contract remains in effect. If, for any reason, the contract is terminated any remaining water credits shall be retained by the CBS.
3. **Water Price**: The proposal should include a proposed US dollar amount per gallon purchased. There is no minimum amount per gallon but the offered price will become an important point for consideration and negotiations by the City. Historically, the water purchase price has been set at \$0.01 per gallon based on delivery to the end of the bulk water pipeline.
4. **Water Quality**: The City makes no warranty as to the quality of water sold. The City has no control and thus no responsibility as to handling of the water once it is delivered from the end of the bulk water pipeline.
5. **Volume**: Proposals can be for any volume of water desired within the water rights listed above. The City has a total of 23,938 acre feet of water available for bulk export per year.
6. **Contract Term**: The term of the proposal can include option contracts for up to three years or purchase agreements for up to 20 years. Purchase agreements will require the first shipment of water, in a volume of not less than 50 million gallons, to occur within 12-36 months of the contract commencement date. Proposer should provide a timeframe of when the first shipment of water will occur. If no water is shipped, unless otherwise agreed by the City, the deposit for pre-paid water credits will be forfeited and the contract made null and void.
7. **Water Volumes Guaranteed**: In order to ensure the contract is held by a viable business and not for speculation purposes, an elastic schedule of water volumes guaranteed under the contract shall be in place and shall be based upon performance with the volume of water guaranteed for annual availability increasing when specific annual export volumes are met.
8. **Delivery, Loading and Transportation of Water in Bulk**: The parties agree that the bulk water export company shall be solely responsible for the costs of acquisition, construction and installation of any structure, facility or vessel beyond the point of delivery which it determines to be required or convenient for the loading and transportation of bulk water delivered to it the CBS, and for initiating and completing such acquisition, construction and installation. All structures and facilities must comply with all Federal, State, and local law, including zoning requirements.
9. **Facilities**:

- a. Design & Construction: The water handling and docking facilities must be designed and constructed in accordance with good engineering practice, able to meet all building codes and have the approval of the City before and after construction.
- b. Location: The City must approve the actual location of the berthing facility.
- c. Land Lease: The City may lease uplands and submerged lands for a dock or any other required infrastructure either to the bulk water purchaser or an agent for the bulk water purchaser, such as a stevedoring or shipping company.

10. Qualifications: The bidder should submit a statement of qualifications with the proposal. The statement must include a brief description of:

- a. Qualifications and financial ability to complete the necessary infrastructure required for loading bulk water.
- b. A business plan to include proposed markets and status of contractual commitment with others for sale and marketing of bulk water.
- c. Experience in the water business of the company and key principals of the bidder.
- d. Other information that will lend credence to the ability of the proposer to carry forward as intended.

11. Water Supply Obligation: Sitka's obligations to supply water are subject to the following limitations:

- a) Notwithstanding any other provision of a contract for the export of raw water in bulk, the CBS shall retain first right and priority to water required for its municipal drinking water supply system and its municipal hydroelectric system, and it may suspend or limit raw water deliveries in bulk in order to meet the requirements of its municipal drinking water and hydroelectric systems.
- b) The CBS will abide by the 1992 Blue Lake Watershed Control Plan as approved by the U.S. Environmental Protection Agency and described in City and Borough of Sitka Ordinance No. 92-1091.
- c) The CBS may temporarily suspend raw water deliveries in bulk in order to perform routine maintenance on its municipal drinking water, hydroelectric and/or water delivery systems, provided that the CBS shall give not less than 60 days prior notice of any such planned suspensions.
- d) The CBS shall be relieved of its obligation to deliver raw water in bulk in the event of an interruption in water supply due to Force Majeure, or due to unforeseen circumstances that require repairs to or reconstruction of the municipal drinking water, hydroelectric systems, water delivery system, or other of Sitka's facilities, to the extent that the availability of raw water in bulk for delivery per any contract is adversely affected, and for so long as is required to effect such repairs or reconstruction, for such time as is necessary to address such circumstances.
- e) The volumes of CBS's raw water deliveries in bulk for export are subject to the CBS's overriding obligation to comply with all of the conditions contained in Water Appropriation Certificates ADL 43826, LAS 19669, and LAS 20526, including compliance with the rule curve and the support of spawning, incubation, and rearing of certain species of fish in Sawmill Creek and Blue Lake. Interpretation of applicable

requirements and the means used to achieve compliance with such requirements shall be in the CBS Administrator's sole discretion.

- f) In the event the CBS is relieved of its obligation to make agreed quantities of water available to a bulk water exporter for reasons noted in this paragraph or due to Force Majeure or due to unforeseen circumstances, then any bulk water export company's obligation to take delivery of and to export water shall be reduced to the volumes actually delivered by the CBS during that period of time and the time for any bulk water export company's performance shall be extended for a period equal to the period of time that the CBS has been so relieved of its obligation.

Proposal Format and Content

- A. Letter of Transmittal
- B. Narrative
1. Brief description of the company including its experience, the experience of its key individuals, and its ability to finance this project. Brief resumes of the Developer(s), managers and operational personnel.
 2. Provide a concept level business plan to include proposed markets and status of contractual commitment with others for the sale and marketing of bulk water
 3. Provide a concept level description of any required uplands facilities and/or submerged tidelands that includes the square footage required and proposed use(s).
 4. Provide your proposed purchase price for the water and the amount of your proposed pre-purchase water credit deposit.

Submit six (6) copies of the completed Proposal in an opaque envelope marked as follows:

Municipal Administrator
City & Borough of Sitka
Office of the Municipal Clerk
City and Borough of Sitka
100 Lincoln Street; Sitka, Alaska 99835

Evaluation Criteria and Selection Process

A selection committee consisting of the Gary Paxton Industrial Park Board of Directors and the Municipal Administrator for the CBS will evaluate the proposals and make a recommendation to the Borough Assembly.

The committee will use the following criteria in deriving a numerical score for each proposal:

1. Qualifications, Financial Ability & Experience. From the proposal and from your own knowledge of this firm, give from 1 to 20 points with the best score as 20.
2. Concept Plan. Does the concept plan express an understanding of the requirements of the proposal and the basic business model for exporting bulk water? Score from 1 to 15 points.

3. Rates Bid. What is the offered non-refundable deposit for pre-purchased water credits? And what is the per gallon price bid for the purchase of raw water in bulk. Score from 1 to 25 points
4. Uplands/Tidelands Required. Does the proposal define the size of uplands and/or tidelands that are required and at what rate the Developer(s) is willing to lease both submerged and uplands? Score from 1 to 10 points.
5. Confidence in Developer(s). This is a judgement call based upon the subjective experience of the evaluator. Score from 1 to 20 points.
6. Ability to Meet Project Schedule. Does the proposal clearly reflect that the Developer(s) can meet a contract deadline that requires export of at least 50 million gallons of raw water within the initial 36 months of an executed contract? Score from 1 to 10 points.

TOTAL POSSIBLE POINTS = 100

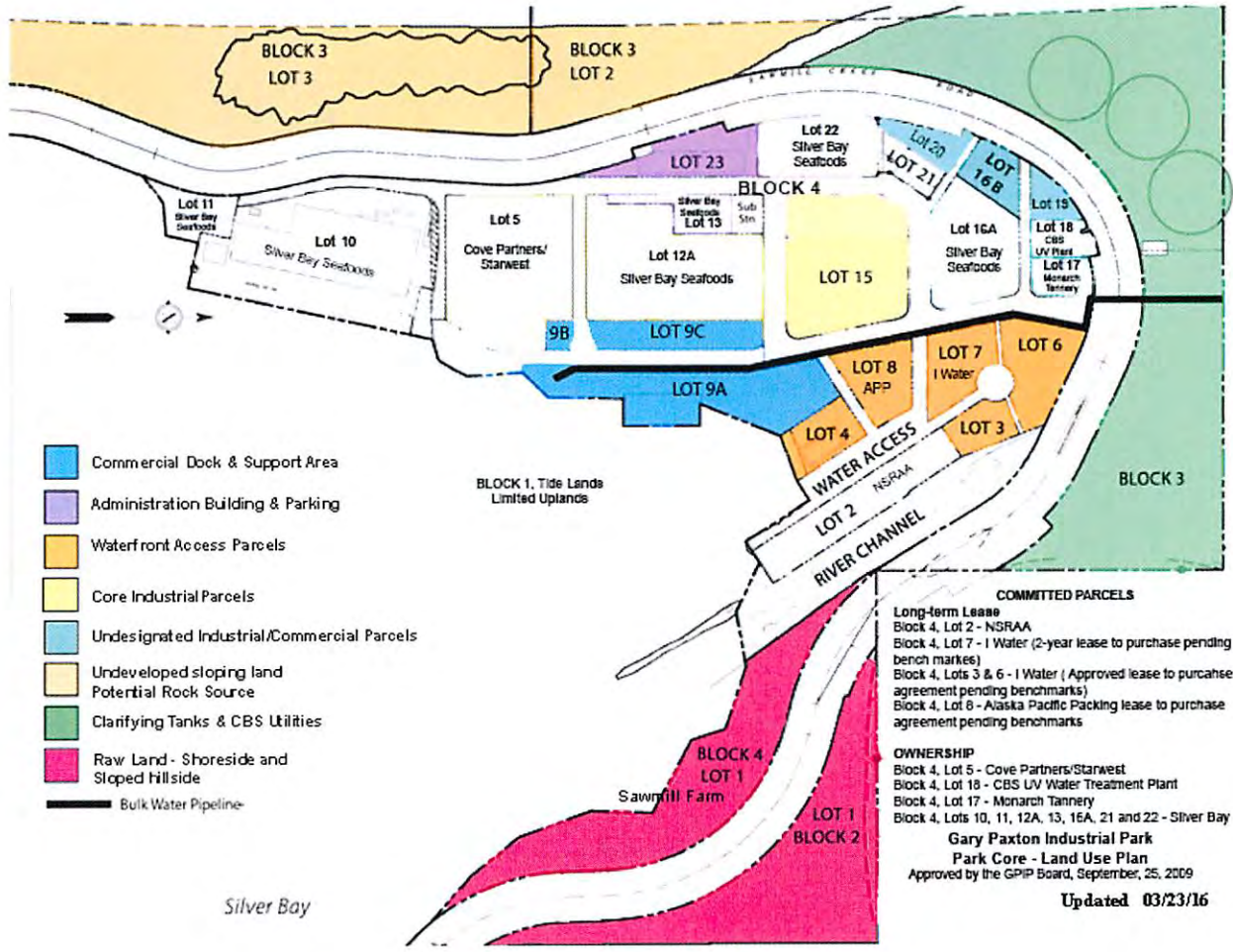
SCHEDULE

GARY PAXTON INDUSTRIAL PARK

- Proposals due 2:00 PM (Alaska Time) Date: May 5th, 2016
- Gary Paxton Board Selection May, 2016
- Assembly Approval of Water Purchase Agreement May-June, 2016

For more information about this proposal, Blue Lake, the City and Borough of Sitka or the Gary Paxton Industrial Park, please find the following web sites: www.sawmillcove.com and www.sitka.net You may also wish to call:

Garry White, Executive Director
Gary Paxton Industrial Park
329 Harbor Drive #212
Sitka, Alaska USA 99835
(907) 747-2660



- Commercial Dock & Support Area
- Administration Building & Parking
- Waterfront Access Parcels
- Core Industrial Parcels
- Undesignated Industrial/Commercial Parcels
- Undeveloped sloping land
- Potential Rock Source
- Clarifying Tanks & CBS Utilities
- Raw Land - Shoreside and Sloped Hillside
- Bulk Water Pipeline

COMMITTED PARCELS

Long-term Lease
 Block 4, Lot 2 - NSRAA
 Block 4, Lot 7 - I Water (2-year lease to purchase pending bench marks)
 Block 4, Lots 3 & 6 - I Water (Approved lease to purchase agreement pending benchmarks)
 Block 4, Lot 8 - Alaska Pacific Packing lease to purchase agreement pending benchmarks

OWNERSHIP
 Block 4, Lot 5 - Cove Partners/Starwest
 Block 4, Lot 18 - CBS UV Water Treatment Plant
 Block 4, Lot 17 - Monarch Tannery
 Block 4, Lots 10, 11, 12A, 13, 16A, 21 and 22 - Silver Bay

**Gary Paxton Industrial Park
 Park Core - Land Use Plan**
 Approved by the GPIP Board, September, 25, 2009

Updated 03/23/16

Alaska Bulk Water Inc.

2211 Elliott Ave, Seattle, Washington Suite 200 98121

April 29, 2016

City and Borough of Sitka and
Mr. Garry White/GPIP Board
329 Harbor Drive, Suite 212
Sitka, Alaska 99835

Dear Garry/Board Members

Please find enclosed 6 copies of Alaska Bulk Water Inc.'s response to the RFP for bulk water sales. While this response is for ABWI and an allocation of 1 billion gallons of water annually, the deposit payment for this amount will be made by Artic Blue Waters, Inc. who is seeking the remainder of the available water. Artic Blue will submit their own response to the RFP. ABWI and Artic Blue are seeking separate bulk water contracts from the CBS and will operate independently of each other. ABWI has agreed to use its loading station to load bulk water into Artic Blues ships. Artic Blue has agreed to pay the loading fee of \$.002 per gallon that ABWI will charge for this service.

We ask that the CBS award both ABWI and Artic Blue Water Inc. long term bulk water contracts in consideration for the respective proposals and offered amounts.

Yours truly,

Terry Trapp

Terry Trapp
CEO ABWI

Copy to:

Fred Paley
President Artic Blue Waters Inc.

Supplying the purest water on earth...

Alaska Bulk Water Inc. proposal To City and Borough of Sitka
For Bulk Water
April 29, 2016
Prepared by T. J. Trapp

Company Description

Overview/Background

Alaska Bulk Water Inc. has had a relationship with the city of Sitka since 2003. In January 2003 the company operated as True Alaska Bottling Inc. (TAB) and produced bottled water in the Sawmill Cove Park for six years. TAB was unable to compete with the low cost providers of bottled water and suspended operations in 2009. In 2006, TAB worked with the City of Sitka to develop a contract for exporting bulk water. TAB signed a contract with the CBS for bulk water and has maintained a bulk water contract with the CBS for the past 10 ten years. TAB acquired a new investor and established Alaska Bulk Water Inc. (ABWI) in 2012 for the sole purpose of selling bulk water. Over the last 10 years, TAB/ABWI has paid the CBS \$1,350,000 for the purchase of bulk water. ABWI has a solid 10 years of experience in the development of prospective markets and the requirements to successfully ship water to other countries as well as the USA. The company has learned a great deal about all the potential markets for bulk water through direct contacts with potential users as well as agents that have unique relationships with the water stressed countries.

The company has spent considerable time and effort in developing relationships with shipping companies such as Hellespont Shipping in Germany and Prisma Shipping which has US headquarters. Shipping of bulk water is unique in that it requires food grade hulls, pumps, and piping. While smaller vessels exist for shipping food products such as juices and palm oils, larger vessels will have to be built or converted to meet the needs of potable bulk water. Prisma Shipping has committed to build the necessary bulk water transport ships for ABWI's customers and has obtained funding to meet this need.

Also, ABWI has invested significant resources to assist potential customers develop the necessary infrastructure to be able to accept the discharge of tanker vessels and store the water for eventual use. To this end, ABWI has a customer in Mexico who is developing offloading and storage facilities on Mexico's West Coast for 18 million gallons of storage. Similar plans have been proposed and are under consideration in the Middle East.

The company obtained sufficient customers and prospects that encouraged it to acquire the necessary permits and leases to construct a bulk water loading station in at the GPIIP which connects to the City's bulk water pipeline. This construction was completed last year and was completed at a cost of over \$ 1,000,000. The plans for this bulk water loading station were done with the approval of the CBS and with consideration for integration with the City's plans for a multi-use dock at the GPIIP. ABWI hopes to utilize

Business Plan Concept

Overall Business Plan

ABWI's bulk water business strategy is a continuation of the plans that have been put in place over the last 10 years. ABWI has developed both direct contacts for the marketing of bulk water domestically and internationally. The Company has developed agent contracts and relationships with 10 companies worldwide which cover all the water stressed areas of the world. These companies were ready to sign customer contracts until ABWI's contract became in default with the City of Sitka in December, 2015. ABWI believes that this business is still available and will pursue all of these opportunities as soon as the company has a bulk water agreement that it once again can use to contract with customers. ABWI plans on using its loading station to supply its bulk water customers as well as any other customers that may require loading of bulk water in Sitka.

Markets /Customers

ABWI will focus its efforts on industrial customers with which it has direct business relationships with through its sister company, Alare Inc. Through its relationships with customers who own or service oil platforms in the Gulf of Mexico, ABWI will bring bulk water through the Panama Canal in Panamax or smaller vessels supplied by Prisma Shipping. The vessels will be destined for centralized oil platforms in the Gulf which require fresh water for drilling operations and for the crews that live on the platforms. ABWI has identified over 800 platforms as potential customers for bulk water. ABWI believes this is a very viable business because the bulk water ships can tie up to the oil platforms themselves and there are already water storage tanks on these platforms. Smaller vessels can also be offloaded from the bulk water carrier ship and deployed to other platforms. All of this infrastructure is in place and has been in use for many years. The unique relationships of ABWI's sister company, Alare Inc. is what will make this happen. This solves one of the biggest barriers to entry in the bulk water business, namely infrastructure on the receiving customers side to be able to accept the water and both store it and use it immediately. The company is looking at other potential industrial users that have infrastructure that can accept a bulk water vessel.

ABWI has some industrial prospects on the domestic side in California that may become very viable customers as well. The main requirement that ABWI is seeking is the ability to accept the discharge of water and put it to immediate beneficial use.

For some years, ABWI has been marketing bulk water in Mexico. At the present time, one of ABWI's customers, Gnternational Financial Consulting is in the process of joining efforts with another company to develop a large storage facility on the West coast of Mexico and install pipelines for use by bottlers and Mexican Beer companies. The facility they have chosen has a deep water port and land is available for the tank farm

being loaded. The system can be re-deployed in about week and readied for use. The company desires to purchase a tug and barge to serve at the seaward side for loading. The manifold to breakdown the 24 inch pipeline into 4 smaller lines with individual hoses is ready, but the company must acquire a barge to be used as a permanent platform for the manifold and a workplace to perform the actual loading. This is for safety reasons as well as operational considerations. ABWI has identified potential equipment for a tug and barge but cannot proceed until a new bulk water contract and tidelands lease is secured. ABWI estimates this will be an additional capital outlay of about \$ 700,000. The company is prepared to fund this equipment contingent on long term bulk water and tidelands lease contracts. ABWI suggests that the same rate apply to a new tidelands lease as ABWI paid the CBS in 2015.

Rates Bid

ABWI proposes to purchase bulk water from the CBS at the rate of \$.01 per gallon. ABWI is joint bidding the bulk water in the following fashion. ABWI is seeking a long term contract of 1 billion gallons per year. Arctic Blue is seeking the balance of the available water for its own use. ABWI and Arctic Blue have an agreement for these respective amounts. Arctic Blue will pay the city of Sitka \$ 1,000,000 for the benefit of both ABWI and Arctic Blue. Each company would receive its respective water credit. Each company seeks a long term contract (20 years) with the CBS. The requirement to ship 50,000 million gallons in the first 12-36 months will be satisfied by the collective shipments of both companies. That is, if both companies ship a total of 50 million gallons in 36 months, then this requirement is satisfied. The prepayment will be proportionately divided as water credits for the benefit of each company. ABWI asks that the money it has spent on water credits to CBS of \$ 1,350,000 be carried forward in its new contract.

ABWI and Arctic Blue are operating at arms length and not as a joint entity. Both companies will pursue their own bulk water opportunities. Arctic Blue and ABWI have agreed that ABWI will load Arctic Blues water vessels at the rate of \$.002 per gallon.

Summary

ABWI and Arctic Blue have more experience with the bulk water business than anyone else in the world. Both companies understand what is required to market, ship and ensure that that bulk water can be unloaded and used on a continuous basis. ABWI has agreed to load the Arctic Blue vessels at a rate that is acceptable to Arctic Blue. That both companies would have a separate allocation of water meets the desires of the CBS for diversity of suppliers. The offered rate of \$.01 per gallon is consistent with past purchases. Competition from other water sources in the world reveal rates much lower than \$.01 per gallon. However, both ABWI and Arctic Blue feel they can obtain customers at this rate for the benefit of the CBS. The offered deposit of \$ 1,000,000 is commensurate with past bids for the water. Both ABWI and Arctic Blue request that this offer be accepted so that the shipment of bulk water from Sitka can become a reality.

**PURCHASE AGREEMENT
FOR RAW WATER
IN BULK FOR EXPORT**

BETWEEN:

City and Borough of Sitka
100 Lincoln Street
Sitka, Alaska 99835

AND

Alaska Bulk Water Inc.
4500 Sawmill Creek Road
Sitka, Alaska 99835

1. Term and Documents Comprising this Agreement.

1.1 The initial term of this Agreement shall commence upon Alaska Bulk Water Inc. making a non-refundable payment of \$100,000 to the Administrator of the City and Borough of Sitka (hereinafter referred to as Administrator), and shall end at 11:59 p.m. Alaska Standard Time on June 15, 2026. The City and Borough of Sitka (hereinafter referred to as Sitka) hereby grants to Alaska Bulk Water Inc. (hereinafter referred to as ABWI), the right to purchase raw water in bulk for export, to be delivered to it by Sitka from the Blue Lake reservoir, a water source within Sitka on the terms and conditions set forth herein.

1.2 At the conclusion of the initial term of this Agreement, each of three additional terms of five (5) years each for extension of this Agreement may be exercised upon the consent of both parties. ABWI must notify the Administrator in writing no later than four (4) months before the end of the initial Agreement period of its desire to add an additional five-year term, and shall thereafter notify the Administrator no later than four (4) months prior to the expiration of each exercised additional term of its desire to exercise the next five-year time period. If ABWI does not timely notify the Administrator in writing, the Agreement shall terminate at the expiration of the then-current contract term. Sitka's bulk raw water price is subject to re-negotiation before the commencement of each additional term. If said price is not agreed, the Agreement shall terminate at the expiration of the then-current contract term. Either party may decide to not implement any additional term for any reason, in its sole discretion.

1.3 The Agreement consists of the 23 sections in this Agreement plus Appendix A (a map), Appendix B (the "Prospective Purchaser Agreement Between the State of Alaska and the City-Borough of Sitka for the Former Alaska Pulp Corporation Pulp Mill Property" dated April 28, 1999, including all attachments, which specifically includes "Memorandum of Understanding between the State of Alaska and the City and Borough of Sitka [:] Management Plan for Sawmill Cove Property (Former APC Property)."), and Appendix C (a map of Block 4, Lot 9a).

2. Definitions.

In this Agreement, the following terms shall have the definitions stated:

- a) "acre-foot" or "af" means 325,851 U.S. gallons.
- b) "annually" means 12 consecutive months.
- c) "beneficial use" means the application of water, purchased by ABWI for export or for use at the point of delivery, to a useful purpose, including domestic, commercial, agricultural, wildlife, and recreational uses.
- d) "BG" or "bg" means billions of gallons.
- e) "bulk water" means raw water or potable water sold by Sitka to ABWI under this Agreement, and delivered by Sitka to ABWI in the measured quantities specified in this Agreement.
- f) "deliver" or "to deliver" or "delivered" means Sitka making a specific quantity of water available to ABWI at the point of delivery.
- g) "export" means the transportation by ABWI of bulk water to a destination outside the hydrological unit of the Blue Lake drainage.
- h) "gallon" means one US gallon or 3.785 liters.
- i) Loading means transporting the raw bulk water which is the subject of this Agreement from Blue Lake through pipelines and other conveyances into the ABWI-chartered ship for export outside Alaskan waters.
- j) "MG" or "mg" means millions of gallons.
- k) "MGD" means millions of gallons per consecutive 24-hour period.
- l) "per day" means calendar day starting at midnight.
- m) "per week" means during a period of seven (7) consecutive days.
- n) "per year" means during a period of 12 consecutive months.
- o) "point of delivery" means that physical location at which the Sitka-owned physical facilities and equipment, employed in the transportation of Sitka's bulk water for delivery to ABWI, terminates.
- p) "raw water" means untreated water delivered by Sitka to the point of delivery from Blue Lake via the Blue Lake penstock, a conduit which transports water from Blue Lake to the Blue Lake Powerhouse as shown on Exhibit A.
- q) "rule curve" means the relationship between the elevation of the water surface of Blue Lake and the volume of water contained in Blue Lake, which regulates the reservation of water for fish, wildlife, and habitat protection.

r) "Stage" means a time period in this Agreement that starts 12 months after the effective date of this Agreement; a Stage is composed of one or more 12-month periods, with each 12-month period starting on the anniversary of the day the Stage begins.

s) "Stage Anniversary Date" means the day starting a 12-month period in a Stage.

t) "ton" means one US short ton or 2,000 pounds.

u) "unforeseen" means an exceptional event, not contemplated by the parties in negotiating this Agreement. Performance made more difficult or expensive than expected is not "unforeseen." The burden of proving that an event is unforeseen is on the party that advances it as a reason for non-performance.

v) "water rights" means those rights to the beneficial use of water which are held by Sitka under certificates of appropriation issued by the State of Alaska pursuant to Alaska law.

3. Water Volumes Contracted by ABWI from Sitka.

3.1 Sitka will make available to ABWI a total of 3,069 acre-feet of raw bulk water for a period of 36 months after the effective date of this Agreement. At the conclusion of the 36-month period described in the previous sentence, ABWI's access to such water will be governed by the stages set out in Subsection 3.2 of this Agreement, provided that ABWI has met the minimum export volumes set out in Section 3 (this Section) of this Agreement. During the 36-month period immediately after the effective date of this Agreement, ABWI must take delivery of and export at least 50 million gallons of raw bulk water. If ABWI does not take delivery of and export at least 50 million gallons of raw bulk water from Sitka pursuant to this Agreement in the first 36 months after the effective date of this Agreement, this Agreement shall, at Sitka's election, terminate and expire without further action by Sitka on the forty-fifth (45th) day after ABWI's receipt of the Administrator's notice to ABWI by certified mail that ABWI has failed to comply with Paragraph 3.1, unless within said 45-day period, ABWI cures its failure to take delivery of and export at least 50 million gallons of raw bulk water from Sitka.

3.2 The Stages described in this subsection start 36 months after the effective date of this Agreement. The maximum quantity of raw water in bulk available for export by ABWI from Sitka under this Agreement and the minimum export requirements are set forth below as follows:

Contract Increment Stages	Maximum Water Delivery per 24-Hour Period	Acre-Fect Available Annually	Minimum Export Required to Move to Next Stage	Minimum Export Required to Remain at Stage	Required Period of Performance
Stage 1	33.6 MG	1,000 af	230.2 af (75mg)	153.4 af (50mg)	12-month period
Stage 2	33.6 MG	2,000 af	306.9 af (100mg)	230.2 af (75mg)	12-month period
Stage 3	33.6 MG	4,000 af	920.7 af (300mg)	306.9 af (100mg)	12-month period
Stage 4	33.6 MG	10,000 af	3,068.9 af (1bg)	920.7 af (300mg)	12-month period

Stage 5	33.6 MG	() ¹	N/A	3,068.9 af (1bg)	12-month period
---------	---------	------------------	-----	------------------	-----------------

Stage 1: Stage 1 begins 36 months after the effective date of this Agreement. Sitka will make available to ABWI not less than 1,000 acre-feet (325.8 MG) of raw bulk water in a 12-month period in Stage 1. To remain at Stage 1 for a 12 month-period starting on the Stage Anniversary Date of Stage 1, ABWI must have taken delivery of and exported from Sitka a minimum of 153.4 af (50 MG) of raw bulk water within the 12-month period immediately preceding the most recent Stage Anniversary Date of Stage 1. If ABWI does not take delivery and export the said minimum, this Agreement shall, at Sitka’s election, terminate and expire without further action by Sitka on the forty-fifth (45th) day after the Administrator gives notice to ABWI by certified mail that ABWI has failed to meet such requirement, unless within the 45-day period ABWI cures such failure as determined by Sitka in its sole discretion.

Stage 2: ABWI shall take delivery and pay for a minimum of 230.2 acre feet of raw bulk water within a 12-month period during this Stage. If ABWI takes delivery of and exports a total of at least 230.2 acre-feet (75 MG) of bulk water in a 12-month period, then the amount of raw bulk water Sitka will make available for delivery to ABWI will be increased to 2,000 acre-feet of water in a 12-month period, provided at that time that the Administrator has determined in his/her sole discretion that Sitka still has adequate water quantities available and uncommitted. To remain at Stage 2 for the next 12 months ABWI must have taken delivery of and exported from Sitka at least 230.2 af (75 MG) within the 12-month period immediately preceding the most recent Stage 2 Anniversary Date. If ABWI does not meet the requirement to remain at Stage 2 set out in the previous sentence, ABWI shall revert to Stage 1 thereby establishing a new Stage 1 Anniversary Date.

Stage 3: ABWI shall take delivery and pay for a minimum of 306.9 acre feet of raw bulk water in a 12-month period during this Stage. If ABWI takes delivery of and exports a total of at least 306.9 acre-feet (100 MG) of bulk water per 12-month period, then the amount of water Sitka will make available for delivery to ABWI will be increased to 4,000 acre-feet per year, provided at that time that the Administrator has determined in his/her sole discretion that Sitka still has adequate water quantities available and uncommitted. To remain at Stage 3 for the next 12 months ABWI must have taken delivery of and exported from Sitka at least 306.9 af (100 MG) within the 12-month period preceding the most recent Stage 3 Anniversary Date. If ABWI does not meet the requirement set out in the previous sentence to remain at Stage 3, ABWI shall revert to Stage 2 thereby establishing a new Stage 2 Anniversary Date.

Stage 4: ABWI shall take delivery and pay for a minimum of 920.7 acre feet of raw bulk water in a 12-month period during this Stage. If ABWI takes delivery of and exports a total of at least 920.7 acre-feet (300 MG) per 12-month period, then the amount of raw bulk water Sitka will make available for delivery to ABWI will be increased to 10,000 acre-feet per 12-month period, provided at that time that Sitka’s Administrator has determined in his/her sole discretion that Sitka still has adequate water quantities available and uncommitted. To remain at Stage 4 for the next 12 months ABWI must have taken delivery of and exported from Sitka at least 920.7 af (300 MG) within the 12-month period immediately preceding the most recent Stage 4 Anniversary

¹ Annual acre-feet available and the minimum amount of water available for export per 12-month period will be determined solely by Sitka at that time based on availability.

Date. If ABWI does not meet the requirement set out in the previous sentence to remain at Stage 4, ABWI shall revert to Stage 3 thereby establishing a new Stage 3 Anniversary Date.

Stage 5: ABWI shall take delivery and pay for a minimum of 3,068.9 acre feet of raw bulk water in a 12-month period during this Stage. If ABWI takes delivery of and exports a total of 3,068.9 acre feet (1 billion gallons) of raw bulk water per 12-month period, then ABWI may request from Sitka additional raw bulk water in a volume to be determined by the Administrator in his/her sole discretion at that time, provided that the Administrator has determined in his/her sole discretion that Sitka still has adequate water quantities available and uncommitted. To remain at Stage 5 for the next 12 months ABWI must have taken delivery of and exported from Sitka at least 3,068.9 af (1 BG) within the 12-month period immediately preceding the most recent Stage 5 Anniversary Date. If ABWI does not meet the requirement set out in the previous sentence to remain at Stage 5, ABWI shall revert to Stage 4 thereby establishing a new Stage 4 Anniversary Date.

3.3 If ABWI fails to take delivery of and export the required minimum volume specified in Stages 2 through 5 within the time periods specified for those Stages as set out in Subsection 3.2, the respective obligations of Sitka to make raw bulk water available, and of ABWI to take delivery of and accept and export such volume shall be reduced to the next lower Stage for the next 12-month period. If ABWI meets the minimum performance requirement of that lower Stage within the time period specified, then the next higher Stage shall again be in effect during the next 12-month period. The date upon which Sitka moves ABWI either up or down from stage to stage will start the 12-month time period anew and create a new Stage Anniversary Date, provided at that time that Sitka still has adequate raw bulk water quantities available and uncommitted for export.

3.4 Notwithstanding any other provision of this Agreement, if raw bulk water delivered by Sitka to ABWI and exported by ABWI falls below 50 million gallons during any period of 12 consecutive month period after the first 36 months after the effective date of this Agreement, this Agreement shall, at Sitka's election, terminate and expire without further action by Sitka on the forty-fifth (45th) day after to ABWI receives notice from the Administrator that ABWI has breached or failed to comply with this Paragraph 3.4, unless within the 45-day period, ABWI cures its failure to take delivery of and export at least 50 million gallons of water from Sitka.

3.5 At no time may ABWI take delivery of raw bulk water at a rate greater than 33.6 MGD or at a rate less than 50 million gallons during the 12-month period after operations have commenced.

4. The Parties' Rights and Obligations Regarding Water Delivered for Export.

4.1. Sitka is entering into this Agreement to sell raw water in bulk pursuant to water to Sitka's water export authority contained in Water Appropriation Certificates LAS 19669 and ADL 43826. Sitka's obligation to deliver water to ABWI in the quantities specified in this Agreement is subject to these conditions and limitations:

a) Notwithstanding any other provision of this Agreement, Sitka shall retain first right and priority to water required for its municipal drinking water supply system and its municipal hydroelectric system, and it may suspend or limit raw water deliveries in bulk to ABWI to meet the requirements of its municipal drinking water and hydroelectric systems. Whether there is a

sufficient volume of raw water available for these purposes shall be decided in the sole discretion of the Administrator.

b) Sitka will abide by the 1992 Blue Lake Watershed Control Plan as approved by the U.S. Environmental Protection Agency and described in City and Borough of Sitka Ordinance No. 92-1091.

c) The Administrator may temporarily suspend raw water deliveries in bulk in order to perform routine maintenance on its municipal drinking water, hydroelectric and/or water delivery systems, provided that the Administrator shall give not less than 60 days prior notice to ABWI of any such planned suspension.

d) Sitka shall be relieved of its obligation to deliver raw water in bulk to ABWI in the event of an interruption in water supply due to circumstances that require repair to or reconstruction of the municipal drinking water, hydroelectric systems, water delivery system, or other of Sitka's facilities. Delivery of raw water in bulk to ABWI may be reduced to the extent necessary to make such repair(s) or reconstruction, and for so long as the Administrator in his/her sole discretion determined is required to make such repairs or reconstruction.

e) The volumes of Sitka's raw water deliveries in bulk to ABWI for export are subject to Sitka's overriding obligation to comply with all of the conditions contained in Water Appropriation Certificates ADL 43826, LAS 19669, and LAS 20526, including compliance with the rule curve and the support of spawning, incubation, and rearing of certain species of fish in Sawmill Creek and Blue Lake. Interpretation of applicable requirements and the means used to achieve compliance with such requirements shall be in the Administrator's sole discretion.

f) In the event Sitka is relieved of its obligation to make agreed quantities of water available to ABWI for reasons noted in this paragraph or due to Force Majeure or due to unforeseen circumstances, then ABWI's obligation to take delivery of and to export water shall be reduced to the volumes actually delivered by Sitka during that period of time and the time within which ABWI is authorized to receive raw bulk water shall be extended for a period equal to the period of time that Sitka has been so relieved of its obligation.

4.2 ABWI agrees and warrants that the raw bulk water delivered to it by Sitka for export shall be put to one or more beneficial uses by it or by its water purchasers. Breach of this warranty shall be a material breach of this Agreement.

4.3 For that portion of the raw bulk water which is made available for human consumption ABWI shall, at ABWI's sole cost, promptly comply with all Government Regulations relating to the condition, use or quality of such water for human consumption. ABWI shall establish staff and maintain an on-site Water Quality laboratory to perform ABWI's obligations under Paragraph 13.3.

5. **[This section deliberately left blank.]**

6. **No Warranty by Sitka of Water Quality or Fitness for a Particular Purpose.**

6.1 SITKA DOES NOT WARRANT THE QUALITY OR FITNESS FOR A PARTICULAR PURPOSE OF ANY WATER CONTRACTED BY IT FOR DELIVERY, AND/OR ACTUALLY

DELIVERED, TO ABWI UNDER THIS AGREEMENT. ABWI ACKNOWLEDGES AND AGREES THAT BEFORE ENTERING INTO THIS AGREEMENT, IT HAS EXAMINED SITKA'S WATER SOURCE, SITKA'S METHODS OF DIVERSION, AND SITKA'S MEANS OF DELIVERY TO ABWI OF THE QUANTITIES OF WATER WHICH ARE CONTRACTED UNDER THIS AGREEMENT, AND THAT IT HAS FOUND ALL SUCH ITEMS ADEQUATE AND SATISFACTORY FOR ABWI'S PURPOSES, INCLUDING HUMAN CONSUMPTION.

6.2 ABWI acknowledges and agrees that Sitka's routine alterations in its hydroelectric operations may produce temporary changes in water quality due to turbidity, and that the occurrence of such events shall not alter or affect ABWI's obligations under this Agreement.

6.3 ABWI acknowledges and agrees that the quality of raw water contracted by Sitka to be delivered in bulk to ABWI for export may vary due to natural events over which Sitka has no control, which include, without limitation, rainfall, drought, snowfall, avalanches and landslides, and that the occurrence of such events shall not alter or affect ABWI's contractual obligations under this Agreement, except that the quantity of water ABWI is obligated to take delivery of and to export shall be reduced to the quantity Sitka can and does make available for delivery to ABWI, as a consequence of an occurrence of any of such natural events.

6.4 ABWI SHALL BE SOLELY RESPONSIBLE AND LIABLE FOR THE QUALITY AND USEFULNESS FOR ANY PARTICULAR PURPOSE, INCLUDING HUMAN CONSUMPTION, OF ALL WATER EXPORTED BY, TRANSPORTED BY, USED BY, OR SOLD BY, OR DELIVERED BY ABWI.

7. Purchase Price for Raw Bulk Water.

7.1 ABWI shall pay the following prices for raw bulk water for export from Sitka:

a. Raw water delivered in bulk to ABWI for export shall be priced at U.S. \$0.01 (one cent) per gallon. The purchase price includes Sitka cargo wharfage charges for bulk water delivered to ABWI's vessel.

b. Raw water delivered by Sitka to ABWI for vessel wash-down, washout and any other non-export application shall be priced at US \$0.005 (one-half of a cent) per gallon. Such quantities shall be separately metered, and shall not be included in the total quantities of raw water delivered to ABWI for export.

7.2 ABWI shall pay for each volume of water loaded no later than fifteen (15) days after the presentation of an invoice by the Administrator to ABWI for such water. Failure by ABWI to make timely payment shall be a material breach of this Agreement and be cause for the Administrator to suspend water delivery to ABWI.

7.3 Beginning July 1, 2021 and every calendar year thereafter, the prices charged by Sitka for raw water delivered in bulk to ABWI under this Agreement will be adjusted by the Administrator based on the "All Items" figure for Seattle, Washington as published in the "Consumer Price Index for All Urban Consumers" (CPI) published the most immediately before January 1 of the calendar year for which prices are being calculated. Notwithstanding the previous sentence, in no event will the CPI adjustment described in the previous sentence exceed + 3.0% nor the adjustment be made if the result of such adjustment would be a decrease in any price charged under this Agreement.

7.4 ABWI shall pay Sitka for the volume of water delivered to ABWI as measured by flow meters owned, operated, and documented by Sitka at or near the point of delivery. One year after the first delivery of water the Administrator shall arrange for an independent third party to calibrate the flow meters after which they will be calibrated every other year during the term of this Agreement.

7.5 The non-refundable payment of \$100,000 made by ABWI to commence this Agreement, and the non-refundable payments of \$1,350,000 previously made by ABWI to Sitka will be credited toward export of water payments over the term of this Agreement.

8. Conditions for Maintaining ABWI's Purchase Right and Obligation; Termination.

8.1 Notwithstanding any other provision of this Agreement, this Agreement shall, at Sitka's Administrator's election, terminate and expire without further action by Sitka on the forty-fifth (45th) day after the Administrator mails notice to ABWI by certified mail that ABWI has breached or failed to comply with one or more of the conditions or requirements of this Agreement, or become insolvent, or abandoned the project unless within said 45-day period, ABWI cures the specified default or defaults to Sitka's satisfaction, as determined by Sitka in its sole discretion.

8.2 Upon termination, all legal rights and obligations as between Sitka and ABWI under this Agreement shall cease, except that ABWI's obligations to Sitka under Sections 13, 14, 15, 16, and 17 of this Agreement shall survive termination.

9. Sitka's Permitting Actions.

The Administrator shall take any and all actions which she/he determines, in the exercise of her/his sole discretion, to be reasonable, necessary, and economically feasible to maintain in good standing any permit, license, certificate, allocation, appropriation or other authorization required for Sitka to fulfill its obligations under this Agreement.

10. Delivery, Loading, and Transportation of Water in Bulk.

10.1 Sitka hereby grants a license to ABWI over a portion of Block 4, Lot 9A consisting of approximately 1,875 square feet as pictorially depicted on Appendix C to use the pipeline and other facilities for loading water which ABWI has constructed in accordance with the following terms and conditions:

- a. The Administrator may inspect the license area at any time. The Administrator shall review the license for compliance with this Paragraph 10 every five years and make recommendations about renewal to Sitka. The license granted herein is revocable at Sitka's sole discretion and shall terminate upon the earlier of completion of the work described in subparagraphs d. and e. of this Paragraph 10 or termination of this Agreement.
- b. The right to keep and maintain currently installed water loading infrastructure within Sitka-owned tidelands is conditioned on ABWI making such infrastructure available for use by any other bulk water export company for a loading fee not greater than \$0.002 per gallon.
- c. ABWI shall completely remove the pipeline and other facilities for loading bulk water, which it has constructed within the license area as depicted on exhibit A, within 6 months of the termination of this Agreement. Any such materials not removed from the license area within 6 months shall be deemed abandoned and become Sitka's property at Sitka's option.

- d. ABWI shall completely restore the license area as depicted on Exhibit A to its original, preconstruction condition to the Administrator's sole satisfaction within 6 months of the termination of this Agreement. Should ABWI failed to restore the license area to the Administrator's satisfaction, the Administrator may contract with third parties to perform the work and ABWI shall pay Sitka for all costs of restoration required to restore the license area to the Administrator's satisfaction.
- e. Should ABWI fail to complete the work described in subparagraphs d. and e. above by the fifth month after termination, it shall provide Sitka a written report describing the work that remains to be done and ABWI's plan for completing that work within the next 30 days.

10.2 ABWI shall be solely responsible for the costs of acquisition, construction and installation, maintenance and repair of any structure, facility or vessel downstream of the point of delivery which it determines to be required or convenient for the loading and transportation of bulk water delivered to it by Sitka, and for initiating and completing such acquisition, construction and installation. All structures and facilities must comply with all Federal, State, and local law, including zoning requirements. Within 30 days of the execution of this Agreement ABWI shall apply for and diligently pursue approval of all of the permits and authorizations required to construct and operate the pipeline and other facilities for loading raw bulk water which it has already constructed within the license area shown on Exhibit A.

10.3 Sitka shall retain the right to own, and operate a raw bulk water delivery pipeline that serves the Gary Paxton Industrial Park. In such event, Sitka may require ABWI to use Sitka's facilities and may change the point of delivery to the point at which Sitka's facilities end. Unless and until Sitka provides such new facilities ABWI shall be fully responsible, at its own cost and expense, for arranging and accomplishing transport of raw bulk water from the point of delivery established by Sitka.

10.4 ABWI shall pay such port vessel dockage fees established by Sitka. SITKA DOES NOT WARRANT THE QUALITY OR FITNESS FOR A PARTICULAR PURPOSE OF ANY DOCK OR WHARF AT SUCH WATERFRONT, AND ABWI MUST ASSURE THE ADMINISTRATOR OF THE FEASIBILITY OF A PARTICULAR USE BEFORE ENGAGING IN SUCH USE.

10.5 ABWI shall be solely responsible for arranging the transportation of all water delivered to it by Sitka for export.

10.6 No later than 30 days before the first delivery of water takes place under this Agreement, ABWI will designate in a writing to the Administrator a local representative as ABWI's continuing personal contact with the Administrator and its subordinate departments, agencies and authorities.

10.7 Sitka's flow meter which is used to calculate the quantities of water delivered to ABWI shall be located near the point of delivery.

11. Ballast Water and Wash Water Discharges.

11.1 ABWI shall comply with all applicable international, federal, state, and local requirements regarding the discharge of any ballast water (including bilge water) or any wastes at all times and as to all vessels traveling to and from Silver Bay and/or Sawmill Cove for the purpose of receiving any raw bulk water from Sitka under this Agreement. Such requirements described in this Section include, but

are not limited to, those in Section IV of the Sawmill Cove Management Plan, which is included in Appendix B.

11.2 ABWI shall comply with all applicable federal, state and local requirements regarding the use and disposal of any raw or treated water delivered to ABWI by Sitka for the purposes of vessel wash-down or washout, or any other non-export application.

12. Water Loading Plan Requirements.

12.1 Before ABWI loads any bulk water delivered to it by Sitka, ABWI shall submit to the Administrator a written Water Loading Plan. This Plan shall be deemed approved by the Administrator unless no later than seven days after its submission the Administrator in his or her sole discretion rejects—or requires ABWI to resubmit—any portion of the Plan. Such action by the Administrator shall be in a writing to ABWI that states the deficiency. Sitka shall deliver no bulk water to ABWI and ABWI shall not load any bulk water delivered to it by Sitka as long as any portion of the Plan has been rejected and not approved after re-submittal. ABWI shall submit a separate Water Loading Plan at least ten (10) days before each loading of bulk water under this Agreement.

12.2 The Water Loading Plans required by this section shall address administrative, environmental, and logistical matters related to the loading of water. The issues and items to be addressed in each Water Loading Plan shall include, without limitation, each of the following:

- a) identify and provide information requested by the Administrator regarding any vessel to be used by ABWI in the loading or transport of raw bulk water;
- b) steps to be taken to insure the safety of persons in any way involved in the loading of bulk water;
- c) certification that ABWI has a Contingency Plan that meets all of the requirements of State law applicable to the vessel that is being loaded;
- d) steps to be taken to insure the safety of the public before, during, and after loading of raw bulk water;
- e) steps to be taken to address the effects of wind and tidal conditions on the loading;
- f) steps to be taken concerning moorage and access to vessels during loading;
- g) steps to assure communication before, during, and after loading between those loading and the Administrator or his/her designee;
- h) details about the precise location and proposed use of any structure, facility, pipe, pipeline, or other infrastructure to be used in the loading of raw bulk water and details describing how ABWI intends to address the risks associated with a catastrophic event arising from ABWI's loading activities or ABWI's failure to adhere to the proposed Water Loading Plan;
- i) steps to be taken to avoid conflicts with other vessel traffic and industrial park users;
- j) details on proposed handling of any ballast water in any vessel to be used in the loading of raw bulk water, including plans to respond to the unauthorized discharge of such water;

k) details on proposed handling of any residual and/or wash water, or other materials in the tanks of any vessel to be used in the loading;

l) the days and the periods of time within each day that raw bulk water is proposed to be loaded;

m) details describing how the proposed Water Loading Plan shall be made consistent with Appendix B, which includes the “Prospective Purchaser Agreement Between the State of Alaska and the City-Borough of Sitka for the Former Alaska Pulp Corporation Pulp Mill Property” dated April 28, 1999, including all attachments, which specifically includes “Memorandum of Understanding between the State of Alaska and the City and Borough of Sitka [:] Management Plan for Sawmill Cove Property (Former APC Property).” The details describing such consistency must include any and all specific steps to be taken to avoid anchoring in prohibited areas and in any way disturbing the sea bottom in the “No Disturbance” zone described in the last-referenced documents; and

12.3 ABWI shall comply with all provisions of each Water Loading Plan after all of such provisions have been approved either upon submittal or re-submittal under Subsection 12.1 above, as to the water loading operation for which the Water Loading Plan was submitted.

12.4 APPROVAL BY SITKA’S ADMINISTRATOR OF ANY WATER LOADING PLAN SHALL NOT IMPOSE UPON SITKA THE STATUS OF GUARANTOR OF THE FEASIBILITY, PROPRIETY, OR SAFETY OF ANY ASPECT OF AN APPROVED WATER LOADING PLAN, NOR SHALL SUCH APPROVAL CREATE OR CONFER BENEFITS ON ANY THIRD PARTY.

13. Indemnification of Sitka.

13.1 Notwithstanding anything to the contrary in this Agreement, ABWI shall defend, indemnify, and hold Sitka harmless from any liability, claim, demand, action, obligation, or proceeding of any kind or nature, based upon, arising out of, or related to:

- a. any defect or flaw in the quality of raw bulk water supplied under this Agreement;
- b. any delays on the part of Sitka in the delivery of raw bulk water under this Agreement as the result of the mechanical or physical breakdown of equipment or facilities owned or operated by the Sitka or other unforeseen event;
- c. claims arising from the transportation or shipment of raw bulk water after such water has left Sitka’s water delivery system and the point of delivery;
- d. injuries to employees of ABWI or any of its contractors or their employees;
- e. damages resulting from accidents involving mooring, unmooring, navigation of vessels, or cargo loading operations, including but not limited to claims for personal injury, property damage, and pollution; and

f. violations and claims of violations related to the water loading plan described in Paragraph 12.2;

g. harm, including illness and death, to persons who consume the raw bulk water caused by the failure of ABWI to comply with Paragraph 4.3 of this Agreement.

13.2 ABWI shall at all times during this Agreement maintain insurance policies providing umbrella coverage against matters including but not limited to those covered by this Agreement in an amount not less than U.S. \$5,000,000, with the City and Borough of Sitka named as an additional insured, and with a waiver of subrogation against Sitka. ABWI shall provide a copy of the certificate insurance ABWI to Sitka within 60 days after the effective date of this Agreement.

13.3 ABWI shall be responsible for ensuring that each of its contractors is qualified to do business in Alaska and refrains from activities for which insurance cannot be obtained. ABWI shall assure that any contractor for ABWI which is to perform any task or work within the territorial jurisdiction of Sitka has insurance appropriate to any task to be performed by that contractor, and ABWI shall deliver a certificate of such insurance to the Administrator within 30 days of such hiring.

13.3 ABWI shall ensure that its customers take full responsibility for water product quality that they receive subsequent to ABWI's on-site Quality Control laboratory tests. ABWI's Quality control staff shall securely store a reasonable quantity of water sampled from each bulk water shipment for 24 months for re-analysis, if required for any reason by the Administrator. At ABWI's expense the Administrator shall hire an independent third party Quality Control laboratory to monitor the security of ABWI's Water Quality Control staff's water sample storage and ABWI's staff's adherence to nationally recognized storage protocols.

14. Assignment.

This Agreement, which is in the nature of a personal services contract, may not be assigned by either party without the prior written consent of the other party, which shall have full discretion to grant or withhold such approval, in its sole and absolute discretion except as provided below.

Should Sitka form a Port Authority, or similar entity, this Agreement shall be completely transferable to said Port Authority. A transfer of the Agreement to any such entity shall not create any restrictions upon ABWI to purchase water other than those restrictions set out in this Agreement.

15. Waiver and Integration.

This Agreement integrates the entire Agreement between the parties regarding the sale and purchase of raw water in bulk. This Agreement supersedes all previous agreements, discussions, and negotiations, whether written or oral. Each party specifically acknowledges and represents that it has had ample opportunity to consult with legal counsel regarding this Agreement, and that any rule that an agreement should be construed against its drafter shall not apply to this Agreement.

16. Force Majeure.

Neither party shall be in breach of this Agreement as the result of any failure or delay in performing any of the obligations in this Agreement if such failure to perform or delay in performing is directly and proximately caused by storm, flood, avalanche, landslide, earthquake, tsunami, act of the public enemy,

war, rebellion, insurrection, sabotage, epidemic, quarantine restriction, or act of God. Sitka shall not be in breach of this Agreement as the result of any failure or delay in performing any of its obligations in this Agreement if such failure to perform or delay in performing is directly and proximately caused by any order of any United States court of competent jurisdiction, or by any act, rule, regulation, order or directive of any superior governmental unit or any agency thereof, or by any termination, modification, suspension, or revocation of any permit, license, allocation, appropriation, or certificate held by Sitka. In the event Sitka or ABWI is relieved of an obligation under this Agreement due to Force Majeure, time periods under this Agreement shall be adjusted accordingly. The party asserting a Force Majeure event must demonstrate by clear and convincing evidence that the failure or delay in performance is directly and proximately caused by a Force Majeure event.

17. Applicable Law.

ABWI shall comply with all provisions of law applicable to its obligations under this Agreement. This Agreement shall be construed in accordance with the laws and procedures of the State of Alaska.

18. Dispute Resolution.

18.1 GOOD FAITH EFFORTS OF THE PARTIES. Upon notice by either party to the other party of any dispute or claim arising out of or related to this Agreement the parties shall first make a good-faith endeavor to resolve the dispute or claim by meeting informally “face-to-face” within 15 days of such notice to mediate the dispute or claim in good faith without a third-party mediator.

18.2 JURISDICTION AND VENUE. Should any party hereto institute any action or proceeding to enforce any provision hereof or for damages by reason of any alleged breach of any section of this Agreement or for any other remedy, such an action shall be brought in the Superior Court for the State of Alaska. Venue for any such action or lawsuit shall lie exclusively in Sitka, Alaska. The parties specifically agree not to remove jurisdiction to federal courts on the grounds of diversity of citizenship.

18.3 ATTORNEY’S FEES AND LEGAL EXPENSES. Should any party hereto institute any action or proceeding to enforce any provision hereof or for damages by reason of any alleged breach of any section of this Agreement or for any other remedy, the party that is successful in such action shall be entitled to receive from the losing party all of its reasonable legal costs and expenses, including without limitation, reasonable attorneys’ fees and all arbitration costs.

19. Effective Date.

This Agreement shall become effective upon ABWI making a non-refundable payment of \$100,000 to Sitka, no later than June 30, 2016. The date on which ABWI makes such a payment will be the “effective date” for the purpose of any time period which incorporates that term in this Agreement. Should ABWI fail to make such a payment by June 30, 2016 this Agreement is null and void.

20. Authority.

The parties represent and warrant to each other that they have the full, complete, and absolute authority to enter into this Agreement; that this Agreement has been duly authorized by the governing body of

each party; that the person executing this Agreement on its behalf has the full power and authority to do so; and that this Agreement is binding and enforceable against it in accordance with its terms. ABWI acknowledges that this Agreement is only effective against Sitka if the City and Borough of Sitka Assembly votes to authorize the Administrator to execute this Agreement on behalf of Sitka. By affixing his signature to this Agreement the Administrator represents and warrants that the Assembly has so voted.

21. Amendment and Severability.

This Agreement may not be amended except by written agreement of both parties. If any provision of this Agreement or any application thereof to any person, entity, or circumstance is held invalid, the remainder of this Agreement and application thereof to any person, entity, or circumstances shall not be affected thereby.

22. Time of Essence.

Time is of the essence in this Agreement.

23. Notices.

Any notices required or authorized to be given by this Agreement shall be in writing and shall be sent by **email** and by either commercial courier, facsimile, or by certified U.S. mail, postage prepaid and return receipt requested, addressed to the proper party at the address stated below or such address as the party shall have designated to the other parties in accordance with this Section. Such notice shall be effective on the date of receipt through the mails or by courier by the addressee party, except that any facsimiles received after 5:00 p.m. of the addressee's local time shall be deemed delivered the next day.

If to ABWI: Weatherford Thompson
Alaska Bulk Water Inc.
1301 1st Ave. West
Albany, Oregon 97321
c/o Andrew J. Bean

If to Sitka: Administrator
City and Borough of Sitka
100 Lincoln St
Sitka, Alaska, 99835

IN WITNESS THEREOF, the parties have executed this Agreement as of the dates shown below.

ALASKA BULK WATER INC.

THE CITY AND BOROUGH OF SITKA

DATE _____
TERRY TRAPP, CEO
ALASKA BULK WATER INC.

DATE _____
MARK GORMAN, Administrator
THE CITY AND BOROUGH OF SITKA

ATTEST:

DATE ____

SARA PETERSON CMC

Municipal Clerk

THE CITY AND BOROUGH OF SITKA

STATE OF ALASKA

)

) ss. *ACKNOWLEDGMENT*

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 **TERRY TRAPP** to me known and known to me to be the person whose name is subscribed to the foregoing **PURCHASE AGREEMENT FOR BLUE LAKE RAW BULK WATER** and after being first duly sworn according to law, he stated to me under oath that he is the **CEO of ALASKA BULK WATER INC.**, that he has been authorized by said company to execute the foregoing **PURCHASE AGREEMENT FOR BLUE LAKE RAW BULK WATER** on its behalf and he executed the same freely and voluntarily as the free act and deed of said corporation.

Notary Public

My Commission Expires:

STATE OF ALASKA

)

) ss. *MUNICIPAL ACKNOWLEDGMENT*

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** to me known and known to me to be the person whose name is subscribed to the foregoing **PURCHASE AGREEMENT FOR BLUE LAKE RAW BULK WATER**, and after being first duly sworn according to law, he stated to me under oath that he is the **ADMINISTRATOR** of the City and Borough of Sitka, Alaska, a municipality organized under the laws of the State of Alaska, that he has been authorized by said municipality to execute the foregoing **PURCHASE AGREEMENT FOR BLUE LAKE RAW BULK WATER** on its behalf and he executed the same freely and voluntarily as the free act and deed of said corporation.

WITNESS my hand and official seal the day and year in this certificate first above written.

Notary Public for Alaska

My Commission Expires:

Residing at Sitka, Alaska

**PURCHASE AGREEMENT
FOR RAW WATER
IN BULK FOR EXPORT**

BETWEEN:

City and Borough of Sitka
100 Lincoln Street
Sitka, Alaska 99835

AND

Alaska Bulk Water Inc.
4500 Sawmill Creek Road
Sitka, Alaska 99835

1. Term and Documents Comprising this Agreement.

1.1 The initial term of this Agreement shall commence upon Alaska Bulk Water Inc. making a non-refundable payment of \$128,205 to the Administrator of the City and Borough of Sitka (hereinafter referred to as Administrator), and shall end at 11:59 p.m. Alaska Standard Time on June 15, 2036. The City and Borough of Sitka (hereinafter referred to as Sitka) hereby grants to Alaska Bulk Water Inc. (hereinafter referred to as ABWI), the right to purchase raw water in bulk for export, to be delivered to it by Sitka from the Blue Lake reservoir, a water source within Sitka on the terms and conditions set forth herein.

1.2 At the conclusion of the initial term of this Agreement, each of three additional terms of five (5) years each for extension of this Agreement may be exercised upon the consent of both parties. ABWI must notify the Administrator in writing no later than four (4) months before the end of the initial Agreement period of its desire to add an additional five-year term, and shall thereafter notify the Administrator no later than four (4) months prior to the expiration of each exercised additional term of its desire to exercise the next five-year time period. If ABWI does not timely notify the Administrator in writing, the Agreement shall terminate at the expiration of the then-current contract term. Sitka's bulk raw water price is subject to re-negotiation before the commencement of each additional term. If said price is not agreed, the Agreement shall terminate at the expiration of the then-current contract term. Either party may decide to not implement any additional term for any reason, in its sole discretion.

1.3 The Agreement consists of the 23 sections in this Agreement plus Appendix A (a map), Appendix B (the "Prospective Purchaser Agreement Between the State of Alaska and the City-Borough of Sitka for the Former Alaska Pulp Corporation Pulp Mill Property" dated April 28, 1999, including all attachments, which specifically includes "Memorandum of Understanding between the State of Alaska and the City and Borough of Sitka[:] Management Plan for Sawmill Cove Property (Former APC Property)."), and Appendix C (a map of Block 4, Lot 9a).

2. Definitions.

In this Agreement, the following terms shall have the definitions stated:

- a) "acre-foot" or "af" means 325,851 U.S. gallons.
- b) "annually" means 12 consecutive months.
- c) "beneficial use" means the application of water, purchased by ABWI for export or for use at the point of delivery, to a useful purpose, including domestic, commercial, agricultural, wildlife, and recreational uses.
- d) "BG" or "bg" means billions of gallons.
- e) "bulk water" means raw water or potable water sold by Sitka to ABWI under this Agreement, and delivered by Sitka to ABWI in the measured quantities specified in this Agreement.
- f) "deliver" or "to deliver" or "delivered" means Sitka making a specific quantity of water available to ABWI at the point of delivery.
- g) "export" means the transportation by ABWI of bulk water to a destination outside the hydrological unit of the Blue Lake drainage.
- h) "gallon" means one US gallon or 3.785 liters.
- i) Loading means transporting the raw bulk water which is the subject of this Agreement from Blue Lake through pipelines and other conveyances into the ABWI-chartered ship for export outside Alaskan waters.
- j) "MG" or "mg" means millions of gallons.
- k) "MGD" means millions of gallons per consecutive 24-hour period.
- l) "per day" means calendar day starting at midnight.
- m) "per week" means during a period of seven (7) consecutive days.
- n) "per year" means during a period of 12 consecutive months.
- o) "point of delivery" means that physical location at which the Sitka-owned physical facilities and equipment, employed in the transportation of Sitka's bulk water for delivery to ABWI, terminates.
- p) "raw water" means untreated water delivered by Sitka to the point of delivery from Blue Lake via the Blue Lake penstock, a conduit which transports water from Blue Lake to the Blue Lake Powerhouse as shown on Exhibit A.
- q) "rule curve" means the relationship between the elevation of the water surface of Blue Lake and the volume of water contained in Blue Lake, which regulates the reservation of water for fish, wildlife, and habitat protection.

r) "Stage" means a time period in this Agreement that starts 12 months after the effective date of this Agreement; a Stage is composed of one or more 12-month periods, with each 12-month period starting on the anniversary of the day the Stage begins.

s) "Stage Anniversary Date" means the day starting a 12-month period in a Stage.

t) "ton" means one US short ton or 2,000 pounds.

u) "unforeseen" means an exceptional event, not contemplated by the parties in negotiating this Agreement. Performance made more difficult or expensive than expected is not "unforeseen." The burden of proving that an event is unforeseen is on the party that advances it as a reason for non-performance.

v) "water rights" means those rights to the beneficial use of water which are held by Sitka under certificates of appropriation issued by the State of Alaska pursuant to Alaska law.

3. Water Volumes Contracted by ABWI from Sitka.

3.1 Sitka will make available to ABWI a total of 3,069 acre-feet of raw bulk water for a period of 36 months after the effective date of this Agreement. At the conclusion of the 36-month period described in the previous sentence, ABWI's access to such water will be governed by the stages set out in Subsection 3.2 of this Agreement, provided that ABWI has met the minimum export volumes set out in Section 3 (this Section) of this Agreement. During the 36-month period immediately after the effective date of this Agreement, ABWI must take delivery of and export at least 50 million gallons of raw bulk water. If ABWI does not take delivery of and export at least 50 million gallons of raw bulk water from Sitka pursuant to this Agreement in the first 36 months after the effective date of this Agreement, this Agreement shall, at Sitka's election, terminate and expire without further action by Sitka on the forty-fifth (45th) day after ABWI's receipt of the Administrator's notice to ABWI by certified mail that ABWI has failed to comply with Paragraph 3.1, unless within said 45-day period, ABWI cures its failure to take delivery of and export at least 50 million gallons of raw bulk water from Sitka.

3.2 The Stages described in this subsection start 36 months after the effective date of this Agreement. The maximum quantity of raw water in bulk available for export by ABWI from Sitka under this Agreement and the minimum export requirements are set forth below as follows:

Contract Increment Stages	Maximum Water Delivery per 24-Hour Period	Acre-Fect Available Annually	Minimum Export Required to Move to Next Stage	Minimum Export Required to Remain at Stage	Required Period of Performance
Stage 1	33.6 MG	1,000 af	230.2 af (75mg)	153.4 af (50mg)	12-month period
Stage 2	33.6 MG	2,000 af	306.9 af (100mg)	230.2 af (75mg)	12-month period
Stage 3	33.6 MG	4,000 af	920.7 af (300mg)	306.9 af (100mg)	12-month period
Stage 4	33.6 MG	10,000 af	3,068.9 af (1bg)	920.7 af (300mg)	12-month period

Stage 5	33.6 MG	() ¹	N/A	3,068.9 af (1bg)	12-month period
---------	---------	------------------	-----	------------------	-----------------

Stage 1: Stage 1 begins 36 months after the effective date of this Agreement. Sitka will make available to ABWI not less than 1,000 acre-feet (325.8 MG) of raw bulk water in a 12-month period in Stage 1. To remain at Stage 1 for a 12 month-period starting on the Stage Anniversary Date of Stage 1, ABWI must have taken delivery of and exported from Sitka a minimum of 153.4 af (50 MG) of raw bulk water within the 12-month period immediately preceding the most recent Stage Anniversary Date of Stage 1. If ABWI does not take delivery and export the said minimum, this Agreement shall, at Sitka’s election, terminate and expire without further action by Sitka on the forty-fifth (45th) day after the Administrator gives notice to ABWI by certified mail that ABWI has failed to meet such requirement, unless within the 45-day period ABWI cures such failure as determined by Sitka in its sole discretion.

Stage 2: ABWI shall take delivery and pay for a minimum of 230.2 acre feet of raw bulk water within a 12-month period during this Stage. If ABWI takes delivery of and exports a total of at least 230.2 acre-feet (75 MG) of bulk water in a 12-month period, then the amount of raw bulk water Sitka will make available for delivery to ABWI will be increased to 2,000 acre-feet of water in a 12-month period, provided at that time that the Administrator has determined in his/her sole discretion that Sitka still has adequate water quantities available and uncommitted. To remain at Stage 2 for the next 12 months ABWI must have taken delivery of and exported from Sitka at least 230.2 af (75 MG) within the 12-month period immediately preceding the most recent Stage 2 Anniversary Date. If ABWI does not meet the requirement to remain at Stage 2 set out in the previous sentence, ABWI shall revert to Stage 1 thereby establishing a new Stage 1 Anniversary Date.

Stage 3: ABWI shall take delivery and pay for a minimum of 306.9 acre feet of raw bulk water in a 12-month period during this Stage. If ABWI takes delivery of and exports a total of at least 306.9 acre-feet (100 MG) of bulk water per 12-month period, then the amount of water Sitka will make available for delivery to ABWI will be increased to 4,000 acre-feet per year, provided at that time that the Administrator has determined in his/her sole discretion that Sitka still has adequate water quantities available and uncommitted. To remain at Stage 3 for the next 12 months ABWI must have taken delivery of and exported from Sitka at least 306.9 af (100 MG) within the 12-month period preceding the most recent Stage 3 Anniversary Date. If ABWI does not meet the requirement set out in the previous sentence to remain at Stage 3, ABWI shall revert to Stage 2 thereby establishing a new Stage 2 Anniversary Date.

Stage 4: ABWI shall take delivery and pay for a minimum of 920.7 acre feet of raw bulk water in a 12-month period during this Stage. If ABWI takes delivery of and exports a total of at least 920.7 acre-feet (300 MG) per 12-month period, then the amount of raw bulk water Sitka will make available for delivery to ABWI will be increased to 10,000 acre-feet per 12-month period, provided at that time that Sitka’s Administrator has determined in his/her sole discretion that Sitka still has adequate water quantities available and uncommitted. To remain at Stage 4 for the next 12 months ABWI must have taken delivery of and exported from Sitka at least 920.7 af (300 MG) within the 12-month period immediately preceding the most recent Stage 4 Anniversary

¹ Annual acre-feet available and the minimum amount of water available for export per 12-month period will be determined solely by Sitka at that time based on availability.

Date. If ABWI does not meet the requirement set out in the previous sentence to remain at Stage 4, ABWI shall revert to Stage 3 thereby establishing a new Stage 3 Anniversary Date.

Stage 5: ABWI shall take delivery and pay for a minimum of 3,068.9 acre feet of raw bulk water in a 12-month period during this Stage. If ABWI takes delivery of and exports a total of 3,068.9 acre feet (1 billion gallons) of raw bulk water per 12-month period, then ABWI may request from Sitka additional raw bulk water in a volume to be determined by the Administrator in his/her sole discretion at that time, provided that the Administrator has determined in his/her sole discretion that Sitka still has adequate water quantities available and uncommitted. To remain at Stage 5 for the next 12 months ABWI must have taken delivery of and exported from Sitka at least 3,068.9 af (1 BG) within the 12-month period immediately preceding the most recent Stage 5 Anniversary Date. If ABWI does not meet the requirement set out in the previous sentence to remain at Stage 5, ABWI shall revert to Stage 4 thereby establishing a new Stage 4 Anniversary Date.

3.3 If ABWI fails to take delivery of and export the required minimum volume specified in Stages 2 through 5 within the time periods specified for those Stages as set out in Subsection 3.2, the respective obligations of Sitka to make raw bulk water available, and of ABWI to take delivery of and accept and export such volume shall be reduced to the next lower Stage for the next 12-month period. If ABWI meets the minimum performance requirement of that lower Stage within the time period specified, then the next higher Stage shall again be in effect during the next 12-month period. The date upon which Sitka moves ABWI either up or down from stage to stage will start the 12-month time period anew and create a new Stage Anniversary Date, provided at that time that Sitka still has adequate raw bulk water quantities available and uncommitted for export.

3.4 Notwithstanding any other provision of this Agreement, if raw bulk water delivered by Sitka to ABWI and exported by ABWI falls below 50 million gallons during any period of 12 consecutive month period after the first 36 months after the effective date of this Agreement, this Agreement shall, at Sitka's election, terminate and expire without further action by Sitka on the forty-fifth (45th) day after to ABWI receives notice from the Administrator that ABWI has breached or failed to comply with this Paragraph 3.4, unless within the 45-day period, ABWI cures its failure to take delivery of and export at least 50 million gallons of water from Sitka.

3.5 At no time may ABWI take delivery of raw bulk water at a rate greater than 33.6 MGD or at a rate less than 50 million gallons during the 12-month period after operations have commenced.

4. The Parties' Rights and Obligations Regarding Water Delivered for Export.

4.1. Sitka is entering into this Agreement to sell raw water in bulk pursuant to water to Sitka's water export authority contained in Water Appropriation Certificates LAS 19669 and ADL 43826. Sitka's obligation to deliver water to ABWI in the quantities specified in this Agreement is subject to these conditions and limitations:

a) Notwithstanding any other provision of this Agreement, Sitka shall retain first right and priority to water required for its municipal drinking water supply system and its municipal hydroelectric system, and it may suspend or limit raw water deliveries in bulk to ABWI to meet the requirements of its municipal drinking water and hydroelectric systems. Whether there is a

sufficient volume of raw water available for these purposes shall be decided in the sole discretion of the Administrator.

b) Sitka will abide by the 1992 Blue Lake Watershed Control Plan as approved by the U.S. Environmental Protection Agency and described in City and Borough of Sitka Ordinance No. 92-1091.

c) The Administrator may temporarily suspend raw water deliveries in bulk in order to perform routine maintenance on its municipal drinking water, hydroelectric and/or water delivery systems, provided that the Administrator shall give not less than 60 days prior notice to ABWI of any such planned suspension.

d) Sitka shall be relieved of its obligation to deliver raw water in bulk to ABWI in the event of an interruption in water supply due to circumstances that require repair to or reconstruction of the municipal drinking water, hydroelectric systems, water delivery system, or other of Sitka's facilities. Delivery of raw water in bulk to ABWI may be reduced to the extent necessary to make such repair(s) or reconstruction, and for so long as the Administrator in his/her sole discretion determined is required to make such repairs or reconstruction.

e) The volumes of Sitka's raw water deliveries in bulk to ABWI for export are subject to Sitka's overriding obligation to comply with all of the conditions contained in Water Appropriation Certificates ADL 43826, LAS 19669, and LAS 20526, including compliance with the rule curve and the support of spawning, incubation, and rearing of certain species of fish in Sawmill Creek and Blue Lake. Interpretation of applicable requirements and the means used to achieve compliance with such requirements shall be in the Administrator's sole discretion.

f) In the event Sitka is relieved of its obligation to make agreed quantities of water available to ABWI for reasons noted in this paragraph or due to Force Majeure or due to unforeseen circumstances, then ABWI's obligation to take delivery of and to export water shall be reduced to the volumes actually delivered by Sitka during that period of time and the time within which ABWI is authorized to receive raw bulk water shall be extended for a period equal to the period of time that Sitka has been so relieved of its obligation.

4.2 ABWI agrees and warrants that the raw bulk water delivered to it by Sitka for export shall be put to one or more beneficial uses by it or by its water purchasers. Breach of this warranty shall be a material breach of this Agreement.

4.3 For that portion of the raw bulk water which is made available for human consumption ABWI shall, at ABWI's sole cost, promptly comply with all Government Regulations relating to the condition, use or quality of such water for human consumption. ABWI shall establish staff and maintain an on-site Water Quality laboratory to perform ABWI's obligations under Paragraph 13.3.

5. **[This section deliberately left blank.]**

6. **No Warranty by Sitka of Water Quality or Fitness for a Particular Purpose.**

6.1 SITKA DOES NOT WARRANT THE QUALITY OR FITNESS FOR A PARTICULAR PURPOSE OF ANY WATER CONTRACTED BY IT FOR DELIVERY, AND/OR ACTUALLY

DELIVERED, TO ABWI UNDER THIS AGREEMENT. ABWI ACKNOWLEDGES AND AGREES THAT BEFORE ENTERING INTO THIS AGREEMENT, IT HAS EXAMINED SITKA'S WATER SOURCE, SITKA'S METHODS OF DIVERSION, AND SITKA'S MEANS OF DELIVERY TO ABWI OF THE QUANTITIES OF WATER WHICH ARE CONTRACTED UNDER THIS AGREEMENT, AND THAT IT HAS FOUND ALL SUCH ITEMS ADEQUATE AND SATISFACTORY FOR ABWI'S PURPOSES, INCLUDING HUMAN CONSUMPTION.

6.2 ABWI acknowledges and agrees that Sitka's routine alterations in its hydroelectric operations may produce temporary changes in water quality due to turbidity, and that the occurrence of such events shall not alter or affect ABWI's obligations under this Agreement.

6.3 ABWI acknowledges and agrees that the quality of raw water contracted by Sitka to be delivered in bulk to ABWI for export may vary due to natural events over which Sitka has no control, which include, without limitation, rainfall, drought, snowfall, avalanches and landslides, and that the occurrence of such events shall not alter or affect ABWI's contractual obligations under this Agreement, except that the quantity of water ABWI is obligated to take delivery of and to export shall be reduced to the quantity Sitka can and does make available for delivery to ABWI, as a consequence of an occurrence of any of such natural events.

6.4 ABWI SHALL BE SOLELY RESPONSIBLE AND LIABLE FOR THE QUALITY AND USEFULNESS FOR ANY PARTICULAR PURPOSE, INCLUDING HUMAN CONSUMPTION, OF ALL WATER EXPORTED BY, TRANSPORTED BY, USED BY, OR SOLD BY, OR DELIVERED BY ABWI.

7. Purchase Price for Raw Bulk Water.

7.1 ABWI shall pay the following prices for raw bulk water for export from Sitka:

a. Raw water delivered in bulk to ABWI for export shall be priced at U.S. \$0.01 (one cent) per gallon. The purchase price includes Sitka cargo wharfage charges for bulk water delivered to ABWI's vessel.

b. Raw water delivered by Sitka to ABWI for vessel wash-down, washout and any other non-export application shall be priced at US \$0.005 (one-half of a cent) per gallon. Such quantities shall be separately metered, and shall not be included in the total quantities of raw water delivered to ABWI for export.

7.2 ABWI shall pay for each volume of water loaded no later than fifteen (15) days after the presentation of an invoice by the Administrator to ABWI for such water. Failure by ABWI to make timely payment shall be a material breach of this Agreement and be cause for the Administrator to suspend water delivery to ABWI.

7.3 Beginning July 1, 2021 and every calendar year thereafter, the prices charged by Sitka for raw water delivered in bulk to ABWI under this Agreement will be adjusted by the Administrator based on the "All Items" figure for Seattle, Washington as published in the "Consumer Price Index for All Urban Consumers" (CPI) published the most immediately before January 1 of the calendar year for which prices are being calculated. Notwithstanding the previous sentence, in no event will the CPI adjustment described in the previous sentence exceed + 3.0% nor the adjustment be made if the result of such adjustment would be a decrease in any price charged under this Agreement.

7.4 ABWI shall pay Sitka for the volume of water delivered to ABWI as measured by flow meters owned, operated, and documented by Sitka at or near the point of delivery. One year after the first delivery of water the Administrator shall arrange for an independent third party to calibrate the flow meters after which they will be calibrated every other year during the term of this Agreement.

8. Conditions for Maintaining ABWI's Purchase Right and Obligation; Termination.

8.1 Notwithstanding any other provision of this Agreement, this Agreement shall, at Sitka's Administrator's election, terminate and expire without further action by Sitka on the forty-fifth (45th) day after the Administrator mails notice to ABWI by certified mail that ABWI has breached or failed to comply with one or more of the conditions or requirements of this Agreement, or become insolvent, or abandoned the project unless within said 45-day period, ABWI cures the specified default or defaults to Sitka's satisfaction, as determined by Sitka in its sole discretion.

8.2 Upon termination, all legal rights and obligations as between Sitka and ABWI under this Agreement shall cease, except that ABWI's obligations to Sitka under Sections 13, 14, 15, 16, and 17 of this Agreement shall survive termination.

9. Sitka's Permitting Actions.

The Administrator shall take any and all actions which she/he determines, in the exercise of her/his sole discretion, to be reasonable, necessary, and economically feasible to maintain in good standing any permit, license, certificate, allocation, appropriation or other authorization required for Sitka to fulfill its obligations under this Agreement.

10. Delivery, Loading, and Transportation of Water in Bulk.

10.1 Sitka hereby grants a license to ABWI over a portion of Block 4, Lot 9A consisting of approximately 1,875 square feet as pictorially depicted on Appendix C to use the pipeline and other facilities for loading water which ABWI has constructed in accordance with the following terms and conditions:

- a. The Administrator may inspect the license area at any time. The Administrator shall review the license for compliance with this Paragraph 10 every five years and make recommendations about renewal to Sitka. The license granted herein is revocable at Sitka's sole discretion and shall terminate upon the earlier of completion of the work described in subparagraphs d. and e. of this Paragraph 10 or termination of this Agreement.
- b. The right to keep and maintain currently installed water loading infrastructure within Sitka-owned tidelands is conditioned on ABWI making such infrastructure available for use by any other bulk water export company for a loading fee not greater than \$0.002 per gallon.
- c. ABWI shall pay Sitka \$5,000 annually for the license rights granted herein.
- d. ABWI shall completely remove the pipeline and other facilities for loading bulk water, which it has constructed within the license area as depicted on exhibit A, within 6 months of the termination of this Agreement. Any such materials not removed from the license area within 6 months shall be deemed abandoned and become Sitka's property at Sitka's option.

- e. ABWI shall completely restore the license area as depicted on Exhibit A to its original, preconstruction condition to the Administrator's sole satisfaction within 6 months of the termination of this Agreement. Should ABWI failed to restore the license area to the Administrator's satisfaction, the Administrator may contract with third parties to perform the work and ABWI shall pay Sitka for all costs of restoration required to restore the license area to the Administrator's satisfaction.
- f. Should ABWI fail to complete the work described in subparagraphs d. and e. above by the fifth month after termination, it shall provide Sitka a written report describing the work that remains to be done and ABWI's plan for completing that work within the next 30 days.

10.2 ABWI shall be solely responsible for the costs of acquisition, construction and installation, maintenance and repair of any structure, facility or vessel downstream of the point of delivery which it determines to be required or convenient for the loading and transportation of bulk water delivered to it by Sitka, and for initiating and completing such acquisition, construction and installation. All structures and facilities must comply with all Federal, State, and local law, including zoning requirements. Within 30 days of the execution of this Agreement ABWI shall apply for and diligently pursue approval of all of the permits and authorizations required to construct and operate the pipeline and other facilities for loading raw bulk water which it has already constructed within the license area shown on Exhibit A.

10.3 Sitka shall retain the right to own, and operate a raw bulk water delivery pipeline that serves the Gary Paxton Industrial Park. In such event, Sitka may require ABWI to use Sitka's facilities and may change the point of delivery to the point at which Sitka's facilities end. Unless and until Sitka provides such new facilities ABWI shall be fully responsible, at its own cost and expense, for arranging and accomplishing transport of raw bulk water from the point of delivery established by Sitka.

10.4 ABWI shall pay such port vessel dockage fees established by Sitka. SITKA DOES NOT WARRANT THE QUALITY OR FITNESS FOR A PARTICULAR PURPOSE OF ANY DOCK OR WHARF AT SUCH WATERFRONT, AND ABWI MUST ASSURE THE ADMINISTRATOR OF THE FEASIBILITY OF A PARTICULAR USE BEFORE ENGAGING IN SUCH USE.

10.5 ABWI shall be solely responsible for arranging the transportation of all water delivered to it by Sitka for export.

10.6 No later than 30 days before the first delivery of water takes place under this Agreement, ABWI will designate in a writing to the Administrator a local representative as ABWI's continuing personal contact with the Administrator and its subordinate departments, agencies and authorities.

10.7 Sitka's flow meter which is used to calculate the quantities of water delivered to ABWI shall be located near the point of delivery.

11. Ballast Water and Wash Water Discharges.

11.1 ABWI shall comply with all applicable international, federal, state, and local requirements regarding the discharge of any ballast water (including bilge water) or any wastes at all times and as to all vessels traveling to and from Silver Bay and/or Sawmill Cove for the purpose of receiving any raw bulk water from Sitka under this Agreement. Such requirements described in this Section include, but are not limited to, those in Section IV of the Sawmill Cove Management Plan, which is included in Appendix B.

11.2 ABWI shall comply with all applicable federal, state and local requirements regarding the use and disposal of any raw or treated water delivered to ABWI by Sitka for the purposes of vessel wash-down or washout, or any other non-export application.

12. Water Loading Plan Requirements.

12.1 Before ABWI loads any bulk water delivered to it by Sitka, ABWI shall submit to the Administrator a written Water Loading Plan. This Plan shall be deemed approved by the Administrator unless no later than seven days after its submission the Administrator in his or her sole discretion rejects—or requires ABWI to resubmit—any portion of the Plan. Such action by the Administrator shall be in a writing to ABWI that states the deficiency. Sitka shall deliver no bulk water to ABWI and ABWI shall not load any bulk water delivered to it by Sitka as long as any portion of the Plan has been rejected and not approved after re-submittal. ABWI shall submit a separate Water Loading Plan at least ten (10) days before each loading of bulk water under this Agreement.

12.2 The Water Loading Plans required by this section shall address administrative, environmental, and logistical matters related to the loading of water. The issues and items to be addressed in each Water Loading Plan shall include, without limitation, each of the following:

- a) identify and provide information requested by the Administrator regarding any vessel to be used by ABWI in the loading or transport of raw bulk water;
- b) steps to be taken to insure the safety of persons in any way involved in the loading of bulk water;
- c) certification that ABWI has a Contingency Plan that meets all of the requirements of State law applicable to the vessel that is being loaded;
- d) steps to be taken to insure the safety of the public before, during, and after loading of raw bulk water;
- e) steps to be taken to address the effects of wind and tidal conditions on the loading;
- f) steps to be taken concerning moorage and access to vessels during loading;
- g) steps to assure communication before, during, and after loading between those loading and the Administrator or his/her designee;
- h) details about the precise location and proposed use of any structure, facility, pipe, pipeline, or other infrastructure to be used in the loading of raw bulk water and details describing how ABWI intends to address the risks associated with a catastrophic event arising from ABWI's loading activities or ABWI's failure to adhere to the proposed Water Loading Plan;
- i) steps to be taken to avoid conflicts with other vessel traffic and industrial park users;
- j) details on proposed handling of any ballast water in any vessel to be used in the loading of raw bulk water, including plans to respond to the unauthorized discharge of such water;
- k) details on proposed handling of any residual and/or wash water, or other materials in the tanks of any vessel to be used in the loading;

- l) the days and the periods of time within each day that raw bulk water is proposed to be loaded;
- m) details describing how the proposed Water Loading Plan shall be made consistent with Appendix B, which includes the “Prospective Purchaser Agreement Between the State of Alaska and the City-Borough of Sitka for the Former Alaska Pulp Corporation Pulp Mill Property” dated April 28, 1999, including all attachments, which specifically includes “Memorandum of Understanding between the State of Alaska and the City and Borough of Sitka [:] Management Plan for Sawmill Cove Property (Former APC Property).” The details describing such consistency must include any and all specific steps to be taken to avoid anchoring in prohibited areas and in any way disturbing the sea bottom in the “No Disturbance” zone described in the last-referenced documents; and

12.3 ABWI shall comply with all provisions of each Water Loading Plan after all of such provisions have been approved either upon submittal or re-submittal under Subsection 12.1 above, as to the water loading operation for which the Water Loading Plan was submitted.

12.4 APPROVAL BY SITKA’S ADMINISTRATOR OF ANY WATER LOADING PLAN SHALL NOT IMPOSE UPON SITKA THE STATUS OF GUARANTOR OF THE FEASIBILITY, PROPRIETY, OR SAFETY OF ANY ASPECT OF AN APPROVED WATER LOADING PLAN, NOR SHALL SUCH APPROVAL CREATE OR CONFER BENEFITS ON ANY THIRD PARTY.

13. Indemnification of Sitka.

13.1 Notwithstanding anything to the contrary in this Agreement, ABWI shall defend, indemnify, and hold Sitka harmless from any liability, claim, demand, action, obligation, or proceeding of any kind or nature, based upon, arising out of, or related to:

- a. any defect or flaw in the quality of raw bulk water supplied under this Agreement;
- b. any delays on the part of Sitka in the delivery of raw bulk water under this Agreement as the result of the mechanical or physical breakdown of equipment or facilities owned or operated by the Sitka or other unforeseen event;
- c. claims arising from the transportation or shipment of raw bulk water after such water has left Sitka’s water delivery system and the point of delivery;
- d. injuries to employees of ABWI or any of its contractors or their employees;
- e. damages resulting from accidents involving mooring, unmooring, navigation of vessels, or cargo loading operations, including but not limited to claims for personal injury, property damage, and pollution; and
- f. violations and claims of violations related to the water loading plan described in Paragraph 12.2;

g. harm, including illness and death, to persons who consume the raw bulk water caused by the failure of ABWI to comply with Paragraph 4.3 of this Agreement.

13.2 ABWI shall at all times during this Agreement maintain insurance policies providing umbrella coverage against matters including but not limited to those covered by this Agreement in an amount not less than U.S. \$5,000,000, with the City and Borough of Sitka named as an additional insured, and with a waiver of subrogation against Sitka. ABWI shall provide a copy of the certificate insurance ABWI to Sitka within 60 days after the effective date of this Agreement.

13.3 ABWI shall be responsible for ensuring that each of its contractors is qualified to do business in Alaska and refrains from activities for which insurance cannot be obtained. ABWI shall assure that any contractor for ABWI which is to perform any task or work within the territorial jurisdiction of Sitka has insurance appropriate to any task to be performed by that contractor, and ABWI shall deliver a certificate of such insurance to the Administrator within 30 days of such hiring.

13.3 ABWI shall ensure that its customers take full responsibility for water product quality that they receive subsequent to ABWI's on-site Quality Control laboratory tests. ABWI's Quality control staff shall securely store a reasonable quantity of water sampled from each bulk water shipment for 24 months for re-analysis, if required for any reason by the Administrator. At ABWI's expense the Administrator shall hire an independent third party Quality Control laboratory to monitor the security of ABWI's Water Quality Control staff's water sample storage and ABWI's staff's adherence to nationally recognized storage protocols.

14. Assignment.

This Agreement, which is in the nature of a personal services contract, may not be assigned by either party without the prior written consent of the other party, which shall have full discretion to grant or withhold such approval, in its sole and absolute discretion except as provided below.

Should Sitka form a Port Authority, or similar entity, this Agreement shall be completely transferable to said Port Authority. A transfer of the Agreement to any such entity shall not create any restrictions upon ABWI to purchase water other than those restrictions set out in this Agreement.

15. Waiver and Integration.

This Agreement integrates the entire Agreement between the parties regarding the sale and purchase of raw water in bulk. This Agreement supersedes all previous agreements, discussions, and negotiations, whether written or oral. Each party specifically acknowledges and represents that it has had ample opportunity to consult with legal counsel regarding this Agreement, and that any rule that an agreement should be construed against its drafter shall not apply to this Agreement.

16. Force Majeure.

Neither party shall be in breach of this Agreement as the result of any failure or delay in performing any of the obligations in this Agreement if such failure to perform or delay in performing is directly and proximately caused by storm, flood, avalanche, landslide, earthquake, tsunami, act of the public enemy, war, rebellion, insurrection, sabotage, epidemic, quarantine restriction, or act of God. Sitka shall not be in breach of this Agreement as the result of any failure or delay in performing any of its obligations in this Agreement if such failure to perform or delay in performing is directly and proximately caused by

any order of any United States court of competent jurisdiction, or by any act, rule, regulation, order or directive of any superior governmental unit or any agency thereof, or by any termination, modification, suspension, or revocation of any permit, license, allocation, appropriation, or certificate held by Sitka. In the event Sitka or ABWI is relieved of an obligation under this Agreement due to Force Majeure, time periods under this Agreement shall be adjusted accordingly. The party asserting a Force Majeure event must demonstrate by clear and convincing evidence that the failure or delay in performance is directly and proximately caused by a Force Majeure event.

17. Applicable Law.

ABWI shall comply with all provisions of law applicable to its obligations under this Agreement. This Agreement shall be construed in accordance with the laws and procedures of the State of Alaska.

18. Dispute Resolution.

18.1 GOOD FAITH EFFORTS OF THE PARTIES. Upon notice by either party to the other party of any dispute or claim arising out of or related to this Agreement the parties shall first make a good-faith endeavor to resolve the dispute or claim by meeting informally "face-to-face" within 15 days of such notice to mediate the dispute or claim in good faith without a third-party mediator.

18.2 JURISDICTION AND VENUE. Should any party hereto institute any action or proceeding to enforce any provision hereof or for damages by reason of any alleged breach of any section of this Agreement or for any other remedy, such an action shall be brought in the Superior Court for the State of Alaska. Venue for any such action or lawsuit shall lie exclusively in Sitka, Alaska. The parties specifically agree not to remove jurisdiction to federal courts on the grounds of diversity of citizenship.

18.3 ATTORNEY'S FEES AND LEGAL EXPENSES. Should any party hereto institute any action or proceeding to enforce any provision hereof or for damages by reason of any alleged breach of any section of this Agreement or for any other remedy, the party that is successful in such action shall be entitled to receive from the losing party all of its reasonable legal costs and expenses, including without limitation, reasonable attorneys' fees and all arbitration costs.

19. Effective Date.

This Agreement shall become effective upon ABWI making a non-refundable payment of \$128,205 to Sitka, no later than June 30, 2016. The date on which ABWI makes such a payment will be the "effective date" for the purpose of any time period which incorporates that term in this Agreement. Should ABWI fail to make such a payment by June 30, 2016 this Agreement is null and void.

20. Authority.

The parties represent and warrant to each other that they have the full, complete, and absolute authority to enter into this Agreement; that this Agreement has been duly authorized by the governing body of each party; that the person executing this Agreement on its behalf has the full power and authority to do so; and that this Agreement is binding and enforceable against it in accordance with its terms. ABWI acknowledges that this Agreement is only effective against Sitka if the City and Borough of Sitka

Assembly votes to authorize the Administrator to execute this Agreement on behalf of Sitka. By affixing his signature to this Agreement the Administrator represents and warrants that the Assembly has so voted.

21. Amendment and Severability.

This Agreement may not be amended except by written agreement of both parties. If any provision of this Agreement or any application thereof to any person, entity, or circumstance is held invalid, the remainder of this Agreement and application thereof to any person, entity, or circumstances shall not be affected thereby.

22. Time of Essence.

Time is of the essence in this Agreement.

23. Notices.

Any notices required or authorized to be given by this Agreement shall be in writing and shall be sent by **email** and by either commercial courier, facsimile, or by certified U.S. mail, postage prepaid and return receipt requested, addressed to the proper party at the address stated below or such address as the party shall have designated to the other parties in accordance with this Section. Such notice shall be effective on the date of receipt through the mails or by courier by the addressee party, except that any facsimiles received after 5:00 p.m. of the addressee's local time shall be deemed delivered the next day.

If to ABWI: Weatherford Thompson
Alaska Bulk Water Inc.
1301 1st Ave. West
Albany, Oregon 97321
c/o Andrew J. Bean

If to Sitka: Administrator
City and Borough of Sitka
100 Lincoln St
Sitka, Alaska, 99835

IN WITNESS THEREOF, the parties have executed this Agreement as of the dates shown below.

ALASKA BULK WATER INC.

THE CITY AND BOROUGH OF SITKA

_____ **DATE** _____
TERRY TRAPP, CEO
ALASKA BULK WATER INC.

_____ **DATE** _____
MARK GORMAN, Administrator
THE CITY AND BOROUGH OF SITKA

ATTEST:

DATE ____

SARA PETERSON CMC

Municipal Clerk

THE CITY AND BOROUGH OF SITKA

STATE OF ALASKA

)

) ss. *ACKNOWLEDGMENT*

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 **TERRY TRAPP** to me known and known to me to be the person whose name is subscribed to the foregoing **PURCHASE AGREEMENT FOR BLUE LAKE RAW BULK WATER** and after being first duly sworn according to law, he stated to me under oath that he is the **CEO of ALASKA BULK WATER INC.**, that he has been authorized by said company to execute the foregoing **PURCHASE AGREEMENT FOR BLUE LAKE RAW BULK WATER** on its behalf and he executed the same freely and voluntarily as the free act and deed of said corporation.

Notary Public

My Commission Expires:

STATE OF ALASKA

)

) ss. *MUNICIPAL ACKNOWLEDGMENT*

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** to me known and known to me to be the person whose name is subscribed to the foregoing **PURCHASE AGREEMENT FOR BLUE LAKE RAW BULK WATER**, and after being first duly sworn according to law, he stated to me under oath that he is the **ADMINISTRATOR** of the City and Borough of Sitka, Alaska, a municipality organized under the laws of the State of Alaska, that he has been authorized by said municipality to execute the foregoing **PURCHASE AGREEMENT FOR BLUE LAKE RAW BULK WATER** on its behalf and he executed the same freely and voluntarily as the free act and deed of said corporation.

WITNESS my hand and official seal the day and year in this certificate first above written.

Notary Public for Alaska

My Commission Expires:

Residing at Sitka, Alaska



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 16-116 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 6/8/2016 In control: City and Borough Assembly

On agenda: 6/14/2016 Final action:

Title: Approve a 20-year purchase agreement for raw water in bulk for export with Arctic Blue Waters (Canada) Inc.

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and Memo Arctic Blue Waters \(Canada\) Inc..pdf](#)
[RFP Bulk Water Sales.pdf](#)
[Arctic Blue Waters - RFP Bulk Water Sales.pdf](#)
[Arctic Blue Waters \(Canada\) Inc. 20-year purchase agreement.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

POSSIBLE MOTION

I MOVE TO approve a 20-year purchase agreement between the City and Borough of Sitka and Arctic Blue Waters (Canada) Inc. for raw water in bulk for export as recommended by the Gary Paxton Industrial Park Board and authorize the Municipal Administrator to execute the document.



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

Monday, June 6, 2016

MEMORANDUM

To: Mark Gorman – CBS Administrator
From: Garry White, Director
Subject: Arctic Blue Waters Inc. (Arctic) Bulk Water Agreement

Introduction

The Gary Paxton Industrial Park (GPIP) Board of Directors is recommending that the CBS enter into a water purchase agreement with Arctic Bulk Waters Inc. (Arctic) for the export of bulk water.

MOTION: M/S Horan/McConnell moved to recommend the CBS Assembly enter into a 20-year bulk water purchase agreement with Arctic Blue Waters for the purchase of 6.8B gallons of raw water with similar terms set forth in the revised purchase agreement developed in the fall of 2015 and the following specific terms:

1. Arctic Blue Waters make a non-refundable payment of \$871,795 dollars to the City and Borough of Sitka(CBS).

ACTION: Motion PASSED 4/0 on a roll call vote
Yeas: Dan Jones, Ptarmica McConnell, Charles Horan, Scott Wagner (teleconference)
Nays: None Absent: Grant Miller

Background

The City and Borough of Sitka (CBS) has permits to export 29,235 Acre-feet (~9.5 billion gallons) of raw water annually.

The CBS has entered into multiple water purchase agreements with multiple entities for bulk export since 1996.

Most recently, the CBS had a water purchase agreement with ABWI, formerly True Alaska Bottling Company to export bulk water, since 2006. The CBS agreed to revise ABWI's purchase agreement for raw water in bulk for export for the 6th time in the fall of 2015. The revised agreement required ABWI to make a \$1,000,000 non-refundable payment to Sitka no later than December 8th, 2015. ABWI was unable to make its required payment which resulted in a breach in terms of the revised agreement and contract termination.

The GPIB Board met multiple times during the spring of 2016 to discuss bulk water proposals and directed the GPIB Director to release a Request for Proposal (RFP) to solicit proposals for exporting water.

The RFP for bulk water sales was released in April 2016 with proposals due to the CBS the 5th of May 2016. The CBS received 4 proposals. The GPIB Board met on the 16th of May to evaluate the proposals.

The GPIB Board recommended that the CBS enter into an agreement for raw water export with the following entities:

- Arctic Blue Water Inc. for 20,869 Acre-feet (~6.8 billion gallons) annually for 20 years.
- ABWI for 3,069 Acre-feet (1 billion gallons) annually for 20 years
- ABWI for another 3,069 Acre-feet (1 billion gallons) annually for 10 years

**all RFP results can be found at <http://www.sawmillcove.com/board/2016/051616/UB-1%20Bulk%20Water%20RFP.pdf>*

Basic Terms of Arctic's 20-year Bulk Water Export Agreement

- Requires Arctic to make a non-refundable fee of \$871,795 that can be used as water credits.
- Requires Arctic to export 50 million gallons of water within a 36-month period or CBS can terminate contract.
- The agreement defines Stages of water volume export to retain water allocation amounts. (Section 3.2)
 - Arctic gains more allocations by exporting more water and can lose allocation amounts by failing to export specified amounts.
- Ensures municipal water uses retain first right and priority to the water. (Section 4a)
- The agreement allows for hydroelectric dam and water system maintenance. (Section 4c)
- Protects the CBS from water quality issues with human consumption uses. (Section 4.3 & 13.3)
- The price for water has been set at \$3,258.51/Acre-feet or \$0.01/US gallon. (Section 7.1)

- Allows and defines terms of a license for Arctic to install, construct, maintain water loading infrastructure.
- Defines requirements for ballast water discharges and water loading.
- Other standard terms and conditions.

Additional Information

- Arctic has stated that it intends to use the water loading facility installed in the CBS tidelands by ABWI. Arctic and ABWI have agreed on a mutual water loading fee for the use of this infrastructure.
 - Section 10 of Arctic's contract allows it to install its own infrastructure with CBS permission or use the CBS's infrastructure if/when it is installed.
- The CBS is moving forward with potentially constructing a multipurpose dock in the tidelands of Sawmill Cove.
 - Section 10 addresses the CBS ability to require ABWI or Arctic to move existing infrastructure and use CBS infrastructure.
- The CBS retains 2,228 Acre-feet (~726 million gallons) of water annually to support future water bottling operations with the execution of all water purchase agreements recommended to ABWI and ARCTIC.

Attachments

- The RFP the CBS released to solicit bulk water proposals.
- Arctic's submittal to the RFP.
- Water purchase agreement between the CBS and Arctic for a 20-year term.

Action

The GPIB Board requests that the CBS Assembly approve the recommended water purchase agreement.



"Taste the True Nature of Water"

April 29th, 2016

City and Borough of Sitka and
Mr. Gary White / GPIP Board
329 Harbor Drive, Suite 212
Sitka, Alaska 99835

Dear Gary / Board Members

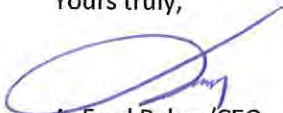
Please find enclosed six (6) copies of Arctic Blue Waters (Canada) Incorporated response to the RFP for bulk water sales. While this response is for Arctic Blue Waters an allocation of 6,800,257,957 gallons of water annually, the deposit pre-payment of US\$1.0 million being made by our firm for 100,000,000 gallons at US\$0.01 per gallon, is also intended to cover the 1.0 billion gallons annually requested by Alaska Bulk Water Inc.

ABWI is submitting their own response to the RFP. Arctic Blue Waters and AWBI are seeking separate bulk water contracts from the CBS and will operate independently of each other.

ABWI has agreed to use its loading station to load bulk water from Blue Lake into water tanker ships contracted by Arctic Blue Waters. Arctic Blue Waters have agreed to pay the loading fee of \$0.002 per gallon, charged by ABWI for this service.

We ask that the CBS award both Arctic Blue Waters (Canada) Incorporated and Alaska Bulk Water Inc., long-term bulk water contracts in consideration for the respective proposals and offered amounts.

Yours truly,



A. Fred Paley /CEO

The Time For Bulk Water Is Now

Visit www.arcticbluwaters.com or email fred.paley@arcticbluwaters.com

ARCTIC BLUE WATERS (CANADA) INCORPORATED
PROPOSAL TO CITY & BOROUGH OF SITKA
FOR BULK WATER
APRIL 29, 2016
PREPARED BY A. FRED PALEY

Company Description

Overview/Background:

The Founder and Chief Executive Officer (A. Fred Paley) of Arctic Blue Waters (Canada) Incorporated started his career in the water business in 1985, as a consultant to Bourassa Canadian Ltd., located in Vancouver, British Columbia. This firm was transporting bulk glacier water by tug and tank barge from Toba Inlet to Vancouver, B.C. for bottling and distribution in Canada and USA.

In 1987 Paley and a partner incorporated Snowcap Waters Ltd., purchased land and built a bottling plant on Vancouver Island to package glacier water from Toba Inlet, a fjord on the mainland of B.C. This company joined with Sun Belt Water Inc. of Santa Barbara, CA in 1990, to design and respond to a serious water shortfall in the City of Santa Barbara and the surrounding area. In March 1991, this joint effort received the right to final contract (US\$105 million value) to transport bulk water in 200,000 plus DWT ships from British Columbia to the Goleta Water District, County of Santa Barbara. Four days later the BC government of the day placed a moratorium on Snowcap's bulk water permit, killing the project. Snowcap continued to operate as a bottling and distribution company. In 1995 Paley sold his shares to his partner and moved on to take advantage of his interest in bulk water.

Late 1995, after searching for bulk water sources in Alaska, Paley visited Sitka to discuss with City Administration the concept of exporting bulk water from Blue Lake. At this time Paley was the founder and CEO of Global Water Corporation (later changed to Global H2O Resources Inc.), a Vancouver, B.C. based company.

On April 4, 1996, Global engaged (Stragier Engineering Services, Inc.) a Sitka based engineering firm, together with Peratrovich, Nottingham and Drage, Inc. (PN&D) to complete a "Feasibility Report" for a Raw Water Export Facility at Silver Bay, Sitka, AK. This report, which was paid for by Global, was used by the City to obtain its bulk water export permit. For the next ten years Global continued to:

- market the bulk water from Blue Lake, traveling to several international countries;
- signing Letters of Intent with corporations in China and S. Korea;
- hiring a local engineer to oversee design and construction of a loading facility;
- paying for land and underwater surveys at Silver Bay for a designed loading facility to handle a 150,000 DWT tanker;
- purchasing two large barges and completing a preliminary retrofit on one;
- transporting 210,000 liters from Sitka to Vancouver, B.C. for bottling and distribution to the United Kingdom;
- paying for tidelands lease at Silver Bay, AK;
- paying the City treasury over US\$400,000;
- Total spending over Canadian \$6.0 million on the project.
- Global agreement with Sitka was cancelled by the City in 2006.

July 2010, Paley together with Andrew Argent and Ron Robertson was back in the bulk water business, reaching an agreement with Aleut Corporation, Anchorage, AK for the exclusive right to harvest and export bulk water from Adak Island. With the assistance of our firm, Aleut Corporation were able to obtain a bulk water export permit from the Alaska Department of Natural Resources, where bulk water would be supplied by two lakes on the island.

Under the offices of Arctic Blue Waters, management have developed a strong business relationship with Tudor Shipping, a company with over thirty years in shipping, many related to shipping food products in bulk. Management of Arctic have established business contacts in S. Korea, Taiwan, Hong Kong and several cities in China.

Key Personnel – Arctic Blue Waters

Arctic's founding management team have many years of experience as international entrepreneurs with significant business experience in world trade, export market development, international finance, and the harvesting, bottling, distribution transport and marketing of pure drinking water.

Andy Argent - Director & President

Essex, United Kingdom

Mr. Andrew Argent has founded six businesses in United Kingdom since 1984. Each has operated successfully since inception. Two have been sold. Mr. Argent is the Managing Director and maintains control of the following:

- The Lunch Box: – a highly successful catering company specializing in static on-site services with twenty-four operating branches.
- Spirit Homes: a half-way house for young adults working towards independence.
- North Weald Flying Club: - operates seven light aircraft.

Throughout his business career, Andy Argent has demonstrated an exemplary degree of successful performance in the management of business for profit.

Fred Paley - Director & Chief Executive Officer

Quesnel, B.C.

As the former Chairman and CEO of Global H₂O Resources since its inception in 1995, Mr. Paley is one of the world's foremost experts in bulk water. He was founding chairman and CEO of Snowcap Waters Limited (1988 - 1994), this company was responsible for harvesting, delivery, packaging and marketing of bottled glacial water. Mr. Paley was responsible for the startup of Snowcap. From 1985 - 1987, he was president of Polar Consulting Services where he acted as a financial and marketing consultant to both Bourassa Canadian Water Corporation and Pacific Rim Water Resources Ltd. Mr. Paley spent several years in the oil & gas service industry, which included a posting of four years in Singapore where as a representative for Baker Oil Tools he covered seventeen countries in Asia.

Ronald W. Robertson, MBA Marketing Director

Port Moody, B.C. Canada

Mr. Robertson received his MBA degree from the University of British Columbia in 1972. Mr. Robertson held the position of Sales Manager for Krispee Foods Ltd., Vancouver, B.C., for three years. Ron then accepted the position as Sales Manager for Hostess Foods Ltd., Western Division and stayed in that position for four years. Ron was recruited by Fruit-O-Lay Ltd., Canada to introduce their product line to the Canadian market. In his position, as Vice-President Sales and Marketing, he was highly successful in completing this objective and held this position for eleven years. Ron is currently Sales Manager for MJM Furniture Ltd. This company has several retail outlets selling quality furniture to the B.C. market.

Throughout his career, Mr. Robertson has demonstrated strong leadership qualities, which resulted in significant achievements in the fields of Sales and Marketing.

Andy Pristol – Director

Sault Ste. Marie, Ontario

Andy Pristol commenced his Industrial/Commercial/Investment Real Estate career with Re/Max in 1985. Investment strategies in property acquisitions, sales and management of large tracks of vacant land (ranging in size from 25,000 to 5.0 million acres) earned Andy top honours with Re/Max.

Recognitions:

- Andy was Re/Max North America's Top ICI Real Estate Agent for 3 years;
- Andy was recognized as Re/Max's International World Wide #2 ICI Agent in 2008;
- www.remonline.com/remax-honours-top-ontarioatlantic-sales-professionals/

Professional Accomplishments

2005 – 2016 Andy Pristol partnered and was then appointed President, of Algoma Timberlakes Corporation Inc., by Carlo Fidani (<http://www.orlandocorp.com/>)

2011 Andy completed his first carbon offset program with TransCanada Energy. Appointed by 4 Front Capital 2015 to manage their carbon offset program. 4 Front Capital is a commodity trading company, which currently ships petroleum.

2013 Andy was appointed by the Forestland Group of Companies to manage Forestland acquisitions. The Forestland Group owns more than three million acres of forest lands.

Director for Canadian Resorts (1995 – 1999) and Partner/President for Algoma Timberlakes Corporation Inc. (2005 – 2014). Andy headed the management team for 250 Canadian Tourism Camps in Northern Manitoba, Quebec, Ontario and the Northwest Territories.

2001- 2014 Private Consultant. Operational Manager for a 147,000 acre estate commencing selective hardwood logging operations in Algoma, Ontario that peaked at 3,500 rail car loads on an annual basis.

Additional Professional Experience

- Initial start-up of the operation and daily management;
- Responsible for mirroring the requirements for pension fund investment;
- Ability to create business plans, assess viability and fund projects;
- Preparing and delivering multilevel presentations and contracts;

- Marketing and sales of all timber to regional and international markets;
- Planning and controlling budgets, preparing costing and financial forecasts;
- Forest inventory analysis;
- Mineral rights research and development;
- Negotiations and liaising with local authorities;

Andy is a pilot who has several thousand hours of flight time with his own aircrafts. Services ranging from aerial assignments to GPS strategic planning.

Operational Personnel

Arctic Blue Waters will be working with Alaska Bulk Water Inc. (ABWI), who intend to hire local personnel in Sitka, for operating the bulk water loading facility.

Financial Capabilities

Arctic Blue Waters is well funded with working capital of Six Million (\$6,000,000) Dollars and upon being the successful bidder of this project has the capability of providing the One Million (\$1,000,000) USD to the City and Borough of Sitka as outlined in the attached letter from its' legal counsel, sent by email to Mr. Gary White. The \$1.0 million USD is to be considered a pre-payment of bulk water at a rate of US\$0.01 per US gallon.

Business Plan Concept

Overall Business Plan

Over the last 30 years, senior management of Arctic Blue Waters has developed both direct contacts both for the marketing of bulk water domestically and internationally. Several sales trips have been made to S. Korea, Taiwan and China, meeting with large beverage groups who had expressed interest in receiving bulk water from Alaska. Drinking water continues to be polluted and depleted in these countries as the population increases and industrial development continues to grow.

(The Economist January/February 2016 reports)

- China's population is so large, that it has quickly become the largest market for almost anything it consumes.
- Such is the case with bottled water! Chinese drink 40 billion liters of the stuff each year, up over 13-fold since 1998.
- Finding clean supplies is difficult; rivers, lakes and groundwater in China are often polluted or depleted.

Arctic Blue Waters have an arrangement with Alaska Bulk Water Inc., to use its loading station and personnel to supply bulk water to its customers, paying ABWI US\$0.002 per US gallon for these loading services.

Market/Customers

Arctic Blue Waters is in final negotiations to secure a very large bulk water sale – this sale is subject to our firm being able to supply the volumes of bulk water requested by our client.

Arctic Blue Waters will continue to work with established contacts in Asia and the Middle East to secure additional bulk water sales. Our firm has been able to obtain a comprehensive sales and marketing plan for the United Arab Emirates, completed by a local firm in Dubai.

Arctic Blue Waters have held meetings with beverage groups in Asia, who entertained the concept of receiving pure Alaskan water in bulk for bottling and distribution in the local retail market. The development of the infrastructure and the financial commitment to provide the storage tanks at the sea port and truck loading stations has been lacking in the past. Senior management of Arctic Blue Waters have recently met with Osama Eissa, the Chairman of the Eissa Group. This very large shipping company have fifty-five (55) ocean going tankers and operate on a worldwide basis. Mr. Eissa has expressed an interest in transporting the bulk water by food-grade tankers and building the infrastructure for off-loading in the host country, where a client commits to a long-term bulk water purchase contract.

Arctic Blue Waters has a written procedure for handling bulk water from its source to the final customer. Strict attention must be given to avoid any contamination of the water while loading, by the vessel in transit or off-loading at its destination. Arctic Blue Waters will take water samples at the time each ship is loaded, results will be sent electronically to the ship's Captain during the voyage. Samples will be archived in a quality assurance lab in Sitka. Should it be necessary, the bulk water will be circulated through a UV System on board the ship during transit. At the time of discharge additional samples will be taken by a government recognized laboratory, testing results provided to the ship's Captain and the client. Once again samples will be archived in a quality assurance lab, contracted by Arctic Blue Waters.

Upland / Tidelands Required

Arctic Blue Waters has an arrangement to work with Alaska Bulk Water Inc., to use their local personnel and facilities to load our bulk water tankers, at its location in Silver Bay. Arctic Blue Waters will assist ABWI in locating any additional equipment that may be required to load tankers.

Rates Bid

Arctic Blue Waters proposes to purchase bulk water from CBS at the rate of US\$0.01 per US gallon. Arctic Blue Waters is joint bidding the bulk water in the following fashion. Arctic Blue Waters is seeking a long-term contract of 6,800,257,957 gallons, ABWI is seeking the balance of 1,000,000,000 gallons for its own use. Arctic Blue Waters and ABWI have an agreement for these respective amounts. Arctic Blue Waters will pay the City and Borough of Sitka \$1,000,000 as a pre-payment on 100,000,000 gallons of bulk water from Blue Lake, for the benefit of both Arctic Blue Waters and ABWI. Each company would receive its respective water credit. Each company is seeking a long-term water purchase contract (20 years plus) with the CBS. The requirement to ship 50,000,000 gallons in the first 36 month period will be satisfied by the collective shipments of both companies. That is, if both companies ship a total of 50 million gallons in 36 months, then this requirement is satisfied and the contract reverts to a long-term contract. The prepayment will be proportionately divided as water credits for the benefit of each company.

Arctic Blue Water and ABWI are operating at arm's length and not as a joint entity. Both companies will pursue their own bulk water opportunities. Arctic Blue Waters and ABWI have agreed that ABWI will load Arctic Blue Water's bulk water onto ship tankers at the rate of US\$0.002 per gallon.

Summary

Arctic Blue Waters and ABWI, we believe have more combined experience with the bulk water business than anyone else in the world. Both companies understand what is required to market raw bulk water, transport it by food-grade ships, ensure integrity of the water while loading and off-loading into food-grade storage tanks, together with the expertise to ensure use on a continuous basis.

ABWI has agreed to load the Arctic Blue vessels at a rate that is acceptable to Arctic Blue Waters. That both companies would have separate allocation of water meets the desires of the CBS for diversity of suppliers.

The offered rate of \$0.01 per gallon is consistent with past purchases. Competition from other water sources in the world reveal rates much lower than \$0.01 per gallon. However, both Arctic Blue Waters and ABWI feel they can obtain customers at this rate for the benefit of the CBS. The offered deposit pre-payment of \$1.0 million is commensurate with the past bids for the water.

Both Arctic Blue Waters and ABWI request that this offer be accepted so that the shipment of bulk water from Sitka can become a reality.

**PURCHASE AGREEMENT
FOR RAW WATER
IN BULK FOR EXPORT**

BETWEEN:

City and Borough of Sitka
100 Lincoln Street
Sitka, Alaska 99835

AND

Arctic Blue Waters (Canada) Inc.
B-677 Broughton Ave
Quesnel, BC V2J 4V9

1. Term and Documents Comprising this Agreement.

1.1 The initial term of this Agreement shall commence upon Arctic Blue Waters (Canada) Inc. making a non-refundable payment of \$871,795 to the Administrator of the City and Borough of Sitka (hereinafter referred to as Administrator), and shall end at 11:59 p.m. Alaska Standard Time on June 15, 2036. The City and Borough of Sitka (hereinafter referred to as Sitka) hereby grants to Arctic Blue Waters (Canada) Inc. (hereinafter referred to as ARCTIC), the right to purchase raw water in bulk for export, to be delivered to it by Sitka from the Blue Lake reservoir, a water source within Sitka on the terms and conditions set forth herein.

1.2 At the conclusion of the initial term of this Agreement, each of three additional terms of five (5) years each for extension of this Agreement may be exercised upon the consent of both parties. ARCTIC must notify the Administrator in writing no later than four (4) months before the end of the initial Agreement period of its desire to add an additional five-year term, and shall thereafter notify the Administrator no later than four (4) months prior to the expiration of each exercised additional term of its desire to exercise the next five-year time period. If ARCTIC does not timely notify the Administrator in writing, the Agreement shall terminate at the expiration of the then-current contract term. Sitka's bulk raw water price is subject to re-negotiation before the commencement of each additional term. If said price is not agreed, the Agreement shall terminate at the expiration of the then-current contract term. Either party may decide to not implement any additional term for any reason, in its sole discretion.

1.3 The Agreement consists of the 23 sections in this Agreement plus Appendix A (a map), Appendix B (the "Prospective Purchaser Agreement Between the State of Alaska and the City-Borough of Sitka for the Former Alaska Pulp Corporation Pulp Mill Property" dated April 28, 1999, including all attachments, which specifically includes "Memorandum of Understanding between the State of Alaska and the City and Borough of Sitka [:] Management Plan for Sawmill Cove Property (Former APC Property)."), and Appendix C (a map of Block 4, Lot 9a).

2. Definitions.

In this Agreement, the following terms shall have the definitions stated:

- a) "acre-foot" or "af" means 325,851 U.S. gallons.
- b) "annually" means 12 consecutive months.
- c) "beneficial use" means the application of water, purchased by ARCTIC for export or for use at the point of delivery, to a useful purpose, including domestic, commercial, agricultural, wildlife, and recreational uses.
- d) "BG" or "bg" means billions of gallons.
- e) "bulk water" means raw water or potable water sold by Sitka to ARCTIC under this Agreement, and delivered by Sitka to ARCTIC in the measured quantities specified in this Agreement.
- f) "deliver" or "to deliver" or "delivered" means Sitka making a specific quantity of water available to ARCTIC at the point of delivery.
- g) "export" means the transportation by ARCTIC of bulk water to a destination outside the hydrological unit of the Blue Lake drainage.
- h) "gallon" means one US gallon or 3.785 liters.
- i) Loading means transporting the raw bulk water which is the subject of this Agreement from Blue Lake through pipelines and other conveyances into the ARCTIC-chartered ship for export outside Alaskan waters.
- j) "MG" or "mg" means millions of gallons.
- k) "MGD" means millions of gallons per consecutive 24-hour period.
- l) "per day" means calendar day starting at midnight.
- m) "per week" means during a period of seven (7) consecutive days.
- n) "per year" means during a period of 12 consecutive months.
- o) "point of delivery" means that physical location at which the Sitka-owned physical facilities and equipment, employed in the transportation of Sitka's bulk water for delivery to ARCTIC, terminates.
- p) "raw water" means untreated water delivered by Sitka to the point of delivery from Blue Lake via the Blue Lake penstock, a conduit which transports water from Blue Lake to the Blue Lake Powerhouse as shown on Exhibit A.

q) “rule curve” means the relationship between the elevation of the water surface of Blue Lake and the volume of water contained in Blue Lake, which regulates the reservation of water for fish, wildlife, and habitat protection.

r) “Stage” means a time period in this Agreement that starts 12 months after the effective date of this Agreement; a Stage is composed of one or more 12-month periods, with each 12-month period starting on the anniversary of the day the Stage begins.

s) “Stage Anniversary Date” means the day starting a 12-month period in a Stage.

t) "ton" means one US short ton or 2,000 pounds.

u) “unforeseen” means an exceptional event, not contemplated by the parties in negotiating this Agreement. Performance made more difficult or expensive than expected is not “unforeseen.” The burden of proving that an event is unforeseen is on the party that advances it as a reason for non-performance.

v) “water rights” means those rights to the beneficial use of water which are held by Sitka under certificates of appropriation issued by the State of Alaska pursuant to Alaska law.

3. Water Volumes Contracted by ARCTIC from Sitka.

3.1 Sitka will make available to ARCTIC a total of 20,869 acre-feet of raw bulk water for a period of 36 months after the effective date of this Agreement. At the conclusion of the 36-month period described in the previous sentence, ARCTIC's access to such water will be governed by the stages set out in Subsection 3.2 of this Agreement, provided that ARCTIC has met the minimum export volumes set out in Section 3 (this Section) of this Agreement. During the 36-month period immediately after the effective date of this Agreement, ARCTIC must take delivery of and export at least 50 million gallons of raw bulk water. If ARCTIC does not take delivery of and export at least 50 million gallons of raw bulk water from Sitka pursuant to this Agreement in the first 36 months after the effective date of this Agreement, this Agreement shall, at Sitka’s election, terminate and expire without further action by Sitka on the forty-fifth (45th) day after ARCTIC’s receipt of the Administrator’s notice to ARCTIC by certified mail that ARCTIC has failed to comply with Paragraph 3.1, unless within said 45-day period, ARCTIC cures its failure to take delivery of and export at least 50 million gallons of raw bulk water from Sitka.

3.2 The Stages described in this subsection start 36 months after the effective date of this Agreement. The maximum quantity of raw water in bulk available for export by ARCTIC from Sitka under this Agreement and the minimum export requirements are set forth below as follows:

Contract Increment Stages	Maximum Water Delivery per 24-Hour Period	Acre-Foot Available Annually	Minimum Export Required to Move to Next Stage	Minimum Export Required to Remain at Stage	Required Period of Performance
Stage 1	33.6 MG	1,000 af	230.2 af (75mg)	153.4 af (50mg)	12-month period
Stage 2	33.6 MG	2,000 af	306.9 af (100mg)	230.2 af (75mg)	12-month period

Stage 3	33.6 MG	4,000 af	920.7 af (300mg)	306.9 af (100mg)	12-month period
Stage 4	33.6 MG	10,000 af	3,068.9 af (1bg)	920.7 af (300mg)	12-month period
Stage 5	33.6 MG	() ¹	N/A	3,068.9 af (1bg)	12-month period

Stage 1: Stage 1 begins 36 months after the effective date of this Agreement. Sitka will make available to ARCTIC not less than 1,000 acre-feet (325.8 MG) of raw bulk water in a 12-month period in Stage 1. To remain at Stage 1 for a 12 month-period starting on the Stage Anniversary Date of Stage 1, ARCTIC must have taken delivery of and exported from Sitka a minimum of 153.4 af (50 MG) of raw bulk water within the 12-month period immediately preceding the most recent Stage Anniversary Date of Stage 1. If ARCTIC does not take delivery and export the said minimum, this Agreement shall, at Sitka’s election, terminate and expire without further action by Sitka on the forty-fifth (45th) day after the Administrator gives notice to ARCTIC by certified mail that ARCTIC has failed to meet such requirement, unless within the 45-day period ARCTIC cures such failure as determined by Sitka in its sole discretion.

Stage 2: ARCTIC shall take delivery and pay for a minimum of 230.2 acre feet of raw bulk water within a 12-month period during this Stage. If ARCTIC takes delivery of and exports a total of at least 230.2 acre-feet (75 MG) of bulk water in a 12-month period, then the amount of raw bulk water Sitka will make available for delivery to ARCTIC will be increased to 2,000 acre-feet of water in a 12-month period, provided at that time that the Administrator has determined in his/her sole discretion that Sitka still has adequate water quantities available and uncommitted. To remain at Stage 2 for the next 12 months ARCTIC must have taken delivery of and exported from Sitka at least 230.2 af (75 MG) within the 12-month period immediately preceding the most recent Stage 2 Anniversary Date. If ARCTIC does not meet the requirement to remain at Stage 2 set out in the previous sentence, ARCTIC shall revert to Stage 1 thereby establishing a new Stage 1 Anniversary Date.

Stage 3: ARCTIC shall take delivery and pay for a minimum of 306.9 acre feet of raw bulk water in a 12-month period during this Stage. If ARCTIC takes delivery of and exports a total of at least 306.9 acre-feet (100 MG) of bulk water per 12-month period, then the amount of water Sitka will make available for delivery to ARCTIC will be increased to 4,000 acre-feet per year, provided at that time that the Administrator has determined in his/her sole discretion that Sitka still has adequate water quantities available and uncommitted. To remain at Stage 3 for the next 12 months ARCTIC must have taken delivery of and exported from Sitka at least 306.9 af (100 MG) within the 12-month period preceding the most recent Stage 3 Anniversary Date. If ARCTIC does not meet the requirement set out in the previous sentence to remain at Stage 3, ARCTIC shall revert to Stage 2 thereby establishing a new Stage 2 Anniversary Date.

Stage 4: ARCTIC shall take delivery and pay for a minimum of 920.7 acre feet of raw bulk water in a 12-month period during this Stage. If ARCTIC takes delivery of and exports a total of at least 920.7 acre-feet (300 MG) per 12-month period, then the amount of raw bulk water Sitka will make available for delivery to ARCTIC will be increased to 10,000 acre-feet per 12-month period, provided at that time that Sitka’s Administrator has determined in his/her sole discretion

¹ Annual acre-feet available and the minimum amount of water available for export per 12-month period will be determined solely by Sitka at that time based on availability.

that Sitka still has adequate water quantities available and uncommitted. To remain at Stage 4 for the next 12 months ARCTIC must have taken delivery of and exported from Sitka at least 920.7 af (300 MG) within the 12-month period immediately preceding the most recent Stage 4 Anniversary Date. If ARCTIC does not meet the requirement set out in the previous sentence to remain at Stage 4, ARCTIC shall revert to Stage 3 thereby establishing a new Stage 3 Anniversary Date.

Stage 5: ARCTIC shall take delivery and pay for a minimum of 3,068.9 acre feet of raw bulk water in a 12-month period during this Stage. If ARCTIC takes delivery of and exports a total of 3,068.9 acre feet (1 billion gallons) of raw bulk water per 12-month period, then ARCTIC may request from Sitka additional raw bulk water in a volume to be determined by the Administrator in his/her sole discretion at that time, provided that the Administrator has determined in his/her sole discretion that Sitka still has adequate water quantities available and uncommitted. To remain at Stage 5 for the next 12 months ARCTIC must have taken delivery of and exported from Sitka at least 3,068.9 af (1 BG) within the 12-month period immediately preceding the most recent Stage 5 Anniversary Date. If ARCTIC does not meet the requirement set out in the previous sentence to remain at Stage 5, ARCTIC shall revert to Stage 4 thereby establishing a new Stage 4 Anniversary Date.

3.3 If ARCTIC fails to take delivery of and export the required minimum volume specified in Stages 2 through 5 within the time periods specified for those Stages as set out in Subsection 3.2, the respective obligations of Sitka to make raw bulk water available, and of ARCTIC to take delivery of and accept and export such volume shall be reduced to the next lower Stage for the next 12-month period. If ARCTIC meets the minimum performance requirement of that lower Stage within the time period specified, then the next higher Stage shall again be in effect during the next 12-month period. The date upon which Sitka moves ARCTIC either up or down from stage to stage will start the 12-month time period anew and create a new Stage Anniversary Date, provided at that time that Sitka still has adequate raw bulk water quantities available and uncommitted for export.

3.4 Notwithstanding any other provision of this Agreement, if raw bulk water delivered by Sitka to ARCTIC and exported by ARCTIC falls below 50 million gallons during any period of 12 consecutive month period after the first 36 months after the effective date of this Agreement, this Agreement shall, at Sitka's election, terminate and expire without further action by Sitka on the forty-fifth (45th) day after to ARCTIC receives notice from the Administrator that ARCTIC has breached or failed to comply with this Paragraph 3.4, unless within the 45-day period, ARCTIC cures its failure to take delivery of and export at least 50 million gallons of water from Sitka.

3.5 At no time may ARCTIC take delivery of raw bulk water at a rate greater than 33.6 MGD or at a rate less than 50 million gallons during the 12-month period after operations have commenced.

4. The Parties' Rights and Obligations Regarding Water Delivered for Export.

4.1. Sitka is entering into this Agreement to sell raw water in bulk pursuant to water to Sitka's water export authority contained in Water Appropriation Certificates LAS 19669 and ADL 43826. Sitka's obligation to deliver water to ARCTIC in the quantities specified in this Agreement is subject to these conditions and limitations:

a) Notwithstanding any other provision of this Agreement, Sitka shall retain first right and priority to water required for its municipal drinking water supply system and its municipal hydroelectric system, and it may suspend or limit raw water deliveries in bulk to ARCTIC to meet the requirements of its municipal drinking water and hydroelectric systems. Whether there is a sufficient volume of raw water available for these purposes shall be decided in the sole discretion of the Administrator.

b) Sitka will abide by the 1992 Blue Lake Watershed Control Plan as approved by the U.S. Environmental Protection Agency and described in City and Borough of Sitka Ordinance No. 92-1091.

c) The Administrator may temporarily suspend raw water deliveries in bulk in order to perform routine maintenance on its municipal drinking water, hydroelectric and/or water delivery systems, provided that the Administrator shall give not less than 60 days prior notice to ARCTIC of any such planned suspension.

d) Sitka shall be relieved of its obligation to deliver raw water in bulk to ARCTIC in the event of an interruption in water supply due to circumstances that require repair to or reconstruction of the municipal drinking water, hydroelectric systems, water delivery system, or other of Sitka's facilities. Delivery of raw water in bulk to ARCTIC may be reduced to the extent necessary to make such repair(s) or reconstruction, and for so long as the Administrator in his/her sole discretion determined is required to make such repairs or reconstruction.

e) The volumes of Sitka's raw water deliveries in bulk to ARCTIC for export are subject to Sitka's overriding obligation to comply with all of the conditions contained in Water Appropriation Certificates ADL 43826, LAS 19669, and LAS 20526, including compliance with the rule curve and the support of spawning, incubation, and rearing of certain species of fish in Sawmill Creek and Blue Lake. Interpretation of applicable requirements and the means used to achieve compliance with such requirements shall be in the Administrator's sole discretion.

f) In the event Sitka is relieved of its obligation to make agreed quantities of water available to ARCTIC for reasons noted in this paragraph or due to Force Majeure or due to unforeseen circumstances, then ARCTIC's obligation to take delivery of and to export water shall be reduced to the volumes actually delivered by Sitka during that period of time and the time within which ARCTIC is authorized to receive raw bulk water shall be extended for a period equal to the period of time that Sitka has been so relieved of its obligation.

4.2 ARCTIC agrees and warrants that the raw bulk water delivered to it by Sitka for export shall be put to one or more beneficial uses by it or by its water purchasers. Breach of this warranty shall be a material breach of this Agreement.

4.3 For that portion of the raw bulk water which is made available for human consumption ARCTIC shall, at ARCTIC's sole cost, promptly comply with all Government Regulations relating to the condition, use or quality of such water for human consumption. ARCTIC shall establish staff and maintain an on-site Water Quality laboratory to perform ARCTIC's obligations under Paragraph 13.3.

5. [This section deliberately left blank.]

6. No Warranty by Sitka of Water Quality or Fitness for a Particular Purpose.

6.1 SITKA DOES NOT WARRANT THE QUALITY OR FITNESS FOR A PARTICULAR PURPOSE OF ANY WATER CONTRACTED BY IT FOR DELIVERY, AND/OR ACTUALLY DELIVERED, TO ARCTIC UNDER THIS AGREEMENT. ARCTIC ACKNOWLEDGES AND AGREES THAT BEFORE ENTERING INTO THIS AGREEMENT, IT HAS EXAMINED SITKA'S WATER SOURCE, SITKA'S METHODS OF DIVERSION, AND SITKA'S MEANS OF DELIVERY TO ARCTIC OF THE QUANTITIES OF WATER WHICH ARE CONTRACTED UNDER THIS AGREEMENT, AND THAT IT HAS FOUND ALL SUCH ITEMS ADEQUATE AND SATISFACTORY FOR ARCTIC'S PURPOSES, INCLUDING HUMAN CONSUMPTION.

6.2 ARCTIC acknowledges and agrees that Sitka's routine alterations in its hydroelectric operations may produce temporary changes in water quality due to turbidity, and that the occurrence of such events shall not alter or affect ARCTIC's obligations under this Agreement.

6.3 ARCTIC acknowledges and agrees that the quality of raw water contracted by Sitka to be delivered in bulk to ARCTIC for export may vary due to natural events over which Sitka has no control, which include, without limitation, rainfall, drought, snowfall, avalanches and landslides, and that the occurrence of such events shall not alter or affect ARCTIC's contractual obligations under this Agreement, except that the quantity of water ARCTIC is obligated to take delivery of and to export shall be reduced to the quantity Sitka can and does make available for delivery to ARCTIC, as a consequence of an occurrence of any of such natural events.

6.4 ARCTIC SHALL BE SOLELY RESPONSIBLE AND LIABLE FOR THE QUALITY AND USEFULNESS FOR ANY PARTICULAR PURPOSE, INCLUDING HUMAN CONSUMPTION, OF ALL WATER EXPORTED BY, TRANSPORTED BY, USED BY, OR SOLD BY, OR DELIVERED BY ARCTIC.

7. Purchase Price for Raw Bulk Water.

7.1 ARCTIC shall pay the following prices for raw bulk water for export from Sitka:

a. Raw water delivered in bulk to ARCTIC for export shall be priced at U.S. \$0.01 (one cent) per gallon. The purchase price includes Sitka cargo wharfage charges for bulk water delivered to ARCTIC's vessel.

b. Raw water delivered by Sitka to ARCTIC for vessel wash-down, washout and any other non-export application shall be priced at US \$0.005 (one-half of a cent) per gallon. Such quantities shall be separately metered, and shall not be included in the total quantities of raw water delivered to ARCTIC for export.

7.2 ARCTIC shall pay for each volume of water loaded no later than fifteen (15) days after the presentation of an invoice by the Administrator to ARCTIC for such water. Failure by ARCTIC to make timely payment shall be a material breach of this Agreement and be cause for the Administrator to suspend water delivery to ARCTIC.

7.3 Beginning July 1, 2021 and every calendar year thereafter, the prices charged by Sitka for raw water delivered in bulk to ARCTIC under this Agreement will be adjusted by the Administrator based on the "All Items" figure for Seattle, Washington as published in the "Consumer Price Index for All Urban Consumers" (CPI) published the most immediately before January 1 of the calendar year for

which prices are being calculated. Notwithstanding the previous sentence, in no event will the CPI adjustment described in the previous sentence exceed + 3.0% nor the adjustment be made if the result of such adjustment would be a decrease in any price charged under this Agreement.

7.4 ARCTIC shall pay Sitka for the volume of water delivered to ARCTIC as measured by flow meters owned, operated, and documented by Sitka at or near the point of delivery. One year after the first delivery of water the Administrator shall arrange for an independent third party to calibrate the flow meters after which they will be calibrated every other year during the term of this Agreement.

8. Conditions for Maintaining ARCTIC's Purchase Right and Obligation; Termination.

8.1 Notwithstanding any other provision of this Agreement, this Agreement shall, at Sitka's Administrator's election, terminate and expire without further action by Sitka on the forty-fifth (45th) day after the Administrator mails notice to ARCTIC by certified mail that ARCTIC has breached or failed to comply with one or more of the conditions or requirements of this Agreement, or become insolvent, or abandoned the project unless within said 45-day period, ARCTIC cures the specified default or defaults to Sitka's satisfaction, as determined by Sitka in its sole discretion.

8.2 Upon termination, all legal rights and obligations as between Sitka and ARCTIC under this Agreement shall cease, except that ARCTIC's obligations to Sitka under Sections 13, 14, 15, 16, and 17 of this Agreement shall survive termination.

9. Sitka's Permitting Actions.

The Administrator shall take any and all actions which she/he determines, in the exercise of her/his sole discretion, to be reasonable, necessary, and economically feasible to maintain in good standing any permit, license, certificate, allocation, appropriation or other authorization required for Sitka to fulfill its obligations under this Agreement.

10. Delivery, Loading, and Transportation of Water in Bulk.

10.1 The parties agree that ARCTIC shall be solely responsible for the costs of acquisition, construction and installation, maintenance and repair of any structure, facility or vessel downstream of the point of delivery which it determines to be required or convenient for the loading and transportation of bulk water delivered to it by Sitka, and for initiating and completing such acquisition, construction and installation. All structures and facilities must comply with all Federal, State, and local law, including zoning requirements.

10.3 Sitka shall retain the right to own, and operate a raw bulk water delivery pipeline that serves the Gary Paxton Industrial Park. In such event, Sitka may require ARCTIC to use Sitka's facilities and may change the point of delivery to the point at which Sitka's facilities end. Unless and until Sitka provides such new facilities ARCTIC shall be fully responsible, at its own cost and expense, for arranging and accomplishing transport of raw bulk water from the point of delivery established by Sitka.

10.4 ARCTIC shall pay such port vessel dockage fees established by Sitka. SITKA DOES NOT WARRANT THE QUALITY OR FITNESS FOR A PARTICULAR PURPOSE OF ANY DOCK OR WHARF AT SUCH WATERFRONT, AND ARCTIC MUST ASSURE THE ADMINISTRATOR OF THE FEASIBILITY OF A PARTICULAR USE BEFORE ENGAGING IN SUCH USE.

10.5 ARCTIC shall be solely responsible for arranging the transportation of all water delivered to it by

Sitka for export.

10.6 No later than 30 days before the first delivery of water takes place under this Agreement, ARCTIC will designate in a writing to the Administrator a local representative as ARCTIC's continuing personal contact with the Administrator and its subordinate departments, agencies and authorities.

10.7 Sitka's flow meter which is used to calculate the quantities of water delivered to ARCTIC shall be located near the point of delivery.

11. Ballast Water and Wash Water Discharges.

11.1 ARCTIC shall comply with all applicable international, federal, state, and local requirements regarding the discharge of any ballast water (including bilge water) or any wastes at all times and as to all vessels traveling to and from Silver Bay and/or Sawmill Cove for the purpose of receiving any raw bulk water from Sitka under this Agreement. Such requirements described in this Section include, but are not limited to, those in Section IV of the Sawmill Cove Management Plan, which is included in Appendix B.

11.2 ARCTIC shall comply with all applicable federal, state and local requirements regarding the use and disposal of any raw or treated water delivered to ARCTIC by Sitka for the purposes of vessel wash-down or washout, or any other non-export application.

12. Water Loading Plan Requirements.

12.1 Before ARCTIC loads any bulk water delivered to it by Sitka, ARCTIC shall submit to the Administrator a written Water Loading Plan. This Plan shall be deemed approved by the Administrator unless no later than seven days after its submission the Administrator in his or her sole discretion rejects—or requires ARCTIC to resubmit—any portion of the Plan. Such action by the Administrator shall be in a writing to ARCTIC that states the deficiency. Sitka shall deliver no bulk water to ARCTIC and ARCTIC shall not load any bulk water delivered to it by Sitka as long as any portion of the Plan has been rejected and not approved after re-submittal. ARCTIC shall submit a separate Water Loading Plan at least ten (10) days before each loading of bulk water under this Agreement.

12.2 The Water Loading Plans required by this section shall address administrative, environmental, and logistical matters related to the loading of water. The issues and items to be addressed in each Water Loading Plan shall include, without limitation, each of the following:

- a) identify and provide information requested by the Administrator regarding any vessel to be used by ARCTIC in the loading or transport of raw bulk water;
- b) steps to be taken to insure the safety of persons in any way involved in the loading of bulk water;
- c) certification that ARCTIC has a Contingency Plan that meets all of the requirements of State law applicable to the vessel that is being loaded;
- d) steps to be taken to insure the safety of the public before, during, and after loading of raw bulk water;
- e) steps to be taken to address the effects of wind and tidal conditions on the loading;

- f) steps to be taken concerning moorage and access to vessels during loading;
- g) steps to assure communication before, during, and after loading between those loading and the Administrator or his/her designee;
- h) details about the precise location and proposed use of any structure, facility, pipe, pipeline, or other infrastructure to be used in the loading of raw bulk water and details describing how ARCTIC intends to address the risks associated with a catastrophic event arising from ARCTIC's loading activities or ARCTIC's failure to adhere to the proposed Water Loading Plan;
- i) steps to be taken to avoid conflicts with other vessel traffic and industrial park users;
- j) details on proposed handling of any ballast water in any vessel to be used in the loading of raw bulk water, including plans to respond to the unauthorized discharge of such water;
- k) details on proposed handling of any residual and/or wash water, or other materials in the tanks of any vessel to be used in the loading;
- l) the days and the periods of time within each day that raw bulk water is proposed to be loaded;
- m) details describing how the proposed Water Loading Plan shall be made consistent with Appendix B, which includes the "Prospective Purchaser Agreement Between the State of Alaska and the City-Borough of Sitka for the Former Alaska Pulp Corporation Pulp Mill Property" dated April 28, 1999, including all attachments, which specifically includes "Memorandum of Understanding between the State of Alaska and the City and Borough of Sitka[:] Management Plan for Sawmill Cove Property (Former APC Property)." The details describing such consistency must include any and all specific steps to be taken to avoid anchoring in prohibited areas and in any way disturbing the sea bottom in the "No Disturbance" zone described in the last-referenced documents; and

12.3 ARCTIC shall comply with all provisions of each Water Loading Plan after all of such provisions have been approved either upon submittal or re-submittal under Subsection 12.1 above, as to the water loading operation for which the Water Loading Plan was submitted.

12.4 APPROVAL BY SITKA'S ADMINISTRATOR OF ANY WATER LOADING PLAN SHALL NOT IMPOSE UPON SITKA THE STATUS OF GUARANTOR OF THE FEASIBILITY, PROPRIETY, OR SAFETY OF ANY ASPECT OF AN APPROVED WATER LOADING PLAN, NOR SHALL SUCH APPROVAL CREATE OR CONFER BENEFITS ON ANY THIRD PARTY.

13. Indemnification of Sitka.

13.1 Notwithstanding anything to the contrary in this Agreement, ARCTIC shall defend, indemnify, and hold Sitka harmless from any liability, claim, demand, action, obligation, or proceeding of any kind or nature, based upon, arising out of, or related to:

- a. any defect or flaw in the quality of raw bulk water supplied under this Agreement;

- b. any delays on the part of Sitka in the delivery of raw bulk water under this Agreement as the result of the mechanical or physical breakdown of equipment or facilities owned or operated by the Sitka or other unforeseen event;
- c. claims arising from the transportation or shipment of raw bulk water after such water has left Sitka's water delivery system and the point of delivery;
- d. injuries to employees of ARCTIC or any of its contractors or their employees;
- e. damages resulting from accidents involving mooring, unmooring, navigation of vessels, or cargo loading operations, including but not limited to claims for personal injury, property damage, and pollution; and
- f. violations and claims of violations related to the water loading plan described in Paragraph 12.2;
- g. harm, including illness and death, to persons who consume the raw bulk water caused by the failure of ARCTIC to comply with Paragraph 4.3 of this Agreement.

13.2 ARCTIC shall at all times during this Agreement maintain insurance policies providing umbrella coverage against matters including but not limited to those covered by this Agreement in an amount not less than U.S. \$5,000,000, with the City and Borough of Sitka named as an additional insured, and with a waiver of subrogation against Sitka. ARCTIC shall provide a copy of the certificate insurance ARCTIC to Sitka within 60 days after the effective date of this Agreement.

13.3 ARCTIC shall be responsible for ensuring that each of its contractors is qualified to do business in Alaska and refrains from activities for which insurance cannot be obtained. ARCTIC shall assure that any contractor for ARCTIC which is to perform any task or work within the territorial jurisdiction of Sitka has insurance appropriate to any task to be performed by that contractor, and ARCTIC shall deliver a certificate of such insurance to the Administrator within 30 days of such hiring.

13.3 ARCTIC shall ensure that its customers take full responsibility for water product quality that they receive subsequent to ARCTIC's on-site Quality Control laboratory tests. ARCTIC's Quality control staff shall securely store a reasonable quantity of water sampled from each bulk water shipment for 24 months for re-analysis, if required for any reason by the Administrator. At ARCTIC's expense the Administrator shall hire an independent third party Quality Control laboratory to monitor the security of ARCTIC's Water Quality Control staff's water sample storage and ARCTIC's staff's adherence to nationally recognized storage protocols.

14. Assignment.

This Agreement, which is in the nature of a personal services contract, may not be assigned by either party without the prior written consent of the other party, which shall have full discretion to grant or withhold such approval, in its sole and absolute discretion except as provided below.

Should Sitka form a Port Authority, or similar entity, this Agreement shall be completely transferable to said Port Authority. A transfer of the Agreement to any such entity shall not create any restrictions upon ARCTIC to purchase water other than those restrictions set out in this Agreement.

15. Waiver and Integration.

This Agreement integrates the entire Agreement between the parties regarding the sale and purchase of raw water in bulk. This Agreement supersedes all previous agreements, discussions, and negotiations, whether written or oral. Each party specifically acknowledges and represents that it has had ample opportunity to consult with legal counsel regarding this Agreement, and that any rule that an agreement should be construed against its drafter shall not apply to this Agreement.

16. Force Majeure.

Neither party shall be in breach of this Agreement as the result of any failure or delay in performing any of the obligations in this Agreement if such failure to perform or delay in performing is directly and proximately caused by storm, flood, avalanche, landslide, earthquake, tsunami, act of the public enemy, war, rebellion, insurrection, sabotage, epidemic, quarantine restriction, or act of God. Sitka shall not be in breach of this Agreement as the result of any failure or delay in performing any of its obligations in this Agreement if such failure to perform or delay in performing is directly and proximately caused by any order of any United States court of competent jurisdiction, or by any act, rule, regulation, order or directive of any superior governmental unit or any agency thereof, or by any termination, modification, suspension, or revocation of any permit, license, allocation, appropriation, or certificate held by Sitka. In the event Sitka or ARCTIC is relieved of an obligation under this Agreement due to Force Majeure, time periods under this Agreement shall be adjusted accordingly. The party asserting a Force Majeure event must demonstrate by clear and convincing evidence that the failure or delay in performance is directly and proximately caused by a Force Majeure event.

17. Applicable Law.

ARCTIC shall comply with all provisions of law applicable to its obligations under this Agreement. This Agreement shall be construed in accordance with the laws and procedures of the State of Alaska.

18. Dispute Resolution.

18.1 GOOD FAITH EFFORTS OF THE PARTIES. Upon notice by either party to the other party of any dispute or claim arising out of or related to this Agreement the parties shall first make a good-faith endeavor to resolve the dispute or claim by meeting informally "face-to-face" within 15 days of such notice to mediate the dispute or claim in good faith without a third-party mediator.

18.2 JURISDICTION AND VENUE. Should any party hereto institute any action or proceeding to enforce any provision hereof or for damages by reason of any alleged breach of any section of this Agreement or for any other remedy, such an action shall be brought in the Superior Court for the State of Alaska. Venue for any such action or lawsuit shall lie exclusively in Sitka, Alaska. The parties specifically agree not to remove jurisdiction to federal courts on the grounds of diversity of citizenship.

18.3 ATTORNEY'S FEES AND LEGAL EXPENSES. Should any party hereto institute any action or proceeding to enforce any provision hereof or for damages by reason of any alleged breach of any section of this Agreement or for any other remedy, the party that is successful in such action shall be entitled to receive from the losing party all of its reasonable legal costs and expenses, including without limitation,

reasonable attorneys' fees and all arbitration costs.

19. Effective Date.

This Agreement shall become effective upon ARCTIC making a non-refundable payment of \$871,795 to Sitka, no later than June 30, 2016. The date on which ARCTIC makes such a payment will be the "effective date" for the purpose of any time period which incorporates that term in this Agreement. Should ARCTIC fail to make such a payment by June 30, 2016 this Agreement is null and void.

20. Authority.

The parties represent and warrant to each other that they have the full, complete, and absolute authority to enter into this Agreement; that this Agreement has been duly authorized by the governing body of each party; that the person executing this Agreement on its behalf has the full power and authority to do so; and that this Agreement is binding and enforceable against it in accordance with its terms. ARCTIC acknowledges that this Agreement is only effective against Sitka if the City and Borough of Sitka Assembly votes to authorize the Administrator to execute this Agreement on behalf of Sitka. By affixing his signature to this Agreement the Administrator represents and warrants that the Assembly has so voted.

21. Amendment and Severability.

This Agreement may not be amended except by written agreement of both parties. If any provision of this Agreement or any application thereof to any person, entity, or circumstance is held invalid, the remainder of this Agreement and application thereof to any person, entity, or circumstances shall not be affected thereby.

22. Time of Essence.

Time is of the essence in this Agreement.

23. Notices.

Any notices required or authorized to be given by this Agreement shall be in writing and shall be sent by **email** and by either commercial courier, facsimile, or by certified U.S. mail, postage prepaid and return receipt requested, addressed to the proper party at the address stated below or such address as the party shall have designated to the other parties in accordance with this Section. Such notice shall be effective on the date of receipt through the mails or by courier by the addressee party, except that any facsimiles received after 5:00 p.m. of the addressee's local time shall be deemed delivered the next day.

If to ARCTIC: Fred Paley, CEO
Arctic Blue Waters (Canada) Inc.
B-677 Broughton Ave
Quesnel, BC V2J 4V9

If to Sitka: Administrator
City and Borough of Sitka
100 Lincoln St
Sitka, Alaska, 99835

IN WITNESS THEREOF, the parties have executed this Agreement as of the dates shown below.

ARCTIC BLUE WATERS INC.

THE CITY AND BOROUGH OF SITKA

DATE _____
FRED PALEY, CEO
ARCTIC BLUE WATERS (CANADA) INC.

DATE _____
MARK GORMAN, Administrator
THE CITY AND BOROUGH OF SITKA

ATTEST:

DATE _____
SARA PETERSON CMC
Municipal Clerk
THE CITY AND BOROUGH OF SITKA

STATE OF ALASKA)
) ss. *ACKNOWLEDGMENT*
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 **FRED PALEY** to me known and known to me to be the person whose name is subscribed to the foregoing **PURCHASE AGREEMENT FOR BLUE LAKE RAW BULK WATER** and after being first duly sworn according to law, he stated to me under oath that he is the **CEO of ARCTIC BLUE WATERS (CANADA) INC.**, that he has been authorized by said company to execute the foregoing **PURCHASE AGREEMENT FOR BLUE LAKE RAW BULK WATER** on its behalf and he executed the same freely and voluntarily as the free act and deed of said corporation.

Notary Public
My Commission Expires:

STATE OF ALASKA)
) ss. *MUNICIPAL ACKNOWLEDGMENT*
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** to me known and known to me to be the person whose name is subscribed to the foregoing **PURCHASE AGREEMENT FOR BLUE LAKE RAW BULK WATER**, and after being first duly sworn according to law, he stated to me under oath that he is the **ADMINISTRATOR** of the City and Borough of Sitka, Alaska, a municipality organized under the laws of the State of Alaska, that he has been authorized by said municipality to execute the foregoing **PURCHASE AGREEMENT FOR BLUE LAKE RAW BULK WATER** on its behalf and he executed the same freely and voluntarily as the free act and deed of said corporation.

WITNESS my hand and official seal the day and year in this certificate first above written.

Notary Public for Alaska
My Commission Expires:
Residing at Sitka, Alaska