



CITY AND BOROUGH OF SITKA

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

Meeting Agenda City and Borough Assembly

*Mayor Mim McConnell
Deputy Mayor Matt Hunter
Vice-Deputy Mayor Phyllis Hackett, Pete Esquiro, Mike Reif,
Benjamin Miyasato and Aaron Swanson*

*Municipal Administrator: Mark Gorman
Municipal Attorney: Robin L. Koutchak
Municipal Clerk: Colleen Ingman, MMC*

Tuesday, August 12, 2014

6:00 PM

Assembly Chambers

REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

IV. CORRESPONDENCE/AGENDA CHANGES

[14-167](#) Reminders and Correspondence

Attachments: [Reminders and Calendars](#)

[Correspondence STA](#)

[Correspondence Local Sales](#)

[Correspondence Blue Lake Expansion Project](#)

[Correspondence Public Works Assembly Update](#)

V. CEREMONIAL MATTERS

None anticipated

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

VII. PERSONS TO BE HEARD

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

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** [14-162](#) Approve the minutes of the July 22 and July 31 Assembly meetings
- Attachments:** [Motion Consent and Minutes](#)
 [Minutes July 22](#)
 [Minutes July 31](#)
- B** [14-166](#) Reappoint Mary Ann Hall to a three-year term on the Local Emergency Planning Committee
- Attachments:** [Motion reappoint Hall](#)
 [Reappoint Hall for LEPC](#)

X. UNFINISHED BUSINESS:

- C** [ORD 14-26](#) Authorizing sublease of spaces by United Parcel Service at the Sitka Rocky Gutierrez Airport Terminal Building
- Attachments:** [Motion Ord 2014-26](#)
 [Memo-ORD Sub Lease UPS](#)
 [Sub Lease UPS](#)
- D** [ORD 14-28](#) Adjusting the FY14 and FY15 Budgets
- Attachments:** [Motion Ord 2014-28](#)
 [ORD 2014-28 Budget](#)

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

- E** **ORD 14-29** Authorizing the extension of the lease of the land at 323 Seward Street to November 1, 2046 to White Elephant Shop, Inc. PULLED
- Attachments:** Motion Ord 2014-29
 Memo Ord 2014-29 White Elephant Lease
 Ord 2014-29 White Elephant
 Letter from White Elephant
 Current and previous White Elephant leases

Additional New Business Items

- F [14-165](#) Approve a conditional use permit request filed by Chris Balovich for operation of a short-term rental at 713 Lake Street

Attachments: [BOA Hearing Outline](#)
[Motion BOA Balovich short-term rental](#)
[Balovich short term rental](#)

- G [14-163](#) Award a contract in the amount of \$5,496,207.00 to Dawson Construction Inc. for completion of the UV Disinfection project

Attachments: [Motion UV Disinfection Facility](#)
[UV Disinfection Facility](#)

- H [14-164](#) Award a design-build contract in the amount of \$841,000 to CBC Construction for the Lake Street and Monastery Street Lift Station Replacement Project

Attachments: [Motion Lake Street and Monastery Street lift station project](#)
[Lake Street and Monastery Street lift station project](#)

XII. PERSONS TO BE HEARD:

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

XIII. EXECUTIVE SESSION

XIV. ADJOURNMENT

*Sara Peterson, CMC
Acting Municipal Clerk
Publish: August 8*



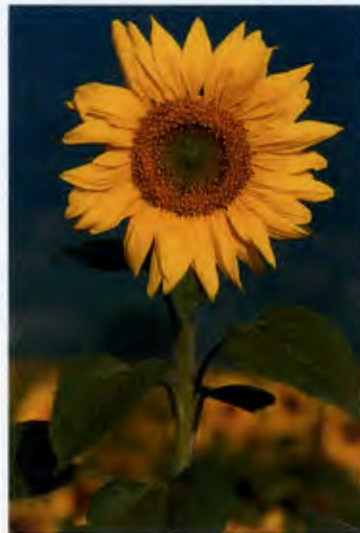
Legislation Details

File #: 14-167 **Version:** 1 **Name:**
Type: Correspondence **Status:** AGENDA READY
File created: 8/7/2014 **In control:** City and Borough Assembly
On agenda: 8/12/2014 **Final action:**
Title: Reminders and Correspondence
Sponsors:
Indexes:
Code sections:
Attachments: [Reminders and Calendars](#)
[Correspondence STA](#)
[Correspondence Local Sales](#)
[Correspondence Blue Lake Expansion Project](#)
[Correspondence Public Works Assembly Update](#)

Date	Ver.	Action By	Action	Result
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REMINDERS

<u>DATE</u>	<u>EVENT</u>	<u>TIME</u>
Monday, August 11	Worksession FY16 Legislative Priorities	6:00 PM
Tuesday, August 12	Regular Meeting	6:00 PM
Tuesday, August 26	Regular Meeting	6:00 PM



Assembly Calendar

2013 [Jan](#) [Feb](#) [Mar](#) [Apr](#) [May](#) [Jun](#) [Jul](#) [Aug](#) [Sep](#) [Oct](#) [Nov](#) [Dec](#) 2015

August 2014

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
27 McConnell	28 McConnell Hackett	29 Hackett 1:00pm SCVB Board	30 Hackett	31 Hackett 6:00pm Special Assembly Meeting	1 Hackett Hunter	2 Hackett Hunter
3 Hackett Hunter	4 Hackett Hunter Esquiro	5 Hackett Hunter Esquiro 7:00pm Planning 7:00pm School	6 Hackett Hunter Esquiro 7:00pm Library Board	7 Hackett Hunter Esquiro 12:00pm - 1:30pm SEDA Board Meeting	8 Hackett	9 Hackett
10 Hackett	11 Reif 6:00pm Worksession: Legislative Priorities	12 Reif 12:00pm Health Needs & Human Services 6:00pm Reg Assembly Mtg	13 Reif 6:00pm Historic Preservation 6:00pm Police & Fire Commission	14 Reif 12:00pm Parks & Rec	15 Reif	16
17	18	19 12:00pm Tree/Landscape 7:00pm Planning 7:00pm School	20 6:30pm STA	21	22	23
24	25	26 1:00pm SCVB Board 6:00pm Regular Assembly Mtg	27	28 6:30pm Hospital Board	29	30
31	1 Sep	2 7:00pm Planning 7:00pm School	3 7:00pm Library Board 6:00pm Police and Fire	4 12:00pm - 1:30pm SEDA Board Meeting	5	6

Display: Month Block

Navigation Bar: Absolute [Relative](#) [Both](#) [Neither](#)

Calendar: [Add/Edit](#) [Options](#) [Settings](#) [Logout](#)

Time zone: America/Anchorage

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 Brown Bear Software - web applications on your own server, or hosted on ours.
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Assembly Calendar

2013 Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2015

September 2014

Sunday		Monday		Tuesday	Wednesday		Thursday	Friday	Saturday
31	Aug	1	Sep	2	3	4	5	6	7
				7:00pm Planning 7:00pm School	7:00pm Library Board 6:00pm Police and Fire	12:00pm - 1:30pm SEDA Board Meeting			
7		8		9	10	11	12	13	
				6:00pm Reg Assembly Mtg	6:00pm Historic Preservation 6:00pm Port & Harbors Commission	12:00pm LEPC 12:00pm Parks & Rec			
14		15		16	17	18	19	20	
		McConnell		McConnell 12:00pm Tree/Landscape 7:00pm Planning 7:00pm School	McConnell 6:00pm GTA	McConnell	McConnell	McConnell	
21		22		23	24	25	26	27	
McConnell		McConnell		McConnell 6:00pm Regular Assembly Mtg	McConnell	McConnell 6:00pm Hospital Board			
28		29		30	1	Oct	2	3	4
				1:00pm SCVB Board	7:00pm Library Board 6:00pm Police and Fire		12:00pm - 1:30pm SEDA Board Meeting		



RECEIVED
JUL 22 2014
City & Borough of Sitka

Sitka Tribe of Alaska
456 Katlian Street
Sitka, Alaska 99835
Main: 907-747-3207 Fax: 907-747-4915

Mark Gorman, Municipal Administrator
City & Borough of Sitka
100 Lincoln Street
Sitka, Alaska 99835

July 16, 2014

RE: **Support for "the RIDE" transfer stop in Crescent Harbor Parking Lot**

Dear Mr. Gorman:

It has been brought to Sitka Tribe of Alaska's (STA) attention the location for "the RIDE" bus transfer stop downtown has been a point of discussion, again.

Just a quick reminder, this has been under consideration over the past two years. Recently it has gone before the Police and Fire Commission, twice, and has their formal support.

STA understands there have been a few minor voices that raised concerns over the newest location for "the RIDE" in the Crescent Harbor Parking Lot. However, we feel strongly this location is the best fit for "the RIDE," and that there is a large silent majority of residents that support this location. Based on the submitted data "the RIDE" is required to file with the National Transit Data, there is 266 average rides per day that was provided in 2013. It is estimated this number will rise to over 275 per day in 2014, the majority use the Crescent Harbor Parking Lot transfer stop.

While there may be a few voices raised in opposition, it is likely that no matter what happens to the Crescent Harbor Parking Lot there will be voices opposed.

It is with both respect and firmness, on behalf of the Sitka Tribe of Alaska's formal vote of the Tribal Council, I write this letter supporting "the RIDE" bus transfer location in the Crescent Harbor Parking Lot – on the Harbor Drive side.

Sincerely,

Michael Baines, Chairman

CC: Connie Sipe, Executive Director
Center For Community

Memo

Thru: Mark Gorman, Municipal Administrator

To: City and Borough of Sitka Assembly

From: Jay Sweeney, CFAO

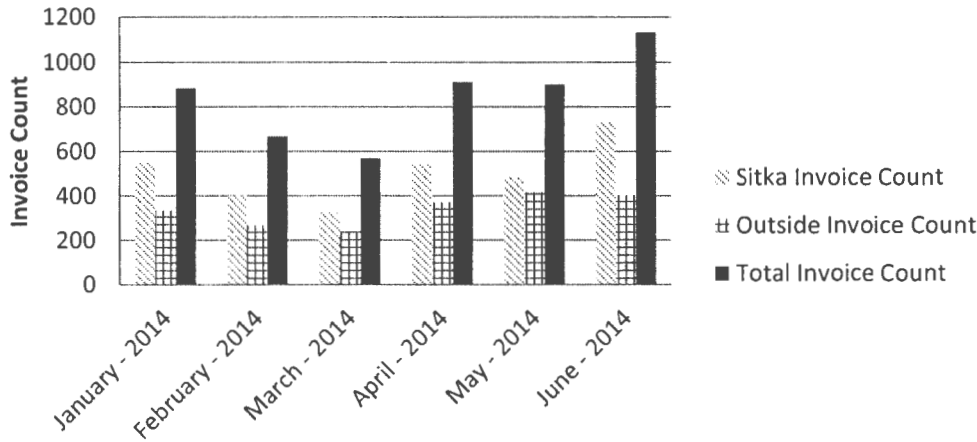
Date: August 6, 2014

Re: Periodic Reporting On Local Sales

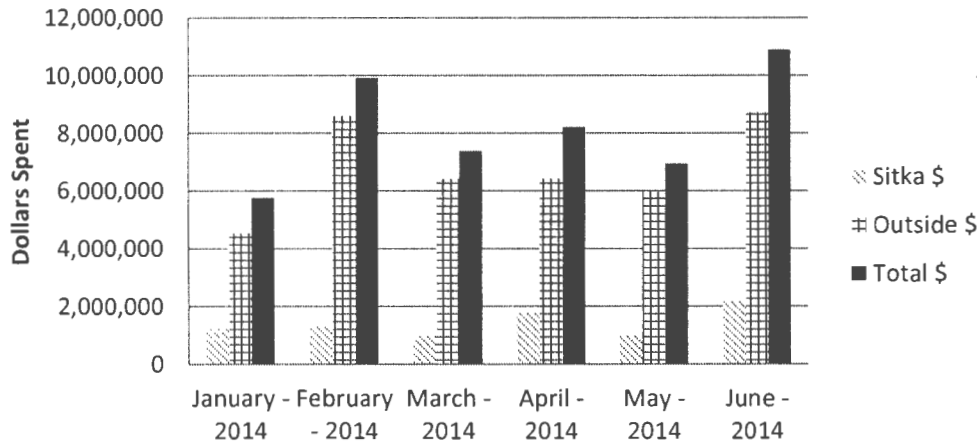
Mayor McConnell and Assembly Members,

The attached report constitutes the periodic report on local purchasing that Administration committed to providing yourselves and the public.

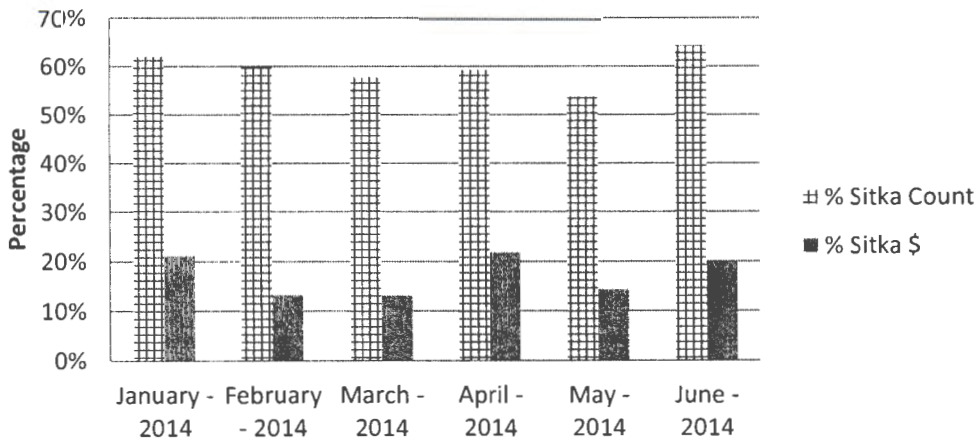
Invoice Count over time



Dollars spent over time



Percent of Count & Dollars over time





BLUE LAKE EXPANSION PROJECT

MONTHLY UPDATE FOR CITY ASSEMBLY

Report No. 20

Month ending July 31, 2014

SCOPE

- 83 ft. dam raise with modified tunnel system and new 15.9 MW powerhouse (\$89 million)
- Eight supply contracts for Owner-Furnished equipment and materials (\$16 million)

PROJECT HIGHLIGHTS DURING THIS MONTH

- July 13 – The final public tour was conducted.
- July 15 – McMillen approved the start of dry commissioning in the powerhouse.
- July 15 – ASRC McGraw Constructors (AMCL) moved their excavator to the burn area at the upstream end of Blue Lake. They have grubbed and burned the burn area to above elevation 360. This work is included in Contract 8, Reservoir Debris Management.
- July 16 – ADEC made a site visit to review environmental compliance. No substantial concerns were raised. Barnard and McMillen had very good records.
- July 21 – The line crew completed the 69kV termination on Main Transformer No.1. The transformer is ready to energize.
- July 22 – The Electric Department reduced generation at the Green Lake project to help fill the Green Lake reservoir before the Generation Outage (scheduled to start August 16, 2014).
- July 22 – Barnard completed preliminary testing of the Indian River temporary filtration plant and began putting the plant into service.
- July 25 – EPS located the nitrogen leak in Main Transformer No. 2 and the line crew repaired it.
- July 31 – The new intake structure is 90% submerged.
- July – NAES performed the following tasks related to the turbine generator installation:
 - Unit 3 is fully installed and electrical equipment is terminated. Mechanical equipment is 80% complete.
 - UEE has performed 100% of the dry commissioning on Unit 3.
 - Unit 5 is fully installed and has reached final alignment and ancillary equipment is 90% complete.
 - Control wiring is being terminated on Unit 5.
 - Unit 4 is 90% installed and ancillary equipment is 80% complete.
- July – CBS began installing SCADA equipment in control room.
- July – EPS completed testing MV switchgear CTs and relays.
- July – Barnard showed good progress on the dam construction completing 2 block placements. TO DATE – 53 of 53 blocks placed on the Dam Raise. In June Barnard started work on the spillway section of the dam, which is the most complicated formwork for the dam raise. Eight of 9 placements completed on the Left Abutment and Cutoff Wall. 3230 CY of 3350 CY has been placed at the powerhouse. Concrete tests have been better than required by the specification.
- July – Crux completed all but 6 curtain grout holes on the right abutment.

- July – Crux completed all curtain grout holes on the left abutment.
- July – Barnard completed the structural installation of the concrete scour wall in the creek channel immediately below Blue Lake dam and began placing rip-rap armoring above the wall.
- July – Barnard installed 90% of the culverts on the Blue Lake road supplied by the USFS.
- July – Barnard completed the reservoir access road.

COST SUMMARY - updated 7/31/2014

Project Element	Current Contract Total or Projected Amount	Payments	
		Paid this Month	Paid to Date*
Supply Contracts			
Contract 1 - Turbine Generator Equipment	\$11,573,707	\$335,510	\$11,081,853
Contract 2 - Switchgear	\$647,672	\$12,915	\$597,403
Contract 2A/2B - SS/Raw Water Switchgear	\$300,000		\$208,547
Contract 3 - Gates and Hoist	\$780,185		\$703,376
Contract 4 - Penstock	\$836,315		\$795,778
Contract 5 - 69 kV Transformers	\$603,406		\$543,130
Contract 6 - Bridge Crane Equipment	\$270,518		\$272,298
Contract 7 - Steel Building	\$1,145,712	\$6,391	\$1,090,788
Contract 8, Debris Management**	\$2,258,714	\$291,117	\$292,528
Contract 9, General Construction	\$94,169,548	\$4,155,878	\$73,039,045
Temporary Filtration**	\$1,651,424	\$242,179	\$558,689
Diesel Fuel	\$1,260,000	\$117,473	\$117,473
Remaining Project Costs			
License Amendment	\$1,400,000	\$21,795	\$1,293,621
Engineering	\$9,498,393	\$39,827	\$11,898,601
Construction Management	\$8,076,201	\$535,287	\$6,424,799
City Performed Work	\$1,495,000	\$64,655	\$2,043,110
Incentive Payment	\$1,600,000		\$0
Cost of Bond Issuance/Reserve Account	\$3,500,000		\$0
TOTALS	\$141,066,795		
ESTIMATED TOTAL PROJECT COST	\$145,256,725	\$5,823,026	\$110,961,039

*Paid to Date includes unpaid retainage

COST CHANGES THIS MONTH

- Change order 11 for \$447,187.51 will be submitted in early August.

We do not expect these change items to impact the overall project schedule.

CONSTRUCTION SCHEDULE MILESTONES: PLANNED/ACTUAL

Construction Start	11-20-2012 / 12-03-2012	Sub. Comp. BLU #3	10-24-2014/
Drainage Tunnel Comp.	07-01-2013 / 05-05-2013	Sub. Comp. FVU	11-12-2014/
Tunnel ex. complete	08-19-2013 / 07-24-2013	Sub. Comp. BLU#5	11-22-2014/
Intake Structure complete	06-04-2014/06-04-2014	Substantial Completion	02-01-2015/

NOTES ON PROJECT SCHEDULE

- The most recent look-ahead schedule submitted by Barnard shows the following work to be performed in August:
 - The start of Generation Outage is scheduled for August 24. Barnard is planning to beat that date, planning to start the outage in mid August.
 - Dam contraction joint grouting to elevation 403' will begin end of August.
 - The dam concrete is scheduled to be complete end of September.
 - Crux will be working on both abutments from two cranes to complete the curtain grouting of the dam's rock abutments.
 - Barnard and CBS are reviewing the generation outage work plan and schedule.
- Wet commissioning is scheduled for October 10 when the penstock is rewatered.
- The CM team and Electric Department continue working on the City-performed work tasks to ensure these activities are completed on time.

OTHER ITEMS OF INTEREST

- We were able to raise the water level by 8 feet in Blue Lake and 3 feet in Green Lake during July. This now means we likely will have a better than expected water level in Blue Lake, going into the coming winter. Since we have been able to store adequate water in Blue Lake we have begun storing additional water in Green Lake. This will allow a greater probability of not requiring substantial diesel generation during the generation outage.
- Good progress on the dam work continued in July. The difficult spillway construction has now started. It is expected to be completed in August.

PROJECT RISK PROFILE

A discussion of the major risk areas follows below. As a general rule risks are measured as follows:

LOW: Probability of less than 10%, or mitigation cost less than \$1 million.

MODERATE: Probability of more than 30%, or mitigation cost up to \$5 million.

HIGH: Probability of more than 60%, or mitigation cost likely more than \$5 million.

The City's project team believes the following risk areas will dominate the potential for increases in overall Project cost. We also believe these areas pose the greatest risk for schedule delays.

Construction Schedule: In Barnard's most recent (July 31, 2014) schedule, the critical start of the 2014 Generation Outage is shown starting on August 16, 2014, 8 days ahead of schedule. The completion of the balance of plant items in the powerhouse and curtain grouting are the biggest areas of concern for meeting this date.

CURRENT RISK: MODERATE

Generation outage schedule: A lot of work remains to be done in the powerhouse before wet commissioning of the turbine-generators can start. The current schedule calls for only 17 days of wet commissioning for this equipment. This is optimistic. The additional water we now have in the lakes may mitigate the impacts of this risk.

CURRENT RISK: MODERATE

Weather and Lake Levels: Water levels in Blue Lake and Green Lake are nearly balanced at the end of July. We expect very adequate water levels during testing of the new turbine-generators in October, 2014.

CURRENT RISK: VERY LOW

Temporary Water Filtration Plant: During the August through September 2014 outage of the Blue Lake tunnel, the City will get its drinking water from a temporary water supply. This temporary system has been installed at Indian River. The commissioning is complete and the filtration system has been tested in service. The total capacity of the system is not large enough to provide spare pumps. We are addressing this situation. Barnard is providing the filtration project as a change order to Contract 9. The filtration project is being managed by McMillen LLC and CH2M Hill is overseeing the start-up. The City Water Department will operate the plant with assistance from CH2MHILL and the supplier.

CURRENT RISK: VERY LOW

Other: This is a broad combination of bad things that might happen such as: earthquakes; construction site accidents; floods; extreme winter weather; fire; labor unrest; etc. We expect that many of these risks would be covered by insurance at least in part.

CURRENT RISK: LOW

PROJECT PHOTO RECORD THIS MONTH

Photos are taken of each work area each month from a fixed location to document construction progress by work area. Relevant photos of the project for this month are provided on the following pages.



Figure 1. Dam and Left Abutment Area, Barnard showed good progress on the dam construction completing 2 block placements . TO DATE – 53 of 53 blocks placed on the Dam Raise. In June Barnard started work on the spillway section of the dam, which is the most complicated formwork for the dam raise. Eight of 9 placements completed on the Left Abutment and Cutoff Wall. Crux completed all curtain grout holes on the left abutment.



Figure 2. Drainage Tunnel and Scour Wall, Crux completed the scour wall.



Figure 3. Intake Portal and Right Abutment, The new intake structure is 90% submerged. Crux completed all but 6 curtain grout holes on the right abutment.



Figure 4. Gate House Location, Barnard completed the reservoir access road.



Figure 5. Dam Staging area, no change this month.



Figure 6. Lower Portal Area, Barnard prepared the penstock for generation outage work.



Figure 7. Powerhouse Site, AMCL continued work on the raw water intake and after bay.

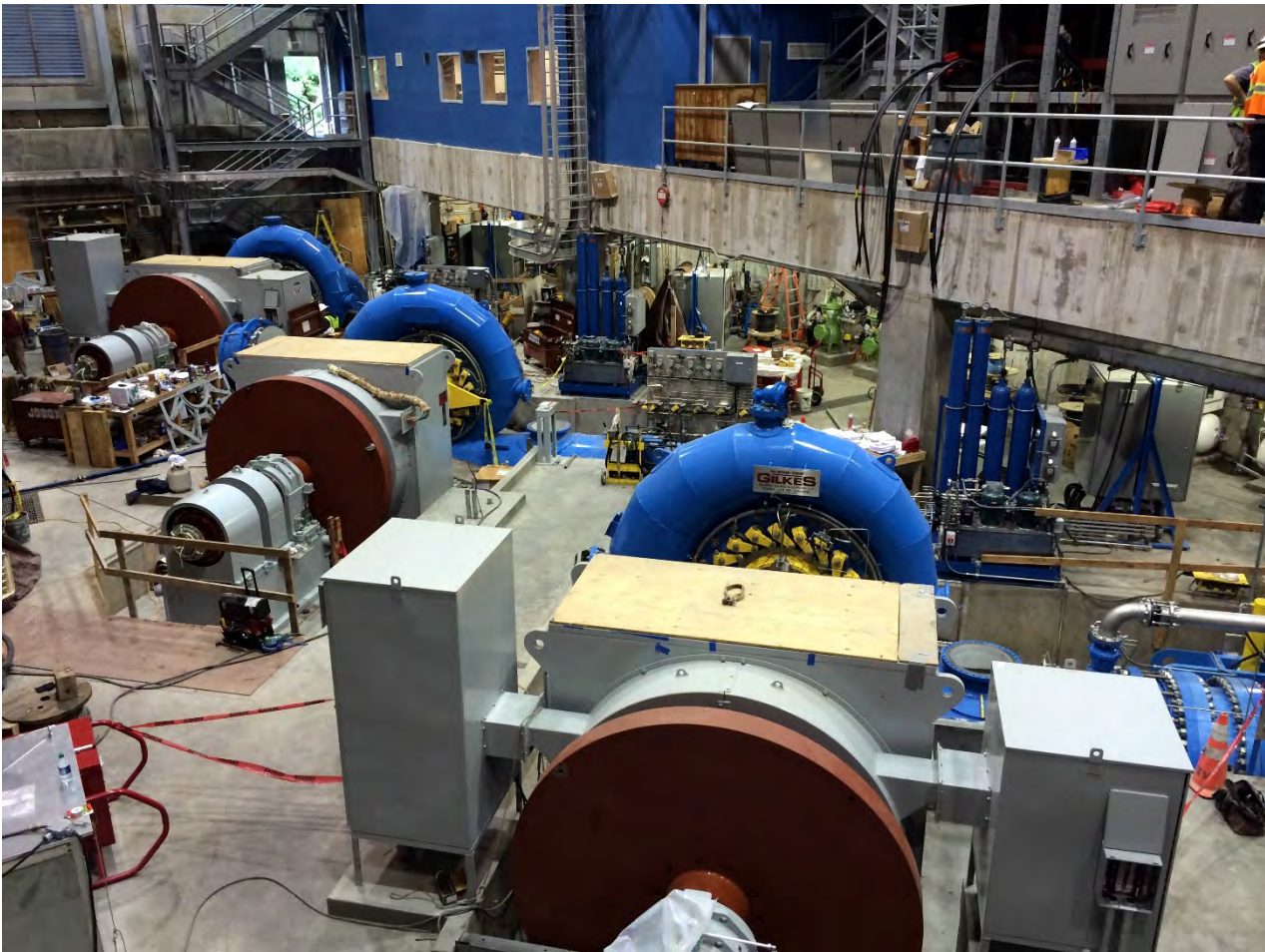


Figure 8. Powerhouse Interior, NAES performed the following tasks related to the turbine generator installation: Unit 3 is fully installed and electrical equipment is terminated. Mechanical equipment is 80% complete; UEE has performed 100% of the dry commissioning on Unit 3; Unit 5 is fully installed and has reached final alignment and ancillary equipment is 90% complete; Control wiring is being terminated on Unit 5, and; Unit 4 is 90% installed and ancillary equipment is 80% complete. Also, CBS began installing SCADA equipment in control room and EPS completed testing MV switchgear CTs and relays.

Other Items of Interest

The public was invited to participate in a contest to guess when the lake level would reach the new dam concrete. Approximately 80 people participated in the contest.

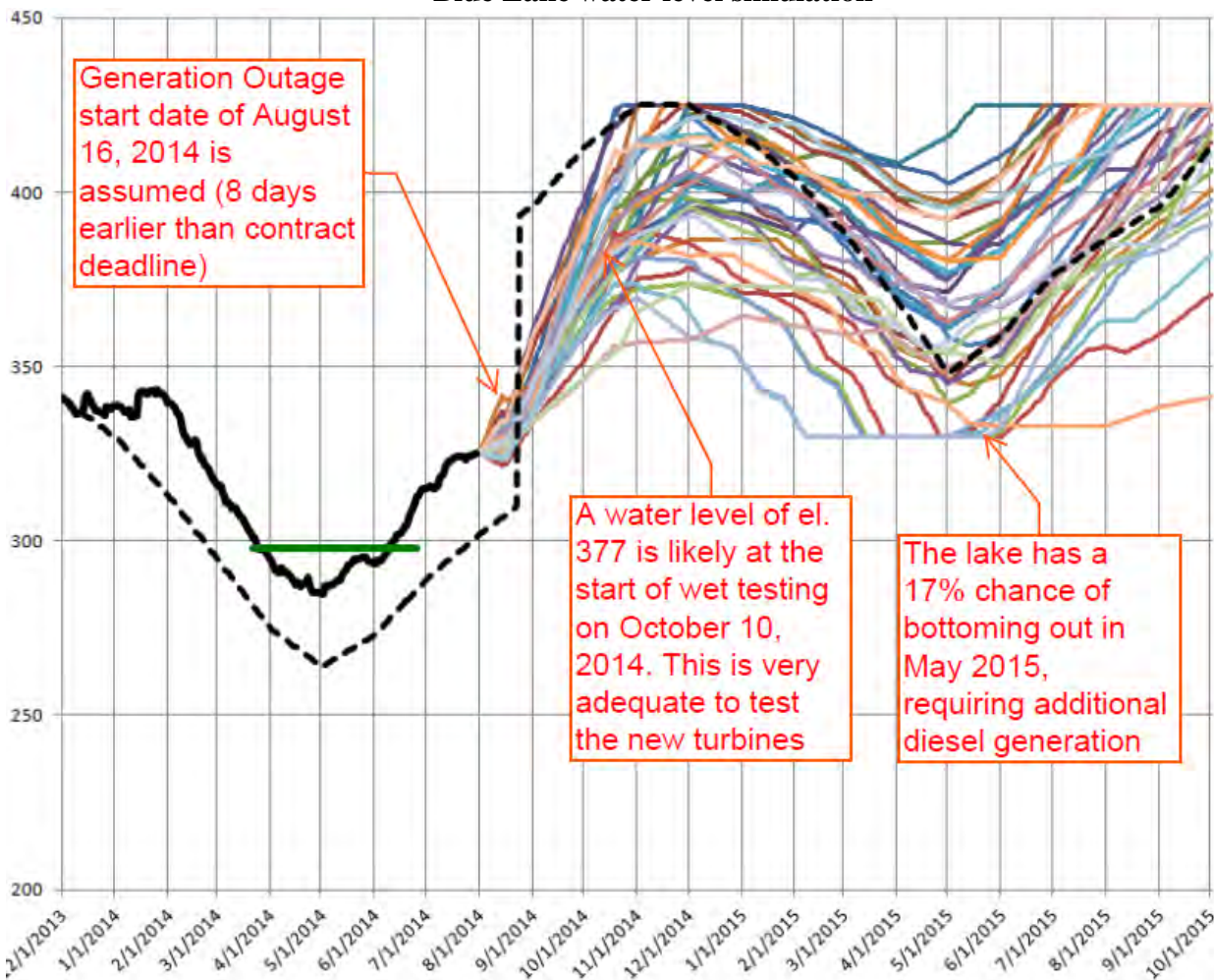
Project staff wrote a letter to the President to express concerns regarding federal loan and grant programs for renewable energy and invited him to view the project. An artificial response from the White House was received in response.

Lake Level Forecast

Case 27. Start July 31, 2014. Multi-year simulation using 36 year hydrologic record. 114,000 MWH system load until October 2015 (this assumes interruptible loads are off). Blue Lake powerhouse assumed to operate with two turbines, to help fill Green Lake prior to generation outage. Generation outage starts on August 16, 2014, eight days earlier than previously assumed. In each of these 36 simulations, D4 diesel is run 10 hours each day during the Generation Outage at an average output of 3 MW.

Note this is a shift in operating policy from June. We now have a high assurance that there will be adequate water in Blue Lake for turbine-generator testing in October, 2014. Our goal over the next three weeks is to shift water into Green Lake, so it is as full as the weather allows when the Generation Outage starts. The likelihood of spill at Green Lake is now about 44% in late 2014.

Blue Lake water level simulation

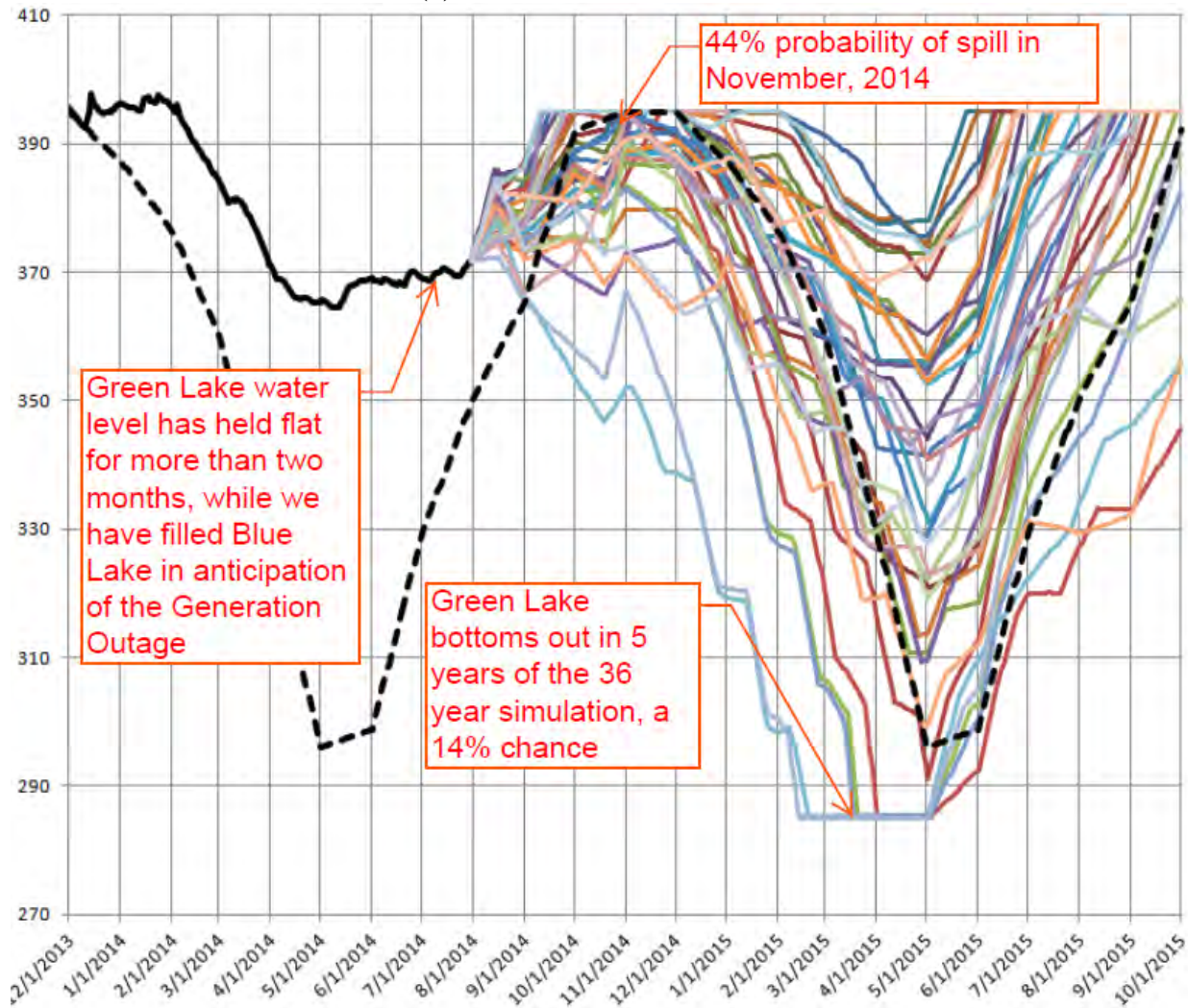


Total diesel generation predicted by this simulation:

Period	Dates	MWH of diesel	Cost at \$0.45 per kWh
Spring 2014	-	0	\$0
Generation Outage	Aug 16 – Oct 18, 2014	1,626 ⁽¹⁾	\$732,000
Spring 2015	Mar 30 – June 16, 2015	1890 (ave)	\$850,000 (ave)

(1) Assumes approx 30 MWH per day for daily peaks, scheduled manually in model

(2) Green Lake water level simulation



Note to Assembly

The Blue Lake water level is expected to be very adequate for testing of the new powerplant in October 2014. If we have average precipitation in the winter of 2014-2015 we may need very little supplemental diesel generation in the spring of 2015.

July 31, 2014

Summary of Temporary Filtration Project Status

Alternative Water Source Investigation Filtration (Blue Lake Project):

Barnard will be providing the Temporary Water Filtration Plant at Indian River as a Change Order to Contract 9.

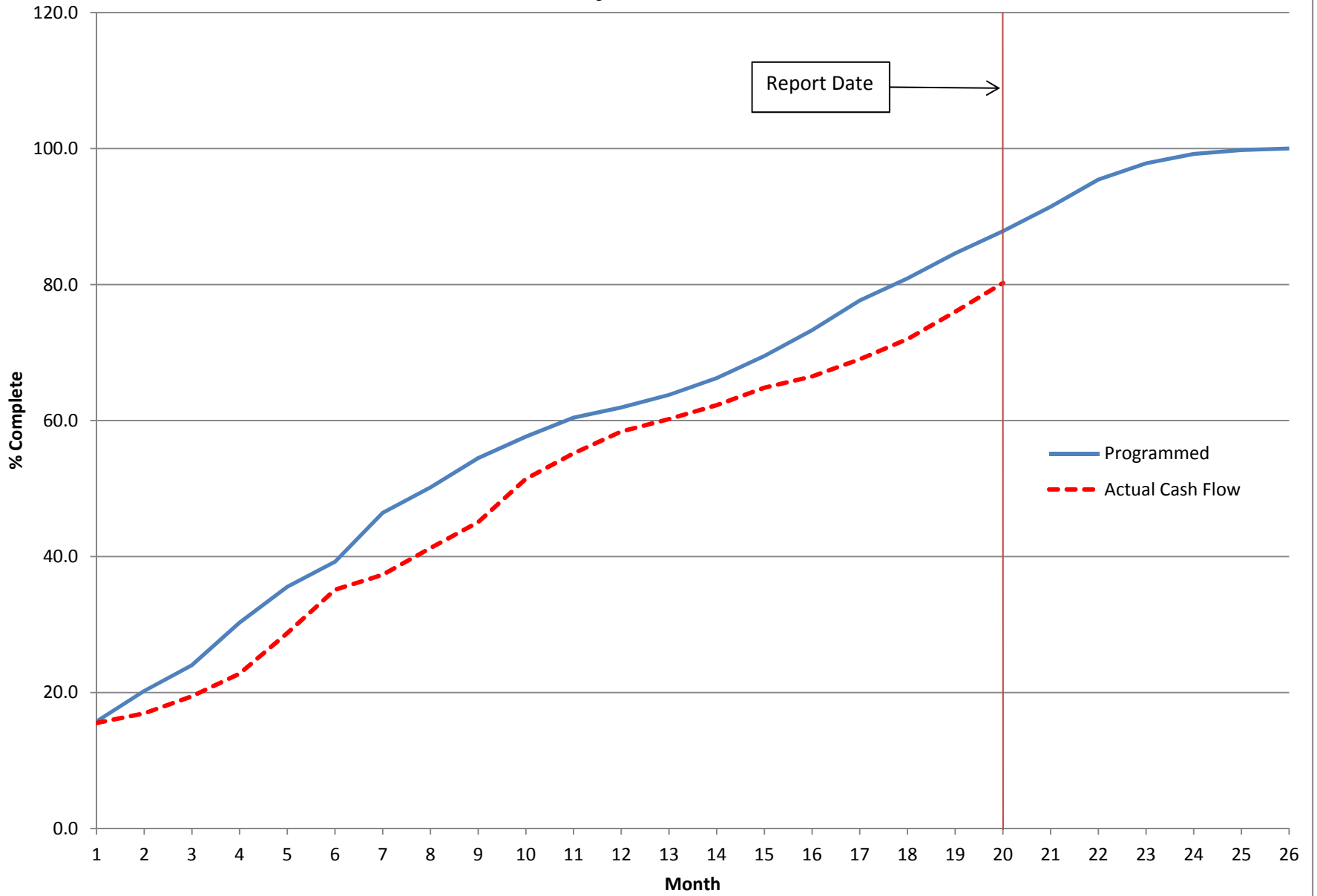
The Temporary Filtration Plant is on line at a limited flow as planned.

The Assembly approved additional funding for this work February 18. The total change order amount for Phase I & II is \$3,106,790.00.

Summary of Titan 130 Diesel Turbine Project Status

- Titan turbine was started successfully and the basic engine checks (over speed, ramping, etc.) were completed.
- Relay testing complete to pre-energization level by (EPS).
- Technical questions raise by CG transformer field tests are being resolved. This is our current delay problem.
- Line voltage “proving” of all of the new Titan substation tie in circuit is being planned with final grounding and device field labeling in progress.
- Expect all testing done and Titan ready for load testing on the 69kV line by week of August 11.
- Load testing plan to be developed by SED Generation Manager working with the Operating and Line Crews. Plan approval by the Utility Director and the Blue Lake Project Manager.
- JWA, Inc. will try to converge all SOLAR/EPS/SED participants for the planned load testing, and standby to assist for technical problems.

Total Project Cash Flow



BLUE LAKE EXPANSION PROJECT MONTHLY CONSTRUCTION REPORT

For Period Ending: JULY 31, 2014

Prepared by: BARNARD CONSTRUCTION COMPANY, INC.

1. Progress of work

Environmental Protection

Barnard continues to install erosion and sediment control measures as required at the dam site, storage yard at Sawmill Cove Industrial Park and powerhouse area as ground disturbing activities continue. BMP maintenance and repair is ongoing as needed throughout the project site.

Gate Chamber Concrete

No work in July.

Gate House

NAES and Schmolk have continued installing the electrical and mechanical gear inside the structure and down the gate shaft. Barnard installed the fixed wheel gate hoist. Commissioning of the gate house electrical and mechanical systems was started in July.

Dam Raise

Barnard crews completed 2 major concrete placements on the dam. M2 now stands at EL 428 and M6 stands at EL 425. We continued formwork and rebar installation for the first spillway lift as well as the crest slab for M6 and the M2 parapet wall.

Crux Subsurface continued curtain grouting on the right and left abutments of the dam.

Scour Wall

Crux Subsurface completed installation of the micropiles and the post-tensioned rock anchors. BCCI completed installation of the scour wall concrete head beam and is nearly complete with backfill behind the scour wall.

Powerhouse

NAES Power Contractors has continued installation of the electrical gear including the low voltage and medium voltage switchgear. NAES completed the major electrical installations on Unit #3 and began dry commissioning this unit as well as other balance of plant electrical items.

NAES has also continued installation of the Turbine-Generator equipment on all three units.

ASRC has completed the concrete placements for the afterbay weir and has begun installation of the misc. metals for the small bulkhead gate and stop logs. ASRC also continued work on the minor concrete structures around the powerhouse including Station Service transformer pads, standby generator pad and afterway retaining wall curb.

Penstock

No work completed on Penstock in June.

BLUE LAKE EXPANSION PROJECT MONTHLY CONSTRUCTION REPORT

For Period Ending: JULY 31, 2014

Prepared by: BARNARD CONSTRUCTION COMPANY, INC.

Switchyard

No work in the switchyard in July.

Temporary Filtration Plant

Barnard continued final punchlist items and startup testing on the Temporary Filtration Plant with CBS and CH2MHill.

2. Status of Construction

Status of Ongoing Major Construction Activities

- Powerhouse Excavation – 98% complete
- Powerhouse Steel Building – 98% Complete
- Powerhouse Roof – 99% complete
- Precast Wall Panels – 99% complete
- Dam Raise – 53 of 53 monolith blocks placed.
- Dam Spillway – 0 of 9 placements
- Dam Parapet Walls and Crest Slab – 1 of 15 placements
- Left Abutment Thrust Block and Cutoff Wall – 8 of 9 placements completed.
- Powerhouse Concrete – 3230 CY placed to date.
- Gate Chamber Concrete – Complete.
- Intake Structure Concrete – Complete.

See Section 1 above for construction work completed in July 2014.

3. Construction Issues

No major construction issues in July 2014.

4. Contract Status

Barnard's key subcontractors for the Blue Lake Project are as follows:

Name	Scope
ASRC McGraw Constructors, LLC	Powerhouse Construction
Southeast Earthmovers, Inc.	Excavation
Blue Lake Tunnelers	Underground Construction
Crux Subsurface	Foundation Grouting, Micropiles, PRW's
O'Neill Surveying and Engineering	Land Survey
Baranof Materials Test Lab	Quality Control
NAES Power Contractors	Turbine-Generator Installation/Electrical

Barnard's key material suppliers for the Blue Lake Project are as follows:

Name	Scope
-------------	--------------

BLUE LAKE EXPANSION PROJECT MONTHLY CONSTRUCTION REPORT

For Period Ending: JULY 31, 2014

Prepared by: BARNARD CONSTRUCTION COMPANY, INC.

ASRC McGraw Constructors, LLC	Concrete Supply
Gerdau Reinforcing Steel	Concrete Reinforcing Steel
Haskell Corporation	Misc. Metal Fabrication

5. Critical Events and Dates

Please see attached summary progress schedule updated July 31, 2014.

Critical Dates for the Blue Lake Project are as follows:

Milestone	Date	Required Status of Construction
1	07/01/2013	Drainage Tunnel Complete – Completed May 6, 2013
2	08/19/2013	Initial Intake Excavation Complete – Completed July 21, 2013
3	06/04/2014	Intake Structure Complete – Completed June 4, 2014
4	08/24/2014	Ready for Generation Outage
5	61 days after start of Generation Outage	Substantial Completion of 1 st Blue Lake Turbine Generator
6	91 days after start of Generation Outage	Substantial Completion of 2 nd Blue Lake Turbine Generator
7	80 days after start of Generation Outage	Substantial Completion of Fish Valve Unit

6. Reservoir Filling

7. Foundations

Not applicable for this report.

8. Sources of Major Construction Material

The City and Borough of Sitka will be providing most of the major construction materials for this project. Please see list below.

Contract No.	Vendor	Scope of Supply
1	Gilbert Gilkes and Gordon, Ltd.	Turbines and Generators
2	Myers	12.47 kV Switchgear
3	Linita Design and Manufacturing	Bulkhead Gate, Fixed Wheel Gate and Hoist
4	T Bailey, Inc.	Penstock and Manifold
5	WEG Electric	69kV Transformers
6	Benchmark Industrial Services	Powerhouse Bridge Crane
7	CHG Building Systems	Powerhouse Building

Materials Received this Period:

BLUE LAKE EXPANSION PROJECT MONTHLY CONSTRUCTION REPORT

For Period Ending: JULY 31, 2014
Prepared by: BARNARD CONSTRUCTION COMPANY, INC.

Misc. Metals/Rebar – spillway rebar.

9. Material Testing and Results

Concrete testing is ongoing for the dam raise, gate chamber and powerhouse concrete.

Compaction testing was completed for the gatehouse retaining wall.

No issues have been encountered to date.

10. Instrumentation

Not applicable for this report.

11. Photographs



Figure 1: Dam Raise

BLUE LAKE EXPANSION PROJECT MONTHLY CONSTRUCTION REPORT

For Period Ending: JULY 31, 2014

Prepared by: BARNARD CONSTRUCTION COMPANY, INC.



Figure 2: Left Abutment Curtain Grouting



Figure 3: Powerhouse Turbine Floor

BLUE LAKE EXPANSION PROJECT MONTHLY CONSTRUCTION REPORT

For Period Ending: JULY 31, 2014

Prepared by: BARNARD CONSTRUCTION COMPANY, INC.



Figure 4: Gate House Roof and Hatch



Figure 5: Completed Reservoir Access Road

BLUE LAKE EXPANSION PROJECT MONTHLY CONSTRUCTION REPORT

For Period Ending: JULY 31, 2014

Prepared by: BARNARD CONSTRUCTION COMPANY, INC.



Figure 6: Intake Structure

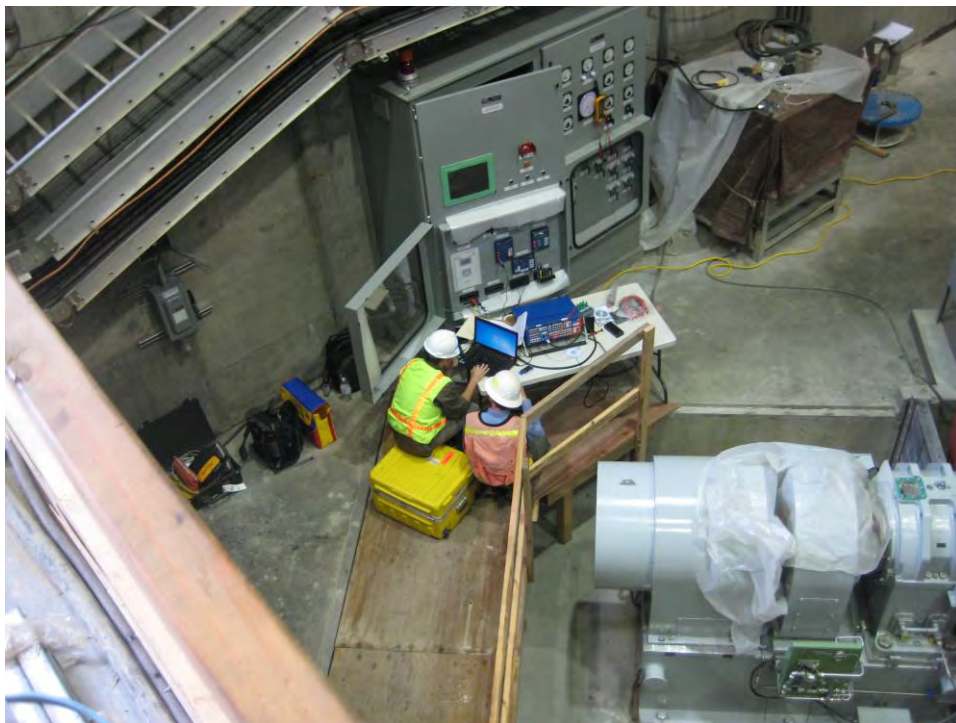


Figure 7: Dry Commissioning Unit #3 Turbine Control Cabinet

BLUE LAKE EXPANSION PROJECT MONTHLY CONSTRUCTION REPORT

For Period Ending: JULY 31, 2014

Prepared by: BARNARD CONSTRUCTION COMPANY, INC.

12. Erosion Control and Other Environmental Issues

Barnard is continuing to install the required environmental protection measures on the project site ahead of ground disturbing activities. Ongoing maintenance of dewatering system at powerhouse excavation site will be required to maintain water quality in Sawmill Creek.

13. Other Items of Interest

PUBLIC WORKS ASSEMBLY UPDATE FOR WORK COMPLETED IN JULY 2014

Building Department – Second Quarter 2014

- Construction activity has been steady in Sitka, although the second quarter construction value is lower than a year ago. More permits have been issued this year but fewer large projects are underway.
- 95 building permits were issued this quarter.
- The valuation of permitted construction this quarter is \$2,601,594.
- 6 new single family dwellings were permitted this quarter.
- 4 single family dwellings are under permit for demolition this quarter. We continue to see outdated housing stock replaced.
- 15 fire and life safety inspections were performed under the authority of Sitka's deferral from the state fire marshal.
- 249 building inspections were performed this quarter.
- A building code regulating construction of float homes has been completed and approved by the assembly.
- William Stortz attended the State Fire Marshal's meeting in Anchorage in April.
- Planning for the 2014 Builder's Forum to be held October 9 & 10, 2014 has been completed. Representatives from Georgia Pacific, Simpson Strong Tie, Malarkey Roofing Products, Hilti, and an expert on insulation and vapor control from Anchorage will present information to members of the building community. In addition, we will host a round table discussion with contractors with the goal of maintaining open lines of communication and creating a more efficient and responsive building department. The course agenda will be presented to the licensing division at the Alaska Department of Commerce and upon approval the Building Department will be authorized to issue continuing education credits to contractors who sign up for the forum.

Library Construction Phase:

Milestones This Period

- Two responsive bids were received and opened on July 24, 2014.
- The apparent low bidder was Dawson Construction; however both bids were above the engineer's estimate and exceeded the project budget.
- During a special meeting on July 31, 2014, the Assembly approved issuing a Notice of Intent to Award for the contract to Dawson Construction and authorized the Public Works Department to begin Value Engineering discussions with Dawson Construction to reduce the overall contract amount.
- A Notice of Intent to Award was issued to Dawson Construction on August 1, 2014.
- Value Engineering Negotiations began August 1, 2014.
- The City has begun moving into Stratton Library which will be used as a temporary library facility during construction. This space provides an opportunity to continue many of the current library programs and services. The State is committed to supporting the Kettleson project by making this facility available for the costs of utilities and maintenance required during the temporary occupancy. An MOA was signed in April.

Future Milestones

- Stratton Library will open to the public by August 21, 2014.
- Approval to Award Contract with Value Engineering reductions.
- Construction is anticipated to begin September 2014 and be complete October 2015.

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 \$250,000 in CPET funding. 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 \$6.1 million for the expansion and renovation of the Library.

Ultra Violet (UV) Disinfection Facility:

Milestones This Period

- The bids were opened July 30, 2014. Dawson Construction Inc. provided the sole bid of \$5,496,207.00 which is within ~10% of the engineer's estimate of \$4,964,207.

Future Milestones

- Project construction is anticipated to begin in fall 2014 and be completed by fall 2015.

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.

Centennial Hall Renovation:

Milestones This Period

- The project is in the Design Development (65%) phase.
- The second round of Design Development Public Meetings with the consultants took place July 21 & 22, 2014 with a public meeting the evening of July 21, 2014.

Future Milestones

- Design Development (65%) drawings and specifications are due August 19, 2014 to the cost estimator and for Owner review. Cost estimate will be available in September.
- Construction Documents and 95% cost estimate due in late fall 2014.
- Project bidding winter 2014.
- Award construction contract winter 2014.
- Begin construction spring 2015.
- Target construction completion is under review.

Background

The 35% design estimated cost for this project is \$16.6 million for the full scope of the remodel project. The current funding includes four State grants totaling \$11,500,000; a \$1,991,271 FY10 Legislative Grant designated for a lightering facility visitor's center (previously planned for under the O'Connell Bridge), \$1,175,000 FY 11 CPET Head Tax grant, \$1,400,000 Marine Passenger Funds, and a \$232,620 heat pump grant for a total of approximately \$16.3 million.

Jarvis Control and Crescent Harbor Shelter Re-roof:

Milestones This Period

- A condition and needs assessment has been completed for each building in coordination with Building Maintenance, Harbor Department and Electric Department.
- A Design-Build Request for Proposals (RFP) has been completed and reviewed within Public Works.

Future Milestones

- Issue an RFP (both projects jointly) for Professional Design-Build (D-B) Services in early August.
- Review proposals received and recommend award for the D-B contract September 2014.
- Award a contract for the work in September and begin design fall 2014.
- Complete construction summer/fall before June 2015.

Background

The Crescent Harbor Tourist Shelter has funding of \$95,000 in the 2015 Harbor Department budget. This old roof is the original from the 1985 construction of the shelter and is failing. It will be replaced with 50-year warranty shingles and will match the roofs planned for the Harrigan Centennial Hall and Kettleson Library facilities.

The Jarvis Substation Control Building Over-Roofing was budgeted through the Electric Department in 2013 and totals \$120,000. The original flat (low slope) roof is leaking, under-insulated, and expensive to maintain, thus a shingled gable roof and added insulation are in this design to reduce annual operating and replacement costs.

Lake Street / Monastery Street Lift Station Improvements:

Milestones This Period

- Received one response to Request for Proposals to execute design-build project. Recommendation to award contract is on the August 12 Assembly agenda.

Future Milestones

- Issue Notice to Proceed in August 2014.
- Substantial Completion by end of Calendar Year 2014.

Background

The Lake Street and Monastery Street lift stations require an inordinate amount of maintenance and repair by the Wastewater staff and are in need of immediate replacement or repair. Pumps are outdated and difficult to find replacement parts for, and access to the Lake Street lift station is dangerous due to the location of the ladder rungs. Current available funding is from the Wastewater Enterprise Fund (\$350,000 for Lake Street and \$420,000 for Monastery Street). ADEC has made a loan commitment for repair/replacement of Channel, Lake Street and Monastery Street lift stations for \$1,379,170.

Alternative Water Source Filtration (Blue Lake Project):

Milestones This Period

- Interim Approval to Operate received from DEC.
- Pall (filtration unit manufacturer) personnel have been on site to assist in filtration startup and training.
- CH2MHill personnel have been on site to assisted in startup and programming of the filtration equipment and connections to the overall water system computer system.
- Pump startup and commissioning completed.
- Barnard Construction's activities are ongoing.
- System is operational and ready to operate.
- Temporary operator has been trained for system and is ready to begin operations.

Future Milestones

- An additional raw water supply and system supply pump are to be installed for backup flow capacity.
- Final approval for water rights is forthcoming.
- CH2MHill personnel are planned to be on site for startup in August, 2014 as required.
- The system is planned to begin full operations August 12 & 13, 2014.

Background

Temporary surface water filtration will be required during the Blue Lake Project outage. Award of the design contract to CH2M HILL was approved by the Assembly on February 12, 2013. Construction has been completed by Barnard Construction under a change order for the Blue Lake Dam project managed by the Electric Department.

Swan Lake Restoration / Dredging Project:

Milestones This Period

- The contractor has nearly completed dredging the lake with the funds available.

Future Milestones

- Final site cleanup and reinstallation of floating dock.
- Purchase of a refurbished aquatic weed harvester was included in the grant funding. These floating machines cut and remove the vegetation to improve recreational opportunities and water flow through the lake. The search for a suitable harvester is ongoing with several suppliers.

Background

The Assembly approved award of a construction contract to Island Enterprises, Inc. in the amount of \$399,806 for the Swan Lake Restoration – Lake Dredging project on April 23, 2013. The project includes dredging prioritized selected locations to improve water flow through the lake, winter habitat for fish, access and recreation in general. The City and Borough of Sitka received \$771,236 in Federal funds through the Coastal Impact Assistance Program (CIAP) for this restoration project on Swan Lake. The grant is administered through the Wildlife and Sport Fish Restoration Program, CIAP Branch and runs through December 2015.

Baranof Warm Springs Dock Replacement:

Milestones This Period

- Alaska Department of Transportation is progressing with the design of the float system.

Future Milestones

- Provide review/comment for State of Alaska as needed to keep project moving forward.
- Design development during summer/fall 2014.
- Construction is anticipated in fall 2015.

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 will be reimbursed the cost of designing and constructing the improvements from the FY13 Legislative Grant.

Wastewater Treatment Plant (WWTP) Improvements:

Milestones This Period

- Received final report recommending replacement of HVAC system at WWTP with conceptual drawings cost estimate. Used report as basis for grant request to Alaska Department of Environmental Conservation.
- Issued Notice to Proceed on small contract to evaluate building envelope improvements: siding, insulation, exterior doors and windows and rot repair.

Future Milestones

- Apply for ADEC loans for WWTP improvements in February 2015.

Background

The WWTP is functioning properly but would benefit from efficiency improvements to the heating, ventilation and insulation systems. Specifically, staff is seeking to replace the oil-fired boilers with heat pumps that take advantage of the availability of warm, treated effluent from the plant and make concurrent improvements to the building envelope. There is no construction funding currently available. We will be seeking funding through the ADEC grant-and-loan process.

Federal Land Access Program (FLAP) Grant:

Milestones This Period

- Received approval from the Corps of Engineers on our nationwide permit for installing two culverts on the Cross trail in phases 4&5.
- Construction has begun on the section from the High School to the Gavan Trail Intersection. This portion of the trail has been completed.
- Materials have been received for the construction of two small bridges.

Future Milestones

- Compensatory Mitigation negotiated with a restrictive covenant (conservation easement) on a tract of City land located near the cross trail project – Received R&M Wetlands Study on July 31, 2014 so we will be reviewing this document.
- Construction on the section from Yaw Drive back towards Gavan trail intersection will be started in mid-August.
- Completing the first and second quarter reporting documents for the Western Federal Lands Access program. This is our first reporting cycle.
- The completion date is estimated around May 2015.

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.

Solid Waste Management Plan:

Milestones This Period

- Updated Solid Waste Division under the public works section of the CBS website, including SWAC Group meeting minutes, presentation, and a copy of the scope of work.
- CBS is taking a different look at the scope of this project and the consultants have been put on hold. CBS has asked that CB&I submit all of the data collected into a document to lead the SWAC group forward with the project.

Future Milestones

- Proposed Project Schedule: SWAC meeting August 28th to discuss rates and planning.

Background

The City and Borough of Sitka (CBS) currently does not have a Solid Waste Management Plan to address the current or future needs of the Solid Waste Fund and general operations. As we approach the end of the current collection and off-island disposal contracts in 2015, we believe it is in the best interest of the CBS to be better prepared with a plan that details the goals and direction of our solid waste management backed with data and a financial plan. At the June 6, 2013 Assembly Meeting, the Assembly approved advertising for a Request of Qualifications and select a consultant to assist Public Works in developing a Solid Waste Management Plan. The funding for a Solid Waste Management Plan will come from the working capital of the Solid Waste Fund which is approximately \$1.3 million. The Solid Waste Management Plan is a time and materials, not to exceed \$250,000 contract. The total amount is dependent on the complexity of future goals and the amount of public process exploring options.

Gary Paxton Industrial Park Dock (GPIP):

Milestones this Period

- The firm of Moffatt & Nichol (M&N) has been awarded a contract to provide the design for the GPIP Dock Project. By the end of June, M&N had prepared a Draft Alternatives Analysis Report (AA), utilizing recently collected data, the Basis of Design document prepared in May, and site data from past projects. This report presents three possible ways to build a dock structure at the Sawmill Cove location, and provides an Opinion of Probable Construction Costs (OPCC) for each alternative. This analysis will help the CBS to see which construction method gives the most facility for the limited funds available. The Draft AA Report is now in the hands of the CBS project staff for review and comment.
- The GPIP Board of Directors received two major proposals from private enterprise entities, each of which proposes to utilize large portions of the GPIP via either long-term lease or land purchase. The acceptance of either or both of these proposals could have large effect on the general configuration and utilization of the multi-purpose dock. Early in the month of July, in the interest of gathering all the new proposal information that might affect the dock project, the Consultant has been put on hold for the time being until the proper course of action is decided upon regarding the two business proposals.

Future Milestones

- The business proposals must be reviewed, analyzed and discussed, and acted upon by the GPIP Board of Directors and the Municipal Assembly before work resumes on the design of the multi-purpose Dock. When that work does resume, it will start with the CBS / GPIP Board of Directors reviewing and commenting on the Draft Alternatives Analysis Report that has been submitted by M&N.
- When CBS has reviewed the Draft Alternatives Analysis Report, and discussed with the Consultant the findings presented there, a Final AA Report will be prepared and submitted. At that point the CBS will decide on the specific type of structure that is preferred, and the Engineering Consultant will progress into starting the Design Phase of the Project.

Background

The project is funded by a Designated Legislative Grant, administered by the State of Alaska, Department of Commerce, Community & Economic Development, Division of Community & Regional Affairs. The total amount of the Grant is \$7.5 million. On the local level, the project is administered by Public Works and the Gary Paxton Industrial Park Director, Garry White.

Centennial Hall & Crescent Harbor Parking Lot Development:

Milestones This Period

- Electrical subcontractor installed last of supplemental lights in the parking lot.

Future Milestones

- Remaining work includes the following: pavement “birdbath” repair, installing a guard rail near the lightering dock, and sealing the decorative pavers.
- Final contract completion date was extended to July 1, 2014, by Change Order 6. A change order will be needed to further extend the completion date to allow for the installation of the guardrail and the sealing of the pavers.

Background

The project includes the complete reconstruction of the Centennial Hall Parking Lot and Crescent Harbor Parking lot. The improvements include storm drain, water, sewer, curb and gutter, paving, lighting, pedestrian plaza and landscaping. The project was accepted as substantially complete on September 30, 2013. S&S General Contractors was awarded the construction contract in the amount of \$2,613,651. The total project budget is \$3,950,000. There is an unencumbered balance of approximately \$200,000.

Edgumbe Drive Street Reconstruction:

Milestones This Period

- Awarded contract to S&S and issued Notice to Proceed on design-build contract.
- Hosted project kickoff meeting.

Future Milestones

- Public meeting to discuss progress of the design slated for late October 2014.
- DOWL HKM, S&S's design consultant, is expected to complete geotechnical work and final design by February 2015.
- Construction to begin in April 2015. Substantial completion date is August 21, 2015. Final completion date is October 30, 2015.

Background

The project includes drainage, sidewalk, curb and gutter, road subgrade and pavement improvements on Edgumbe Drive from Peterson Street to Cascade Creek Road. The total project budget is \$5.46 million.

Seaplane Base:

Milestones This Period

- Staff met with the US Coast Guard to discuss possible access to the tidelands for a new seaplane base through US Coast Guard property.

Future Milestones

- Continue face to face meetings with upland property owners to discuss potential for them to provide tidelands access for new seaplane facility.

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 concluded that the north end of Japonksi Island, between the Coast Guard Base and the cove behind the SEARHC buildings along Seward Avenue was the preferred alternative. In February 2009, the CBS Assembly unanimously approved Resolution 2009-35 "Supporting the Development of the City and Borough of Sitka Seaplane Base." This resolution approved staff applying for and executing a Federal Aviation Administration 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 another 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.

Preliminary discussions with the US Coast Guard (USCG) regarding potential Seaplane Base access from USCG property were encouraging.

Airport Water Main Repairs – US Coast Guard Housing Project:

Milestones This Period

- The pipe has been installed and pressure testing and chlorination testing are in progress.

Future Milestones

- Upon successful test results, the site will be cleaned up and re-paved in August 2014.

Background

The existing 8-inch cast iron (CI) water main which serviced the Sitka Rocky Gutierrez Airport and associated outbuildings experienced a break in 2012. As part of the repair effort, a section of the pipe was removed and an old valve was opened to provide water to the airport from an old 10-inch asbestos cement (AC) water main which also services the US Coast Guard housing on Lifesaver Drive. The 10-inch AC pipe is fed from a 16” ductile iron (DI) water main in Airport Road. The US Coast Guard contracted with ANC Research & Development, LLC to upgrade the water system within Lifesaver Drive. As part of this work, they will be replacing the 10-inch AC water main with High Density Polyethylene (HDPE) pipe within Lifesaver Drive from the 16” DI water main in Airport Road. With a Contractor already contracted to complete work for the US Coast Guard in the immediate vicinity, it was advantageous to contract with them to complete repairs for the City and Borough as well to avoid additional mobilization fees. On August 13, 2013, the Assembly approved award of a Construction Contract to ANC Research & Development, LLC in the amount of \$56,425 to install a new section of 8-inch water main to service the airport and remove the vintage 10-inch AC pipe from service. Funding for this project is provided from a FY 2013 Water Fund Capital Budget Item: Repair, Airport Water Main near USCG Housing for \$75,000.

Monastery and Baranof Water and Sewer Project:

Milestones This Period

- Public Works is currently advertising a Request for Proposals, due August 12, 2014, to complete the design work.

Future Milestones

- After review of the design proposals are completed the selected consultant will prepare a project scope with designs costs for review and approval.
- The proposal and contract for design will be presented to the Assembly for approval in September 2014.
- Construction is anticipated as early as summer 2015.

Background

The project includes replacement of the water and wastewater pipes, new pavement with curb and gutter, storm drain improvements and sidewalk on one side on Baranof Street.

Funding for the project is provided by the following sources;

- ADEC Sewer Loan FY14 \$533,000.00
- ADEC Water Loan FY14 \$497,000.00
- ADEC Grant FY15 \$763,000.00
- CBS Capital Improvement Monastery Street FY15 \$102,000.00
- CBS Capital Improvement Baranof Street FY15 \$81,000.00

Airport Baggage and TSA Area design:

Milestones This Period

- CBS participated in teleconference with the Transportation Security Administration and project architect McCool Carlson Green. TSA indicated that CBS may be eligible for grant funding for design (100 percent funded) and construction (95 percent funded) costs to upgrade conveyor belts in TSA baggage screening room.

Future Milestones

- Apply for design funding in August 2014.

Background

The project includes design for expansion of the baggage makeup and TSA baggage screening areas. Conceptual drawings were developed, but design development stalled due to lack of support from Alaska Airlines. Approximately \$175,000 of remaining Passenger Facility Charge (PFC) funding remains to complete non-TSA-funded portions of the project.

Hollywood & New Archangel Water, Sewer and Road Upgrades:

Milestones This Period

- None.

Future Milestones

- Construction drawings and final cost estimate expected August 8, 2014.
- Construction is anticipated in 2015.

Background

The project includes water, sewer, storm drain, pavement, curb and gutter and sidewalk improvements on Hollywood Way and New Archangel Street from Halibut Point Road to Marine Street. Funding is available from ADEC Loans (\$750,000), an ADEC Grant (\$552,300) and from the General Fund (\$232,000) for ADEC-ineligible expenses.

O’Cain Avenue Water Main Replacement:

Milestones This Period

- None.

Future Milestones

- Complete design for replacement of water main and services on this stretch of O’Cain Avenue in fall 2014.
- Construction could occur as early as fall 2014, but more likely in 2015.

Background

The water main was installed in 1968 and is in need of replacement. Some water services provide service to multiple residences; this project will provide a dedicated service to each residence. The \$100,000 project will be funded from the Water Enterprise Fund.

Water Service Calls; Leaks/Locates/Routine Repairs & Maintenance:

- The Water Division responded to 12 different calls for assistance: six calls for locates, three for low pressure and three for water shut off requests.
- Water operators removed an old hydrant that was located on private property along Cascade Creek Road. The Water Division and the Fire Department deemed this hydrant as unnecessary and not of need of replacement since there are other hydrants nearby.

- Water operators worked with DOT and their utility contractor, Coastal Excavation, on the HPR job assisting with locates of water services and potential concrete patches under the asphalt.
- Water operators coordinated with ACI, the pavers for Harbor Drive project to replace the service valve for the centennial building. The old valve was found to leak at the valve stem during previous work and has been slated for replacement in conjunction with the DOT paving project. Coordinating with the paving project saves CBS \$10,000 - 20,000 in asphalt patching costs.
- During the first part of July our chlorine injection and control system at Blue Lake Water Plant was serviced by a tech from the manufacturer.
- Results were received from the semi-annual lead and copper sampling that was conducted in June. This is the only water quality sampling that actually takes place in the consumer's home at their tap. Our results were good, under that 90th percentile action levels so we expect to receive reduced sampling requirements from ADEC for the next few years. We began adding a soda ash solution to our water in 2000 to reduce the corrosiveness of our very soft water to stay in compliance with this federal rule. Thank you letters with results were sent to all residents who assisted with the sampling in their homes.
- Water operators have worked on several construction projects in July; expansion projects at Silver Bay Seafoods, new water line installation at USCG Housing, a new CBS line connecting the 16" main to the old state owned 8" cast iron line near the FAA building and hangers at the airport. This new line, a city capital project, will improve supply past the terminal building and allow the USCG housing supply line to abandon a short section of old asbestos cement main that supplied water to their new mains in housing, various locates for Chatham Electric who were installing new power poles.
- Water and several WW operators continue working on a daily basis with the Barnard Construction group and our CH2MHill Engineers testing the temporary water treatment system at the old Indian River Water Plant site. The system has been test ran most weekdays during the last two weeks of July with Indian River water supplying a portion of the flow to the community during ~8:30-4:00 time frame. Flow controls have been adjusted and tested and on Friday August 1st the system ran on tank level control from our 1.2 MG tank in Gavin subdivision. The operators received a four-hour classroom training and days of hands-on operational training from the Pall membrane technology representative. More in-depth testing and training will continue. Early in August we will switch to supplying all the water from Indian River, 24 hours per day to allow us several consecutive days of operation with Blue Lake as a fall back. Once the Electric Department and Barnard isolate the penstock there will be no going back to Blue Lake so we are testing Indian River as much as possible.

Wastewater (WW) Operations:

- CCTV investigations/inspections of sewer mains and services were performed on: Life Saver Drive phase II, lower Lance Drive (associated with old explosives discovery), and Finn Alley private sewers.
- WW operators also inspected the new sewer mains installed at Kramer Ave. Inspections include; pressure testing new lines, vacuum testing new manholes and CCTV inspection of each entire new main.

- WW operators continued performing locates for and inspections of the work by ASRC's subcontractor, Coastal Excavation on the DOT HPR project as well as at the High School project for CBC Construction, Inc.
- Our Chief WW Operator inspected the replacement of the service line from the library over a weekend in early July. This was to provide a new service for the library before Harbor Drive is repaved.
- Lift station pumps at Wachusetts, #5 and #7 lift stations (LS) were pulled and cleaned of foreign material. The smaller LS pump has a difficult time handling the cleaning wipes that are popular. Many of these are advertised as flushable. Flushable does not necessarily mean pumpable!
- WW operators pressure-washed all the lift station electrical control huts on the Japonski Island lift stations.

Gary Paxton(Sawmill Cove) Industrial Park – Wastewater (WW) Update:

- The extended aeration biological WWTP for the industrial park was shut-down in June. All flows from the park are now being pumped to the municipal system. June will be the last month of operation for that WWTP and related reporting to ADEC. Operators are monitoring the LS operation on SCADA as part of our overall municipal collection system.



Legislation Details

File #: 14-162 Version: 1 Name:

Type: Minutes Status: AGENDA READY

File created: 8/1/2014 In control: City and Borough Assembly

On agenda: 8/12/2014 Final action:

Title: Approve the minutes of the July 22 and July 31 Assembly meetings

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Consent and Minutes](#)
[Minutes July 22](#)
[Minutes July 31](#)

Date	Ver.	Action By	Action	Result
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CONSENT AGENDA

POSSIBLE MOTION

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

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 would be in order:

POSSIBLE MOTION

I MOVE TO approve the minutes of the July 22, 2014 and July 31, 2014 Assembly meetings.



CITY AND BOROUGH OF SITKA

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

Minutes - Draft City and Borough Assembly

*Mayor Mim McConnell
Deputy Mayor Matt Hunter
Vice-Deputy Mayor Phyllis Hackett, Pete Esquiro, Mike Reif,
Benjamin Miyasato and Aaron Swanson*

*Municipal Administrator: Mark Gorman
Municipal Attorney: Robin L. Koutchak
Municipal Clerk: Colleen Ingman, MMC*

Tuesday, July 22, 2014

6:00 PM

Assembly Chambers

REGULAR MEETING

- I. CALL TO ORDER
- II. FLAG SALUTE
- III. ROLL CALL

Reif arrived at 6:25 PM.

Present: 7 - McConnell, Hunter, Hackett, Esquiro, Reif, Swanson, and Miyasato

Absent: 1 - Esquiro

Telephonic: 1 - McConnell

IV. CORRESPONDENCE/AGENDA CHANGES

None.

- 1. 14-160 Reminders and Calendars

V. CEREMONIAL MATTERS

- 2. 14-159 Citation - Certificates

Deputy Mayor Hunter read and presented a citation to U.S.C.G Commanding Officers Vishley and Feherrah. He presented a Service Award to CBS retiree Sarah Bell and read a Service Award for CBS retiree Gary McCarty.

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

Sitka Tribe of Alaska (STA) General Manager, Lawrence Spotted Bird, mentioned

STA had a successful picnic and thanked Chief Schmitt and the Sitka Police Department for facilitating traffic control. He noted STA continued to be involved in Harrigan Centennial Hall planning, particularly the canoe placement. Spotted Bird also reported the STA Naming Committee urged the use of Tlingit names for some of the rooms in the new Harrigan Centennial Hall facility and was also working on a bilingual signage project for streets.

Harrigan Centennial Hall Renewal Update - Municipal Engineer, Dan Tadic, and Garrett Burtner, with McCool Carlson Green, gave a short presentation on the status of the project.

VII. PERSONS TO BE HEARD

Gary Paxton Industrial Park Director, Garry White, mentioned that they had received a couple land purchase proposals: one from Silver Bay Seafoods working with Halibut Point Marine (HPM) and another from Pacific Fisheries. Both would like to take over a good portion of the Park. White noted there was a Marine Haul Out option in the Silver Bay Seafoods proposal.

Police Chief, Sheldon Schmitt, reported he had applied for a grant last Friday that was time sensitive and didn't allow time for pre-approval from the Assembly. Schmitt further explained it was a Homeland Security Grant, requiring no match and totaled \$292,000.

VIII. REPORTS

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

Administrator - Reported he had heard from the Rasmuson Foundation that they would not provide any funding for the Kettleison Memorial Library project. Attended a meeting on cruise ship passenger distribution in which concern was expressed that once Harrigan Centennial Hall was remodeled that all passengers would disembark there. Gorman noted merchants on both ends of Lincoln Street needed to be recognized and a public trolley might need to be considered in the future. Met with Senator Stedman on Legislative Priorities. Reported the site visit with Municipal Solutions went positively and a draft report would be available within 30 days. Gorman announced Senator Murkowski would be in Sitka August 6 and planned to tour the Blue Lake Dam Expansion project.

Liaison Representatives - Miyasato attended the Library Commission meeting and reported the Library was in the process of moving to Stratton Library until the expansion of Kettleison was complete. Miyasato added volunteers for the move were needed.

Clerk - Announced that candidate filing opened July 21st for Mayor, Assembly and School Board and would close August 8th at 5:00 PM. There were three openings on the Assembly (one for mayor) and two School Board seats. Ingman reported the process of a legal review of Sitka General Code would begin soon and noted a review had not been done for twenty five years. Most of the work would be done in house but some contractual assistance would be required to complete the project.

IX. CONSENT AGENDA

- A 14-158 Approve the minutes of the July 8, 2014 Assembly meeting

This item was APPROVED ON THE CONSENT AGENDA.

- B ORD 14-22** Modifying SGC Section 13.04 entitled "Definitions" to include Float Homes to definition of Float Houses and modifying Section 13.15 entitled "Reserved-Float House" to be entitled "Float Homes" and adding regulations for Floating Homes within the jurisdictional limits of the Harbor System as set forth in SGC 13.02.040

Reif just wanted to say that he liked the latest amendment.

A motion was made by Hackett to approve as amended on fourth and final reading. The motion PASSED on the following vote.

Yes: 6 - McConnell, Hunter, Hackett, Reif, Swanson, and Miyasato

Absent: 1 - Esquiro

X. NEW BUSINESS:

New Business First Reading

- C RES 14-10** Authorizing the Application for loans to the Alaska Department of Environmental Conservation under the Alaska Drinking Water Fund for Degroff Street Water Improvements and under the Alaska Clean Water Fund for Degroff Street Sewer Improvements and Cathodic Protection for Six Major Lift Stations

A motion was made by Hackett that this Resolution be APPROVED. The motion PASSED by the following vote.

Yes: 6 - McConnell, Hunter, Hackett, Reif, Swanson, and Miyasato

Absent: 1 - Esquiro

- D RES 14-11** Approving a submittal and execution of a Municipal Harbor Facility Grant Application to the State of Alaska, Department of Transportation and Public Facilities (ADOT&PF) in the amount of \$5,000,000 for the Project entitled Crescent Harbor Float Replacement - Phase I

A motion was made by Reif that this Resolution be APPROVED. The motion PASSED by the following vote.

Yes: 6 - McConnell, Hunter, Hackett, Reif, Swanson, and Miyasato

Absent: 1 - Esquiro

- E ORD 14-26** Authorizing sublease of Spaces by United Parcel Service at the Sitka Rocky Gutierrez Airport Terminal Building

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

Yes: 6 - McConnell, Hunter, Hackett, Reif, Swanson, and Miyasato

Absent: 1 - Esquiro

F ORD 14-27 Amending SGC at Section 4.12.020 entitled "Property Subject to Tax" to increase the biennial Motor Vehicle Registration Tax to be used for Municipal Roads and Municipal Roads Infrastructures such as Sidewalks, Gutters, Bike Lanes, Sub Grade and Drainage Systems

Reif spoke in support of the ordinance stating it was fair and progressive.

Swanson did not support the ordinance. He would like to raise the sales cap or a percentage of the sales tax.

Hackett, speaking in support of the ordinance, noted this was a longstanding issue and felt the proposed ordinance was a good place to begin and reminded the ordinance would not go into effect until January 2016. Hackett maintained that in years past there was a lot of State aid coming in and that was no longer the case.

Miyasato stated he was not against the ordinance but rather the timing and would reluctantly support the ordinance.

Mayor McConnell spoke in support of the ordinance stating roads was one City infrastructure that hadn't seen an increase.

Deputy Mayor Hunter voiced that no one wanted to burden the citizens unnecessarily.

A motion was made by Hackett that this Ordinance be APPROVED on first reading. The motion PASSED by the following vote.

Yes: 5 - McConnell, Hunter, Hackett, Reif, and Miyasato

No: 1 - Swanson

Absent: 1 - Esquiro

Miyasato spoke in support of postponing the ordinance and suggested more people needed to be informed.

Hackett didn't support postponing. She explained she was part of a committee in 2012 that looked at alternatives and she didn't recall any great solutions.

A motion was made by Miyasato that this Ordinance be POSTPONED. The motion FAILED by the following vote.

Yes: 2 - Swanson, and Miyasato

No: 4 - McConnell, Hunter, Hackett, and Reif

Absent: 1 - Esquiro

G ORD 14-28 Adjusting the FY14 and FY15 Budgets

Deputy Finance Director, Mike Middleton, offered that everything in the ordinance had been reviewed and approved by the Administrator. The additional increase was for the Fox Lawson Study which was not part of last year's budget.

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

Yes: 6 - McConnell, Hunter, Hackett, Reif, Swanson, and Miyasato

Absent: 1 - Esquiro

XI. PERSONS TO BE HEARD:

None.

XII. ADJOURNMENT

A motion was made by Swanson that this meeting be ADJOURNED. Hearing no objection the meeting ADJOURNED at 7:17 PM.

ATTEST: _____
Colleen Ingman, MMC
Municipal Clerk



CITY AND BOROUGH OF SITKA

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

Minutes - Draft

City and Borough Assembly

Mayor Mim McConnell

Deputy Mayor Matt Hunter

*Vice-Deputy Mayor Phyllis Hackett, Pete Esquiro, Mike Reif,
Benjamin Miyasato and Aaron Swanson*

Municipal Administrator: Mark Gorman

Municipal Attorney: Robin L. Koutchak

Municipal Clerk: Colleen Ingman, MMC

Thursday, July 31, 2014

6:00 PM

Assembly Chambers

SPECIAL MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Present: 6 - McConnell, Hunter, Esquiro, Reif, Swanson, and Miyasato

Telephonic: 1 - Hackett

IV. CORRESPONDENCE/AGENDA CHANGES

None.

X. NEW BUSINESS:

A 14-161

Approve Kettleson Memorial Library notice of intent to award and project funding

Administrator Gorman reviewed the memo provided by the Public Works Department.

Public Works Director, Michael Harmon, and Municipal Engineer, Dan Tadic, reviewed the add alternates list and the items to be removed in order to reduce the shortfall to approximately \$385,000.

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

Yes: 6 - McConnell, Hunter, Hackett, Reif, Swanson, and Miyasato

No: 1 - Esquiro

XI. PERSONS TO BE HEARD:

None.

XII. EXECUTIVE SESSION

None.

XIII. ADJOURNMENT

A motion was made by Hunter to ADJOURN. Hearing no objection the meeting ADJOURNED at 6:47pm.

ATTEST: _____
Sara Peterson, CMC
Acting Municipal Clerk



Legislation Details

File #: 14-166 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 8/6/2014 In control: City and Borough Assembly

On agenda: 8/12/2014 Final action:

Title: Reappoint Mary Ann Hall to a three-year term on the Local Emergency Planning Committee

Sponsors:

Indexes:

Code sections:

Attachments: [Motion reappoint Hall](#)
[Reappoint Hall for LEPC](#)

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

POSSIBLE MOTION

I MOVE TO reappoint Mary Ann Hall to a three-year term on the Local Emergency Planning Committee.

State of Alaska
LOCAL EMERGENCY PLANNING COMMITTEE
INDIVIDUAL APPLICATION FORM FOR MEMBERSHIP ON LEPC

LEPC name: Sitka Local Emergency Planning Committee

Applicant name: MARY ANN J. HALL

Mailing address: SAME AS RESIDENCE

Residence address: 2037 HPR

Day phone: 747-7265 Home Phone (optional): _____

Where employed: RETIRED Job title: _____

LEPC category/seat that applicant seeks: #6

Categories: 1) Elected local officials, 2) Law Enforcement, Civil Defense, Fire Fighting, First Aid, Local Env/Hospital, and Transportation Personnel, 3) Media/Broadcast, 4) Community Groups, 5) Owners/Operators of Facilities, 6) Members of the Public, 7) LEPC Information Coordinator/SERC liaison

New applicant _____ Renewal Regular member Alternate member _____

Qualifications for this category: I have twice been on

LEPC and I believe in what

we are doing on LEPC and I

would like to continue

Organizations in which applicant participates (that are pertinent to the application): _____

Hospital Board

(Please provide enough information to demonstrate an applicant's eligibility or suitability for a particular seat on the LEPC. For the Public At Large position, please state whether an applicant qualifies for any other category on the LEPC.)

I hereby certify that the above information is correct and that I have not misrepresented myself.

Mary Ann J. Hall August 1 2014
Signature Date

→ To be considered, your application must be complete AND be accompanied by either a letter of interest or resume. Return to:

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



LOCAL EMERGENCY PLANNING COMMITTEE

NAME	CONTACT NUMBERS		TERM STARTS	EXPIRES	CATEGORY
DAVE MILLER, CHAIR	747-1860	davem@cityofsitka.com	Permanent	Fire Chief*	2
WILLIAM F. PETERS 714 Sirstad St.	966-8608 w 738-0537 c	billp@searhc.org	2/28/12	2/28/15	2
KEN FATE 115 Somer Dr.	747-5877 w 747-7410 h	ken@kcaw.org	2/13/07 2/9/10 2/12/13	2/13/10 2/9/13 2/12/16	3
DONNA CALLISTINI 106 Naomi Kanosh Lane	747-7107 w 747-5494	donna.callistini@yahoo.com	10/26/10 11/12/13	10/26/13 11/12/16	3
ANNABEL LUND PO Box 1616	623-0996 h	alund1123@yahoo.com	4/13/10 4/23/13	4/13/13 4/23/16	4
CAROL LUNDY 205 Vitskari St.	747-3636 w 738-4626	clundy@scpsak.org	8/14/12	8/14/15	4
TRISH WHITE 106 Lincoln St.	747-8006X202 w; 747-5976 h	trish@whitesalaska.com	3/10/09 3/13/12	3/10/12 3/15/15	5
MARY ANN HALL 2037 Halibut Point Road	747-7265	hall.jerry63@yahoo.com	8/23/11	8/23/14	6
BOB GORMAN PO Box 6477	747-9412 w 747-5158 h	bgorman@ptialaska.net	12/11/12	12/11/15	6
VALERIE HERRERA 222 Tongass Dr.	966-8511 w 240-449-7286 c	vherrera@searhc.org	3/12/13	3/12/16	2
DONALD JONES PO Box 6205	623-0431	d_caldwell_j@hotmail.com	8/13/13	8/13/16	6
SCOTT WAGNER 304 Nicole Dr.	747-3791 h 738-2729 c 747-3245	scott_wagner@nsraa.org	11/12/13	11/12/16	5
AL STEVENS	747-3233	als@cityofsitka.com	Permanent	Lieutenant*	2
Mim McConnell	747-2860 h 738-2888 c	assemblymcconnell@cityofsitka.com	Permanent	Acting LEPC Coordinator*	7
Gail Johansen Peterson 3511 Halibut Point Road	747-7646	scribeinkservices@gmail.com	Non-Voting	Assembly Liaison	1
			Permanent	Secretary	

*The police and fire chiefs and the LEPC Coordinator are permanent appointments; whoever is serving in that capacity will be appointed to the commission.
 Minimum of seven members, 3-year terms; Established by Resolution 89-406; Amended by Resolution 89-441; Further amended by Resolution 99-727
 Meeting: Second Thursday, noon – Fire Hall

Categories as follows: 1) Elected local officials 2) Law Enforcement, Civil Defense, Fire Fighting, First Aid, Local Environmental/Hospital, and Transportation Personnel
 3) Media/ Broadcast 4) Community Groups 5) Owners/Operators of Facilities 6) Members of the Public 7) LEPC Information Coordinator/ SERC liaison

Quorum Requirement: At least one member from four different categories must be present.

Revised: June 26, 2014



Legislation Details

File #: ORD 14-26 Version: 1 Name:
Type: Ordinance Status: AGENDA READY
File created: 7/15/2014 In control: City and Borough Assembly
On agenda: 8/12/2014 Final action:
Title: Authorizing sublease of spaces by United Parcel Service at the Sitka Rocky Gutierrez Airport Terminal Building

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Ord 2014-26](#)
[Memo-ORD Sub Lease UPS](#)
[Sub Lease UPS](#)

Date	Ver.	Action By	Action	Result
7/22/2014	1	City and Borough Assembly		

POSSIBLE MOTION

I MOVE TO approve Ordinance 2014-26 on second and final reading.

MEMORANDUM

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

From: Michael Harmon, Public Works Director *MA*
Gary E. Baugher Jr., Maint. & Operations Supt. *EB*

cc: Jay Sweeney, Finance Director

Date: 7/14/2014

Subject: Approval of United Parcel Service (UPS) Airport Sublease

Background

A few months ago United Parcel Service (UPS) contacted the City and Borough of Sitka (CBS) to inquire about the possibility of subleasing the spaces (old Harris air) across from the Nugget restaurant at the Rocky Gutierrez Airport Terminal Building. At that point, subleasing rates were negotiated and reviewed by the assessors department. A draft sublease agreement was reviewed by the CBS attorney and the UPS attorney's. The spaces that UPS requested to sublease are L-1, L-1a, L-2, and L-3 (attached in the sublease agreement exhibit A). This will be a new sublease agreement with UPS.

Analysis

The UPS sublease agreement is for three years which will begin November 1, 2014, and end on February 28, 2017. Upon Assembly and DOT&PF approval, the tenant shall have the right to exercise options to renew for two successive terms of three years each upon the same terms and conditions as this sublease agreement. This will be an additional \$10,460.00 annually for the City and Borough of Sitka from the Airport Terminal Building. These spaces have been vacant for five years. With this sublease all of the spaces available at the Airport Terminal Building will be subleased.

Fiscal Note

The UPS terminal building sublease rate is calculated off of 600 square feet of space they are requesting. The rate is \$871.67 per month/or \$10,460.00 per year, plus the City and Borough of Sitka Sales Tax.

The sublease rate will be adjusted based on the percentage difference between "All Items" figure for Anchorage, Alaska in the "Consumer Price Index for All Urban Consumers", (CPI). The adjustment shall occur annually on March 1, and the tenant is required to make such adjustments on its own each year.

Recommendation

Authorize the Administrator to execute the sublease agreement between CBS and UPS, subject to “consent to sublease” approval from DOT&PF.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2014-26

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AUTHORIZING
SUBLEASE OF SPACES BY UNITED PARCEL SERVICE AT THE SITKA
ROCKY GUTIERREZ AIRPORT TERMINAL BUILDING

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

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

3. **PURPOSE.** State of Alaska owns the Sitka Rocky Gutierrez Airport Terminal Building (“Terminal Building”) in Sitka, Alaska. City and Borough of Sitka (“CBS”) has a 30-year lease agreement with the State of Alaska, Lease No. ADA-50103, which began on July 1, 1994 and expires on June 30, 2024.

United Parcel Service (“UPS”) would like to sublease the spaces known as L-1, L-1a, L-2 and L-3, consisting of 600 square feet, to operate as a commercial business specializing in delivering, receiving and distributing parcels and other merchandise. The Sublease Agreement would be a sublease, beginning November 1, 2014, and ending on February 28, 2018, with an option for two 3-year extensions. The Sublease Agreement ending date of February 28, 2018 is consistent with current sublease agreements at the airport terminal and allows for all options of renewals to be done at the same time in 2018.

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

- A. The Assembly finds that competitive bidding is inappropriate under SGC 18.12.010E for Terminal Building space as UPS is willing to pay fair market value for the space as determined by the Municipal Assessor, and will execute the new standardized Terminal Building Sublease Agreement;
- B. Execution of the attached sublease is authorized; and
- C. Approval of this sublease agreement is contingent on the State of

Alaska DOT&PF approval and consent to the Sublease Agreement.

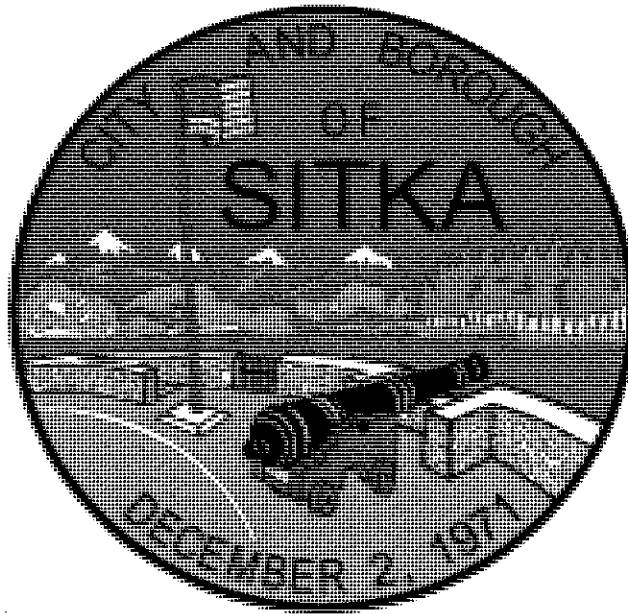
5. **EFFECTIVE DATE.** This ordinance shall become effective the date after passage.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 12th day of August, 2014.

Mim McConnell

ATTEST:

Colleen Ingman, MMC
Municipal Clerk



SUBLEASE AGREEMENT

BETWEEN

**THE
CITY AND BOROUGH OF SITKA**

AND

UNITED PARCEL SERVICES, INC.

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Exhibits

- Exhibit A – Diagram of Sublease Area
- Exhibit B - Lease between the State of Alaska Department of Transportation and Public
Facilities and City and Borough of Sitka
- Exhibit C – State of Alaska Department of Transportation Consent to Sublease
- Exhibit D – State of Alaska Department of Transportation Sublease Guidelines

SUBLEASE AGREEMENT

PREAMBLE

City and Borough of Sitka, 100 Lincoln Street, Sitka, Alaska 99835 ("CBS") and United Parcel Service, Inc., whose address is 55 Glenlake Parkway, Atlanta, Georgia 30328 ("Tenant"), enter into this Sublease Agreement ("Sublease"). This Sublease is subject to all requirements and conditions of CBS's prime lease ADA-50103 with the State of Alaska, Department of Transportation and Public Facilities ("DOT&PF") and consists of the Special Provisions, the General Provisions, and the following attached Exhibits:

- Exhibit A - Pictorial representation of the areas subleased in the Sitka Rocky Gutierrez Airport terminal building, ("Terminal Building"), including sublease spaces L1, L-1a, L-2 and L-3, at 600 Airport Road, Sitka, Alaska 99835 ("Subject Property").
- Exhibit B - Lease between CBS and DOT&PF of the Terminal Building at Lot 3, Block 600.
- Exhibit C - DOT&PF document authorizing CBS to sublease any Terminal Building area.
- Exhibit D - Sublease Guidelines For Tenants, required by DOT&PF.

SPECIAL PROVISIONS

ARTICLE I: SUBLEASE, TERM OF SUBLEASE, AND TERMINATION OF SUBLEASE

Section 1.1 Conveyance of Estate in Sublease.

CBS, for and in consideration of the Rents received and of the covenants and agreements made by Tenant, does sublease to Tenant, and Tenant subleases from CBS, the Subject Property as shown as L-1, L-1a, L-2 and L-3 on Exhibit A. Exhibit A shows an approximately 600 square feet of Terminal Building space.

Section 1.2 Authorized Uses.

Tenant is authorized to use the premises as a commercial business specializing in delivering, receiving and distributing parcels and other merchandise.

Section 1.3 Sublease Term.

The Sublease term commences on November 1, 2014, and ends on February 28, 2018, unless sooner terminated or extended as hereinafter provided. The Sublease Term may be extended, based on the Options to Renew in Section 1.4.

Section 1.4 Options to Renew.

Provided there does not then exist a continuing material default by Tenant under this Sublease at the time of exercise of this right or at commencement of any extended term, Tenant shall have the right to exercise options for two successive terms of three (3) years each upon the same terms

and conditions as this Sublease (except Section 1.3), with the Sublease payments during the extension terms as described in Article II. Each of these options is effective only if (a) Tenant makes a written request to exercise such option not more than one year or less than six months from the end of the immediately preceding term; and (b) Tenant is in compliance with law and this Sublease and is not in default under this Sublease. Options to renew must be approved by the CBS Assembly and DOT&PF.

Section 1.5 Disposition of Improvements and Tenant's Personal Property Following Term of Sublease.

With the exception of such improvements described in the next sentence, Tenant shall remove from the Subject Property any personal property or improvements constructed, installed, or deposited on the Subject Property at the termination of this Sublease or any extension unless Tenant makes a separate written agreement with CBS to do otherwise. Subject to the provisions of the next sentence, Tenant shall leave behind at no cost to CBS improvements including: bollards, ladders, drains and drain lines; toilets; bathroom sinks; building systems and their components such as plumbing, piping, and fixtures; building structural components; non-structural improvements such as walls and ceilings; devices not used for processing or manufacturing such as but not limited to electrical service entrance equipment, electrical distribution panels, electrical cables, feeders, branch circuit wiring, and appurtenances such as light fixtures, switches, and other devices; portable fire extinguishers, smoke detectors, and fire and life safety equipment attached or fastened in ways integral to the building in which Subject Property is located. Any improvements or personal property not removed after thirty (30) days have passed after termination of this Sublease shall be deemed abandoned and at CBS's option shall become the property of CBS, and Tenant shall repay to CBS any costs of removing such improvements or personal property from the Subject Property if CBS does not exercise such option. Any holes that may be left in walls, ceilings, or floors as a result of removal of improvements shall be repaired at Tenant's expense in a manner that meets all existing requirements of local, state, and federal law and matches the existing materials of Subject Property. Subject to CBS's obligations under Subsection 3.1 below, Tenant agrees to leave Subject Property in a broom-clean and weather-tight condition at the end of the term of the Sublease.

Section 1.6 Covenants to Perform.

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

ARTICLE II RENT

Section 2.1 Calculation & Method of Payment of Rent During the Initial Five-Year Term of the Sublease.

The first year of the Sublease begins on the commencement date of this Sublease set out in Article I. Each successive year of the Sublease begins on the corresponding anniversary commencement date of the Sublease. Notwithstanding any other provision of this Sublease, on

the term start date set out in Article I, Tenant shall pay the full Sublease Rent for the year. Subject to the provision in the previous sentence, Tenant shall pay the Sublease payments for subsequent years each month in advance on the first day of each and every month for which Rent is due throughout the term of the Sublease without the necessity of any billing by CBS. Tenant will sublease the space as shown in Exhibit A for \$10,460/year payable at a rate of \$871.67/month plus applicable cost of living adjustments referred to in Section 2.2 and extension option adjustments in Section 2.3.

Section 2.2 Cost of Living Adjustment to Sublease Rate.

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

Section 2.3 Calculation and Method of Payment of Rent During Successive Optional Three-Year Renewal Periods of the Sublease.

If Tenant decides to exercise the option to renew for successive three-year terms under Section 1.4, Tenant must notify CBS of their intent no less than six (6) months before the end of the current term of the Sublease. CBS may commission a professional market appraisal of the Subject Property in its "as is" condition. The appraisal will not take into consideration improvements made to the property by Tenant but may take into consideration improvements made by CBS. Subject to the provision of the next sentence, the Rental rate for each month of the successive three-year terms (beginning the Eighth and Eleventh Years) shall be equal to one-twelfth of ten percent (10%) of the appraised value as determined by the appraisal described in this section. Notwithstanding any other provision of this Sublease, the Sublease rate for Tenant during the Eighth and through Eleventh Years shall not increase by more than ten percent (10%) per year over what the Sublease rate was during the Eighth Year if the appraisal described in this section shows that the Sublease rate for the Eight through Eleventh Years should increase over the Sublease rate for the Eighth Year.

Section 2.4 Property Tax Responsibility.

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

CBS agrees that if Tenant does not elect to contest real estate taxes applicable to the Subject Property for a particular tax period during the Term, then Tenant shall have the right but not the obligation to contest any ad valorem assessment or the validity of any such taxes, provided that Tenant gives CBS written notice of its intention to do so and provided Tenant posts any bond required by applicable law or takes any other action required by applicable law to prevent any lien from attaching to the Subject Property (other than the inchoate lien for taxes not yet past due) and to prevent any forfeiture of the Subject Property from occurring during the pendency of such contest. Any resulting savings over and above the cost of such contest shall be distributed

after reimbursement to Tenant of any costs reasonably and actually incurred by it to contest such taxes on a pro rata basis between CBS, Tenant and the other tenants of the Subject Property that contributed toward payment of the applicable tax bill. CBS agrees to cooperate in any way necessary, to assist Tenant with such contest and agrees to execute all instruments and, if necessary, join Tenant in all suits and appeals with respect thereto; provided, however, that all such cooperation shall be at Tenant's expense and Tenant shall be obligated to reimburse CBS for all reasonable, documented, third party, out-of-pocket expenses incurred by CBS to assist Tenant with such appeal.

ARTICLE III: RESTRICTIONS UPON USE OF SUBJECT PROPERTY

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

(a) Except as provided in this Section, Tenant acknowledges the Subleasehold is in an "as is" condition and includes the building, fixtures, appurtenances and municipal-provided equipment. At the sole cost and expense of Tenant and in compliance with all legal requirements, Tenant may purchase, construct, develop, repair, and/or maintain any improvements, personal property, fixtures, and other items on the interior Subject Property using like-kind quality materials. Any protrusions, extensions, doors, drains through the roof, walls or floor of the building for the purpose of drains, access, venting equipment or space within Tenant Subleasehold shall be the responsibility of Tenant including any water leaks or blockages caused by those protrusions, extensions or drains.

(b) CBS shall repair and maintain the subject property and CBS-provided equipment. Tenant shall repair and maintain, at its sole expense, interior improvements, fixtures appendages and facilities constructed by the Tenant in the Subject Property. This shall include but is not limited to such items as counters, painting, floor coverings and decorations. CBS reserves the right to expand or modify the facility. In that event, the CBS and Tenant will work together to complete such expansion or modification in a manner that minimizes disruption to Tenant's use of the facility. Some anticipated disruptions could be the use of space for construction activities, the interruption in facility utilities (i.e., power, water and sewer and operational disturbances from noise, dust and other construction activities). The Rent and any other additional amounts due to CBS, including but not limited to maintenance expenses and taxes, shall abate in proportion to that part of the Subject Property that is unfit for use in Tenant's business. The abatement shall consider the nature and extent of interference to Tenant's ability to conduct its business in the Subject Property and the need for access and essential services. The abatement shall continue from the date such expansion or modification occurred until ten (10) business days after CBS completes the construction to the part rendered unusable and Tenant receives notice that the expansion or modification is complete, or until Tenant again uses the Subject Property or the part rendered unusable, whichever is first.

(c) Tenant shall also use the Subject Property and any improvements placed thereon only for lawful uses.

(d) Tenant shall confine its equipment, storage and operation to the Subject Property. An exception to this is the use of common spaces. Tenant will cooperate with other Subleaseholders

in the facility with regards to use of common spaces in the building and grounds. CBS Facilities Manager will act as arbitrator between Subleaseholders on questions on cooperative use.

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

(f) Tenant may erect outdoor signage at its expense with the permission of the CBS Public Works Director and which is in compliance with applicable zoning laws. The style, size and physical placement location of the sign will be approved on a case-by-case basis.

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

Tenant shall not make or permit to be made any alteration of, addition to, or change in, structures and improvements, nor demolish all or any part of the structures or improvements without the prior written consent of CBS, which consent shall not be unreasonably withheld. The phrase "structures and improvements" in the previous sentence includes water and wastewater systems and electrical systems. In requesting consent Tenant shall comply with all applicable laws and ordinances. For alterations or improvements with total costs exceeding five thousand dollars (\$5,000), Tenant shall submit to the CBS Public Works Director or his or her written designee detailed plans and specifications of proposed work, an explanation of the needs and reasons for the work, and a plan of full payment of the costs of the work. CBS shall notify Tenant of its approval or objections no later than 30 days after receiving the information described in the previous sentence. In approving or objecting CBS shall be acting in its proprietary function and not its regulatory function. Any such approval in this proprietary function does not relieve Tenant of any obligation to obey the law, including obtaining any required building permits. Nothing in this Section shall be interpreted to prevent Tenant from removing at the termination of this Sublease any improvements or personal property as described in Section 1.5.

Section 3.3 Rights of Access to Subject Property.

(a) CBS reserves for itself and any public utility company the right to access the Subject Property at all reasonable times in a reasonable manner for the purposes of opening, inspecting, repairing, replacing, reconstructing, maintaining, or servicing the public utilities, if any, located on the Subject Property, as well as for the purposes of constructing or installing new public utilities. CBS also reserves for itself and the Alaska Department of Environmental Conservation the right to access the Subject Property at all reasonable times in a reasonable manner for the purposes of regulation and enforcement of this Sublease. CBS also reserves for itself the right to access the Subject Property at all reasonable times in a reasonable manner for the purposes of (1) inspection of all work being performed in connection with the construction of improvements; (2) showing Subject Property for exhibiting Subject Property in connection with renting or subleasing Subject Property in a matter that will not unreasonably interfere with Tenant's business; and (3) placing "For Sale" or "For Rent" signs on Subject Property. Tenant shall not charge for any of the access allowed in the situations described in this subsection. For the entry rights described in this Section, Landlord shall give Tenant reasonable prior written notice not less than 24 hours in

advance of Landlord's intended entry upon the Subject Property, except in the case of an emergency.

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

(c) Tenant acknowledges that the Subject Property is or shall be subject to agreements for ingress and egress, utilities, parking, and maintenance of common areas as described on attached Exhibit A. Tenant agrees that it shall comply with the terms of such cooperative agreements, in accordance with the terms of such agreements, those portions of such maintenance expenses that are attributable to the Subject Property, as more fully set forth in this Agreement and its exhibits.

Section 3.4 Additional Conditions of Subleasing.

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

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

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

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

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

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

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

(g) CBS may sell the Terminal Building in the future and all agreements regarding the Subject Property, including this Sublease between CBS and Tenant, shall be completely transferable to

the new owner. A transfer of the Terminal Building to any such entity shall not create any restrictions upon use of the Subject Property in addition to those stated in this Sublease and this Sublease shall continue in full force and effect as a direct lease between the new owner and Tenant, subject to all of the terms, covenants and conditions of this Sublease.

(h) CBS may, upon at least 10 days prior written notice to Tenant, temporarily suspend the supply of water, wastewater service, the supply of electric power, the use of pipelines, or the use of the Improvements in order to perform routine maintenance and, in all events, subject to unavoidable delays, as provided in Section 4.2. Such interruptions shall be of as short duration as necessary to perform such maintenance, and CBS shall not be responsible for any such costs or expenses as a result of suspending such utilities, unless such interruption disrupts Tenant's ability to operate its business in the Subject Property.

(i) Tenant shall pay the CBS Fire Marshal or Building Inspector fees and other building permit fees, and shall also pay all applicable property taxes and assessments when due. These include any Local Improvement District costs that may be assessed.

(j) Tenant shall be responsible for taking any measures that Tenant deems necessary to provide security for their property. CBS is not responsible for theft or vandalism.

(k) CBS sales tax applies to Sublease payments. Sales tax rates, limits, exemptions, and exclusions are subject to change by the CBS Assembly.

(l) CBS shall have the authority to allow vending machines to be placed in the Terminal Building. All commissions from vending machines shall be deposited by CBS in the Terminal Building account. Any vending machines proposed to be placed in an area under sublease to the Tenant shall be with the concurrence of the Tenant.

(m) Tenant agrees not to install any radio transmitting equipment without the written approval of CBS Facilities Manager and to discontinue upon request of CBS Facilities Manager use of any machinery or installation causing interference to City, State, or Federal government radio receiving or transmitting equipment until the cause of such interference has been eliminated.

(n) Tenant agrees that CBS may modify this Sublease to meet revised requirements for Federal or State grants, regulations or laws, or to conform to the requirements of any CBS revenue bond requirements. However, this agreement to modify the Sublease to conform to the requirements of any revenue bond requirements shall not reduce the rights or privileges granted the Tenant by this Sublease, nor cause the Tenant financial loss in its Sublease options.

(o) FAA requires CBS to file an annual concessionaires' report with the FAA, including a list of individual concessionaires' gross revenues. Tenant grants permission to CBS Finance Director to release this information from sales tax returns in order to comply with FAA reporting requirements.

(p) Tenant agrees that the first priority use of the Terminal Building is to accommodate aircraft for passenger use. Tenant agrees to relocate to comparable space within the

Terminal Building or expanded Terminal Building, if required to accommodate this priority at no cost to Tenant.

(q) Tenant shall submit a non-refundable \$55 processing fee payable to the State of Alaska upon execution of this Sublease.

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

Tenant shall take reasonable affirmative measures to ensure that its operations do not attract to Subject Property or any portion of the Terminal Building, Sublease spaces L-1, L-1a, L-2 and L-3, at 600 Airport Road, Sitka, Alaska 99835 any of the following creatures: rodents, vermin, insects, eagles, crows, ravens, seagulls, mink, otters, or bears.

ARTICLE IV UTILITY SERVICES & RATES.

Section 4.1 Provision of Utility Services.

CBS will, at its own cost and expense, provide utility services of heat and electric. Water and sewer services will be provided by the CBS, at its own cost and expense, in other sections of the Terminal Building.

Section 4.2 CBS Not Liable for Failure of Utilities or Building.

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

Section 4.3 Janitorial

Janitorial for common areas in the Terminal Building is provided by CBS at its own cost and expense. Tenant will provide janitorial for its Subject Property.

ARTICLE V INDEMNIFICATION

Section 5.1 Liability of and Indemnification by Tenant.

Tenant agrees to indemnify, defend, and save harmless CBS against and from any and all claims by or on behalf of any person, firm, or corporation arising, other than due to acts or omissions of CBS, from the conduct or management of or from any work or thing whatsoever done in or about the Subject Property and structures and improvements, including liability arising from products produced on the property. Tenant agrees to indemnify, defend, and save CBS harmless against and from any and all claims and damages arising, other than due to acts or omissions of CBS,

during the term of this Sublease from: (a) any condition of the Subject Property or improvements placed on it; (b) any breach or default on the part of Tenant regarding any act or duty to be performed by Tenant pursuant to the terms of this Sublease; (c) any act or negligence of Tenant or any of its agents, contractors, servants, employees or licensees; and (d) any accident, injury, death or damage caused to any person occurring during the Term of this Sublease in or on the Subject Property. Tenant agrees to indemnify, defend, and save harmless CBS from and against all costs, counsel and legal fees, expenses, and liabilities incurred, other than due to acts or omissions of CBS, in any claim or action or proceeding brought asserting claims of or asserting damages for any alleged act, negligence, omission, conduct, management, work, thing, breach, default, accident, injury, or damage described in the previous two sentences. The above agreements of indemnity are in addition to and not by way of limitation of any other covenants in this Sublease to indemnify CBS. The agreements of indemnity by Tenant do not apply to any claims of damage arising out of the failure of CBS to perform acts or render services in its municipal capacity. The Tenant agrees to provide to the State the same level of indemnity that the Tenant would provide to the State if the Tenant were a direct Lessee under the Prime Lease.

Section 5.2 Liability of and Indemnification by CBS.

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

Section 5.3 Reimbursement of Costs of Obtaining Possession.

Each Party agrees to pay and to indemnify the other Party prevailing in any dispute under this Sublease against all costs and charges, including full reasonable counsel and legal fees lawfully and reasonably incurred in enforcing any provision of this Sublease including obtaining possession of the Subject Property and establishing CBS's title free and clear of this Sublease upon expiration or earlier termination of this Sublease.

GENERAL PROVISIONS

ARTICLE VI DEFINITIONS

Section 6.1 Defined Terms.

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

- (a) "Event of Default" means the occurrence of any action specified in Section 14.1.
- (b) "Imposition" means all of the taxes, assessments, utility rates or charges, levies and other governmental charges, levied or assessed against the Subject Property or on any part of the Subject Property, any right or interest regarding the Subject Property, or any Rent and income received from the Subject Property, including sales taxes on Rent.
- (c) "Improvements" or "improvements" means all buildings, structures and improvements of any nature now or hereafter located upon the Subject Property by Tenant, as well as all of the Tenant's apparatus and equipment necessary for the complete and comfortable use, occupancy, enjoyment and operation of the Subject Property, including fittings, appliances, machinery, garage equipment, heating equipment, lighting equipment, cooling equipment, air conditioning and ventilating equipment, wiring, controls, communications equipment, plumbing, switchboards, antennae, floor coverings, refrigerating equipment, hot water heating and all other appliances and equipment; excepting only in each case articles of personal property appurtenances and fixtures (including trade fixtures) owned by Tenant, sublessees, or others, which can be removed without defacing or materially injuring the improvements remaining on the Subject Property, from the property with the portion of the property from which such items are removed being returned to a condition at least as good as that existing on the date of this Sublease. "Improvements" also includes fill, grading, asphalt, and other non-building land improvements.
- (d) "Personal Property" means tangible personal property owned or leased and used by Tenant or any subtenant, in connection with and located upon the Subject Property.
- (e) "Premises" means the "Subject Property."
- (f) "Rent" means the Sublease rate, which is the amount Tenant periodically owes and is obligated to pay CBS as Sublease payments under this Sublease for the use of the Subject Property.
- (g) "Subject Property" is the area Subleased as shown on Exhibit A.
- (h) "Subtenant" shall mean any subtenant, concessionaire, licensee, or occupant of space in or on the Subject Property holding by or through Tenant.
- (i) "Term" means the period of time Tenant Rents or Subleases the Subject Property from CBS.

ARTICLE VII INSURANCE

Section 7.1 Insurance.

Tenant shall maintain property damage and comprehensive general liability insurance in the amount of one million dollars (\$1,000,000), including for Subleasehold improvements. CBS shall be named as an additional insured. CBS shall maintain for the Terminal Building a policy of standard fire and extended coverage insurance. Tenant reserves the right to self-insure through its wholly-owned and captive subsidiary.

Section 7.2 Notification of Claim, Loss, or Adjustment.

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

Section 7.3 Waiver of Subrogation.

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

ARTICLE VIII RESTRICTIONS REGARDING ASSIGNMENT, SUBLEASES, AND TRANSFERS OF SUBJECT PROPERTY

Section 8.1 Tenant Without Power to Assign Sublease or Transfer or Encumber Subject Property.

Tenant may not assign, mortgage, pledge, encumber or otherwise transfer this Lease, or any interest hereunder, or sublet the Subject Property, in whole or in part, without on each occasion first obtaining the prior express written consent of the CBS Assembly and DOT&PF, which consent shall not be unreasonably withheld or conditioned or delayed. Notwithstanding the foregoing, Tenant shall have the right to assign this Lease to any entity affiliated with Tenant. No such assignment shall be deemed the release of Tenant from the further performance of Tenant's obligations under this Lease.

Section 8.2 Limitations on Subleases.

Tenant shall not sublease the Subject Property or any portion of it without the prior written approval of the CBS Assembly and DOT&PF. All subleases entered into demising all or any part of the Improvements or the Subject Property shall expressly state that it is subject to and subordinate to this Sublease. CBS's and DOT&PF's consent to a sublease of the Subject Property shall not release Tenant from its obligations under this Sublease. CBS's and

DOT&PF's consent to a sublease shall not be deemed to give any consent to any subsequent subletting.

ARTICLE IX USE AND PROTECTION OF THE SUBJECT PROPERTY

Section 9.1 Subject Property As Is - Repairs.

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

Section 9.2 Compliance with Laws.

Tenant shall throughout any term of this Sublease, at Tenant's sole expense, promptly comply with all the laws and ordinances and the orders, rules, regulations, and requirements of all federal, state, and municipal governments and appropriate departments, commissions, boards, and officers (whether or not the same require structural repairs or alterations) and all other legal requirements that may be applicable to the use of the Subject Property. Nothing in the foregoing sentence shall be deemed to relieve CBS of its general obligations required in its municipal capacity.

Section 9.3 Notification of CBS Public Works Director of Discovery of Contamination.

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

Tenant shall be responsible for all clean-up costs associated with Tenant-caused contamination of soils of the Subject Property, adjoining property, and/or buildings. In the event of Tenant's failure to clean-up to applicable regulatory standards, CBS may perform clean-up or contract for clean-up, and all charges for such work shall be payable by Tenant.

Section 9.4 Use of Utility Lines.

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

Section 9.5 Permits and Approvals for Activities.

Tenant shall be responsible for obtaining all necessary permits and approvals for its activities.

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

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

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

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

If there is a default with the provisions of this Sublease then CBS shall have the right, but shall not be required, to make good any default of Tenant. CBS shall not in any event be liable for inconvenience, annoyance, disturbance, loss of business, or other damage of or to Tenant by reason of bringing materials, supplies and equipment into or through the Terminal Building during the course of the work required to be done to make good such default, and the obligations of Tenant under this Sublease shall remain unaffected by such work, provided that CBS uses reasonable care under the circumstances prevailing to avoid unnecessary inconvenience, annoyance, disturbance, loss of business, or other damage to Tenant.

Section 10.3 Reimbursement of CBS and Tenant.

All sums advanced by CBS pursuant to this Article and all necessary and incidental costs, expenses and attorney fees in connection with the performance of any acts, together with interest at the highest rate of interest allowed by law from the date of the making of advancements, shall be promptly payable by Tenant, in the respective amounts so advanced, to CBS. This reimbursement shall be made on demand, or, at the option of CBS, may be added to any Rent then due or becoming due under this Sublease and Tenant covenants to pay the sum or sums with interest, and CBS shall have (in addition to any other right or remedy) the same rights and remedies in the event of the nonpayment by Tenant as in the case of default by Tenant in the payment of any installment of Rent. Conversely, Tenant shall be entitled to receive from CBS prompt payment or reimbursement on any sums due and owing from CBS to Tenant, together with interest at the highest rate allowed by law. However, nothing contained in this Sublease shall entitle Tenant to withhold any Rent due to CBS or to offset or credit any sums against Rent, except with respect to unpaid Rental due from CBS to Tenant under any Sublease of Terminal Building space to CBS.

ARTICLE XI DAMAGE OR DESTRUCTION

Section 11.1 Repair and Replacement of Structures and Improvements Following Damage.

(a) If the Subject Property shall be destroyed or so injured by any cause as to be unfit, in whole or in part, for occupancy and such destruction or injury could reasonably be repaired within ninety (90) days from the date of such damage or destruction, then Tenant shall not be entitled to surrender possession of the Subject Property, nor shall Tenant's liability to pay Rent under this Sublease cease, without the mutual consent of the Parties. In case of any such destruction or injury, CBS shall repair the same with all reasonable speed and shall complete such repairs within ninety (90) days from the date of such damage or destruction. If during such period

Tenant shall be unable to use all or any portion of the Subject Property, a proportionate allowance shall be made to Tenant from the Rent corresponding to the time during which and to the portion of the Subject Property of which Tenant shall be so deprived of its use.

(b) If such destruction or injury cannot reasonably be repaired within ninety (90) days from the date of such damage or destruction, CBS shall notify Tenant within fifteen (15) days after the determination that restoration cannot be made in ninety (90) days. If CBS elects not to repair or rebuild, this Sublease shall be terminated. If CBS elects to repair or rebuild, CBS shall specify the time within which such repairs or reconstruction will be complete, and Tenant shall have the option, to be exercised within thirty (30) days after the receipt of such written notice, to elect either to terminate the Sublease and further liability, or to extend the Sublease Term by a period of time equivalent to the time from the happening of such destruction or injury until the Subject Property is restored to its former condition. In the event Tenant elects to extend the Sublease Term, CBS shall restore the Subject Property to its former condition within the time specified in the written notice, and Tenant shall not be liable to pay Rent for the period from the time of such destruction or injury until the Subject Property is so restored to its former condition.

(c) In addition to all rights to cancel or terminate this Sublease set forth in Subsections 11.1(a) and 11.1(b), if the Subject Property or a part are destroyed or damaged during the last two (2) years of the Sublease Term or any extension(s) to the extent of fifty per cent (50%) or more of the value of the Subject Property, then CBS shall have the right to cancel and terminate this Sublease as of the date of such damage or destruction by giving Tenant written notice within ninety (90) days after the date of such damage or destruction.

(d) The timeframes in this article may be modified by mutual written agreement of the Parties.

ARTICLE XII LIENS

Section 12.1 Discharge of Mechanics' and Other Liens.

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

ARTICLE XIII LIEN FOR RENT AND OTHER CHARGES

Section 13.1 Lien for Rent.

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

are declared to constitute a valid and prior lien upon the Subject Property and the Improvements, and upon Tenant's Subleasehold estate, and may be enforced by equitable remedies including the appointment of a receiver.

ARTICLE XIV DEFAULT PROVISIONS

Section 14.1 Events of Default.

Each of the following events is defined as an "Event of Default":

- (a) The failure of Tenant to pay any Rent, or any other payments or deposits of money, or furnish receipts for deposits as required, when due and the continuance of the failure for a period of ten (10) days after notice in writing from CBS to Tenant.
- (b) The failure of Tenant to perform any of the other covenants, conditions and agreements of this Sublease including payment of taxes on the part of Tenant to be performed, and the continuance of the failure for a period of thirty (30) days after notice in writing (which notice shall specify the respects in which CBS contends that Tenant has failed to perform any of the covenants, conditions and agreements) from CBS to Tenant unless, with respect to any default which cannot be cured within thirty (30) days, Tenant, or any person holding by, through or under Tenant, in good faith, promptly after receipt of written notice, shall have commenced and shall continue diligently and reasonably to prosecute all action necessary to cure the default within an additional 60 days.
- (c) The filing of an application by Tenant (the term, for this purpose, to include any approved transferee other than a CBS of Tenant's interest in this Sublease): (i) for a consent to the appointment of a receiver, trustee or liquidator of itself or all its assets; (ii) of a voluntary petition in bankruptcy or the filing of a pleading in any court of record admitting in writing of its inability to pay its debts as they come due; (iii) of a general assignment for the benefit of creditors; (iv) of an answer admitting the material allegations of, or its consenting to, or defaulting in answering, a petition filed against it in any bankruptcy proceeding.
- (d) The entry of an order, judgment or decree by any court of competent jurisdiction, adjudicating Tenant a bankrupt, or appointing a receiver, trustee or liquidator of it or of its assets, and this order, judgment or decree continuing unstayed and in effect for any period of 60 consecutive days, or if this Sublease is taken under a writ of execution.

Section 14.2 Assumption or Assignment of Sublease to Bankruptcy Trustee.

In the event that this Sublease is assumed by or assigned to a trustee pursuant to the provisions of the bankruptcy reform Act of 1978 (referred to as "Bankruptcy Code") (11 U.S.C. § 101 et seq.), and the trustee shall cure any default under this Sublease and shall provide adequate assurances of future performance of this Sublease as are required by the Bankruptcy Code (including the requirement of Code § 365(b)(1)) (referred to as "Adequate Assurances"), and if the trustee does not cure such defaults and provide such adequate assurances under the Bankruptcy Code within the applicable time periods provided by the Bankruptcy Code, then this Sublease shall be deemed terminated automatically and CBS shall have the right to possession of the Subject

Property immediately and shall be entitled to all remedies provided by the Bankruptcy Code for damages for breach or termination of this Sublease.

Section 14.3 Remedies in Event of Default.

CBS may treat any one or more of the Events of Default as a breach of this Sublease and at its option, by serving written notice on Tenant and each Secured Party and Subleasehold Mortgagee of whom CBS has notice (such notice not to be effective unless served on each such person) of the Event of Default of which CBS shall have received notice in writing, CBS shall have, in addition to other remedies provided by law, one or more of the following remedies:

(a) CBS may terminate this Sublease and the Term created.

(b) CBS may terminate Tenant's right of possession and may repossess the entire Subject Property and Improvements by forcible entry and detainer suit or otherwise, without demand or notice of any kind to Tenant (except as above expressly provided for) and without terminating this Sublease, in which event CBS may, but shall be under no obligation to do so, relet all or any part of the Subject Property for Rent and upon terms as shall be satisfactory in the judgment reasonably exercised by CBS (including the right to relet the Subject Property and Terminal Building for a term greater or lesser than that remaining under the stated term of this Sublease and the right to relet the Subject Property and Terminal Building as a part of a larger area and the right to change the use made of the Subject Property). For the purpose of reletting, CBS may make any repairs, changes, alterations or additions in or to the Subject Property and improvements that may be reasonably necessary or convenient in CBS's judgment reasonably exercised; and if CBS shall be unable, after a reasonable effort to do so, to relet the Subject Property, or if the Subject Property and Terminal Building are relet and a sufficient sum shall not be realized from reletting after paying all of the costs and expenses of repairs, change, alterations and additions and the expense of reletting and the collection of the Rent accruing from it, to satisfy the Rent above provided to be paid, then Tenant shall pay to CBS as damages a sum equal to the amount of the Rent reserved in this Sublease for the period or periods as and when payable pursuant to this Sublease, or, if the Subject Property or any part of it has been relet, Tenant shall satisfy and pay any deficiency upon demand from time to time; and Tenant acknowledges that CBS may file suit to recover any sums falling due under the terms of this Section from time to time and that any suit or recovery of any portion due Tenant shall be no defense to any subsequent action brought for any amount not reduced to judgment in favor of CBS. Any personal property not removed after such termination shall be addressed as provided for in Section 1.4 above.

(c) In the event of any breach or threatened breach by Tenant of any of the terms, covenants, agreements, provisions or conditions in this Sublease, CBS shall have the right to invoke any right and remedy allowed at law or in equity or by statute or otherwise as through reentry, summary proceedings, and other remedies were not provided for in this Sublease.

(d) Upon the termination of this Sublease and the Term created, or upon the termination of Tenant's right of possession, whether by lapse of time or at the option of CBS, Tenant will at once surrender possession of the Subject Property and remove its personal property and improvements.

(e) In the event that Tenant shall fail to make any payment required to be made provided for in this Sublease or defaults in the performance of any other covenant or agreement which Tenant is required to perform under this Sublease during the period when work provided for in this Sublease shall be in process or shall be required by the terms of this Sublease to commence, CBS may treat the default as a breach of this Sublease and, in addition to the rights and remedies provided in this Article, but subject to the requirements of service of notice pursuant to this Sublease, CBS shall have the right to carry out or complete the work on behalf of Tenant without terminating this Sublease.

Section 14.4 Waivers and Surrenders To Be In Writing.

No covenant or condition of this Sublease shall be deemed to have been waived by either party unless the waiver be in writing and shall apply only with respect to the particular act or matter to which the consent is given and shall not relieve the other party from the obligation, wherever required under this Sublease, to obtain consent for any other act or matter.

ARTICLE XV CBS'S TITLE AND LIEN

Section 15.1 CBS's Title and Lien Paramount.

CBS has title to the Terminal Building, and CBS's lien for Rent of the Terminal Building and other CBS charges shall be paramount to all other liens on the Subject Property.

Section 15.2 Tenant Not To Encumber CBS's Interest.

Tenant shall have no right or power to and shall not in any way encumber the title of CBS in and to the land and building of the Subject Property. The leasehold estate of CBS in the Land and its ownership of the Terminal Building in which the Subject Property is sublet shall not be in any way subject to any claim by way of lien or otherwise, whether claimed by operation of law or by virtue of any express or implied lease or contract or other instrument made by Tenant, and any claim to the lien or otherwise upon the Land arising from any act or omission of Tenant shall accrue only against the Subleasehold estate of Tenant in the Subject Property and Tenant's interest in the Improvements, and shall in all respects be subject to the paramount rights of CBS in the Land.

ARTICLE XVI REMEDIES CUMULATIVE

Section 16.1 Remedies Cumulative.

No remedy conferred upon or reserved to either party shall be considered exclusive of any other remedy, but shall be cumulative and shall be in addition to every other remedy given under this Sublease or existing at law or in equity or by statute. Every power and remedy given by this Sublease to either party may be exercised from time to time and as often as occasion may arise or as may be deemed expedient. No delay or omission of either party to exercise any right or power arising from any default shall impair any right or power, nor shall it be construed to be a waiver of any default or any acquiescence in it.

Section 16.2 Waiver of Remedies Not To Be Inferred.

No waiver of any breach of any of the covenants or conditions of this Sublease shall be construed to be a waiver of any other breach or to be a waiver of, acquiescence in, or consent to any further or succeeding breach of it or similar covenant or condition.

Section 16.3 Right to Terminate Not Waived.

Neither the rights given to receive, sue for or distrain from any Rent, moneys or other payments, or to enforce any of the terms of this Sublease, or to prevent the breach or nonobservance of it, nor the exercise of any right or of any other right or remedy shall in any way impair or toll the right or power of CBS to declare ended the term granted and to terminate this Sublease because of any event of default.

ARTICLE XVII SURRENDER AND HOLDING OVER

Section 17.1 Surrender at End of Term.

On the last day of the last Sublease year of the original term, or on the earlier termination of the Sublease term, Tenant shall peaceably and quietly leave, surrender and deliver the entire Subject Property to CBS, subject to the provisions of Section 1.5, in a broom-clean condition, reasonable use, wear and tear excepted, free and clear of any and all mortgages, liens, encumbrances, and claims. At the time of the surrender, Tenant shall also surrender any and all security deposits and Rent advances of sublessees to the extent of any amounts owing from Tenant to CBS. If the Subject Property is not so surrendered, Tenant shall repay CBS for all expenses which CBS shall incur by reason of it, and in addition, Tenant shall indemnify, defend and hold harmless CBS from and against all claims made by any succeeding Tenant against CBS, founded upon delay occasioned by the failure of Tenant to surrender the Subject Property.

Section 17.2 Rights Upon Holding Over.

At the termination of this Sublease, by lapse of time or otherwise, Tenant shall yield up immediately possession of the Subject Property to CBS and, failing to do so, agrees, at the option of CBS, to pay to CBS for the whole time such possession is withheld, a sum per day equal to one hundred and seventy-five percent (175%) times 1/30th of the aggregate of the Rent paid or payable to CBS during the last month of the term of the Sublease the day before the termination of the Sublease. The provisions of this Article shall not be held to be a waiver by CBS of any right or reentry as set forth in this Sublease, nor shall the receipt of a sum, or any other act in apparent affirmance of the tenancy, operate as a waiver of the right to terminate this Sublease and the Term granted for the period still unexpired for any breach of Tenant under this Sublease.

ARTICLE XVIII INVALIDITY OF PARTICULAR PROVISIONS

Section 18.1 Invalidity of Provisions.

If any provision of this Sublease or the application of it to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Sublease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected, and each provision of this Sublease shall be valid and be enforced to the fullest extent permitted by law.

ARTICLE XIX APPLICABLE LAW AND VENUE

Section 19.1 Applicable Law.

This Sublease shall be construed and enforced in accordance with the laws of the State of Alaska. The forum and venue for any action seeking to interpret, construe, or enforce this Sublease shall be only in the Superior Court for the State of Alaska at Sitka, Alaska.

ARTICLE XX NOTICES

Section 20.1 Manner of Mailing Notices.

In every case where under any of the provisions of this Sublease or otherwise it shall or may become necessary or desirable to make or give any declaration or notice of any kind to CBS or Tenant, it shall be sufficient if a copy of any declaration or notice is sent by UPS Next Day Air or United States mail, postage prepaid, return receipt requested, addressed:

Mark Gorman, Municipal Administrator
City and Borough of Sitka
100 Lincoln Street
Sitka, Alaska 99835
Phone: (907) 747-1808
Fax: (907) 747-7403
Email: markgorman@cityofsitka.com

Stephen Thompson, Contract Administrator
United Parcel Service, Inc.
55 Glenlake Parkway NE
Atlanta, Georgia 30328
Phone: (404) 828-8319
Fax: (404) 828-4830
Email: stephenthompson@ups.com

with a copy to: Municipal Clerk at address listed above. Each Party from time to time may change its address for purposes of receiving declarations or notices by giving notice of the changed address, to become effective seven days following the giving of notice.

Section 20.2 Sufficiency of Service.

All notices in this Sublease shall be effective upon receipt.

ARTICLE XXI MISCELLANEOUS PROVISIONS

Section 21.1 Captions.

The captions of this Sublease and the index preceding it are for convenience and reference only and in no way define, limit or describe the scope or intent of this Sublease, nor in any way affect this Sublease.

Section 21.2 Conditions and Covenants.

All the provisions of this Sublease shall be deemed and construed to be "conditions" as well as "covenants," as though the words specifically expressing or importing covenants and conditions were used in each separate provision.

Section 21.3 Entire Agreement.

This Sublease contains the entire agreement between the Parties and shall not be modified in any manner except by an instrument in writing executed by the Parties or their respective successors or assigns in interest.

Section 21.4 Time of Essence as to Covenants of Sublease.

Time is of the essence as to the covenants in this Sublease.

ARTICLE XXII COVENANTS TO BIND AND BENEFIT RESPECTIVE PARTIES AND TO RUN WITH THE SUBJECT PROPERTY

Section 22.1 Covenants to Run with the Subject Property.

All covenants, agreements, conditions and undertakings in this Sublease shall extend and inure to the benefit of and be binding upon the successors and assigns of each of the Parties, the same as if they were in every case named and expressed, and they shall be construed as covenants running with the Subject Property.

ARTICLE XXIII ADDITIONAL GENERAL PROVISIONS

Section 23.1 Absence of Personal Liability.

No member, official, or employee of CBS shall be personally liable to Tenant, its successors and assigns, or anyone claiming by, through or under Tenant or any successor in interest to the Subject Property, in the event of any default or breach by CBS or for any amount which may become due to Tenant, its successors and assigns, or any successor in interest to the Subject Property, or on any obligation under the terms of this Sublease. No member, official, or employee of Tenant shall be personally liable to CBS, its successors and assigns, or anyone claiming by, through, or under CBS or any successor in interest to the Subject Property, in the event of any default or breach by Tenant or for any amount which become due to CBS, its successors and assigns, or any successor in interest to the Subject Property, or on any obligation under the terms of this Sublease.

Section 23.2 Sublease Only Effective As Against CBS Upon Approval of Assembly and DOT&PF.

This Sublease and any renewals are effective against CBS only upon the approval of such Sublease and any renewals by the CBS Assembly and DOT&PF as required by Section 25 of the Lease Between CBS and DOT&PF of the Terminal Building at Lot 3, Block 600.

Section 23.3 Binding Effects and Attorneys Fees.

This Sublease shall be binding up and inure to the benefit of the respective successors and assigns of the Parties. In the event of litigation over this Sublease, the Parties agree that the prevailing Party shall receive full reasonable attorneys' fees.

Section 23.4 Duplicate Originals.

Three signed and notarized originals of this Sublease shall be executed. The warranties, representations, agreements and undertakings shall not be deemed to have been made for the benefit of any person or entity, other than the Parties.

Section 23.5 Declaration of Termination.

With respect to CBS's rights to obtain possession of the Subject Property or to revest title in itself with respect to the Subleasehold estate of Tenant in the Subject Property, CBS shall have the

right to institute such actions or proceedings as it may deem desirable to effectuate its rights including, without limitation, the right to execute and record or file with the Recorder of Sitka Recording District, a written declaration of the termination of all rights and title of Tenant in the Subject Property, and the revesting of any title in CBS as specifically provided in this Sublease.

Section 23.6 Authority.

CBS and Tenant represent to each other that each has, and has exercise, the required corporate power and authority and has complied with all applicable legal requirements necessary to adopt, execute and deliver this Sublease and perform its obligations. Both Parties also represent that this Sublease has been duly executed and delivered by each, and constitutes a valid and binding obligation of each enforceable in accordance with its terms, conditions, and provisions.

UNITED PARCEL SERVICE, INC.

Stephen Thompson, Contract Administrator

STATE OF GEORGIA)
) ss:
COUNTY OF _____)

On this ____ day of _____, 2014, personally appeared before me _____, whose identity is personally known to me or proved to me on the basis of satisfactory evidence, and who by signing this agreement, swears or affirms that he is _____ of United Parcel Service, Inc. and that he is authorized to sign this document on behalf of the Tenant, and do so freely and voluntarily.

Notary Public for _____
My Commission Expires: _____

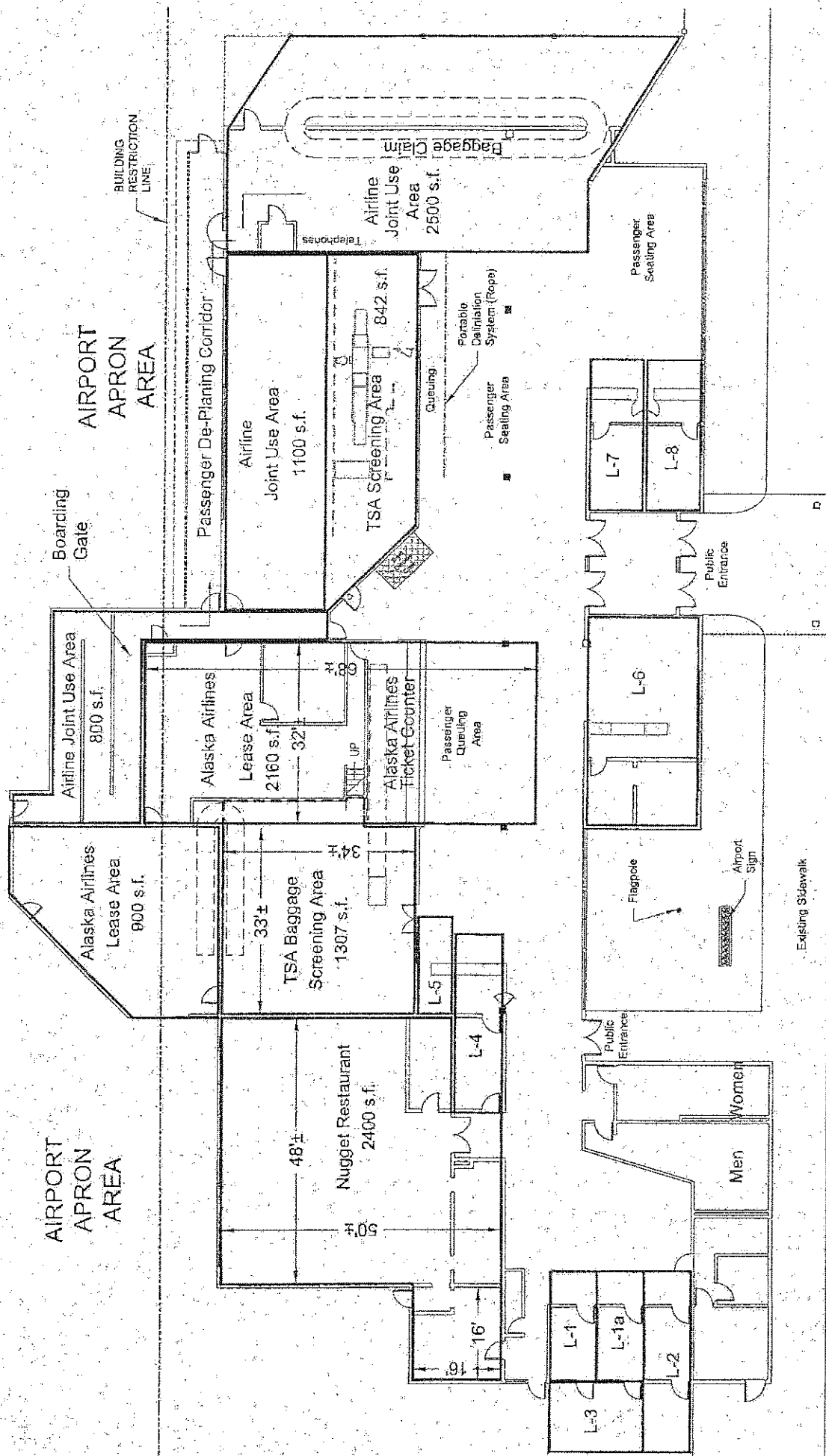
CITY AND BOROUGH OF SITKA

Mark Gorman, Municipal Administrator

STATE OF ALASKA)
) ss.
FIRST JUDICIAL DISTRICT)

THIS CERTIFIES that on this ____ day of _____, 2014, before me, a Notary Public in and for the State of Alaska, personally appeared Mark Gorman, who is the Municipal Administrator of the City and Borough of Sitka, Alaska, a municipal corporation organized under the laws of the State of Alaska, that he has been authorized by to execute the foregoing document, and does so freely and voluntarily.

Notary Public for Alaska
My Commission Expires: _____



- L-1 Counter & Office Space 214 s.f.
- L-1a Counter & Office Space 214 s.f.
- L-2 Counter, Office & Outside Storage Space 260 s.f.
- L-3 Outside Storage Space 194 s.f.
- L-4 Counter & Office Space 255 s.f.
- L-5 Counter Space 114 s.f.
- L-5 Counter, Office & Storage Space 796 s.f.
- L-7 Counter & Office Space 243 s.f.
- L-8 Counter & Office Space 249 s.f.

DRAWN: PAR/TAD SCALE: N.T.S.
 CHECKED: RAR DATE: 10Feb05
 DRAWING NAME: Leases Feb 05
 SHEET NO. 1 / 1

SITKA-R.G. AIRPORT SUBLESSEE USE AREAS

City and Borough of Sitka
 DEPARTMENT OF PUBLIC WORKS
 100 LINCOLN STREET-SITKA, ALASKA 99835
 TEL (907) 747-1804 FAX (907) 747-3158



EXH. A

AIRPORT

Exhibit E

Paule

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES

SITKA AIRPORT

LEASE NO. ADA-50103

LEASE AGREEMENT

THIS lease is made and entered into this 1st day of June, 1997, between the STATE OF ALASKA, acting through the DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, whose address is 6860 Glacier Highway, Juneau, Alaska 99801-7999, ("LESSOR"); and the CITY AND BOROUGH OF SITKA, ALASKA, whose address is 100 Lincoln Street, Sitka, Alaska 99835 ("LESSEE").

7461-2005

RECITALS

- (1) LESSOR owns the Sitka Airport ("Airport") at Sitka, Alaska;
- (2) LESSOR has constructed the runway and related facilities for the airport at Sitka, Alaska;
- (3) Lessor and Lessee entered into Lease Agreement ADA-01571, dated July 1, 1967, under which Lessee operated the Airport;
- (4) Under Lease Agreement ADA-01571, LESSEE constructed, expanded, and operated an airport terminal ("Terminal") building on the Airport;
- (5) July 1, 1994 Lessee terminated Lease Agreement ADA-01571. On October 11, 1995, Lessor and Lessee executed a Settlement Agreement setting out the conditions for resolution of financial disputes and other matters that resulted from Lessee's termination of Lease ADA-01571. Under the terms of the Settlement Agreement, the Lessor and Lessee agreed to enter into a lease of the Terminal site to permit the Lessee to continue operating the Terminal; and
- (6) LESSEE has operated the Terminal continuously since July 1, 1994;

THEREFORE, for and in consideration of the terms and conditions, set forth below, the parties agree as follows:

1. Leased Premises

LESSOR hereby leases to LESSEE, and LESSEE hereby leases from the LESSOR, the following real property located on Japonski Island, Sitka Recording District, First Judicial District, Alaska, described as follows ("Premises"):

Lot 3A, Block 600, Sitka Airport consisting of 65,445 square feet as described on attached Exhibit A.

2. Term

In consideration of Lessee's construction, maintenance, operation, and ownership of the Terminal, the term of this lease is 30 years beginning on July 1, 1994, and expiring on June 30, 2024.

EXH. B

3. Authorized Uses

Lessee is authorized to use the premises for operation of a public airline terminal building and for purposes commonly associated with a public airline terminal at airports in the United States, including aircraft parking, loading, servicing, and unloading; baggage and cargo processing; passenger ticketing, screening, and waiting; and concession services.

4. Rent

- (a) Beginning on July 1, 1995, the annual rental for the Premises is \$6,806.28 (65,445 square feet @ \$.104 per square foot). Rent for the period of July 1, 1995 to June 30, 1997 (\$13,612.56) is due upon execution of this lease by the Lessor and Lessee. After June 30, 1997, the rent shall be payable in advance of the first day of each year of the term specified in Covenant No. 3. The rent shall be prorated for any partial year in the term. All payments required by this lease must be made in U.S. currency.
- (b) Checks, bank drafts, or postal money orders are to be made payable to the State of Alaska and delivered to Accounting Section, Department of Transportation and Public Facilities, 6860 Glacier Highway, Juneau, Alaska 99801-7999, or any other address which the Lessor may designate in writing.
- (c) Any payment due from the Lessee and not received by the Lessor accrues interest from the due date until paid in full at the highest allowable lawful contract rate in Alaska, as defined AS 45.45.010 or as amended. Interest on disputed amounts will not be charged to the Lessee if the dispute is resolved in the Lessee's favor.
- (d) Any rent, charge, fee or other consideration which is due and unpaid at the expiration, termination, or cancellation of this lease will be a charge against Lessee and Lessee's property, real or personal.
- (e) Lessor may increase or decrease the rents or fees payable under this lease. During the first five years of the term stated in Covenant No. 2 of this lease, Lessor may neither increase nor decrease the rent fees payable under this lease. At any time after the end of the fifth year of the lease term, Lessor may, in its sole discretion, increase or decrease the rents or fees, provided that Lessor may neither increase nor decrease the rents or fees more than once in any 12 months period. Any change in rent is effective upon written notice to the Lessee.

Any rent increase or decrease must be consistent with applicable statutes or regulations, including AS 02.15.090 and 17 AAC 40.340(a), and any amendments. It is Lessor's intent that any rent established under this basic provision not exceed fair market rental as determined by a qualified real estate appraiser in an appraisal approved by Lessor. However, Lessor is under no obligation to appraise the Premises under any circumstances.

- (f) If Lessee believes that a change under (e) of this Covenant No. 4 rent exceeds the fair market rent for the Premises, Lessee may appeal to Lessor according to the following procedures:
 - (i) Lessee must pay the changed rent beginning on the effective date stated in Lessor's rent change notice and continue paying the changed rent throughout the appeal process.

- (ii) Within 30 days after the date of Lessor's written notice of the rent increase or decrease, Lessee must submit a written appeal to Lessor. The appeal must include the name, address, telephone number and professional qualifications of the real estate appraiser Lessee intends to retain to perform a fair market rent appraisal of the Premises.
- (iii) Lessor will review the appraiser's qualifications and approve or disapprove the appraiser in writing to Lessee. If Lessor disapproves the appraiser, Lessee will have 30 days from the date of Lessor's written disapproval to continue the appeal by submitting the name, address, phone number, and professional qualifications of another appraiser.
- (iv) If Lessor approves Lessee's appraiser, Lessee shall, at Lessee's sole expense, cause the Premises to be appraised according to appraisal instructions furnished by Lessor. The written appraisal must be received by Lessor within 90 days following the date of Lessor's written approval of Lessee's appraiser.
- (v) Lessor will review the appraisal for conformance with the appraisal instructions and issue a written approval or rejection to Lessee. Upon approval of the appraisal, the fair market rent determined by the appraisal will be the rent for the Premises, retroactive to the effective date of Lessor's rent change notice issued under (e) of this Covenant No. 4. Rejection of the appraisal by Lessor will constitute a denial of Lessee's appeal.

5. Operation As A Public Air Terminal

LESSEE agrees to operate the Terminal for the use and benefit of the public. Lessee shall make available, the Terminal and related facilities and services to the public, subject to reasonable fees and needs, on fair and reasonable terms and conditions and without discrimination. Lessee agrees to provide space in the terminal, to all qualified persons, firms, and corporations desiring to conduct airline operations in the Terminal. Nothing in this lease grants or authorizes the Lessee to grant any exclusive right prohibited by AS 02.15.210 or Section 308 of the Federal Aviation Act.

6. Economic Non-Discrimination

Each air carrier using the Terminal (whether as a tenant, nontenant, or subtenant of another air carrier tenant) shall be subject to nondiscriminatory and substantially comparable rates, fees, rentals, and charges with respect to facilities directly or substantially relating to providing air transportation and other nondiscriminatory and substantially comparable rules, regulations and conditions as are applicable to all such air carriers which make similar use of the Terminal.

7. Inspection of Lessee Records

During Lessee's normal business hours, Lessor shall have the right to inspect and copy the Lessee's files, books, and records related to this lease, the Premises, or the Terminal.

8. Continuous Operations

Except as provided in Covenant No. 13 of this lease, Lessee agrees to continuously operate an airline terminal building on the premises for use by the public throughout the term of this lease.

9. Existing Improvements

(a) Lessor and Lessee acknowledge the presence on the Premises of the Terminal, sidewalks, and landscaped areas owned by Lessee, and security fencing and paved surface aircraft parking apron owned by Lessor. As of the date on which this lease is executed, Lessor and Lessee find the condition of these improvements to be acceptable for the purposes contemplated in this lease.

(b) By no later than September 1, 1997, Lessee shall furnish to Lessor one complete set of as-built drawings showing the dimensions and construction of the Terminal.

10. Survey

Lessee agrees to cause the Premises to be surveyed by a land surveyor registered in the State of Alaska. The survey must be conducted at no expense to the Lessor and must establish the boundaries of the Premises, placing permanent markers at the corners. Lessee agrees to submit a plat of the survey, signed and stamped by the surveyor, to the Lessor on or before September 1, 1997. The survey plat must conform to the Lessor's reasonable requirements, must use the centerline of the airport runway as the basis of bearings and must show survey monuments recovered, survey monuments set, and bearings and distances between monuments. Following approval of the plat by the Lessor, the Lessor and Lessee will execute a supplement to this lease which will modify the Premises description as necessary to conform to the survey.

11. Construction

(a) Before placing fill material or beginning construction of any improvements or additions on the Premises, Lessee must first obtain the written approval of Lessor in the form of an approved building permit. Detailed drawings of the proposed improvements or additions on the Premises must be submitted to Lessor. If a building or building addition is contemplated, Lessee must also submit comprehensive structural drawings showing front and side elevation views and floor plan, materials to be used, dimensions, elevations, the location of all proposed utility lines, and any additional data requested by Lessor. Lessor will review and approve or disapprove the proposed construction. Approval will not be withheld except where proposed construction does not comply with valid engineering principles, fire or building codes, generally recognized principles of sound airport development, or the proposed construction is inconsistent with the purposes of this lease. Lessee shall submit to Lessor evidence of Lessee's compliance with the Federal Aviation Regulations, 14 CFR Part 77, and all other municipal, state, or federal regulations governing construction of improvements on the airport.

(b) Lessee, within thirty (30) days after completion of construction or placement of improvements upon the Premises, shall deliver to Lessor an as-built drawing showing the location and dimensions of the location and

dimensions of the improvements, giving bearings and distances to an established survey point. Furthermore, if Lessee constructs underground improvements, Lessee shall appropriately mark the surface of the land with adequate surface markers.

12. Maintenance

- (a) Lessee shall keep the Premises and all improvements neat and presentable at Lessee's own expense. Lessee shall not strip, waste, or remove any material from the Premises without the prior written permission of Lessor.
- (b) At no cost to Lessor, Lessee shall provide for all utilities, services, and maintenance, including snow removal, as is necessary to facilitate Lessee's use of the Premises.
- (c) The disposal on the airport of waste materials generated by Lessee, including slash, overburden, and construction waste, is prohibited, unless authorized in writing by Lessor.
- (d) Lessee agrees to coordinate the Lessee's snow removal and maintenance activities on the Airport with Lessor's Airport personnel. Lessee further agrees to comply with all reasonable decisions and directions of Lessor's airport management personnel regarding snow removal, maintenance, and general use of the airport by Lessee.

13. Damage or Destruction of the Terminal

- (a) Except as provided in (b) of this Covenant No. 13, if the Terminal is damaged or destroyed by fire, explosion, wind, or other events, Lessee shall cause the Terminal to be repaired or rebuilt, and restored to normal function as promptly as possible.
- (b) If the Terminal is damaged to the extent that more than 50% of the space in the Terminal is unusable and the damage occurs within five years of the expiration of the term of this lease, Lessee may terminate this lease, remove the damaged Terminal, and restore the Premises.

14. Lessor Obligations

- (a) Subject to the appropriation of sufficient funds, Lessor agrees to operate and maintain the Airport for the use and benefit of the public. Lessor's operation and maintenance of the Airport include:
 - (i) Maintenance of the runway and taxiway systems;
 - (ii) Maintenance of the road systems within the airport boundaries;
 - (iii) Maintenance of the public parking lot on the Airport; and
 - (iv) Comply with Federal Aviation Administration requirements for an airport served by commercial air carriers.
- (b) Lessor is responsible for the maintenance, operation, and management of the security lock system controlling points of access from the Terminal to the aircraft parking apron on the Premises. Lessee shall obtain Lessor's prior approval for any proposed change in the points of access. If Lessee installs additional points of access in the Terminal, the devices securing

the access shall be compatible with Lessor's system, installed at the Lessee's sole expense, and maintained and operated by Lessor.

15. Hazardous Substances

- (a) If fuel or any other hazardous substances are handled by Lessee on the Premises, Lessee agrees to have properly trained personnel and adequate procedures for safely storing, dispensing, and otherwise handling fuel or hazardous substances in accordance with 13 AAC 50 and other applicable federal, state, and local laws.
- (b) In the event of a hazardous substance spill on the Premises, Lessee shall immediately notify Lessor and act promptly to contain the spill, repair any damage, absorb and clean up the spill area, and restore the Premises to a condition satisfactory to Lessor and otherwise comply with the applicable portions of Title 17 and Title 18 of the Alaska Administrative Code.
- (c) Unless otherwise stipulated by this lease or amendment thereto, all bulk fuel on the Premises must be stored in fuel storage tanks installed and plumbed in accordance with 13 AAC 50 and other applicable federal, state, and local laws.

16. Environmental Indemnification by Lessee.

- (a) Except for environmental contamination demonstrated to have been caused by Lessor, or by third party prior to July 1, 1994, or to have originated before July 1, 1967, Lessee will be liable for any contamination on the Premises or for the presence of any hazardous substance on the Premises. To that extent only, Lessee shall defend and save harmless Lessor from all suits, claims, damages, judgments, penalties, fines, costs, and liabilities, including sums paid in settlement of claims, attorney's fees, and consultant fees, which arise as a result of contamination of the Premises by a hazardous substance, or of adjacent property if the contamination is demonstrated to have migrated from the Premises.
- (b) Nothing in this Covenant No. 16 shall bar or prevent Lessor or Lessee from seeking and obtaining cleanup efforts, costs, or damages from potentially responsible parties for contamination of the Premises or of adjacent properties.
- (c) Upon the cancellation, termination or expiration of this lease, Lessor will, in its discretion, require Lessee to perform an Environmental Site Assessment of the Premises. Lessee assumes financial responsibility to Lessor for any contamination or presence of hazardous substance in, on, and under the surface of the Premises, or adjacent property if the contamination migrated from the Premises, except for contamination or present of hazardous substance that is determined to have been caused by Lessor, or by third party prior to July 1, 1994, or to have originated before July 1, 1967. This is without prejudice to Lessee's right to seek contribution or indemnity either from prior occupant's properties adjacent to the Premises or other potentially responsible parties except Lessor.

17. Environmental Definition

- (a) For the purposes of this lease the following terms are defined:

- (i) Environmental Site Assessment - An assessment of property, consistent with generally accepted professional practices, that determines the environmental condition and is supported by reports and tests which determine the environmental condition and the present, type, concentration, and extent of hazardous substances in, on, and under the surface of the property.
- (ii) Hazardous Substance - Any substance designated pursuant to section 311(b) (2) (A) of the Clean Water Act; any element, compound, mixture, solution, or substance designated pursuant to section 102 of CERCLA; and hazardous waste having the characteristics identified under or listed pursuant to section 3001 of the Solid Waste Disposal Act; any toxic pollutant listed under section 307(a) of the Clean Water Act; any hazardous air pollutant listed under section 112 of the Clean Air Act; and any imminently hazardous chemical substance or mixture with respect to which the EPA Administrator has taken action pursuant to section 7 of the Toxic Substance Control Act.

18. Fuel Sales Prohibited

Unless specifically authorized by this lease or amendment thereto, the sale of aviation fuel or lubricating oil by Lessee or a sublessee on the Premises is prohibited.

19. Liability

Except for Lessor's own negligence, the Lessee shall indemnify, defend, and hold the Lessor harmless from any liability, action, claim, suit, loss property damage or personal injury of whatever kind resulting from or arising out of any act of commission or omission by the Lessee, or Lessee's agents, employees, sublessees or customers, or arising from or connected with the Lessee's use and occupation of the Premises, or the exercise of the rights and privileges granted by this lease.

20. Insurance

- (a) At no expense to Lessor, Lessee shall secure and keep in force during the term of this lease adequate insurance to protect both Lessor and Lessee against comprehensive public liability and property damage in no less than the following amounts:
 - (i) property damage arising from one occurrence in the amount of not less than \$1,000,000; and
 - (ii) personal injury or death in an amount of not less than \$1,000,000.
- (b) Lessee shall provide Lessor with proof of insurance coverage in the form of an insurance policy or a certificate of insurance. All insurance required by this covenant must:
 - (i) name Lessor as an additional assured;
 - (ii) provide that Lessor be notified at least thirty (30) days prior to any termination, cancellation, or material change in the insurance coverage; and

- (iii) include a waiver of subrogation by which the insurer waives all rights of subrogation against Lessor for payments made under the policy.
- (c) The requirement of insurance coverage does not relieve Lessee of any other obligations under this agreement.
- (d) With thirty (30) days advance written notice to Lessee, Lessor may increase or decrease the coverage limits for the insurance required by this Covenant No. 20 when Lessor reasonably determines that the increase or decrease is justified by changes in the potential risks involved in the use of the Premises by Lessee or the users of the Terminal.

21. Cancellation

- (a) Lessor may cancel this lease and recover possession of the Premises by giving Lessee 30 days prior written notice upon the happening of any of the events listed below, unless the breach is cured within the 30-day notice period:
 - (i) Lessee's failure to pay when due the rents or fees specified in this lease, including any increases made pursuant to this lease;
 - (ii) the return for insufficient funds of checks for payment of rents or fees;
 - (iii) the use of the Premises by Lessee for any purpose not authorized by this lease;
 - (iv) the filing of a petition in bankruptcy by or against Lessee;
 - (v) the entry by any court of a judgment of insolvency against Lessee;
 - (vi) the appointment of a trustee or receiver for Lessee's assets in a proceeding brought by or against Lessee;
 - (vii) the failure of Lessee to perform any provision or covenant in this lease.
- (b) If Lessee disputes Lessor's stated reasons for a cancellation, Lessee may appeal to Lessor for reconsideration if Lessee submits a written appeal to Lessor before the end of the 30-day notice period in (a) of this Covenant No. 21. Upon Lessor's timely receipt of an appeal, Lessor will suspend action on the cancellation until a decision is made on Lessee's appeal. If the appeal is successful, Lessor's notice of cancellation will be void. If the appeal is denied, the cancellation will be effective 30 days after the date of Lessor's written denial issued to Lessee.

22. Survival of Lessee Obligations

If this lease is terminated or cancelled by Lessor pursuant to this lease, or if Lessor reenters, regains or resumes possession of the Premises pursuant to this Lease, all of Lessee's obligations under this Lease except those obligations involving liability which evolves to an occupant based upon maintenance, hazardous conditions and hazardous waste occurring during the Lessor's possession of the premises, shall survive and shall remain in full force and effect for the full term of this Lease. Subject to the Lessor's obligation to mitigate

damages, the amount of the rents, fees, and charges shall become due and payable to Lessor to the same extent, at the same time, and in the same manner as if no termination, cancellation, reentry, regaining, or resumption of possession had taken place. Without limiting the foregoing, Lessee's duties, obligations, and responsibilities under this Lease shall survive the cancellation, termination, or expiration of this lease.

23. Disposition of Improvements and Personal Property

- (a) Within sixty (60) days following the effective date of the expiration, termination, or cancellation of this lease, improvements or personal property or other property, real or personal, owned by Lessee on the Premises must either:
 - (i) be removed by Lessee if required by Lessor or desired by Lessee and if Lessor determines that removal will not cause injury or damage to the Premises; or
 - (ii) with Lessor's consent, be sold to the succeeding Lessee.
- (b) Lessor may grant additional time for the removal of improvements if hardship is established by Lessee.
- (c) If Lessee fails to timely remove or sell the improvements or personal property under (a) or (b) of this covenant, title to the improvements or personal property vests in Lessor, and Lessor will, in its discretion, sell, lease, demolish, dispose, remove, or retain for its own use the improvements or personal property. Lessee shall reimburse Lessor for all costs incurred by the department, including legal costs, in the selling, leasing, demolishing, disposing, removing, or retaining of unremoved improvements or personal property.

24. Holding Over

If Lessee holds over and remains in possession of the Premises after the expiration of this agreement without a written renewal, the holding over will not operate as a renewal or extension of the term of this agreement but only creates a tenancy from month to month, regardless of any rent payments accepted by Lessor. Lessee's obligations for performance under this lease will continue until the month-to-month tenancy is terminated by Lessor. Lessor may terminate the tenancy at any time by giving the Lessee at least ten (10) days prior written notice.

25. Assignment or Sublease by Lessee

- (a) Except as provided in (b) of this Covenant No. 25, Lessee may not assign or sublet, either by grant or implication, the whole or any part of the Premises or the whole or any part of the Terminal without the written consent of Lessor. Any proposed assignment, lease, or sublease must be submitted to Lessor for approval in five (5), each bearing the original notarized signature of all parties.
- (b) Lessee may sublet portions of the Premises or space in the Terminal without Lessor's written consent, if the sublease term, including options, renewals, or extensions, does not exceed one year and the purpose of the sublease is consistent with the authorized uses in Covenant No. 3 of

this lease. Lessee shall deliver to Lessor a copy of the sublease within 30 days of the date on which the sublease is signed by Lessee.

- (c) Except as provided in (b) of this Covenant No. 24, an assignment or sublease is void without Lessor's written consent.
- (d) All covenants and provisions in this agreement extend to and bind the legal representatives, successors, and assigns of the parties in any assignment or sublease.
- (e) By no later than September 1, 1996, Lessee shall deliver to Lessor one copy of each sublease of space on the Premises that is in force on July 1, 1996.

26. Assignment By Lessor

Without the consent of Lessee, the Lessor may assign the Lessor's interest in this lease to any government agency, company, or person to whom the Lessor conveys, leases, or sells the Airport. No such assignment will operate to increase Lessee's obligations, or reduce Lessee's rights, under this lease.

27. Condemnation

If the Premises are condemned by any proper authority, the term of this lease will end on the date Lessee is required to surrender possession of the Premises. Lessor is entitled to all the condemnation proceeds except Lessee will be paid the portion of the proceeds attributable to the fair market value of any improvements placed on the Premises by Lessee according to the provisions of 17 AAC 40.330, amended. Rent will also be adjusted according to the provisions of 17 AAC 40.330, as amended.

28. Vacation

At the expiration, cancellation or termination of this lease, Lessee must peaceably and quietly vacate the Premises and return possession to Lessor. The Premises must be left in a clean, neat, and presentable condition to the satisfaction of Lessor.

29. Easements

Lessor reserves the right to make grants to third parties or reserve to Lessor easements or rights-of-way through, on, or above the Premises, provided that no such easements or rights-of-way may be granted or reserved which unreasonably interferes with Lessee's use of the Premises.

30. Quiet Enjoyment

Lessor covenants that upon Lessee's payment of the rent and performing and observing all of Lessee's other obligations under this lease, Lessee may peaceably and quietly have, hold, and enjoy the Premises for the lease term, subject and subordinate to all provisions of this lease.

31. Warranties and Title Representations

The interests transferred or conveyed by this lease are subject to any and all of the covenants, terms, and conditions that are contained in the instruments conveying title or other interests or improvements to Lessor or contained in the public records recorded in the District Recorder's Office, Sitka, Alaska.

The Lessor makes no specific warranties, express or implied, concerning the title or condition of the property, including survey, access, or suitability for any use, including those uses authorized by this lease.

32. Reservation of Rights

Rights and privileges granted to Lessee in this lease are the only rights and privileges granted to Lessee by this lease. Lessee has no easements, rights or privileges, express or implied, other than those specifically granted by this lease.

33. Discrimination

Lessee covenants and agrees that discrimination on the grounds of race, color, religion, national origin, ancestry, age, or sex will not be permitted against any patron, employee, applicant for employment, or other person or group of persons in any manner prohibited by federal or state law. Lessee recognizes the right of Lessor to take any action necessary to enforce this covenant, including actions required pursuant to any federal or state law.

34. Affirmative Action

Lessee agrees to undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person will be excluded from participating in any employment activities covered by 14 CFR Part 152, Subpart E on the grounds of race, creed, color, national origin, or sex. Lessee hereby agrees that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by Subpart E.

35. Radio Interference

At Lessor's request, Lessee shall discontinue the use of any transmitter, machine, or device which may interfere with any government operated transmitter, receiver, or navigation aid until the cause of the interference is eliminated.

36. Laws and Taxes

- (a) This lease is issued subject to all requirements of the laws and regulations of the State of Alaska relating to the leasing of lands and facilities and the granting of privileges at State airports.
- (b) At no expense to Lessor, Lessee will conduct all activities or business authorized by this lease in compliance with all federal, state, and local laws, ordinances, rules and regulations now or hereafter in force which apply to the activities or business authorized by this lease or to the use, care, operation, maintenance, and protection of the Airport, including but not limited to matters of health, safety, sanitation, and pollution. Lessee

must obtain all necessary licenses and permits, pay all taxes and special assessments lawfully imposed upon the Premises, and pay any other fees and charges assessed under applicable public statutes or ordinances.

- (c) Lessee shall abide by the rules and procedures, applicable to the operation and use of the Terminal, in the Federal Aviation Administration approved airport security program and airport certification manual adopted for the Airport by Lessor to comply with 14 C.F.R. Parts 107 and 139. If the Federal Aviation Administration assesses a fine against Lessor for a breach by Lessee of the airport security program or the airport certification manual, Lessee shall reimburse Lessor for the amount of the fine and legal costs upon receipt of a written demand for reimbursement issued by Lessor.
- (d) In any dispute between the parties, the laws of the State of Alaska will govern and any lawsuit must be brought in the courts of the State of Alaska. The Lessee agrees to notify Lessor of any claim, demand, or lawsuit arising out of Lessee's occupation or use of the Premises. Upon the Lessor's request Lessee will cooperate and assist in the investigation and litigation of any claim, demand, or lawsuit affecting the Premises.

37. Liens

Lessee shall keep the Premises free of all liens, pay all costs for labor and materials arising out of any construction or improvements by Lessee on the Premises, and hold Lessor harmless from liability for any liens, including costs and attorney fees. By this provision, Lessor does not recognize that it is in any way liable for any liens on the Premises.

38. No Waiver

Failure of Lessor to insist in any one or more instances upon the strict performance by Lessee of any provision or covenant in this lease may not be considered as a waiver or relinquishment for the future, but the provision or covenant will continue in full force. A waiver by Lessor of any provision or covenant in this lease cannot be enforced or relied upon unless the waiver is in writing signed on behalf of Lessor.

39. Modification

Lessor may modify this lease to meet the revised requirements of federal or state grants or to conform to the requirements of any revenue bond covenant to which the State of Alaska is a party, provided that a modification may not act to reduce the rights or privileges granted Lessee by this lease nor act to cause Lessee financial loss.

40. Validity of Parts

If any provision or covenant of this lease is declared to be invalid by a court of competent jurisdiction, the remaining covenants and provisions will continue in full force.

41. Interrelationship Of Provisions

The provisions, amendments, supplements, and exhibits are essential parts of this lease and are intended to be co-operative, to provide for the use of the Premises, and to describe the respective rights and obligations of the parties to this agreement. In case of a discrepancy, figured dimensions govern over scaled dimensions unless obviously incorrect.

42. Natural Disasters

In the event any cause which is not due to the fault or negligence of either Lessee or Lessor renders the Airport or the Premises unusable and makes the performance of this lease impossible, this agreement may be terminated by either party upon written notice to the other party. Causes include acts of God, acts of public enemy, acts of the United States, fires, floods, epidemics, quarantine restrictions.

43. Notices

Any written notice required by this agreement must be hand delivered or sent by registered or certified mail to the appropriate party at the address set forth on page one of this lease or to any other address which the parties subsequently designate in writing.

44. Integration and Merger

This agreement sets forth all the terms, conditions, and agreements of the parties and supersedes any previous understandings or agreements regarding the Premises whether oral or written. No modification or amendment of this lease is effective unless in writing and signed by both the parties.

45. National Emergency

In case of any national emergency declared by the federal government, Lessee may not hold Lessor liable for any inability to perform any part of this agreement as a result of the national emergency.

46. Approval By Lessor

Any approvals required of Lessor by this lease will not be unreasonably withheld.

47. Lessor Ingress and Egress for Inspection, Repair, and Construction

- (a) Lessor reserves the right of ingress to and egress from the Premises and the right to enter any part of the Premises, including the Terminal, for the purpose of inspection at any reasonable time. Lessor shall also have the right to enter the Premises, including the terminal, for the purpose of posting public notices required by 14 C.F.R. Parts 107 and 139.
- (b) Lessor reserves the right of ingress to and egress from the aircraft parking apron on the Premises for the purpose of inspecting, repairing,

constructing, or reconstructing the apron surface and related improvements.

- (c) Except in the case of an emergency, Lessor will coordinate all repairs, construction, inspections, and notice posting with Lessee in order to minimize interference with Lessee's activities on the Premises.

48. Execution by Lessor

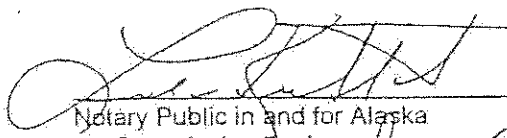
This lease is of no effect until it has been signed by the Commissioner of the Department of Transportation and Public Facilities or his designated representative.

STATE OF ALASKA)
(SEAL)

STATE OF ALASKA)
) ss:
FIRST JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on the 8 day of September, ¹⁹⁹⁷~~1995~~, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn as such, personally appeared JAMES H. Merrill, known to me and to me know to be the Acting Regional Director Department of Transportation and Public Facilities, and he acknowledged to me that he executed the foregoing instrument freely and voluntarily on behalf of the State of Alaska, Department of Transportation and Public Facilities, for the uses and purposes therein set forth and that he is authorized by said State of Alaska so to do.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year first written above.



Notary Public in and for Alaska
My Commission Expires: June 24, 2001

WHEREFORE, the parties have entered into this lease the date and year first above written at the City of Sitka, Alaska.

LESSEE:

CITY AND BOROUGH OF SITKA
ALASKA

By: *Mary L. Hall*

ATTEST:

Kathy Hope Erickson
Borough Clerk

APPROVED AS TO FORM:

John L. Hall
Municipal Attorney

STATE OF ALASKA)
) ss:
FIRST JUDICIAL DISTRICT)

On this 27th day of August, 1997, before me, the undersigned, a Notary Public in and for the State of Alaska, personally appeared Cathy L. Paxton, Borough Manager, and Kathy Hope Erickson, Borough Clerk, to me known to be the persons whose names are subscribed to the foregoing Lease as officers of the CITY AND BOROUGH OF SITKA, and acknowledged that they and each of them executed said instrument as their knowing and voluntary act and deed; as the voluntary act and deed of the CITY AND BOROUGH OF SITKA; and that they and each of them were duly authorized to sign said Lease by authority of the Assembly of the CITY AND BOROUGH OF SITKA.

WITNESS my hand and official seal the day and year in this certificate above written.

STATE OF ALASKA
NOTARY PUBLIC
TAMARA J. O'NEILL
My Commission Expires Nov. 12, 1997

Tamara J. O'Neill
NOTARY PUBLIC FOR ALASKA
My Commission Expires: 11/18/97

LESSOR:

STATE OF ALASKA, by and through the
DEPARTMENT OF TRANSPORTATION AND
PUBLIC FACILITIES

BY: *T. Mensell*
Acting Regional Director
9/2/97

CONSENT TO SUBLEASE

The State of Alaska, Department of Transportation and Public Facilities, Southeast Region Airport Leasing/Property Management, Lessor in Lease Agreement ADA-50103 (Prime Lease), acknowledges a sublease dated _____, between the City and Borough of Sitka, the lessee under said prime lease, and _____, the Sublessee for the use of operating _____, at the Sitka Airport. The term of the sublease begins _____ and ends _____.

The Lessor consents to the lessee entering into said sublease provided that the Lessee shall remain responsible to the Lessor for compliance with all the terms of said Prime Lease.

This consent is given subject to the following conditions:

- 1. If there is a conflict between the above referenced Prime State Lease Agreement and the sublease or its underlying documents, the terms of the Prime State Lease govern.
2. The Sublessee is prohibited from subleasing without the prior written consent of both the Lessee and the Lessor. Further a Sublessee may not assign or hypothecate a subleasehold.

Dated this _____ day of _____, 20__.

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION AND
PUBLIC FACILITIES

Chief, Juneau Office, Aviation Leasing and Airport Land Development

STATE OF ALASKA)
) ss.
First Judicial District)

THIS IS TO CERTIFY that on the _____ day of _____, 20__ before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn as such, personally appeared _____, known to me and to me known to be the Chief, Leasing and Property Management, Southeast Region, Department of Transportation and Public Facilities, and s/he acknowledged to me that s/he executed the foregoing instrument freely and voluntarily on behalf of the State of Alaska, Department of Transportation and Public Facilities, for the uses and purposes therein set forth and that s/he is authorized by said State of Alaska to do so.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the date and year first written above.

Notary Public in and for Alaska
My Commission Expires: _____

EXh.C

SUBLEASE GUIDELINES FOR TENANTS

17 AAC 45.990(80): "sublease' means a transaction or agreement under which a lessee, permittee or concessionaire leases, rents or otherwise grants occupancy rights to all or a portion of a premises or improvements on a premises to another person; 'sublease' does not include the assignment of a lease, permit or concession"

17 AAC 45.270(a): "...a lessee, permittee, or concessionaire may not sublease all or a portion of a lease, permit or concession premises without the prior written consent of the department under 17 AAC 17.275. A sublease made contrary to the requirements of this section and 17 AAC 45.275 is void."

17 AAC 45.270(d): "A sublessee of a lease, permit or concession may not occupy the premises before the department consents to the sublease in writing."

A request for a consent to a sublease must be submitted in writing and must include:

A. SUBLEASE. The following items must be included in all subleases. Failure to provide these items may result in the State/Lessor withholding its consent to a sublease.

17 AAC 45.270(B)

1. The name, address, and telephone contact number (including a fax number) of the proposed sublessee and the existing lessee. The sublease should name DOT&PF as the Lessor, DOT&PF's tenant as the Lessee, and Lessee's tenant as the Sublessee. Appropriate e-mail addresses should be provided.
2. Emergency contact names and telephone numbers (including fax numbers) for both parties; one of these needs to be for a person located at or near the airport where the sublease is located. Also please include e-mail addresses, if available.
3. A description of property to be subleased (e.g.: "portion of Lot 1, Block 1, as shown on Exhibit A attached"). Attach exhibit showing the specific area being subleased (whether a portion of a building, land, or any combination thereof). If areas of the land or in the building are used in common with the Lessee or other Sublessees, the sublease must so state, and the exhibit must clearly show the common use areas.
4. A description of the proposed sublessee's intended use of the premises. Authorized uses must be specific and cannot authorize more than the original lease. If food, beverage, liquor or hotel/lodging sales will occur, the lease must contain related concession fee language or a sublease for these purposes will not receive DOT&PF's consent.
5. The expiration date of the sublease. The term of a sublease cannot extend past the original (prime) lease expiration date. The beginning date of a sublease must also be included. All renewals or extensions of subleases must be submitted for review and approval, and shall be treated the same as new sublease approvals.
6. A statement of the proposed sublease rent to be paid per month of occupancy.
7. A guarantee of indemnification by the Sublessee under which the Sublessee provides to the State the same level of indemnity that the Sublessee would provide to the State if the Sublessee were a direct Lessee under the lease.

8. A statement identifying the party/ies (Lessee or Sublessee) responsible for providing the State with proof of premises liability and/or products insurance coverage (as applicable per the lease requirements). Depending upon the subleased area, all parties (State, Lessee and Sublessee) may be required to be named as co-insured. Unless a sublease is for the entire premises, including all facilities maintenance, both the Lessee and the Sublessee will be required to maintain the insurance required by the lease, with both naming the State of Alaska as additional insured.

9. A statement acknowledging that the prime State lease governs over the sublease and that the Sublessee agrees to abide by all provisions and covenants of the State lease.

*Example: Mars Airlines, Inc., Lessee, and John Doe, dba Jupiter Air, Sublessee, enter into this sublease dated _____. This sublease is subject to all requirements and conditions of the Lessee's prime lease ADA-_____ with the State of Alaska, DOT&PF, Lessor. The Sublessee agrees to abide by all provisions and covenants of the prime lease.

10. A statement acknowledging that Sublessees are prohibited from subleasing without the prior written consent of both the Lessee and the Lessor. Further, a Sublessee may not assign or hypothecate a subleasehold.

11. A provision that no improvements, grading, fill, construction, etc. may take place until the Sublessee and Lessee have obtained the Lessor's approval.

12. Three originals of the executed sublease documents with notarized signatures of the Sublessee and the Sublessor.

13. If either party is a corporation, the corporate seal must be applied to the sublease, or a corporate resolution submitted; also a copy of the Certificate of Incorporation must be submitted. If an LLC, copies of the Certificate of Organization, Articles of Organization and Operating Agreement (if applicable) must be submitted.

B. INSURANCE. A binder for, or certificate of, insurance covering the operations and activities of the Sublessee to the same extent that the Sublessee would be required to maintain insurance if the Sublessee were a direct Lessee under the lease.

C. FEE. A non-refundable \$55 sublease processing fee, made payable to the State of Alaska.

17 AAC 45.275:

(c) The department will approve or deny a request under this section in writing. If the department denies the request, the department will state the reasons for the denial in writing. The department will make a determination on a request for consent to assignment, assignment for security purposes, or sublease within 60 days after the assignor or sublessor has submitted a complete request.

(d) An applicant may protest a denial of an assignment, assignment for security purposes, or sublease in accordance with 17 AAC 45.910.



Legislation Details

File #: ORD 14-28 Version: 1 Name:
Type: Ordinance Status: AGENDA READY
File created: 7/15/2014 In control: City and Borough Assembly
On agenda: 8/12/2014 Final action:
Title: Adjusting the FY14 and FY15 Budgets
Sponsors:
Indexes:
Code sections:
Attachments: [Motion Ord 2014-28](#)
[ORD 2014-28 Budget](#)

Date	Ver.	Action By	Action	Result
7/22/2014	1	City and Borough Assembly		

POSSIBLE MOTION

I MOVE TO approve Ordinance 2014-28 on second and final reading.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2014-28

**AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA
ADJUSTING THE FY14 AND FY15 BUDGETS**

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

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

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

3. **PURPOSE.** The purpose of this ordinance is to adjust the FY14 AND FY15 budgets for known changes.

4. **ENACTMENT.** The Assembly of the City and Borough of Sitka hereby adjusts the FY14 and FY15 Budgets 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, 2013 and ending June 30, 2014 is hereby adjusted as follows:

<u>Account Number</u>	<u>Account</u>	<u>Increase</u>	<u>Decrease</u>
<u>FISCAL YEAR 2014 EXPENDITURE BUDGETS</u>			
GENERAL FUND			
Clerk – Operations:			
100-500-003-5212.000	Contracted/Purchased Services		\$15,000
Carry over funds from FY14 to FY15 for the Legal review of the Sitka General Code.			
Engineering – Operations:			
100-530-032-800-5212.000	Contracted/Purchased Services		\$10,000
Carry over funds from FY14 to FY15 to fund the remaining PMWeb software expense.			
Streets – Operations:			
100-530-033-812-5212.000	Contracted/Purchased Services		\$35,000
Carry over funds from FY14 to FY15 to fund street and parking lot striping.			
Recreation – Operations:			
100-530-034-817-5207.000	Repairs & Maintenance		\$4,500
Carry over funds from FY14 to FY15 for the maintenance of the Baranof Warm Springs City of Sitka owned picnic shelter.			

<u>Account Number</u>	<u>Account</u>	<u>Increase</u>	<u>Decrease</u>
GENERAL FUND (cont.)			
General Fund – Fixed Assets			
100-550-670-7106.004	Fixed Assets/Equipment	\$1,094	
100-550-670-7106.021	Fixed Assets/Equipment	\$5,640	
To cover the overage of the Finance Department copy purchase by \$1,094 and the overage of the Police Department for the Security System Upgrades. Both expenditures came in more than what was anticipated.			
ENTERPRISE AND INTERNAL SERVICE FUNDS			
Wastewater Fund – Fixed Assets:			
220-600-670-7106.000	Fixed Assets		\$16,114
Carry over funds from FY14 to FY15 for replacement of Lift Station Pumps.			
Water Fund – Operations:			
210-600-605-5212.000	Contracted/Purchased Services		\$13,787
Carry over funds from FY14 to FY15 for hydrant replacements project #80216.			
Harbor Fund – Operations:			
240-600-630-5212.000	Contracted/Purchased Services		\$139,304
Carry over funds from FY14 to FY15 for Seaplane Base Study project #80242.			
Building Maintenance Fund – Operations:			
320-600-630-5212.000	Contracted/Purchased Services		\$178,000
260-600-630-5208.000	Blding Repairs & Maintenance		\$40,000
210-600-601-5208.000	Blding Repairs & Maintenance		\$13,000
260-600-630-5208.000	Blding Repairs & Maintenance		\$19,000
Carry over funds from FY14 to FY15 for the following projects: City Hall exterior paint project #70066; Marine Service Center Shutdown project; Senior Center rear deck repair project #70068; Blue Lake Water Plant Replace doors project; Marine Service Center exterior doors replacement project; Senior Center Exterior paint project #70070; Senior Center front door and coverings project #70069.			
Central Garage Fund – Fixed Assets			
310-600-670-7107.000	Fixed Assets/Vehicles	\$268.30	
This account went over due to shipping cost.			

<u>Account Number</u>	<u>Account</u>	<u>Increase</u>	<u>Decrease</u>
SPECIAL REVENUE FUNDS			
Fund 173 – SMC Contingency:			
173-600-630-5212.000	Contracted/Purchased Services	\$191	
To cover the overage due to AKDEC water column monitoring and testing costs that were greater than anticipated.			
Fund 190 – Tobacco Excise Tax:			
190-300-305-3051.001	Tobacco Tax Revenue	\$30,041	
190-600-601-5290.000	Other Expenses	\$30,041	
To recognize the additional revenue of tax. This contributes to the added expenditure to the Sitka Community Hospital.			
CAPITAL PROJECTS			
Harbor Fish Waste Disposal Solution Project #90758:			
240-600-680-7200.000	Interfund Transfers	\$19,317	
750-300-370-3701.240	Interfund Billing	\$19,317	
750-600-630-5212.000	Contracted/Purchased Services	\$19,317	
To cover overage of project due to modifications of the craft, to fit the needs for fish waste disposal; seas trials; transportation to Sitka and management of the grant.			
Channel, Lake, Monastery & Landfill Station Upgrades Project #90601: This is to move the budget for the Monastery Lift Station project #90755 (\$30,000) and the Channel Lift Station Design Project #90457 (\$195,000) to the Channel, Lake, Monastery & Landfill Lift Station Upgrades Project #90601. This is for informational purpose only.			

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, 2014 and ending June 30, 2015 is hereby adjusted as follows for the purchase orders open as of June 30, 2014.

<u>Account Number</u>	<u>Account</u>	<u>Increase</u>	<u>Decrease</u>
<u>FISCAL YEAR 2015 EXPENDITURE BUDGETS</u>			
General Fund		\$181,406	
Electric		\$265,432	
Water		\$7,908	
Wastewater		\$42,086	
Solid Waste		\$15,372	
Harbor		\$8,860	
GPIP		\$290	
MIS		\$28,641	
Central Garage		\$175,000	
Building Maintenance		\$59,132	

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, 2014 and ending June 30, 2015 is hereby adjusted as follows:

Account Number	Account	Increase	Decrease
FISCAL YEAR 2015 EXPENDITURE BUDGET			
GENERAL FUND			
General Fund – Wages			
100-500-001-5110.010	Temp Wages		\$150,000
100-500-001-5110.001	Wages	\$7,608	
100-500-002-5110.001	Wages	\$74	
100-500-003-5110.001	Wages	\$7,574	
100-500-004-5110.001	Wages	\$36,255	
100-500-005-5110.001	Wages	\$8,811	
100-500-006-5110.001	Wages	\$12,246	
100-520-021-800-5110.001	Wages	\$2,606	
100-520-022-800-5110.001	Wages	\$6,702	
100-530-032-5110.001	Wages	\$24,010	
100-530-033-5110.001	Wages	\$1,013	
100-530-034-5110.001	Wages	\$395	
100-530-035-5110.001	Wages	\$609	
100-540-041-5110.001	Wages	\$865	
100-540-043-5110.001	Wages	\$664	
100-550-680-7200.000	Interfund Transfers	\$40,568	
At the June 10, 2014 meeting, the Assembly approved the Fox Lawson and Associates Plan – Compensation Philosophy and Compensation Plan Revision.			
Clerk – Operations:			
100-500-003-5212.000	Contracted/Purchased Services	\$15,000	
Legal review of the Sitka General Code.			
Engineering – Operations:			
100-530-032-800-5212.000	Contracted/Purchased Services	\$10,000	
PMWeb Software expense.			
Streets – Operations			
100-530-033-812-5212.000	Contracted/Purchased Services	\$35,000	
Street and parking lot striping.			

Account Number	Account	Increase	Decrease
GENERAL FUND (cont)			
Recreation – Operations:			
100-530-034-817-5207.000	Repairs & Maintenance	\$4,500	
Baranof Warm Springs picnic shelter maintenance.			
Police – Operations:			
100-520-021-800-5212.000	Contracted/Purchased Services	\$75,000	
At the July 9, 2013 meeting, the Assembly approved to partially fund a planning study for a new facility for the Police Department and other related agencies.			
ENTERPRISE AND INTERNAL SERVICE FUNDS			
Wastewater Fund – Fixed Assets:			
220-600-670-7106.000	Fixed Assets/Equipment	\$16,114	
Lift Station Pumps.			
Water Fund – Operations:			
210-600-605-5212.000	Contracted/Purchased Services	\$13,787	
Hydrant replacement project #80216.			
Harbor Fund – Operations:			
240-600-630-5212.000	Contracted/Purchased Services	\$139,304	
Seaplane Base Study Project #80242.			
Building Maintenance Fund – Operations:			
320-630-630-5212.000	Contracted/Purchased Services	\$178,000	
260-600-630-5208.000	Blding Repairs & Maintenance	\$40,000	
210-600-601-5208.000	Blding Repairs & Maintenance	\$13,000	
260-600-630-5208.000	Blding Repairs & Maintenance	\$19,000	
To fund the following projects: City Hall exterior paint project #70066; Marine Service Center Shutdown project; Senior Center rear deck repair project #70068; Blue Lake Water Plant Replace doors project; Marine Service Center exterior doors replacement project; Senior Center Exterior paint project #70070; Senior Center front door and coverings project #70069.			
Enterprise Fund/Internal Service Funds – Personnel:			
200-300-370-3701.100	Wages	\$20,920	
200-600-601-5110.001	Interfund Billing	\$20,920	
220-300-370-3701.100	Wages	\$790	
220-600-601-5110.001	Interfund Billing	\$790	

Account Number	Account	Increase	Decrease
ENTERPRISE AND INTERNAL SERVICE FUNDS (cont)			
240-300-370-3701.100	Wages	\$16,051	
240-600-601-5110.001	Interfund Billing	\$16,051	
300-300-370-3701.100	Wages	\$1,158	
300-600-601-5110.001	Interfund Billing	\$1,158	
320-300-370-3701.100	Wages	\$1,649	
320-600-601-5110.001	Interfund Billing	\$1,649	
<p>At the June 10, 2014 meeting, the Assembly approved the Fox Lawson and Associates Plan – Compensation Philosophy and Compensation Plan Revision.</p>			

EXPLANATION

Necessary revisions in the FY2015 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. A short explanation of each budget revision is included. The revisions for the Open Purchase orders have been rounded up to the nearest dollar.

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

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 12th Day of August, 2014.

ATTEST:

Mim McConnell, Mayor

Colleen Ingman, MMC
Municipal Clerk



Legislation Details

File #: 14-165 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 8/6/2014 In control: City and Borough Assembly

On agenda: 8/12/2014 Final action:

Title: Approve a conditional use permit request filed by Chris Balovich for operation of a short-term rental at 713 Lake Street

Sponsors:

Indexes:

Code sections:

Attachments: [BOA Hearing Outline](#)
[Motion BOA Balovich short-term rental](#)
[Balovich short term rental](#)

Date	Ver.	Action By	Action	Result
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BOA – HEARING OUTLINE
Conditional Use Permit

- I. **Board of Adjustment** (BOA) - Assembly (*SGC 22.30.060A*)
- A. Quasi-judicial – avoid *ex parte* contacts
 - B. Authority to approve or deny conditional use permits -*SGC 22.30.060A*¹
 - C. Assembly's Other Options - *SGC 22.30.170B.1*²
 - 1. Approve Planning Comm'n recommendation
 - 2. Approve with additional conditions
 - 3. Modify with or without applicant's consent (some limitations)
 - 4. Deny application
 - 5. Remand –
 - a. Issues not covered
 - b. Procedural due process problems (new pertinent evidence)
- II. **Review Criteria**
- A. Assembly reviews Planning Comm'n recommended decision regarding conditional use permit applications – *SGC 22.30.050F*³

¹ *SGC 22.30.060 Board of adjustment.*

The assembly of the city and borough shall function as the board of adjustment with the authority to:

- A. *Approve or deny conditional use permits.*

* * *

² *SGC 22.30.170 Assembly actions.* (emphasis added)

* * *

B. *Decisions. The assembly shall make its decision by motion or ordinance as appropriate.*

1. An assembly decision on a planning commission recommendation or following a public hearing shall include one of the following actions:

a. Approve as recommended.

b. Approve with additional conditions.

c. Modify, with or without the applicant's concurrence; provided, that the modifications do not:

i. Enlarge the area or scope of the project.

ii. Increase the density or proposed building size.

iii. Significantly increase adverse environmental impacts as determined by the responsible official.

d. Deny (reapplication or resubmittal is permitted).

e. Deny with prejudice (reapplication or resubmittal is not allowed for one year).

f. Remand for further proceedings.

³ *SGC 22.30.050 Planning commission.*

The planning commission shall be constituted in accordance with Chapter 2.18 of this code and the Sitka Home Rule Charter and shall have the responsibility of reviewing and acting on the following:

* * *

B. Planning Comm'n decision and recommendation in this case regarding conditional use permit applications subject to Assembly review

C. Nature of the review by Assembly – review recommended Findings of Fact and General Approval Criteria Considerations and proposed conditions made by Planning Commission regarding each conditional use permit application

1. **FF criteria– All criteria must be met (SGC 22.30.160C)**

- a. Not detrimental to public health, safety, general welfare;
- b. Not adversely affect established character of surrounding vicinity;
- c. Not injurious to uses, property or improvements adjacent to or in vicinity;
- d. Not inconsistent with Comprehensive Plan;
- e. Conditions to lessen impacts are monitorable & enforceable
- f. No hazardous conditions that cannot be mitigated regarding adjacent & vicinity properties ; and
- g. Not adversely affect public facilities & services, or imposed conditions mitigate impact.

2. **General Approval Criteria Considerations (SGC 22.20.160C)**

- a. Effects of the conditional use on site (topography, slope and soil stability) and geophysical hazards (flooding, surface and subsurface drainage, water quality);
- b. Utilities and service requirements (sewers, storm drainage, water, fire protection, access and electrical power);
- c. Lot or tract characteristics (lot size, yard requirements, lot coverage and height of structures);
- d. Use characteristics that affect adjacent uses and districts (operating hours; number of persons, traffic, parking and loading, trash and litter removal, exterior lighting, noise, vibration, dust, smoke, heat and humidity, recreation and open space requirements); and
- e. Community appearance (landscaping, fencing, screening).

3. **Proposed Conditions**

F. Recommendations on conditional use permit applications.

4. SGC 22.30.160C – Planning Comm’n decision requirements⁴

⁴ *SGC 22.30.160 Planning commission review and recommendation.* (emphasis added)
Planning commission decision and action authority is defined in Section 22.30.050.

* * *

C. 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

III. BOA Procedure

A. Packet Review

1. Planning Comm'n FF and motions
2. Planning Comm'n minutes
3. Planning Comm'n record (written submissions)

B. Hearing (SGC 22.30.180)⁵

1. Follow Assembly procedures
2. Order
 - a. Staff
 - b. Applicant
 - c. Public
 - d. Rebuttal
 - i. Staff
 - ii. Applicant
 - e. Close evidentiary hearing – Deliberate
 - f. Make Findings of Fact & Decision
 - i. Planning Comm'n recommended Findings of Fact and conditions
 - ii. Modify FF and conditions (use *SGC 22.30.160C* criteria)

C. Burden of proof on Applicant (SGC 22.30.160C.6)⁶

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.*

⁵ *SGC 22.30.180 Procedures for public hearings.* (emphasis added)

Public hearings shall be conducted in accordance with the hearing body's rules of procedure and shall serve to create or supplement an evidentiary record upon which the body will base its decision. The chair shall open the public hearing and, in general, observe the following sequence of events:

A. *Staff presentation*, including submittal of any administrative reports. Members of the hearing body may ask questions of the staff.

B. *Applicant presentation*, including submittal of any materials. Members of the hearing body may ask questions of the applicant.

C. *Testimony or comments by the public* germane to the matter. Questions directed to the staff or the applicant shall be posed by the chair at its discretion.

D. *Rebuttal, response or clarifying statements by the staff and the applicant.*

E. *The evidentiary portion of the public hearing shall be closed and the hearing body shall deliberate on the matter before it.*

⁶ *SGC 22.30.160 Planning commission review and recommendation.* (emphasis added)

D. Assembly Options – See Section I.B above

IV. Actions after Assembly Decision

A. Remand - *SGC 22.30.200*⁷

B. Reconsideration - *SGC 22.30.190*⁸

C. Judicial Appeal (Superior Court – Sitka) - *SGC 22.30240A*⁹

C. 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:

* * *

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.

⁷ *SGC 22.30.200 Remand.*

In the event the assembly determines that the public hearing record or record on appeal is insufficient or otherwise flawed, the assembly may remand the matter back to the hearing body. The assembly shall specify the items or issues to be considered and the time frame for completing the additional work. The assembly may hold a public hearing on a closed record appeal only for the limited purposes identified in the remand.

⁸ *SGC 22.30.190 Reconsideration.*

A party to a public hearing or closed record appeal may seek reconsideration only of a final decision by filing a written request for reconsideration with the administrator within fourteen calendar days of the oral announcement of the final decision. The assembly shall consider the request at its next regularly scheduled meeting. If the request is denied, the previous action shall become final. If the request is granted, the assembly body may immediately revise and reissue its decision or may call for argument in accordance with the procedures for closed record appeals.

⁹ *SGC 22.30.240 Judicial appeal.*

A. Appeals from the final decision of the assembly, or other city board or body involving Title 21 SGC, and for which all other appeals specifically authorized have been timely exhausted, shall be made to superior court within thirty days of the date the decision or action became final, unless another time period is established by state law or local ordinance.

* * *

BOARD OF ADJUSTMENT

1)

I MOVE TO CONVENE AS THE BOARD OF ADJUSTMENT

2)

I MOVE TO approve a conditional use permit request filed by Chris Balovich for operation of a short-term rental at 713 Lake Street as recommended by the Planning Commission and in accordance with the following conditions and findings and request that these conditions and findings be a part of the official record: *(NO NEED TO READ THEM)*

Conditions:

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, that summarizes 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 any of the conditions may result in revocation of the conditional use permit.

Findings:

1. The Planning Commission finds that the recommended conditional use permit
 - a. Will not be detrimental to public health, safety or welfare;
 - b. Will not adversely affect the surrounding character;
 - c. Will not be injurious to uses or property in the immediate vicinity;
2. Is consistent with Comprehensive Plan policy 2.5.2 I Encourage the development of facilities to accommodate visitors without significant impacts on residential properties;
3. That all conditions necessary to lessen impacts can be monitored and enforced;
4. Will not introduce hazardous conditions on the site;
5. Is adequately supported by public facilities and services;
6. The applicant has met the burden of proof; and
9. The Planning Commission finds that the general approval criteria have been met and the Planning Commission has evaluated the criteria set forth in 22.24.010 which is the criteria for conditional uses that deal with hours of operation and location along collector

streets.

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 probably effects of 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.

1. Criteria to be used in determining impacts of conditional uses:

- a. Amount of vehicular traffic to be generated and its impacts of the traffic on nearby land uses;
- b. Amount of noise to be generated and its impacts on surrounding land uses;
- c. Odors to be generated by the use and their impacts;
- d. Hours of operation, not different that a traditional residential use;
- e. Location along a major or collector street;
- f. Potential for users or clients to access the site through residential areas or substandard street creating a cut through traffic scenario;
- g. Effects on vehicular and pedestrian safety;
- h. Ability of the Police, Fire, and EMS personnel to respond to emergency calls on the site;
- i. Logic of the internal traffic layout;
- j. Effects of signage on nearby uses;
- k. Presence of existing or proposed buffers on the site or immediately adjacent the site;
- l. Relationship if the proposed conditional use in a specific location to the goals, policies, and objectives of the Comprehensive Plan;
- m. Other criteria that surface through public comments or Planning Commission Assembly review.

3)

**I MOVE TO RECONVENE AS THE ASSEMBLY IN
REGULAR SESSION**

MEMORANDUM

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

From: Maegan Bosak, Planner I MB

Subject: Balovich Short-Term Rental, 713 Lake Street

Date: August 1, 2014

The Planning Commission is recommending approval of a conditional use permit request for operation of a short-term rental filed by Chris Balovich at 713 Lake Street. Action on this item was taken at the July 15, 2014 Planning Commission meeting. The recommendation to approve the request, with the following conditions, passed 3-0.

Mr. Balovich owns a two-story house, with a one bedroom/one bathroom apartment on the lower level, at 713 Lake Street. The applicant is requesting the ability to rent this property on a short-term basis in between visits from friends and family.

Guests will be responsible for their own meals and transportation however the apartment is fully furnished. The applicant is able to provide two off-street parking spaces accessed by a private driveway around the back of the house.

The Planning Office has not received any comments on this request.

Recommendation:

Approve the recommended request with the following conditions and findings.

Planning Department recommended conditions:

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, that summarizes 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 any of the conditions may result in revocation of the conditional use permit.

Findings:

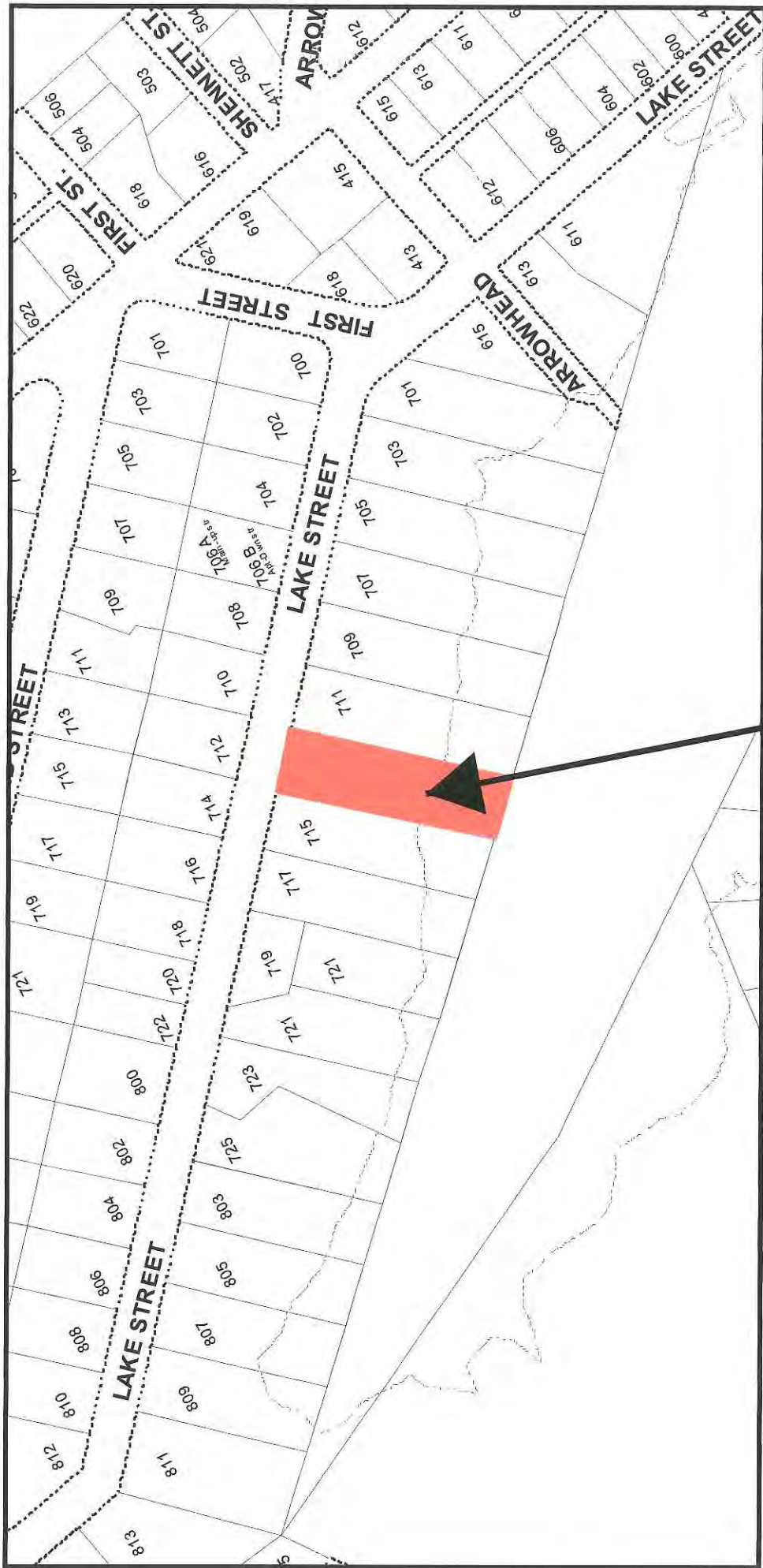
1. The Planning Commission finds that the recommended conditional use permit
 - a. Will not be detrimental to public health, safety or welfare;
 - b. Will not adversely affect the surrounding character;
 - c. Will not be injurious to uses or property in the immediate vicinity;
2. Is consistent with Comprehensive Plan policy 2.5.2 I Encourage the development of facilities to accommodate visitors without significant impacts on residential properties;
3. That all conditions necessary to lessen impacts can be monitored and enforced;
4. Will not introduce hazardous conditions on the site;
5. Is adequately supported by public facilities and services;
6. The applicant has met the burden of proof; and
9. The Planning Commission finds that the general approval criteria have been met and the Planning Commission has evaluated the criteria set forth in 22.24.010 which is the criteria for conditional uses that deal with hours of operation and location along collector streets.

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 probably effects of 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.

1. Criteria to be used in determining impacts of conditional uses:

- a. Amount of vehicular traffic to be generated and its impacts of the traffic on nearby land uses;
- b. Amount of noise to be generated and its impacts on surrounding land uses;
- c. Odors to be generated by the use and their impacts;
- d. Hours of operation, not different that a traditional residential use;
- e. Location along a major or collector street;
- f. Potential for users or clients to access the site through residential areas or substandard street creating a cut through traffic scenario;
- g. Effects on vehicular and pedestrian safety;
- h. Ability of the Police, Fire, and EMS personnel to respond to emergency calls on the site;
- i. Logic of the internal traffic layout;
- j. Effects of signage on nearby uses;
- k. Presence of existing or proposed buffers on the site or immediately adjacent the site;
- l. Relationship if the proposed conditional use in a specific location to the goals, policies, and objectives of the Comprehensive Plan;
- m. Other criteria that surface through public comments or Planning Commission Assembly review.



Balovich
CUP- Short-term Rental
713 Lake Street



Balovich
CUP- Short-term Rental
713 Lake Street



Balovich
CUP- Short-term Rental
713 Lake Street



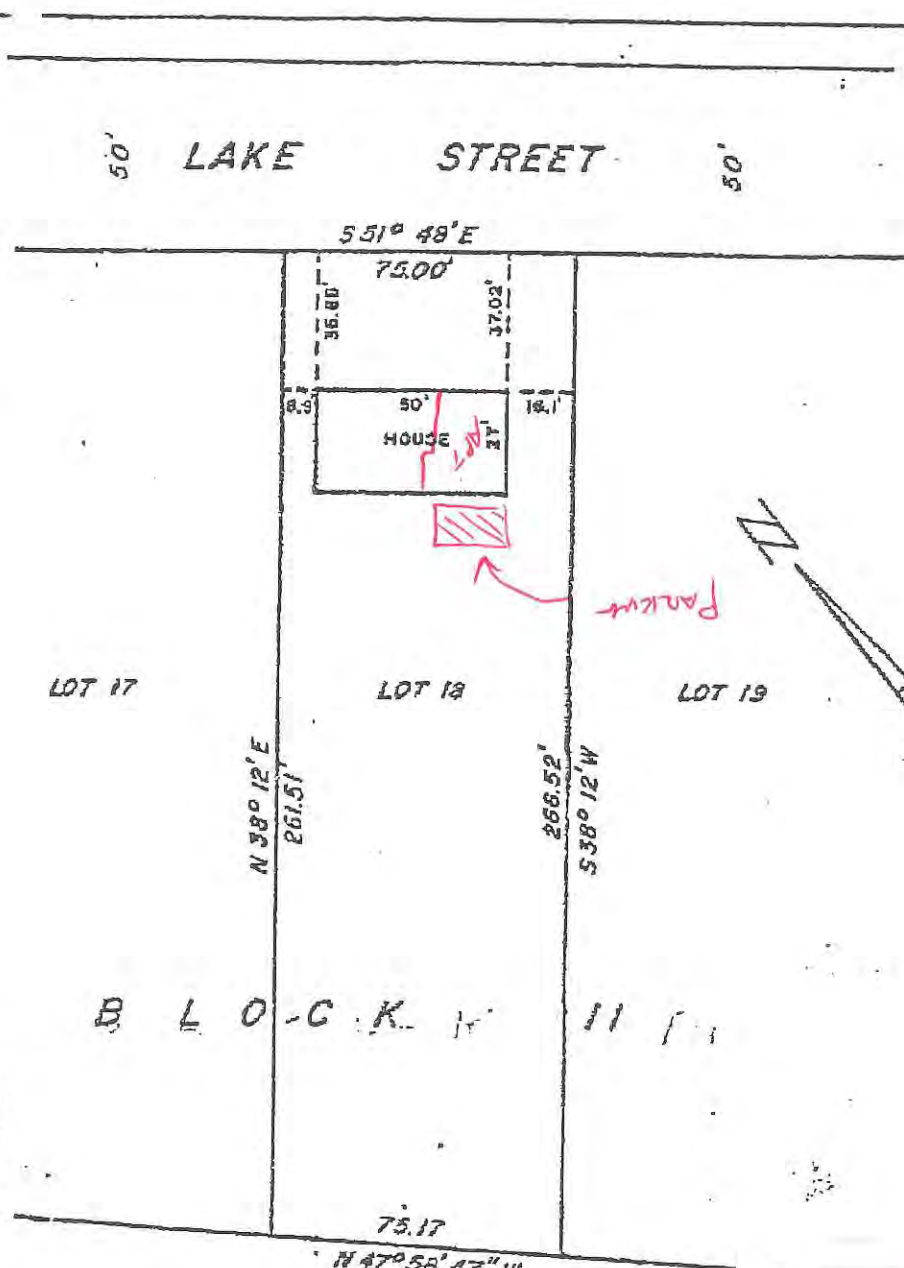
Short-term
Rental
(lower portion of house)

Short-term
Rental
Access to
parking in
back of home

Balovich
CUP- Short-term Rental
713 Lake Street

25 Jun 2014 14:30

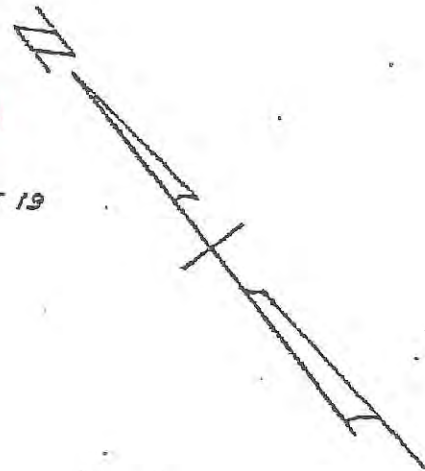
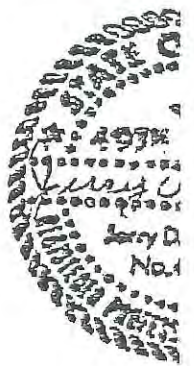
9077476138



SURVEYOR'S

I HEREBY CERTIFY THAT I AM A LICENSED LAND SURVEYOR AND THAT THE SURVEY MADE BY ME.

Jerry D. ...



Balovich
 CUP- Short-term Rental
 713 Lake Street



Balovich
 CUP- Short-term Rental
 713 Lake Street

Subject Photo Page

Client	Alaska Pacific Bank				
Property Address	713 Lake St				
City	Sitka	County	City and Borough of Sitka	State	AK Zip Code 99835
Lender	Alaska Pacific Bank				

**Subject Front**

713 Lake St
 Sales Price
 Gross Living Area 2,750
 Total Rooms 10
 Total Bedrooms 4
 Total Bathrooms 3.0
 Location N;Res;WtrFr
 View B;Wtr;
 Site 19801 sf
 Quality Q3
 Age 34

**Subject Rear****Subject Street**

**CITY AND BOROUGH OF SITKA
PLANNING DEPARTMENT
SHORT-TERM RENTAL &
BED & BREAKFAST APPLICATION**

Short-Term Rental Fee	\$100.00
Bed & Breakfast Fee (per Guestroom)	\$35.00
* plus current city sales tax *	

100.00
6.00
106.00

APPLICANT'S NAME: CHRIS BALOVICH
PHONE NUMBER: 747-9333
MAILING ADDRESS: BOX 6133 SITKA, AK. 99835

OWNER'S NAME: CHRIS BALOVICH
(If different from applicant)
PHONE NUMBER: 747-9333
MAILING ADDRESS: BOX 6133 SITKA AK 99835

PROJECT ADDRESS: 713 Lake St.
LEGAL DESCRIPTION Lot: 18 Block: 11
Subdivision: Sirstad Add II
U.S. Survey _____ Zoning Classification: R1

#7-7966

State all reasons justifying request: I can more closely control the usage and work & tax on my apt.

Describe how the facility will be operated, what meals will be served, and how guests will be transported. (This information may be provided on a separate sheet).
No meals or transp provided.
Rental to be operated/managed by myself.

Anticipated start date: 7-1-2014

What months of the year the facility will be in operation: Jan - Dec

Balovich
CUP- Short-term Rental
713 Lake Street

- Drawing of the **interior** layout showing:
- ✓ 1. Size and location of rooms
 - ✓ 2. Types of facilities in the rooms
 - ✓ 3. Windows and exits
 - ✓ 4. Location of smoke alarms and fire extinguishers
 - ✓ 5. Guestrooms specifically delineated on the plans

- Drawing of the **exterior** site plan showing:
- ✓ 1. Dimensions of the home
 - ✓ 2. How the house sits on the lot
 - ✓ 3. Location of parking

Check if facility is not fully constructed at the time of the application.

Check if Life Safety Inspection has already been completed. If not, please contact the Building Department at 747-1832 to schedule an appointment. This Inspection is to certify that the residence complies with life and fire safety code aspects.

In applying for and signing this application, the property owner hereby grants permission to Municipal staff to access the property before and after Planning Commission's review for the purposes of inspecting the proposed and/or approved structures.

SIGNATURE OF APPLICANT: _____

DATE: _____

6/25/2019

SIGNATURE OF OWNER: _____

DATE: _____

6/25/2019

(If different from applicant)

MEMO

To: Wells Williams
From: William Stortz
Date: 7/16/2014
Subject: Short term rental life safety inspection

Wells,

I conducted a life safety inspection for a short term rental in a dwelling unit located at 713 Lake Street owned by Chris Balovich. No deficiencies were noted during this inspection.



William Stortz
Building Official

INSPECTION REPORT
CITY AND BOROUGH OF SITKA BUILDING DEPARTMENT
100 LINCOLN STREET
SITKA, ALASKA 99835
PHONE: 747-1804 FAX: 747-3158
www.cityofsitka.com

DATE 7/11/14
TIME 1:40

TYPE OF INSPECTION

- FOOTING
- STEM WALLS
- SLAB
- UNDERSLAB

- FRAME
- ELECTRICAL
- PLUMBING

- FIRE & LIFE SAFETY
- FINAL
- _____

(PLUMBING/ELECTRICAL)


OWNER Chris Balovich
ADDRESS 713 Lake St.

Fire & life safety inspection.
No deficiencies noted.

COPY PROVIDED TO Chris

CALL FOR REINSPECTION BEFORE CONCEALMENT

CORRECTIONS OR ITEMS NOTED ABOVE WILL BE REINSPECTED AT TIME OF NEXT CONSECUTIVE INSPECTION.

INSPECTOR 

OTHER _____

CITY AND BOROUGH OF SITKA
Planning Commission
Minutes of Meeting
July 15, 2014

Present: Richard Parmelee (Chair), Darrell Windsor (Member), Terrance Seslar (Member), Wells Williams (Planning Director), Maegan Bosak (Planner I)

Members of the Public: Richard Doland, Chad and Kelly Goeden, Hans Von Rekowski, Ken Buxton, Dan Tadic (Municipal Engineer)

Chair Parmelee called the meeting to order at 7:01 p.m.

Roll Call:

PRESENT: 3 –Parmelee, Windsor, Seslar

Consideration of the Minutes from the June 17, 2014 meeting:

MOTION: M/S WINDSOR/SESLAR moved to approve the meeting minutes for June 17, 2014.

ACTION: Motion **PASSED unanimously 3-0** on a voice vote.

The evening business:

VARIANCE REQUEST
LOT 54 GAVAN SUBDIVISION
SAM SKAGGS

Public hearing and consideration of a variance request at 504 Charteris Street filed by Sam Skaggs. The request is to reduce the side setback from 8 feet to 3 feet for a new construction house. The property is also known as Lot 54 Gavan Subdivision. The owner of record is Samuel D. Skaggs.

Planner I, Bosak, describes the applicant's request. Skaggs is back before the Board with revised building plans requesting a side setback variance from 8 feet to 3 feet. Bosak describes the eagle permit and the location. Bosak reads public comment from Jay and Amy Sweeney.

APPLICANT: Via phone, Sam Skaggs, educates the Board on the extremely challenging site. Most of the lot is unbuildable, however they plan to build on a pounded piling foundation, going down approximately 20-25 feet. The plan is for a small home, a 30x30 ft. two story. Skaggs reviews the eagle permit and the ability to "take" two eagles which he is trying not to do. He is a conversationalist and waiting for the eagles to leave before working on the land so not to disturb them. He reminds the Commission that there are no eagle nests on the property and they aren't looking to remove trees to the west as they are a wind barrier. Skaggs is trying to build an earthquake safe house. The lot is disadvantaged due to the old city water line at the front. Richard Doland, Doland Built Homes, explains that excavation depths will be fairly negligible. No shot rock will be used only digging for footings. Doland approximates less than two feet of actual digging down.

Williams asks Skaggs to elaborate on his Sitka roots. Skaggs replies that he doesn't think this should have any bearing on the variance but he has been heavily involved in Sitka for many years. He looks forward to being a full time resident.

PUBLIC COMMENT: Dan Tadic, Municipal Engineer, says that Skaggs has worked with Engineer Dave Longtin on waterline easement and they appreciate his willingness to compromise with CBS.

COMMISSIONER DELIBERATION: No Commissioner questions.

MOTION: M/S WINDSOR/SESLAR move to approve the following findings:

1. That there are special circumstances to the intended use that do not apply generally to the other properties, specifically the rear of the property being unbuildable and the waterline crossing the front;
2. The variance is necessary for the preservation and enjoyment of a substantial property right of use possessed by other properties but are denied to this parcel;
3. That the granting of such a variance will not be materially detrimental to the public welfare or injurious to the property nearby parcels of public infrastructure, specifically public infrastructure is enhanced due to the arrangement of the waterline;
4. That the granting of such a variance will not adversely affect the Comprehensive Plan. It is in line with Comprehensive Plan 2.3.1 *To guide the orderly and efficient use of private and public land in a manner that maintains a small-town atmosphere, encourages a rural lifestyle, recognizes the natural environment, and enhances the quality of life for present and future generations without infringing on the rights of private landowners.*

ACTION: Motion **PASSED unanimously 3-0** on a voice vote.

MOTION: M/S WINDSOR/SESLAR move to approve a variance request at 504 Charteris Street filed by Sam Skaggs. The request is to reduce the side setback from 8 feet to 3 feet for a new construction house. The property is also known as Lot 54 Gavan Subdivision. The owner of record is Samuel D. Skaggs.

ACTION: Motion **PASSED unanimously 3-0** on a voice vote.

**CONDITIONAL USE PERMIT- 2 BEDROOM BED AND BREAKFAST
LOT 1-S GIBSON/KITKA/SNOWDEN SUBDIVISION
BRIAN JARDINE**

Public hearing and consideration of a two bedroom bed and breakfast conditional use permit filed by Brian Jardine at 105 Shelikof Way. The property is also known as Lot 1-S Gibson/Kitka/Snowden Subdivision. The owner of record is Shannon J. Jardine and Brian R. Jardine.

Planner I, Bosak, describes the two bedroom B&B request. Home is accessed on shared easement with neighbors Grun and Mulligan. Bedrooms are located on the bottom story of the home, living space is up above. Long history of property applying for permit and not granted. Neighborhood petition over concern of noise and traffic, prompted a meeting between City Officials and Jardine. Mr. Jardine owns a fishing charter business, A-Z Fishing Charters, and it could be presumed that those clients have been or could be renting rooms. Williams suggests that the Planning Commission takes a minimum of two meetings. Bosak reads two public

comments- from Michelle Putz and Richard Mulligan. Williams shares that neighbor Grun has a two bedroom bed and breakfast permit currently.

APPLICANT: Brian Jardine, says there is plenty of room for four parking spaces. Traffic will not increase or decrease. Past permit was not granted due to parking but parking is accounted for. He is aware of the permit regulations and he is willing to follow those. Permit will hold him accountable and City will get taxable revenue. Jardine only plans to operate for a few months out of the year. Mr. Mulligan also has a rental contributing to traffic on the easement. Jardine is looking to forward his business and make it lucrative. Would like bed and breakfast to run mid-May through September 1st. He drives trucks during the winter down south for additional income. He is willing to compromise and work with anyone who is willing to work with him.

Williams showcases pictures of parking on overhead screen for Commissioners. Jardine explains that he would just like to make a little extra income. Rather than start a neighborhood feud, they would like the opportunity to run the permit in accordance with the law.

COMMISSIONER DELIBERATION: Commissioner Windsor asks if there are clients staying there now? Jardine responds that he has friends staying with him. "Have you had clients in the past?" Windsor asks. Yes, we have. Jardine explains that they haven't been charging for the lodging only for the fishing. That's why they are going through this permit process is so they can make more money, specifically for the lodging. Jardine states that he is just looking for an opportunity to work within whatever boundaries the Board deems necessary. He is willing to look at a one year permit or whatever they say. There are children that visit the home.

Commissioner Seslar says that the website clearly states this is for lodging. Jardine responds that they lodge guests around town in hotels, etc. and that the website is very outdated. It shows a boat that Jardine no longer owns. Jardine only owns one boat. They have asked that the website be changed.

Windsor asks is the lodging referring to people staying at hotels? Jardine says that it is standard language and if its guys that he hunts with they will come up and stay with him and he charges the \$275 fishing fee only. After the meeting with the City, Jardine says he understands that this is not the way they would like to see it done. They are willing to work with all parties. They can show hotel receipts.

PUBLIC COMMENT: Mike Steinberg, 127 Shelikof Way, says they look directly down at Jardine's driveway. Steinberg thinks it is important to note that Jardine is trying to start and operate a legitimate business in Sitka. It takes a lot of different pieces. He wants Jardine to be part of the tax base. Steinberg is also a charter boat operator and it impacts his bottom line as he could then keep guests there or take guests out that are staying with Jardine. He doesn't see a lot of traffic in and out of the house. There aren't additional vehicles coming in and out. He says Vonnies B&B doesn't affect him. He wants to see this become a legitimate and legal business.

Molly Kitka, 155 Shelikof Way, has a little bit of concern. Her major concern was her own privacy. Jardine did put up a laddice screen to protect her privacy and to keep guests from looking off the deck into her house. They have been lodging people at their home for the last 10 years. She would like to know how the City plans to monitor the permit. How can it be determined the 3 bedrooms aren't being rented out rather than 2? She feels Jardine needs to prove himself before being granted a permit.

Williams is unaware of how this permit could be monitored. Seslar asks specifically about sales tax and if this could work as an enforcement agent. Williams does not know of any Planning Commission across the country that gets involved in company financials. Sales tax records are confidential records. Bosak says that bed tax reporting could be a means.

Windsor asks Ms. Kitka which house is hers. She describes proximity and past noise issues. She wants Planning Commission to have all the information – she is neither for or against permit. Her one concern was her privacy- traffic doesn't concern her. She wants forthrightness and honesty.

Jardine says he would like the opportunity to prove that he can operate within the rules. The website is out of date and not accurate. He is just asking for the opportunity to prove himself.

Ken Buxton, 108 Shelikof Way, says he's not indifferent but he would like to be fair and see things done right. He is available to answer questions. He voiced problems with Grun's operation but those seem to have been resolved. He's lived there for three years. Windsor asks him if he would notice any increase of traffic? No, he hasn't noticed any increase. There are two sides to every story. He wanted to hear them both and then make a decision on his own.

Richard Mulligan, 107 Shelikof Way, states he is totally against this request. There is already an established business that is out of control. Mulligan passes out photos to the Planning Commission of guests coming and going from Jardines and Grun's. Mulligan is afraid it is just going to get worse. Morning traffic between 4:30-5 am wakes him and his family up. Mulligan has submitted a records request for information he will provide to the Board. Parmelee asks how long he has lived there- 14 years. Pictures show gatherings between Grun's and Jardine's guests/captains – excessive traffic and noise. Jardine's guests do not park on Mulligan's property. Jardine points out that only one of the pictures is of his house.

Mike Steinberg, 127 Shelikof Way, again approaches the Board and says in the last 5 years he has seen Jardine put a new roof on the house, new deck, clean up the lot and general improvements. Thus Increasing the value of his home and the entire neighborhood.

LaVonne Grun, 101 Shelikof Way, supports Jardine's right to operate a B&B and finds it offensive that she has been brought into this situation. She has a B&B and operates within the City guidelines. She says this is not about traffic or noise but operation of a charter fishery. It is about a commercial issue and Mr. Mulligan's dislike and hatred towards their sportfishing industry.

Jardine says that Mulligan's photos show that Jardine is providing adequate parking. Past request was turned down due to parking and that should not be a factor this time.

Williams reminds Board that the staff recommendation is to close public hearing and schedule it again at the next meeting.

Windsor asks about the petition. It will be included in the next packet. Williams says petition was against charter businesses in the neighborhood not specific properties.

Request will be scheduled again for August 5th.

**VARIANCE REQUEST
LOT 3 STOCKER SUBDIVISION**

CHAD AND KELLY GOEDEN

Public hearing and consideration of a variance request at 2012 Cascade Creek Road filed by Chad and Kelly Goeden. The request is to reduce the side setback from 8 feet to 2 feet for construction of a new garage. The property is also known as Lot 3 Stocker Subdivision. The owner of record is Chad and Kelly Goeden.

Bosak provides staff report commenting on the layout of the lot with the proposed two car garage. All property lines are side setbacks as it does not front a right of way. Bosak provides history of old waterline and issues that may arise for the applicants. Request went through the Development Review Committee and staff didn't foresee any issues. Applicants will be required to sign waiver releasing liability from any future erosion or drainage issues. Bosak reads comment asking for hydrologist study from Gary Olsen.

APPLICANT: Chad and Kelly Goeden share the planned location of the new two car garage. Coming out on the diagonal from the house. Points out the shed will be removed and garage will be built in its place. Creek follows the old water line which is not on Goeden's property. There will be no additional excavation on the site. They point out the location of the garage on the overhead.

Williams describes old city water line. He says requests like this are fairly common. Williams says waterline will never be used again and property behind the lot is wetlands.

Chad Goeden shares his appreciation for Planner I, Bosak. He states she was knowledgeable, kind and gives government officials a good name.

PUBLIC COMMENT: Neighbor, Hans Von Rekowski, 2010 Cascade Creek Road, shares concern of possible landslides in the area as seen in the past. He wants an engineered report to ensure additional weight will not create new slides.

Williams asks if Goeden plans to cut into the bank at all? No, they don't plan any additional excavation of the property.

COMMISSIONER DELIBERATION: Commissioner Parmelee asks Municipal Engineer, Tadic, if he knows the area? Tadic replies that he is not that familiar with it but the waterline is old WWII era. He knows that some areas of the line have collapsed and that there is still limited water draining through. He doesn't see any concerns.

MOTION: M/S WINDSOR/SESLAR move to approve the following findings:

1. That there are special circumstances to the intended use that do not apply generally to the other properties, specifically the limited building pad due to terrain;
2. The variance is necessary for the preservation and enjoyment of a substantial property right of use possessed by other properties but are denied to this parcel, specifically the implied right to construct a garage in an R-1 zone;
3. That the granting of such a variance will not be materially detrimental to the public welfare or injurious to the property nearby parcels of public infrastructure, specifically that the construction of the proposed garage will not increase the footprint and construction will not adversely affect the abandoned waterline;
4. That the granting of such a variance will not adversely affect the Comprehensive Plan. It is in line with Comprehensive Plan 2.3.1 *To guide the orderly and efficient use of private and public land in a manner that maintains a small-town atmosphere,*

encourages a rural lifestyle, recognizes the natural environment, and enhances the quality of life for present and future generations without infringing on the rights of private landowners.

ACTION: Motion **PASSED unanimously 3-0** on a voice vote.

MOTION: M/S WINDSOR/SESLAR move to approve a variance request at 2012 Cascade Creek Road filed by Chad and Kelly Goeden. The request is to reduce the side setback from 8 feet to 2 feet for construction of a new garage. The property is also known as Lot 3 Stocker Subdivision. The owner of record is Chad and Kelly Goeden.

ACTION: Motion **PASSED unanimously 3-0** on a voice vote.

**CONDITIONAL USE PERMIT- SHORT-TERM RENTAL
LOT 18, BLOCK 11, SIRSTAD ADDITION NO. 2
CHRIS BALOVICH**

Public hearing and consideration of a short-term rental conditional use permit filed by Chris Balovich at 713 Lake Street. The property is also known as Lot 18, Block 11, Sirstad addition No. 2. The owner of record is Christopher Balovich and Shelly Vaughn.

Bosak gives staff report commenting on location, building layout and access to the possible short term rental. The applicant has had the apartment for family and friends and would an additional income source. No meals or transportation will be provided.

Commissioner Windsor states that he has worked on the applicant's home in the past.

APPLICANT: Owner and applicant, Chris Balovich, comes forward to share his intent with the Commission. He has grown children and family members that often visit and he would like to be able to rent the apartment on a short term basis in between those times. Currently used as a long term rental. The one bedroom apartment is fully furnished. No meals or transportation will be provided. There is a private driveway on the side of the home and plenty of parking. Fire/Life safety inspection has already been completed.

PUBLIC COMMENT: No public comment.

COMMISSIONER DELIBERATION: No Commissioner questions.

MOTION: M/S WINDSOR/SESLAR move to approve the following findings:

1. The Planning Commission finds that the recommended conditional use permit
 - a. Will not be detrimental to public health, safety or welfare;
 - b. Will not adversely affect the surrounding character;
 - c. Will not be injurious to uses or property in the immediate vicinity;
2. Is consistent with Comprehensive Plan policy 2.5.2 I Encourage the development of facilities to accommodate visitors without significant impacts on residential properties;
3. That all conditions necessary to lessen impacts can be monitored and enforced;
4. Will not introduce hazardous conditions on the site;
5. Is adequately supported by public facilities and services;
6. The applicant has met the burden of proof; and
9. The Planning Commission finds that the general approval criteria have been met and the Planning Commission has evaluated the criteria set forth in 22.24.010 which is the

criteria for conditional uses that deal with hours of operation and location along collector streets.

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 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.

1. Criteria to be used in determining impacts of conditional uses:

- a. Amount of vehicular traffic to be generated and its impacts of the traffic on nearby land uses;
- b. Amount of noise to be generated and its impacts on surrounding land uses;
- c. Odors to be generated by the use and their impacts;
- d. Hours of operation, not different that a traditional residential use;
- e. Location along a major or collector street;
- f. Potential for users or clients to access the site through residential areas or substandard street creating a cut through traffic scenario;
- g. Effects on vehicular and pedestrian safety;
- h. Ability of the Police, Fire, and EMS personnel to respond to emergency calls on the site;
- i. Logic of the internal traffic layout;
- j. Effects of signage on nearby uses;
- k. Presence of existing or proposed buffers on the site or immediately adjacent the site;
- l. Relationship if the proposed conditional use in a specific location to the goals, policies, and objectives of the Comprehensive Plan;
- m. Other criteria that surface through public comments or Planning Commission Assembly review.

ACTION: Motion **PASSED unanimously 3-0** on a voice vote.

MOTION: M/S WINDSOR/SESLAR move to approve a recommendation of approval to the Assembly for a short-term rental conditional use permit filed by Chris Balovich at 713 Lake Street. The property is also known as Lot 18, Block 11, Sirstad Addition No.2. The owner of record is Christopher Balovich and Shelly Vaughn.

ACTION: Motion **PASSED unanimously 3-0** on a voice vote.

Commission discussion over the difference between CBS definitions of a Lodge and Bed and Breakfast. Williams states that staff will be working to update the definitions in the future.

PLANNING DIRECTOR'S REPORT: No report.

PUBLIC COMMENT: No public comment.

ADJOURNMENT:

MOTION: M/S WINDSOR/SESLAR moved to adjourn at 9:17 pm.

ACTION: Motion PASSED unanimously 3-0 on a voice vote.

Richard Parmelee, Chair

Maegan Bosak, Secretary



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, August 12, 2014 on the following items:

Public hearing and consideration of a short-term rental conditional use permit filed by Chris Balovich at 713 Lake Street. The property is also known as Lot 18, Block 11, Sirstad Addition No. 2. The owner of record is Christopher Balovich and Shelly Vaughn.

Please see the hearing description on back of page. The Assembly may take action on August 12, 2014.

The Assembly meeting will begin at 6:00 pm in Harrigan Centennial Hall at 330 Harbor Drive in Sitka.

Interested residents are encouraged to make comments during the meeting and written comments can be submitted to the Municipal Clerk at 100 Lincoln Street.

Short-term conditional use permit at 713 Lake Street:

The applicant is requesting a conditional use permit for a short-term rental at 713 Lake Street. This would allow the applicant to rent out the one bedroom, one bath fully furnished apartment for stays of 14 days or less. Guests will be responsible for their own meals and transportation. Two off-street parking spaces are available around the back of the home. The property is zoned R-1 Residential.

The R-1 single-family and duplex District is intended primarily for single-family or duplex residential dwellings at moderate densities, but structures and uses required to serve recreational and other public needs of residential areas are allowed as conditional uses subject to restrictions intended to preserve the residential character of the R-1 district.

JOHN VALENTE
VALENTE, JOHN, D.
297 SUNSHINE ACRES DR
EUGENE OR 97401

THOMAS/CAROL PENDELL
C/O STAGG ELDER CARE SERV
PENDELL, CAROL, E.
111 E.BROADWAY, STE 250
SALT LAKE CITY UT 84111

PHILIP SPIEGLE

SPIEGLE, PHILLIP, A.
P.O. BOX 2604
SITKA AK 99835

RICHARD REEDER

REEDER, RICHARD, T.
712 LAKE ST
SITKA AK 99835

LOIS RHODES

RHODES, LOIS, A.
710 LAKE ST.
SITKA AK 99835

ROBERT HARTMAN

HARTMAN, ROBERT, J.
708 LAKE ST
SITKA AK 99835

ALBERT/PAULINE DUNCAN

DUNCAN, ALBERT, F./PAULINE, V.
721 LAKE ST.
SITKA AK 99835

ALICIA/EDWARD GASSMAN

GASSMAN, ALICIA & EDWARD
P.O. BOX 2461
SITKA AK 99835

DAVID/LESLIE GORDON

GORDON, DAVID, A./LESLIE, L.
717 LAKE ST
SITKA AK 99835

CAROLYN WOHLERS

WOHLERS, CAROLYN
13511 VERN DR
ANCHORAGE AK 99516

CHRISTOPHER/S.M BALOVICH/VAUGHN

BALOVICH, CHRISTOPHER/VAUGHN,
SHELLY, M
P.O. BOX 6133
SITKA AK 99835

**Assembly Mailing
August 1, 2014**

Balovich
CUP- Short-term Rental
713 Lake Street

JOHN VALENTE
VALENTE, JOHN, D.
297 SUNSHINE ACRES DR
EUGENE OR 97401

THOMAS/CAROL PENDELL
C/O STAGG ELDER CARE SERV
PENDELL, CAROL, E.
111 E.BROADWAY, STE 250
SALT LAKE CITY UT 84111

PHILIP SPIEGLE
SPIEGLE, PHILLIP, A.
P.O. BOX 2604
SITKA AK 99835

RICHARD REEDER
REEDER, RICHARD, T.
712 LAKE ST
SITKA AK 99835

LOIS RHODES
RHODES, LOIS, A.
710 LAKE ST.
SITKA AK 99835

ROBERT HARTMAN
HARTMAN, ROBERT, J.
708 LAKE ST
SITKA AK 99835

ALBERT/PAULINE DUNCAN
DUNCAN, ALBERT, F./PAULINE, V.
721 LAKE ST.
SITKA AK 99835

ALICIA/EDWARD GASSMAN
GASSMAN, ALICIA & EDWARD
P.O. BOX 2461
SITKA AK 99835

DAVID/LESLIE GORDON
GORDON, DAVID, A./LESLIE, L.
717 LAKE ST
SITKA AK 99835

CAROLYN WOHLERS
WOHLERS, CAROLYN
13511 VERN DR
ANCHORAGE AK 99516

CHRISTOPHER/S.M BALOVICH/VAUGHN
BALOVICH, CHRISTOPHER/VAUGHN,
SHELLY, M
P.O. BOX 6133
SITKA AK 99835

**Planning Mailing
July 3, 2014**

Balovich
CUP- Short-term Rental
713 Lake Street



Legislation Details

File #: 14-163 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 8/6/2014 In control: City and Borough Assembly

On agenda: 8/12/2014 Final action:

Title: Award a contract in the amount of \$5,496,207.00 to Dawson Construction Inc. for completion of the UV Disinfection project

Sponsors:

Indexes:

Code sections:

Attachments: [Motion UV Disinfection Facility](#)
[UV Disinfection Facility](#)

Date	Ver.	Action By	Action	Result
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POSSIBLE MOTION

I MOVE TO award a contract in the amount of \$5,496,207.00 to Dawson Construction Inc. for completion of the UV Disinfection project.

MEMORANDUM

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

From: Michael Harmon, P.E., Public Works Director *MH*
Dan Tadic, P.E., Municipal Engineer *DT*
Stephen Weatherman P.E., Senior Engineer *SW*

Reviewed: Jay Sweeney, Finance Director *JS*
Mark Buggins, Environmental Superintendent *MB*
Tori Fleming, Contract Coordinator *TF*

Date: August 6, 2014

Subject: UV Disinfection Facility
Recommendation for Award of Contract to Dawson Construction Inc.

Background

The Public Works Department advertised an Invitation to Bid for the UV Disinfection Facility project in accordance with City and Borough of Sitka procurement policies. The project scope includes excavation, basement, pre-engineered metal building, piping, UV disinfection equipment, controls and other ancillary equipment to provide Ultra Violet Disinfection of City and Borough of Sitka potable water supply.

Bids were opened for this project on July 30, 2014. One (1) responsive and responsible proposal was received, as indicated in the following table.

Bidder	TOTAL
Dawson Construction Inc.	\$5,496,207.00
Engineer's Estimate	\$4,964,207.00

Analysis

Public Works proposes to award a contract to Dawson Construction Inc. in the amount of \$5,496,207.00 for the UV Disinfection Facility. The work is anticipated to begin in September 2014 and be completed August 2015.

Fiscal Note

The current project budget is estimated at \$8,966,000. This includes construction, design, permitting, UV reactors pre-purchase, project management, construction management and programming. 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.

At this time we anticipate utilizing \$5,561,000 in grants and \$3,405,000 in loans (of which 37.5% is subsidized) and returning \$3,145,000 in loans to DEC.

Recommendation:

Award a contract to Dawson Construction Inc. in the amount of \$5,496,207.00 for completion of the UV Disinfection Project.



Legislation Details

File #: 14-164 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 8/6/2014 In control: City and Borough Assembly

On agenda: 8/12/2014 Final action:

Title: Award a design-build contract in the amount of \$841,000 to CBC Construction for the Lake Street and Monastery Street Lift Station Replacement Project

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Lake Street and Monastery Street lift station project](#)
[Lake Street and Monastery Street lift station project](#)

Date	Ver.	Action By	Action	Result
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POSSIBLE MOTION

I MOVE TO award a design-build contract in the amount of \$841,000 to CBC Construction for the Lake Street and Monastery Street Lift Station Replacement Project.

MEMORANDUM

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

From: Mark Buggins, Public Works Director (acting) *MB*
Dan Tadic, P.E., Municipal Engineer *DT*
David Longtin, P.E., Senior Engineer *DLL*

Reviewed: Tori Fleming, Contract Coordinator *TF*

CC: Jay Sweeney, Chief Finance and Administrative Officer *JS*

Date: August 4, 2014

Subject: Recommendation to award design-build contract for Lake Street & Monastery Street lift station project to CBC Construction

Background:

The Public Works Department received one proposal for this design-build project on July 29, 2014. The Request for Proposals was advertised in the Sitka Daily Sentinel, Juneau Empire and Anchorage Daily News in accordance with City and Borough of Sitka procurement policies. The proposal, which was deemed responsive, was from CBC Construction for a lump-sum price of \$841,000.

Analysis:

The Lake Street lift station serves 37 lots, and the Monastery Street lift station serves 82 lots. The Environmental Division does not have spare pumps for these aging lift stations, constructed in 1975 and 1973, respectively. This has been a high-priority job for the Environmental Division, so Public Works decided to execute the project with a design-build delivery to compress the schedule.

The project will design both lift stations, completely replace the Lake Street lift station and replace the Monastery Street pumps, appurtenances, electrical controls and valve vault. The schedule proposed by CBC calls for the project to be complete by the end of November 2014.

The proposed cost lump-sum cost of \$841,000 is in line with the cost estimate provided by the 2012 Sewer Master Plan, which estimated an \$850,000 cost for replacement of these lift stations.

Fiscal Note:

The project will be funded by an Alaska Clean Water Fund loan administered by the Alaska Department of Environmental Conservation. The Municipality had previously applied for this loan and the application was approved, so no further approval is required. When fully drawn, the loan will provide a total of \$1,379,170 for the replacement of the Lake Street, Monastery Street, and Channel lift stations.

Annual debt service for the full loan is expected to be \$80,331, assuming level debt service, interest of 1.5%, and a term of 20 years. The FY15 9.5% wastewater rate increase, previously approved by the Assembly, is expected to generate \$230,000 annually, and a portion of this cash flow will be used to pay for the additional debt service.

Recommendation:

Approve award of a design-build contract for the Lake Street and Monastery Street Lift Station Replacement Project to CBC Construction for \$841,000.