

CITY AND BOROUGH OF SITKA

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

Meeting Agenda

City and Borough Assembly

*Mayor Steven Eisenbeisz
Deputy Mayor Thor Christianson,
Vice Deputy Mayor Valorie Nelson,
Kevin Knox, Kevin Mosher, Crystal Duncan, Rebecca Himschoot*

*Municipal Administrator: John Leach
Municipal Attorney: Brian Hanson
Municipal Clerk: Sara Peterson*

Tuesday, July 13, 2021

6:00 PM

Assembly Chambers

WORK SESSION 5:00 PM

[21-119](#) Republic Services-Municipal Solid Waste

Attachments: [Work Session Republic Services](#)

REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

IV. CORRESPONDENCE/AGENDA CHANGES

[21-120](#) Reminders, Calendars, and General Correspondence

Attachments: [01 Reminders & Calendars](#)

[21-121](#) Public Works 2021 Progress Reports June 2021

Attachments: [02 2021 Public Works Progress Reports - 7 July](#)

V. CEREMONIAL MATTERS

None

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

VII. PERSONS TO BE HEARD

Public participation on any item off the agenda. All public testimony is not to exceed 3 minutes for any individual, unless the mayor imposes other time constraints at the beginning of the agenda item.

VIII. CONSENT AGENDA

All matters under Item VIII 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 [21-111](#) Approve the minutes of the June 22 Assembly meeting

Attachments: [01 Consent Motion](#)
[02 Motion Minutes June 22](#)
[03 Minutes June 22](#)

IX. BOARD, COMMISSION, COMMITTEE APPOINTMENTS

None

X. UNFINISHED BUSINESS:**B [ORD 21-14](#) Proposing to amend Title 4 “Revenue and Finance” of the Sitka General Code by adding a new Chapter 4.27 “Excise Tax On Motor Fuel” to establish an excise tax on motor fuel sold, transferred, or used in the City and Borough of Sitka, providing for administration of collecting the tax, and providing for penalties for failure to pay taxes due; and submitting the question of such an amendment to the qualified voters at the regular election on October 5, 2021**

Attachments: [01 Motion Ord 2021-14](#)
[02 Memo Ord 2021-14](#)
[03 Ord 2021-14](#)

C [ORD 21-17](#) Proposing to amend Title 4 “Revenue and Finance” of the Sitka General Code by adding a new subsection to Chapter 4.09 “Sales Tax” to establish a consumer’s sales tax on marijuana and marijuana products, in addition to the existing consumer’s sales tax; and amending Chapter 4.25 “Student Activities Dedicated Travel Fund” such that the tax proceeds will be deposited into and disbursed from that fund for extracurricular student activities; and submitting the question of such amendment to the qualified voters at the regular election on October 5, 2021

Attachments: [01 Motion Ord 2021-17](#)
[02 Memo Ord 2021-17](#)
[03 Ord 2021-17](#)

- D [ORD 21-16](#) Making supplemental appropriations for fiscal year 2022 (Lincoln Street Paving Project)

Attachments: [01 Motion Ord 2021-16](#)
 [02 Memo NCL Donation to Lincoln Street](#)
 [03 Ord 2021-16](#)

- E [ORD 21-18](#) Amending Title 15 "Public Utilities" of the Sitka General Code by updating Chapter 15.06 "Solid Waste Treatment and Refuse Collection" to reduce the refuse collection rate for customers living within the harbor system

Attachments: [01 Motion Ord 2021-18](#)
 [02 Memo Ord 2021-18](#)
 [03 Ord 2021-18](#)

XI. NEW BUSINESS:

New Business First Reading

- F [ORD 21-19](#) Making supplemental appropriations for fiscal year 2022 (Cross Trail Phase 6)

Attachments: [01 Motion Ord 2021-19](#)
 [02 Memo Supplemental Appropriations](#)
 [03 Ord 2021-19](#)

Additional New Business Items

- G [21-113](#) Authorize the Municipal Administrator to accept additional funding in the amount of \$250,000 for project 90814 (Cross Trail Phase 6) from Western Federal Lands

Attachments: [01 Motion Western Federal Lands](#)
 [02 Memo Western Federal Lands](#)

- H** [21-112](#) Discussion/Direction/Decision on proposed lease terms between the City and Borough of Sitka and Sitka Community Boatyard for the development of haul out and shipyard at the Gary Paxton Industrial Park
- Attachments:** [01 Motion for Sitka Community Boat yard](#)
[02 Memo GPIIP haul out and shipyard proposal terms Assembly 0630](#)
[03 Assembly Memo - SCB Haul Out Proposal](#)
[04 Haul Out Proposal Clarifying Questions Memo](#)
[05 Haul Out Proposal Response Memo](#)
[06 haul out questions final](#)
[08 Haul out RFP GW final 2021](#)
[09 SCB Lease Terms - Final](#)
[10 Final Scoping Summary Report 9.30.2019 reduced \(pg. 1-7\)](#)
[11 GPIIP Haulout proposal Serka.Behnken](#)
- I** [21-114](#) Approve the Sitka Community Hospital (SCH) building sale request for proposals (RFP) evaluation and selection team
- Attachments:** [01 Motion SCH](#)
[02 Memo SCH](#)
- J** [21-115](#) Approve a temporary lease between the City and Borough of Sitka and Secon, Inc. for municipal property at Granite Creek Lease Area Site 7
- Attachments:** [01 Motion Secon, Inc.](#)
[02 Memo Secon](#)
[03First Amendment to Lease SECON notarized](#)
[04 Granite Creek lease](#)
[05 Secon Granite Creek Temporary Lease_updated 7.2.21](#)
- K** [21-116](#) Discussion/Direction/Decision on City and Borough of Sitka funding priorities from American Rescue Plan Act (ARPA) of 2021
- Attachments:** [01 Motion ARPA](#)
[02 Memo ARPA Priorities](#)
- L** [21-117](#) Discussion/Direction/Decision to approve the terms recommended by the Municipal Administrator and presented to Republic Services regarding municipal solid waste.
- Attachments:** [01 Motion Municipal Solid Waste](#)
[02 Memo Municipal Solid Waste](#)
[03 May 11 Republic Service Presentation](#)

- M** [21-118](#) Discussion/Direction/Decision on letter of non objection to the issuance of permit ADL 233127, 10-year aquatic farm site lease of a 15.0 acre portion of state tidelands located in No Thorofare Bay in Sitka Sound

Attachments: [01 Discussion Direction Letter of non-objection](#)
[02 CBS_Agency and Public Notice_ADL 233127](#)

XII. PERSONS TO BE HEARD:

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

XIII. REPORTS

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

XIV. EXECUTIVE SESSION

Not anticipated

XV. ADJOURNMENT

Note: Detailed information on these agenda items can be found on the City website at <https://sitka.legistar.com/Calendar.aspx> or by contacting the Municipal Clerk's Office at City Hall, 100 Lincoln Street or 747-1811. A hard copy of the Assembly packet is available at the Sitka Public Library. Regular Assembly meetings are livestreamed through the City's website, aired live on KCAW FM 104.7, and broadcast live on local television channel 11. To receive Assembly agenda notifications, sign up with GovDelivery on the City website.

*Jessica Earnshaw, Acting Municipal Clerk
Publish: July 9th*



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 21-119 **Version:** 1 **Name:**
Type: Item **Status:** AGENDA READY
File created: 7/7/2021 **In control:** City and Borough Assembly
On agenda: 7/13/2021 **Final action:**
Title: Republic Services-Municipal Solid Waste
Sponsors:
Indexes:
Code sections:
Attachments: [Work Session Republic Services](#)

Date	Ver.	Action By	Action	Result
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Work Session



REPUBLIC
SERVICES



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 21-120 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 7/8/2021 In control: City and Borough Assembly

On agenda: 7/13/2021 Final action:

Title: Reminders, Calendars, and General Correspondence

Sponsors:

Indexes:

Code sections:

Attachments: [01 Reminders & Calendars](#)

Date	Ver.	Action By	Action	Result
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REMINDERS

DATE

EVENT

TIME

Tuesday, July 13

Work Session-
Republic Services

5:00 PM

Tuesday, July 13

Regular Meeting

6:00 PM

Tuesday, July 27

Regular Meeting

6:00 PM



MUNICIPAL ELECTION

Monday, July 19

First day to file candidate petitions

Tuesday, July 27

Last scheduled meeting to introduce ordinance for charter changes and ballot measures.

Friday, August 6

5:00 PM deadline for filing candidate petitions

Tuesday, August 10

Last scheduled meeting to adopt ordinances for Charter and ballot measures

Tuesday, October 5

Municipal Election

Expiring Terms:

Assembly

Valorie Nelson
Kevin Mosher

School Board

Amy Morrison
Eric Van Cise

July 2021							
Sunday		Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
27	<u>Jun</u>	28	29	30	1	Jul	2
4		5	6	7	8	9	10
				6:00pm Library Commission - Liaison Nelson 6:00pm School Board - Liaison Himschoot 6:30pm Planning Commission Special Meeting Liaison Christianson 7:30pm Planning Commission - Liaison Christianson		Knox	Knox
11		12	13	14	15	16	17
Knox		Knox	Knox 12:00pm Parks & Recreation - Liaison Mosher 5:00pm <u>Work Session: Republic Services</u> 6:00pm <u>Regular Assembly Mtg</u>	Knox 5:00pm Tree & Landscape - Liaison Himschoot 6:00pm Historic Preservation Commission- Liaison Duncan 6:00pm Port & Harbors Commission - Liaison Knox	Knox	Knox	
18		19	20	21	22	23	24
			6:30pm - 8:30pm Climate Action Task Force	12:00pm <u>Health Needs & Human Services - Liaison Duncan</u> 7:30pm Planning Commission - Liaison Christianson			
25		26	27	28	29	30	31
			6:00pm <u>Regular Assembly Mtg</u>	5:30pm Police and Fire - Liaison Nelson			<u>Aug</u>

August 2021						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1 Aug	2	3	4	5	6	7
			6:00pm <u>Library</u> <u>Commission -</u> <u>Liaison</u> <u>Nelson</u> 6:00pm <u>School Board</u> <u>- Liaison</u> <u>Himschoot</u> 7:30pm <u>Planning</u> <u>Commission -</u> <u>Liaison</u> <u>Christianson</u>			
8	9	10	11	12	13	14
		12:00pm <u>Parks &</u> <u>Recreation -</u> <u>Liaison</u> <u>Mosher</u> 5:00pm <u>Work</u> <u>Session:</u> <u>Climate</u> <u>Action Task</u> <u>Force</u> 6:00pm <u>Regular</u> <u>Assembly</u> <u>Mtg</u>	5:00pm <u>Tree</u> <u>& Landscape</u> <u>- Liaison</u> <u>Himschoot</u> 6:00pm <u>Historic</u> <u>Preservation</u> <u>Commission-</u> <u>Liaison</u> <u>Duncan</u> 6:00pm <u>Port &</u> <u>Harbors</u> <u>Commission -</u> <u>Liaison Knox</u>			
15	16	17	18	19	20	21
			12:00pm <u>Health Needs</u> <u>& Human</u> <u>Services -</u> <u>Liaison</u> <u>Duncan</u> 7:30pm <u>Planning</u> <u>Commission -</u> <u>Liaison</u> <u>Christianson</u>			
22	23	24	25	26	27	28
		6:00pm <u>Regular</u> <u>Assembly</u> <u>Mtg</u>	5:30pm <u>Police</u> <u>and Fire -</u> <u>Liaison</u> <u>Nelson</u>			
29	30	31	1 Sep	2	3	4
			6:00pm <u>Library</u>			



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 21-121 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 7/8/2021 In control: City and Borough Assembly

On agenda: 7/13/2021 Final action:

Title: Public Works 2021 Progress Reports June 2021

Sponsors:

Indexes:

Code sections:

Attachments: [02 2021 Public Works Progress Reports - 7 July](#)

Date	Ver.	Action By	Action	Result
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PUBLIC WORKS ASSEMBLY UPDATE
WORK COMPLETED THROUGH JUNE 2021

Wastewater Treatment Plant (WWTP) Rehabilitation (CONSTRUCTION PHASE)		
General	Schedule	Budget
Project is Physically Complete	Ahead of Schedule	Within budget
Key Status Updates: <ul style="list-style-type: none"> • Total Project 99% complete • Design 100% complete • Construction 100% complete • Budget 90.38% spent • Consultant Construction Administration 99% complete • One-year warranty period 1% complete (began at Physical Completion) 		
Milestones This Period: <ul style="list-style-type: none"> • Completion of punch list items and final inspection. • Physical Completion 		
Future Milestones: <ul style="list-style-type: none"> • Final Completion (completion of all paperwork), July 2021. 		
Estimated Total Project Cost: \$9,782,000		
Authorized Budget: <ul style="list-style-type: none"> • WW Fund Working Capital \$263,000 • WW Working Capital moved to the SCADA Control Project (\$218,000) • DEC Loans <u>\$9,737,000</u> Total Available Project Funding \$9,782,000 		
Contracts: <ul style="list-style-type: none"> • McCool Carlson Green (design): \$955,284 • MCG Constructors, Inc./DCI Joint Venture (w/CO-1): \$7,432,800 		
Background <p>The Wastewater Treatment Plant was built in the early 1980's and many of the building systems, including the building envelope (exterior siding, windows and doors), electrical, plumbing and mechanical, including the heating, ventilation and air conditioning (ventilation air) system, failed or were past their useful life and required replacement. The air quality within the building was inadequate and corrosive, which corroded the exposed piping and metal within the building. The rehabilitation of the building addressed and corrected these problems.</p>		

Sitka Seaplane Base (SPB) (PLANNING PHASE)		
General Completion of Aviation Planning & EA Milestones	Schedule Very tight for completing grant Applications for next funding Cycle, which will be 100% Federal Funding and 0% local match	Budget Funding not yet secured for Land acquisition, design, & Construction.
Key Status Updates: <ul style="list-style-type: none">Total Project is 15% completeDesign and Bidding is 0% completeConstruction is 0% completePermitting is 25% completeBudget is 64% spent this phase - Facility Planning and Environmental Assessment (EA)Land Acquisition 30% completeFacility Planning and Environmental Assessment (EA) 99% complete		
Milestones This Period: <ul style="list-style-type: none">Federal Aviation Administration (FAA) issued a Finding of No Significant Impact ‘FONSI’ for the Final Environmental Assessment.Received Statement of Qualifications for Aviation Professional Design Services for the SPB design and bidding services and selected DOWL.Completed the Land Acquisition Fair Market Value Appraisal and Review Appraisal required for the Federal Aviation Administration (FAA) Airport Improvement Program (AIP) Grant Application.		
Future Milestones: <ul style="list-style-type: none">Prepare and submit Airport Improvement Program grant applications to FAA for Professional Design Services and separately Land Acquisition. The AIP grants this funding cycle are 100% Federal Funds with 0% local match. June through July 2021.Assembly update presentation and public meeting for grant application: July 2021.Design (timeline includes grant application, permitting, and bidding) September 2021 – December 2023.Construction: 2024-2025.		
Estimated Total Project Cost: \$19.8 million		
Authorized Budget: This Phase-		
Federal Aviation Administration Airport Improvement Program Grant		\$842,629
General Fund Working Capital (Require CBS Match @ 6.25%)		<u>\$56,176</u>
o Total Available Project Funding		\$898,805
Contracts:		
DOWL		\$707,079
Background		
The existing Seaplane Base has been operating for more than 65 years and is at the end of its useful life. The Assembly passed an action plan to construct a new facility just inside the breakwater on Japonski Island (end of Seward Street) making this a top priority to secure Federal funding, land, and ultimately construction. Federal funding is anticipated to cover 93.75% of the cost of construction		

and another \$150k per year in annual entitlements for the Airport Capital Improvements Program (ACIP) for long term major maintenance or expansion projects. Developing the SPB ACIP (5-year plan) along with an airport operation plan for airport sustainability are tasks included in the project planning and design development of the project.

For more information and history on this project, visit www.dowl.com/outreach and look for the Sitka SPB Project or visit the City website at: <http://www.cityofsitka.com/government/departments/publicworks/SitkaSeaplaneBaseSitingStudy.htm>

Airport Terminal Improvements (DESIGN PHASE)

General Complicated phasing & funding	Schedule Funding delays	Budget Additional funding sources required
Key Status Updates: <ul style="list-style-type: none"> • Total Project is 11% complete. • 35% design is 93% complete. • Construction is 0% complete. • Permitting is 0% complete. • Current budget is 14% spent. • Received confirmation from the State that the project is in the States FY23 Airport Improvement Program (AIP) Funding Plan for \$7 million. • The project is one of the CBS 2021 Legislative Priorities - Request assistance from the State to help fund the project predicted funding shortfall. 		
Milestones This Period: <ul style="list-style-type: none"> • Revising and refining draft of the Request for Proposal for Construction Manager-At-Risk (CM-A-R), which is the Federal Aviation Administration title for General Contractor (CM/GC). 		
Future Milestones: <ul style="list-style-type: none"> • Complete Construction Manager-At-Risk Request for Proposal, publish, and select Construction Manager. • Complete the 65% design milestone: September 2021. • Resolve the remaining 30% TSA design submittal issues for the TSA Baggage Screening Area during the 35% to 65% design phase: September 2021. • Bid phase 1 of project: Winter/Spring 2022. • Construct phase 1: 2022/2023. • Phased construction subject to funding 2022 through 2025. • Identify funding sources to fill the predicted funding shortfalls for terminal improvements beyond the Passenger Facility Charges (PFC) & Bonding and Airport Improvement Program (AIP) grant through the State, like airport terminal user fees, parking fees, curbside, and taxi permit fees, which are all typical Airport Revenue sources. 		
Estimated Total Project Cost: \$18.5 - \$20 million.		
Authorized Budget: <ul style="list-style-type: none"> • Passenger Facility Charge Revenue 		

\$4,025,000 - Bond Secured

<ul style="list-style-type: none"> TSA Design Grant TSA Design Grant Amendment TSA Construction Grant Funding AIP Grant AK-DOT Funding Plan FY23 	\$158,569 - Secured \$86,817 - Secured \$3,397,500 - Unsecured \$7,000,000 - Unsecured
Contracts:	
<ul style="list-style-type: none"> MCG Architects (design) 	\$449,069
Background: The Airport Terminal Improvement Project is intended to remedy existing critical problems identified in the Airport Terminal Master Plan 2008-2011, including working conditions in the baggage make-up area and TSA baggage screening area, as well as problems with congested passenger queuing, screening, baggage, fish boxes, waiting areas and passenger flow. CBS accepted a TSA design grant and a recent grant amendment totaling \$245,385.95 to design specific improvements to the TSA Baggage Screening Area. Other areas impacted by these design changes are ineligible for the TSA design funding. The Assembly approved moving forward to the 65% Schematic Design Milestone for the preferred concept plan that was presented in the Assembly work-session August 8, 2017. Passenger Facility Charges (PFC) were applied for and approved by the State and Federal Aviation Administration (FAA). Collection of the Passenger Facility Charges (PFC) began May 1, 2018. The total anticipated revenue collection over the 20-year period of collection is \$6,840,000.00, which will finance the \$4,025,000 revenue bond along with its fees and debt service.	

<u>Critical Secondary Water Supply (CONSTRUCTION PHASE)</u>		
General	Schedule	Budget
Key Status Updates: <ul style="list-style-type: none"> Total project is 65% complete. Design is 100% complete. Construction is 25% complete. Permitting is 100% complete. Budget is 24% spent. High water in Sawmill Creek has slowed construction of the intake structure. A change order has been processed to modify the installation to assist with constructability within the current schedule. 		
Milestones This Period: <ul style="list-style-type: none"> Received Building Permit. Pre-engineered metal building framing underway for Membrane Filtration Plant. Design concept modifications for intake installation are resolved. 		
Future Milestones: <ul style="list-style-type: none"> Complete pre-engineered metal building for Membrane Filtration Plant, September 2021. Construct retaining wall for intake structure, July 2021. Substantial construction completion, April 15, 2022. 		
Estimated Total Project Cost: \$18,000,000		
Authorized Budget: <ul style="list-style-type: none"> Working Capital Alaska Clean Water Fund loan 		
		\$530,000 \$17,620,000

<ul style="list-style-type: none"> Alaska Clean Water Fund loan 	\$400,000
Total Available Project Funding	\$18,550,000
Contracts:	
<ul style="list-style-type: none"> PTS, Inc. (project management) 	\$110,000
<ul style="list-style-type: none"> CRW Engineering Group (design and construction mgmt) 	\$1,769,046
<ul style="list-style-type: none"> Jacobs (design review, design management) 	\$87,000
<ul style="list-style-type: none"> Pall Water (supply filtration equipment) 	\$2,341,355
<ul style="list-style-type: none"> McGraw/Dawson JV 	\$11,803,361.76
Background:	
<p>The project will provide a secondary water source, for use when the primary water source – Blue Lake penstock – is unavailable. A new membrane filtration plant will also be constructed as Blue Lake water may also require filtration – not just the UV treatment currently available– if turbidity levels exceed regulatory thresholds. Blue Lake water will not be available when the Electric Department inspects and maintains the penstock providing water from the dam to the power plant.</p> <p>For more information and history on this project, visit the City website at: www.cityofsitka.com > Public Works Department > Public Works Projects > Critical Secondary Water Supply or go directly to: https://www.cityofsitka.com/government/departments/publicworks/projects.html www.cityofsitka.com > Public Works Department > Public Works Projects > Critical Secondary Water Supply or go directly to: https://www.cityofsitka.com/government/departments/publicworks/projects.html</p>	

Sitka Sea Walk Phase 2 (PLANNING & DESIGN PHASE)		
General	Schedule	Budget Budget is tight
Key Status Updates: <ul style="list-style-type: none"> Total project is 10% complete. Design is 20% complete. Scoping report 100% complete. Construction is 0% complete. Permitting is 0% complete. Budget is 2% spent. 		
Milestones This Period: <ul style="list-style-type: none"> CBS provided comments to the draft Maintenance Agreement received from Alaska Department of Transportation (ADOT). CBS provided comments to the draft Memorandum of Agreement received from Western Federal Lands (WFL) and ADOT. Meeting between PTS, ADOT and WFL to discuss agreement comments. 		
Future Milestones: <ul style="list-style-type: none"> Finalize Memorandum of Agreement between CBS, ADOT and WFL, Summer 2021. Finalize Maintenance Agreement between CBS and ADOT, Summer 2021. Design phase, Fall 2021-Spring 2022. Construction, Summer 2022. 		
Estimated Total Project Cost: \$2,500,000		

Authorized Budget:	
• Grants from WFL	\$2,487,388
• CBS GF and/or Commercial Passenger Excise Tax (CPET) funds for federal match	\$153,058
• ADOT federal match for additional Grant funding (\$591,305)	<u>\$58,695</u>
Total Available Project Funding	\$2,699,141
Contracts:	
• PTS, Inc. (project management)	\$50,000
Background: The project includes extending the Sitka Sea Walk from the Sitka Public Library toward (and under) O'Connell Bridge and terminating at the West end of Lincoln Street at its intersection with Harbor Way. Phase 2 of the Sea Walk, an 8-foot-wide handicap accessible multi-use path, will continue the same theme as the first phase of the Sea Walk that extends from Harrigan Centennial Hall East through Crescent Harbor Park toward Sitka National Historical Park. Per the Scoping Report completed in 2020, construction of only a portion of the remaining Sea Walk alignment is expected to fit within the available budget. This portion of the Sea Walk will travel along the outside embankment of O'Connell Bridge and will connect to existing pedestrian facilities on either end. The project is being delivered (managed) by ADOT and WFL in coordination with CBS. The project will be designed in 2021 and construction is expected to begin in 2022. Multiple rounds of public involvement are anticipated throughout the design process.	

Peterson Street Fish Passage Culvert Improvements (CONSTRUCTION PHASE)		
General	Schedule	Budget
Key Status Updates: <ul style="list-style-type: none"> • Total project is 53% complete. • Design is 100% complete. • Construction is 22% complete. • Permitting is 100% complete. • Budget is 26% spent. 		
Milestones This Period: <ul style="list-style-type: none"> • Creek diversion is in place. • Temporary water and sewer mains in place. • New fish passage culvert sections assembled and prepped for installation. 		
Future Milestones: <ul style="list-style-type: none"> • Install new fish passage culvert, July 2021. • Substantial construction completion and reopening of Peterson Street, August 19, 2021. 		
Estimated Total Project Cost: \$1,200,000		
Authorized Budget: <ul style="list-style-type: none"> • General Fund Working Capital • National Fish & Wildlife Foundation design grant • U.S. Fish and Wildlife Service (USFWS) Fish Passage construction grant • USFWS Fish Passage construction grant 		
		\$1,020,000
		\$55,000
		\$60,000
		\$80,000

<ul style="list-style-type: none"> USFWS Fish Passage construction grant Alaska Sustainable Salmon Fund (AKSSF) grant 	\$40,000 <u>\$125,000</u>
Total Available Project Funding	\$1,380,000
Contracts:	
<ul style="list-style-type: none"> DOWL (design) PTS, Inc. (project management) Marble Island, LLC 	\$137,070 \$41,000 \$761,008.11
Background:	
<p>The project includes replacement of deteriorated 60" corrugated metal culvert crossing under Peterson Street with a 15' wide plate arch culvert, allowing for fish passage. Peterson Street is a collector street that provides critical access to side streets and local residences as well as to Sitka High School. Remaining funds will be allocated to sister project at Wachusett Street.</p>	

<u>Brady Lift Station Rehabilitation (CONSTRUCTION PHASE)</u>		
General See schedule notes	Schedule Construction delayed until September 13, 2021 due to delay in receipt of materials from supplier	Budget Budget is tight
Key Status Updates:		
<ul style="list-style-type: none"> Total project is 60% complete. Design is 100% complete. Construction is 5% complete. Permitting is 100% complete. Budget is 46% spent. Commencement of site disturbing activities delayed from Spring 2021 until September 13, 2021, due to delay in receipt of pre-ordered materials. Leak in the existing main was identified during installation of the temporary bypass system. The leak will be repaired during construction of the new lift station. 		
Milestones This Period:		
<ul style="list-style-type: none"> Continued maintenance of the bypass system. Exploration of the existing force main to locate leak. 		
Future Milestones:		
<ul style="list-style-type: none"> Maintain temporary bypass system until construction begins in September 2021. Monitor identified leak in the existing system now through September 2021. Lift station construction September 13, 2021-December 1, 2021. Substantial completion December 1, 2021. 		
Estimated Total Project Cost: \$1,000,000		
Authorized Budget:		
<ul style="list-style-type: none"> Alaska Clean Water Fund (ACWF) loan Wastewater Fund Working Capital 	\$217,400 <u>\$828,759</u>	
Total Available Project Funding	\$1,046,159	
<ul style="list-style-type: none"> Remaining funding from Channel/Eagle Way to be allocated to Brady, estimated at ~\$60,000. Leak repairs to be paid from separate funding source. 		

Contracts:	
• DOWL (Brady portion of bigger design project)	\$145,458
• DXPE (Brady portion of pump supply contract)	\$53,730
• Boreal Control (Brady portion of control equipment supply contract)	\$78,192
• PTS, Inc. (project management)	\$37,000
• K&E Alaska (construction)	\$678,897.71
Background: Brady Lift Station is responsible for pumping all sewage generated north of Brady Street to the Wastewater Treatment Plant. A plug valve in the lift station has failed, making it impossible to isolate one of the three pumps for maintenance. Equipment is outdated and requires excessive maintenance. Project will rehabilitate lift station, re-using existing infrastructure to the extent feasible. Work is scheduled to minimize impacts to True Value. The project will require use of part of their parking lot.	

<u>Knutson Drive Emergency Road Reconstruction (DESIGN PHASE)</u>		
General See schedule and budget notes	Schedule Completion of construction as soon as possible is a high priority due to risk of further slope failure	Budget Budget is tight based on preliminary engineer's estimates
Key Status Updates: <ul style="list-style-type: none"> • Total project is 15% complete. • Design is 35% complete. • Construction is 0% complete. • Permitting is 0% complete. • Budget is 5% spent. • Project will be bid as a design-build to complete. 		
Milestones This Period: <ul style="list-style-type: none"> • Preparation of draft Request For Proposals (RFP) completed. 		
Future Milestones: <ul style="list-style-type: none"> • Bidding, July 2021. • Construction, Fall 2021-Spring 2022. 		
Estimated Total Project Cost: \$1,000,000		
Authorized Budget: <ul style="list-style-type: none"> • General Fund Working Capital \$1,000,000 		
Contracts: <ul style="list-style-type: none"> • DOWL (design) \$48,070 • PTS, Inc. (project management) \$80,000 		
Background: The project was developed to study embankment stabilization and road repairs necessary due to the gradual subsidence of the slope on the downhill side of Knutson Drive in two locations. The slope failures have required the closure of 1 lane of Knutson Drive in two locations. CBS previously contracted with DOWL to perform geotechnical explorations and a report analyzing the Knutson Drive embankment. The report recommended slope reinforcement and retaining wall construction. CBS has executed a follow up contract with DOWL to perform conceptual design of two retaining walls. A design build solicitation is anticipated to facilitate final design and construction in 2021.		

Crescent Harbor High Load Dock and Net Shed (DESIGN-BUILD PHASE)		
General See schedule and budget notes	Schedule Completion of construction as soon as possible is a high priority due to partial closure of dock	Budget It is likely that some identified repairs will not fit within the current budget
Key Status Updates: <ul style="list-style-type: none"> Total project is 20% complete. Design phase is 35% complete. Construction is 0% complete. Permitting is 0% complete. Budget 7% spent. 		
Milestones This Period: <ul style="list-style-type: none"> Assembling a design-build Request for Proposal. 		
Future Milestones: <ul style="list-style-type: none"> Complete RFP for Design-Build preparation June 2021 Design-Build Bidding, July 2021; Construction, Fall/Winter 2021-2022. 		
Estimated Total Project Cost: \$450,000		
Authorized Budget: <ul style="list-style-type: none"> Harbor Fund Working Capital \$450,000 		
Contracts: <ul style="list-style-type: none"> Jacobs (design) \$16,100 PTS, Inc. (project management) \$42,000 		
Background: <p>This project was developed to assess the condition of the Crescent Harbor High Load Dock and Net Shed. Jacobs Engineering performed a site visit to assess both above water and below water conditions in 2019. Jacobs prepared a report in 2020 which found that several elements of the facility need repairs/maintenance to extend the life of the dock to its design life of 2037. Most notably, 4 piles were severely deteriorated, resulting in closure of a portion of the dock by CBS. Jacobs provided additional design and analysis for more cost effective structural and preventative pile repairs. The analysis also prioritized other repairs needed to extend the life of the facility as a whole. A design build solicitation is being prepared to complete design and construct repairs needed to get the dock fully reopened in 2022. The design-build will include critical repairs needed to reopen the dock and, depending on available budget, will also include repairs of other structural elements with minor to moderate deterioration. The goal is to completely rehabilitate the entire support structure</p>		

<u>Marine Services Center Bulkhead Condition Assessment (DESIGN PHASE)</u>		
General See budget and schedule notes	Schedule Infrastructure aging, assessment time sensitive	Budget Budget for assessment is tight
Key Status Updates: <ul style="list-style-type: none"> • Total project is 50% complete. • Design is 50% complete. • Construction is 0% complete. • Permitting is 0% complete. • Budget is 4% spent. 		
Milestones This Period: <ul style="list-style-type: none"> • DOWL performed site survey and has begun drafting the condition assessment report. 		
Future Milestones: <ul style="list-style-type: none"> • Receive draft report. 		
Estimated Total Project Cost: \$80,000		
Authorized Budget: <ul style="list-style-type: none"> • Working Capital <u>\$80,000</u> Total Available Project Funding \$80,000 		
Contracts: <ul style="list-style-type: none"> • PTS, Inc. (project management) \$16,260 • DOWL (design) \$47,000 		
Background: <p>This project will assess the condition of the Marine Services Center Bulkhead Dock constructed in 1976. The 2011 Marine Services Center (MSC) Bulkhead Condition Assessment prepared by PND rated the condition of the sheet pile bulkhead as fair to poor with a conservative estimate of 5 years of remaining life. CBS requested another condition assessment be performed by a different consultant to verify the findings of the original report. DOWL has inspected the facility and a report will be submitted to CBS end of June. Initial findings indicate no immediate concerns with continued use of the dock. The report will include at minimum, the condition of the dock, evaluation of safety risks associated with continued use, remaining life expectancy, extent of the repairs needed, recommendations for those repairs, and cost estimates for design, permitting, and construction.</p>		

City Hall HVAC – PHASE 1 MEASURED DRAWINGS AND DOCUMENTATION		
General	Schedule	Budget
Key Status Updates: <ul style="list-style-type: none"> • Total project is 1% complete. • Design is 0% complete. • Construction is 0% complete. • Permitting is 0% complete. • Budget is 1% spent. 		
Milestones This Period: <ul style="list-style-type: none"> • PTS, Inc. and sub contractors under contract for Phase 1, data gathering and asbuilding. • Site visit and survey complete. 		
Future Milestones: <ul style="list-style-type: none"> • Receive draft scaled drawings July 2021. • Begin design process August 2021. • Bid project Fall 2021. • Construction Fall 2021-Spring 2022. 		
Estimated Total Project Cost: \$500,000		
Authorized Budget: <ul style="list-style-type: none"> • Working Capital <u>\$500,000</u> Total Available Project Funding \$500,000 		
Contracts: <ul style="list-style-type: none"> • PTS, Inc. (project management) \$32,000 		
Background: This project will retrofit the existing HVAC system controls in Sitka City Hall. Phase 1 entails traveling to Sitka to digitally scan the building for use in preparing measured drawings by which a retrofit design can be prepared. Phase 2 will include design, bidding and construction of retrofits.		

Sitka Cross Trail Phase 6 (CONSTRUCTION PHASE)		
General See schedule & budget notes.	Schedule Project on schedule	Budget Projected to be over budget
Key Status Updates: <ul style="list-style-type: none"> • Total project is 75% complete. • Design is 100% complete. • Permitting is 100% complete. • Construction of trail tread is 79% complete. • Budget is 78% spent. 		
Milestones This Period: <ul style="list-style-type: none"> • 205 lineal feet of trail constructed since last report. • 19% of trail base course left to construct as well as the No Name bridge, Sitka Sound Dock connector trail and finishing course of D-1 gravel. • Mainline trail is approximately 413' from No Name Creek crossing. This final section has extremely challenging conditions including a 48" culvert to install. • Construction of the Harbor Mountain Road (HMR) connection is complete to HMR road. 		
Future Milestones: <ul style="list-style-type: none"> • Installation of No Name Creek bridge. • Construction completion October 2021. • CBS to seek assembly approval for acceptance of a \$250,000 grant amendment from WFL • Execute a change order with STW if assembly approves WFL grant amendment 		
Estimated Total Budget Cost: \$2,597,869 *pending revised budget from STW		
Authorized Budget: <ul style="list-style-type: none"> • Federal Lands Access Grant from Western Fed. Lands \$2,132,698 • City General Fund and Passenger Tax Funds \$72,575 • Sitka Trail Works contribution <u>\$142,596</u> • Total Available Project Funding \$2,347,869 		
Contracts: <ul style="list-style-type: none"> • Sitka Trail Works, Inc. \$2,010,644 		
Background: <p>The project is being constructed by Sitka Trail Works, who has managed the development of the project from start to finish. The project includes extending the Sitka Cross Trail from Harbor Mountain Road north to the Starrigavan Boat Launch overflow parking lot, adjacent to the USFS Forest & Muskeg trailhead. The project also includes a connector trail and small parking lot for users to access the Cross Trail from the Old Sitka cruise ship dock. The total length of new trail to be constructed is 14,000 feet (2.6 miles), increasing the total length of the Sitka Cross Trail system to over 8 miles, including multiple access points throughout.</p>		

Streets

Sweep City streets
Watered dusty roads
Used vacuum truck to clean out catch basins
Graded gravel roads
Installed cellphone booster rifle range
Installed turnouts Nelson Logging Road
Installed new catch basin with filter to drainage system Scrap Yard
Removed damaged porch roof overhanging sidewalk on Katlian
Buried bio solids
Painted crosswalks
Repaired culvert Lance Dr.
Removed brush at line of sight areas
Cleared drainage on Seward St. by SEARHC
This is what was found in just one of our storm drains.



Worked with water department, replaced damaged fire hydrant and replaced damaged guard rail by the Pioneer Home
Filled potholes
Dug up tiebacks at Sea Wall for evaluation
Hauled out mud from Kimsham Ball Field and replaced material with sand
Set up traffic control for Electrical Department
Repaired damaged signs

Central Garage

Replaced head light on Senior Center vans

Inspected the following vehicles

Unit 480

Unit 451

Unit 344 4 wheeler cleaned

Unit 458

Worked on the following departments vehicles:

Electric Department

- Unit 371 repaired heater and window motor
- Unit 240 butler cable reel trailer cleaned fuel system, repaired electric start

Fire Dept

- Unit 440 ambulance, fixed sidestep, cleaned and replaced
- Unit 464 repaired tire and electric window
- Unit 452 Fire Truck diagnostics done on transmission
- Unit 487 reset ignition

Police Dept.

- Unit 349 charged batteries and serviced radar speed trailer
- Unit 459 Ford Explorer serviced brakes
- Unit 455 serviced
- Unit 459 repaired a fan belt that blew out

Solid Waste

- Unit 351 Sierra Baler cleaned limit switches and ordered repair parts

Streets

- Unit 498 serviced and inspected
- Unit 420 Case Loader serviced oil and fuel
- Unit 420 Case Loader ordered repaired tires and ordered new tires
- Unit 387 Cold Patch trailer replaced heater
- Unit 390 little dump replaced fowled spark plugs, installed new trailer plug and changed engine oil

Water Dept.

- Unit 382 changed oil, replaced brake cable and installed new rear brakes

Environmental Division

As the wastewater flows into the Thomsen Harbor lift station it passes through a Dimminutor grinder that screens and grinds the solids before it is pumped to the wastewater treatment plant. An in-house project to replace the cutters took place. While the unit was out of service it underwent a complete overhaul.



Construction on the Critical Secondary Water Treatment Plant is well underway. These photos show progress on the membrane plant including drain line and conduit installation, concrete slab prep and pour, and pre-engineered metal building installation.



Buildings, Grounds and Parks and Rec

Grounds Maintenance

Completed:

- Preventive maintenance schedule – 30 normal operations preventative maintenance (PMs)
- Reactive/requested work orders – 19 (logged)
- Kimsham Field: fill low spot and temporary sod repairs made due to drainage problems. This will be an ongoing problem due to the clay layer under the sod.



- Kimsham Field C: prepped for Adult Softball.



- City Hall parking lot tree. Rock face sluffing along City Hall parking lot. Temporary barricade installed until the Park service can address the problem.



- Seawalk: 20-foot section of brick work installed due to settling



- Vandalism occurred at the Skate Park. Inappropriate graffiti covered. Work scheduled to power wash at later date.
- Vandalism occurred twice at the Crescent harbor men's restroom. Auto paper towels and Auto Soap dispensers replaced.
- Vandalism at Whale Park. Replaced the railing that had been kicked out in addition to other railing that needed replaced at the same platform.



- Tree's & Landscape Committee weeded parking lot islands around Sitka High School – Thank you for your help & support!



Ongoing

- Hiring two seasonal temp crew to assist with grounds maintenance and operations. Losing one summer employee – application with limited interest, still looking for help.
- Fourth of July Prep and Cemetery Maintenance.
- Kimsham Field A – Dry weather condition, still having drainage problems. Repairs of new area underway. Issue may have been exacerbated due to lack of seasonal maintenance due to COVID.



- Cross Trail Brushing underway by CBS Grounds Crew (PM Rotation annual).
- Training new Ground Maintenance Specialist.
- Working on operational comprehensive plan and lifecycle analysis. Updating our preventative maintenance electronic program.

Building Maintenance

Completed

- Preventive maintenance schedule – normal operations – 90 PMs
- City/State main building air handler problems. Had to bring boiler offline to allow for building to cool down. Ran air handler 100% to exhaust heat plus opened exterior door and windows.
- State Boiler and Pressure Vessel Inspector in town inspected all CBS properties only two problems noted and work underway to remedy at Public Service Center, and Marine Service Center.
- Senior Center office buildout compete.
- Monthly Janitorial Contract tour complete
- Library Electrical and Data work complete for new layout.

Ongoing

- Marine Service Center – Ammonia pump problems reported by contractor. May need to be replaced. Looking at options due to the seriousness of pump operations and time delays on getting stock.



- Marine Service Center – Vilter control board went down. Maintenance contactor flew in to troubleshoot, flying in replacement control board.



- City/State exterior power washing bid accepted. Currently waiting on contract to be signed.



- Airport Exterior Painting RFP out for bid.
- Airport Sidewalk Progress –



- Airport Sidewalk replacement found problem with Rock façade along public restroom section.



- Replacement of existing faucets with touch less devices will continue throughout all facilities. City Hall underway.
- City/State District Attorney's office paying for the replacement of 7 windows. CBS building maintenance coordinating work. Windows have been ordered. 12-14 week lead time. Estimated install July, pending law office. State DOT/PF requesting City/State to no longer be part of their infrastructure. Discussion on option to proceed with City/State 1967 Agreement.

Monitoring

- Harrigan Centennial Hall, tile floor cracking in the common areas was found. We are waiting to see if weather changes create more issues.
- Harrigan Centennial Hall additional cracks were discovered under Meeting Room 5's carpet tiles. We are waiting to see what happens with weather changes and activate a plan for repairs if required.
- Library roof leak – working with contractor on building assessment report/warranty.
- Senior Center roof leak
- City/State building roof leak



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 21-111 Version: 1 Name:

Type: Minutes Status: AGENDA READY

File created: 7/1/2021 In control: City and Borough Assembly

On agenda: 7/13/2021 Final action:

Title: Approve the minutes of the June 22 Assembly meeting

Sponsors:

Indexes:

Code sections:

Attachments: [01 Consent Motion](#)
[02 Motion Minutes June 22](#)
[03 Minutes June 22](#)

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**

I wish to remove Item(s) _____

**REMINDER – When making the motion to approve the
consent agenda, please read the title of each item
being voted on that is included in the consent vote.**

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

POSSIBLE MOTION

I MOVE TO approve the minutes of the
June 22 Assembly meeting.



CITY AND BOROUGH OF SITKA

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

Minutes

City and Borough Assembly

*Mayor Steven Eisenbeisz
Deputy Mayor Thor Christianson,
Vice Deputy Mayor Valorie Nelson,
Kevin Knox, Kevin Mosher, Crystal Duncan, Rebecca
Himschoot*

*Municipal Administrator: John Leach
Municipal Attorney: Brian Hanson
Municipal Clerk: Sara Peterson*

Tuesday, June 22, 2021

6:00 PM

Assembly Chambers

REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Himschoot and Nelson attended by videoconference.

IV. CORRESPONDENCE/AGENDA CHANGES

[21-110](#)

Reminders, Calendars, and General Correspondence

Administrator Leach spoke to the June 10 letter to Republic Services regarding the CBS proposal for reducing fire risk in municipal solid waste.

V. CEREMONIAL MATTERS

[21-105](#)

Arbor Day Proclamation

Deputy Mayor Christianson read a proclamation honoring Arbor Day.

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

Tribal Council Chairman Woody Widmark summarized the business of the June 2 and June 16 meetings.

[21-106](#)

Greater Sitka Chamber of Commerce/ Visit Sitka Quarterly Report

Director of Visit Sitka Laurie Boyse provided a summary of third quarter activities. Convention & Event Development Fellow Maddy Tebbe provided an overview of the Meetings & Conventions Planners' Guide digital publication.

VII. PERSONS TO BE HEARD

Richard Wein spoke to overtourism and noted its negative effects: rise in prices, increased global emissions, overcrowding, pollution, waste, and bad behavior.

Rachel Roy Executive Director of the Greater Sitka Chamber of Commerce told of the "Sleeves up for Summer" vaccination campaign and 4th of July events.

VIII. CONSENT AGENDA

Richard Wein spoke in support of item B.

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

A [21-100](#)

Approve the minutes of the June 8 Assembly meeting

This item was APPROVED ON THE CONSENT AGENDA.

B [RES 21-17](#)

Accepting CoronaVirus State and Local Fiscal Recovery Funds Award to Non-Entitlement Units of Local Government (NEUS) from the Alaska Department of Commerce, Community, and Economic Development

This item was APPROVED ON THE CONSENT AGENDA.

IX. BOARD, COMMISSION, COMMITTEE APPOINTMENTS**C** [21-102](#)

Reappoint 1) Roberta Littlefield to a three-year term on the Historic Preservation Commission in the category of "At-Large", and 2) Amy Zanzoski to a three-year term on the Local Emergency Planning Committee under Category 4 "Community Groups"

Richard Wein thanked the applicants for reapplying.

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

X. UNFINISHED BUSINESS:

- D** [ORD 21-15A](#) Amending Title 13 "Port and Harbors" of the Sitka General Code by updating Chapter 13.10 "Float Regulations" (boat launch ramp parking at Sealing Cove/Crescent Harbor) 1st reading as amended

Richard Wein spoke in support of the postponement.

A motion was made Mosher to POSTPONE Ordinance 2021-15A on first reading as amended to the July 27 Assembly meeting. The motion PASSED by the following vote.

- E** [ORD 21-12](#) Making supplemental appropriations for fiscal year 2021 (potable water to Gary Paxton Industrial Park dock)

Administrator Leach explained the request was for a waterline to run fresh water at the Gary Paxton Industrial Park dock.

Richard Wein wondered of the diameter of the pipe and water spigot.

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

- F** [ORD 21-13](#) Making supplemental appropriations for fiscal year 2021 (Brady lift station emergency repair)

Environmental Superintendent Shilo Williams gave an explanation of the Brady Lift Station repairs and temporary bypass pumps and piping. Williams said the appropriation was needed to repair the leak recently discovered before proceeding with the main project in September.

From the public, Richard Wein spoke in support.

Assembly Knox wondered of the construction window. Administrator Leach told of construction scheduled to begin in September and reminded the City did not have an access easement to the lift station. The only way to access was through the True Value parking lot. Temporary construction easements had been obtained for construction of the new lift station for the contractor to perform work between September and December.

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

XI. NEW BUSINESS:

New Business First Reading

G [ORD 21-14](#)

Proposing to amend Title 4 “Revenue and Finance” of the Sitka General Code by adding a new Chapter 4.27 “Excise Tax On Motor Fuel” to establish an excise tax on motor fuel sold, transferred, or used in the City and Borough of Sitka, providing for administration of collecting the tax, and providing for penalties for failure to pay taxes due; and submitting the question of such an amendment to the qualified voters at the regular election on October 5, 2021

From the public, Wayne Dye spoke in support. Richard Wein wondered of the potential revenue and suggested electric cars be included. Chris Ystad spoke in support although expressed concern it may make fuel vendors less competitive.

A discussion of the Assembly ensued. Mosher wondered of the city accounting required and how businesses would be affected. Nelson stated the tax was inflationary and would put pressure on consumer products. Knox told of the ordinance work to date and said it had been a topic of conversation for quite some time. Municipal Attorney Hanson reminded issues of sales and use tax were required by Charter to be brought before the voters. Subsequently if the rate in this proposition was to be amended in the future, that amendment would need to be brought to the voters, however, the administrative provisions of ordinance implementation could be changed by future Assembly action.

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

H [ORD 21-17](#)

Proposing to amend Title 4 “Revenue and Finance” of the Sitka General Code by adding a new subsection to Chapter 4.09 “Sales Tax” to establish a consumer’s sales tax on marijuana and marijuana products, in addition to the existing consumer’s sales tax; and amending Chapter 4.25 “Student Activities Dedicated Travel Fund” such that the tax proceeds will be deposited into and disbursed from that fund for extracurricular student activities; and submitting the question of such amendment to the qualified voters at the regular election on October 5, 2021

Knox referred to the memo and spoke of other Alaska cities collecting targeted taxes on marijuana cultivation and sales, in addition to standard city sales tax.

From the public, Michelle Cleaver spoke in opposition stating the industry was already highly taxed. Richard Wein said this could increase the illicit market.

Knox told of the estimated revenue projections of \$200,000 which would go to the Sitka School District's Student Activity Travel Fund. Nelson suggested a lower tax rate of 2 1/2% to 3%. Mosher wondered if stakeholders had been contacted and spoke to the high industry tax.

A motion was made by Knox that this Ordinance be APPROVED on FIRST READING. The vote was 3-2. The Ordinance was scheduled for second reading on July 13, 2021. (Note: Section 3.02 of the Home Rule Charter states unless an ordinance is rejected by the affirmative votes of not less than a majority, the ordinance shall move to second reading.)

- I [ORD 21-18](#) Amending Title 15 “Public Utilities” of the Sitka General Code by updating Chapter 15.06 “Solid Waste Treatment and Refuse Collection” to reduce the refuse collection rate for customers living within the harbor system

Richard Wein spoke in support however noted the reduced rate should be available to all citizens.

Knox relayed that the Port and Harbors Commission had asked for Assembly consideration on the matter to address a small inequity in the harbor system.

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

- J [ORD 21-16](#) Making supplemental appropriations for fiscal year 2022 (Lincoln Street Paving Project)

Richard Wein spoke in support of the appropriation however not the previous design.

Municipal Administrator John Leach stated the funds would be placed into the Lincoln Street capital project allowing more time for a comprehensive design plan.

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

Additional New Business Items

- K [RES 21-14](#) Authorizing the Municipal Administrator to apply for a Rebuilding American Infrastructure With Sustainability And Equity (RAISE) 2021 Grant with the U.S. Department of Transportation (USDOT) for \$6,464,800 with a 20% match commitment to support haulout infrastructure at the Gary Paxton Industrial Park (GPIP)

Municipal Administrator John Leach explained the item requesting authorization to apply for a \$6.4M RAISE grant for the Gary Paxton Industrial Park haul out with a 20% match needed of approximately \$1.6M.

Richard Wein and Garry White spoke in support of the resolution.

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

- L** [RES 21-15](#) Authorizing the Municipal Administrator to apply for a Rebuilding American Infrastructure With Sustainability and Equity (RAISE) 2021 Grant with the U.S. Department of Transportation (USDOT) for \$7,344,720 with a 20% match commitment to support the reconstruction of the port wall and crane at the Marine Services Center (MSC)
- Richard Wein spoke to the 20% match requirement.
- Knox stated the property was a liability and noted the City could not afford the needed repairs without financial assistance.
- A motion was made by Knox that this Resolution be APPROVED on FIRST AND FINAL READING. The motion PASSED by the following vote.**
- M** [RES 21-16](#) Authorizing the Municipal Administrator to apply for a Port Infrastructure Development Program (PDIP) 2021 grant with the U.S. Department of Transportation (USDOT) for \$7,344,720 with a 20% match commitment to support the reconstruction of the port wall and crane at the Marine Services Center (MSC)
- Municipal Administrator John leach stated the item was a Port Infrastructure Development grant that would assist with the reconstruction of the port wall and crane at the Marine Service Center.
- Richard Wein spoke in support.
- A motion was made by Mosher that this Resolution be APPROVED on FIRST AND FINAL READING. The motion PASSED by the following vote.**
- N** [21-103](#) Approve a two-year lease between the City and Borough of Sitka and North Pacific Seafoods for the Sitka Marine Service Center at 611 Katlian Street
- Municipal Administrator John Leach gave an overview of the lease and terms.
- Richard Wein spoke in support.
- A motion was made by Knox that this Item be APPROVED. The motion PASSED by the following vote.**

O [21-104](#) Discussion / Direction / Decision on proposed terms for a lease of 4951 Halibut Point Road

Planning Director Amy Ainslie provided an overview and analysis of terms for lease of the 17 acre waterfront parcel at 4951 Halibut Point Road.

A discussion ensued. Christianson expressed concerns over the lack of escalation on the passenger fee. At minimum he hoped to see 10% or CPI, whichever was larger, and then a schedule after that. Himschoot spoke to operational details. Knox said major improvements to the property, without approval by elected officials, may be of concern to some community members. Administrator Leach reminded material improvements to the site would require Assembly permission. Mosher wondered of a per passenger fee.

Karl Potts, Shee Atika CEO, and Chris McGraw addressed the Assembly. Potts reminded the corporation was investing a significant amount of capital into the project and reminded of the economic benefits to the community and City. Knox wondered of sales tax remittance by the cruise ships for shore excursions. Chris McGraw of Adventure Sitka explained his company was responsible for remitting the sales tax, not the cruise ship.

From the public, Richard Wein spoke in opposition to the lease rate.

A motion was made by Mosher to direct the Municipal Administrator to prepare a lease based on the negotiated terms as presented in the Planning Director's memo dated June 15, 2021. The motion PASSED by the following vote.

XII. PERSONS TO BE HEARD:

Richard Wein spoke to the need to preserve the allures of Sitka.

XIII. REPORTS

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

Mayor - Deputy Mayor Christianson thanked the Planning Commission for their continued work on the tourism plan.

Administrator - Leach announced a Municipal Engineer and Controller had been hired. He reported on the recent "Coffee with the Administrator" talk and told of the next scheduled for July 20.

Attorney - Hanson paid tribute to City employee Will Hanbury who passed away June 21.

XIV. EXECUTIVE SESSION

None.

XV. ADJOURNMENT

A motion was made by Knox to ADJOURN. Hearing no objections, the meeting
ADJOURNED at 9:18pm.

ATTEST: _____
Sara Peterson, MMC
Municipal Clerk



CITY AND BOROUGH OF SITKA

Legislation Details

File #: ORD 21-14 Version: 1 Name:

Type: Ordinance Status: AGENDA READY

File created: 6/2/2021 In control: City and Borough Assembly

On agenda: 7/13/2021 Final action:

Title: Proposing to amend Title 4 "Revenue and Finance" of the Sitka General Code by adding a new Chapter 4.27 "Excise Tax On Motor Fuel" to establish an excise tax on motor fuel sold, transferred, or used in the City and Borough of Sitka, providing for administration of collecting the tax, and providing for penalties for failure to pay taxes due; and submitting the question of such an amendment to the qualified voters at the regular election on October 5, 2021

Sponsors:

Indexes:

Code sections:

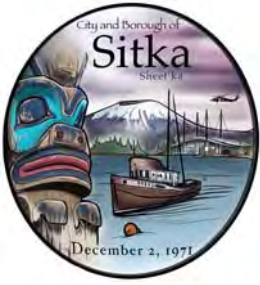
Attachments: [01 Motion Ord 2021-14](#)
[02 Memo Ord 2021-14](#)
[03 Ord 2021-14](#)

Date	Ver.	Action By	Action	Result
6/22/2021	1	City and Borough Assembly		

Sponsors: Knox/Himschoot

POSSIBLE MOTION

I MOVE TO approve Ordinance 2021-14 on second and final reading Proposing to amend Title 4 “Revenue and Finance” of the Sitka General Code by adding a new Chapter 4.27 “Excise Tax On Motor Fuel” to establish an excise tax on motor fuel sold, transferred, or used in the City and Borough of Sitka, providing for administration of collecting the tax, and providing for penalties for failure to pay taxes due; and submitting the question of such an amendment to the qualified voters at the regular election on October 5, 2021



City and Borough of Sitka

PROVIDING FOR TODAY...PREPARING FOR TOMORROW

A Coast Guard City

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

From: Assembly Members Knox and Himschoot

Date: June 16, 2021

Subject: Approve Ordinance 2021-14 Fuel Excise Tax

Background

As a frontier state Alaskan communities built much of their infrastructure with state and federal assistance: Sitka's five harbors were built with state and federal assistance before the turn of the 21st century; Sawmill Creek and Halibut Point Roads were both built and are still maintained by the state; many of Sitka's paved streets were paved or funded by the State of Alaska. However, in the past decade state grant funding has declined, and state revenue sharing has nearly stopped entirely. The increasing burden on the City of Sitka to maintain public infrastructure requires additional funds.

Recognizing this, the Port and Harbors Commission proposed a bulk fuel excise tax on marine fuels, voting unanimously to support the idea being brought before the Assembly. This proposal, to include an excise tax on marine and motor fuels, expands on the idea to support critical infrastructure needs as an additional revenue stream.

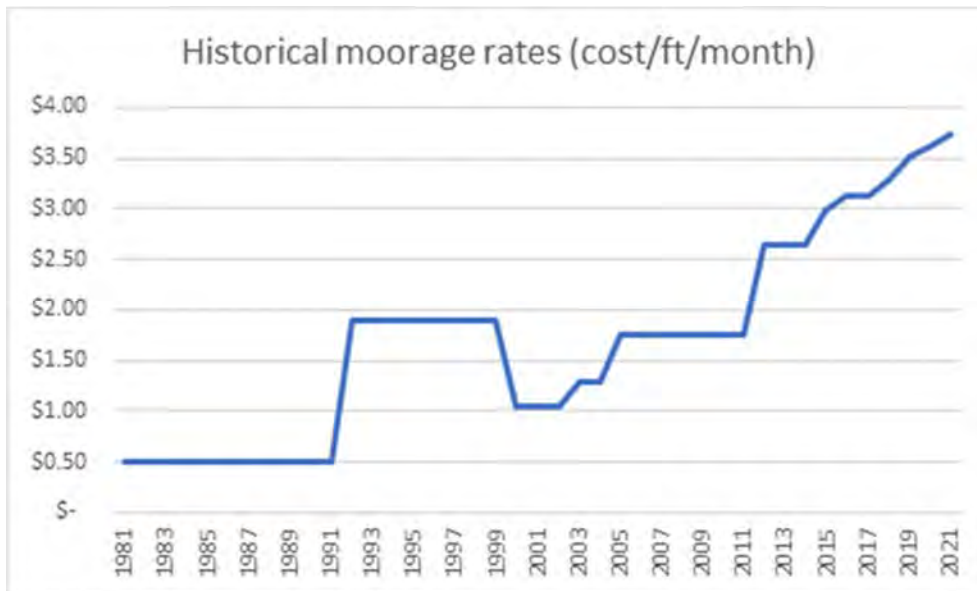
Analysis

Sitka's harbors support over 600 small businesses, and the fleet is critical to the community's economy. Providing safe and sufficient harbors to the commercial and recreational users of Sitka's working waterfront is an important city function. Over 70% of harbors and marinas in the Lower 48 are privately owned, and users pay exponentially higher fees than in Sitka. Sitka's harbor rates were flat through the 1980s, then after an increase in 1990 the rates remained essentially flat another two decades. This has resulted in sharp increases in harbor rates over the past 10 years to keep up with maintenance and replacement of this critical infrastructure. By expanding the necessary capital savings to a revenue stream beyond just the year round harbor user it is expected to help flatten harbor fee increases, though not entirely replace the need for increases.

Roads are used by all Sitkans, but the paving rotation is now a full decade behind schedule. Quality roads reduce wear and tear on vehicles, and resurfacing streets

allows Public Works to also upgrade to Americans with Disabilities Act standards. Many commercial operators and residential drivers have noted the increased damage to our roads and those deferred maintenance schedules, noting dramatic wear on their vehicles. It is past time to improve the surfaces of many of Sitka's streets.

A bulk fuel excise tax is a relatively simple way to share the burden of maintenance for public infrastructure across user groups.



Fiscal Note

While administration of this tax will require some city staff time, revenues collected will be dedicated to maintaining and improving harbors and streets.

Approximate revenue models have been generated through educated guessing of possible sales within the City and Borough of Sitka, however it remains very unclear as to the accuracy of any of those models. Fuel providers are not required by the City of Sitka to report the distribution of their sales between each marine and motor fuels.

Recommendation

Approve Ordinance 2021-14 submitting the question to the qualified voters at the regular election on October 5, 2021.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2021-14

BALLOT PROPOSITION OCTOBER 5, 2021

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA PROPOSING TO AMEND TITLE 4 "REVENUE AND FINANCE" OF THE SITKA GENERAL CODE BY ADDING A NEW CHAPTER 4.27 "EXCISE TAX ON MOTOR FUEL" TO ESTABLISH AN EXCISE TAX ON MOTOR FUEL SOLD, TRANSFERRED, OR USED IN THE CITY AND BOROUGH OF SITKA, PROVIDING FOR ADMINISTRATION OF COLLECTING THE TAX, AND PROVIDING FOR PENALTIES FOR FAILURE TO PAY TAXES DUE; AND SUBMITTING THE QUESTION OF SUCH AN AMENDMENT TO THE QUALIFIED VOTERS AT THE REGULAR ELECTION ON OCTOBER 5, 2021

1. CLASSIFICATION. This ordinance is of a permanent nature and is intended to become a part of the Sitka General Code.

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

3. PURPOSE. The purpose of this ordinance is to raise municipal revenues with an excise tax on motor fuels sold, transferred, or used within the municipality, including motor vehicle fuels and marine fuels. These revenues are intended for maintenance, repair, replacement, and construction of related municipal infrastructure. The proposed ordinance establishes the tax, provides for administration of collecting the tax, and provides for penalties for failure to pay and remit the tax. If ratified by the voters, this ordinance would add a \$.03 per gallon excise tax on motor fuels.

4. ENACTMENT. NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that the Sitka General Code Title 4, entitled "Revenue and Finance" be amended by adding a new Chapter 4.27, entitled "Excise Tax on Motor Fuel", to read as follows:

**Title 4
REVENUE AND FINANCE**

Chapters:

* * *

4.27 Excise Tax on Motor Fuel

* * *

Sections:

4.27.010 Applicability of chapter.

4.27.020 Excise tax on motor fuel.

4.27.030 Tax exemptions; no deferral for mixed purchases.

4.27.040 Intent and purpose of chapter; taxpayer.

4.27.050 Certificate of registration: eligibility.

4.27.060 Certificate of registration: required.
4.27.070 Certificate of registration: application.
4.27.080 Certificate of registration: denial.
4.27.090 Certificate of registration: fee, renewal.
4.27.100 Certificate of registration: expiration.
4.27.110 Certificate of registration: surrender, suspension, or revocation.
4.27.120 Certificate of registration: non-transferable.
4.27.130 Tax return and remittance.
4.27.140 Amended tax returns.
4.27.150 Application of payments.
4.27.160 Tax refunds to dealer.
4.27.170 Tax refunds to purchaser.
4.27.180 Confidentiality of records.
4.27.190 Maintenance and inspection of documents and records.
4.27.200 Tax avoidance, civil fraud.
4.27.210 Tax lien.
4.27.220 Collection of taxes, interest, penalties, and costs.
4.27.230 Prohibited acts.
4.27.240 Interest.
4.27.250 Penalties.
4.27.260 Remedies for a person aggrieved.
4.27.270 Definitions.

4.27.010 Applicability of chapter.

A. Unless provided otherwise, this chapter shall apply to the taxation of all fuel sales or transfers, or consumption of previously untaxed fuel by users, within the municipality.

B. The tax imposed under this chapter does not apply if the United States Constitution, Alaska Constitution, or other federal or state laws prohibit the municipality from levying this tax on fuel.

4.27.020 Excise tax on motor fuel.

A. An excise tax in the amount of three cents (\$0.03) per gallon, adjusted every five years as provided in subsection B., is hereby levied on all fuel sold, transferred, brought into or consumed in the municipality. The tax is imposed only once, upon the first taxable event. Fuel upon which the tax was imposed is not again subject to the tax in a subsequent sale, transfer or use. The tax is to be paid by the dealer or user to the municipality on the volume of fuel sold, transferred, or used.

B. The five-year adjustment to the fuel tax rate shall be based on the cumulative percent change in the Anchorage Consumer Price Index for All Urban Consumers (CPI-U) over the prior five years. The adjustment is the percent change in the Anchorage CPI-U beginning from the CPI-U report released five years prior at a time when any adjustments would be made effective July 1st of the year applied, up to the CPI-U report released in the fifth year after the last adjustment at a time when any adjustment would be made effective July 1st of the year applied. The adjustment shall become effective January 1 following the August release date in the fifth year since the last adjustment. The first such adjustment date shall be effective July 1, 2027.

C. All tax revenue collected by the municipality under this chapter shall be deposited by the finance director into the municipal accounts as follows; for motor vehicle fuel into the Public Infrastructure Sinking Fund and for marine fuel into the Harbor Enterprise Fund.

4.27.030 Tax exemptions; no deferral for mixed purchases.

A. The following transactions are exempt from the tax levied by section 4.27.020:

1. Fuel that is sold or transferred between qualified dealers;
2. Fuel that is sold or transferred to a person obtaining fuel with a valid certificate of use;
3. Fuel that is sold or transferred to a qualified dealer or persons to whom fuel may be transferred without collecting tax under AS 43.40;
4. Fuel that is exported;
5. Fuel that is purchased for use by federal, state, local government agencies or federally recognized tribe, unless the fuel is purchased for the purpose of resale; and
6. Loss of volume of fuel that occurs during handling, transportation, and storage, including loss of volume due to temperature changes of fuel.

B. The election to defer payment of fuel tax provided by the state to certain persons pursuant to 15 AAC 40.320 for sales or transfers for mixed uses is not provided by the municipality. A sale or transfer of fuel for mixed use purposes to a common storage tank shall be fully taxed, and after resale or use for an exempt purpose the purchaser may apply for a refund with appropriate documentation in accordance with section 4.27.170.

4.27.040 Intent and purpose of chapter; taxpayer.

A. It is the intent and purpose of this chapter to collect the tax from:

1. The person who sells or transfers fuel to a reseller or user within the municipality, and
2. A user who purchases or acquires fuel outside of the municipality and ships it into the municipality for personal use, or purchases or receives fuel in the municipality that was not taxed at the time of purchase or receipt and is used or consumed for a purpose that is not exempt. Fuel purchased or acquired outside of the municipality and brought into the municipality in the following circumstances are not subject to the tax:
 - a. In a fuel tank built in a vehicle or vessel and that supplies fuel directly to that motor vehicle's or vessel's combustion engine so long as that fuel is not off-loaded to a large storage tank, transport tank or container, or to another vehicle or vessel; or
 - b. In a small, personal use size container twenty gallons or less in volume, so long as that fuel is not off-loaded to a storage tank, transport tank or container larger than twenty gallons in volume.

B. Notwithstanding anything to the contrary contained in this chapter, the taxpayer shall be those persons described in this section and no others.

4.27.050 Certificate of registration: eligibility.

To be eligible for a certificate of registration, a person applying to conduct business as a dealer shall:

A. Possess a current business license as required by AS 43.70. A copy of the license must be provided to the municipality before a certificate of registration will be issued.

B. Provide verification and affirmation that all responsible parties for the dealer:

1. Have not at any time in the most recent five-year period been convicted of a crime related to theft of tax dollars, attempted theft of tax dollars, failure to remit taxes due, embezzlement, theft, or similar financial crimes;

2. Have not at any time during the most recent five-year period had a certificate of registration under this chapter revoked;

3. Not have delinquent tax obligations to the municipality or have substantially unpaid delinquent financial obligations to the municipality; and

4. Not have any unresolved issues regarding a prior certificate of registration issued under this chapter.

4.27.060 Certificate of registration: required.

A. Except as otherwise provided in this chapter, every dealer shall obtain a certificate of registration, prior to selling or transferring fuel to a reseller, user or other dealer.

B. Dealers shall display their certificate of registration in a conspicuous place where it can be readily viewed at the registered place of business.

C. A certificate of registration issued under this chapter shall state the following:

1. Business name and business address of the dealer;

2. Name of the person(s) owning the dealer business;

3. Dealer's form of business organization; and

4. Issue date of the certificate.

D. A certificate issued under this chapter is valid from the issue date through the following June 30.

E. A person whose certificate is lost, stolen or defaced shall immediately file an application with the department for reissuance of the certificate for the balance of the unexpired term.

F. A certificate issued by this chapter is in addition to any other license required by law.

G. A certificate issued under this section provides no right, entitlement or property interest created by the issuance of a certificate to a dealer.

4.27.070 Certificate of registration: application.

A. Application for registration to operate as a dealer within the municipality shall be made to the department on a form provided by the department, containing such information as the department requires, including:

1. The applicant dealer's name and mailing address;
2. Names and addresses of all owners of the applicant dealer and all responsible parties for the applicant dealer;
3. A copy of the applicant dealer's current State of Alaska business license;
4. A copy of the applicant dealer's current State of Alaska dealer license and, if applicable, qualified dealer license;
5. The name under which the applicant dealer will conduct business operations;
6. The location of each of the applicant dealer's business operations within the municipality ;
7. The signature of the applicant, firmly binding the applicant dealer, its owners, and all responsible parties to the following:
 - a. An agreement that any contemporaneous or future complaints filed by the department in the Alaska Court System related to responsibilities, duties, consequences, or disputes associated with this chapter shall at all times be within the venue of the District or Superior courts located in Sitka, First Judicial District;
 - b. An obligation, in the event that an owner, partner, managing member, responsible party, or employee of the applicant dealer subsequently commits civil fraud, as defined by this chapter and demonstrated by a preponderance of the evidence to have occurred, to remit to the municipality an amount that equals the taxes that would have been paid to the municipality if all the fuel excise taxes due had been remitted, pursuant to this chapter; and
 - c. An agreement that the applicant dealer and any person involved in a civil fraud, as defined by this chapter and demonstrated by a preponderance of evidence to have occurred, will become ineligible to register under this section for a period of five years, beginning with the date of conviction of fraud or the date of revocation of the applicant dealer's registration in accordance with section 4.27.110.
8. In addition to other requirements in this section, a corporation that applies for a certificate of registration shall provide the following information:
 - a. Corporation: names and addresses of the principal officers including president, vice-president, secretary, managing officer, and all stockholders who own ten percent or more of the stock in the corporation;

b. Partnership, including a limited partnership: names and addresses of all general partners and all partners with an interest of ten percent or more; or

c. Limited liability organization: names and addresses of all members with an ownership interest of ten percent or more and the names and addresses of all managers;

9. Such other information as the department may require.

B. An applicant dealer having more than one location within the municipality shall apply with the department to register each separate location, including:

1. The applicant's signature confirming that the applicant fully understands the relevant compliance requirements of this chapter; and

2. Each signature shall be by a person or agent having such authority to sign and bind the applicant and shall be under penalty of prosecution for unsworn falsification.

C. All persons registered under this chapter shall maintain compliance with all relevant Municipal and State of Alaska laws and administrative requirements related to the registered business, including but not necessarily limited to: business license, and any related required periodic reporting.

D. All persons applying for registration under this chapter shall affirm that the applicant dealer is current with all financial obligations due to the municipality.

E. A person's application for and acceptance of the certificate issued under this chapter constitutes confirmation of the person's acknowledgement on behalf of the applicant and dealer of the duties pursuant to this chapter.

4.27.080 Certificate of registration: denial.

A. The department may deny an application for registration if:

1. There is reasonable cause to believe that the applicant has willfully withheld information requested to determine the applicant dealer's eligibility to receive a certificate of registration;

2. There is reasonable cause to believe that information submitted in the application is false or misleading and is not made in good faith;

3. There is reasonable cause to believe that the applicant dealer's business organization has been structured to avoid payment of taxes, penalties, interest, or costs due under this chapter;

4. The applicant dealer has an unpaid financial obligation due to the municipality;

5. The applicant dealer, or any owner, partner, member, responsible party, or employee had a certificate under this chapter revoked by the department within the previous five years;

6. The applicant dealer, or any owner, partner, member, responsible party, or employee has been convicted of a felony or misdemeanor theft of money within the previous five years; or

7. The application is not complete.

B. The department shall provide the reasons for a denial in writing to the applicant.

C. The department shall deny an application if the applicant dealer does not currently possess all other licenses required by law.

4.27.090 Certificate of registration: fee, renewal.

A. There shall be no charge or fee for issuing a certificate of registration for an original or renewal application, or for a new location for a dealer who relocates the business.

B. A fee of \$30 shall be charged for reissuing a certificate that has been lost, stolen or defaced.

C. A dealer may apply for renewal of its certificate up to two months prior to expiration of the current certificate.

4.27.100 Certificate of registration: expiration.

A. A certificate of registration issued under this chapter shall automatically expire as follows:

1. Immediately after the following June 30:

2. If the dealer moves the business to another location within the municipality the dealer shall immediately file an application with the department for issuance of a replacement certificate for the new location for the remaining balance of the term; or

3. If a dealer ceases to engage in business as a dealer, ceases to engage in business at its registered place(s) of business, changes its name, or changes the name by which the registered dealer's business operation is advertised or marketed by the dealer.

B. A dealer must submit an updated application, as prescribed by the finance director, upon any change in form of ownership or business name, or if the dealer is owned by a business entity, upon any change in the owners of the entity who owns the dealer. The finance director will review the updated application, pursuant to this chapter. A new certificate of registration will not be issued until the department has received the expired certificate.

4.27.110 Certificate of registration: surrender, suspension, or revocation.

A. A dealer shall surrender its certificate of registration to the department as follows:

1. Within ten days after its certificate expires;

2. Immediately, upon suspension or revocation by the department.

B. The department may suspend or revoke a certificate issued under this chapter for any violation of this chapter.

C. The department shall revoke a certificate of registration if:

1. A dealer fails to remit substantially all (at least ninety-five percent) of the taxes due under this chapter within 45 calendar days of the due date;

2. Subsequent to the issuance of the certificate the department discovers that the dealer has willfully withheld information requested to determine the applicant's eligibility to receive a certificate, or there is reasonable cause to believe that information submitted in the application was false or misleading and was not made in good faith; or

3. When the dealer's circumstances change to a point where it no longer meets eligibility requirements set forth in section 4.27.050.

D. If the department decides to revoke a certificate issued under this chapter, based on any violation of this chapter, the department shall notify the dealer of the date it intends to enforce such revocation. A dealer may apply to the department to request a hearing before the finance director on the department's action or determination as set forth in section 4.27.260.

4.27.120 Certificate of registration: non-transferable.

Non-transferable. The certificate of registration issued under this section is not assignable or transferable, except that in the case of death, bankruptcy, receivership, or incompetency of the dealer (or its principals if the dealer is an entity), or if the certificate is transferred to another by operation of law, the department may extend the certificate for a limited time to the executor, administrator, trustee, receiver, or the transferee.

4.27.130 Tax return and remittance.

A. On or before the last day of each calendar month, every dealer shall submit to the department a tax return upon a form provided by the department and shall remit therewith all taxes required to be paid by this chapter on fuel sales or transfers during the immediately preceding calendar month. A tax return shall be filed even if there are no taxes due for the period being reported. Tax returns and taxes to be remitted under this chapter must be actually received by the department within the time required by this section.

1. The tax return shall be signed under penalty of perjury by an officer of the dealer and shall include the following:

a. The name and mailing address of the dealer;

b. The name and title of the person filing the tax return;

c. The aggregate amount of all fuel sold or transferred by the dealer within the municipality during the month, including exempt sales;

d. The net taxable gallons of all fuel sold or transferred by the dealer during the month, as reported to the State of Alaska;

e. The aggregate amount of any allowable exemptions, as set forth in section 4.27.030, and supporting documentation for said exemptions;

f. The amount of fuel excise tax due;

g. Fuel inventory reconciliation data, such as:

i. Fuel receipt data in whole gallons, with gallons received for taxable purposes reported separately from gallons received for exempt purposes;

ii. Fuel disbursement data in whole gallons, with gallons delivered for taxable purposes reported separately from gallons delivered for exempt purposes;

iii. Breakdown of fuel delivered for exempt purposes (e.g., to qualified dealers, U.S. government agencies for official use, etc.);

iv. Losses of volume of fuel that occur during handling, transportation, and storage, including losses for volume due to temperature changes of fuel.

h. Schedules detailing fuel receipt and disbursement data; and

i. Such other relevant information and supporting documentation as the department may require.

2. If a dealer fails to file a tax return under this section or when the finance director finds that a tax return filed by a dealer is not supported by the records required to be maintained under this chapter, the finance director may prepare and file an involuntary tax return on behalf of the dealer. Taxes due on an involuntary tax return may be premised upon any information that is available to the finance director, including comparative data for similar businesses. A dealer shall be liable for the taxes stated on an involuntary tax return, together with the penalties and interest provided in this chapter.

3. The department shall notify the dealer of an involuntary tax return, the basis of the department's calculations, the dealer's rights under section 4.27.260, and provide written notice that payment of the taxes, penalties, and interest is due immediately.

4. Unless otherwise determined by the finance director in a decision under section 4.27.260, taxes due under this section shall be due on the same date as if a tax return had been filed by the dealer in accordance with this chapter, and interest, penalties, and costs thereon shall accrue from such date.

5. A tax return prepared by the finance director is prima facie evidence of taxes due, and the penalties and interest accruing from said tax liability. In an application under section 4.27.260, it is the dealer's burden to rebut the presumed sufficiency of a tax return prepared by the department.

6. A dealer with multiple locations must either file a separate tax return for each location or use a supporting schedule that clearly identifies the balances associated with each separate location.

4.27.140 Amended tax returns.

Any tax return filed under the section may be amended by the dealer.

4.27.150 Application of payments.

Any payment submitted to the department for taxes, interest, penalties or costs due under any tax return, provision of this chapter, or any finding or determination by the department under this chapter shall be credited to the tax period for which remitted, but shall be credited first to the payment of costs and then to the payment of penalties, interest, and taxes due, in that order.

4.27.160 Tax refunds to dealer.

A. If the department determines after audit that a dealer's tax remittance exceeds the actual amount due, the department shall, upon written request of the dealer, refund the excess to the dealer without interest.

B. The dealer shall apply for a refund in writing on a form acceptable to the department no later than two years from the date the excess payment was transmitted to the department. Any claim for a refund filed more than two years after the date of the excess payment is forever barred. For purposes of this section, a "refund" means payment by the municipality to the dealer or book entry by the municipality to offset other current or future amounts due from the dealer.

C. If a dealer discovers that it has miscalculated the fuel excise tax, and a reseller or other purchaser of the fuel paid more tax than should have been collected, the dealer shall refund to the reseller or purchaser the excess amount collected. If the dealer has not located the reseller or purchaser and refunded the excess tax collected within 30 days, the excess tax shall be remitted to the municipality.

4.27.170 Tax refunds to purchaser.

A. If a person obtains fuel on which the tax levied by this chapter has been paid, such as fuel delivered to a common storage tank, and uses the fuel in a manner that makes the fuel exempt from the tax, the person may apply to the department for a refund of the tax levied.

B. The application for refund must be made on a form prescribed by the department within 90 days from the end of the month in which the purchase was made of the Fuel, as indicated on the invoice or receipt.

C. Failure to apply for a refund within the 90-day period is a waiver of the right to the refund. A claim is considered to be filed when it is mailed or personally presented to the department.

D. Except as provided in subsection E of this section, the claim must include a copy of the invoice(s) of each purchase of fuel for which a refund is being claimed. The invoices must show the type of fuel purchased, the number of gallons of fuel purchased, and the amount of tax paid under this chapter.

E. An agency of the federal, state or local government whose employees make purchases of fuel exclusively for official use and use a credit card issued to that agency may submit a claim for refund containing a schedule of invoices of purchases of fuel, in lieu of providing original invoices for the fuel purchases, as long as:

1. Charges on the credit card are billed directly to the governmental agency;

2. The schedule of invoices complies with generally accepted internal accounting controls, is capable of verification by audit, and details the following information for each purchase of fuel:

- a. The transaction date;
- b. The invoice number;
- c. The type of fuel purchased;
- d. The name of the reseller and physical location of the pump;
- e. The name of the governmental agency purchasing the fuel;
- f. The price per gallon of fuel paid;
- g. The number of gallons of fuel purchased;
- h. The tax paid on each gallon of fuel purchased; and
- i. Any other information required by the department in order to evaluate if the claim for refund meets the requirements of this chapter.

4.27.180 Confidentiality of records.

A. All tax returns filed under this chapter, all data obtained from such tax returns, and all financial information obtained from an inspection of records in accordance with this chapter are confidential and may not be released except upon court order, pursuant to an information-sharing agreement with the State of Alaska Department of Revenue, when necessary to enforce the provisions of or to collect the taxes due under this chapter, and except for inspection by the mayor, the finance director, the municipal attorney, the internal auditor and municipal assessor or the assembly in the performance of their official duties.

B. Except when necessary to the performance of their official duties to enforce the provisions of or to collect taxes due under this chapter, no person may divulge, without express written permission by the dealer, to another any information, data or financial information of a dealer, a dealer's records or a tax return filed under this chapter unless the person receiving such information, data or financial information is a person authorized by this chapter to inspect the tax return, information, data or financial information.

C. It is the duty of the finance director to safely keep tax returns, all data taken therefrom, and all financial information obtained from an inspection of the dealer's records secure from public and private inspection, except as provided by this chapter.

D. This section does not prohibit the municipality from compiling and publishing statistical information concerning the data submitted, provided no identification of particular tax returns or dealer information, data or financial information is made.

4.27.190 Maintenance and inspection of documents and records.

A. Every person subject to this chapter shall keep records to make a complete accounting for the information required on the fuel excise tax return or claim for a refund under this chapter, including fuel purchases, sales and transfers. The records must include an accounting for inventories of fuel on the first and last days of the month, or in the case of a claim for a refund, inventories on the first and last days of the claim period.

B. Specification in this chapter of the records to be kept by a dealer shall not relieve the dealer of its responsibility to keep sufficient records. Unless a longer period is ordered by the finance director under section 4.27.200 or a court of competent jurisdiction, a dealer shall keep and preserve all required records within the municipality for not less than three calendar years after the end of the calendar year in which such records are created and shall make available such records for inspections by the department upon request. Sufficient records shall include, but not necessarily be limited to:

1. Each sale or transfer of fuel within the municipality shall be recorded by the dealer and the record shall include, at minimum: the date of sale, the type of Fuel sold or transferred, the quantity of fuel sold, the sales price, and the amount of excise taxes due on the sale or transfer.

2. Books of account, journals, ledgers, and other compilations of source documents that reconcile to total sales and transfers, as listed on the tax returns filed with the department under the authority of this chapter;

3. Detailed inventory records;

4. Fuel acquisition data; and

5. Sufficient documentation confirming eligibility.

C. Persons subject to this chapter shall keep such other documents and records as the department prescribes.

D. All records and documents required by this chapter to be kept or retained are subject to inspection within the municipality upon demand by the department.

E. The finance director or a designee, upon presentation of proper identification, may inspect the records which a person is required to maintain under this section, whether on-site or at an off-site location, or inspect the records of a person whom the finance director has probable cause to believe is a dealer or a person subject to this chapter in order to determine whether that person is a dealer or is subject to this chapter.

1. Upon notice of the department's intent to inspect records, a person or dealer subject to this chapter shall retain such records and preserve their availability to the department until released by the department in writing, regardless of whether such retention and preservation continues beyond the three-year period specified in this section.

2. The finance director's authority to inspect records shall not be limited to records within the three calendar year retention period. If a person subject to this chapter has possession or control of records described in this section that are older than the three-year period specified in this section, the person subject to this chapter shall make such records available for inspection upon request.

F. The finance director may enter the business premises of a dealer, so far as it may be necessary for the purpose of examining business records required to this chapter.

G. The department may inspect records required by this chapter of all responsible parties who had control of, or access to, the dealer's records, and such persons shall be subject to the requirements of this section.

H. Where the Constitution of the United States or of the State of Alaska so requires, the finance director shall obtain an administrative search warrant authorizing an inspection and shall exhibit the warrant to the person in charge of the premises before conducting the inspection. The finance director shall apply to the trial courts of the State of Alaska to obtain an administrative search warrant, stating in the application the name and address of the premises to be inspected, the authority to conduct the inspection, the nature and extent of the inspection, and the facts and circumstances justifying the inspection. Warrants issued under this section shall be returned to the court by which issued within ten days after the date issued.

4.27.200 Tax avoidance, civil fraud.

A. If the department has reasonable cause to believe that a dealer has structured a fuel sale or transfer to avoid being subject to the fuel excise tax levied under this chapter, or has wrongfully deceived resellers, users, or the department, the department may take one or both of the following actions:

1. Declare there is a rebuttable presumption that the substance of a specific fuel sale or transfer is a taxable transaction under this chapter and proceed to establish, levy and collect the tax together with costs, penalties and interest as provided for in this chapter; or

2. Prepare and file an involuntary return(s) on behalf of the dealer, as provided in section 4.27.130.

B. Civil fraud. If the department finds a tax deficiency or part of a tax deficiency is due to fraud, then a penalty shall be assessed against the person committing the fraud. A civil fraud penalty may be assessed against a person in addition to a penalty for failure to file or failure to pay.

1. Fraud is the intentional misrepresentation of a material fact with the intent to evade payment of tax which the person believed to be owing. The person must have had knowledge of its falsity and intended that it be acted upon or accepted as the truth. The department must prove fraud by a preponderance of the evidence.

2. An intent to evade tax may be demonstrated by any relevant evidence, including but not limited to the following:

a. The person provided false explanations regarding understated or omitted acquisitions of fuel;

b. The person provided falsified or incomplete source documents;

c. The person has not justified an omission or understatement of a significant amount of acquisitions of fuel;

d. The person substantially overstated a deduction and has failed to justify the overstatement;

e. The person knowingly provided false statements, falsified documents, or falsified evidence to acquire a significant amount of fuel in a manner that results in the evasion of payment for taxes due under this chapter; or

f. The person, without possessing the proper State and Municipal licenses or certificates, exchanged or bartered taxable fuel, in any manner or by any means whatsoever, for consideration.

4.27.210 Tax lien.

A. Taxes due and not paid on the date required by this chapter, together with all interest, penalties and costs accruing thereafter, shall immediately become a lien in favor of the municipality upon all of the dealer's real and personal property, including rights to such property. Such lien shall continue until all taxes, penalties, interest and costs due the municipality have been paid, or the lien released in whole or in part.

1. A separate notice of such lien shall be given to each dealer liable for the taxes by mail, and shall be recorded in the Sitka Recording District, First Judicial District, State of Alaska and any other recording district the department may choose.

2. Notice of the lien shall specify the person(s) liable for payment of the tax, the amount of taxes and the date they were due, a statement of the interest, penalties and costs accrued and which may thereafter accrue, the tax period for which the taxes were due and such other information as the department may determine or as may be required by law.

B. No failure or defect in the notice of lien, except as to the amount if different than the recording thereof, shall adversely affect the existence or priority of the lien created under this section to the extent of the correct amount which is the same or less than that stated in the recorded lien.

4.27.220 Collection of taxes, interest, penalties, and costs.

Taxes, interest, penalties, and costs due under this chapter and unpaid may be collected by any lawful means, including a civil action for the collection of a debt, by foreclosure of the tax lien in accordance with AS 09.45.170 through 09.45.220 or similar statutes in substitution thereof, or by any combination of the above.

4.27.230 Prohibited acts.

In addition to other acts and omissions prohibited by this chapter:

A. No person shall engage in business as a dealer or conduct any exchange or barter for consideration, in any manner or by any means whatsoever, of taxable fuel in the municipality without a proper and current registration under this chapter.

B. No person shall fail or refuse to pay the tax imposed by this chapter.

C. No dealer or responsible party shall deny the finance director, subsequent to proper identification, access to the dealer's fuel records required by this chapter, for purposes of inspection under this chapter.

D. A person shall not prepare and submit to the department a false tax return with the intent to fail to remit taxes due pursuant to this chapter.

E. No person whose certificate is suspended or revoked shall acquire, sell or transfer, or offer to sell or transfer fuel during the period of the suspension or revocation on any premises occupied or controlled by that person.

F. A person shall not knowingly use, allow or permit the use of real property in the municipality by a dealer for use in conducting its business as a dealer, unless the dealer is properly registered with the department under this chapter. Providing such real property after notice from the department that such provision of real property violates this subsection is prima facie evidence of the violation.

G. A person shall not knowingly provide advertising, web hosting, or other marketing services to a dealer in the municipality that is not properly registered under this chapter. Providing such services after notice from the department that such provision of services violates this subsection is prima facie evidence of the violation.

4.27.240 Interest.

In addition to any penalties imposed by this chapter, interest at the rate of 12 percent per annum shall accrue daily and be due from the dealer on the unremitted balance of taxes after the date on which their remittance was due.

4.27.250 Penalties.

A. A dealer who fails to file a tax return within seven calendar days following its due date shall automatically incur a civil penalty for each tax return not filed equal to ten percent of the taxes actually due the municipality. A dealer who fails to remit the full amount of any tax due within seven calendar days following its due date shall incur and pay a civil penalty of ten percent of the actual amount of taxes due but remaining unpaid after such date. If a person fails to pay the full amount of the tax due or file a tax return or report required under this chapter within 16 calendar days after its due date, each of the aforementioned civil penalties shall be increased from ten percent to 25 percent.

1. The penalty shall be computed on the unpaid balance of the tax liability as determined by the department.

2. Notice of the penalties incurred and to be incurred shall be given to the person responsible for payment of the taxes or filing the tax return or report when such tax payment or tax return or report is delinquent for seven calendar days after its due date.

3. The penalties provided for in this subsection shall be in addition to all other penalties and interest provided for under this chapter.

B. The department may revoke a certificate of registration issued under this chapter for any violation of this chapter.

C. If a dealer fails to remit at least 95 percent of the taxes due under this chapter within 45 calendar days of the due date, the department shall revoke the dealer's certificate of registration issued under this chapter and the dealer shall incur a civil penalty up to and including an amount equal to the unpaid delinquent taxes.

D. A managing member, officer, director, owner or responsible party of an enterprise engaged in business as a dealer without a certificate of registration issued under this chapter is personally liable for all taxes which should have been remitted to the municipality, plus a penalty equal to 25 percent of the tax which should have been remitted, in addition to all costs, taxes, interest and other penalties due under this chapter.

E. The municipal attorney may petition the court for injunctive relief against a person engaged in business as a dealer without a certificate of registration issued under this chapter.

F. In addition to any other remedy or penalty provided by this chapter, a dealer, responsible party or any person who violates or threatens to violate a provision of this chapter or a valid order of the department or finance director authorized under this chapter, shall be subject to a civil penalty as described in this section, or injunctive relief to restrain the person from continuing the violation or threat of violation, or both such civil penalty and injunctive relief. Upon application by the municipality for injunctive relief and a finding that a person is violating or threatening to violate a provision of this chapter or a valid order of the department or finance director authorized under this chapter, the Superior Court shall grant injunctive relief to restrain the violation.

G. Any person who violates any provision of this chapter shall be liable for a civil penalty of up to \$1,000.00 for each separate violation. Where multiple instances of the same violation occur, each instance shall constitute a separate violation.

H. Civil and criminal penalties shall be cumulative remedies and shall not relieve a dealer, responsible party, or person conducting sales or transfers of fuel of the duties imposed under this chapter.

I. A person who owns or controls the real property where an unregistered dealer is operating and who, after being notified by the department that the continued operation of the unregistered dealer is in violation of this chapter, allows the unregistered dealer to continue to sell taxable fuel on the property and fails to take reasonable action to prevent prohibited sales of taxable fuel from the real property is complicit in a prohibited act under section 4.27.230 and shall be subject to penalties set forth in this section.

J. A person who provides advertising, web hosting, or other marketing services to a dealer in the municipality not having a certificate of registration under this chapter after receiving notice from the department to cease providing advertising, hosting or marketing for taxable fuel sale by this dealer is complicit in a prohibited act under section 4.27.230 and shall be subject to penalties set forth in this section.

K. A person who commits an act prohibited by this chapter is subject to prosecution pursuant to applicable state and/or municipal law.

4.27.260 Remedies for a person aggrieved.

A. Any person aggrieved by any action or determination of the department under this chapter may apply to the department and request a hearing before the finance director on the department's action or determination within 30 days from the date the department mails notice of the department's action or determination.

1. An application for a hearing must notify the department of the specific action or determination complained of and the amount of tax, interest, cost or penalty contested and the reason for such contest.

2. The uncontested portion of any tax due under this chapter shall be paid when due regardless of any application for a hearing. Payment of the total amount due may be made at any time before the hearing. If the department has reasonable cause to believe that collection of the total amount due might be jeopardized by delay, immediate payment of the total amount may be demanded and the department may pursue any collection remedies provided by law. Payment in full does not affect a person's right to a hearing.

B. Upon timely application for a hearing under subsection A of this section, the finance director shall hold a hearing and render a decision or determination in accordance with applicable municipal policy and/or code to determine whether a correction or reversal of the department's action or determination is warranted.

1. If a person requesting a hearing fails to appear at the hearing, the finance director may issue a decision without taking evidence from that person, unless the person shows reasonable cause for failure to appear within seven days after the date scheduled for the hearing.

C. Within 30 days after receipt of a written decision by the finance director, a person aggrieved by the decision may appeal the decision to the Superior Court of the First Judicial District.

1. The person aggrieved shall be given access to the department's file in the matter for preparation of such appeal.

2. Taxes, costs, penalties, and interest declared to be due in the decision of the finance director must be paid within 30 days after the date of the decision or a supersedeas bond guaranteeing their payment must be filed with the court in accordance with Alaska Court Rules of Appellate Procedures.

D. If after the appeal to the Superior Court is heard it appears that the action or determination of the department and/or the decision of the finance director was correct, the court shall confirm such action, determination or decision, as the case may be. If the department's action or determination or the decision of the chief fiscal officer's decision was incorrect, the court may determine the proper action, determination or decision. If the person aggrieved is entitled to recover all or part, of any tax due or paid, the court shall order the repayment and the department shall pay such amount within 14 days and attach a certified copy of the judgment to the payment.

E. Hearings before the finance director under this chapter may, at the option of the finance director, be conducted by an administrative hearing officer designated by the finance director. If the finance director refers such matter to an administrative hearing officer, the administrative hearing officer shall conduct the hearing and prepare findings and conclusions. These findings and conclusions shall be forwarded to the finance director for adoption, rejection or modification and issuance of a final order or decision by the finance director.

4.27.270 Definitions.

Any words, terms and phrases not defined in this section shall, if defined therein, have the meaning given in AS 43.40.100 or regulations adopted by the state to implement its fuel tax pursuant to AS Ch 43.40, or otherwise shall have their ordinary and common meaning. The following words, terms, and phrases, when used in this chapter, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

A. "Certificate of registration" or "Certificate" means a license issued by the department authorizing a specified dealer to assess, collect, and timely remit to the department the excise tax on fuel levied by this chapter.

B. "Certificate of use" means the certificate provided to the State of Alaska Department of Revenue - Tax Division that is obtained by the dealer from a fuel purchaser at the time of the first sale or transfer of the fuel to that purchaser stating the fuel that has been or will be purchased or received is not intended for use as taxable fuel.

C. "Common storage tank" means a storage tank serving taxable and exempt uses, or multiple taxable uses to which various tax rates apply.

D. "Consideration" means something of value given by both parties to a contract that induces them to enter into the agreement to exchange mutual performances. Consideration must have a value that can be objectively determined.

E. "Dealer" means a person who sells or otherwise transfers in the municipality fuel upon which the taxes imposed by this chapter have not been paid. The term includes qualified dealers.

F. "Department" means the finance department of the municipality.

G. "Export" means the transport of fuel as cargo out of the municipality by or for the seller or purchaser and intended for use or resale outside of the municipality.

H. "Finance director" means the finance director of the municipality or designee.

I. "Funds" means money, assets or intangible assets that can be converted to United States currency and/or coin.

J. "Issue" date means the date the department has completed the review of the application and has generated and is prepared to release the certificate of registration to the applicant.

K. "Motor fuel" or "fuel" means all liquid substances refined, compounded, or produced for the purpose of use in an engine for the propulsion of a motor vehicle that is required to be licensed or registered to be driven on a public road or highway, and use in an engine for the propulsion of boats is required to be licensed or registered to be used in public places within the state. This does not include aviation fuel.

L. "Municipality" means the City and Borough of Sitka.

M. "Official use" means use by a federal, state or local government agency, but does not include the following:

1. consumption by a contractor who purchases fuel either for its own account or as the agent of a government agency for use in the performance of a contract with that agency;

2. use in a private vehicle; or

3. sales of fuel.

N. "Person" includes an individual, company, partnership, limited liability partnership, joint venture, joint agreement, limited liability company, association (mutual or otherwise), corporation, estate, trust, business trust, receiver, trustee, syndicate, or any combination acting as a unit.

O. "Qualified dealer" has the meaning established in state statute and regulation, AS 43.40.100(3) and 15 AAC 40.600, and a person with a qualified dealer license from the state.

P. "Reseller" means a person who sells or otherwise transfers in the municipality fuel upon which the taxes imposed by this chapter have been paid.

Q. "Responsible party" means a person who has a level of control over, or entitlement to, the funds or assets of a dealer that, as a practical matter, enables the individual, directly or indirectly, to control, manage, or direct the dealer or the dealer's operations.

R. "User" means a person consuming, using, or purchasing fuel that is the subject of this chapter.

S. "Tax return" means the monthly report to be submitted to the department as required by section 4.27.130.

* * *

5. BALLOT PROPOSITION. The following question shall be placed on the ballot at the regular election on October 5, 2021:

Shall the Sitka General Code be amended effective January 1, 2022, by adopting a three cent per gallon excise tax on motor fuels, including motor vehicle and marine, sold, transferred or used in the municipality, and place the tax revenues in dedicated municipal funds for the maintenance, repair, replacement, and/or construction of related municipal infrastructure?

Yes ☐ No ☐

Informational: See Ordinance 2021-14

6. EFFECTIVE DATE. This ordinance shall become effective January 1, 2022, upon certification of the October 5, 2021, election results that show a majority of qualified voters approved the enactment.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 13th day of July, 2021.

Steven Eisenbeisz, Mayor

ATTEST:

Jessica Earnshaw
Acting Municipal Clerk

1st reading: 6/22/2021
2nd and final reading: 7/13/2021

Sponsors: Knox / Himschoot



CITY AND BOROUGH OF SITKA

Legislation Details

File #: ORD 21-17 Version: 1 Name:

Type: Ordinance Status: AGENDA READY

File created: 6/16/2021 In control: City and Borough Assembly

On agenda: 7/13/2021 Final action:

Title: Proposing to amend Title 4 "Revenue and Finance" of the Sitka General Code by adding a new subsection to Chapter 4.09 "Sales Tax" to establish a consumer's sales tax on marijuana and marijuana products, in addition to the existing consumer's sales tax; and amending Chapter 4.25 "Student Activities Dedicated Travel Fund" such that the tax proceeds will be deposited into and disbursed from that fund for extracurricular student activities; and submitting the question of such amendment to the qualified voters at the regular election on October 5, 2021

Sponsors:

Indexes:

Code sections:

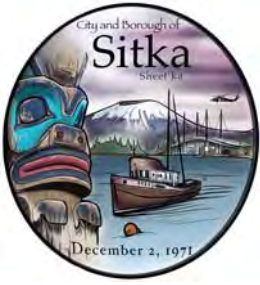
Attachments: [01 Motion Ord 2021-17](#)
[02 Memo Ord 2021-17](#)
[03 Ord 2021-17](#)

Date	Ver.	Action By	Action	Result
6/22/2021	1	City and Borough Assembly		

Sponsors: Knox/Himschoot

POSSIBLE MOTION

I MOVE TO approve Ordinance 2021-17 on second and final reading Proposing to amend Title 4 “Revenue and Finance” of the Sitka General Code by adding a new subsection to Chapter 4.09 “Sales Tax” to establish a consumer’s sales tax on marijuana and marijuana products, in addition to the existing consumer’s sales tax; and amending Chapter 4.25 “Student Activities Dedicated Travel Fund” such that the tax proceeds will be deposited into and disbursed from that fund for extracurricular student activities; and submitting the question of such amendment to the qualified voters at the regular election on October 5, 2021



City and Borough of Sitka

PROVIDING FOR TODAY...PREPARING FOR TOMORROW

A Coast Guard City

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

From: Assembly Members Knox and Himschoot

Date: June 16, 2021

Subject: Approve Ordinance 2021-17 Marijuana point of sale tax

Background

Most larger Alaska cities with marijuana growers and retail establishments are collecting targeted taxes on marijuana cultivation and sales, along with any standard city sales tax. Anchorage, Juneau, Fairbanks, North Pole and Ketchikan are just a few that leverage sales or excise taxes.

Analysis

Revenue generation is a large driver for any tax. Special taxation on products like marijuana, alcohol and cigarettes is often very well supported by voters and communities looking to distribute taxation away from necessary and critical needs and services to place a greater burden on “luxury” items.

Like alcohol and tobacco, the price of marijuana has been found to have the greatest deterrent impact on youth rates of use. Youth are the most price sensitive demographic in the purchasing spectrum when it comes to products like this. The US Surgeon General and the Centers for Disease Control have countless quantitative surveys that outline best practices for alcohol, sugar sweetened beverages and tobacco pricing; though at this time there isn't hard data on marijuana, there is speculative certainty from many of the same researchers that marijuana will be similar.

Fiscal Note:

Based on current retail sales tax data from Sitka's marijuana industry it is estimated that the additional 5% point of sale revenue would be approximately \$200,000. annually. All sales conducted within the CBS will be subject to the tax unless specifically exempted as a wholesale transfer or sale or other allowed exempt sale. Any tax holidays and the senior sales tax exemption will not apply to this tax.

Dedicating Revenue:

The ordinance contains a provision to dedicate revenue to the Sitka School District's Student Activity Travel Fund. The Sitka Health Summit Coalition, Sitka School District, Sitka Tribe of Alaska and the Children's Health Fund Action Group have collaborated over the past several years to develop the Fund, which holds proceeds of marijuana licensing fees currently.

Sitka has some significant inequities, with great disparity evident in income, opportunity and health outcomes along class and racial lines. Overall, 10% of Sitka's children live in poverty and 36% qualify for free or reduced lunch programs, with that number rising to over 45% in 2020.

The cost of extracurricular and after school activities is high and growing, in particular . For a single child to participate in one season of a typical club, sport or other organized healthy activity in Sitka, a family must be able to pay up to several hundred dollars in registration, uniform, travel, and other fees. This financial burden is in addition to the challenge of providing youth with the necessary gear, snacks and transportation needed for full participation in activities. For families with limited resources, these barriers are often insurmountable and kids – often those with the greatest need for healthy, safe activities - are missing out on opportunities to exercise, play, build new skills, and gain exposure to positive peer and adult mentors. The SSD Student Activity Travel Fund was designed to help close this opportunity gap by funding student participation in activities that improve health and wellbeing. The goal of the SSD Student Activity Equity Fund working group is to create and administer the funds with an equity lens, thereby building a more just and healthy Sitka.

The Fund is a collaborative undertaking. The Sitka School District's Activities Director manages the program and Sitka School District distributes the funds. The Sitka School District is an ideal partner since they can use the application process that students use to be eligible for free and reduced school lunches.

Community partners formed the Children Health Fund Workgroup: Sitka Counseling and Prevention Services, Sitka Tribe of Alaska, Sitka Community Hospital and the Sitka Conservation Society. That workgroup will continue to advise the SSD in evaluating and managing the fund so that it continues to grow both from CBS contributions and leveraged funding opportunities like the Robert Wood Johnson Fund RWJF Action Acceleration Grant, Rotary and other private donors. To date the Fund has been granted \$10,000 from RWJF and received commitments from individual donors. Part of the recent grant funds will be used to hire a professional evaluator to examine and report on the implementation and results, helping to ensure both accountability and success in reaching the goal of the Fund.

The Sitka Health Summit Coalition will leverage learnings from the Roadmaps to Health coaching program to insure that the fund is appropriately designed to sustainably

achieve its equity and health goals. The program is being piloted at Sitka High School with plans to scale up and grow district wide. Providing a dedicated revenue stream to this fund will improve access and equity to healthy, school-sponsored activities for students in Sitka.

Recommendation:

Approve Ordinance 2021-17 submitting the question to the qualified voters at the regular election on October 5, 2021.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2021-17

BALLOT PROPOSITION OCTOBER 5, 2021

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA PROPOSING TO AMEND TITLE 4 "REVENUE AND FINANCE" OF THE SITKA GENERAL CODE BY ADDING A NEW SUBSECTION TO CHAPTER 4.09 "SALES TAX" TO ESTABLISH A CONSUMER'S SALES TAX ON MARIJUANA AND MARIJUANA PRODUCTS, IN ADDITION TO THE EXISTING CONSUMER'S SALES TAX; AND AMENDING CHAPTER 4.25 "STUDENT ACTIVITIES DEDICATED TRAVEL FUND" SUCH THAT THE TAX PROCEEDS WILL BE DEPOSITED INTO AND DISBURSED FROM THAT FUND FOR EXTRACURRICULAR STUDENT ACTIVITIES; AND SUBMITTING THE QUESTION OF SUCH AMENDMENT TO THE QUALIFIED VOTERS AT THE REGULAR ELECTION ON OCTOBER 5, 2021

1. CLASSIFICATION. This ordinance is of a permanent nature and is intended to become a part of the Sitka General Code.

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

3. PURPOSE. The purpose of this ordinance is to amend the SGC Title 4 "Revenue and Finance" by adding a new subsection in Chapter 4.09 "Sales Tax" to provide for a point of sale retail tax on marijuana and marijuana products. Revenues are to fund the Student Activities Fund of the Sitka School District to support extracurricular student activities and associated travel costs.

4. ENACTMENT. NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that the Sitka General Code Title 4, entitled "Revenue and Finance", be amended by adding a new subsection in Chapter 4.09, entitled "Sales tax", at section 4.09.010, entitled "Levy of sales tax", and amending Chapter 4.25, entitled "Student Activities Dedicated Travel Fund", to read as follows (deleted language stricken, new language underlined):

**Title 4
FINANCE AND REVENUE**

Chapters:

* * *

4.09 Sales Tax

* * *

4.25 Student Activities ~~Dedicated Travel~~ Fund

* * *

Chapter 4.09
SALES TAX

Sections:

4.09.010 Levy of sales tax.

* * *

4.09.010 Levy on sales tax.

A. There is levied a consumer's sales tax on sales, rents, and leases made in the city and borough of Sitka. This tax applies to sales, rentals, and leases of tangible personal property; sales of services sold within the city and borough of Sitka; sales of services performed wholly or partially within the city and borough of Sitka when the provision of such services originates or terminates within the city and borough of Sitka; and rentals and leases of real property located within the city and borough of Sitka. Notwithstanding any provision of law, air or sea charter services, provided a person or entity in the business of providing such charter services, are exempt from sales tax by the city and borough of Sitka if the charter does not commence and end within the city and borough of Sitka.

B. The rate of levy of the sales tax levied under subsection A of this section is five percent on sales made during the months of October, November, December, January, February, and March. The rate of levy of the sales tax levied under subsection A of this section is six percent on sales made during the months of April, May, June, July, August, and September.

C. A flat rate of ten dollars per fish box shall be levied on the packaged fish and/or seafood caught or taken and retained by fish charter customers as part of the fish charter. This tax shall be paid by the fish charter customer, collected by whoever packages the fish and/or seafood caught or taken by the fish charter customer, and is in addition to any sales tax paid based on the cost of the charter. This tax is effective January 1, 2007. For purposes of this subsection, a "fish box" means any packaging by a fish charter operator or processor of fish and/or seafood caught or taken as part of the charter by a fish charter customer. The sales tax collected from this levy on fish boxes shall be deposited by the finance director in the following funds in the following ratios:

1. Thirty percent in the harbor fund;
2. Thirty percent in a fisheries enhancement fund, available to be used for any fisheries enhancement proposal upon approval of the proposal by the assembly; and
3. Forty percent in the general fund.

D. In addition to the consumer's sales tax levied in subsection A of this section, a consumer's sales tax of five percent is hereby levied on retail sales of marijuana, as "marijuana" is defined in AS 17.38.900(10), and retail sales of marijuana products, as "marijuana products" is defined in AS 17.38.900(15). All tax revenue collected by the municipality under this subsection shall be deposited by the finance director into the Student Activities Fund. Each year during the annual budget process an appropriation from the Student Activities Fund will be made based on projected annual revenue and funding will be transferred to the Sitka School District. This

funding will be restricted to the support of extracurricular student activities and associated travel costs.

ED. Except as provided in subsection C and D of this section, all moneys accumulated under the terms of this chapter shall be deposited by the finance director in the general fund of the city and borough of Sitka and shall be used for the general operating expenses of the city and borough of Sitka in such a proportion as deemed advisable from time to time by the assembly.

* * *

Chapter 4.25

STUDENTS ACTIVITIES ~~DEDICATED TRAVEL~~ FUND

Sections:

4.25.010 Student activities ~~dedicated travel~~ fund.

4.25.020 Revenue source for the student activities ~~dedicated travel~~ fund.

* * *

4.25.010 Student activities ~~dedicated travel~~ fund.

A student activities ~~dedicated travel~~ fund is hereby created. The student activities ~~dedicated travel~~ fund shall be maintained separate and apart from all other funds and accounts of the city and borough. The student activities ~~dedicated travel~~ fund shall only be used to assist with the payment of expenses associated with extracurricular student activities and associated travel costs that is part of a Sitka School District sponsored activity.

4.25.020 Revenue source for the student activities ~~dedicated travel~~ fund.

Notwithstanding any other provision of law, all proceeds received by the city and borough of Sitka from the state of Alaska resulting from marijuana licensing fees and the consumer's sales tax on marijuana and marijuana products shall be deposited in their entirety in the student activities ~~dedicated travel~~ fund.

Proceeds will be appropriated during the annual budget process. The amount transferred is to be included in the calculation of the local support of education per AS 14.17.410.

* * *

5. BALLOT PROPOSITION. The following question shall be placed on the ballot at the regular election on October 5, 2021:

Shall the Sitka General Code be amended, effective January 1, 2022, by adopting a five percent sales tax on marijuana and marijuana products sold in the municipality, in addition to the existing sales tax on retail sales, and place the tax revenues in a dedicated municipal fund for the Sitka School District for extracurricular student activities and associated travel costs?

Yes ☐ No ☐

Informational: See Ordinance 2021-17

6. EFFECTIVE DATE. This ordinance shall become effective January 1, 2022, upon certification of the October 5, 2021, election results that show a majority of qualified voters approved the enactment.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska, this 13th day of July, 2021.

Steven Eisenbeisz, Mayor

ATTEST:

Jessica Earnshaw
Acting Municipal Clerk

1st reading: 6/22/2021
2nd and final reading: 7/13/2021

Sponsors: Knox / Himschoot



CITY AND BOROUGH OF SITKA

Legislation Details

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

Type: Ordinance Status: AGENDA READY

File created: 6/16/2021 In control: City and Borough Assembly

On agenda: 7/13/2021 Final action:

Title: Making supplemental appropriations for fiscal year 2022 (Lincoln Street Paving Project)

Sponsors:

Indexes:

Code sections:

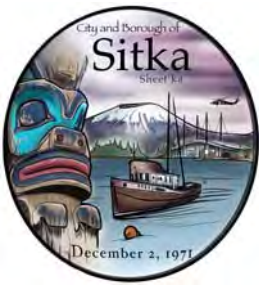
Attachments: [01 Motion Ord 2021-16](#)
[02 Memo NCL Donation to Lincoln Street](#)
[03 Ord 2021-16](#)

Date	Ver.	Action By	Action	Result
6/22/2021	1	City and Borough Assembly		

Sponsors:Knox/Himschoot

POSSIBLE MOTION

I MOVE TO approve Ordinance 2021-16 on second and final reading Making supplemental appropriations for fiscal year 2022 (Lincoln Street Paving Project)



City and Borough of Sitka

PROVIDING FOR TODAY...PREPARING FOR TOMORROW

A Coast Guard City

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

From: Assembly Members Kevin Knox and Kevin Mosher

Date: June 10, 2021

Subject: Norwegian Cruise Line Donation Allocation to Lincoln Street

Background

The Assembly accepted a \$1M donation from Norwegian Cruise Line (NCL) at their April 27th meeting and directed the Administrator to come back to the Assembly to seek guidance for a distribution plan. Many ideas were discussed during subsequent Assembly meetings and Assembly Members Mr. Knox and Mr. Mosher moved forward sponsoring this item to appropriate the funds directly to the Lincoln Street project per the attached budget appropriation ordinance 2021-16.

Lincoln Street Project Background (City Hall to Lake Street):

- Project was in consideration to be funded by Commercial Passenger Excise (CPET) funds for many years. However, as CPET funds significantly declined this was not possible.
- In FY18 the project was partially funded (\$950k) with General Funds to begin the design process and start saving money for the eventual replacement of the pavement and drainage including safety improvements.
- FY19 an additional \$1,405,000 was added to the project including \$105,000 in CPET funds providing a total project budget of \$2,355,000.
- Public Works hosted three public meetings and met with several property owners.
- Project was reviewed and approved by the Historical Preservation Commission.
- Police and Fire Commission approved converting Barracks and American Street to one-way.
- Assembly design review presentation June 2019. Project was put in question as not needed.
- Design was complete by July 2019 and put on hold.
- Assembly work session December 2019, direction was given to have more public process to decide if the project was warranted and if the scope should be reduced or increased to include landscaping and additional quality of life amenities and hardscapes.
- 2020 budget shortfalls were significant, and the project was directed to remain on hold.

Lincoln Street from Jeff Davis to Lake Street was defunded to fund other more urgent capital projects (including Peterson St. culvert and Knutson Dr. emergency repair)

Current Design Project Scope Summary:

- Lincoln Street has approximately \$1.6M remaining. To complete the project as designed is estimated to need an additional \$813,000.
- Pavement replacement from City Hall to Lake Street
 - Most recent pavement reconstruction: 1985
 - Most recent pavement overlay: 2002
- Curb ramps re-built to comply with ADA Standards.
- Limited, select areas of failing sidewalk will be replaced.
- Corroding / failing storm infrastructure will be replaced.
- Some drainage will be re-routed to discharge next to Totem Square.
- New water main to serve Cathedral Way.
- Safety improvements in front of St. Michael's Cathedral.

Analysis

The NCL donation amount of \$1M aligns well with the funding needed to complete the basic maintenance project similar in nature to what was previously designed. However, significant increases in visitors to Sitka is anticipated and there is growing concern that the existing layout of Lincoln Street is in need of more significant upgrades in capacity for pedestrians and busses. Furthermore, we have received increasing support for downtown to be revitalized with modern landscaping/hardscape, lighting, safety, and function improvements. Once the project is complete, it will be very expensive and inefficient to do rework if these modifications are not planned for now.

Allocating NCL funding to the Lincoln Street project will move it from a state of being short funded to being able to move forward. This will promote discussion and planning to take place related to continuing with the project as designed or to wait for additional funding to increase the scope or possibly do it in phases. Staff can work on concepts through the tourism planning group this fall and provide the Assembly an updated presentation in the January/February timeframe to overview the range of options. The tourism planning workgroup is scheduled to focus on Lincoln Street in August/September timeframe which gives staff a few months to work on concepts and time afterwards to make revisions, compile public comment, and develop cost estimates.

Fiscal Note

Lincoln Street project is divided into segments. Project #90838 is from Lake Street to City Hall (aka Harbor Way to Harbor Drive) and Project #90844 is from Lake Street to Jeff Davis Street. Lincoln Street from Jeff Davis Street to the National Park Service is already complete.

This budget appropriation ordinance will directly appropriate funds to the Lincoln Street project #90838 (Lake Street to City Hall) which is the only project currently funded.

Lincoln Street remaining budget and additional funding needs by segment:

<u>Lincoln Street Segments:</u>	<u>Remaining Budget:</u>	<u>Additional Funds Needed:</u>
Lake Street to City Hall	\$1.6M	\$813k to \$3.4M
Lake Street to Jeff Davis Street	\$0	\$3.5M

Other potential funding sources consist of the Long Term Public Infrastructure Sinking Fund (Sinking Fund) which has an approximate balance of \$527K and the CPET funds with an approximate balance of \$1.1 million. Code outlines that the use of the Sinking Fund is for General Fund municipal buildings, streets, sidewalks, parking lots and parks and shall be annually appropriated as recommended by the Administrator in his/her annual budget. Money going in or out of this Sinking Fund is per the Administrators direction unless a supermajority vote by the Assembly directs otherwise or allocates it for emergency purpose as defined by code section 4.45.05. This funding is would most likely be considered for appropriation into the project during the FY23 budget once the scope and budget are approved. Finally, General Fund working capital could also be used as a funding source. If ARPA funds are used to as revenue replacement, General fund working capital will be higher than previously anticipated, making funding this project more feasible. Directly appropriating ARPA funds, would be more challenging as there would then be time constraints on the project as well as potentially more complicated procurement.

Recommendation

- Approve ordinance 2021-16 appropriating the sum total of the Norwegian Cruise Line donation \$1,000,000 directly to the Lincoln Street project 90838.
- Lincoln Street project to remain on hold until scope and budget are further developed through the tourism planning process and finalized by the Assembly.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2021-16

**AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA MAKING SUPPLEMENTAL
APPROPRIATIONS FOR FISCAL YEAR 2022
(Lincoln Street Paving Project)**

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 make a supplemental Capital appropriation for FY2021.

4. **ENACTMENT.** In accordance with Section 11.10 (a) of the Charter of the City and Borough of Sitka, Alaska, the Assembly hereby makes the following supplemental appropriation for the budget period beginning July 1, 2021 and ending June 30, 2022.

<u>FISCAL YEAR 2022 EXPENDITURE BUDGETS</u>
<u>CAPITAL FUND</u>
Fund 700– Lincoln Street Paving Project 90838: Increase appropriations in the amount of \$1,000,000 with proceeds coming from the Norwegian Cruise Lines for the Lincoln Street Paving Project.

EXPLANATION

This appropriation will increase funding for the Lincoln Street Paving capital project. This section of the project covers the section of Lincoln Street that goes from the Lake Street intersection to the end of Lincoln Street near City Hall/Totem Square.

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 13th Day of July 2021.

ATTEST:

Steven Eisenbeisz, Mayor

Jessica Earnshaw
Acting Municipal Clerk

1st reading: 6/22/2021

2nd and final reading: 7/13/2021



CITY AND BOROUGH OF SITKA

Legislation Details

File #: ORD 21-18 Version: 1 Name:

Type: Ordinance Status: AGENDA READY

File created: 6/16/2021 In control: City and Borough Assembly

On agenda: 7/13/2021 Final action:

Title: Amending Title 15 "Public Utilities" of the Sitka General Code by updating Chapter 15.06 "Solid Waste Treatment and Refuse Collection" to reduce the refuse collection rate for customers living within the harbor system

Sponsors:

Indexes:

Code sections:

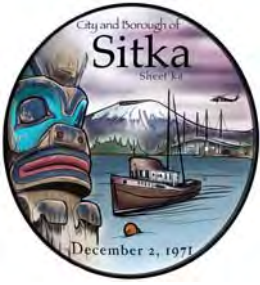
Attachments: [01 Motion Ord 2021-18](#)
[02 Memo Ord 2021-18](#)
[03 Ord 2021-18](#)

Date	Ver.	Action By	Action	Result
6/22/2021	1	City and Borough Assembly		

Sponsors: Knox/Christianson

POSSIBLE MOTION

I MOVE TO approve Ordinance 2021-18 on second and final reading Amending Title 15 “Public Utilities” of the Sitka General Code by updating Chapter 15.06 “Solid Waste Treatment and Refuse Collection” to reduce the refuse collection rate for customers living within the harbor system



City and Borough of Sitka

PROVIDING FOR TODAY...PREPARING FOR TOMORROW

A Coast Guard City

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

From: Assembly Members Knox and Christianson

Date: June 16, 2021

Subject: Approve Ordinance 2021-18

Background

The utility rates for liveaboard vessels (water, sewage, garbage and electrical) were established in the 1996' era. Liveaboard rates are very common throughout harbors and marinas.

At the February 10, 2021 Port and Harbors meeting Commission members discussed a change to harbor garbage rates to address liveaboard garbage fees in relation to other fees assessed within the City and Borough.

Commission members reviewed monthly garbage rates in Sitka. Currently, harbor liveaboards were required to pay a \$56.29 per month garbage fee, equal to the price of a shared 300 gallon bin such as is used for apartment complexes, for reference a 96 gallon waste bin at one's residence is currently \$65.01. Port and Harbor Commission Member Mike Nurco felt that most liveaboard vessels had less people residing on them, and generate less trash, vs a home in Sitka yet were required to pay the same garbage fee. Upland residents also have the option to pay a lower monthly garbage fee (\$37.03) for a smaller sized waste bin.

A unanimous vote to change the rate to the same rate as the small bin residential charge was recorded. A motion was also made that all revenue generated from collection of liveaboard garbage fees goes to the harbor fund as collection fees for harbor pick up come from the harbor budget and the harbor fund.

Analysis

The 14 live aboard utility accounts are paying \$56.29 per month for refuse. The Port and Harbor Commission believes this rate is extreme. The commission recommends reducing the rate to \$38.70 per month. This is equivalent to a residential 48-gallon waste bin, as opposed to a shared 300-gallon tub, at \$58.82 per month (FY22). Of note, there are likely a significant number of vessels that should be in liveaboard status,

should enforcement be increased, the number of live aboard accounts may increase significantly.

Fiscal Note

It is estimated that passing this ordinance will result in a small reduction in fees collected from the liveaboard garbage fees collected. The proposed rate will generate approximately \$6,501.60 per year. This is a reduction of \$4,380.16 or 34% annually to the Solid Waste fund. With the addition of non compliant liveaboards the fiscal impact will be less. These projections will fluctuate over the course of time.

Recommendation

Approve Ordinance 2021-18.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2021-18

**AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING TITLE 15
“PUBLIC UTILITIES” OF THE SITKA GENERAL CODE BY UPDATING CHAPTER 15.06
“SOLID WASTE TREATMENT AND REFUSE COLLECTION” TO REDUCE THE REFUSE
COLLECTION RATE FOR CUSTOMERS LIVING WITHIN THE HARBOR SYSTEM**

1. CLASSIFICATION. This ordinance is of a permanent nature and is intended to become a part of the Sitka General Code.

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

3. PURPOSE. The purpose of this ordinance is to reduce liveaboard refuse collection rates to equal the small residential (48-gallon container) garbage can as liveaboards generate very little garbage in the harbor system.

4. ENACTMENT. NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that the Sitka General Code Title 15, entitled “Public Utilities”, be amended by changing Chapter 15.06, entitled “Solid Waste Treatment and Refuse Collection”, at section 15.06.035, entitled “Rates for treatment and collection”, to read as follows (deleted language stricken, new language underlined):

**Title 15
PUBLIC UTILITIES**

Chapters:

- 15.01 Electric Utility Policies**
- 15.02 Watershed Control Program**
- 15.04 Sewer system**
- 15.05 Water system**
- 15.06 Solid Waste Treatment and Refuse Collection**

* * *

**Chapter 15.06
SOLID WASTE TREATMENT AND REFUSE COLLECTION**

Sections:

- 15.06.005** Frequency of collection.
- 15.06.010** Preparation of refuse.
- 15.06.015** Refuse receptacle.
- 15.06.020** Solid waste disposal policy and rates.
- 15.06.030** Receptacles available.
- 15.06.035** Rates for treatment and collection.

* * *

15.06.035 Rates for treatment and collection.

A. The following rates are effective on the day after the day a solid waste user fee ordinance containing such fees is passed:

48-gallon container	\$38.70 per month
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96-gallon container	\$65.01 per month
300-gallon container	\$263.16 per month

B. These rates are for one container that the refuse collection contractor picks up once a week. For customers that fall into one of the following three categories, the rates for treatment and collection will be:

For those customers in apartment complexes or other unique situations identified on the list maintained by the finance director	\$58.82 per month
For those customers living within the harbor system	\$58.82 38.70 per month
For those customers living on an island other than Baranof or connected by bridge to Baranof who do not receive any service from the refuse collection contractor	\$29.08 per month

C. Rates shall be reviewed annually in January by the assembly.

* * *

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

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska, this 13th day of July, 2021.

Steven Eisenbeisz, Mayor

ATTEST:

Jessica Earnshaw
Acting Municipal Clerk

1st reading: 6/22/2021

2nd and final reading: 7/13/2021

Sponsors: Knox / Christianson



CITY AND BOROUGH OF SITKA

Legislation Details

File #: ORD 21-19 Version: 1 Name:

Type: Ordinance Status: AGENDA READY

File created: 7/7/2021 In control: City and Borough Assembly

On agenda: 7/13/2021 Final action:

Title: Making supplemental appropriations for fiscal year 2022 (Cross Trail Phase 6)

Sponsors:

Indexes:

Code sections:

Attachments: [01 Motion Ord 2021-19](#)
[02 Memo Supplemental Appropriations](#)
[03 Ord 2021-19](#)

Date	Ver.	Action By	Action	Result
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POSSIBLE MOTION

I MOVE TO approve Ordinance 2021-19 on first reading
Making supplemental appropriations for fiscal year 2022
(*Cross Trail Phase 6*)




City and Borough of Sitka

PROVIDING FOR TODAY...PREPARING FOR TOMORROW

Coast Guard City

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

Thru: John Leach, Municipal Administrator 

From: Melissa Haley

Date: July 6, 2021

Subject: Supplemental Capital Appropriation for Cross Trail Phase 6

Background

Based on an anticipation of a funding shortfall communicated by Sitka Trail Works/the City and Borough of Sitka (CBS), Western Federal Lands (WFL), the primary funder of the Cross Trail Phase 6 project, has added additional funding of \$250,000, with a required 9.03% match of \$24,614.

Analysis

The matching funding for the additional WFL grant funding is to be provided by the CARES Act funds that the CBS paid to the Sitka Conservation Society for work they did to revegetate portions of the newest section of the Cross Trail. While federal funding cannot usually be a match federal funding, WFL allows funding so long as the funding is not authorized under Title 23 or title 49. The CARES Act funding was Title 15, and thus is allowable.

Fiscal Note

In order to expend the additional \$250,000, a supplemental appropriation in that amount is required. The grant is a reimbursable grant, and grant funds are received only after they have been expended.

Recommendation

Authorize the Municipal Administrator to sign the amendment extending the period of performance through 12/31/22 and increasing the grant amount by \$250,000 and approve the supplemental capital appropriation in the amount of \$250,000 for project 90814 (Cross Trail Phase 6).

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2021-19

**AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA MAKING SUPPLEMENTAL
APPROPRIATIONS FOR FISCAL YEAR 2022
(Cross Trail Phase 6)**

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 make a supplemental Capital appropriation for FY2021.

4. **ENACTMENT.** In accordance with Section 11.10 (a) of the Charter of the City and Borough of Sitka, Alaska, the Assembly hereby makes the following supplemental appropriation for the budget period beginning July 1, 2021 and ending June 30, 2022.

:

<u>FISCAL YEAR 2022 EXPENDITURE BUDGETS</u>
CAPITAL FUND
Fund 700– Cross Trail Multimodal Pathway Phase 6 Project #90814: Increase appropriations in the amount of \$250,000 with proceeds coming from the Western Federal Lands Grant.

EXPLANATION

Western Federal Lands has amended the grant agreement with The City and Borough of Sitka to increase the grant amount for the Cross Trail Phase 6 project by \$250,000. It has also extended the period of performance through 12/31/2022.

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

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 27th Day of July 2021.

ATTEST:

Steven Eisenbeisz, Mayor

Sara Peterson, MMC
Municipal Clerk

1st reading: 7/13/2021

2nd and final reading: 7/27/2021



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 21-113 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 7/7/2021 In control: City and Borough Assembly

On agenda: 7/13/2021 Final action:

Title: Authorize the Municipal Administrator to accept additional funding in the amount of \$250,000 for project 90814 (Cross Trail Phase 6) from Western Federal Lands

Sponsors:

Indexes:

Code sections:

Attachments: [01 Motion Western Federal Lands](#)
[02 Memo Western Federal Lands](#)

Date	Ver.	Action By	Action	Result
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POSSIBLE MOTION

I MOVE TO authorize the Municipal Administrator to accept additional funding in the amount of \$250,000 for project 90814 (*Cross Trail Phase 6*) from Western Federal Lands



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 21-112 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 7/1/2021 In control: City and Borough Assembly

On agenda: 7/13/2021 Final action:

Title: Discussion/Direction/Decision on proposed lease terms between the City and Borough of Sitka and Sitka Community Boatyard for the development of haul out and shipyard at the Gary Paxton Industrial Park

Sponsors:

Indexes:

Code sections:

Attachments: [01 Motion for Sitka Community Boat yard](#)
[02 Memo GPIF haul out and shipyard proposal terms Assembly 0630](#)
[03 Assembly Memo - SCB Haul Out Proposal](#)
[04 Haul Out Proposal Clarifying Questions Memo](#)
[05 Haul Out Proposal Response Memo](#)
[06 haul out questions_final](#)
[08 Haul out RFP GW final 2021](#)
[09 SCB Lease Terms - Final](#)
[10 Final Scoping Summary Report 9.30.2019 reduced \(pg. 1-7\)](#)
[11 GPIF Haulout proposal Serka.Behnken](#)

Date	Ver.	Action By	Action	Result
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Discussion / Direction / Decision

on proposed lease terms between the City and Borough of Sitka and Sitka Community Boatyard for the development of haul out and shipyard at the Gary Paxton Industrial Park.

Step 1

Assembly discussion

Step 2

I MOVE TO direct the Municipal Administrator to prepare a lease based on the proposed terms from Sitka Community Boatyard.

OR

I MOVE TO direct the Municipal Administrator to present modified terms to the Sitka Community Boatyard to include: _____.



329 Harbor Drive, Suite 202
Sitka, AK 99835
Phone: 907-747-2660

Tuesday, June 29th, 2021

MEMORANDUM

To: John Leach, CBS Administrator

From: Garry White, GPIIP Director

Subject: GPIIP Haul Out and Shipyard Proposed Terms

Introduction

On February 1st, 2021, the City and Borough of Sitka (CBS) released a Request for Proposal (RFP) for private sector development and operation of a Marine Haul Out and Shipyard at the Gary Paxton Industrial Park (GPIIP). The RFP was open until April 8th, 2021.

The CBS received one proposal to the Request for Proposal (RFP) for private sector development of the haul out and shipyard.

The proposal from Jeremy Serka, Sitka Custom Marine and Linda Benken, ASFT Board President, as principals for a proposed entity called the Sitka Community Boatyard LLC (SCB) is attached and can be found at the following link:

<https://static1.squarespace.com/static/582222e36a49637d2e6e6edb/t/6087203d11dade4f469a1d7b/1619468361991/GPIIP+Haulout+proposal+Serka.Behnken.pdf>

The GPIIP Board met in executive session at its April 21st meeting as the Selection Committee to score the proposal. The Board was unable to come to a decision if the proposal was responsive to the RFP, nor score the proposal. Instead the Board sent the proposers a detailed list of qualifying questions to help clarify sections of the proposal (attached).

SCB provided a response to the RFP clarification questions on May 6th (attached). Some of the information provided was deemed to be proprietary/confidential and was provided to the GPIIP Board via confidential documents and discussed in executive session.

The GPIIP Board met again on May 12th in executive session as the selection committee and determined that the proposal was responsive to the RFP requirements. The Board tasked the GPIIP Director with negotiating terms of a lease with the principals of SCB. Please see the attached GPIIP Board response memo regarding how the proposal was scored and Board's statement about the proposal submitted.

The GPIIP Director and GPIIP Board Chair met with SCB folks multiple times to negotiated terms of a lease.

The GPIIP Board met on June 17 to review the proposed terms and approved the following motion:

Motion: M/S Mitchell/Morrison move to accept SCB's proposal with the presented terms including the adjustment to the size of the lift to be purchased as approved by the selection committee.

Action: Passed (5/0) on a voice vote

Background

The GPIIP Board has long recognized the importance of the fishing and maritime industry to the community of Sitka.

The GPIIP Board and CBS have been working on vessel haul out development concepts since the GPIIP properties were acquired. The CBS has repeatedly included marine haul out infrastructure requests in both its Federal and State Legislative Priorities. The CBS most recently applied for a USDOT Build Grant in May 2020 and has submitted an application for the upcoming 2021 grant opportunities.

In 2009, the CBS released a RFP for private sector development of a vessel haul at the GPIIP. The GPIIP Director met with various marine service providers throughout the state and in the Puget Sound area that were interested in operating a marine haul out, but many were not interested in providing the funding for the base infrastructure needed for a haul out operations. The CBS received one proposal to the RFP from Puglia Engineering Inc. out of Bellingham, WA. Puglia and the CBS could not come to terms on the proposal and investment, due to large capital requirement (~\$21 million) requested to be funded by the CBS.

In 2014, Silver Bay Seafoods proposed to construct a haul out at the GPIIP properties. After months of negotiations the venture did not move forward due to multiple reasons, including lack of waterfront ownership, infrastructure funding, and having other GPIIP lots being leased to other ventures in GPIIP.

In the spring of 2020, the CBS released another RFP for private sector development of a haul out. The RFP was structured for long term leases only.

The CBS received two proposals from the RFP process. The GPIIP Board met on April, 2020 to discuss and score both proposal as part of the CBS RFP Selection Committee. The CBS Selection Committee scored the proposal from WC Enterprises/SIMS with the highest score. The CBS Assembly accepted the GPIIP Board's recommendation to move forward with negotiating terms to move forward on a haul out at the GPIIP with WC/SIMS at its May 12th, 2020 meeting.

The CBS negotiation team consisting of the CBS Administrator, CBS Public Works Director, and the GPIIP Director met multiple times in May and June 2020 with the WC/SIMS' principal owners. After considering all available information, listening to public stakeholder comments, and investigating more in-depth on the financial costs to move forward with a proposal; WC/SIMS concluded that the associated costs to complete a haul would require a larger financial subsidy from the CBS. A modified proposal was brought to the Assembly. The CBS Assembly rejected the modified proposal by WC Enterprises due to substantial changes to WC request for financial support.

The Assembly gave direction to continue to work on basis of design of a haul out and to wait for the USDOT Build Grant funding decisions. The CBS was informed in early fall 2020 that it was not successful in obtaining any grant funding for the haul out development.

The GPIP Board met in September 2020 to discuss next paths forward and recommended that another RFP be issued for private sector development. The new RFP should be clear that the CBS did not have funding for the development of a haul out. The Assembly met in October 2020 and directed the GPIP Board to draft and release another RFP for partial private sector development of the haul out and ship yard. The GPIP Board met in late October to discuss a new RFP and recommended Assembly approval of the new RFP. The RFP was forwarded to the Ports and Harbors Commission and was further approved by a haul out working committee developed by the CBS Administrator. The Assembly gave final approval to release the RFP in late January 2021.

Proposed Terms

Please see the attached proposed lease term sheet.

SCB, in its initial development phase, proposes to construct a travel lift pier slip, a retaining wall, wash down pad, staging dock, and improve GPIP uplands for boat blocking and storage. SCB additionally plan to purchase a 150 ton marine travel lift. SCB estimates the cost of the development to be \$2.9 million dollars.

The proposed lease term sheet breaks the project down into Phase 1 and 2 with performance benchmarks to be met before additional property is release by the CBS for development.

Proposed Lease Area

Sitka Community Boatyard (SCB) is requesting to lease the following properties:

Each parcel will be discussed in relation to the lease proposal by SCB. Please see the attached SCB proposal for further details on use of the property.

**Note: The GPIP/CBS has traditionally charged a 9% return annually on the value of the property/asset*

PHASE 1

Travel Lift Piers and Staging Dock Area (Phase 1A)

SCB proposes to lease ~10,412 SF of uplands and 8,000 SF of tidelands in the southern portion of Lot 9a for constructing marine haul out piers to haul vessels out of the water and a staging dock for vessels using the facility.

~10,000 SF of the Southern portion of 9A - Lot 9a is valued at \$8/SF

- $10,412 \text{ SF} \times \$8/\text{SF} = \$83,296 \times 9\% = \$7,497$ annually

~8,000 SF of Tidelands – GPIP Tidelands are valued at \$2/SF

- $8,000 \text{ SF} \times \$2/\text{SF} = \$16,000 \times 9\% = \$1,440$ annually

**Please see term sheet for proposed lease rates*

Wash down Pad Area (Phase 1B)

SCB proposes to lease Lot 9b and 9C for the construction of an EPA approved wash down facility and potentially boat blocking.

Lot 9b is a 7,583 SF lot valued at \$5.74/SF

- $7,583 \text{ SF} \times \$5.74/\text{SF} = \$43,527 \times 9\% = \$3,917$ annually

Lot 9c is a 34,636 SF lot valued at \$5.25/SF.

- $34,636 \text{ SF} \times \$5.25 = \$181,839 \times 9\% = \$16,366$ annually

**Please see term sheet for proposed lease rates*

Boat Blocking Area (Phase 1C)

SCB proposes to lease 15 as a shipyard to conduct vessel work.

Lot 15 is an 113,369 SF lot valued at \$4.50/SF

- $113,369 \times \$4.50 = \$510,161 \times 9\% = \$45,914$ annually

**Please see term sheet for proposed lease rates*

PHASE 2

Boat Blocking and Gear Storage Area and Short/long Term Storage and Commercial Vendors Area

SCB proposes leasing Lot 6, 7, 8 and a portion of the northern portion of Lot 9a for boat blocking, gear storage, and future improvements to the GPIIP ramp.

Lot 6 is a 41,028 SF lot valued at \$6.22/SF

- $41,028 \text{ SF} \times \$6.22 = \$255,194 \times 9\% = \$22,968$ annually

Lot 7 is a 32,879 SF lot valued at \$5.72/SF

- $32,879 \text{ SF} \times \$5.72 = \$188,068 \times 9\% = \$16,926$ annually

Lot 8 is a 32,362 SF lot valued at \$6.16/SF

- $32,362 \times \$6.16 = \$199,350 \times 9\% = \$17,942$ annually

~43,634 SF of the Northern portion of Lot 9A is valued at \$8/SF

- $43,634 \text{ SF} \times \$8/\text{SF} = \$349,072 \times 9\% = \$31,416$ annually

**Please see term sheet for proposed lease rates*

Additional Considerations

- The CBS hired PND Engineers in 2019 to provide a Preliminary Design Summary and cost estimate for the development of a marine haul out at the GPIIP. Estimate cost estimates totaled ~\$7.5 million dollars. (See Attached)
 - This preliminary design estimate considered improving the existing GPIIP ramp and did not include marine haul out piers.
- The CBS applied for a ~8.2 million dollar USDOT Build Grant to develop a marine haul out and shipyard in 2020. The CBS grant was scored high, but was not successful in being awarded the grant. The CBS plans to apply for a USDOT Raise Grant (formerly building grant) again in 2021.
 - The USDOT Grant is an 80/20% match grant. The CBS allocated ~1.6 million dollars from the Southeast Economic Development Fund for its 20% match

during the 2020 grant process and is planning on using the same for the 2021 grant application.

- SCB proposes that future development of the site will include; upgrading haul out piers and shipyard area to accommodate a 300 ton marine lift, upgrading the existing GPIIP ramp to allow trailer and barge use, and subleasing parcels to marine services businesses.
 - No funding for these future developments have been identified in the proposal.
 - Per the RFP, public access to the GPIIP ramp must be made available to other existing business of the GPIIP
- The SCB proposal suggests that the CBS will do the following: “City grades yard and installs electrical and water as needed” on the site. CBS preliminary estimate for this cost is ~\$2.5 million dollars.
 - The \$2.5 million dollars includes water service, yard pedestals, lighting, etc... (See attached PND estimate).
 - SCB proposal cost estimate appears to only bring water and electric service to Lot 15.
 - The current term sheet does not include any CBS funding for yard upgrades.
- Access to CBS utilities and utility easements must be preserved as a majority of utilities were established with federal grant funds.
- The GPIIP is one of the last available developable properties in the immediate Sitka area without topographical constraints and with utilities available on site.

Action

- Assembly approval of proposed lease terms with Sitka Community Boatyard LLC for development of a marine haul out and shipyard at the GPIIP.

**Note: A full lease agreement will be brought back to the Assembly for final approval upon approval of proposed lease terms.*



City and Borough of Sitka

PROVIDING FOR TODAY...PREPARING FOR TOMORROW

Coast Guard City

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

From: John Leach, Municipal Administrator

Date: July 6, 2021

Subject: GPIP Haul Out and Shipyard Proposal

Background

On February 1, 2021, the City and Borough of Sitka (CBS) released a Request for Proposals (RFP) for private sector development and operation of a Marine Haul Out and Shipyard at the Gary Paxton Industrial Park (GPIP). The RFP was open until April 8th, 2021.

Analysis

The CBS received one response to the RFP for private sector development of the haul out and shipyard.

The proposal was from Jeremy Serka, Sitka Custom Marine and Linda Behnken, ASFT Board President, as principals for a proposed entity called the Sitka Community Boatyard LLC (SCB).

In accordance with Chapter 2.38 of Sitka General Code (SGC), the GPIP Board evaluated the proposal, determined it to be responsive to the RFP, and negotiated final terms for Assembly consideration.

Fiscal Note

The enclosure and all associated attachments outline the terms of the proposal, to include lease rates and performance benchmarks, that were negotiated and approved by the GPIP Board.

Lease revenue for each project phase is outlined in the enclosure.

In FY21, the CBS appropriated \$100K "to support specialized consultant services for the technical analysis and design related to the development of a haul out basis of design," but that funding expired with the end of FY21. The SCB has requested staff in-kind support to review and approve their design and permit work which would allow them to receive a possible grant from the Denali Commission to fund their engineering of the project.

If the scope of work for CBS staff proves to be outside our area of expertise, it is possible that the in-kind staff work would have to be provided by outside consultants, and a supplemental appropriation would have to be passed to secure the consultants. This would essentially turn the staff in-kind commitment to a financial commitment. Costs to support these services are unknown until a scope of work is presented to the CBS.

Recommendation

Consider the negotiated lease terms and direct the Administrator to either enter into a lease under the proposed terms or renegotiate terms with SCB for additional Assembly consideration.

Encl: GPIP memo and attachments of June 29, 2021



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

Tuesday, April 27, 2021

MEMORANDUM

To: Jeremy Serka, Sitka Custom Marine, Linda Behnken, ASFT Board President

From: Garry White, Director

Subject: GPIIP Board Clarifying Questions to the Sitka Boatyard RFP Proposal

Introduction

The Gary Paxton Industrial Park (GPIIP) Board of Directors met on April 21st, 2021 in Executive Session, during its Board meeting as the Selection Committee, to evaluate your proposal to construct and operate a marine haulout and shipyard at the GPIIP.

The Selection Committee has requested clarifications to portions of the proposal to help with the evaluation and scoring of the proposal.

Clarifying Questions

Please add clarification on the Request for Proposal requirements.

- Do you understand that your proposal isn't completely "privately funded" as required by the RFP, because the \$1.25M loan and the \$400K grant are both "public funds"?
- If the answer to #1 is yes, do you believe your proposal is responsive to the RFP? If so, why?
- If you understand that your proposal is not responsive because it is not completely "privately funded", do you want CBS to waive this requirement?

Please add more clarification on the team's qualifications to construct a marine haulout and shipyard.

- The proposal states Sitka Custom Marine (SCM) will be overseeing construction. What qualifications does SCM have related to construction management of a project of this nature?
 - Please provide more detail on the experience of the key individuals involved in the construction process, including, if possible, references to other projects of equivalent magnitude.
- The proposal asks for public funding in both a grant and a loan. State reporting and auditing requirements will be subject for the use of these funds. Please clarify Sitka Community Boatyard (SCB)'s ability to pay prevailing wages and meet the State's registration/reporting requirements.

Please add more clarification on working with the CBS and GPIP to secure additional funding to fully develop the boatyard.

- Do you agree that CBS should continue to apply for federal/state grants? If not, why?
 - Do you agree that if a grant is awarded, that grant funds would be used instead of CBS loan funds and/or other CBS funds?
- Please clarify on how SCB envisions a Public/Private/Partnership moving forward if the CBS is successful in obtaining grant funds.

Please add more clarification on project cost estimates and construction timeline.

- Please provide greater detail on initial startup phase costs.
 - Are written bids from contractors available for the Board's review?
 - Is the project advancement contingent on \$400k capital investment from GPIP?
 - Is there a contingency plan if project goes over budget?
 - How does SCB believe it will construct project for far less than estimated costs provided to GPIP Board by PND Engineers?
 - Please provide more detail to the \$1.25M (page 5) figure to fund the construction of the Travelift slip, piers, and bulkhead/retaining wall.
 - Is the estimated cost for the 150 ton Travelift available?
- Please clarify the amount and type of electrical and water service infrastructure that is expected from the CBS (Page 9). Does SCB have a detailed scope or an estimated cost for these improvements?
- Please clarify the construction timeline as the proposal seems to be quite aggressive given the permitting time lines and contractor planning/mobilization.

Please add more clarification on the operations of the haul out.

- Are proposed fees charged to users of the facility for haul out and storage available for GPIP Board review?
 - Has SCB completed a loan payment cash flow analysis to repay the proposed CBS \$1.25 loan?
- Does SCB have any performance targets, i.e. number of hauls anticipated per year.
- Please clarify responsibilities for ongoing maintenance of facilities; i.e. snow removal, haulout/ramp maintenance, road maintenance, etc...
- Please clarify ownership of travel lift, dock, piers and other ancillary infrastructure built by Sitka Community Boatyard.

Please add more clarification on proposed lease areas.

- The area identified in the proposal as the location of the travel lift slip piers and Staging Dock was not included in the area identified as available in the RFP. Do you have an estimated square footage of area you would like to lease in this area?

- Lots 16b, 19, & 20 were not offered as lease areas in the RFP. Do you wish to lease these properties in addition to the lots identified as available? Does the \$1/foot proposed lease rate include these properties?

Please add more clarification on proposed lease rates.

- Please clarify the \$1/foot for each vessel hauled.
 - Is \$1/foot the only rate SCB envision paying for the first 5 years?
 - Does this rate include the entire 6.84 acres requested, plus the additional area south of the GPIIP Dock and lots 16b, 19, & 20?
 - Is the \$1/foot a one-time fee, or is it monthly, quarterly, annually?
- Please clarify what lease rates SCB intends to charge for third party businesses on site. Does SCB intend to provide any of those lease rates to the CBS?



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

Thursday, May 13, 2021

MEMORANDUM

To: Sitka Community Boatyard Group

From: Garry White, Director

Subject: GPIIP Board Response to SCB Proposal

Introduction

The Gary Paxton Industrial Park (GPIIP) Board of Directors met on April 21st and May 12th, 2021 in Executive Session, during its Board meetings as the Selection Committee, to evaluate your proposal to construct and operate a marine haulout and shipyard at the GPIIP.

The Selection Committee has determined that the proposal was responsive to the Request for Proposal (RFP) requirements.

The Selection Committee evaluated the proposal and gave the proposal a score of 65 points out of a total of 140 points. The scoring was completed on a consensus basis. The Selection Committee discussed each criteria outlined in Section H of the RFP and came to a consensus on a score for each category.

The GPIIP Board exited the Executive Session as the Selection Committee and provided the following statement:

“The Selection Committee accepts the proposal from the Sitka Community Boatyard (SCB) on conditions that certain aspects of the proposal are negotiated with the GPIIP Executive Director and team, and ultimately brought back to the GPIIP Board for approval of recommended lease terms.

The Selection Committee offers to start with an upland and tideland lease on the southern portion of Lot 9a for the initial phase development of a travel lift piers, retaining wall, and staging dock as outlined in the proposal, including the purchase of a 150 ton vessel lift.

The Selection Committee is recommending that no CBS funds, from either GPIIP Working Capital or the Southeast Economic Development Fund, be used for the initial phase development.

The Selection Committee offers to lease Lot 9b and/or a portion of Lot 9c for the development of a wash down pad and water treatment facility, upon SCB securing non-CBS funding and contracts for the initial phase development on Lot 9a.

The Selection Committee offers to lease additional property to SCB contingent on funding being identified for construction of needed infrastructure to operate a haul out.

The Selection Committee encourages the CBS to continue to apply for Grant funding to construct the complete haul-out with award information available in the fall of 2021. The level of CBS funding for various portions of the marine haul out and shipyard development will be open for discussion at that time.”

Sitka Community Boatyard Proposal Scoring

The Selection Committee scored the proposal as follows:

1. Qualifications, Financial Ability & Experience of the Developer(s) and the Design Engineer. From the proposal and from your own knowledge of this firm, give from 1 to 30 points with the best score as 30.

- SCORE: (1-30) 15

Rationale: Lack of experience in project management for a project this size. Lack of experience in dealing with Government procurement policies. Project estimate costs appear to be underfunded based upon private construction cost estimates. Financing plan does not contain guaranteed funding options.

2. Concept Plan. Does the concept plan express and understanding of the Request for Proposals? Does the plan accommodate other users of the marine facilities? Does the plan accommodate other uses of the Gary Paxton waterfront and uplands? Does the plan provide jobs to the community? Does the plan support the marine industry? Score from 1 to 30 points.

- SCORE: (1-30) 20

Rationale: Conceptual design appears to meet community desires. Did not address all portions of RFP preferred outcomes. Subleases to third parties needs more details.

3. Rates & Fees Bid. Does the proposal define what size of land and at what rate the Developer(s) is willing to lease both submerged and uplands or purchase uplands? What is the offered rate? Does it define a fee for the use of marine facility? The CBS Assembly prefers long term leases that match the anticipated life of the proposed marine facility(s), but will accept all proposals including ownership options. Scoring will be weighted towards lease rates or purchase prices that provide the best long term benefits to the community. Score from 1 to 30 points with higher lease rates or purchase price receiving a higher score.

- SCORE: (1-30) 10

Rationale: Lease rates to CBS are variable and very low for the amount of property requested.

4. Operations Plan. Does the proposal provide for adequate management and maintenance of the facilities? Will other users of the marine facilities be accommodated? Score from 1 to 30 points.

- SCORE: (1-30) 15

Rationale: Lack of detail of operations.

5. Ability to Meet Project Schedule. Should the proposal clearly reflect that the Developer(s) could meet the design, permitting and construction schedule identified in this request for proposals; the firm shall be awarded 20 points. Otherwise, the firm shall be awarded less than 20 points.

- SCORE: (1-20) 5

Rationale: Schedule appears to be very aggressive and not achievable. Lack detail in design. Permitting schedule does not seem realistic with other recent projects both private and public.

Final Scoring

TOTAL SCORE: 65

Action

The GPIP Board looks forward to working with the Sitka Community Boatyard Group on the development a marine haul out and shipyard to service the community of Sitka.

To: GPIIP Board
From: Linda Behnken/Jeremy Serka
Date: 5/6/21
Subject: Response to GPIIP RFP clarification questions

Thank you for this opportunity to provide answers to your questions. Our responses to your general questions are below. Questions are in bold text. Questions that required proprietary or confidential information to adequately answer are included in **Attachment A**, which we request you treat as CONFIDENTIAL.

Question: Do you understand that your proposal isn't completely "privately funded" as required by the RFP, because the \$1.25M loan and \$400K grant are both "public funds".

Our response to the RFP describes the Sitka Community Boatyard LLC's preferred approach to raising \$2.5 million of the estimated \$2.9 million project total using a mix of low interest loans and private investment. The source of these loans and investments includes public revolving loan programs, such as the loans offered by SEDA, the Federal Small Business Development Loan program, and the State of Alaska, as well as private loans from Rasmuson Foundation and local fishermen. The term "privately funded" was not defined in the RFP. Our interpretation of "privately funded" is inclusive of loans to private entities such as SCB as it is the private entity, not the public, that is responsible for the loan repayment. Thus, we believe the source of the loan is not a disqualifying factor. To prohibit the use of low interest local, State or Federal revolving loan funds is not consistent with the RFP's purpose of providing "vessel haul out equipment and services that will support the Sitka fleet" in a cost-effective manner. If the term "privately funded" in the RFP was meant to prohibit bidders from using any or all low interest public revolving loan programs at the local, state, or federal level in their financial package, or grants from public entities such as the Denali Commission, that interpretation and the rationale supporting it was not clearly stated in the RFP. We believe our planned use of a SEDA loan and Federal Small Business Development loan are in compliance with the "privately funded" provisions of the RFP.

We recognize that the "Preferred Outcome" was for a developer to demonstrate the ability to finance the entire project without CBS funds. We interpret that to mean asking for a direct non-repayable equity investment in the project using CBS funds is undesirable and would be penalized when evaluating how competing proposals meet the preferred outcomes. We did not interpret that to mean that SCB was prohibited from applying for a SEDA loan as a private entity seeking financing from a public loan fund as other businesses in this community have done. Additionally, the previous review of the Warren/Cooper proposal established that the proposal was eventually disqualified not due to the nature of their funding request (which was the SEDA economic development fund, the same fund we are targeting) but due to the changes in their funding needs. Our proposal and Attachment A of this response clearly state the funding sources and public or private loan programs we propose. If the SEDA loan is denied, we have identified other loan funds for financing as detailed in Attachment A; however, these are not our first choice due to increased cost and the complexity of collateralizing the loan.

Of the remaining \$400,000 in requested GPIIP investment, our understanding is that \$100,000 of this is already committed to utility improvements at the site. The remaining \$300,000 is a request for a similar investment by GPIIP in the washdown utility infrastructure. At the recent meeting of the GPIIP Board, and prior to the evaluation of our proposal, we explained that we have a contingency plan should one or another source of financing fail. The requested \$300,000 from GPIIP in infrastructure represents approximately 10% of the \$2.9 million cost of this project. If the GPIIP infrastructure funds are not

available, SCB does have contingency plans detailed in Attachment A and wishes to discuss alternate ways of funding that component. The preferred outcomes section of the RFP notes that “*The City and Borough of Sitka reserves the right to negotiate with the finalist(s).*”

If the answer to #1 is yes, do you believe your proposal is responsive to the RFP?

We believe our proposal is very responsive to the RFP. We have structured our proposal to maintain City ownership of the land and operate the boatyard using a long-term lease, which was described in the RFP as a City preference. Our proposal maintains access to the GPIIP ramp, provides a float to safely disembark, provides for long term storage of boats, provides utilities and public access to work on boats, allows covered areas to be constructed, and provides for sub-leasing to other commercial vendors, which were all listed as “aspirational” goals in the RFP. We have also developed a construction and operation plan that will result in a working haul out within 1 year – which is again consistent with the urgency described in the preferred outcomes.

We believe the financing package we propose is the most cost-effective way to build a privately operated haul-out on leased public land to meet the needs of Sitka’s fleet and marine trades. As noted above, we believe the source of the loans in our financing should not be a disqualifying factor. We further note that we have contingency financing plans should one source of financing fail. These contingency plans are described in Attachment A and demonstrate the financial depth of our proposal consistent with RFP goals and evaluation criteria.

Our proposal also contains several innovative components that go above and beyond RFP specifications, such as a public/private/non-profit partnership that facilitates numerous sources of affordable financing now and in the future. We have also proposed an advisory board to ensure the needs of the local fleet are met and to help guide future development. Finally, we have proposed a process to transparently review lease fees at 5-year intervals to share in profitability as the business and land use mature.

If you understand that your proposal is not responsive because it is not completely “privately funded”, do you want CBS to waive this requirement?

As stated above, we believe our proposal is responsive to the RFP. SCB will hold the **loans** as a private entity, hence the local, State, Federal or private source of the loans in our financing package should not be a disqualifying factor. We believe the request for GPIIP investment in the washdown infrastructure is consistent with GPIIPs existing commitment to invest \$100,000 in the electrical infrastructure. If the GPIIP Board or the CBS disagrees with our interpretation of the term “privately funded,” then we request that GPIIP and the City waive the requirement for private funding as it was not clearly defined in the RFP and prevents access to numerous local, State, and Federal loan interest loan funds that are necessary to make the haul-out project affordable. Prohibiting these public loan funds will also increase haul-out costs for local vessels and make the goal of maintaining City ownership of the land much more difficult to achieve, both of which are inconsistent with the goals of the RFP. In the RFP, the CBS reserves the right to negotiate with the finalist(s) and to refuse or accept any and/or all proposals.

In sum, we believe our proposal is very responsive to the RFP. We appreciate the opportunity to clarify that the term “privately funded” was not defined in the RFP and that our interpretation of “privately funded” did not preclude the use of low interest local, state, and federal **loans** because it is the private entity that is responsible for repayment. To prohibit these loans serves only to increase the cost of haul-out services to the local Sitka fleet. We further appreciate the opportunity to clarify our interpretation of terms in the “preferred outcomes” section and the use of preferred outcomes in distinguishing between competing proposals rather than as disqualification criteria. We note that the RFP identifies five

evaluation criteria totaling a maximum score of 140 points. The financial package, along with the firm's qualifications, experience, and design are grouped into Criteria 1 worth 30 out of the 140 possible points. Agreement or disagreement with our interpretations can be reflected by individuals when scoring under Criteria 1, but should not prevent our proposal from being evaluated against all five scoring criteria and reviewed by the Assembly.

Please add more clarification on the team's qualifications to construct a marine haul out and shipyard.

The Proposal states Sitka Custom Marine (SCM) will be overseeing construction. What qualification does SCM have related to construction management of a project of this nature?

The owner and lead project manager of SCM is Jeremy Serka and the head foreman is Mike Matz. Both Jeremy and Mike worked together at Allen Marine for approximately 10 years. Mike Matz was the lead operator and foreman for Allen Marine for over 20 years. During their time at Allen Marine, Jeremy and Mike worked together on numerous vessel constructions, repairs and yard improvements, including two 78ft catamarans, two 65-foot landing crafts, dozens of 30-foot charter boats, and a number of 33- and 44-foot catamarans. In addition, Mike was on scene for construction of the floating dry dock, buying and assembly of the new 165-ton Ascom travel lift, and the yard improvements for the ramp.

Jeremy Serka has a B.S. in Environmental Science from Huxley College, Western Washington University in Bellingham, WA. Jeremy paid his own way through school while fishing during the summer in Southeast Alaska. He owned and operated a Christmas tree farm in Oregon and a retail sales lot in Seattle for over fifteen years, ran a charter fishing boat business in Sitka for nine years, owned and operated a commercial power troller in Sitka for six years, and has owned and operated Serka's Welding for twelve years. Jeremy is a 12-year resident of Sitka and worked during the winter months for seven years as a fabricator, welder and supervisor prior to becoming a year-round resident.

Jeremy is a proficient manager of both time and resources who has gained the trust of dozens of businesses that use his services and expertise every year. SCM has the experience and connections to oversee the construction of a marine haul out from start to finish and to ensure the work meets community goals. All work for the construction of the haul out will be assigned to professional contractors selected through a competitive bid process. SCM, the SCB, and the law offices of Royce and Brain will ensure that all work is finished as specified.

The proposal asks for public funding in both a grant and a loan. State reporting and auditing requirements will be subject for the use of these funds. Please clarify Sitka Community Boatyard's ability to pay prevailing wages and meet the State's registration / reporting requirements.

The Sitka Community Boatyard LLC will be registered in the State of Alaska and file the necessary biennial and tax reports to remain in good standing throughout the lease term. A public board made up of local business owners, marine trades professionals, and city delegates will be used to guide SCB. The SCB will retain the services of a bookkeeper to track of all revenues and expenses of the boat yard operation, and will provide quarterly reports to investors, lenders and board members.

ASFT has a 10-year history of successfully managing grants and a three-year history of managing program related investment debt. Sitka Custom Marine, owned by Serka's Welding and Fabrication LLC, has also been in business for 12 years and is SCM management is proficient with tax and reporting requirements. The work of hauling boats, maintaining the yard and equipment, managing employees and sublessees will fall on SCM. SCM has a bookkeeper who will also provide quarterly reports to SCB.

SCM will offer all employees competitive wages with benefits and will file all reports required by the DOL, unemployment and insurance agencies, etc., as required by the state and city.

For specific information on anticipated salaries and wages, see Attachment A.

Please add more clarification on working with the CBS and GPIP to secure additional funding to fully develop the boatyard.

Do you agree that CBS should continue to apply for federal/state grants?

Yes, we agree. One of the main advantages of our proposal is that it creates a framework that facilitates numerous sources of affordable financing. The Sitka Community Boatyard will be a collaborative effort of city, non-profit and private entities. Each entity has unique access to specific funding sources, and collectively the entities working together have a greater chance of qualifying for and receiving the funding needed to develop a boat yard for Sitka's immediately needs, while working long term to fund the boat yard Sitka deserves. If the City or GPIP are successful in securing grant or infrastructure investment funding, the funds could be used to upgrade and widen the existing ramp, adding a marine rail way capable of hauling larger ships and barges, purchase a 300-ton travel lift and construct piers to support this equipment, purchase a self-propelled trailer to efficiently haul smaller boats, construct buildings that allow work on boats out of the weather, conduct additional clean up and upgrade of the boatyard area, etc. Our proposal includes an advisory board to guide boat yard development and a transparent process to evaluate lease fees on a 5-year interval to offset development expenses and share profitability between the public, private and non-profit partners. Once GPIP and the Assembly make a decision on our proposal, SCB looks forward to collaborating with GPIP and CBS on the scope of future federal/state grants such as a potential revised Build grant and improvements to be financed using the States general obligation bond funding authority.

Please clarify on how SCB envisions a Public/Private/Partnership moving forward if the CBS is successful in obtaining grant funds. See above

Please provide greater detail on initial startup phase costs.

- o Are written bids from contractors available for the Board's review? See Attachment A
- o Is the project advancement contingent on \$400k capital investment from GPIP? We have a contingency plan but believe GPIP investment in this project is consistent with GPIP priorities for use of the industrial site. See Attachment A
- o Is there a contingency plan if project goes over budget? We have been thorough and erred on the side of over-estimating costs. See Attachment A
- o How does SCB believe it will construct project for far less than estimated costs provided to GPIP Board by PND Engineers? We have bids for the work from two qualified companies. See Attachment A
- o Please provide more detail to the \$1.25M (page 5) figure to fund the construction of the Travelift slip, piers, and bulkhead/retaining wall. See Attachment A
- o Is the estimated cost for the 150-ton Travelift available? See Attachment A

Please clarify the amount and type of electrical and water service infrastructure that is expected from the CBS (Page 9). Does SCB have a detailed scope or an estimated cost for these improvements? See Attachment A

Please clarify the construction timeline as the proposal seems to be quite aggressive given the permitting timelines and contractor planning/mobilization.

The limiting factor of getting a haul out built and running by April 2022 is the permitting of the travel lift slip. Once awarded a contract, SCB will apply for the CBS loan of \$1.25 million. The loan and equity capital will be used to fund the construction of the travel lift piers. We will solicit bids for approximately 3 weeks from Alaska pile driving companies including Western Marine, Turnagain Marine and Trucano Construction in Juneau. Around week 6 we will look to award a contract for the haul out piers. The pile driving company will conduct all the necessary engineering, permitting, transport of materials and construction of the piers. We have been advised by Western Marine and Turnagain that the permitting process could take 7 to 9 months and the construction will only take a 1 month. While waiting for the permits to be approved for the haul out, we will solicit bids for the washdown pad, retaining wall for the haul out piers, travel lift and dry dock storage utilities. We expect the uplands work to take 2 – 4 months from bid to completion. The travel lift will be ordered after a final determination on our funding request by the Rasmuson Foundation which is expected in the Fall of 2021 and take 3 to 4 months to arrive in Sitka.

Please add more clarification on the operations of the haul out.

- **Are proposed fees charged to users of the facility for haul out and storage available for GPIP Board review?** See Attachment A
 - **Has SCB completed a loan payment cash flow analysis to repay the proposed CBS \$1.25 loan?** See Attachment A
- **Does SCB have any performance targets, i.e., number of hauls anticipated per year.** See Attachment A
- **Please clarify responsibilities for ongoing maintenance of facilities; i.e. snow removal, haul out/ramp maintenance, road maintenance, etc.** We anticipate the CBS will continue to perform road maintenance and snow plowing as it is currently doing. SCB will be responsible for snow removal and grounds maintenance of the washdown pad and boat storage sites. The finer details of snow removal and lot maintenance can be discussed in the context of the lease agreement.
- **Please clarify ownership of travel lift, dock, piers and other ancillary infrastructure built by Sitka Community Boatyard.** The travel lift, staging dock, and yard equipment will be owned by Sitka Community Boatyard. The piers and other ancillary infrastructure built by SCB as site improvements will be managed by SCB for the extent of the long-term lease, then remain as-is/where-is site improvements for CBS use if or when the lease is terminated.

Please add more clarification on proposed lease areas.

- **The area identified in the proposal as the location of the travel lift slip piers and staging rock was not included in the area identified as available in the RFP. Do you have an estimated square footage of area you would like to lease in this area?**

If the area of our proposed travel lift slip was not intended to be available, then the RFP was misleading. Our proposed location for the travel lift slip has been identified in many GPIP meetings as the best location for a travel lift slip and staging dock. The site was also identified as a potential area for sale in

the previous RFP, as highlighted in orange. In fact, Appendix C in the RFP document includes a haul out pier drawn in the exact location we are proposing for constructing the pier (11/30/20 GPIIP meeting doc; Sawmillcove.com)

The approximate area needed for a haul out pier is 50' wide by 80' long. The staging dock is 10' wide and 40' long. The square footage of required waterfront is approximately 8,000 square feet (about 100' of shoreline and 80' extending out from the bank for the slip).

Lot 9B, which was also designated as an area to own in the RFP document, is the location we propose for the washdown pad. Lot 9C could also serve this purpose but be operationally less efficient. The washdown pad in conjunction with the travel way to the haul out pier would be approximately 200 ft long by 100 ft wide, or 20,000 square feet.

- **Lots 16b, 19, & 20 were not offered as lease areas in the RFP. Do you wish to lease these properties in addition to the lots identified as available? Does the \$1/foot proposed lease rate include these properties?**

SCB proposes to lease lots 16b, 19 and 20 to facilitate development of marine service business and other operations, and to help to offset boat-yard operational expenses. **Anticipated lease revenue from these lots is described in Attachment A.** Our proposed \$1 /ft for each boat hauled lease rate is the total payment for all leased property for the first 5 years, with an opportunity to negotiate a new lease rate at that point. After the SCB has weathered the startup phase and revenues are better defined, we look forward to discussing future lease rates for all properties and uses.

Please add more clarification on proposed lease rates.

- **Please clarify the \$1/foot for each vessel hauled.**
 - o **Is \$1/foot the only rate SCB envision paying for the first 5 years?** Yes, as described in our proposal, after the initial 5-year period, SCB and GPIIP official can review the profitability of the operation and negotiate future lease fees for haul out operations, vessel and gear storage, and sublease fees for additional businesses in 5-year increments. This transparency and public/private coordination will ensure a viable marine services center with competitive rates that will meet Sitka's need. For additional factors SCB considered in developing the lease rates, please **see Attachment A**

Does this rate include the entire 6.84 acres requested, plus the additional area south of the GPIIP Dock and lots 16b, 19, & 20? **See above**

- o **Is the \$1/foot a one-time fee, or is it monthly, quarterly, annually?** The \$1/ft fee is a one-time payment based on each vessel hauled. It will be calculated and paid on a quarterly basis.

Please clarify what lease rates SCB intends to charge for third party businesses on site. Does SCB intend to provide any of those lease rates to the CBS? See Attachment A

Lease rates for third party businesses will be no less than 9% of previous land sales in the park. Previous sales of land were around \$2.61 / ft, thus a yearly lease rate of \$.24/ft will be the starting price when negotiating subleases. This is the same rate that GPIP has been using to establish its leases. SCB does intend to provide a portion of the sublease fees from third party businesses to the city of Sitka after the startup phase.

GARY PAXTON

INDUSTRIAL PARK



**Request for Proposal (RFP)
Private Sector Development of Marine
Service Industry**



REQUEST FOR PROPOSALS (RFP)
by
THE CITY AND BOROUGH OF SITKA, ALASKA
for
THE CONSTRUCTION AND OPERATION OF A MARINE HAULOUT AND SHIPYARD

Overview

The project consists of selecting a private entity(s) (developer or developers) willing and able to privately fund and operate a marine haul out and ship yard, furnishing all financing, labor, materials, equipment, tools, supervision, and other facilities necessary to create and manage the marine facility(s).

The City and Borough of Sitka (CBS) is requesting proposals from qualified entities for the project described herein. The following subjects are discussed in this RFP to assist you in preparing your proposal.

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- A. Introduction and Additional Information
- B. Preferred Outcome
- C. Scope of Services
- D. G Requirements
- E. Facility Operations
- F. Relationship with the City and Borough of Sitka
- G. Proposal Format and Content
- H. Evaluation Criteria and Selection Process
- I. Schedule

A. Introduction and Additional Information

The Gary Paxton Industrial Park (GPIP) Board of Directors, through the City and Borough of Sitka (CBS), desires to select a private entity(s) to fund, construct, and operate marine facilities to form a marine service sector. The site is located at the Gary Paxton Industrial Park, the site of the former Alaska Pulp Company (APC) pulp mill located five miles southeast of downtown Sitka. The site is on the road system.

In 1999 the Gary Paxton Industrial Park (GPIP) property was transferred from Alaska Pulp Corporation to the City and Borough of Sitka. (CBS).

The property and the near-shore, submerged tidelands were extensively studied, and an

environmental Memorandum of Understanding was concluded between CBS and the State of Alaska. Details of that memorandum are included in the Appendices.

GPIP is managed by a five-member Board of Directors (GPIP Board) who are appointed by the CBS Assembly.

During the ensuing years some of the original GPIP property has been sold and leased, and portions of the GPIP infrastructure have been improved. In 2018 the GPIP Board began actively planning for a private entity to fund, construct and operate a marine vessel haulout and related marine shipyard services.

Sitka has a substantial marine customer base. All developers are encouraged to complete their own due diligence of proposed customer base.

B. Preferred Outcome

The CBS' preferred outcome from this RFP is the selection of an experienced and well financed private sector Developer(s) is to create a privately funded and managed marine services shipyard at the GPIP. Specifically, CBS is seeking a private sector Developer(s) to construct and operate a marine vessel haul out facility and an EPA approved boat washdown area(s).

Developers are expected to finance the full project development. Qualification packages must demonstrate the team's ability to finance the project without CBS funds.

CBS desires that Developer have a functional vessel haul out system in place as soon as possible.

Additionally, CBS has available for long-term lease up to 6.8 acres of GPIP uplands for the Developer to create opportunities for marine tradesmen and support businesses that support Sitka's commercial and sport fishing fleets. GPIP uplands may be possibly purchased by Developer. Any consideration by the Sitka Assembly to sell uplands will be based upon a successful record of marine haul out and shipyard management by the Developer.

A map and a listing of the GPIP uplands that are available under this RFP are included in the Appendices.

Developer will be able to sublease the GPIP parcels and set its own haul out service fees and sublease rates for the GPIP uplands.

Any long-term lease or sale of GPIP property to the Developer will have use restrictions consistent with the preferred outcome as negotiated with CBS. All use of any GPIP property will be subject to regulatory action by federal, state, and municipal regulators, which is the sole responsibility of the selected Developer to determine.

Access to the existing waterfront ramp by the public must be maintained to assure access to the GPIIP uplands for those entities who have existing businesses at the Park. However, the Developer will be authorized to schedule and manage third party access to the ramp if Developer elects to use the ramp in its boat haul out operations.

Additional: The City and Borough of Sitka reserves the right to negotiate with the finalist(s). The City and Borough of Sitka retains the right to refuse or accept any and/or all proposals.

C. Scope of Services

The project consists of furnishing all funds, labor, materials, equipment, tools, supervision, and other facilities necessary to perform the design, construction and operation of the proposed marine facility(s) in accordance with the standards and criteria of the City and Borough of Sitka and State and Federal agencies.

Sitka has a substantial marine customer base. Approximately 665 vessels between 32 feet and 86 feet are permanently moored in the Sitka harbor system. Of those 665 vessels about 97% are 58 feet or less. Developer is expected to provide vessel haul out equipment and services that will support the Sitka fleet.

This work includes, but is not limited to the following:

Task 1: Ownership Criteria

The CBS Assembly's prefers long term leases that match the anticipated life of the proposed marine facility(s), but will accept all proposals including ownership options, for submerged and uplands. Any consideration by the Sitka Assembly to sell uplands will be based upon a successful record of marine haul out and shipyard management by the Developer. Public access to and from the waterfront is an essential element of the anticipated development plan. Business entity type must be included in proposal. Proposal should include lease rate or purchase amount desired.

Long term leases or purchase options should include a schedule of development benchmarks. The CBS will negotiate performance benchmark development criteria, including infrastructure construction and operational performance, to ensure the haul out will meet the needs of the community and fleet. Purchase options should expect to enter into a lease and meet performance benchmarks before execution of a sale. Purchase proposals should include assurances and/or terms and conditions, along with support for their legal enforceability, that the facility will remain a marine service facility in perpetuity or, at least, in the long term

Task 2: Location Analysis

In the proposal, discuss various marine facility(s) alignment alternatives and the budget costs for each alignment. The selected Developer(s) shall provide a marine facility(s) design survey and a tidelands boundary survey for CBS use in developing a tidelands lease.

Task 3: Geotechnical Investigation, Facility Design and Permits.

- a. The project site is known to have pulp mill debris offshore. Substantial subsurface (surface of ocean floor) information has been developed in the past by APC and CBS. This information is available.
- b. Upland work within the Industrial Park will involve excavation in areas with abandoned structures remaining from the APC pulp mill. Developer(s) should expect to encounter concrete foundations and other difficult excavation conditions.
- c. The selected Developer(s) shall acquire permits from State and Federal agencies necessary to construct the project. Uplands infrastructure will require approval from CBS Public Works Department, CBS Electric Department and CBS Building Official.

Task 4: Scope of Project

CBS requests that Respondents describe their qualifications to perform planning, financing, permitting, engineering, procurement, construction, operations and maintenance of the major infrastructure proposed to be constructed during the duration of the contractual term.

The following items are the required components of the project scope:

- Operate, manage and maintain the Haul-out and Shipyard for the duration of the agreement.
- Maintain and incorporate access to the current GPIIP ramp for vendors to haul large vessels for repair such as barges. Plan for areas to install anchors and cable systems to pull vessels up the ramp.

The aspirational project scope includes the following components:

- Provided haul-out and vessel washdown system for the next 20 years.
- Provide float for passengers to safely get off a vessel prior to being lifted out of the water.
- Consider commercial vendors and subleasing in other available lease areas.
- Consider providing available areas for public use.
- Consider improved covered areas for working on boats
- Consider long term storage of boats
- Consider installation of utilities for vendors and boat repair areas.

Permitting

The Developer shall prepare permit applications and obtain all permits necessary for the proposed construction activities and operations at the GPIIP. CBS will review all documents prior to agency submittal and support this effort as necessary and to the extent it is reasonably able to do so.

Construction

The Developer is expected to provide for design, construction and construction management services to deliver a quality Project. The Project Team is expected to have experience and qualifications to deliver the proposed development vision. CBS project management may periodically review the project delivery status and adherence to the contractual performance requirements.

D. Insurance Requirements

The Developer shall provide the following types of insurance:

1. Worker's Compensation at the limits required by the Alaska State Worker's Compensation Statutes.

2. Comprehensive General Liability	Minimum Limits
Single Limit	\$1,000,000
General Aggregate	\$2,000,000

- *premises operations
- *products/completed operations
- *blanket contractual
- *broad form property damage
- *personal injury
- *independent contractors

3. Comprehensive Automobile Liability	\$1,000,000
• Including all owned, hired and non-owned vehicles	

The City and Borough of Sitka shall be named as an additional named insured on all insurance policies. Sitka shall also be granted a full waiver of any rights of subrogation. These requirements extend to all sub-contractors.

E. Facility Operations

Developer shall be responsible for the day to day operation of the marine haul out and marine shipyard sublease areas. Developer is expected to work closely with the CBS and the GPIIP Board to create a fully functional marine haul out service sector at GPIIP.

CBS has an established a retail and business use zoning code for the GPIIP. This information is included in the Appendices.

F. Relationship with CBS

Developer shall be an independent contractor who has the exclusive right to operate a marine haul out and shipyard at GPIIP. Developer shall lease upland areas from CBS and Developer shall have the right to sublease those lands.

Developer shall be responsible for operating in accordance with all codes and laws and for enforcing the same requirements with any subleases that Developer may create.

CBS will operate all municipal utility systems such as electricity, water and sewer. Developer will be expected to connect to CBS utilities at Developer's expense.

Developer will also be required to pay all applicable CBS utility fees and charges.

Developer shall collect and remit CBS sales tax for services or sales that Developer provides at GPIIP.

Developer is responsible for the safety of persons using Developer's facilities.

Developer shall provide a port security plan, if required in the future.

G. Proposal Format and Content

Please direct questions regarding this RFP to:

Garry White – GPIIP Director
City and Borough of Sitka
100 Lincoln Street
Sitka, Alaska 99835
907-747-2660

Proposal Format

1. Letter of Transmittal

2. Narrative

- a. Brief description of the company including its experience, the experience of its key individuals and a financial statement to prove its ability to finance this project. Brief resumes of the Developer(s), managers and lead design engineers and of the key technical and operational personnel to be assigned to this project. Discuss the experience of these persons and relate that experience to this project.
- b. Provide a list of other marine facilities owned and/or operated.
- c. Include a plan/program that is designed to satisfy the requirements listed in the "Scope of Project." Describe your understanding of the project, the proposed work plan, and the schedule you intend to follow in order to complete the project in a timely manner.
- d. Provide a schedule for completion of the project.
- e. Provide a concept level layout of proposed marine facility(s) and uplands facilities and identify what concept the facility(s) includes as identified in the Preferred Outcome.
- f. Provide proposed submerged and upland lease rates and/or purchase prices offers.
- g. Provide a concept level operations plan for the facility(s). Describe the estimated number of employees and how operation would benefit the Sitka and Southeast marine industry.

Submit three (3) copies of your Proposal in a sealed, secure envelope marked as follow:

Gary Paxton Industrial Park
Proposal to Fund, Construct and Operate a Marine Haul Out and Shipyard
Proposal Dated: _____, 2021

Proposals shall be addressed to:
Municipal Clerk
City and Borough of Sitka
100 Lincoln Street
Sitka, Alaska 99835

Proposals shall be received until 2:00 PM on April 8th, 2021.

H. Evaluation Criteria and Selection Process

A selection committee consisting of the GPIIP Board of Directors and the CBS Public Works Department will evaluate the proposals and make a recommendation of award to the CBS Assembly.

The committee will use the following criteria in deriving a numerical score for each proposal:

1. Qualifications, Financial Ability & Experience of the Developer(s) and the Design Engineer. From the proposal and from your own knowledge of this firm, give from 1 to 30 points with the best score as 30.
2. Concept Plan. Does the concept plan express and understanding of the Request for Proposals? Does the plan accommodate other users of the marine facilities? Does the plan accommodate other uses of the Gary Paxton waterfront and uplands? Does the plan provide jobs to the community? Does the plan support the marine industry? Score from 1 to 30 points.
3. Rates & Fees Bid. Does the proposal define what size of land and at what rate the Developer(s) is willing to lease both submerged and uplands or purchase uplands? What is the offered rate? Does it define a fee for the use of marine facility? The CBS Assembly prefers long term leases that match the anticipated life of the proposed marine facility(s), but will accept all proposals including ownership options. Scoring will be weighted towards lease rates or purchase prices that provide the best long term benefits to the community. Score from 1 to 30 points with higher lease rates or purchase price receiving a higher score.
4. Operations Plan. Does the proposal provide for adequate management and maintenance of the facilities? Will other users of the marine facilities be accommodated? Score from 1 to 30 points.
5. Ability to Meet Project Schedule. Should the proposal clearly reflect that the Developer(s) could meet the design, permitting and construction schedule identified in this request for proposals; the firm shall be awarded 20 points. Otherwise, the firm shall be awarded less than 20 points.

The total maximum number of points = 140

CBS reserves the right to negotiate with any proposer, to waive informalities in any of the proposals and to award the marine shipyard development contract to whichever proposer is deemed to provide the best value for the Municipality at the sole discretion of CBS. CBS will notify the selected proposer and work with that selected proposer to draft and enter into an exclusive agreement that best satisfies the preferred outcome of this RFP.

I. Schedule

Advertise Request for Proposals	February 1, 2021 to April 1th, 2021
Proposals Due	April 8th, 2021
Internal Review and Negotiations	April 12, 2021 to May 7th, 2021
Possible CBS Assembly Award	June 2021

I. Appendices

Appendix A Environmental MOU between the State of Alaska and CBS

Appendix B GPIP Uplands Lease Lots and Their Areas

Appendix C GPIP Uplands Parcel Map of Potential Lease Lots

Appendix D GPIP Zoning Code Table of Permitted Uses

Appendix E GPIP Utilities

Dates of Publication:

Sitka Daily Sentinel:

**CITY AND BOROUGH OF SITKA (CBS) PROPOSED LEASE TERMS WITH SITKA COMMUNITY
BOATYARD, LLC (SCB) FOR DEVELOPMENT OF A MARINE HAULOUT AND SHIPYARD
AT THE GARY PAXTON INDUSTRIAL PARK (GPI)**

A. PROJECT FINANCING:

The Selection Committee is recommending that no CBS funds be used for the initial phase development.

B. LEASE TERMS:

Phase 1: The CBS proposes a 50 year lease with SCB for a ~10,412 SF portion of Lot 9a, ~8,000 SF of tidelands, Lot 9b, Lot 9c, and Lot 15. The lease will be secured with a \$5,000 performance bond that can be applied to lease payments after 36 months. The lease will be structured to immediately release a ~10,412 SF section of Lot 9a and ~8,000 SF of tidelands to SCB. Lots 9b and 9c will be automatically released within terms of the lease to SCB once performance benchmarks are met by SCB. Lot 15 will be automatically released within terms of the lease to SCB once a second set of benchmarks are met.

Lease terms, rates, and performance benchmarks are outlined below:

Phase 1A – The CBS will lease a ~10,412 SF portion of Lot 9A and 8,000 SF of tidelands directly seaward of the Lot 9a uplands. The purpose of this initial portion of the lease is for SCB to finance and install marine travel lift piers, build a retaining wall, install a staging dock, and purchase or lease a marine travel lift to haul vessels. Lease rates are outlined below.

Lot 9a

<i>Month</i>	<i>Rate/Sq. Ft./YR</i>	<i>Space</i>	<i>Monthly Payment</i>	<i>Yearly Total</i>
<i>1st through 36th</i>	<i>\$0.00</i>	<i>10,412 sq. ft.</i>	<i>\$0</i>	<i>\$0</i>
<i>37th - 60th</i>	<i>\$0.06</i>	<i>10,412 sq. ft.</i>	<i>\$52.06</i>	<i>\$624.72</i>
<i>61th – 120th</i>	<i>\$0.12</i>	<i>10,412 sq. ft.</i>	<i>\$104.12</i>	<i>\$1,249.44</i>
<i>121th – 240th</i>	<i>\$0.18</i>	<i>10,412 sq. ft.</i>	<i>\$156.18</i>	<i>\$1,874.16</i>
<i>241th – 600th</i>	<i>\$0.24</i>	<i>10,412 sq. ft.</i>	<i>\$208.24</i>	<i>\$2,498.88</i>

Tidelands

<i>Month</i>	<i>Rate/Sq. Ft./YR</i>	<i>Space</i>	<i>Monthly Payment</i>	<i>Yearly Total</i>
<i>1st through 36th</i>	<i>\$0.00</i>	<i>8,000 sq. ft.</i>	<i>\$0</i>	<i>\$0</i>
<i>37th - 60th</i>	<i>\$0.06</i>	<i>8,000 sq. ft.</i>	<i>\$40</i>	<i>\$480</i>
<i>61th – 120th</i>	<i>\$0.12</i>	<i>8,000 sq. ft.</i>	<i>\$80</i>	<i>\$960</i>
<i>121th – 240th</i>	<i>\$0.18</i>	<i>8,000 sq. ft.</i>	<i>\$120</i>	<i>\$1,440</i>
<i>241th – 600th</i>	<i>\$0.24</i>	<i>8,000 sq. ft.</i>	<i>\$160</i>	<i>\$1,920</i>

Once SCB meets the following performance benchmarks, the CBS will release Lots 9b and 9c:

- SCB documents that they have secured at least \$2,000,000 in financing.
 - The CBS will review financing documentation.
- SCB provides a draft contract, including detailed designs, with a firm to install marine travel lift piers
 - The CBS will review and approve contract to ensure project matches infrastructure proposed, ensure infrastructure fits with existing infrastructure of the GPIIP, and meets all CBS building codes, State, and Federal requirements.
- SCB provides a draft contract, including detailed designs, with a firm to install a retaining wall.
 - The CBS will review and approve contract to ensure project matches infrastructure proposed, ensure infrastructure fits with existing infrastructure of the GPIIP, and meets all CBS building codes, State, and Federal requirements.
- SCB provides a draft contract, including detailed design, with a firm to install a staging dock.
 - The CBS will review and approve contract to ensure project matches infrastructure proposed, ensure infrastructure fits with existing infrastructure of the GPIIP, and meets all CBS building codes, State, and Federal requirements.
- SCB provides a signed contract with a firm to purchase or lease a travel lift between 100-300 tons.
 - The CBS will review and approve contract to ensure project matches infrastructure proposed, ensure infrastructure fits with existing infrastructure of the GPIIP, and meets all CBS building codes, State, and Federal requirements.
- SCB must complete all above benchmarks by January 31st, 2022 or lease can be terminated by the CBS.

Phase 1B – The lease between CBS and SCB will be structured to automatically release lots 9b and 9c once the above performance benchmarks are met. The purpose for this second phase of the lease is for SCB to construct a wash down pad and water treatment facility. Lease rates are outlined below.

Lots 9b & 9C

<i>Month</i>	<i>Rate/Sq. Ft./YR</i>	<i>Space</i>	<i>Monthly Payment</i>	<i>Yearly Total</i>
<i>1st through 36th</i>	<i>\$0.00</i>	<i>42,219 sq. ft.</i>	<i>\$0</i>	<i>\$0</i>
<i>37th - 60th</i>	<i>\$0.06</i>	<i>42,219 sq. ft.</i>	<i>\$211.10</i>	<i>\$2,533.14</i>
<i>61th – 120th</i>	<i>\$0.12</i>	<i>42,219 sq. ft.</i>	<i>\$422.19</i>	<i>\$5,066.28</i>
<i>121th – 240th</i>	<i>\$0.18</i>	<i>42,219 sq. ft.</i>	<i>\$633.29</i>	<i>\$7,599.42</i>
<i>241th – 600th</i>	<i>\$0.24</i>	<i>42,219 sq. ft.</i>	<i>\$844.38</i>	<i>\$10,162.56</i>

Once SCB meets the following performance benchmarks, the CBS will release Lot 15:

- SCB provides a draft contract, including detailed design, to install a wash down pad and water treatment facility.
 - The CBS will review and approve contract to ensure project matches infrastructure proposed, ensure infrastructure fits with existing infrastructure of the GPIIP, and meets all CBS building codes, State, and Federal requirements.
- SCB must complete all above benchmarks by June 30st, 2022 or lease can be terminated by the CBS.

Phase 1C – The lease between CBS and SCB will be structured to automatically release lot 15 once the above performance benchmark is met.

Lot 15

<i>Month</i>	<i>Rate/Sq. Ft./YR</i>	<i>Space</i>	<i>Monthly Payment</i>	<i>Yearly Total</i>
<i>1st through 36th</i>	<i>\$0.00</i>	<i>113,369 sq. ft.</i>	<i>\$0</i>	<i>\$0</i>
<i>37th - 60th</i>	<i>\$0.06</i>	<i>113,369 sq. ft.</i>	<i>\$566.85</i>	<i>\$6,802.14</i>
<i>61th – 120th</i>	<i>\$0.12</i>	<i>113,369 sq. ft.</i>	<i>\$1,133.69</i>	<i>\$13,604.28</i>
<i>121th – 240th</i>	<i>\$0.18</i>	<i>113,369 sq. ft.</i>	<i>\$1,700.54</i>	<i>\$20,406.42</i>
<i>241th – 600th</i>	<i>\$0.24</i>	<i>113,369 sq. ft.</i>	<i>\$2,267.38</i>	<i>\$27,208.56</i>

Other Terms of lease:

- Lease rate CPI Adjustment will start year 20. (Not to exceed 2% per year)
- CBS will allow SCB lender to secure a lease-hold interest to secure financing.
- CBS reserves the right to lease lots 9b, 9c, & 15 to non-competing uses during initial phase.
- SCB will give CBS 45-days' notice when it intends to provide documentation of performance benchmarks.

Total upland lease rates in Phase 1

<i>Month</i>	<i>Rate/Sq. Ft./YR</i>	<i>Space</i>	<i>Monthly Payment</i>	<i>Yearly Total</i>
<i>1st through 36th</i>	<i>\$0.00</i>	<i>166,000 sq. ft.</i>	<i>\$0</i>	<i>\$0</i>
<i>37th - 60th</i>	<i>\$0.06</i>	<i>166,000 sq. ft.</i>	<i>\$830</i>	<i>\$9,960</i>
<i>61th – 120th</i>	<i>\$0.12</i>	<i>166,000 sq. ft.</i>	<i>\$1,660</i>	<i>\$19,920</i>
<i>121th – 240th</i>	<i>\$0.18</i>	<i>166,000 sq. ft.</i>	<i>\$2,490</i>	<i>\$29,880</i>
<i>241th – 600th</i>	<i>\$0.24</i>	<i>166,000 sq. ft.</i>	<i>\$3,320</i>	<i>\$39,840</i>

Phase 2: The CBS proposes a lease matching terms of the Phase 1 lease with SCB for lots 6, 7, 8, and a 43,637 SF section of the northern portion of Lot 9a within 60 months from execution of a lease in Phase 1.

Lease terms, rates, and performance benchmarks are outlined below:

- SCB reserves first right of refusal to lease property for use as a boatyard.
- SCB must exercise its option to lease lots within 60 months from execution of a lease in Phase 1.
- SCB must give CBS 6 months notices of intent to exercise Phase 2 properties.

- CBS reserves the right to lease lots on a short term, month to month basis to non-competing use.
- SCB must demonstrate its ability to haul at least 100 vessels per year prior to executing first right to lease Phase 2 lots.
- SCB must provide documentation that it has ability to lift at least 5 vessels per day to executing first right to lease Phase 2 lots.

Lots 6, 7, 8, and 43,367 SF of Lot 9a

Month	Rate/Sq. Ft./YR	Space	Monthly Payment	Yearly Total
1 st through 12 th	\$0.06	149,906 sq. ft.	\$749.53	\$8,994.36
13 th – 24 th	\$0.12	149,906 sq. ft.	\$1,499.06	\$17,988.72
25 th – 36 th	\$0.18	149,906 sq. ft.	\$2,248.59	\$26,983.08
37 th – 60 th	\$0.24	149,906 sq. ft.	\$2,998.12	\$35,977.44

B. Additional Terms

1. SCB is required to operate a vessel haul out and boat yard on leased property. If SCB changes operations on lease property, the CBS reserves the right to terminate lease.
2. SCB is required to provide vessel haul out data to the CBS during its first 5 years of operation annually, no later than 30 days from anniversary of lease execution.
3. SCB shall be an independent contractor who has the exclusive right to operate a marine haul out and shipyard at GPIIP. SCB shall lease upland areas from CBS and SCB shall have the right to sublease those lands.
4. SCB shall be responsible for operating in accordance with all codes and laws and for enforcing the same requirements with any subleases that SCB may create.
5. SCB will be required to pay all published CBS utility fees and charges.
6. SCB shall collect and remit CBS sales tax for services or sales that SCB provides at GPIIP.
7. SCB is responsible for the safety of persons using facilities.
8. SCB shall provide a port security plan, if required in the future
9. SCB shall be responsible for maintenance of SCB's infrastructure and equipment.
10. SCB shall provide insurance requirements outlined in the RFP.
11. SCB will maintain, ensure non-competitive access, and scheduled use of the waterfront access ramp for existing business of the GPIIP. Any issues will be vetted by GPIIP Board.
12. SCB is required to allow an area to install anchors and cable systems to pull vessels up the ramp.
13. SCB shall provide annually user agreements of tenants of the haul out yard to ensure all environmental and safety precautions are being followed.

14. All other standard CBS lease agreement terms.

C. CBS Responsibilities

- CBS will remove all debris, including vehicles, structures and materials, from SCB leased land prior to SCB beginning operations.
- CBS will provide snow removal on streets within GPIP to provide access to SCB lease property
- CBS will maintain water, sewer and electrical service within utility right-of-ways.

D. CBS RAISE Grant

- The CBS intends to apply for a USDOT RAISE Grant. The CBS grant is written to be flexible for multiple options for vessel haul out and shipyard development. The CBS will investigate how grant funds can be applied to the development of a haul out and shipyard at the GPIP. The CBS intends to work with SCB on property development if grants funds are awarded and SCB is successful in their development efforts.

**CITY AND BOROUGH OF SITKA, ALASKA
GARY PAXTON INDUSTRIAL PARK (GPIP) – RAMP PROJECT
CONCEPT NO. 3**

PRELIMINARY DESIGN SUMMARY

Prepared By PND Engineers, Inc. September 30, 2019

The purpose of this document is to provide the City and Borough of Sitka (CBS) with an overall summary of the scoping, preliminary concept design work and environmental permitting assessment completed for the Gary Paxton Industrial Park (GPIP) project. PND Engineers, Inc. (PND) worked with CBS to obtain background information and input from both the GPIP Board and Public Works Department staff. PND assembled a list of anticipated environmental permits and construction requirements. The objective of these efforts is to provide CBS with a preliminary phased concept plan with owner input to assist with moving the project forward.

Background Information

CBS provided PND with electronic copies of Sawmill Cove/GPIP area showing water and sewer from the GIS system. The information was dated from the early 2000's and no current topographic survey information appears to be available for the area.

CBS Coordination

PND and CBS have conducted two Joint Work Sessions for the GPIP ramp project conducted in Sitka. The culmination of these Joint Work Sessions included two power point presentations that defined Sitka's wishes to proceed with Concept No. 3.

PND's technical memorandum dated July 19, 2019 addresses wash water industry standard effluent and allowable influent flows. The estimated maximum daily flow is 2,000 gpd if a single pressure washer is used. The daily flow will increase to 4,000 gpd when two pressure washers are used at larger vessels. Subsequent to issuing the memorandum, Shilo Williams, CBS Environmental Superintendent provided verbal authorization of the onsite treatment methodology and discharge of the wash water to the municipal sewer system.

PND's coordination with Brian Doyle, CBS Chief Waste Water Operator yielded sewer force main input parameters including that the existing force main elevation is approximately at 6' below grade and an adjacent Eone pump station services The Boat Company in Sawmill Cove. An equivalent pump station will be required at GPIP. The pump station should be equipped with a local high water warning light but is not required to be built to CBS Standards.

PND's technical memorandum dated August 23, 2019 addresses on site wash water schematics, equipment information and temporary (relocatable) wash down facilities. The information includes the wash water route, required equipment and cut sheets. The temporary wash down pad is a PVC liner and associated costs are included in the preliminary cost estimate for the facility.

PND's letter dated February 21, 2019 addresses Concept No. 3 operational issues and it recommended that an easement be established for encroaching mooring lines and vessel operations for the existing Utility Dock.

Project Development Phasing

The rough order magnitude (ROM) budget estimate for Concept No. 3 and temporary wash down pad are divided into three construction phases and are summarized as follows:

Phase I brings the facility into limited operation. Improvements include: a gravel ramp, armor rock, storm drain improvements, water service, a temporary wash down pad (summertime use), on site pretreatment of wash water and discharge of wash water into the municipal sewer system and electrical power.

The estimated budget for Phase I is **\$1,055,219.00**, including indirect costs and 10% contingency.

Concept No. 3, Sheet 1 of 3

Ramp Profile, Sheet 2 of 3

Schematic Plan, Sheet 3 of 3

Phase II improvements include uplands site grading, storm drain improvements, water services, asphalt repairs, concrete ramp planks, concrete apron, concrete wash down pad with hydronic piping, power and lighting over a portion of the site. **Note:** wash down pad is a summer time use for Phase II.

The estimated budget for Phase II is **\$2,511,430.00**, including indirect costs and 10% contingency.

Phase III improvements include additional upland grading and drainage, connecting the hydronic piping from the wash down pad, constructing a utility building with restroom (Note: wash down pad allows wintertime use), timber boarding float with concrete abutment, 100 ton self-propelled submersible hydraulic trailer, power and lighting.

The estimated budget for Phase III is **\$3,977,388.00**, including indirect costs and 10% contingency.

An overall estimated budget of the GPIIP project is \$7,544,038.00, including indirect costs and 10% contingency.

Design-Build Components

PND was requested by CBS to incorporate six Design-Build components into the report including soft costs.

PND developed rough order magnitude (ROM) budget estimates as follows:

1. Water Treatment – A wash water onsite pre-treatment facility is constructed in a concrete vault with filter system, install water service, sewer lift station and electrical hookup to the sewer system provided.
 - a. The estimated budget for item 1 is **\$461,378.00**
2. Collect Water and Wash Down Facility – Construct a concrete wash down pad with hydronic heat piping and a temporary wash down pad.
 - a. The estimated budget for item 2 is **\$399,035.00**
3. Boat Ramp – The existing ramp is upgraded to an 8% grade, widened, concrete ramp planks installed and a concrete apron placed at the top of the ramp.
 - a. The estimated budget for item 3 is **\$1,946,284.00**
4. Upland Improvements – Patch asphalt, construct utility building with hydronic boilers for the heated wash down pad and restroom and provide power and lighting to the site.
 - a. The estimated budget for item 4 is **\$2,579,463.00**
5. Timber Float – A timber boarding float and associated steel piles are installed at the launch ramp.
 - a. The estimated budget for item 5 is **\$910,831.00**
6. Equipment – A self-propelled submersible hydraulic trailer is furnished.
 - a. The estimated budget for item 6 is **\$1,277,400.00**

Project Permitting

List of environmental and operational permits required include:

1. USACE – Section 10 and Section 404 Authorizations
2. ADFG Fish Habitat Permit
3. ADEC Stormwater Treatment & Runoff Design Review
4. ADEC Water & Sewer Utilities
5. ADEC MSGP Operational SWPPP for Boatyards
6. Local Building Permits
7. Access Easement to define the ramp and existing Utility Dock operations, see PND letter dated February 21, 2019.

Attachments

ROM Budget Estimate – Concept No. 3
ROM Design Build List of Boat Haul Out Facility Items
Concept No. 3, Sheet 1 of 3
Ramp Profile, Sheet 2 of 3
Schematic Plan, Sheet 3 of 3
PND technical memorandum dated July 19, 2019
PND technical memorandum dated August 23, 2019
PND Letter Dated February 21, 2019

ROM Budget Estimate – Concept No. 3
&
ROM Design Build List of Boat Haul Out Facility
Items

GARY PAXTON INDUSTRIAL PARK (GPIP)
RAMP PROJECT

ROM BUDGET ESTIMATE - CONCEPT NO.3
w/ PRELIMINARY PHASING PLAN

PND PROJECT 182060.01



PREPARED BY: PND ENGINEERS, INC.
Prepared on: September 30, 2019

Item	Item Description	Units	Quantity	Unit Cost	Amount	Preliminary Phasing Plan			
						PH 1	PH 2	PH 3	Sum Check
1505.1	Mobilization	LS	All Req'd	8%	\$436,980	\$54,256	\$147,344	\$235,380	\$436,980
2060.1	Demolition and Disposal	LS	All Req'd	\$100,000	\$100,000		\$75,000	\$25,000	\$100,000
2202.1	Excavation	CY	6,300	\$15	\$94,500		\$47,250	\$47,250	\$94,500
2202.2	Class A Shot Rock Borrow	CY	12,600	\$25	\$315,000	\$9,450	\$148,050	\$157,500	\$315,000
2202.3	Class B Shot Rock Borrow	CY	5,000	\$20	\$100,000	\$100,000			\$100,000
2204.1	Base Course, Grading A	CY	500	\$50	\$25,000		\$25,000		\$25,000
2204.2	Base Course, Grading C-1	CY	6,300	\$50	\$315,000		\$157,500	\$157,500	\$315,000
2205.1	Armor Rock	CY	3,000	\$55	\$165,000	\$165,000			\$165,000
2205.2	Underlayer Rock	CY	350	\$45	\$15,750	\$15,750			\$15,750
2501.1	Storm Drainage Improvements w/ BMP's	LS	All Req'd	\$250,000	\$250,000	\$75,000	\$50,000	\$125,000	\$250,000
2601.1	Water Service and Yard Pedestals	LS	All Req'd	\$250,000	\$250,000	\$25,000	\$100,000	\$125,000	\$250,000
2601.2	Sewer Service and Lift Station	LS	All Req'd	\$50,000	\$75,000	\$75,000			\$75,000
2601.3	Temporary Wash Down Pad	LS	All Req'd	\$75,000	\$75,000	\$75,000			\$75,000
2702.1	Construction Surveying	LS	All Req'd	\$60,000	\$60,000	\$15,000	\$21,000	\$24,000	\$60,000
2801.1	ACP Patch Repairs	LS	All Req'd	\$50,000	\$50,000		\$25,000	\$25,000	\$50,000
2714.1	Geotextile Fabric	SY	5,000	\$7	\$35,000			\$35,000	
2893.1	Timber Boarding Float	SF	2,800	\$200	\$560,000			\$560,000	
2896.1	Furnish and Install Steel Pipe Pile	EA	7	\$10,000	\$70,000			\$70,000	
3305.1	Concrete Approach Abutment	LS	All Req'd	\$15,000	\$15,000			\$15,000	
3305.2	Concrete Approach Apron	LS	All Req'd	\$60,000	\$60,000		\$60,000		\$60,000
3305.2	Precast Concrete Ramp Planks	SF	12,500	\$60	\$750,000		\$750,000		\$750,000
3306.1	Concrete Wash Down Pad w/ Hydronic Piping	CY	130	\$1,100	\$143,000		\$143,000		\$143,000
11000.1	Grit Chamber, O/W Separator, Filter Vault	LS	All Req'd	\$75,000	\$75,000	\$75,000			\$75,000
13000.1	Utility Building w/ Hydronic Boiler	SF	960	\$400	\$384,000			\$384,000	\$384,000
13130.1	100 T Self Propelled Submersible Hydraulic Trailer	LS	All Req'd	\$1,000,000	\$1,000,000			\$1,000,000	\$1,000,000
16000.1	Power and Lighting	LS	All Req'd	\$480,000	\$480,000	\$48,000	\$240,000	\$192,000	\$480,000
ESTIMATED CONSTRUCTION BID PRICE					\$5,899,230	\$732,456	\$1,989,144	\$3,177,630	\$5,899,230
Contingency (10%)					\$589,923	\$73,246	\$198,914	\$317,763	\$589,923
Environmental Permitting					\$70,000	\$50,000	\$10,000	\$10,000	\$70,000
Bathymetric & Topographic Survey & Geotechnical Investigation					\$100,000	\$75,000	\$15,000	\$10,000	\$100,000
Final Design & Contract Documents					\$471,938	\$73,246	\$159,132	\$239,561	\$471,938
Contract Administration and Construction Inspection					\$412,946	\$51,272	\$139,240	\$222,434	\$412,946
TOTAL RECOMMENDED PROJECT BUDGET - SITE IMPROVEMENTS					\$7,544,038	\$1,055,219	\$2,511,430	\$3,977,388	\$7,544,038

(ROM) Design Build List of Boat Haul Out Facility Items:

1. Wastewater on-site pre-treatment facility: Vault with filter, water service, sewer lift station and electrical hookup to the sewer system						
Item	Item Description	Units	Quantity	Unit Cost	Amount	Cumulative Sub-Total
1000.1	Contractor Design Services	LS	All Req'd	7%	\$18,529	
1505.1	Mobilization	LS	All Req'd	8%	\$17,200	
2202.2	Class A Shot Rock Borrow	CY	300	\$25	\$7,500	
2204.2	Base Course, Grading C-1	CY	500	\$50	\$25,000	
2601.1	Water Service	LS	All Req'd	\$25,000	\$25,000	
2601.2	Sewer Service and Lift Station	LS	All Req'd	\$75,000	\$75,000	
11000.1	Grit Chamber, O/W Separator, Filter Vault	LS	All Req'd	\$75,000	\$75,000	
16000.1	Power and Lighting	LS	All Req'd	\$40,000	\$40,000	
	ESTIMATED CONSTRUCTION BID PRICE				\$283,229	
	Contingency (10%)				\$28,323	
	Environmental Permitting				\$50,000	
	Topographic Survey & Geotechnical Investigation				\$50,000	
	Design Build - RFP Documents				\$30,000	
	Contract Administration and Construction Inspection				\$19,826	
	TOTAL RECOMMENDED PROJECT BUDGET - SITE IMPROVEMENTS				\$461,378	\$461,378
2. Wastewater collection and wash down facility: Temporary wash down pad system and concrete wash down pad with hydronic piping						
Item	Item Description	Units	Quantity	Unit Cost	Amount	
1000.1	Contractor Design Services	LS	All Req'd	7%	\$18,756	
1505.1	Mobilization	LS	All Req'd	8%	\$17,440	
2202.2	Class A Shot Rock Borrow	CY	300	\$25	\$7,500	
2204.2	Base Course, Grading C-1	CY	500	\$50	\$25,000	
2601.3	Temporary Wash Down Pad	LS	All Req'd	\$75,000	\$75,000	
3306.1	Concrete Wash Down Pad w/ Hydronic Piping	CY	130	\$1,100	\$143,000	
	ESTIMATED CONSTRUCTION BID PRICE				\$286,696	
	Contingency (10%)				\$28,670	
	Environmental Permitting				\$10,000	
	Topographic Survey & Geotechnical Investigation				\$25,000	
	Design Build - RFP Documents				\$20,000	
	Contract Administration and Construction Inspection				\$28,670	
	TOTAL RECOMMENDED PROJECT BUDGET - SITE IMPROVEMENTS				\$399,035	\$860,413
3. Boat Ramp: Upgrade to 8% ramp, increase width, concrete ramp planks, concrete apron						
Item	Item Description	Units	Quantity	Unit Cost	Amount	
1000.1	Contractor Design Services	LS	All Req'd	7%	\$102,117	
1505.1	Mobilization	LS	All Req'd	8%	\$108,060	
2202.2	Class A Shot Rock Borrow	CY	12,000	\$25	\$300,000	
2204.1	Base Course, Grading A	CY	500	\$50	\$25,000	
2205.1	Armor Rock	CY	3,000	\$55	\$165,000	
2205.2	Underlayer Rock	CY	350	\$45	\$15,750	
2714.1	Geotextile Fabric	SY	5,000	\$7	\$35,000	
3305.2	Concrete Approach Apron	LS	All Req'd	\$60,000	\$60,000	
3305.2	Precast Concrete Ramp Planks	SF	12,500	\$60	\$750,000	
	ESTIMATED CONSTRUCTION BID PRICE				\$1,560,927	
	Contingency (10%)				\$156,093	
	Environmental Permitting				\$30,000	
	Bathymetric & Topographic Survey & Geotechnical Investigation				\$50,000	
	Design Build - RFP Documents				\$40,000	
	Contract Administration and Construction Inspection				\$109,265	
	TOTAL RECOMMENDED PROJECT BUDGET - SITE IMPROVEMENTS				\$1,946,284	\$2,806,697
4. Upland Improvements: Utility building with hydronic heating boilers, restroom, site paving repairs, site power & lighting, site grading						
Item	Item Description	Units	Quantity	Unit Cost	Amount	
1000.1	Contractor Design Services	LS	All Req'd	8%	\$164,274	
1505.1	Mobilization	LS	All Req'd	8%	\$69,920	
2060.1	Demolition and Disposal	LS	All Req'd	\$100,000	\$100,000	
2202.1	Excavation	CY	6,300	\$15	\$94,500	
2202.3	Class B Shot Rock Borrow	CY	5,000	\$20	\$100,000	
2204.1	Base Course, Grading A	CY	500	\$50	\$25,000	
2204.2	Base Course, Grading C-1	CY	6,300	\$50	\$315,000	
2501.1	Storm Drainage Improvements w/ BMP's	LS	All Req'd	\$250,000	\$250,000	
2601.1	Water Services and Yard Pedestals	LS	All Req'd	\$225,000	\$225,000	
2801.1	ACP Patch Repairs	LS	All Req'd	\$50,000	\$50,000	
13000.1	Utility Building w/ Hydronic Boiler	SF	960	\$400	\$384,000	
16000.1	Power and Lighting	LS	All Req'd	\$440,000	\$440,000	
	ESTIMATED CONSTRUCTION BID PRICE				\$2,217,694	
	Contingency (10%)				\$221,769	
	Environmental Permitting				\$10,000	
	Topographic Survey & Geotechnical Investigation				\$15,000	
	Design Build - RFP Documents				\$40,000	
	Contract Administration and Construction Inspection				\$75,000	
	TOTAL RECOMMENDED PROJECT BUDGET - SITE IMPROVEMENTS				\$2,579,463	\$5,386,160
5. Timber Float: Timber boarding float & associated steel pipe piles						
Item	Item Description	Units	Quantity	Unit Cost	Amount	
1000.1	Contractor Design Services	LS	All Req'd	7%	\$47,628	
1505.1	Mobilization	LS	All Req'd	8%	\$50,400	
2893.1	Timber Boarding Float	SF	2,800	\$200	\$560,000	
2896.1	Furnish and Install Steel Pipe Pile	EA	7	\$10,000	\$70,000	
	ESTIMATED CONSTRUCTION BID PRICE				\$728,028	
	Contingency (10%)				\$72,803	
	Environmental Permitting				\$10,000	
	Bathymetric & Topographic Survey & Geotechnical Investigation				\$20,000	
	Design Build - RFP Documents				\$30,000	
	Contract Administration and Construction Inspection				\$50,000	
	TOTAL RECOMMENDED PROJECT BUDGET - SITE IMPROVEMENTS				\$910,831	\$6,296,991
6. Equipment: Self-propelled submersible hydraulic boat trailer						
Item	Item Description	Units	Quantity	Unit Cost	Amount	
1000.1	Contractor Design Services	LS	All Req'd	5%	\$54,000	
1505.1	Mobilization	LS	All Req'd	8%	\$80,000	
13130.1	100 T Self Propelled Submersible Hydraulic Trailer	LS	All Req'd	\$1,000,000	\$1,000,000	
	ESTIMATED CONSTRUCTION BID PRICE				\$1,134,000	
	Contingency (10%)				\$113,400	
	Design Build - RFP Documents				\$20,000	
	Contract Administration and Construction Inspection				\$10,000	
	TOTAL RECOMMENDED PROJECT BUDGET - SITE IMPROVEMENTS				\$1,277,400	\$7,574,391

1. Letter of Transmittal

To: Garry White – GPIP Director

From: Jeremy Serka, Sitka Custom Marine, Linda Behnken, ASFT Board President

Date: April 7, 2021

Subject: Sitka Boatyard RFP Transmittal Letter

Thank you for the opportunity to submit this response to the City of Sitka's request for proposals for the construction and operation of a marine haul out and shipyard. In preparing this proposal, we have worked closely with Sitka's marine service community to create a common vision of a boatyard that will function as a facilitator for commerce, generating modest returns through the haul out operations but substantial economic activity and job creation for the community. Our goal is to build a boatyard that serves the needs of the local fleet at competitive prices while incorporating a phased development approach to attract new marine service business and vessels to Sitka.

The initial phase of development will focus on building a travel lift slip, retaining wall, washdown pad, and staging or queuing dock, then purchasing a 150-ton travel-lift and yard supplies in order to begin hauling vessels in 2022. This will allow the boatyard to meet the immediate needs of most Sitka vessels. We estimate the cost of this stage, from design to operation, to be \$2.9 million. Future stages include upgrading the pier and yard area to allow operation of a 300-ton lift, upgrading the ramp to allow trailer and barge use, and subleasing parcels to marine service businesses interested in operating within the yard. These stages will be undertaken as future funding becomes available.

During the development of this proposal, we have conducted two separate financial analyses of the boatyard operation using expert advice from local shipwrights, investment managers, and public sources on cost structures of other Alaska boatyards, including Homer, Wrangell and Hoonah. Our conclusion is that a marine haul out and shipyard that generates sufficient income to maintain operations and equipment is feasible in Sitka, but only if low interest loans or grants can be secured to finance the necessary site improvements and equipment capital costs. In response to this fact, our proposal integrates private sector investment from local marine service businesses and commercial fishermen, and relies on: 1) grants and low interest loans secured by the Alaska Sustainable Fisheries Trust (a Sitka based 501c3 non-profit); 2) City of Sitka participation through a Sitka Economic Development Fund loan; and, 3) direct investment by the Gary Paxton Industrial Park (GPIP) in the washdown pad and electrical infrastructure. This innovative example of public, private, and nonprofit entities working together to foster community supported economic development and retain a skilled workforce through investment in essential working waterfront infrastructure will provide the necessary foundation to establish the haul out and boatyard Sitka needs now, while working with the CBS and GPIP to secure additional funding to build the boatyard Sitka deserves.

Below is a summary of the information and assumptions we used in developing this proposal.

Background

In 2018, Sitka ranked 16th among all US ports in terms of total landed fishery value (US \$65 million)^[1] despite a population size under 9,000. Over 600 commercial fishing vessels are homeported in Sitka, and close to 1900 people work on fishing boats or in Sitka's processing sector each year.^[2] In fact, Sitka has more active commercial fishing vessels and more residents who hold federal and state fishing permits than any other Southeast community.^[3] Sitka's commercial fleet also includes tugs, landing craft and other work boats, all of which depend on working waterfront infrastructure. Liveaboards, a growing number of yachts, pleasure boats and charter fishing boats also fill Sitka's harbors and rely on local marine services, as do vessels moored in Sitka but outside the City harbor system (i.e., at the Quay, Cove Marina, float houses or other private property).

Sitka's large fleet supports a talented marine service sector that includes shipwrights, welders, metal fabricators, mechanics, electronic experts, and surveyors. The support sector provides high paying jobs, generates substantial economic activity, and has historically served the local fleet and attracted non-local boat owners to the community. The working waterfront infrastructure to support this work is crucial to the viability of Sitka's fleet and to the economy of Sitka. In particular, the Sitka fleet depends on access to an efficient haul out and boatyard where annually required maintenance can be performed along with urgent repairs or scheduled upgrades.



The Problem

Sitka has experienced a sequence of privately owned boatyards converting to other land uses, which parallels a national loss of working waterfront capacity that is widely recognized as a threat to coastal economies and cultures.^[4] Most recently, Halibut Point Marine, the owner/operator of the last private haul-out, informed the City that the business would cease hauling boats to transition the yard space into a cruise ship dock and storefronts. No other private land or yard operators are available to replace this loss of service and the closest alternative haul-out facilities are more than 100 water miles away. Additionally, no boatyard within 500 miles can accommodate the Sitka fleet during the annual maintenance cycle when good weather allows essential work.

The additional cost and travel time for resident fishing operations to perform annual maintenance will displace entry level and economically marginal fishing operations, force some boat-owners to homeport their vessels in other towns and cripple Sitka marine service sector. The loss of economic activity, jobs and sales revenue to Sitka will undermine economic, social and cultural stability. Because many major vessel repair jobs happen in the winter, the boatyard loss will especially impact the critical cash flow from a stable year-round workforce essential to balance other more seasonal jobs. These workers are highly skilled and once gone this workforce is hard to replace, hence the urgency to develop an immediate long-term solution.

Our Solution

To support Sitka's fleet, the community's economic stability, and to retain essential jobs, the Alaska Sustainable Fisheries Trust (ASFT), a Sitka-based 501c3 organization, and Sitka Custom Marine have worked for the past year with local Sitka marine tradesmen to develop this proposal for a sustainable marine services center at the GPIP site. We share a common vision to construct a state-of-the-art facility provides affordable and efficient services to the local fleet, attracts additional boats to Sitka, and promotes opportunity in the marine trades.



PhotoScan by Google Photos

that

Sitka Custom Marine, ASFT and project partners are applying for a 50-year long-term lease of approximately 6.8 acres at the GPIP site to ensure the property remains working waterfront for the long-term and serves as an economic driver for the community. Our goal is to foster the haul out and boatyard Sitka needs while working with the City and Borough of Sitka, GPIP, and local businesses to build the boatyard Sitka deserves. Our long-term vision includes workforce development, education, and fleet innovation to increase long-term economic viability while safeguarding the environment.

As envisioned, the Sitka Community Boatyard will function as a facilitator for commerce, generating modest returns through the haul out operations but substantial economic activity and job creation for the community. We support the City in creating a structure that encourages investment while retaining land ownership as a community asset. Leasing land at reasonable prices to qualified vendors will attract a robust marine service sector and fishing fleet. The benefit to the City of Sitka is job creation, sales tax revenue, and year-round employment.



The Structure

If our bid is adopted by the City, project partners will create the Sitka Community Boatyard LLC, (SCB) which will be a new for-profit LLC, registered in the State of Alaska, with ASFT, Sitka Custom Marine, and 2-4 mission aligned investors as the managing members. The Sitka Community Boatyard LLC will be guided by a five, to seven-member board that includes people with business and shipyard experience. ASFT will guide the mission-related aspects such as job creation, economic development, and educational and workforce development. The SCB will contract with Sitka Custom Marine to oversee yard construction and operation.

By partnering with experienced marine tradesmen, commercial fishermen, and investors with business experience, the Sitka Community Boatyard LLC will be managed to ensure economic success. The 50-year lease of the property will ensure long-term stability and a business environment conducive to infrastructure and capacity investment. Haul out and yard rates will

be commensurate with rates charged at comparable and relatively proximate yards to maintain affordability while still servicing debt and, eventually, generating modest profit.

Our Funding Plan

The projected capital cost to launch the Sitka Community Boatyard is \$2.9 million. ASFT has been invited by the Rasmuson Foundation to apply for a \$1 million capital investment contribution structured as a combination of a grant and a program related investment loan. If awarded, this investment will allow ASFT to finance a travel lift, staging dock, and yard equipment. As back up to Rasmuson Foundation funding, the Sitka Community Boatyard has discussed the project and been encouraged to apply for a US Department of Commerce Small Business Economic Development Loan. ASFT has also described this project and discussed funding needs with The Nature Conservancy and the Denali Commission staff and received positive initial responses. ASFT will actively pursue these funding opportunities and continue to invite charitable, state and federal entities to provide support for the Sitka boatyard. Other private equity partners will invest approximately \$250,000 in risk capital for start-up costs, including operating capital and lease site improvements.

The Sitka Community Boatyard LLC will also apply to the City for a \$1.25 million loan from the City of Sitka's Economic Development Fund at low interest terms similar to the program related investment funding. These funds will be used to build the travel lift slip and piers as an essential site improvement. Finally, we will request \$400,000 in project investment from the GPIIP to contract with SCB to install an EPA approved vessel wash-down pad and to perform site electrical and road upgrades.

We will continue to pursue additional economic development funds to add yard capacity as we build toward the yard Sitka deserves. We look forward to working with the City of Sitka and GPIIP to foster economic development, retain a skilled workforce and essential services, and promote education and workforce development through investment in essential working waterfront infrastructure.

Responses to specific elements of the RFP are described in detail in the attached proposal.

Thank you for considering this proposal.

^[1] <http://www.st.nmfs.noaa.gov/commercial-fisheries/commercial-landings/index>.

^[2] <http://live.laborstats.alaska.gov/seafood/seafoodstatewide.cfm>.

^[3] Fey et al., 2016

^[4] <http://www.workingwaterfrontarchives.org/2012/05/22/the-value-of-working-waterfronts/>

Sincerely,



Linda Behnken, ASFT President



2. Narrative

a. Brief description of the company including its experience, the experience of its key individuals and a financial statement to prove its ability to finance this project. Brief resumes of the Developer(s), managers and lead design engineers and of the key technical and operational personnel to be assigned to this project. Discuss the experience of these persons and relate that experience to this project.

Sitka Custom Marine, the Alaska Sustainable Fisheries Trust (ASFT), and project partners are applying for a 50-year long-term lease of approximately 6.8 acres at the GPIIP site to develop and operate a marine haul out facility and shipyard. If our bid is accepted by the City, project partners will create the Sitka Community Boatyard LLC (SCB), which will be a new for-profit LLC, registered in the State of Alaska, with ASFT, Sitka Custom Marine, and 2-4 mission aligned investors as the managing members. The SCB will contract with Sitka Custom Marine to oversee yard construction and operation.

Sitka Custom Marine (SCM) is an established, locally owned and operated marine service business with skilled year-round staff who are qualified, licensed and insured to oversee boatyard construction, operate the travel hoist, block boats for dry dock work, and manage the boatyard. Business owner Jeremy Serka has been a driving force behind the SCB concept and shares a common vision for a full-service marine center that also promotes education and service sector opportunity through intern- and apprenticeships. SCM will operate a welding, metal fabrication and repair shop at the GPIIP site, and will encourage other marine service sector businesses to operate on the premises. When not hauling boats, SCM employees will work in the welding and fabrication shop, securing high paying, year-round employment.

ASFT is a Sitka-based 501c3 non-profit founded in 2012 that works to strengthen fishing communities and marine resources through education, research and economic opportunity. ASFT's Board President Linda Behnken has extensive experience in non-profit fundraising and program development. For example, ASFT recently secured \$1.5 million in program related investment loans from charitable foundations to provide low-cost funding to entry level fishermen. As a managing member, ASFT will guide mission-related objectives, such as job creation, economic development, and educational and workforce development. As a non-profit, ASFT will also serve as a conduit for grants and low interest loans to support high construction costs and facilitate workforce development and job retention.

The projected capital cost to launch the Sitka Community Boatyard is \$2.9 million. Individuals in the marine service business and commercial fishermen have agreed to provide \$250,000 in capital for SCB. These funds will be used to cover start-up costs during construction and operation. SCB will also apply to the City of Sitka for a \$1.25 million Sitka Economic Development loan to fund construction of the travel lift slip, piers and retaining wall. Project partners have preliminary estimates from Turnagain Marine and Western Marine for a design/build contract to perform the construction. The estimates include engineering and design, environmental permit procurement, environmental monitoring during construction, mobilization of equipment, construction materials and labor. Once the loan is secured, SCB will finalize a contract with Turnagain Marine or Western Marine and initiate application for the necessary permits and approval to construct and operate the yard. The design and permit approval stage is

estimated to take 5-6 months. The travel lift slip will have capacity to safely operate a 150-ton hoist to haul boats up to 300,000 pounds and 65 feet in length. The 150-ton Travelift will accommodate more of Sitka's fleet than the 120 ton lift currently owned by HPM. The travel lift slip will be constructed on the southern corner of lot 9A, next to the bulk water outflow. Construction will entail driving piling and building a travel lift slip with two piers and an estimated overall size of 50' by 80'; a 40' by 10' (approximately) staging/queuing dock will also be constructed and located proximate to the travel lift slip. Sitka Custom Marine will oversee the construction of the travel lift slip, piers, retaining wall and staging dock.

Cost estimates for the Travelift, which include shipping and assembly in Sitka, have also been researched and defined. Turnagain and Western Marine have provided estimates for the proposed staging dock with 4 creosote pilings. Cost estimates for the remaining haul-out equipment have been developed and reviewed by project partners with experience operating shipyards.

ASFT has been invited by the Rasmuson Foundation to apply for \$1 million in a combination of grant and PRI loan to fund purchase of the Travelift, staging dock, and other haul-out equipment. As back up to Rasmuson Foundation funding, the Sitka Community Boatyard has discussed the project and been encouraged to apply for a US Department of Commerce Small Business Economic Development Loan. ASFT has also discussed the SCB project and funding needs with The Nature Conservancy and the Denali Commission staff and received positive responses. ASFT will actively pursue these funding opportunities and continue to solicit support from other charitable, state and federal entities to secure full funding for the boatyard as proposed.

Finally, SCB requests GPIP provide SCB with the \$100,000 in infrastructure funds approved for boatyard site improvements at GPIP. These funds will be used to install electrical infrastructure and upgrade the road in preparation for haul out operations. SCB also requests GPIP provide \$300,000 in contract funds to construct an EPA approved washdown pad on lot 9B or a portion of lot 9C. The washdown pad will be constructed by local contractors using existing engineered drawings. Project partners have also received quotes for a prefabricated waste-water treatment plant. These are ready-to-go systems designed specifically for boatyards.

Haul out operations will begin in Spring 2022. Once on dry land, each boat will be moved to a wash down pad where pressure washers will be available. Boats will then be moved to yard space and blocked or cradled. A per day rate for storage will be charged along with the round-trip haul fee. Boat owners will be allowed to work on their own boats or to hire contractors approved with the necessary insurance to operate on the premises. Electrical outlets will be provided at each dry dock space. Boats will be required to hold haul out insurance or to sign a waiver against City or Boatyard liability. As the boatyard gains capacity, we anticipate covered workspace to allow efficient and high-quality repairs or upgrades.

List of key principals contributing to proposal development

- Sitka Custom Marine, Jeremy Serka, owner Sitka Custom Marine
- Alaska Sustainable Fisheries Trust- Linda Behnken, president, and Dan Falvey, vice-president
- Ben Blakey- Co-owner of Northline Seafoods

- Jeff Farvour- local fisherman, shipwright and board member of Sitka Salmon Shares and the Alaska Longline Fishermen's Association (ALFA)
- Terry Perensovich- local fisherman, shipwright and board member of ALFA
- Justus Raeppe, The Nature Conservancy (financial model assistance)
- Marc Wheeler, business owner (business plan assistance)
- Sam Skaggs, Verdant Money (project guidance)

b. Provide a list of other marine facilities owned and/or operated.

Sitka Custom Marine (SCM) will be contracted to oversee construction and operate the yard. SCM is a trade name for Serka's Welding and Fabrication LLC. Jeremy Serka has been in business continually for 20 years and annually services over 150 vessels and other customers in Sitka. Jeremy Serka, the owner of SCM, and his staff collectively have 50 plus years in the marine trades, with extensive experience in vessel construction and maintenance. SCM has on staff a highly experienced Travelift and boatyard operator. SCM carries Marine Shipyard General Liability Insurance, Workers Compensation Insurance, and because of attention to safety, SCM has never filed an insurance claim in over 20 years of business.

c. Include a plan/program that is designed to satisfy the requirements listed in the "Scope of Project." Describe your understanding of the project, the proposed work plan, and the schedule you intend to follow in order to complete the project in a timely manner.

Project as we understand it is described above; work plan and timeline outlined in ".d" below.

Ownership Criteria

The GPIIP Strategic Plan identifies the importance of preserving public access, creating family-wage jobs for Sitka residents and setting aside remaining GPIIP land for a much-needed boatyard. We strongly support these goals and priorities. SCB is requesting a long-term lease as described under section "F" below and does not intend to purchase the land. We strongly believe the City of Sitka should retain ownership of the 6.8 acres of GPIIP land to ensure the land continues to meet the needs of the Sitka community and the local fleet for the long-term. The SCB will support the economic success of Sitka's fishing fleet and marine trades while generating substantial economic activity for the community.

Insurance Requirements

Sitka Custom Marine will carry all comprehensive general liability insurance, equipment and vehicle insurance and all workers compensation insurance to satisfy the City of Sitka and State of Alaska requirements. Once SCB LLC is formed, we will consult with insurance specialists to ensure adequate coverage for SCB to meet City of Sitka requirements as specified in the RFP.

Location Analysis

SCB considered multiple configurations for developing the marine haul out and shipyard. The first configuration considered was a self-propelled trailer to operate on the existing ramp off lot 9A. The trailer/ramp configuration was estimated to cost \$1.3 million but would only have serviced a small percentage of Sitka's fleet. We also considered including a 300-ton hoist in this project, but upland improvement and hoist costs would have approximately doubled the start-up

costs for the boatyard. Based on this review, we identified the 150-ton Travelift as the appropriate equipment for Phase 1.

Our analysis concludes that, based on the limited options for a travel lift slip due to significant GPIIP land use and distribution fragmentation, the best option for construction of a travel lift slip is off the southern corner of lot 9A as shown below. The travel lift slip consists of two piers with an overall estimated size of 50' wide by 80' long and a queuing dock approx. 40' long by 10' wide. The overall tideland area occupied by the combined Travelift and queuing dock is estimated to be 110' wide by 50' long. The estimated extra width of the tidelands needed is due to pier construction that includes batter piling necessary to reinforce the vertical piling. A more precise estimate of tideland area use will be known once the engineered design is finalized.

Aerial perspective showing bathymetrics, retaining wall, location of Travelift slip extending approximately 80' from southern corner of Lot 9A and associated queuing dock



Incorporate access to the current GPIIP ramp

As noted in the transmittal letter, upgrades to the ramp area to allow trailer hauling and further use by barges are part of future development plans that depend on securing additional funding. The added capacity and uses fit within the management and design structure of this proposal but are not included in our current budget. The public will be allowed to utilize the ramp for a fee as specified in GPIIP's tariff schedule. The fee will be passed through to GPIIP minus the cost of processing.

Aspirational project scope components:

With respect to upland sub-lease to other marine service businesses, SCB is fully committed to providing workspace for Sitka's talented marine service businesses and encourages additional uplands investment in working waterfronts infrastructure. We would like to negotiate the City's share of those sub-leases once the details of the lease agreement and debt structure are finalized.

Permitting

The Developer is expected to provide for design, construction and construction management services to deliver a quality Project. The Project Team is expected to have experience and qualifications to deliver the proposed development vision.

As noted previously, project partners have preliminary estimates from Turnagain Marine and Western Marine for a design/build contract to perform the proposed construction. The estimates include engineering and design, environmental permit procurement, environmental monitoring during construction, mobilization of equipment, construction materials and labor. SCB will work with the contractors to ensure the necessary permits are obtained. SCM, the operator and yard manager, shall acquire and maintain all necessary stormwater and environmental permits necessary for EPA approved boat yards.

d. Provide a schedule for completion of the project.

Anticipated schedule for boat yard construction

Upon approval of this proposal, project partners will form the Sitka Community Boatyard LLC, secure start-up funding (2-4 weeks) and initiate the following process:

2 weeks: Solicit bids for design, permitting and construction of marine travel lift piers, washdown pad and provide down payment on travel lift. We have secured preliminary estimates from design/build contractors Western Marine Construction and Turnagain Marine which provide estimated details of all components of pier construction costs, timing and understanding of project scope. Geotechnical assessments of the proposed sites were concluded during the preliminary construction phase of the GPIP multi-use dock. SCB has secured three quotes for travel lifts as well as cost estimates for the washdown pad and related filtration system.

Once a design/construction bid is accepted, estimated timeline would commence as follows:

6-7 months: Haul out pier design, engineering, environmental and core permits, procurement of materials and mobilization of equipment.

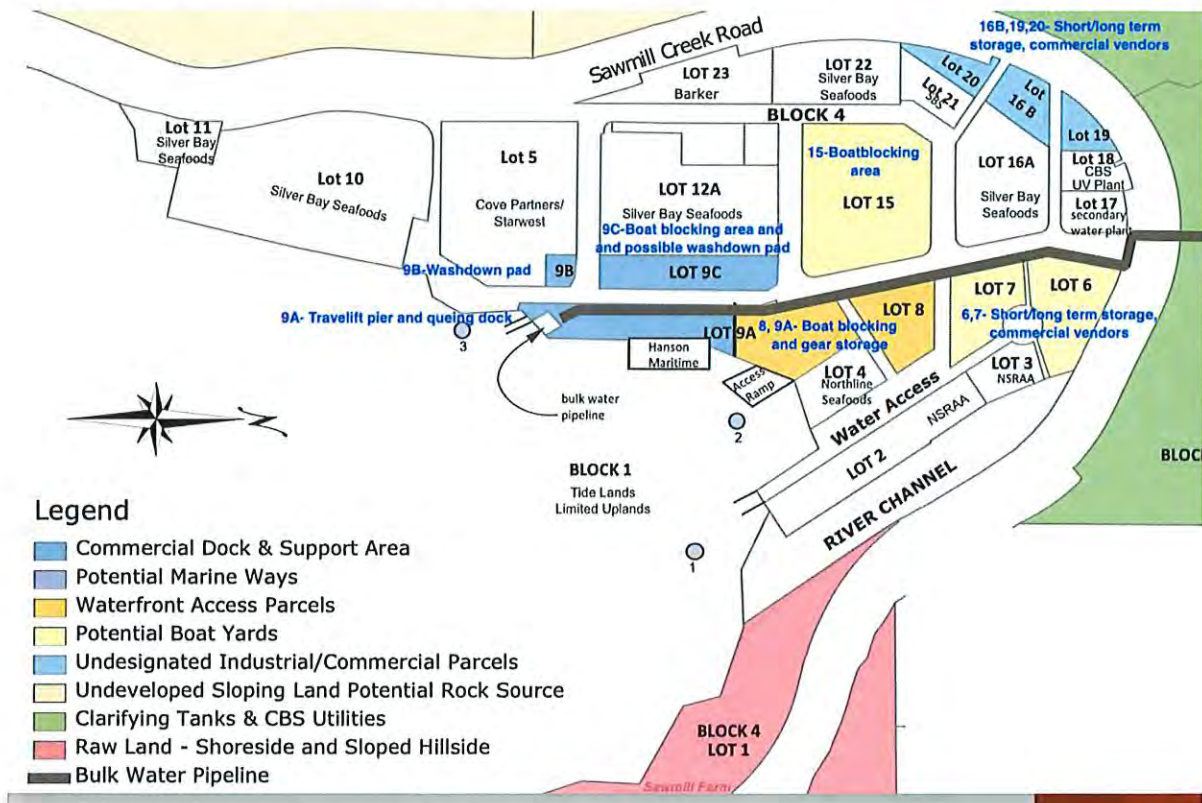
- Remove junk in GPIP boatyard areas (2 weeks)
- Local contractors build washdown pad (3- 4 weeks)
- Local contractors build retaining wall to engineered drawings supplied by pier design/build contractor (4 weeks)
- Local contractors build wood staging/queuing float (3-4 weeks)
- Travelift arrives, local contractors are used for assembly (2 cranes required) (4-month delivery, 1 week assembly)
- City grades yard and installs electrical and water as needed (3 – 4 weeks)

3-4 weeks: Once materials are on location, the marine pile driving company can construct the haul out pier, drive pilings for support float, and install support float and associated gangway.

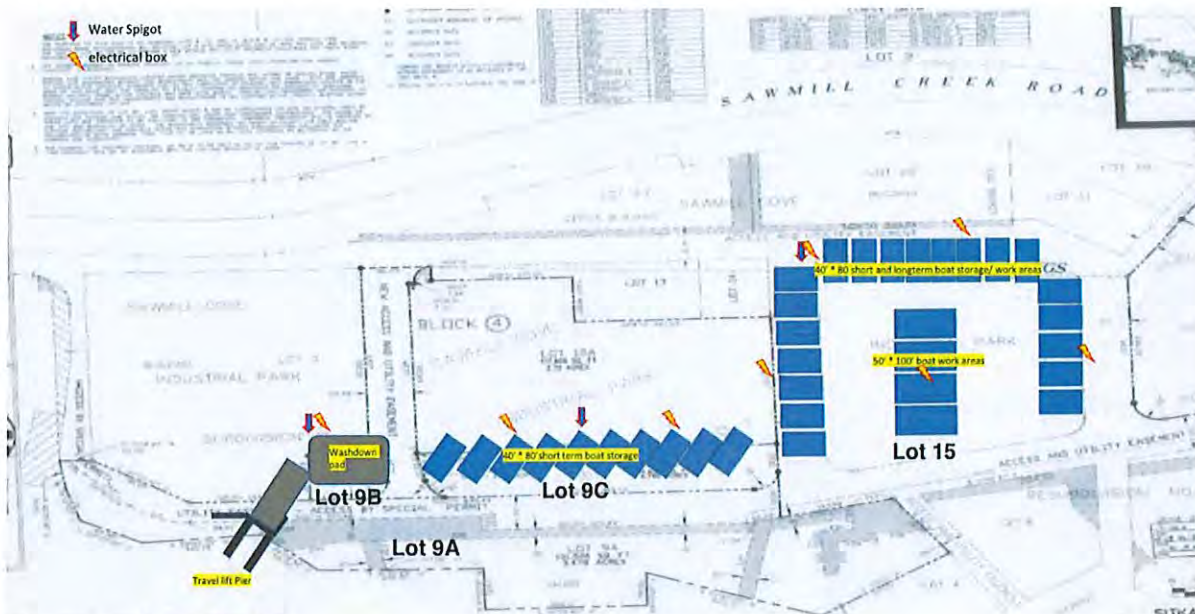
Total Build time: Approximately 8 – 9 months

e. Provide a concept level layout of proposed marine facility(s) and uplands facilities and identify what concept the facility(s) includes as identified in the Preferred Outcome.

Map of proposed boatyard layout with lot numbers and corresponding uses



Map showing proposed layout of Travelift pier slip off lot 9A, washdown pad on lot 9B, short term boat blocking areas on lots 9C and 15 and related utilities



Phased project priorities

Priority 1- Tasks necessary to begin successfully hauling vessels within 10-12 months after approval and funding

- Remove junk in yard
- Construction of retaining wall, pier and queuing dock off lot 9A
- Construction of washdown pad and related utility services on either 9B or 9C.
- Preparation and utility installments for short- and long-term boat blocking on lots 9C and 15
 - Lot 9C can accommodate approximately 10 vessel spaces measuring 40 feet by 80 ft. Lot 9C will have 1 hose barb and 2 electric meters, each with electrical cord plug outlets.
 - Lot 15 will be used for overflow short-term vessel work areas as well as long-term vessel storage and work areas. Lot 15 can accommodate approximately 22 - 30 vessel spaces of 40 feet by 80 ft with ample room for a forty-foot wide Travelift. Lot 15 will have 7 electrical meters and 2 water spigots; each meter will have 4 plug outlets.
- Upgrades to GPIIP road areas identified for Travelift use

Priority 2- Provides additional boat/gear storage and room for services

- Preparation and utility installments on lots 9A, 8, 7 and 6 for short- and long-term boat blocking and gear storage
 - Lots 9A and 8 will be used when lots 9C and 15 have reached capacity.
 - Preparation on lots 6 and 7 for gear storage and marine related services

- Lots 9A, 8, 7 and 6 will be used as public storage areas, commercial vendor areas and available for short and long-term leases for mission related businesses. Utilities will be provided in these areas as demand and revenues progress.

Priority 3- Provides additional service area

- Prep of lots 16B, 19 and 20 for marine related services

All effort will be taken to work with and around the multi-use dock, SBS, Hansen Marine, Northline Seafoods and any future landowners and renters to ensure these landowners or renters continue to have access to their property and equipment. We will also protect Northline's view of Silver Bay.

f. Provide proposed submerged and upland lease rates and/or purchase prices offers.

The 6.8 acres of GPIIP land identified for the Sitka Community Boatyard includes Lots 6-8, 9A, 9B, 9C, 15 and the smaller outlying lots 16B, 19, and 20. While this area is irregular in shape, with careful planning it can be used efficiently as a haul out and boatyard, with room for a washdown pad and boat dry dock. Upon approval of this proposal and LLC formation, Sitka Community Boatyard will apply to the City of Sitka for long-term tideland lease of lot 9A (pier site), upland leases for lots 9B or a portion of 9C for the washdown pad, lots 9C and 15 for short term boat storage, and lots 6, 7, 8, 16B, 19, and 20 for longer term boat storage, gear storage and business lease areas. The request will be for a 50-year lease with performance metrics and lease fees reviewable every 5 years. For the first five years, a lease fee of \$1/foot for each vessel hauled will be applied, with the tariff reviewed every 5 years after initiation. This amount is slightly below the \$1.50/ft tariff applied in Homer but will allow SCB to maintain competitive haul out fees and reduce financial risk during the initial years of operation. After year five of operation, the lease fee will be reviewed and SCB can consider additional lease fees for upland storage of vessels during haul out, washdown pad use, and sub-lease of lots 6, 7, 8, 16B, 19 and 20.

g. Provide a concept level operations plan for the facility(s). Describe the estimated number of employees and how operation would benefit the Sitka and Southeast marine industry.

The Sitka Community Boatyard is open to future partnerships with businesses that contribute additional hoist capacity or other marine services to the yard. SCB envisions an additional haul out pier and 3000-ton marine Travelift will be the next major phase of development once the yard is returning profit or additional capital is secured.

The value of the SCB is first and foremost due to its proximity to Sitka and the fishing grounds. Second, provided the City retains land ownership and continues to invest in haul out use of the land, the boatyard will provide economic activity in Sitka, generating tax revenue and supporting year-round jobs. By providing affordable workspace proximate to dry-docked boats, the City will support efficient and high-quality workmanship by the marine service sector, increasing the success of the fleet and drawing more boat owners to Sitka for similar work. Finally, by providing a convenient, well run, efficient and high-quality yard, the SCB will support the

economic success of Sitka's fishing fleet, which in turn supports Sitka's economy and generates revenue.

The SCB will contract with Sitka Custom Marine (SCM) to oversee pier construction, manage all business aspects of the boatyard and work directly with boat owners to schedule and perform haul outs. The SCB board will provide regular reports to the City on operations relative to projected metrics and costs.

Sitka Custom Marine is owned and operated by Jeremy Serka. SCM employs an average of two full time and two part time employees. SCM anticipates hiring another 2-3 full time employees and a part time bookkeeper if awarded this contract.

Personnel or Contract

- Yard manager --operates equipment and supervises yard activities
- Part-time yard assistant-- assists with haul out/launch process
- Business manager- books haul outs/launches, manages books and administrative details; guides yard development and commitment to mission.
- Part-time bookkeeper

Sitka Custom Marine is currently in negotiations with Starwest and the Cove Partners to own and manage the old water bottling plant on lot 5 at GPIP. The Cove building will be used as an office and maintenance facility while contracting boat yard services for SCB. Sitka Custom Marine will manage the building as a center to expand and facilitate new and existing marine related businesses. The building will be available for all new and existing businesses that may want to conduct sandblasting, fiberglass and painting, welding and fabrication, machining, wood shipwrighting and milling, diesel mechanic repairs or upgrades, electrical, marine engineering and design, and logistic support for vessel owners. All existing vessel repair businesses will have an opportunity to rent space in the building or work collectively on projects while using the building's space and resources. Sitka Custom Marine will also use the building to develop and expand full time and seasonal job opportunities by helping to teach and sustain new and entry level tradesmen. Internship and apprenticeship programs, seasonal employment for fishermen, and community structured projects will all be used to promote and sustain the stable workforce critical to a successful boatyard.

Sitka Custom Marine has plans to build a covered boat shed to accommodate two 50-foot vessels under a climate controlled and sealed environment for year-around wood boat repair, painting, and other exterior work. In addition, lots 6 and 7 will be available for affordable subleases for businesses looking to build additional covered boat areas.

Thank you for the opportunity to submit a proposal to the City of Sitka for an innovative public: private partnership in the Sitka Community Boatyard. We are excited to be part of meeting the City's long term economic development and job retention goals while also supporting Sitka's fishing fleet.



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 21-114 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 7/7/2021 In control: City and Borough Assembly

On agenda: 7/13/2021 Final action:

Title: Approve the Sitka Community Hospital (SCH) building sale request for proposals (RFP) evaluation and selection team

Sponsors:

Indexes:

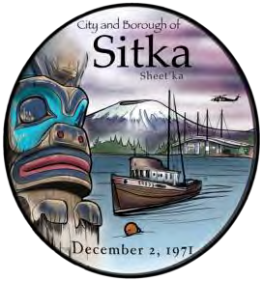
Code sections:

Attachments: [01 Motion SCH](#)
[02 Memo SCH](#)

Date	Ver.	Action By	Action	Result
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POSSIBLE MOTION

I MOVE TO approve the Sitka Community Hospital (SCH) building sale request for proposals (RFP) evaluation and selection team




City and Borough of Sitka

PROVIDING FOR TODAY...PREPARING FOR TOMORROW

A Coast Guard City

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

From: John Leach, Municipal Administrator 

Date: June 29, 2021

Subject: Sitka Community Hospital (SCH) Building Sale Request for Proposals (RFP) Evaluation and Selection Team Approval

Background

After working since October 2020, City staff presented a draft RFP to the Assembly on May 11, 2021, for the potential sale of the SCH Building. The RFP is currently in a 60-day advertisement period.

Analysis

The closing date for the SCH RFP is July 28, 2021.

Before all bids are received, I am seeking Assembly approval of the evaluation team made up of CBS senior staff. I strongly recommend that the evaluation team consist of only CBS staff to avoid potential conflicts of outside agencies with any bidders, and since the property is municipal owned property, it should be scored by those who are responsible for the oversight and management of the property.

Per the standard RFP process (illustrated below), a team is needed to score the RFPs and select a finalist to present to the Assembly for guidance on how to proceed with final negotiations and perhaps an eventual lease or sales agreement and accompanying ordinance per section 18.12.010 A of Sitka General Code (SGC).

The proposed selection team shall consist of:

John Leach – Municipal Administrator

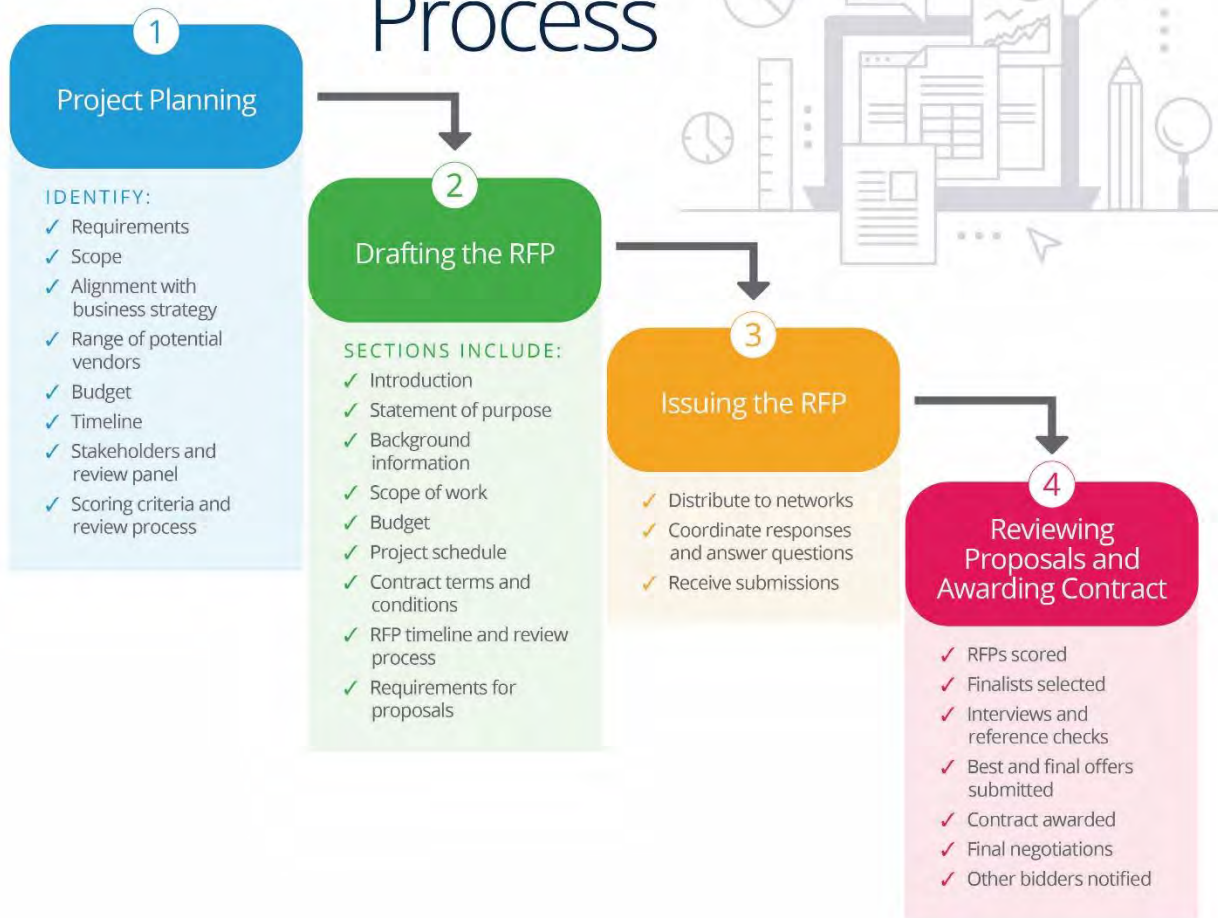
Melissa Haley – Finance Director

Michael Harmon – Public Works Director

Amy Ainslie – Planning Director

Scott Elder – Electric Utility Director

Standard RFP Process



Assuming there is no need for clarifying information from the bidders after the July 28, 2021, bid closing, I anticipate presenting the RFP finalist to the Assembly at the August 24, 2021, Assembly session. This date may change if the selection team is required to contact bidders for clarifying information to determine responsiveness to the RFP.

According to SGC 18.12.010 B, the sale of real property valued over five million dollars, or a lease with a value of more than seven million five hundred thousand dollars “may provide that the ordinance receive an advisory vote at a general or special election.”

Fiscal Note

A fiscal note does not apply to the approval of the RFP evaluation and selection team.

Recommendation

Approve the proposed SCH RFP selection team.

Encl: May 11, 2021, Assembly Session Minutes
SCH RFP



CITY AND BOROUGH OF SITKA

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

Minutes - Final

City and Borough Assembly

Mayor Steven Eisenbeisz
Deputy Mayor Thor Christianson,
Vice Deputy Mayor Valorie Nelson,
Kevin Knox, Kevin Mosher, Crystal Duncan, Rebecca
Himschoot

Municipal Administrator: John Leach
Municipal Attorney: Brian Hanson
Municipal Clerk: Sara Peterson

Tuesday, May 11, 2021

6:00 PM

Assembly Chambers

REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Present: 7 - Christianson, Knox, Mosher, Nelson, Eisenbeisz, Himschoot, and Duncan

IV. CORRESPONDENCE/AGENDA CHANGES

No agenda changes.

[21-086](#)

Reminders, Calendars, and General Correspondence

V. CEREMONIAL MATTERS

None.

VI. **SPECIAL REPORTS: Government to Government, Municipal
Boards/Commissions/Committees, Municipal Departments, School District, Students
and Guests (five minute time limit)**

Police Chief Baty recognized retiring employee Ken Buxton for his service as Animal Control Officer.

[21-082](#)

1) SEARHC President Charles Clement: Sitka's Integrated Health Care System - 6 Month Report, and 2) Republic Services

Matthew Pederson of Republic Services, the City's solid waste contractor, spoke about the City's options for future garbage shipments and recommended changes. SEARHC President, Charles Clement, provided an update: expansion and enhancement of

specialty care, COVID-19 mitigation efforts continue, and project timeline for the new Mt. Edgumbe Medical Center.

VII. PERSONS TO BE HEARD

Richard Wein spoke to the expansion of telemedicine, cost of medicine, and thanked Ken Buxton and Dan Etulain for their service to the community.

VIII. CONSENT AGENDA

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

Yes: 7 - Christianson, Knox, Mosher, Nelson, Eisenbeisz, Himschoot, and Duncan

- A** [21-084](#) Approve the minutes of the April 27 Assembly meeting

This item was APPROVED.

- B** [21-085](#) Approve liquor license renewal applications for 1) Mean Queen upstairs and downstairs at 205 Harbor Drive, and 2) Trinity Business Services LLC dba Halibut Point Crab & Brew at 4513 Halibut Point Road

This item was APPROVED.

IX. BOARD, COMMISSION, COMMITTEE APPOINTMENTS

None.

X. UNFINISHED BUSINESS:

- C** [ORD 21-08](#) Making supplemental appropriations for fiscal year 2021 (Sitka Community Hospital Dedicated Fund)

Richard Wein spoke to the amount and purpose of the Ordinance.

Knox stated the supplemental appropriation was for \$425,000 to cover long-term contracts, legal expenses, and increased unemployment costs.

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

Yes: 6 - Christianson, Knox, Mosher, Eisenbeisz, Himschoot, and Duncan

No: 1 - Nelson

XI. NEW BUSINESS:

New Business First Reading

- D** [ORD 21-09](#) Adopting budgets and capital improvement plan for the General Fund, Internal Service Funds, and Special Revenue Funds for the fiscal year

July 1, 2021 through June 30, 2022

Richard Wein spoke to the budget and encouraged to stop living paycheck to paycheck.

Assembly Members thanked staff for their work on the budget and complimented them on the process. Nelson spoke in opposition citing additional positions and wage increases.

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

Yes: 6 - Christianson, Knox, Mosher, Eisenbeisz, Himschoot, and Duncan

No: 1 - Nelson

E [ORD 21-10](#)

Adopting the budget and capital improvement plan for all Enterprise Funds for the fiscal year July 1, 2021 through June 30, 2022, amending rates in Title 15 "Public Utilities" of the Sitka General Code and adopting moorage rates and other harbor fees

Richard Wein thanked staff for their work in a difficult situation.

Nelson spoke to the increase in Electric Department staffing. Eisenbeisz reminded of the rate studies and long range plans included in the budget.

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

Yes: 6 - Christianson, Knox, Mosher, Eisenbeisz, Himschoot, and Duncan

No: 1 - Nelson

Additional New Business Items

F [21-083](#)

Discussion / Direction / Decision on the Harbor Mountain Bypass Cell Tower Parcel Lease

Administrator Leach summarized the item stating the City had been approached by Vertical Bridge/New Horizons, contractors for Verizon Wireless, to lease municipal land in the Harbor Mountain Bypass Road area. The Assembly had directed staff to issue a Request for Proposals to lease a site on Harbor Mountain Bypass Road for the purpose of the cell tower development. The terms of the lease were in the packet memo. Planning Director Amy Ainslie stated the item was brought forward to ensure the Assembly was comfortable with the terms prior to bringing forward a lease ordinance for approval.

Consensus was to bring an ordinance forward for approval.

G [21-080](#)

Approve the RFP for the sale of the former Sitka Community Hospital site and associated properties (possible executive session)

Richard Wein suggested giving the building to SEARHC and leasing the property.

A motion was made by Christianson to go into executive session with Planning Director Amy Ainslie to discuss the independent appraisal for the former Sitka

Community Hospital building and surrounding properties and its potential incorporation into the RFP under the statutory category of discussing matters, the immediate knowledge of which would adversely affect the City and Borough of Sitka. The motion **PASSED** by the following vote.

Yes: 7 - Mosher, Nelson, Knox, Christianson, Duncan, Eisenbeisz, and Himschoot

Richard Wein spoke in opposition to executive session.

Nelson believed there were two members with biases and reason to advance the item.

The Assembly was in executive session from 7:48pm to 9:00pm.

A motion was made by Mosher to reconvene as the Assembly in regular session. The motion PASSED by unanimous consent.

A motion was made by Knox to APPROVE the RFP for the sale of the former Sitka Community Hospital site and associated properties with direction given in executive session. The motion PASSED by the following vote.

Yes: 7 - Christianson, Knox, Mosher, Nelson, Eisenbeisz, Himschoot, and Duncan

H [21-081](#)

Approve first amendment to employee agreement between the City and Borough of Sitka and Brian E. Hanson (possible executive session)

Christianson stated the changes to the amendment were well deserved. Knox and Eisenbeisz reminded Hanson had not received any adjustments in salary for the last several years, including cost of living adjustments.

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

Yes: 7 - Christianson, Knox, Mosher, Nelson, Eisenbeisz, Himschoot, and Duncan

XII. PERSONS TO BE HEARD:

None.

XIII. REPORTS

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

Mayor - Eisenbeisz told of meetings and events held during Senator Sullivan's recent visit to Sitka.

Administrator - Leach spoke to Senator Sullivan's visit, told of potential changes to masking requirements in City facilities, and thanked the public for their overwhelming participation in the Spring-Clean Up event.

Attorney - Hanson congratulated Jay Sweeney on his retirement and commended Sweeney for his service.

Liaison Representatives - Christianson announced about the upcoming Gary Paxton Industrial Park Board meeting and reported on the Planning Commission meeting. Mosher spoke to the Parks and Recreation Committee meeting, Himschoot thanked the Tree and Landscape Committee for their landscape work at the Fire Hall, Knox told of the upcoming Port and Harbors Commission meeting, and Duncan reported on the recent Health Needs and Human Services Commission meeting.

Clerk - Peterson reviewed the Board/Commission vacancies.

Other - Nelson clarified comments she made at a previous meeting regarding possible school requests for the use of the donation from Norwegian Cruise Lines.

XIV. EXECUTIVE SESSION

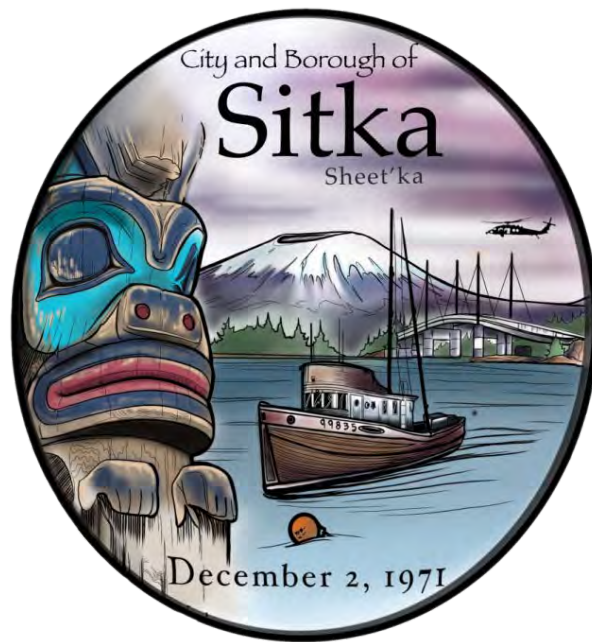
See item G.

XV. ADJOURNMENT

A motion was made by Christianson to ADJOURN. Hearing no objections, the meeting ADJOURNED at 9:20pm.

ATTEST: _____
Sara Peterson, MMC
Municipal Clerk

City & Borough of Sitka



REQUEST FOR PROPOSALS To Purchase or Lease Sitka Community Hospital Site 209 Moller Drive, Sitka, Alaska

Prepared By:
The Boutet Company, inc.
601 E. 57th Place, Suite 102
Anchorage, Alaska 99518
(907) 522-6779

And

The City and Borough of Sitka
100 Lincoln Street
Sitka, AK 99835
(907) 747-1815

**Open: 28 May 2021
Close: 28 July 2021**

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APPENDIX

- A – Project Location, Map
- B – Reference Documents

1. INTRODUCTION

1.1 Project Description

This Request for Proposals ("RFP") seeks qualified developers (each, an "Applicant," and together, "Applicants") to provide proposals (each, a "Proposal") for the lease or purchase and subsequent development/ repurposing (the "Project") of the structures and surrounding lots at 209 Moller Drive, Sitka, Alaska known as the Sitka Community Hospital (the "Property"). The Sitka Community Hospital and related healthcare facilities are comprised of two buildings located on four lots (see Appendix A.1– location map). The specific parcels of interest include:

- 209 Moller Drive, Parcel ID# 1-4477-000
- 302 Gavan Street, Parcel ID# 1-4476-000
- 202 Brady Street, Parcel ID# 1-4454-000
- 204 Brady Street, Parcel ID# 1-4452-000

The purpose of this Request for Proposals (RFP) is to identify opportunities for redevelopment/ repurposing of the Sitka Community Hospital. This process will identify alternative concepts and evaluate proposals based on their overall economic and social benefit to the community of Sitka. The CBS is requesting innovative proposals which comply with the Project Goals and Project Requirements, as required and defined in this RFP. The City and Borough of Sitka (CBS) will select (if at all) the best Proposal utilizing a best-value, competitive proposal process pursuant of CBS General Code, as set forth in the RFP.

The Sitka Community Hospital properties and facilities are owned by CBS and operated by the Southeast Alaska Regional Health Consortium (SEARHC) under a facility lease agreement until 31 July 2024. The services provided at this facility include:

- Sitka Long-term care: resident skilled nursing services
- Mountainside Family Clinic: family medicine and urgent care
- Mountainside Rehabilitation Clinic: physical/occupational therapy and athletic/sports training

The Property is located near the Moller Park and the Sitka Harbor. These parcels are currently zoned P – Public Lands, which is defined in Sitka General Code (SGC) 22.16.020 as follows: *“The public lands district is intended to contain government-owned lands or lands owned by nonprofit institutions serving the public interest which are utilized for public recreation, education or institutional uses.”* The adjacent uses are P – Public Lands, C-1 – General Commercial, and R-1 – Residential.

The existing Sitka Community Hospital is a one (1) story building with a basement. The main floor consists of 26,605 square feet and the basement is 25,549 square feet. The building was significantly renovated in 1981 and is constructed with a concrete slab on ground foundation, reinforced concrete exterior walls with metal siding, and single membrane flat roof. Off-street

parking is provided. The Mountainside Clinic modular building which is also on the site was installed in 2011 and finished in 2012. It has approximately 3100 square feet in main building which contains about 9 offices and 7 exam rooms. There is also a 210 square feet storage building with covered walkway on the south side of the clinic. The facility has Malarky 3 tab asphalt roofing shingles and a composite fiber clap board for siding. The overall building is a standard stick-frame construction. Adjacent to the Mountainside Clinic is a small Modular Biohazard Shop.

The Property is owned by the CBS. All recommendations made upon the review of Proposals by the Proposal Review Committee are subject to the approval of the CBS Assembly, and could be subject to an advisory vote of the citizens per the procedures in SGC 18.12.010(B). Conveyance of the property must comply with all provisions of SGC Title 18. In the event that the Property is not transferred to a selected Applicant, CBS reserves, among the other rights reserved in Section 3.4, below, the right to:

- (i) Supplement, amend, substitute, modify or re-issue the RFP with terms and conditions materially different from those set forth here;
- (ii) Cancel this RFP with or without issuing another RFP;
- (iii) Terminate negotiations regarding any and all Proposals at any time; and/or
- (iv) Rescind a selection of an Applicant prior to contract.

1.2 Scope of Services

CBS is soliciting Proposals from Applicants that demonstrate the experience, capacity, and creativity to develop a dynamic project that will maximize the existing Property in a manner that represents the most productive and beneficial use for the community of Sitka. Proposals must consider the existing characteristics of the surrounding neighborhood and develop a Proposal that is compatible within this context. The Proposal must also demonstrate financial feasibility.

This RFP allows flexibility and does not specifically describe every detail of work required. It is each Applicant's responsibility to review all pertinent Project information. The Applicant shall determine the full scope of the Project through a thorough examination of the RFP, the Project site, and any reasonable inferences to be gathered from each. Applicants shall not rely on the physical descriptions contained in the RFP to identify all the Project components.

At a minimum, proposals shall include the following:

- A. A complete description of the Applicant's entity (corporation, partnership, etc.) and identification of all parties including disclosures of all persons or entities having a beneficial interest in the proposal. Include resumes of the Applicant's previous experience in development projects within Southeast Alaska, and a description of the scope and quality of past projects.

- B. Development concepts should include but are not limited to:
- Site plans showing the extent of proposed development with different project components clearly labeled
 - Scaled concept or schematic floor plans
 - Concept or schematic elevations and renderings as appropriate
 - Descriptions of proposed building and finish treatments and materials.
- C. Confirmed or verifiable sources of funding both equity and debt; the Applicant must show the financial capability of acquiring the Property and undertaking the proposed development, including company operating revenues and expenses, a balance sheet and cashflow statement from the most recent fiscal year, history of debt repayments and letter of credit.
- D. A schedule for project approvals and construction, including date specific milestones such as design, permitting, commencing and completing construction and opening for business. Phased projects must include this information for each phase.
- E. A project proforma and design/construction budget is required. The CBS owned property and facilities will be conveyed through a lease or sale as part of the project. Proposals should account for acquisition costs as part of the project proforma. Included in the pro-forma is an estimate of the number of new, permanent jobs and job descriptions that the development will create, the proposed number of residents from the local Sitka community which will be hired and trained, projected salaries, and hiring timeline.

1.3 Sale in As-Is Condition

The Property, buildings, improvements, and fixtures are owned by the CBS and leased to the Southeast Alaska Regional Health Consortium. This lease is set to expire 31 July 2024. The winning Applicant will be required to assume the lease and honor all terms and requirements set forth in the agreement until it expires. Alternatively, proposers could elect to take possession of the property (either by lease or sale) at an effective date post 31 July 2024. A copy of the current lease is provided in Appendix B.1. Proposals for possession prior to 31 July 2024 shall include in the Project Approach narrative a description of how the current lease agreement will be incorporated into the overall development plan and schedule.

Applicants are solely responsible for all due diligence, including all pre-development costs which may include but are not limited to architectural, engineering, structural, geo-technical planning, environmental studies, and permitting as required for rehabilitation and construction on the Property. The CBS makes no warranty or representation concerning the existence of any structural deficiencies, geo-technical deficiencies and/or environmental contamination on the Property, or upon any adjoining land or improvements. The CBS is not now or at any time hereafter under any circumstance responsible for any of such conditions or for the analysis,

care, or remedy thereof. The Property will be transferred in its "as-is" condition with the selected Applicant solely responsible for all structural, geo-technical and environmental repairs, stabilization and/or remediation required for construction on the Property. The CBS shall not be obligated to make any investments or repairs on this property. Any plans submitted pursuant to this RFP should consider and address the foregoing obligations and requirements.

If the selected proposal includes sale and transfer of the property, CBS will require a right of first refusal clause to be included in the resulting sale agreement.

In the event that the selected Proposal requires the parcels to be re-zoned, CBS, on behalf of the Applicant, will complete all necessary requirements in compliance with SGC Title 22.

1.3.1 Provisions for Inspection

Applicants have the right to inspect the property prior to submitting a Proposal. Given the Property's current use as a long-term care facility, precautions must be taken to ensure the health and safety of patients during the COVID-19 pandemic. Appendix B.2 lists the mitigations required by SEARHC in order to access the facility. Applicants wishing to inspect the Property are highly encouraged to schedule a site visit promptly in order to accommodate for testing times and/or other required mitigation provisions.

2. INSTRUCTIONS TO APPLICANTS

2.1 Project Goals

The CBS has established the following Project Goals:

- Deliver a development which results in the highest and best use of the site, contributing to the overall economic and social welfare of the Sitka community in terms of increased direct revenue to CBS, skilled job creation, social services, and other community benefits; and
- Develop and operate a facility whose function and design mitigates adverse impacts to the neighboring properties while providing flexibility for potential long-term improvements and/or enhancements; and
- Meet or exceed environmental regulatory and permitting requirements with no regulatory or permit violations.

2.2 Schedule

The following is a schedule of Project milestones; all dates are subject to change.

Milestone	Date
Issue RFP	May 28, 2021
Non-Mandatory Pre-Bid Meeting	June 17, 2021
Deadline for Applicant Questions	July 14, 2021
Proposals Due Date	July 28, 2021
Applicant Interviews (at the option of the CBS)	TBD
Announcement of Winning Proposal	August 20, 2021
Selected Proposal Presented to Assembly	August 24, 2021
Sales Negotiations	TBD
Sales Terms Presented to Assembly either for approval or to continue to public advisory vote.	TBD

2.3 Selection Process

Sealed Proposals will be evaluated by a Proposal Review Committee in accordance with the defined Evaluation Criteria in Section 3.0. The Proposal with the highest total score will be deemed the Best-Value Responsible Bidder. The process for reviewing the best value includes a review of the Applicant's Technical Proposal, Facility Concepts, Economic Benefits, Financial Capacity and Financing Plan, and possible Applicant Interviews. The CBS reserves the right to request additional information during evaluation to clarify any Proposal.

2.4 Proposal Submittal

2.4.1 Due Date, Time & Location

Sealed Proposals must be submitted in person or by registered mail, Federal Express, UPS or a similar delivery method that furnishes proof of having been received by CBS at the following location prior to 2:00:00 p.m. Alaska Standard Time, on the Proposal Due Date set forth in Section 2.2 of this RFP:

**Municipal Clerk
City & Borough of Sitka
100 Lincoln Street
Sitka, Alaska 99835**

CBS will not accept Proposals by facsimile or electronic transmission. Any Proposal that fails to meet the deadline, format, or delivery requirement may be rejected and returned to the Applicant without having been opened, considered, or evaluated.

2.4.2 Format

Proposal shall follow the requirements and format described in this RFP. The Proposal shall be bound and sealed in an opaque envelope or box, and labeled:

Proposal for Sitka Community Hospital Site RFP
Name of Proposing Firm
Date of Proposal

Applicants shall submit one original, three copies, and one electronic copy of the Proposal. Electronic copies must be submitted in Adobe Acrobat (.pdf) format on a USB thumb drive(s). All information in the Proposal shall be submitted on 8.5-inch by 11-inch paper, except charts, exhibits, and illustrative and graphical information, which may be submitted on 11-inch by 17-inch paper. Each 11-inch by 17-inch page will count as one page, unless otherwise noted in this RFP. No text, charts, tables, graphics, or other substantive content shall be printed within 0.75 inch of any page edge. Any other information shall be presented with a readable format. All Proposal forms shall be typed or completed using black ink. All signatures must be accompanied by a printed name, title, and date.

2.5 Proposal Submittal Requirements

The proposal shall contain the sections listed below, separated by dividers, and shall respond fully to all requirements of the RFP. The following table provides general guidelines regarding the suggested number of pages per Section; the Applicant may provide additional pages as necessary.

PROPOSAL CONTENTS			No. Pages
2.6	TECHNICAL PROPOSAL - VOLUME I		
2.6.1	EXECUTIVE SUMMARY		4 total
		COVER LETTER	1
		EXECUTIVE SUMMARY NARRATIVE	3
2.6.2	PROJECT TEAM QUALIFICATIONS		16 total
		TEAM QUALIFICATIONS & PERFORMANCE	4
		ORGANIZATIONAL CHART	2
		PROJECT MANAGER RESUME	2
		ENGINEER/ARCHITECT OF RECORD RESUME	4

		EXPERIENCE & APPROACH	4
2.6.3	PROJECT APPROACH		16 total
		CONCEPT NARRATIVE	4
		OVERALL SITE PLAN	2
		CONCEPTUAL DESIGN	4
		PROJECT SCHEDULE – NARRATIVE	2
		PROJECT SCHEDULE – CHART	2
		QUALITY MANAGEMENT APPROACH	2
2.6.4	COMMUNITY & NEIGHBORHOOD IMPACT		8 total
		COMMUNITY & NEIGHBORHOOD BENEFITS	4
		ADVERSE IMPACT MITIGATION	2
		LONG-TERM OPERATIONS	2
2.7	FINANCIAL CAPACITY AND FINANCING PLAN - VOLUME II		No Limit

2.6 Technical Proposal – Volume I

The Technical Proposal is intended to serve as an opportunity for the Applicant to clearly describe its qualifications, capabilities, and innovative approach to the Work. Although the purchase offer is an important factor in final selection, the evaluation criteria places an equal value on an Applicant's effort to achieve the Project Goals, as described in Section 2.1.

The Technical Proposal shall comply with the criteria established in the RFP. The Applicant is encouraged to provide concise narratives, graphic illustrations, drawings, and charts to ensure the CBS clearly understands the characteristics and benefits of the proposed Work.

2.6.1 Executive Summary

- A. Submit a Cover Letter, written in a non-technical style which states:
 - The Applicant (prime) and, if appropriate, the joint venture members
 - The Engineer/Architect of Record(s) and General Contractor Builder (if other than the Applicant)
 - Brief description of the legal relationship among the principal entities with regards to the project
 - A single point of contact person for the Proposal, including contact information
- B. Submit an Executive Summary Narrative, written in a non-technical style which generally familiarizes reviewers with the Applicant's approach and ability to achieve the stated Project Goals. The intent of the Executive Summary is to highlight the key elements of each section of the Technical Proposal and to certify the Applicant's commitment to truth and correctness of the Proposal. The authorized representative of the Applicant's organization

must sign the Executive Summary; if the Applicant is a joint venture, all the joint venture members must sign the Executive Summary.

2.6.2 Project Team Qualifications

A. Applicant Qualifications & Performance Record:

Submit Team Qualifications, in a non-technical narrative, describe the Applicant's entity (corporation, partnership, etc.) and identify all parties involved, including disclosures of all persons or entities having a beneficial interest in the proposal. Include a description of team expertise and satisfactory performance in land development projects, relating to property acquisition, design, construction, and facilities operations. The Applicant should focus on the proven cohesiveness of the team, as opposed to the individual qualifications of the firms. It is preferred that the Applicant's project specific team (key personnel, subcontractors, and major suppliers) have worked together on comparable projects in the past, but this is not a requirement.

- Identify the development team including names, addresses, and brief narratives for those individuals to be assigned to the project. Include the organizational structure, lines of responsibility, key personnel (as defined by the Applicant), and defined key personnel roles and responsibilities.
- Provide sufficient information for the CBS to evaluate current financial strength of the Applicant with verifiable sources of funding both equity and debt. The Applicant must show the financial capability of acquiring the Property and undertaking the proposed development, including company operating revenues and expenses, history of debt repayments and letter of credit.
- Identify any claims asserted by or against the Applicant within the past five years which were escalated to litigation or arbitration.
- Provide a brief description of representative projects completed by the Applicant's team within the past five years which are similar in scale, type, and complexity to the Project.
- With a focus on the knowledge and capabilities, describe any unique expertise or advantages of the Applicant's team which would benefit the overall success of the Project and a direct benefit to the CBS.

B. Organizational Chart

Submit an organizational chart demonstrating the basic structure of the Applicant's roles and responsibilities of each Key Personnel, as deemed appropriate by the Applicant, and the integration of any major supplier, sub-organization, or consultant(s).

C. Project Manager Resume

Submit a resume for the Applicant's dedicated Project Manager. The resume should

specifically focus on experience with land development and facilities operations, project management approach, and qualifications applicable to the Project. Proven experience of successfully managing three (3) or more projects equivalent in the scope and cost to what is being proposed should be included.

D. Engineer/Architect of Record Resume

Submit a resume for the Applicant's dedicated Engineer and/or Architect of Record. The resume should specifically focus on land development experience, management approach, and qualifications applicable to the Project. Minimum qualifications should document that the individual is professionally licensed as an Engineer/Architect in the State of Alaska with proven experience of successfully designing and managing three (3) or more projects equivalent in the scope and cost to what is being proposed. In the event the Applicant requires more than one Engineer and/or Architect of Record, this subsection shall apply to the lead Engineer and/or Architect of Record responsible for majority of the design scope.

E. Land Acquisition, Site Development, Facilities Operations Experience & Approach

Submit a Statement of Qualification(s), written in a non-technical manner, describing the Applicant's experience in land acquisition, site development, and ongoing facilities operations.

- Clearly demonstrate the team's knowledge and expertise in managing and executing projects similar in scope.
- Include information on representative projects and client references for each noted project.
- Detail the Applicant's approach to the interrelationships among regulatory agencies, management, design, construction, operations, suppliers, and sub-contractors.
- Explain the Applicant's plan for integrating the CBS with respect to the design process, construction, operations, and other elements that the Applicant considers important.
- Summarize any significant lessons learned by the Applicant on past projects.

2.6.3 Project Approach

- A.** Submit a Narrative describing the Applicant's concept and approach to acquire the subject parcels, redevelop and/or repurpose the site and manage on-going operations. Include a description of how the current lease agreement SEARHC will be incorporated into the overall development plan and schedule. The Applicant's approach shall deliver a facility that results in the best use of the site, contributing to the overall economic and social welfare of the Sitka community in terms of increased revenue, skilled job creation, social services, and other community benefits. The site plan and design concepts shall be sensitive to the surrounding neighborhood characteristics and shall be compatible with existing neighboring uses.

- B. Submit an Overall Site Plan illustrating the technical approach to satisfy the Project Requirements. At a minimum, the conceptual site plan shall include the layout of major components of the facility. Provide dimensions and depict the conceptual geometry of the proposed facility in relation to the existing site.
- C. Submit conceptual designs of the proposed facility. These concepts may include a combination of sections, details, elevations, photos, and plan views to further illustrate and convey the Applicant's approach to satisfy the Project Requirements. The intent of the design sheets is to provide the CBS with a clear understanding of the Applicant's approach to the Project.
- D. Submit a Project Schedule Narrative, written in a non-technical manner, summarizing the sequence of events, consistent with the Applicant's approach to the Project. Describe the personnel on the team responsible for the scheduling, planning, and management for achieving schedule performance. Detail the management approach for coordinating and prioritizing land acquisition, permitting, design, procurement, construction, quality management, and environmental activities. Briefly describe the Applicant's intended process and sequence of milestones/releases. Address any provisions made to mitigate the potential for delays. Include a Preliminary Project Schedule, illustrated in logic-driven Gantt chart or CPM prepared with Primavera or MSProject software. At a minimum, include start dates, finish dates, and relationships for each major milestone.
- E. Submit a Quality Assurance/Quality Control Narrative describing the Applicant's approach to provide, implement, and assure excellent quality technical requirements and performance throughout the project life-cycle.

2.6.4 Community and Neighborhood Impact

- A. Applicants must include a narrative explaining the Project's community and neighborhood benefits. For the purpose of this RFP, this is defined as the way that the physical project fits with the character of the neighborhood and may have a positive effect on residents and the Community of Sitka. Such impact should be described and quantified with relevant metrics such as the approximate number of people to be served by the Project or its social impact component. Applicants are encouraged to think creatively and to seek input and/or partnerships from community-based organizations. Examples of community impact may include (but are not limited to):
 - Creating or retaining permanent (non-construction) jobs for local residents, including contribution or participation in job readiness and training programs.
 - Providing access to quality pre-K and afterschool care.
 - Providing important community goods, services, and facilities in the proposed development project.
 - Providing affordable housing within the proposed development.
 - Providing opportunities for minority businesses, including flexible lease rates, contracting and supplier opportunities post-construction, and mentorship

programs.

- Investment in local educational services: public Pre-K – 12, community college or job training programs.
- B. Submit an assessment of potential adverse impacts on the community and neighboring properties; including, but not limited to, noise, parking, construction staging, storage of material and the effects of vehicular and pedestrian traffic. The Applicant shall develop a mitigation plan to address potential adverse impacts.
- C. Submit a Long-Term Operations Narrative describing how the proposed development will be operated, maintained, and managed in the long-term and the responsible entity or entities.

2.7 Financial Capacity and Financing Plan – Volume II

The Financial Capacity and Financing Plan is intended to serve as an opportunity for the Applicant to demonstrate the financial feasibility and economic benefits of the proposed Project within current market conditions. Qualitative public benefits may be included as support to the well-defined quantitative benefits. The pro-forma analysis should include calculations and accompanying narratives addressing the following requirements:

2.7.1 Benefits to the Sitka Economy

A. Estimated Tax Revenue to CBS

Describe and itemize the anticipated revenues from property tax, sales tax, utility usage, and any other special revenues (revenue sharing, royalties, etc.) that CBS can expect as a result of the redeveloped facility. Describe the current and anticipated market and/or economic conditions that are the basis of the analysis and any foreseeable vulnerabilities and/or risks associated with these assumptions. This analysis shall summarize all assumptions and background information used for calculations in a clear, reasonable, and replicable manner. Revenues anticipated to be generated from increased economic development and/or sales tax revenue must include a detailed description and must be from business that would not otherwise take place in the community. Include a timeline for when CBS will realize these revenues.

B. Estimated Job Creation

As part of the Financial Capacity and Financing Plan the Applicant shall submit an estimate of the number of new jobs and job descriptions that the development will create, the proposed number of residents from the local Sitka community which will be hired and trained, projected salaries and a timeline for implementation.

2.7.2 Financial Feasibility

In addition to sale offers, CBS will also consider Proposals for long-term lease agreements, where the CBS maintains ownership of the land and improvements serving the property. In this scenario the Applicant / Developer will enter into a long-term lease agreement with the CBS including appropriate terms and/or contingencies as mutually agreed between the Applicant / Developer and the CBS, subject to Assembly approval.

The Applicant must demonstrate the development team's capacity to carry out the proposed Project, as well as the financial feasibility of the proposed Project within current market conditions. Proposals must provide:

- A. The Applicant shall provide a Purchase/Lease Offer. The Purchase/Lease Offer shall include a narrative summarizing the Purchase/Lease Offer and the proposed General Terms and Conditions for the sale/lease of the Property, including, but not limited to, the offer price/lease price and any contingencies. General Terms, Conditions, and/or Contingencies to the Purchase/Lease Offer shall factor into scoring by the Proposal Review Committee.

CBS has obtained a professional Market Value Appraisal of the Property. This confidential appraisal will not be disclosed for this RFP. Any offer for Purchase or Lease that is less than the appraised value in CBS' Market Value Appraisal will receive zero (0) points under this criteria category of the Proposal Evaluation Score Sheet. Proposers are encouraged to obtain their own appraisal of the Property to ensure proposals are competitive in this category.

- B. A written narrative of the project financing plan providing evidence of the development team's capacity to finance the total cost of the Project. Evidence should include signed letter(s) of interest and/or preliminary term sheets from prospective financing sources that include terms of financing, that reference this specific Project, and that reference the pertinent amount of financing as listed on the Project budget. Please provide written evidence of interest from as many sources listed on project sources/uses budget as possible.
- C. Project financials including development budget(s), sources and/or uses, assumptions, and operating pro forma(s) demonstrating feasibility through acquisition, predevelopment, construction, and on-going operations.
- D. Describe and explain the need for any public subsidy or assistance from state, federal, or nonprofit agencies that will be sought for this project; include details such as type of assistance, length of agreement term, commencement and completion dates, etc.

- E. Any other information that may support the Applicant's financial position and financial viability of the proposed Project; at minimum, the most recent balance sheet and income statement, ideally complete, audited financials.

Proposal Deposit

Proposals do NOT require a deposit. However, once the preferred Proposal is selected by the Proposal Review Committee, the selected Applicant will be required to submit a deposit to the CBS when signing the Agreement of Sale.

2.7.3 Risk Assessment

Submit a Risk Assessment narrative, describing any identified risks associated with the Applicant's approach to the Project. The CBS recognizes risks are inherent on every project; evaluation will be based upon the Applicant's ability to convey a thorough assessment of potential risks specific to the proposed Project approach. The Applicant need not describe every possible risk but should instead focus on the key risks which have a medium to high probability of occurring and/or impacting the overall success of the Project.

The consideration of various risks is unique to each Project approach and may be related to schedule, costs, procurement, design, resources, constructability, logistics, management, environmental, weather, safety, quality, and/or a combination of other factors and constraints. All identified risks shall include the Applicant's assessment of probability and any mitigation measures.

2.8 Interviews

The CBS reserves the right to request interviews with Applicants. If interviews become an evaluation factor, the CBS will coordinate the specific date, time, and location of each Applicant's interview no later than the date provided in Section 2.2. The location of the interview will be Sitka, Alaska, or arranged virtually if requested by either party.

2.9 Non-mandatory, Pre-Proposal Conference

A non-mandatory pre-proposal conference will be held at Harrigan Centennial Hall in Sitka, starting at 10:00 AM AKST on Thursday, June 17, 2021. Representatives of the CBS will be present to discuss the Project. Applicants are encouraged to attend and participate in the conference. The CBS will post on Bid Express website such Addenda as the CBS considers necessary in response to questions arising at the conference. Oral statements may not be relied upon and will not be binding or legally effective. Potential Applicants and team members may participate by Zoom or telephone conference, at the time specified above. Please email planning@cityofsitka.org to receive the Zoom invitation.

2.10 Questions and Clarifications

Applicant questions regarding the meaning, intent, or a perceived ambiguity, error, omission, discrepancy, or deficiency contained in the RFP documents shall be submitted no later than the deadline represented in Section 2.2 by email. Questions received after the deadline may not be answered. Only questions answered by formal, written Addenda will be binding. Oral and other interpretations or clarifications will be without legal effect. All questions must specifically reference the Sections and page numbers of the RFP documents, unless the question is general in nature. Telephone requests will be accepted provided that the requests are followed by an email. Received questions, written responses, and any Addenda will be posted on Bid Express. All questions shall be transmitted to:

Amy Ainslie, Planning Director. Email: planning@cityofsitka.org Phone: (907) 747-1815

3.0 PROPOSAL EVALUATION CRITERIA AND PROCESS

CBS will initially conduct a threshold review of each Proposal submitted to determine its compliance with the Proposal Submittal Requirements. Only Proposals that comply with these requirements will be considered for evaluation. If no Proposal meets these requirements, CBS may allow all Applicants to supplement their submissions to conform to these requirements.

Proposals selected pursuant to the threshold review will be evaluated by a Proposal Review Committee using the evaluation factors listed below. Proposals will be evaluated in their entirety; no one factor, but rather a combination of all the following factors will determine the successful Applicant. CBS may ask one or more Applicants to give a presentation and may elect to request supplemental information from all Applicants or a pool of finalists. Final recommendation will be made by the Proposal Review Committee, and final approval must be obtained from the CBS Assembly. Upon selection of the successful Applicant, the CBS will seek the authorization of the sale from the Assembly, for the transfer of the Property. As stated in Section 1.1, the Assembly's decision to authorize the sale could be subject to an advisory vote of the citizens per the procedures in SGC 18.12.010(B).

3.1 Evaluation Scoring Criteria

Each component of the Proposal, as described in Section 2.6, has been assigned an allocation of available points. Responsive Proposals will be evaluated and scored by a Proposal Review Committee. Proposal components which do not comply with the requirements of the RFP, such as but not limited to, Proposal format, minimum qualifications, and Project Requirements may be considered "Non-responsive" and disqualified.

Each Application will be evaluated and scored on a qualitative basis. The RFP provides the value of available points per section to represent a commitment by the CBS to maintain a fair and competitive evaluation process. The following criteria will guide the Proposal Review

Committee in using their professional judgment to determine which Applicant has submitted the best Proposal.

PROPOSAL EVALUATION SCORE SHEET		MAX SCORE
2.6	TECHNICAL PROPOSAL – VOLUME I	
2.6.2	PROJECT TEAM QUALIFICATIONS	10
	TEAM QUALIFICATIONS & PERFORMANCE	
	ORGANIZATIONAL CHART	
	PROJECT MANAGER RESUME	
	ENGINEER/ARCHITECT OF RECORD RESUME	
	EXPERIENCE & APPROACH	
2.6.3	PROJECT APPROACH	10
	CONCEPT NARRATIVE	
	OVERALL SITE PLAN	
	CONCEPTUAL DESIGN	
	PROJECT SCHEDULE	
	QUALITY MANAGEMENT APPROACH	
2.6.4	COMMUNITY & NEIGHBORHOOD IMPACT	10
	COMMUNITY & NEIGHBORHOOD BENEFITS	
	ADVERSE IMPACT MITIGATION	
	LONG-TERM OPERATIONS	
2.7	FINANCIAL CAPACITY AND FINANCING PLAN VOLUME II	
2.7.1	BENEFITS TO THE SITKA ECONOMY	20
	ESTIMATED NEW TAX REVENUE	
	ESTIMATED NEW JOB CREATION	
2.7.2	FINANCIAL FEASIBILITY	10
	FINANCING PLAN	
	RISK ASSESSMENT	
2.7.2.A	PURCHASE/LEASE OFFER	40

Total Points Available: 100 points

3.2 Qualitative Rating Factor

Proposals will be ranked using the following qualitative rating factors for each RFI criteria:

Rating Description	Points
Outstanding	1
Excellent	0.8
Good	0.6
Fair	0.4
Poor	0.2
Non-responsive	0

The rating factor for each criteria category as listed in the Proposal Evaluation Score Sheet in Section 3.1 will be multiplied against the points available to determine the total points for that category. Costs shall be scored as defined in the cost section below.

EXAMPLE: For the evaluation of the “Project Team Qualifications” criterion, if the evaluator feels the response as provided was “Good,” they would assign a Qualitative Rating Factor of 0.6 for that criterion. The final score for that criterion would be determined by multiplying the qualitative rating factor of 0.6 by the maximum points available (10), and the resulting score of 6 would be assigned to the “Project Team Qualifications” criterion. This process would be repeated for each criterion.

Any proposed Purchase/Lease Offer that is less than the appraisal value for the Property will be assigned 0 (zero) points for said evaluation criterion as described in section 2.7.2.A.

3.3 Evaluation Process

The Proposal Review Committee shall be composed of individuals representing the CBS and will evaluate all proposal(s) received. The Committee shall rank the proposals as submitted.

The CBS reserves the right to select proposals for consideration based solely on the written proposal.

The CBS also reserves the right to request oral interviews with any or all responding respondents. The purpose of the interviews is to allow expansion upon the written responses. A second score sheet will be used to score those firms interviewed. The final selection will be based on the total of all evaluators’ scores achieved on the second rating. The same categories and point ranges will be used during the second evaluation as with the first evaluation.

3.4 Proposal Validity

All Proposals shall remain valid and in full force and effect for a period of sixty (60) days after Proposal Due Date. If no award has been made within this timeframe, Applicant may be requested to extend the validity date or shall have the right withdraw its Proposal.

3.5 Organizational Conflicts of Interest

Applicants shall disclose, prior to the Proposal Due Date, all relevant details concerning past, present, or planned activities, interests, or relationships that may present a real or perceived organizational conflict of interest which may provide the Applicant an unfair competitive advantage. The CBS will review any received disclosures and provide the Applicant with a determination regarding disqualification. Any conflict-of-interest determination by the CBS shall be avoided or neutralized prior to submission of a Proposal. Failure to disclose, avoid, or neutralize a conflict of interest which the Applicant was aware of prior to a contract award, may result in rejection of the Proposal or termination of Contract for default.

3.6 Proprietary Information and Return of Proposals

All Proposals received by the CBS in response to this RFP are deemed property of the CBS and are subject to the Public Records Act. The CBS, or any of its agents, representative, employees, or consultants, shall not be liable to an Applicant or individual participating in a Proposal, because of the disclosure of all or a portion of a Proposal under this RFP. Any information contained in a Proposal which the Applicant believes constitutes proprietary or confidential, exempting the information from any Public Records disclosure shall be clearly designated. Blanket designations shall not be accepted. The CBS will notify Applicant of any Public Records request relating to this RFP, providing an opportunity for the Applicant to seek a court injunction against the requested disclosure.

The general nature of concepts, solutions, and value engineering provided in the Proposal shall not be proprietary. The CBS reserves the right, at its sole discretion, to utilize general Proposal contents provided by any Applicant during final negotiations and/or Contract delivery with the Best Value Responsible Bidder. All Proposal information will be treated by Owner in a confidential manner during the evaluation and award activities, and will not be disclosed to any person or entity not involved in the evaluation and award process until after contract award.

3.7 Applicant Compensation

No compensation or reimbursement for preparation of the Proposal will be paid by the CBS.

3.8 Modification and Withdrawal of Proposal

Proposals may be modified or withdrawn in writing, executed in the same manner as the

Proposal, prior to the Proposal Due Date and time. If within three (3) business days after the Proposal Due Date and time an Applicant provides written notice to the CBS demonstrating that there was a material and substantial error in the preparation of its Proposal, the Applicant may withdraw its Proposal without penalty.

3.9 Protest Procedures

Prior to a submission of a protest relating to or arising from this Request for Proposal, all parties shall use their best efforts to resolve concerns raised by an interested party through open and frank discussions. Protests shall be concise and logically presented to facilitate review by the CBS. Failure to substantially comply with any of the requirements of these Protest Procedures may be grounds for dismissal of the protest. Protests shall include the following information:

- A. Name, address, fax, and telephone numbers of protester;
- B. Solicitation or contract number;
- C. Detailed statement of the legal and factual grounds for the protest, to include a description of resulting prejudice to the protester;
- D. Copies of relevant documents;
- E. Request for a ruling by the CBS;
- F. Statement as to the form of relief requested.
- G. All information establishing that the protester is an interested party for the purpose of filing a protest; and
- H. All information establishing the timeliness of the protest.

All protests filed directly with the CBS will be addressed to the manager of the CBS or other official designated to receive protests. Protests based on alleged apparent improprieties in the Proposal Documents and solicitation procedures or evaluation and award criteria shall be filed at least ten (10) calendar days before the proposal submittal date. Failure to promptly file a protest based on solicitation procedures or evaluation and award criteria shall be deemed a waiver of the right to pursue a protest. In all other cases, protests shall be filed no later than five (5) calendar days after the basis of protest is known or should have been known, whichever is earlier, but no later than ten (10) days after the proposal due date.

Action upon receipt of a protest shall be as follows:

- A. Upon receipt of a protest before award, a contract may not be awarded, pending resolution of the protest, unless contract award is justified, in writing, to be in the best interest of the CBS.
- B. If award is withheld pending the CBS resolution of the protest, the CBS will inform the Applicants whose proposals might become eligible for award of the contract. If appropriate, the Applicants will be requested, before expiration of the time of acceptance of their proposals, to extend the time for acceptance to avoid the need for re-solicitation. In the event of failure to obtain such extension of time, consideration

should be given to proceeding with award.

- C. Upon receipt of a protest within ten (10) days after contract award, the CBS shall immediately suspend performance, pending resolution of the protest, including any review by an independent higher level official, unless continued performance is justified, in writing, for urgent and compelling reasons or is determined, in writing, to be in the best interest of the CBS.
- D. Pursuing the CBS protest does not extend the time of obtaining a judicial stay, injunction, or other remedy.
- E. The CBS shall make its best efforts to resolve protests within 20 days after the protest is filed. To the extent permitted by law and regulation, the parties may exchange relevant information.
- F. The CBS protest decision shall be well-reasoned and explain the CBS's position. The protest decision shall be provided to the protestor using a method that provides evidence of receipt.

4.0 DISPOSITION OF LAND

Following the Proposal Due Date, the CBS intends to evaluate all Proposals, and issue a notice of Apparent Best Value Applicant within the general timeframes provided in Section 2.2 of this RFP. This recommendation will be presented to the Sitka Assembly for authorization to enter into an Agreement of Sale or Lease Agreement. Please note that any Agreement of Sale for the Property will include a Right of First Refusal clause for CBS.

In the event that the selected Proposal requires the parcels to be re-zoned, CBS, on behalf of the applicant, will complete all necessary requirements in compliance with SGC Title 22. The successful Applicant shall be responsible for securing and paying all other costs associated with permits, licenses, approvals, lot line relocation, or variances necessary to comply with the development controls, Sitka General Code, and the approved engineering and/or architectural plans.

5.0 RIGHTS OF THE CITY AND BOROUGH OF SITKA

The CBS reserves all rights, which shall be exercisable in its sole discretion, without limitation or cause or notice, the following and/or any applicable law:

- A. The right to reject any or all Proposals without limitation and/or to cancel, re-issue, postpone, or withdraw the RFP at any time without incurring any obligation or liability.
- B. The right to modify the RFP language, timeframes, or contents and issue addenda; all addenda shall be recognized in writing by the Applicant on the Proposal Form.
- C. The right to conduct confidential meetings, discussions, or correspondence with one or more Applicant to obtain a better understanding of Proposal contents.
- D. The right to engage technical and/or legal consultants in the evaluation of Proposal.
- E. The right to waive informalities, irregularities, or deficiencies in the RFP or Proposals
- F. The right to negotiate contract terms with the Best Value Responsible Bidder.
- G. The right to open the Proposals privately.



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 21-115 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 7/7/2021 In control: City and Borough Assembly

On agenda: 7/13/2021 Final action:

Title: Approve a temporary lease between the City and Borough of Sitka and Secon, Inc. for municipal property at Granite Creek Lease Area Site 7

Sponsors:

Indexes:

Code sections:

Attachments: [01 Motion Secon, Inc.](#)
[02 Memo Secon](#)
[03First Amendment to Lease SECON notarized](#)
[04 Granite Creek lease](#)
[05 Secon Granite Creek Temporary Lease updated 7.2.21](#)

Date	Ver.	Action By	Action	Result
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POSSIBLE MOTION

I MOVE TO approve a temporary lease between the City and Borough of Sitka and Secon, Inc. for municipal property at Granite Creek Lease Area Site 7. and authorize the Municipal Administrator to execute the document.




City and Borough of Sitka

PROVIDING FOR TODAY...PREPARING FOR TOMORROW

Coast Guard City

To: Mayor Eisenbeisz and Assembly Members

From: John Leach, Municipal Administrator 

Date: June 28, 2021

Subject: Amendment to SECON Granite Creek Lease Area Site 7

Background

SECON was assigned the Granite Creek Lease Area Site 7 from Aggregate Construction, Inc. (ACI) on June 14, 2016. After the assignment, Amendment 1 was presented and approved by the City and Borough of Sitka (CBS) Assembly on August 22, 2017. At that time, the Assembly also approved increasing the lease area an additional 37,897 square feet to correct boundary issues. The initial 10-year lease term remained unchanged, terming on Friday June 25, 2021

Analysis

The original lease terms with ACI encompassed an approximately 100,700 square foot area. ACI offered paving services in lieu of payment for a term of 10 years at a value of \$2,265.75 per month. The Assessor valued the additional area, 37,897 square feet at \$852.68 per month.

Currently, CBS staff are working on a Request for Proposal (RFP) for Granite Creek Lease Area Site 7 with the objective to advertise and evaluate proposals prior to calendar year end. Until the RFP is issued, staff proposes a month-to month lease with SECON to ensure that the 2021 paving season is not interrupted. As the initial lease was essentially an in-kind trade of services, the proposed temporary lease will add the fully assessed cash value to Site 7 until the temporary lease terms.

Fiscal Note

SECON shall pay the CBS rent in the amount of \$3,118.43 per month plus City sales tax.

Recommendation

Approve a temporary lease of Granite Creek Lease Area 7 to SECON on a month-to-month term, not to exceed 9 months.

Encl: Temporary Lease – Granite Creek Lease Area 7

**FIRST AMENDMENT TO LEASE
BETWEEN CITY AND BOROUGH OF SITKA AND SECON, INC.**

THIS FIRST AMENDMENT TO LEASE (this "First Amendment") is dated as of August 25, 2017, by and between THE CITY AND BOROUGH OF SITKA ("CBS") and SECON, INC. ("Lessee").

WITNESSETH, THAT:

WHEREAS, CBS and Larry Shinn d/b/a Aggregate Construction entered into an Agreement for Material Lease and/or Sale of Municipally Owned Property in Exchange for Work, signed May 28, 2015 (the "Lease"), for the lease area partially described as "Granite Creek Lease Site #7"; and

WHEREAS, Larry Shinn d/b/a Aggregate Construction assigned the Lease to Lessee by written instrument signed June 6, 2016; and

WHEREAS, CBS consented to the assignment of the Lease to Lessee by written instrument signed June 14, 2016; and

WHEREAS, CBS and Lessee both desire to address lease area boundary issues which were discovered after assignment of the Lease with respect to CBS's access road encroachment onto the lease area and Lessee's encroachment onto adjacent CBS property, both as shown on Exhibit A attached and hereby incorporated by reference;

NOW, THEREFORE, in consideration of good and valuable consideration, the mutual receipt and legal sufficiency of which are hereby acknowledged, CBS and Lessee agree as follows:

1. **Incorporation of Preamble and Recitals.** The preamble and recitals to this Amendment are incorporated herein by reference and made a part of this Amendment.

2. **Amendments.**

(a) Section I.A of the Lease, entitled "Lease Area", is hereby amended by adding the words "minus the reduced area for CBS's road encroachment plus the additional areas for Lessee's encroachments, both as depicted on Exhibit A, with the revised lease area encompassing 138,597 square feet" immediately following "100,700 square feet."

(b) Section I.B of the Lease, entitled "Terms", is amended by adding the following subsection:

"6. Starting on the day after approval of the First Amendment by the CBS Assembly and on or before the first day of each calendar month thereafter during the term of the Lease, Lessee shall pay to CBS rent for the additional lease area, as shown in Exhibit A, in the amount of Eight Hundred Fifty-Two and 68/100ths Dollars (\$852.68) per calendar month, plus applicable sales tax. All monthly rent shall be paid to CBS at the address stated in the preamble. Rent for any

partial calendar month shall be pro-rated at a daily rate of one thirtieth (1/30) of the monthly rent. Lessee shall pay CBS sales tax as applicable. The failure to make timely payment of any monthly rent payment shall constitute a default of the Lease by Lessee."

3. **Continued Force and Effect.** CBS and Lessee ratify and confirm the Lease and acknowledge and agree that, as amended by this First Amendment, the Lease is binding and is and remains unchanged and in full force and effect. In the event of a conflict between the terms of the Lease and this First Amendment, the terms of this First Amendment shall control.

4. **Counterparts; Captions Not Binding.** This First Amendment may be executed in counterparts, each of which shall be an original and all of which counterparts taken together shall constitute one and the same agreement. The captions in this First Amendment are inserted for reference only and in no way define, describe or limit the scope or intent of this First Amendment or of any of the provisions hereof.

5. **Interpretation.** Capitalized terms not defined herein shall have the meanings ascribed to them in the Lease. This First Amendment: (a) constitutes the entire agreement between the parties with respect to the amendments set forth herein and supersedes all prior understandings, agreements whether written or oral between the parties relating thereto; (b) may not be amended or modified except by a written agreement duly executed on behalf of the parties; (c) shall in all respects (including non-contractual disputes or claims arising out of or in connection with this First Amendment) be subject to and construed in accordance with the law governing the Lease; and (d) is legally binding upon and inures to the benefit of the parties and their permitted successors and assigns, and no third party is intended to benefit from, nor may any third party seek to enforce, any of the terms of this First Amendment. As amended hereby, the Lease shall be and remain in full force and effect.

[SIGNATURES AND ACKNOWLEDGEMENTS ON NEXT PAGE]

IN WITNESS WHEREOF, CBS and Lessee have caused this First Amendment to be duly executed as of the day and year first above written.

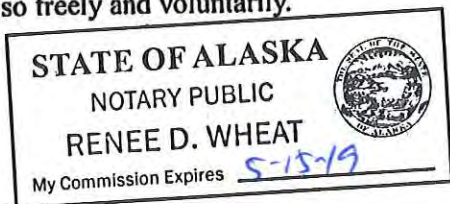
CBS:

CITY AND BOROUGH OF SITKA

By: [Signature]
Name: P. Keith Brady
Title: Municipal Administrator

STATE OF ALASKA)
) ss
FIRST JUDICIAL DISTRICT)

On this 11th day of September, 2017, before me, a Notary Public in and for the State of Alaska, personally appeared P. Keith Brady, whose identity is personally known to me or proved to me on the basis of satisfactory evidence, and who states under oath by signing this document that he has the authority to sign the First Amendment and does so freely and voluntarily.



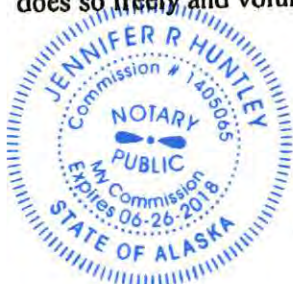
[Signature]
Notary Public in and for State of Alaska
My commission expires: 5-15-19

LESEE:
SECON INC.

By: [Signature]
Name: TIM DUDLEY
Title: G.M. / ASST. SEC.

STATE OF ALASKA)
) ss
FIRST JUDICIAL DISTRICT)

On this 25th day of August, 2017, before me, a Notary Public in and for the State of Alaska, personally appeared Tim Dudley, whose identity is personally known to me or proved to me on the basis of satisfactory evidence, and who states under oath by signing this document that he has the authority to sign the First Amendment and does so freely and voluntarily.



[Signature]
Notary Public in and for State of Alaska
My commission expires: 6/26/18



Legend

Lot7Amendment

AreaName	
Addition	
Remainder	
Remove	



**City and Borough of Sitka**
PUBLIC WORKS
100 LINCOLN STREET • SITKA, ALASKA 99505
PHONE (907) 747-1800 • FAX (907) 747-3159



EXHIBIT A
AMENDED SITE #7 LEASE AREA

**AGREEMENT FOR MATERIAL LEASE and/or SALE OF
MUNICIPALLY OWNED PROPERTY
IN EXCHANGE FOR WORK**

City and Borough of Sitka ("CBS") agrees to lease and/or sell, to Larry Shinn d/b/a/ Aggregate Construction, PO Box 32619, Juneau, Alaska 99803 ("Contractor"), the materials designated in this Agreement for Material Sale and/or Lease of Municipally Owned Property In Exchange for Work ("Agreement"), subject to the following terms and conditions:

SECTION I. DESCRIPTION

- A. LEASE AREA: **Granite Creek Lease Site #7, CBS Parcel 2-6004-000 and further described as a portion of Lot 1 Alaska State Land Survey 3670 encompassing 100,700 square feet.**
- B. TERMS:
1. A prior lease of this area with Contractor was entered into in June 1996 and was extended to June 24, 2011 when it expired.
 2. This Contractor is over 3 years in arrears on lease payments in "holdover status" which was verbally agreed upon by the parties.
 3. This new lease will be seven (7) years, ending June 25, 2021.
 4. Incorporated into the agreement will be an arrangement for Contractor to pay back the holdover value in arrears by performing work in kind (see 5 below).
 5. In exchange for the seven (7) year lease, Contractor agrees to provide the following service for the past due on the three (3) year arrearage holdover:
 - a. Contractor shall pave that portion of Granite Creek Road from the top of the hill to the quarry road access road (approximately 1,600 linear feet). Contractor shall pay for all costs required by and associated with the road paving in lieu of lease cash payment, including costs associated with any claim of liability, requirement to defend or indemnity of CBS associated with the paving;
 - b. No asphalt shall be placed on Granite Creek Road until the City Engineer or designee has inspected and approved a road bed. Contractor shall notify the City Engineer or designee at least 48 hours prior to asphalt placement to schedule inspection during placement by the City Engineer or designee;
 - c. Asphalt shall be placed a minimum 24 feet wide and 3 to 4 inches thick as indicated on the attached exhibit drawing. Asphalt must be laid in full lane widths and not less than 50 linear feet per placement. Asphalt subgrade and surfacing shall meet City and Borough of Sitka Standard Detail 20-1 unless otherwise noted or approved by the City Engineer or designee. Asphalt specifications and placement shall meet City and Borough of Sitka Standard Specifications Division 40; and

- d. Paving shall be substantially completed by June 15, 2015.
- e. In the event that the work, as described above, is not completed or is not completed to specifications, Contractor shall pay \$2,265.75 for each month of use since June 25, 2011 (expiration of past lease in arrearage) and vacate the property within 30 days.

SECTION II. PERFORMANCE BOND

Contractor shall be required to submit a yearly performance bond in the amount of \$5,000 issued by a Surety licensed to do business in Alaska. At the time each year that the pit cross sections are accomplished and Contractor is inspected for adherence to a reclamation plan, the Municipality shall release the prior year performance bond, in writing and accept a new bond for the next year of operation.

The purpose of said bond shall be to correct nonconforming conditions created by the Contractor. An example might be to do necessary reclamation work left undone or otherwise correct site problems such as drainage control. Said bond may also be used to pay for unpaid royalties or other costs fairly owed to the Municipality.

SECTION III. OPERATING REQUIREMENTS

- A. Boundary Lines and Survey Monuments – Upon execution of this lease, the Lessee shall bear the responsibility to have the lease area surveyed and control monuments placed by a registered engineer or land surveyor to fully identify the boundaries. No boundary mark of the sale area or any survey lines nor witness tree to any survey corner or monument, shall be severed or removed, nor shall any survey corner or monument be damaged or destroyed. Any violation of this clause will require the Lessee to bear the expense of re-establishing the lines, corners, or monuments by a registered land surveyor.
- B. Erosion Control and Protection of Waters – Road construction or operations in connection with this contract shall be conducted so as to avoid damage to streams, lakes or other water areas and lands adjacent thereto. Vegetation and materials shall NOT be deposited into any stream or other waste area. Locations and/or improvements such as road crossings over streams shall be approved, in advance, by the Municipality.

All roads or other areas to be abandoned or an area to cease being an active portion of the Lessee's operation shall be treated with such measures to prevent erosion and shall be reclaimed per the required reclamation plan. Any damages resulting from any failure to perform to these requirements shall be repaired by the Lessee to the satisfaction of the Municipality. This includes, but is not limited to waters defined in Title 5 – Fish and Game and Title 6 – Protection to Anadromous Fish; State of Alaska.

- C. Attached and appended to this agreement is Appendix A – Reclamation Plan – Granite Creek Material Site. All lessees shall be responsible for the adherence to said plan. The leaseholder shall demonstrate compliance to said reclamation plan on a yearly basis and substantial non-compliance shall be grounds for termination or cancellation of the affected lease.

- D. Fire Protection – Lessee shall take all necessary precautions for the prevention of wild fires and shall be responsible for the suppression and bear the suppression costs of any and all destructive or uncontrolled fires occurring within or without the contract area resulting from any and all operations involved under the provisions of this contract. The Lessee shall comply with all laws, regulations and rules promulgated by the agency responsible for fire protection in the area.
- E. Roads – Before constructing any haul road, secondary or spur roads across Municipal lands, the Lessee shall obtain written approval of the location and construction standards of such roads from the Municipality.

Access over any route not under Municipal control is the sole responsibility of the Lessee. The Lessee agrees that any permanent route, access or right of way obtained over privately owned property shall include a permanent easement to the Municipality.

- F. The Lessee shall maintain adequate supervision at all times when operations are in progress to insure that the terms and conditions of this contract and all applicable Federal, State and local laws, rules and regulations governing such operations are enforced. At all times, when operations are in progress, the Lessee or a person authorized by him to assume the responsibilities imposed by this contract, shall be present on the contract area.
- G. The terms and conditions of this contract shall apply with equal force upon any agent, employee or contractor designated by the Lessee to perform any or all of the operations of severance, extraction or removal of the materials sold under this contract, and the Lessee shall be liable for non-compliance caused by any such agent, employee or contractor.
- H. The Lessee shall be responsible for the accurate location of operations under this contract, including any survey that may be necessary for such location unless otherwise specified in this contract.
- I. Special Provisions – It is mutually agreed that:
 - a. The Lessee shall coordinate his activities insofar as possible with other Lessees who now or in the future may hold material sale agreements. Before removing material under any roadway or otherwise interrupting access to any other operations, the Lessee shall make arrangements satisfactory to the affected parties for coordinating operations. The affected parties cannot unreasonably withhold such approval if proper alternate arrangements have been made. In the case where the affected parties cannot reach agreement, the Municipality shall be the sole arbitrator to reach a satisfactory result.
 - b. Should the Municipality determine that the operations cause silting or pollution of Granite Creek to a degree unacceptable to the Department of Environmental Conservation, the U.S. Fish and Wildlife Service, after all reasonable attempts have been made to have the Lessee correct the problems, this contract shall be void upon notification to the Lessee by the Municipality. The Lessee shall hold harmless the Municipality from any litigation whatsoever which may result from this action.

- c. At the expiration of this contract, the Lessee shall notify the Director of Public Works, so that an inspection for release can be scheduled. This inspection shall include general clean-up, compliance with the reclamation plan, removal of all Lessees equipment and any other item felt a responsible element of any final inspection.
- d. All responsibilities and liabilities of the Lessee shall remain in effect until this lease contract file shall be closed. This includes cleanup of site and compliance with all contract items.
- e. The lease area may be used for the processing and storage of materials for operations and for the temporary location and operation of an asphalt batching plant, scales, crushers and other such equipment necessary to produce marketable materials products. Other material incidental to the production of asphalt or mineral products such as asphalt, fillers, or coagulants needed for the settlement ponds may be stored on the site, as needed. A temporary small one bay gravel equipment maintenance shop may also be allowed specifically for equipment used at the site.

Granite Creek is, in fact, a long term source of gravel and other mineral products. As such, it is not a contractor's storage yard area. Permanent or long term improvements such as garages and shops or other type buildings and uses shall NOT be allowed. Further, storage of materials not associated with operation/maintenance of the lease area shall NOT be allowed.

- f. Except for those portions of the operation which are associated with low noise levels such as maintenance of equipment, the Lessees operations shall be confined to the hours of 7:00 A.M. to 7:00 P.M. daily. The Municipality reserves the right to restrict operations on weekends and holidays.
 - g. If the Lessee is forced to end, restrict or curtail his operations due to State or Federal law or regulations or for any other cause over which the Municipality has no control, the Municipality shall have no liability, whatsoever.
- J. Lessee may not assign its rights under this lease or allow other parties to operate on the site without prior written approval of the Municipality.

Prior to the approval of any such sub-lease, the Municipality shall be provided with all the terms of the proposed assignment or agreement. If such terms are deemed inflationary or of such a type to be considered a total abandonment of further interest in the lease by the original party, the assignment may be denied.

- K. There is a grievance board established consisting of all material Lessees in the Granite Creek Quarry and the Municipal Director of Public Works to handle problems arising between Lessees in the area. This board shall attempt to reach agreement among all Lessees. Unsolvables disputes shall be brought before the Administrator and/or to the Assembly for final decision. (See Section IV, 9,a.)
- L. Maintenance of the main road, culverts and other such improvements providing access or available for common use by all Lessees shall be maintained by the Lessees at no expense to the Municipality.

- M. Maintenance of access roads within the lease area as well as ponding and drainage to limit leachates, sediment load and turbidity entering Granite Creek shall be maintained by the Lessee at no expense to the Municipality.
- N. Siltation of Granite Creek and associated tributaries is to be minimized. Therefore, no earthmoving will be allowed during heavy rains, and the Lessee will, at their own expense, provide all proper drainage and routine settlement ponds for permanent uses. This is covered in the Reclamation Plan, as attached.
- O. Lessee shall maintain regulatory compliance to include submit/update a Storm Water Pollution Prevention Plan (SWPPP) for all activities on site as required.
- P. The Lessee shall adhere to all State and local regulations regarding the storage and handling of explosives.

SECTION IV. LIABILITY AND INDEMNIFICATION

The Contractor shall indemnify CBS and hold it harmless from any and all claims, demands, suits, loss, liability and expense for injury to or death of persons and damage to or loss of property arising out of or connected with the exercise of privileges granted the Contractor by this Agreement, or arising out of any incident whatsoever which may occur on the lease site or commonly used facility. This includes but is not limited to damage to power lines, poles, and facilities, telephone lines and poles, survey monuments, roads, bridges and culverts, pollution and/or damage to water systems, or personal injury.

SECTION V. INSURANCE

- A. CBS shall be named as an additional insured on Contractor's Comprehensive Liability Insurance Policy.
- B. The Contractor shall carry Workers Compensation Insurance covering all employees and shall also carry \$1,000,000 general liability insurance, naming CBS as an additional insured, and take such measures as are reasonable to protect the general public from injury on the site.

SECTION VI. IMPROVEMENTS AND OCCUPANCY

- A. Any improvements or transportation facilities including crushers, mixing plants, buildings, bridges, roads or any other constructed by the Contractor in connection with this lease and within the lease area, shall be in accordance with plans approved by CBS. Improvement and facility safety (both design & operation) shall be the responsibility of the Contractor not CBS. Contractor agrees to follow all applicable safety codes and regulations.
- B. The Contractor shall, within sixty (60) days, after the expiration of termination date of this lease, remove all equipment and other personal property from the lease area.

SECTION VII. INSPECTION

- A. Authorized agents of CBS shall have access at all times to the lease area

- B. At all times, when construction or operations are in progress, the Contractor shall have a representative readily available at the site of operations who shall be authorized to receive on behalf of the Contractor, any notices and instructions given by authorized CBS personnel in regard to the performance under this contract, and to take such action thereon as is required by the terms of this contract.

SECTION VIII. TERMINATION AND SUSPENSION

- A. The lease may be terminated by CBS if the Contractor breaches the Agreement and fails to correct this breach within thirty (30) days after written notice is served upon the Contractor.
- B. Failure of the Contractor to take immediate action to correct unwarranted damage to natural resources may be corrected by CBS to prevent additional damage. Any cost incurred by CBS shall be paid by the Contractor.
- C. This lease may be terminated by mutual agreement of both parties on terms and conditions agreed upon, in writing by both parties.

SECTION IX. RESERVATIONS

- A. CBS reserves the right to utilize the site during the term of this lease.
- B. CBS reserves the right to permit other compatible uses, including the sale of materials on the lands near the lease area, provided that CBS determines that such uses will not unduly impair the Contractor's operations under this contract.

SECTION X. PERMITS

- A. Any permits necessary for operations under this Agreement shall be obtained by the Contractor prior to commencing such operations.
- B. All operations shall be in accordance with CBS Conditional Use Permit (attached to lease), as it now exists or modified in the future.

SECTION XI. PASSAGE OF TITLE

All rights, title and interest in or to any material included in this lease shall remain with CBS until it has been paid for, or removed from the site, provided however, that the right, title and interest in or to any material which has been paid for, but not removed from the sale area by the Contractor within the period of the lease or any extension thereof shall vest in CBS upon completion of the Agreement term.

SECTION XII. WARRANTIES

THIS AGREEMENT IS MADE WITHOUT ANY WARRANTIES BY CBS, EXPRESS OR IMPLIED, AS TO THE QUANTITY, QUALITY, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR USE, CONCERNING THE MATERIAL TO BE EXTRACTED UNDER CONTRACT.

SECTION XIII. WAIVER

No agent, representative or employee of CBS has authority to waive any provision of this agreement unless expressly authorized to do so, in writing, by the Municipal Administrator.

SECTION XIII. AMENDMENT AND AUTHORITY

No amendment of this Agreement shall be effective as against CBS unless the Municipal Administrator executes a written amendment on behalf of the Assembly. Each person affixing his or her signature on this Agreement represents by such act that he or she has the legal authority to bind legally any organization or entity he or she purports to bind.



City and Borough of Sitka

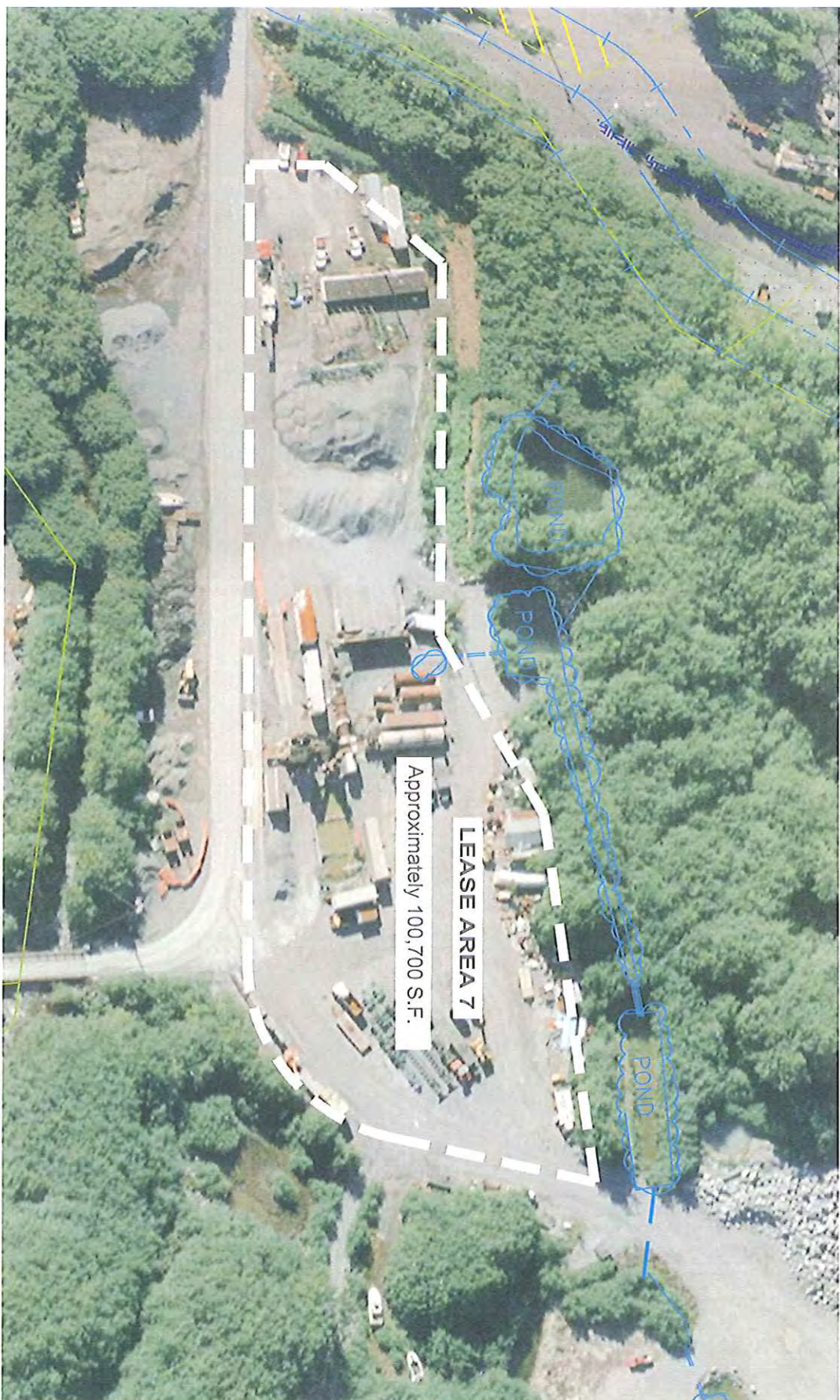
DEPARTMENT OF PUBLIC WORKS

100 LINCOLN STREET • SITKA, ALASKA 99835

TEL (907) 747-1804 FAX (907) 747-3158

GRANITE CREEK

LEASE AREA 7



DRAWN:

JUH

SCALE = 100'

CHECKED:

D.Tadic

DATE: 12.22.2014

DRAWING


NAME: LeaseArea7.dwg

SHEET NO.

1 / 1

Memorandum

TO: Dan Tadic, Municipal Engineer
Michael Harmon, Public Works Director

FROM: Randy Hughes, Assessing Director 

SUBJECT: Valuation of a proposed land lease identified as Granite Creek Lease Site #7, CBS Parcel 2-6004-000, and further described as a portion of Lot 1 Alaska State Land Survey 3670.

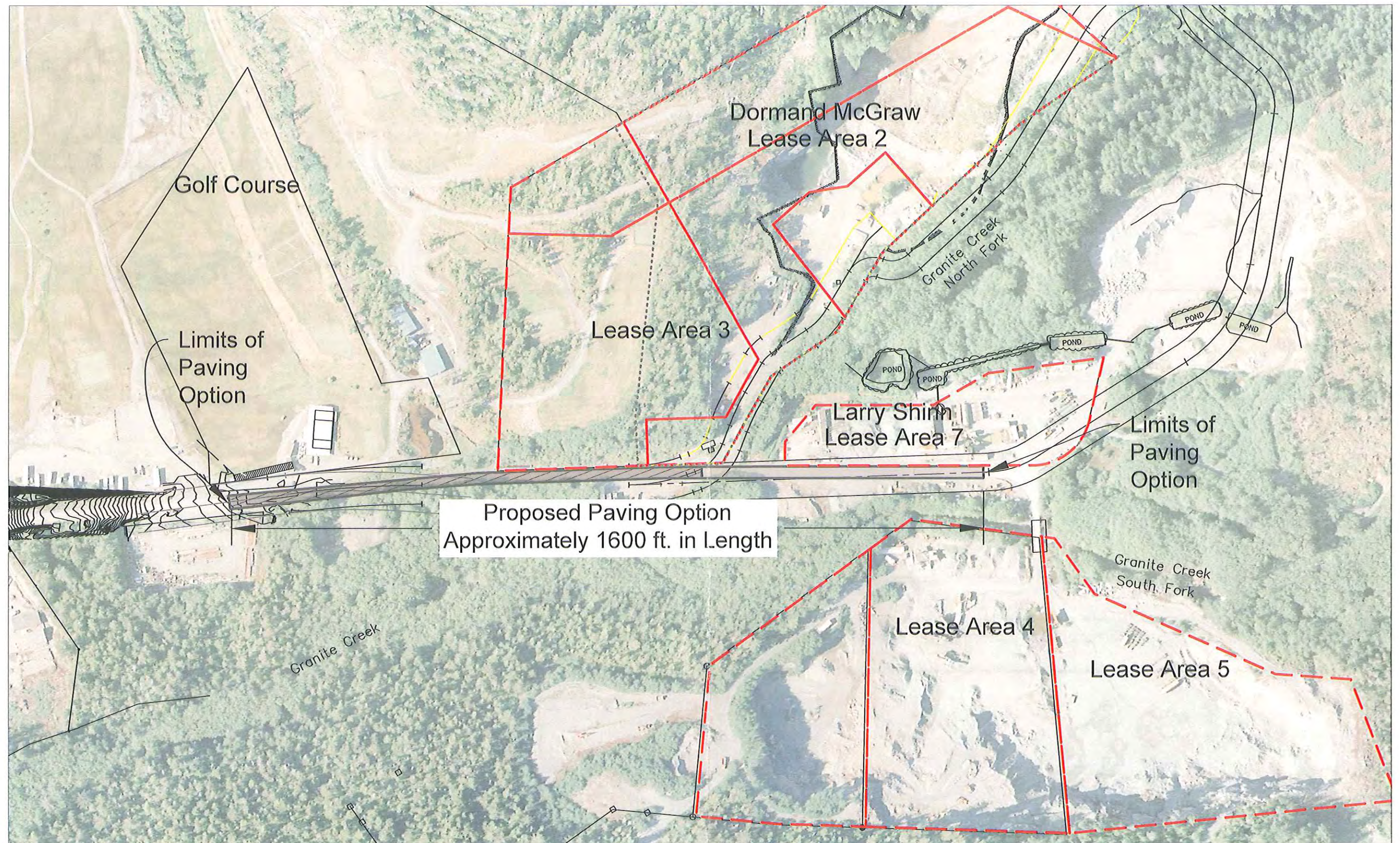
DATE: March 30, 2015

Per your request, I did review existing assessments of large parcels near the proposed lease site. These parcels are assessed at approximately \$3.00 per square foot.

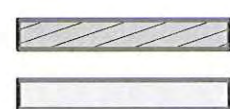
The lease area proposed is 100,700 square feet, I would assess the land value to be \$302,100 (100,700 square feet X \$3.00 = \$302,100).

The annual rent would be \$27,189 (\$302,100 X .09 = \$27,189).

The monthly rent would be \$2,265.75 (\$27,189 / 12 = \$2,265.75).



0 200 400 Feet



1000' 4" Thick
600' 3" Thick



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

Lease Area 7
Paving Limits

DRAWN: JUH	SCALE: 1" = 200'
CHECKED: D. Tadic	DATE: 03/06/2015
DRAWING NAME: LeaseArea7	
SHEET NO. 1	1



CERTIFICATE OF LIABILITY INSURANCE

AGGRE-1

OP ID: LM

DATE (MM/DD/YYYY)

05/21/15

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Griffin MacLean, Inc. 2300 130th Ave NE A203 Bellevue, WA 98005 Griffin Maclean Alaska	425-822-1368 425-822-2737	CONTACT NAME: Laura Kovarik PHONE (A/C, No, Ext): 425-822-1368 E-MAIL ADDRESS: laura@griffinmaclean.com FAX (A/C, No): 425-822-2737
INSURED Aggregate Construction, Inc. Larry Shinn PO Box 772 Sitka, AK 99835		INSURER(S) AFFORDING COVERAGE INSURER A: Alaska National Insurance Co. INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:
		NAIC # 38733

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	X		15CLS55259	03/22/15	03/22/16	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
A	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			15CAS55259	03/22/15	03/22/16	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB DED <input type="checkbox"/> RETENTION \$		X				EACH OCCURRENCE \$ AGGREGATE \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		N/A	15CWS55259	03/22/15	03/22/16	WC STATUTORY LIMITS <input type="checkbox"/> OTH-ER <input type="checkbox"/> E.L. EACH ACCIDENT \$ 100,000 E.L. DISEASE - EA EMPLOYEE \$ 100,000 E.L. DISEASE - POLICY LIMIT \$ 500,000
A	Contractor's Equip	X		14CIE55259	03/22/15	03/22/16	Equipment 250,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Granite Creek Lease Site #7, CBS Parcel 2-6004-000 and further described as a portion of Lot 1 Alaska State Land Survey 3670 encompassing 100,700 square feet; City and Borough of Sitka are included as additional insured as respects to the above noted project. Coverage is Primary and Non-Contributory. Waiver of Subrogation applies.

CERTIFICATE HOLDER

CANCELLATION

SITKACI

City and Borough of Sitka
100 Lincoln Street
Sitka, AK 99835

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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LEASE/CONTRACT BOND

BOND # LSM0708422

KNOW ALL MEN BY THESE PRESENTS, That we, AGGREGATE CONSTRUCTION, INC.

as Principal, and RLI INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Illinois and as Surety, are held and firmly bound unto CITY AND BOROUGH OF SITKA

, as Oblige, in the full and just sum of FIVE THOUSAND AND 00/100 (\$ 5,000.00) dollars, lawful money of the United States of America, for the payment of which, well and truly to be made, we bind ourselves, our heirs, successors, and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal has entered into a lease agreement dated MAY 18, 2015 with the CITY AND BOROUGH OF SITKA, as Oblige, such lease by reference made a part hereof, for rental of certain property described therein; and

WHEREAS, the Principal has been required to file a bond in the sum of the above amount, to guarantee compliance with all terms and conditions of Lease/Contract, issued under Application/Agreement No. _____ including the payment of all sums due the Oblige by reason of operations under Lease/Contract.

NOW, THEREFORE, if the principal shall comply with all terms and conditions of said Lease/Contract as set forth in the preceding paragraph, then this obligation is to be void, otherwise to remain in full force and effect.

The effective date of this bond shall be from MAY 20, 2015 to MAY 20, 2016. This bond may be canceled by the Surety for any reason by giving written notice to the Oblige and the Principal. Such cancellation shall be effective forty five (45) days from the Oblige's receipt of said notice. The cancellation of this bond within the effective period of this bond shall not be considered a breach of the Lease/Contract and shall not cause any liability under this bond. The surety has no obligation to renew or replace this bond for further periods, and any failure of the principal to provide bonds shall not cause any liability under this bond.

Regardless of the length of time this bond shall continue to be in effect, the aggregate liability of the surety shall not exceed the amount of the bond. The penalty of the bond shall not be extended without prior written consent of the surety. No suit may be brought on this bond after one year from the expiration or effective date of cancellation of this bond, whichever occurs first.

SEALED with our seals and dated this 20TH day of MAY, 2015.

AGGREGATE CONSTRUCTION, INC.

Principal

Signature of Principal

Surety RLI INSURANCE COMPANY

Laura Kovarik
Attorney-in-Fact LAURA KOVARIK





RLI Insurance Company
9025 N. Lindbergh Dr. Peoria IL 61615
Phone: (309)692-1000 Fax: (309)683-1610

POWER OF ATTORNEY

RLI Insurance Company

Bond No. LSM0708422

Know All Men by These Presents:

That RLI Insurance Company, corporations organized and existing under the laws of the State of Illinois, and authorized and licensed to do business in all states and the District of Columbia does hereby make, constitute and appoint: Laura Kovarik in the City of Bellevue, State of WA, as Attorney In Fact, with full power and authority hereby conferred upon him/her to sign, execute, acknowledge and deliver for and on its behalf as Surety, in general, any and all bonds, undertakings, and recognizances in an amount not to exceed Ten Million Dollars (\$10,000,000) for any single obligation, and specifically for the following described bond.

Principal: Aggregate Construction, Inc.
Obligee: City & Borough of Sitka
Type Bond: Performance Bond for Material Lease
Bond Amount: \$5,000.00
Effective Date: May 20, 2015

RLI Insurance Company further certify that the following is a true and exact copy of a Resolution adopted by the Board of Directors of RLI Insurance Company, and now in force to-wit:

"All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, and Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys in Fact or Agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile."

IN WITNESS WHEREOF, RLI Insurance Company have caused these presents to be executed by their Vice President with their corporate seal affixed this 20th day of May, 2015.

ATTEST:

Cynthia S. Dohm
Cynthia S. Dohm Assistant Secretary



RLI Insurance Company

Roy C. Die
Roy C. Die Vice President

On this 20th day of May, 2015 before me, a Notary Public, personally appeared Roy C. Die and Cynthia S. Dohm, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as Vice President and Assistant Secretary, respectively, of the said RLI Insurance Company, and acknowledged said instrument to be the voluntary act and deed of said corporation.

Jacqueline M. Bockler
Jacqueline M. Bockler Notary Public



**TEMPORARY LEASE
BETWEEN
CITY AND BOROUGH OF SITKA AND
COLASKA INC. D/B/A SECON, INC.,
FOR MUNICIPAL PROPERTY
AT GRANITE CREEK LEASE AREA
USING PRIOR AGREEMENT AS AMENDED**

CITY AND BOROUGH OF SITKA ("CBS"), of 100 Lincoln Street, Sitka, Alaska 99835, and COLASKA INC. d/b/a SECON, INC. ("SECON"), of 4000 Old Seward Highway Suite 101, Anchorage, Alaska 99503, agree to a Temporary Lease, under Sitka General Code 18.12.010(D), of municipal property at the Granite Creek Lease Area Site 7 using an amended version of the Agreement for Material Lease Of Municipally Owned Property, between CBS and SECON, dated, May 28, 2015 (the "Agreement") (copy attached) and the First Amendment to Lease, between CBS and SECON, dated August 25, 2017 (the "First Amendment") (copy attached).

The Parties agree to be subject to the terms and conditions of the Agreement, as amended by the First Amendment, and further amended as follows:

Section I.B.3 of the Agreement is deleted and replaced with the following: The term is "month to month," effective June 26, 2021. This Agreement may be terminated upon thirty (30) days written notice by either party, with or without cause, or as otherwise provided in this Agreement.

Section I.B.6 of the First Amendment is deleted and replaced with the following: Effective June 26, 2021, and on or before the first day of each calendar month thereafter during the term of the Temporary Lease, Lessee shall pay to CBS for rent for all 138,597 square feet of the lease area, the amount of Three Thousand One Hundred Eighteen and 43/100 Dollars (\$3,118.43) per calendar month, plus applicable sales tax. All monthly rent shall be paid to CBS at the address stated in the preamble. Rent for any partial calendar month shall be pro-rated at a daily rate of one thirtieth (1/30) of the monthly rent. The failure to make timely payment of any monthly rent payments shall constitute a default of the Temporary Lease by Lessee.

All terms and conditions set out in the original Agreement remains in effect during this Temporary Lease. This Temporary Lease was approved by the CBS Assembly on

_____.

CITY AND BOROUGH OF SITKA

By: John Leach
Its: Municipal Administrator

STATE OF ALASKA)
) ss.
FIRST JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this_____ day of _____, 2021, by John Leach, Municipal Administrator of the CITY AND BOROUGH OF SITKA, an Alaska home rule municipality, on behalf of the municipality.

Notary Public in and for the State of Alaska
My commission expires: _____

**COLASKA INC.
d/b/a SECON, INC.**

By: Tim Dudley
Its: Assistant Secretary

STATE OF ALASKA)
) ss.
FIRST JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this_____ day of _____, 2021, by Tim Dudley, Assistant Secretary of COLASKA INC., d/b/a Secon, Inc., an Alaska corporation, on behalf of the corporation.

Notary Public in and for the State of Alaska
My commission expires: _____



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 21-116 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 7/7/2021 In control: City and Borough Assembly

On agenda: 7/13/2021 Final action:

Title: Discussion/Direction/Decision on City and Borough of Sitka funding priorities from American Rescue Plan Act (ARPA) of 2021

Sponsors:

Indexes:

Code sections:

Attachments: [01 Motion ARPA](#)
[02 Memo ARPA Priorities](#)

Date	Ver.	Action By	Action	Result
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POSSIBLE MOTION

I MOVE TO approve on City and Borough of Sitka funding priorities from American Rescue Plan Act (ARPA) of 2021




City and Borough of Sitka

PROVIDING FOR TODAY...PREPARING FOR TOMORROW

Coast Guard City

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

From: John Leach, Municipal Administrator 

Date: July 6, 2021

Subject: Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Established by the America Rescue Plan Act (ARPA) of 2021

Background

On May 10, 2021, the U.S. Department of Treasury announced the launch of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Established by the America Rescue Plan Act (ARPA) of 2021, to provide \$350 billion in emergency funding for eligible state, local, territorial, and Tribal governments.

This aid to state, local, territorial, and Tribal governments will help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery.

Treasury also released details on how these funds can be used to respond to acute pandemic response needs, fill revenue shortfalls among these governments, and support the communities and populations hardest-hit by the COVID-19 crisis.

Analysis

The City and Borough of Sitka (CBS) qualifies for payments from the Treasury for both our “city” and “county” status. The CBS receives the “county” portion of our ARPA relief directly from the Federal government, but the “city” relief arrives through State disbursement.

On May 28, 2021, the CBS received the first “county” payment of \$824,833, and the second payment in an amount similar to the first payment is expected no sooner than 12 months from the first payment.

The CBS passed Resolution 2021-17 on June 22, 2021 to finish our application to the State for the “city” portion of the ARPA relief. Our first payment of an estimated \$880,000 should be arriving shortly, and the second payment of an estimated \$880,000 is expected no sooner than 12 months from the first payment. Please note that payment amounts are based on estimates provided by the Alaska Municipal League.

Fiscal Note

The COVID-19 pandemic, paired with near record low fish returns for the summer of 2020, created economic shockwaves that will reverberate in Sitka for years to come. Fortunately, Coronavirus Aid, Relief, and Economic Security (CARES) Act funding of approximately \$14.1M and anticipated American Rescue Plan (ARP) Act funding helped Sitka citizens weather the financial storm and allowed the CBS to continue governmental services and delay only routine capital improvement projects. However, the gap widened between our actual funding for infrastructure and the increasing burden of deferred maintenance.

Navigating complicated Treasury guidelines and tight timelines, a CARES Working Group was established in the summer of 2020 to design a \$14.1M Federal spending program developed to meet the needs of the community following the economic downturn caused by COVID-19. The CARES Working Group developed a budget, drafted grant applications, and secured contracts with many businesses and non-profits to serve the community in the form of subsidies, direct grants, and social support programs. The following is a breakdown of how the funds were allocated:

- \$3.7M was provided to Sitka citizens in the form of utility and harbor subsidies.
- \$6M was provided to our businesses and non-profits through two phases of direct grants.
- \$2.3M was allocated to social support programs such as increasing childcare capacity, food distribution, mental health support, housing assistance, homeless support, and a transitional employment program.
- \$1M was retained by the CBS to address COVID-19 mitigation needs such as increased IT capabilities, sanitation efforts, and building modifications to allow for social distancing.
- \$430K was granted to the Sitka School District (SSD) for Americorps volunteers, sanitation efforts, and to provide laptops to students for remote learning during school closures.
- \$627,653 was allocated for contingency (with any unused funds in any category supporting public safety).

The loss of the 2020/2021 cruise seasons and a major reduction in the number of individual travelers led to an overall projected decrease in sales tax revenue to the CBS of approximately \$7M. Near record low fish returns exacerbated the economic downturn, severely impacted our fishing fleet, and further reduced CBS revenues. Local bed tax, raw fish tax, and fish box tax collection also saw significant reductions due to the confluence of these two significant economic drivers.

Recommendation

Based on our current financial position, our current capital infrastructure needs, and our efforts with past CARES funding, I am recommending the following priority order of how to obligate the CBS's ARPA funding:

1. Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic. By replacing lost revenue, there will be more resources to dedicate to our infrastructure, which had repairs further deferred because of the revenue loss due to the pandemic. Addressing infrastructure in this manner means that critical infrastructure needs can be met without having added time and cost of meeting federal requirements.
2. Address negative economic impacts caused by the public health emergency, specifically the public sector. Our infrastructure maintenance was largely delayed during COVID-19 to continue governmental services throughout the pandemic.
3. Invest in new infrastructure as allowed by Treasury approved uses of the funding. However, please be reminded that any new infrastructure must include a funding tail to address the outyears costs of maintenance, repairs, and the necessary staff to address those needs.

Encl: U.S. Treasury Fact Sheet ([Federal Fact Sheet](#))
Resolution 2021-17
CARES Act Final Report

Coronavirus State and Local Fiscal Recovery Funds

Frequently Asked Questions

AS OF JUNE 24, 2021

This document contains answers to frequently asked questions regarding the Coronavirus State and Local Fiscal Recovery Funds (CSFRF / CLFRF, or Fiscal Recovery Funds). Treasury will be updating this document periodically in response to questions received from stakeholders. Recipients and stakeholders should consult the [Interim Final Rule](#) for additional information.

- For overall information about the program, including information on requesting funding, please see <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments>
- For general questions about CSFRF / CLFRF, please email SLFRP@treasury.gov
- Treasury is seeking comment on all aspects of the Interim Final Rule. Stakeholders are encouraged to submit comments electronically through the Federal eRulemaking Portal (<https://www.regulations.gov/document/TREAS-DO-2021-0008-0002>) on or before July 16, 2021. Please be advised that comments received will be part of the public record and subject to public disclosure. Do not disclose any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

Questions added 5/27/21: 1.5, 1.6, 2.13, 2.14, 2.15, 3.9, 4.5, 4.6, 10.3, 10.4 (noted with “[5/27]”)

Questions added 6/8/21: 2.16, 3.10, 3.11, 3.12, 4.7, 6.7, 8.2, 9.4, 9.5, 10.5 (noted with “[6/8]”)

Questions added 6/17/21: 6.8, 6.9, 6.10, 6.11 (noted with “[6/17]”)

Questions added 6/23/21: 1.7, 2.17, 2.18, 2.19, 2.20, 3.1 (appendix), 3.13, 4.8, 6.12 (noted with “[6/23]”)

Question added 6/24/21: 2.21 (noted with “[6/24]”)

Answers to frequently asked questions on distribution of funds to non-entitlement units of local government (NEUs) can be found in this [FAQ supplement](#), which is regularly updated.

1. Eligibility and Allocations

1.1. Which governments are eligible for funds?

The following governments are eligible:

- States and the District of Columbia
- Territories

- Tribal governments
- Counties
- Metropolitan cities
- Non-entitlement units, or smaller local governments

1.2. Which governments receive funds directly from Treasury?

Treasury will distribute funds directly to each eligible state, territory, metropolitan city, county, or Tribal government. Smaller local governments that are classified as non-entitlement units will receive funds through their applicable state government.

1.3. Are special-purpose units of government eligible to receive funds?

Special-purpose units of local government will not receive funding allocations; however, a state, territory, local, or Tribal government may transfer funds to a special-purpose unit of government. Special-purpose districts perform specific functions in the community, such as fire, water, sewer or mosquito abatement districts.

1.4. How are funds being allocated to Tribal governments, and how will Tribal governments find out their allocation amounts?¹

\$20 billion of Fiscal Recovery Funds was reserved for Tribal governments. The American Rescue Plan Act specifies that \$1 billion will be allocated evenly to all eligible Tribal governments. The remaining \$19 billion will be distributed using an allocation methodology based on enrollment and employment.

There will be two payments to Tribal governments. Each Tribal government's first payment will include (i) an amount in respect of the \$1 billion allocation that is to be divided equally among eligible Tribal governments and (ii) each Tribal government's pro rata share of the Enrollment Allocation. Tribal governments will be notified of their allocation amount and delivery of payment 4-5 days after completing request for funds in the Treasury Submission Portal. The deadline to make the initial request for funds is June 21, 2021.

The second payment will include a Tribal government's pro rata share of the Employment Allocation. There is a \$1,000,000 minimum employment allocation for Tribal governments. In late-June, Tribal governments will receive an email notification to re-enter the Treasury Submission Portal to confirm or amend their 2019 employment numbers that were submitted to the Department of the Treasury for the CARES Act's Coronavirus Relief Fund. To receive an Employment Allocation, including the minimum employment allocation, Tribal governments must confirm employment numbers by July 16, 2021. Treasury will calculate employment allocations for those Tribal governments that confirmed or submitted amended employment numbers by the deadline. In August,

¹ The answer to this question was updated on June 29, 2021.

Treasury will communicate to Tribal governments the amount of their portion of the Employment Allocation and the anticipated date for the second payment.

1.5. My county is a unit of general local government with population under 50,000. Will my county receive funds directly from Treasury? [5/27]

Yes. All counties that are units of general local government will receive funds directly from Treasury and should apply via the [online portal](#). The list of county allocations is available [here](#).

1.6. My local government expected to be classified as a non-entitlement unit. Instead, it was classified as a metropolitan city. Why? [5/27]

The American Rescue Plan Act defines, for purposes of the Coronavirus Local Fiscal Recovery Fund (CLFRF), metropolitan cities to include those that are currently metropolitan cities under the Community Development Block Grant (CDBG) program but also those cities that relinquish or defer their status as a metropolitan city for purposes of the CDBG program. This would include, by way of example, cities that are principal cities of their metropolitan statistical area, even if their population is less than 50,000. In other words, a city that is eligible to be a metropolitan city under the CDBG program is eligible as a metropolitan city under the CLFRF, regardless of how that city has elected to participate in the CDBG program.

Unofficial allocation estimates produced by other organizations may have classified certain local governments as non-entitlement units of local government. However, based on the statutory definitions, some of these local governments should have been classified as metropolitan cities.

1.7. In order to receive and use Fiscal Recovery Funds, must a recipient government maintain a declaration of emergency relating to COVID-19? [6/23]

No. Neither the statute establishing the CSFRF/CLFRF nor the Interim Final Rule requires recipients to maintain a local declaration of emergency relating to COVID-19.

2. Eligible Uses – Responding to the Public Health Emergency / Negative Economic Impacts

2.1. What types of COVID-19 response, mitigation, and prevention activities are eligible?

A broad range of services are needed to contain COVID-19 and are eligible uses, including vaccination programs; medical care; testing; contact tracing; support for isolation or quarantine; supports for vulnerable populations to access medical or public health services; public health surveillance (e.g., monitoring case trends, genomic sequencing for variants); enforcement of public health orders; public communication

efforts; enhancement to health care capacity, including through alternative care facilities; purchases of personal protective equipment; support for prevention, mitigation, or other services in congregate living facilities (e.g., nursing homes, incarceration settings, homeless shelters, group living facilities) and other key settings like schools; ventilation improvements in congregate settings, health care settings, or other key locations; enhancement of public health data systems; and other public health responses. Capital investments in public facilities to meet pandemic operational needs are also eligible, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics.

2.2. If a use of funds was allowable under the Coronavirus Relief Fund (CRF) to respond to the public health emergency, may recipients presume it is also allowable under CSFRF/CLFRF?

Generally, funding uses eligible under CRF as a response to the direct public health impacts of COVID-19 will continue to be eligible under CSFRF/CLFRF, with the following two exceptions: (1) the standard for eligibility of public health and safety payrolls has been updated; and (2) expenses related to the issuance of tax-anticipation notes are not an eligible funding use.

2.3. If a use of funds is not explicitly permitted in the Interim Final Rule as a response to the public health emergency and its negative economic impacts, does that mean it is prohibited?

The Interim Final Rule contains a non-exclusive list of programs or services that may be funded as responding to COVID-19 or the negative economic impacts of the COVID-19 public health emergency, along with considerations for evaluating other potential uses of Fiscal Recovery Funds not explicitly listed. The Interim Final Rule also provides flexibility for recipients to use Fiscal Recovery Funds for programs or services that are not identified on these non-exclusive lists but which meet the objectives of section 602(c)(1)(A) or 603(c)(1)(A) by responding to the COVID-19 public health emergency with respect to COVID-19 or its negative economic impacts.

2.4. May recipients use funds to respond to the public health emergency and its negative economic impacts by replenishing state unemployment funds?

Consistent with the approach taken in the CRF, recipients may make deposits into the state account of the Unemployment Trust Fund up to the level needed to restore the pre-pandemic balances of such account as of January 27, 2020, or to pay back advances received for the payment of benefits between January 27, 2020 and the date when the Interim Final Rule is published in the Federal Register.

2.5. What types of services are eligible as responses to the negative economic impacts of the pandemic?

Eligible uses in this category include assistance to households; small businesses and non-profits; and aid to impacted industries.

Assistance to households includes, but is not limited to: food assistance; rent, mortgage, or utility assistance; counseling and legal aid to prevent eviction or homelessness; cash assistance; emergency assistance for burials, home repairs, weatherization, or other needs; internet access or digital literacy assistance; or job training to address negative economic or public health impacts experienced due to a worker's occupation or level of training.

Assistance to small business and non-profits includes, but is not limited to:

- loans or grants to mitigate financial hardship such as declines in revenues or impacts of periods of business closure, for example by supporting payroll and benefits costs, costs to retain employees, mortgage, rent, or utilities costs, and other operating costs;
- Loans, grants, or in-kind assistance to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing, enhanced cleaning efforts, barriers or partitions, or COVID-19 vaccination, testing, or contact tracing programs; and
- Technical assistance, counseling, or other services to assist with business planning needs

2.6. May recipients use funds to respond to the public health emergency and its negative economic impacts by providing direct cash transfers to households?

Yes, provided the recipient considers whether, and the extent to which, the household has experienced a negative economic impact from the pandemic. Additionally, cash transfers must be reasonably proportional to the negative economic impact they are intended to address. Cash transfers grossly in excess of the amount needed to address the negative economic impact identified by the recipient would not be considered to be a response to the COVID-19 public health emergency or its negative impacts. In particular, when considering appropriate size of permissible cash transfers made in response to the COVID-19 public health emergency, state, local, territorial, and Tribal governments may consider and take guidance from the per person amounts previously provided by the federal government in response to the COVID crisis.

2.7. May funds be used to reimburse recipients for costs incurred by state and local governments in responding to the public health emergency and its negative economic impacts prior to passage of the American Rescue Plan?

Use of Fiscal Recovery Funds is generally forward looking. The Interim Final Rule permits funds to be used to cover costs incurred beginning on March 3, 2021.

2.8. May recipients use funds for general economic development or workforce development?

Generally, not. Recipients must demonstrate that funding uses directly address a negative economic impact of the COVID-19 public health emergency, including funds used for economic or workforce development. For example, job training for unemployed workers may be used to address negative economic impacts of the public health emergency and be eligible.

2.9. How can recipients use funds to assist the travel, tourism, and hospitality industries?

Aid provided to tourism, travel, and hospitality industries should respond to the negative economic impacts of the pandemic. For example, a recipient may provide aid to support safe reopening of businesses in the tourism, travel and hospitality industries and to districts that were closed during the COVID-19 public health emergency, as well as aid a planned expansion or upgrade of tourism, travel and hospitality facilities delayed due to the pandemic.

Tribal development districts are considered the commercial centers for tribal hospitality, gaming, tourism and entertainment industries.

2.10. May recipients use funds to assist impacted industries other than travel, tourism, and hospitality?

Yes, provided that recipients consider the extent of the impact in such industries as compared to tourism, travel, and hospitality, the industries enumerated in the statute. For example, nationwide the leisure and hospitality industry has experienced an approximately 17 percent decline in employment and 24 percent decline in revenue, on net, due to the COVID-19 public health emergency. Recipients should also consider whether impacts were due to the COVID-19 pandemic, as opposed to longer-term economic or industrial trends unrelated to the pandemic.

Recipients should maintain records to support their assessment of how businesses or business districts receiving assistance were affected by the negative economic impacts of the pandemic and how the aid provided responds to these impacts.

2.11. How does the Interim Final Rule help address the disparate impact of COVID-19 on certain populations and geographies?

In recognition of the disproportionate impacts of the COVID-19 virus on health and economic outcomes in low-income and Native American communities, the Interim Final Rule identifies a broader range of services and programs that are considered to be in response to the public health emergency when provided in these communities. Specifically, Treasury will presume that certain types of services are eligible uses when provided in a Qualified Census Tract (QCT), to families living in QCTs, or when these services are provided by Tribal governments.

Recipients may also provide these services to other populations, households, or geographic areas disproportionately impacted by the pandemic. In identifying these disproportionately-impacted communities, recipients should be able to support their determination for how the pandemic disproportionately impacted the populations, households, or geographic areas to be served.

Eligible services include:

- Addressing health disparities and the social determinants of health, including: community health workers, public benefits navigators, remediation of lead paint or other lead hazards, and community violence intervention programs;
- Building stronger neighborhoods and communities, including: supportive housing and other services for individuals experiencing homelessness, development of affordable housing, and housing vouchers and assistance relocating to neighborhoods with higher levels of economic opportunity;
- Addressing educational disparities exacerbated by COVID-19, including: early learning services, increasing resources for high-poverty school districts, educational services like tutoring or afterschool programs, and supports for students' social, emotional, and mental health needs; and
- Promoting healthy childhood environments, including: child care, home visiting programs for families with young children, and enhanced services for child welfare-involved families and foster youth.

2.12. May recipients use funds to pay for vaccine incentive programs (e.g., cash or in-kind transfers, lottery programs, or other incentives for individuals who get vaccinated)?

Yes. Under the Interim Final Rule, recipients may use Coronavirus State and Local Fiscal Recovery Funds to respond to the COVID-19 public health emergency, including expenses related to COVID-19 vaccination programs. See 31 CFR 35.6(b)(1)(i). Programs that provide incentives reasonably expected to increase the number of people who choose to get vaccinated, or that motivate people to get vaccinated sooner than they otherwise would have, are an allowable use of funds so long as such costs are reasonably proportional to the expected public health benefit.

2.13. May recipients use funds to pay “back to work incentives” (e.g., cash payments for newly employed workers after a certain period of time on the job)? [5/27]

Yes. Under the Interim Final Rule, recipients may use Coronavirus State and Local Fiscal Recovery Funds to provide assistance to unemployed workers. See 31 CFR 35.6(b)(4). This assistance can include job training or other efforts to accelerate rehiring and thus reduce unemployment, such as childcare assistance, assistance with transportation to and from a jobsite or interview, and incentives for newly employed workers.

2.14. The Coronavirus Relief Fund (CRF) included as an eligible use: "Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency." What has changed in CSFRF/CLFRF, and what type of documentation is required under CSFRF/CLFRF? [5/27]

Many of the expenses authorized under the Coronavirus Relief Fund are also eligible uses under the CSFRF/CLFRF. However, in the case of payroll expenses for public safety, public health, health care, human services, and similar employees (hereafter, public health and safety staff), the CSFRF/CLFRF does differ from the CRF. This change reflects the differences between the ARPA and CARES Act and recognizes that the response to the COVID-19 public health emergency has changed and will continue to change over time. In particular, funds may be used for payroll and covered benefits expenses for public safety, public health, health care, human services, and similar employees, including first responders, to the extent that the employee's time that is dedicated to responding to the COVID-19 public health emergency.

For administrative convenience, the recipient may consider a public health and safety employee to be entirely devoted to mitigating or responding to the COVID-19 public health emergency, and therefore fully covered, if the employee, or his or her operating unit or division, is primarily dedicated (e.g., more than half of the employee's time is dedicated) to responding to the COVID-19 public health emergency.

Recipients may use presumptions for assessing whether an employee, division, or operating unit is primarily dedicated to COVID-19 response. The recipient should maintain records to support its assessment, such as payroll records, attestations from supervisors or staff, or regular work product or correspondence demonstrating work on the COVID-19 response. Recipients need not routinely track staff hours. Recipients should periodically reassess their determinations.

2.15. What staff are included in "public safety, public health, health care, human services, and similar employees"? Would this include, for example, 911 operators, morgue staff, medical examiner staff, or EMS staff? [5/27]

As discussed in the Interim Final Rule, funds may be used for payroll and covered benefits expenses for public safety, public health, health care, human services, and similar employees, for the portion of the employee's time that is dedicated to responding to the COVID-19 public health emergency.

Public safety employees would include police officers (including state police officers), sheriffs and deputy sheriffs, firefighters, emergency medical responders, correctional and detention officers, and those who directly support such employees such as dispatchers and supervisory personnel. Public health employees would include employees involved in providing medical and other health services to patients and supervisory personnel, including medical staff assigned to schools, prisons, and other such institutions, and other

support services essential for patient care (e.g., laboratory technicians, medical examiner or morgue staff) as well as employees of public health departments directly engaged in matters related to public health and related supervisory personnel. Human services staff include employees providing or administering social services; public benefits; child welfare services; and child, elder, or family care, as well as others.

2.16. May recipients use funds to establish a public jobs program? [6/8]

Yes. The Interim Final Rule permits a broad range of services to unemployed or underemployed workers and other individuals that suffered negative economic impacts from the pandemic. That can include public jobs programs, subsidized employment, combined education and on-the-job training programs, or job training to accelerate rehiring or address negative economic or public health impacts experienced due to a worker's occupation or level of training. The broad range of permitted services can also include other employment supports, such as childcare assistance or assistance with transportation to and from a jobsite or interview.

The Interim Final Rule includes as an eligible use re-hiring public sector staff up to the government's level of pre-pandemic employment. "Public sector staff" would not include individuals participating in a job training or subsidized employment program administered by the recipient.

2.17. The Interim Final Rule states that "assistance or aid to individuals or businesses that did not experience a negative economic impact from the public health emergency would not be an eligible use under this category." Are recipients required to demonstrate that each individual or business experienced a negative economic impact for that individual or business to receive assistance? [6/23]

Not necessarily. The Interim Final Rule allows recipients to demonstrate a negative economic impact on a population or group and to provide assistance to households or businesses that fall within that population or group. In such cases, the recipient need only demonstrate that the household or business is within the population or group that experienced a negative economic impact.

For assistance to households, the Interim Final Rule states, "In assessing whether a household or population experienced economic harm as a result of the pandemic, a recipient may presume that a household or population that experienced unemployment or increased food or housing insecurity or is low- or moderate-income experienced negative economic impacts resulting from the pandemic." This would allow, for example, an internet access assistance program for all low- or moderate-income households, but would not require the recipient to demonstrate or document that each individual low- or moderate income household experienced a negative economic impact from the COVID-19 public health emergency apart from being low- or -moderate income.

For assistance to small businesses, the Interim Final Rule states that assistance may be provided to small businesses, including loans, grants, in-kind assistance, technical

assistance or other services, to respond to the negative economic impacts of the COVID-19 public health emergency. In providing assistance to small businesses, recipients must design a program that responds to the negative economic impacts of the COVID-19 public health emergency, including by identifying how the program addresses the identified need or impact faced by small businesses. This can include assistance to adopt safer operating procedures, weather periods of closure, or mitigate financial hardship resulting from the COVID-19 public health emergency.

As part of program design and to ensure that the program responds to the identified need, recipients may consider additional criteria to target assistance to businesses in need, including to small businesses. Assistance may be targeted to businesses facing financial insecurity, with substantial declines in gross receipts (e.g., comparable to measures used to assess eligibility for the Paycheck Protection Program), or facing other economic harm due to the pandemic, as well as businesses with less capacity to weather financial hardship, such as the smallest businesses, those with less access to credit, or those serving disadvantaged communities. For example, a recipient could find based on local data or research that the smallest businesses faced sharply increased risk of bankruptcy and develop a program to respond; such a program would only need to document a population or group-level negative economic impact, and eligibility criteria to limit access to the program to that population or group (in this case, the smallest businesses).

In addition, recognizing the disproportionate impact of the pandemic on disadvantaged communities, the Interim Final Rule also identifies a set of services that are presumptively eligible when provided in a Qualified Census Tract (QCT); to families and individuals living in QCTs; to other populations, households, or geographic areas identified by the recipient as disproportionately impacted by the pandemic; or when these services are provided by Tribal governments. For more information on the set of presumptively eligible services, see the Interim Final Rule section on *Building Stronger Communities through Investments in Housing and Neighborhoods* and FAQ 2.11.

2.18. Would investments in improving outdoor spaces (e.g. parks) be an eligible use of funds as a response to the public health emergency and/or its negative economic impacts? [6/23]

There are multiple ways that investments in improving outdoor spaces could qualify as eligible uses; several are highlighted below, though there may be other ways that a specific investment in outdoor spaces would meet eligible use criteria.

First, in recognition of the disproportionate negative economic impacts on certain communities and populations, the Interim Final Rule identifies certain types of services that are eligible uses when provided in a Qualified Census Tract (QCT), to families and individuals living in QCTs, or when these services are provided by Tribal governments. Recipients may also provide these services to other populations, households, or geographic areas disproportionately impacted by the pandemic.

These programs and services include services designed to build stronger neighborhoods and communities and to address health disparities and the social determinants of health. The Interim Final Rule provides a non-exhaustive list of eligible services to respond to the needs of communities disproportionately impacted by the pandemic, and recipients may identify other uses of funds that do so, consistent with the Rule’s framework. For example, investments in parks, public plazas, and other public outdoor recreation spaces may be responsive to the needs of disproportionately impacted communities by promoting healthier living environments and outdoor recreation and socialization to mitigate the spread of COVID-19.

Second, recipients may provide assistance to small businesses in all communities. Assistance to small businesses could include support to enhance outdoor spaces for COVID-19 mitigation (e.g., restaurant patios) or to improve the built environment of the neighborhood (e.g., façade improvements).

Third, many governments saw significantly increased use of parks during the pandemic that resulted in damage or increased maintenance needs. The Interim Final Rule recognizes that “decrease[s to] a state or local government’s ability to effectively administer services” can constitute a negative economic impact of the pandemic.

2.19. Would expenses to address a COVID-related backlog in court cases be an eligible use of funds as a response to the public health emergency? [6/23]

The Interim Final Rule recognizes that “decrease[s to] a state or local government’s ability to effectively administer services,” such as cuts to public sector staffing levels, can constitute a negative economic impact of the pandemic. During the COVID-19 public health emergency, many courts were unable to operate safely during the pandemic and, as a result, now face significant backlogs. Court backlogs resulting from inability of courts to safely operate during the COVID-19 pandemic decreased the government’s ability to administer services. Therefore, steps to reduce these backlogs, such as implementing COVID-19 safety measures to facilitate court operations, hiring additional court staff or attorneys to increase speed of case resolution, and other expenses to expedite case resolution are eligible uses.

2.20. Can funds be used to assist small business startups as a response to the negative economic impact of COVID-19? [6/23]

As discussed in the Interim Final Rule, recipients may provide assistance to small businesses that responds to the negative economic impacts of COVID-19. The Interim Final Rule provides a non-exclusive list of potential assistance mechanisms, as well as considerations for ensuring that such assistance is responsive to the negative economic impacts of COVID-19.

Treasury acknowledges a range of potential circumstances in which assisting small business startups could be responsive to the negative economic impacts of COVID-19,

including for small businesses and individuals seeking to start small businesses after the start of the COVID-19 public health emergency. For example:

- A recipient could assist small business startups with additional costs associated with COVID-19 mitigation tactics (e.g., barriers or partitions; enhanced cleaning; or physical plant changes to enable greater use of outdoor space).
- A recipient could identify and respond to a negative economic impact of COVID-19 on new small business startups; for example, if it could be shown that small business startups in a locality were facing greater difficulty accessing credit than prior to the pandemic, faced increased costs to starting the business due to the pandemic, or that the small business had lost expected startup capital due to the pandemic.
- The Interim Final Rule also discusses eligible uses that provide support for individuals who have experienced a negative economic impact from the COVID-19 public health emergency, including uses that provide job training for unemployed individuals. These initiatives also may support small business startups and individuals seeking to start small businesses.

2.21. Can funds be used for eviction prevention efforts or housing stability services? [6/24]

Yes. Responses to the negative economic impacts of the pandemic include “rent, mortgage, or utility assistance [and] counseling and legal aid to prevent eviction or homelessness.” This includes housing stability services that enable eligible households to maintain or obtain housing, such as housing counseling, fair housing counseling, case management related to housing stability, outreach to households at risk of eviction or promotion of housing support programs, housing related services for survivors of domestic abuse or human trafficking, and specialized services for individuals with disabilities or seniors that supports their ability to access or maintain housing.

This also includes legal aid such as legal services or attorney’s fees related to eviction proceedings and maintaining housing stability, court-based eviction prevention or eviction diversion programs, and other legal services that help households maintain or obtain housing.

Recipients may transfer funds to, or execute grants or contracts with, court systems, non-profits, and a wide range of other organizations to implement these strategies.

3. Eligible Uses – Revenue Loss

3.1. How is revenue defined for the purpose of this provision? [appendix added 6/23]

The Interim Final Rule adopts a definition of “General Revenue” that is based on, but not identical, to the Census Bureau’s concept of “General Revenue from Own Sources” in the Annual Survey of State and Local Government Finances.

General Revenue includes revenue from taxes, current charges, and miscellaneous general revenue. It excludes refunds and other correcting transactions, proceeds from issuance of debt or the sale of investments, agency or private trust transactions, and revenue generated by utilities and insurance trusts. General revenue also includes intergovernmental transfers between state and local governments, but excludes intergovernmental transfers from the Federal government, including Federal transfers made via a state to a locality pursuant to the CRF or the Fiscal Recovery Funds.

Tribal governments may include all revenue from Tribal enterprises and gaming operations in the definition of General Revenue.

Please see the appendix for a diagram of the Interim Final Rule’s definition of General Revenue within the Census Bureau’s revenue classification structure.

3.2. Will revenue be calculated on an entity-wide basis or on a source-by-source basis (e.g. property tax, income tax, sales tax, etc.)?

Recipients should calculate revenue on an entity-wide basis. This approach minimizes the administrative burden for recipients, provides for greater consistency across recipients, and presents a more accurate representation of the net impact of the COVID- 19 public health emergency on a recipient’s revenue, rather than relying on financial reporting prepared by each recipient, which vary in methodology used and which generally aggregates revenue by purpose rather than by source.

3.3. Does the definition of revenue include outside concessions that contract with a state or local government?

Recipients should classify revenue sources as they would if responding to the U.S. Census Bureau’s Annual Survey of State and Local Government Finances. According to the Census Bureau’s [Government Finance and Employment Classification manual](#), the following is an example of current charges that would be included in a state or local government’s general revenue from own sources: “Gross revenue of facilities operated by a government (swimming pools, recreational marinas and piers, golf courses, skating rinks, museums, zoos, etc.); auxiliary facilities in public recreation areas (camping areas, refreshment stands, gift shops, etc.); lease or use fees from stadiums, auditoriums, and community and convention centers; and rentals from concessions at such facilities.”

3.4. What is the time period for estimating revenue loss? Will revenue losses experienced prior to the passage of the Act be considered?

Recipients are permitted to calculate the extent of reduction in revenue as of four points in time: December 31, 2020; December 31, 2021; December 31, 2022; and December 31, 2023. This approach recognizes that some recipients may experience lagged effects of the pandemic on revenues.

Upon receiving Fiscal Recovery Fund payments, recipients may immediately calculate revenue loss for the period ending December 31, 2020.

3.5. What is the formula for calculating the reduction in revenue?

A reduction in a recipient's General Revenue equals:

$$\text{Max} \{ [\text{Base Year Revenue} * (1 + \text{Growth Adjustment})^{\left(\frac{n_t}{12}\right)}] - \text{Actual General Revenue}_t ; 0 \}$$

Where:

Base Year Revenue is General Revenue collected in the most recent full fiscal year prior to the COVID-19 public health emergency.

Growth Adjustment is equal to the greater of 4.1 percent (or 0.041) and the recipient's average annual revenue growth over the three full fiscal years prior to the COVID-19 public health emergency.

n equals the number of months elapsed from the end of the base year to the calculation date.

Actual General Revenue is a recipient's actual general revenue collected during 12-month period ending on each calculation date.

Subscript t denotes the calculation date.

3.6. Are recipients expected to demonstrate that reduction in revenue is due to the COVID-19 public health emergency?

In the Interim Final Rule, any diminution in actual revenue calculated using the formula above would be presumed to have been "due to" the COVID-19 public health emergency. This presumption is made for administrative ease and in recognition of the broad-based economic damage that the pandemic has wrought.

3.7. May recipients use pre-pandemic projections as a basis to estimate the reduction in revenue?

No. Treasury is disallowing the use of projections to ensure consistency and comparability across recipients and to streamline verification. However, in estimating the revenue shortfall using the formula above, recipients may incorporate their average annual revenue growth rate in the three full fiscal years prior to the public health emergency.

3.8. Once a recipient has identified a reduction in revenue, are there any restrictions on how recipients use funds up to the amount of the reduction?

The Interim Final Rule gives recipients broad latitude to use funds for the provision of government services to the extent of reduction in revenue. Government services can include, but are not limited to, maintenance of infrastructure or pay-go spending for building new infrastructure, including roads; modernization of cybersecurity, including hardware, software, and protection of critical infrastructure; health services; environmental remediation; school or educational services; and the provision of police, fire, and other public safety services.

However, paying interest or principal on outstanding debt, replenishing rainy day or other reserve funds, or paying settlements or judgments would not be considered provision of a government service, since these uses of funds do not entail direct provision of services to citizens. This restriction on paying interest or principal on any outstanding debt instrument, includes, for example, short-term revenue or tax anticipation notes, or paying fees or issuance costs associated with the issuance of new debt. In addition, the overarching restrictions on all program funds (e.g., restriction on pension deposits, restriction on using funds for non-federal match where barred by regulation or statute) would apply.

3.9. How do I know if a certain type of revenue should be counted for the purpose of computing revenue loss? [5/27]

As discussed in FAQ #3.1, the Interim Final Rule adopts a definition of “General Revenue” that is based on, but not identical, to the Census Bureau’s concept of “General Revenue from Own Sources” in the Annual Survey of State and Local Government Finances.

Recipients should refer to the definition of “General Revenue” included in the Interim Final Rule. See 31 CFR 35.3. If a recipient is unsure whether a particular revenue source is included in the Interim Final Rule’s definition of “General Revenue,” the recipient may consider the classification and instructions used to complete the Census Bureau’s Annual Survey.

For example, parking fees would be classified as a Current Charge for the purpose of the Census Bureau’s Annual Survey, and the Interim Final Rule’s concept of “General Revenue” includes all Current Charges. Therefore, parking fees would be included in the Interim Final Rule’s concept of “General Revenue.”

The Census Bureau’s Government Finance and Employment Classification manual is available [here](#).

3.10. In calculating revenue loss, are recipients required to use audited financials? [6/8]

Where audited data is not available, recipients are not required to obtain audited data. Treasury expects all information submitted to be complete and accurate. See 31 CFR 35.4(c).

3.11. In calculating revenue loss, should recipients use their own data, or Census data? [6/8]

Recipients should use their own data sources to calculate general revenue, and do not need to rely on published revenue data from the Census Bureau. Treasury acknowledges that due to differences in timing, data sources, and definitions, recipients' self-reported general revenue figures may differ somewhat from those published by the Census Bureau.

3.12. Should recipients calculate revenue loss on a cash basis or an accrual basis? [6/8]

Recipients may provide data on a cash, accrual, or modified accrual basis, provided that recipients are consistent in their choice of methodology throughout the covered period and until reporting is no longer required.

3.13. In identifying intergovernmental revenue for the purpose of calculating General Revenue, should recipients exclude all federal funding, or just federal funding related to the COVID-19 response? How should local governments treat federal funds that are passed through states or other entities, or federal funds that are intermingled with other funds? [6/23]

In calculating General Revenue, recipients should exclude all intergovernmental transfers from the federal government. This includes, but is not limited to, federal transfers made via a state to a locality pursuant to the Coronavirus Relief Fund or Fiscal Recovery Funds. To the extent federal funds are passed through states or other entities or intermingled with other funds, recipients should attempt to identify and exclude the federal portion of those funds from the calculation of General Revenue on a best-efforts basis.

4. Eligible Uses – General

4.1. May recipients use funds to replenish a budget stabilization fund, rainy day fund, or similar reserve account?

No. Funds made available to respond to the public health emergency and its negative economic impacts are intended to help meet pandemic response needs and provide immediate stabilization for households and businesses. Contributions to rainy day funds and similar reserves funds would not address these needs or respond to the COVID-19 public health emergency, but would rather be savings for future spending needs. Similarly, funds made available for the provision of governmental services (to the extent of reduction in revenue) are intended to support direct provision of services to citizens. Contributions to rainy day funds are not considered provision of government services, since such expenses do not directly relate to the provision of government services.

4.2. May recipients use funds to invest in infrastructure other than water, sewer, and broadband projects (e.g. roads, public facilities)?

Under 602(c)(1)(C) or 603(c)(1)(C), recipients may use funds for maintenance of infrastructure or pay-go spending for building of new infrastructure as part of the general provision of government services, to the extent of the estimated reduction in revenue due to the public health emergency.

Under 602(c)(1)(A) or 603(c)(1)(A), a general infrastructure project typically would not be considered a response to the public health emergency and its negative economic impacts unless the project responds to a specific pandemic-related public health need (e.g., investments in facilities for the delivery of vaccines) or a specific negative economic impact of the pandemic (e.g., affordable housing in a Qualified Census Tract).

4.3. May recipients use funds to pay interest or principal on outstanding debt?

No. Expenses related to financing, including servicing or redeeming notes, would not address the needs of pandemic response or its negative economic impacts. Such expenses would also not be considered provision of government services, as these financing expenses do not directly provide services or aid to citizens.

This applies to paying interest or principal on any outstanding debt instrument, including, for example, short-term revenue or tax anticipation notes, or paying fees or issuance costs associated with the issuance of new debt.

4.4. May recipients use funds to satisfy nonfederal matching requirements under the Stafford Act? May recipients use funds to satisfy nonfederal matching requirements generally?

Fiscal Recovery Funds are subject to pre-existing limitations in other federal statutes and regulations and may not be used as non-federal match for other Federal programs whose statute or regulations bar the use of Federal funds to meet matching requirements. For example, expenses for the state share of Medicaid are not an eligible use. For information on FEMA programs, please [see here](#).

4.5. Are governments required to submit proposed expenditures to Treasury for approval? [5/27]

No. Recipients are not required to submit planned expenditures for prior approval by Treasury. Recipients are subject to the requirements and guidelines for eligible uses contained in the Interim Final Rule.

4.6. How do I know if a specific use is eligible? [5/27]

Fiscal Recovery Funds must be used in one of the four eligible use categories specified in the American Rescue Plan Act and implemented in the Interim Final Rule:

- a) To respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
- b) To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;
- c) For the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and
- d) To make necessary investments in water, sewer, or broadband infrastructure.

Recipients should consult Section II of the Interim Final Rule for additional information on eligible uses. For recipients evaluating potential uses under (a), the Interim Final Rule contains a non-exclusive list of programs or services that may be funded as responding to COVID-19 or the negative economic impacts of the COVID-19 public health emergency, along with considerations for evaluating other potential uses of Fiscal Recovery Funds not explicitly listed. See Section II of the Interim Final Rule for additional discussion.

For recipients evaluating potential uses under (c), the Interim Final Rule gives recipients broad latitude to use funds for the provision of government services to the extent of reduction in revenue. See FAQ #3.8 for additional discussion.

For recipients evaluating potential uses under (b) and (d), see Sections 5 and 6.

4.7. Do restrictions on using Coronavirus State and Local Fiscal Recovery Funds to cover costs incurred beginning on March 3, 2021 apply to costs incurred by the recipient (e.g., a State, local, territorial, or Tribal government) or to costs incurred by households, businesses, and individuals benefiting from assistance provided using Coronavirus State and Local Fiscal Recovery Funds? [6/8]

The Interim Final Rule permits funds to be used to cover costs incurred beginning on March 3, 2021. This limitation applies to costs incurred by the recipient (i.e., the state, local, territorial, or Tribal government receiving funds). However, recipients may use Coronavirus State and Local Fiscal Recovery Funds to provide assistance to households, businesses, and individuals within the eligible use categories described in the Interim Final Rule for economic harms experienced by those households, businesses, and individuals prior to March 3, 2021. For example,

- Public Health/Negative Economic Impacts – Recipients may use Coronavirus State and Local Fiscal Recovery Funds to provide assistance to households – such as rent, mortgage, or utility assistance – for economic harms experienced or costs incurred by the household prior to March 3, 2021 (e.g., rental arrears from

preceding months), provided that the cost of providing assistance to the household was not incurred by the recipient prior to March 3, 2021.

- Premium Pay – Recipients may provide premium pay retrospectively for work performed at any time since the start of the COVID-19 public health emergency. Such premium pay must be “in addition to” wages and remuneration already received and the obligation to provide such pay must not have been incurred by the recipient prior to March 3, 2021.
- Revenue Loss – The Interim Final Rule gives recipients broad latitude to use funds for the provision of government services to the extent of reduction in revenue. The calculation of lost revenue begins with the recipient’s revenue in the last full fiscal year prior to the COVID-19 public health emergency and includes the 12-month period ending December 31, 2020. However, use of funds for government services must be forward looking for costs incurred by the recipient after March 3, 2021.
- Investments in Water, Sewer, and Broadband – Recipients may use Coronavirus State and Local Fiscal Recovery Funds to make necessary investments in water, sewer, and broadband. See FAQ Section 6. Recipients may use Coronavirus State and Local Fiscal Recovery Funds to cover costs incurred for eligible projects planned or started prior to March 3, 2021, provided that the project costs covered by the Coronavirus State and Local Fiscal Recovery Funds were incurred after March 3, 2021.

4.8. How can I use CSFRF/CLFRF funds to prevent and respond to crime, and support public safety in my community? [6/23]

Under Treasury’s Interim Final Rule, there are many ways in which the State and Local Fiscal Recovery Funds (“Funds”) under the American Rescue Plan Act can support communities working to reduce and respond to increased violence due to the pandemic. Among the eligible uses of the Funds are restoring of public sector staff to their pre-pandemic levels and responses to the public health crisis and negative economic impacts resulting from the pandemic. The Interim Final Rule provides several ways for recipients to “respond to” this pandemic-related gun violence, ranging from community violence intervention programs to mental health services to hiring of public safety personnel.

Below are some examples of how Fiscal Recovery Funds can be used to address public safety:

- In all communities, recipients may use resources to rehire police officers and other public servants to restore law enforcement and courts to their pre-pandemic levels. Additionally, Funds can be used for expenses to address COVID-related court backlogs, including hiring above pre-pandemic levels, as a response to the public health emergency. See FAQ 2.19.
- In communities where an increase in violence or increased difficulty in accessing or providing services to respond to or mitigate the effects of violence, is a result of the pandemic they may use funds to address that harm. This spending may include:

- Hiring law enforcement officials – even above pre-pandemic levels – or paying overtime where the funds are directly focused on advancing community policing strategies in those communities experiencing an increase in gun violence associated with the pandemic
- Community Violence Intervention (CVI) programs, including capacity building efforts at CVI programs like funding and training additional intervention workers
- Additional enforcement efforts to reduce gun violence exacerbated by the pandemic, including prosecuting gun traffickers, dealers, and other parties contributing to the supply of crime guns, as well as collaborative federal, state, and local efforts to identify and address gun trafficking channels
- Investing in technology and equipment to allow law enforcement to more efficiently and effectively respond to the rise in gun violence resulting from the pandemic

As discussed in the Interim Final Rule, uses of CSFRF/CLFRF funds that respond to an identified harm must be related and reasonably proportional to the extent and type of harm experienced; uses that bear no relation or are grossly disproportionate to the type or extent of harm experienced would not be eligible uses.

- Recipients may also use funds up to the level of revenue loss for government services, including those outlined above.

Recognizing that the pandemic exacerbated mental health and substance use disorder needs in many communities, eligible public health services include mental health and other behavioral health services, which are a critical component of a holistic public safety approach. This could include:

- Mental health services and substance use disorder services, including for individuals experiencing trauma exacerbated by the pandemic, such as:
 - Community-based mental health and substance use disorder programs that deliver evidence-based psychotherapy, crisis support services, medications for opioid use disorder, and/or recovery support
 - School-based social-emotional support and other mental health services
- Referrals to trauma recovery services for crime victims.

Recipients also may use Funds to respond to the negative economic impacts of the public health emergency, including:

- Assistance programs to households or populations facing negative economic impacts of the public health emergency, including:
 - Assistance to support economic security, including for the victims of crime;
 - Housing assistance, including rent, utilities, and relocation assistance;
 - Assistance with food, including Summer EBT and nutrition programs; and
 - Employment or job training services to address negative economic or public health impacts experienced due to a worker's occupation or level of training.
- Assistance to unemployed workers, including:

- Subsidized jobs, including for young people. Summer youth employment programs directly address the negative economic impacts of the pandemic on young people and their families and communities;
- Programs that provide paid training and/or work experience targeted primarily to (1) formerly incarcerated individuals, and/or (2) communities experiencing high levels of violence exacerbated by the pandemic;
- Programs that provide workforce readiness training, apprenticeship or pre-apprenticeship opportunities, skills development, placement services, and/or coaching and mentoring; and
- Associated wraparound services, including for housing, health care, and food.

Recognizing the disproportionate impact of the pandemic on certain communities, a broader range of services are eligible in those communities than would otherwise be available in communities not experiencing a pandemic-related increase in crime or gun violence. These eligible uses aim to address the pandemic's exacerbation of public health and economic disparities and include services to address health and educational disparities, support neighborhoods and affordable housing, and promote healthy childhood environments. The Interim Final Rule provides a non-exhaustive list of eligible services in these categories.

These services automatically qualify as eligible uses when provided in Qualified Census Tracts (QCTs), low-income areas designated by HUD; to families in QCTs; or by Tribal governments. Outside of these areas, recipient governments can also identify and serve households, populations, and geographic areas disproportionately impacted by the pandemic.

Services under this category could include:

- Programs or services that address or mitigate the impacts of the COVID-19 public health emergency on education, childhood health and welfare, including:
 - Summer education and enrichment programs in these communities, which include many communities currently struggling with high levels of violence;
 - Programs that address learning loss and keep students productively engaged;
 - Enhanced services for foster youths and home visiting programs; and
 - Summer camps and recreation.
- Programs or services that provide or facilitate access to health and social services and address health disparities exacerbated by the pandemic. This includes Community Violence Intervention (CVI) programs, such as:
 - Evidence-based practices like focused deterrence, street outreach, violence interrupters, and hospital-based violence intervention models, complete with wraparound services such as behavioral therapy, trauma recovery, job training, education, housing and relocation services, and financial assistance; and,
 - Capacity-building efforts at CVI programs like funding more intervention workers; increasing their pay; providing training and professional development for intervention workers; and hiring and training workers to administer the programs.

Please refer to Treasury's Interim Final Rule for additional information.

5. Eligible Uses – Premium Pay

5.1. What criteria should recipients use in identifying essential workers to receive premium pay?

Essential workers are those in critical infrastructure sectors who regularly perform in-person work, interact with others at work, or physically handle items handled by others.

Critical infrastructure sectors include healthcare, education and childcare, transportation, sanitation, grocery and food production, and public health and safety, among others, as provided in the Interim Final Rule. Governments receiving Fiscal Recovery Funds have the discretion to add additional sectors to this list, so long as the sectors are considered critical to protect the health and well-being of residents.

The Interim Final Rule emphasizes the need for recipients to prioritize premium pay for lower income workers. Premium pay that would increase a worker's total pay above 150% of the greater of the state or county average annual wage requires specific justification for how it responds to the needs of these workers.

5.2. What criteria should recipients use in identifying third-party employers to receive grants for the purpose of providing premium pay to essential workers?

Any third-party employers of essential workers are eligible. Third-party contractors who employ essential workers in eligible sectors are also eligible for grants to provide premium pay. Selection of third-party employers and contractors who receive grants is at the discretion of recipients.

To ensure any grants respond to the needs of essential workers and are made in a fair and transparent manner, the rule imposes some additional reporting requirements for grants to third-party employers, including the public disclosure of grants provided.

5.3. May recipients provide premium pay retroactively for work already performed?

Yes. Treasury encourages recipients to consider providing premium pay retroactively for work performed during the pandemic, recognizing that many essential workers have not yet received additional compensation for their service during the pandemic.

6. Eligible Uses – Water, Sewer, and Broadband Infrastructure

6.1. What types of water and sewer projects are eligible uses of funds?

The Interim Final Rule generally aligns eligible uses of the Funds with the wide range of types or categories of projects that would be eligible to receive financial assistance

through the Environmental Protection Agency's Clean Water State Revolving Fund (CWSRF) or Drinking Water State Revolving Fund (DWSRF).

Under the DWSRF, categories of [eligible projects](#) include: treatment, transmission and distribution (including lead service line replacement), source rehabilitation and decontamination, storage, consolidation, and new systems development.

Under the CWSRF, categories of [eligible projects](#) include: construction of publicly-owned treatment works, nonpoint source pollution management, national estuary program projects, decentralized wastewater treatment systems, stormwater systems, water conservation, efficiency, and reuse measures, watershed pilot projects, energy efficiency measures for publicly-owned treatment works, water reuse projects, security measures at publicly-owned treatment works, and technical assistance to ensure compliance with the Clean Water Act.

As mentioned in the Interim Final Rule, eligible projects under the DWSRF and CWSRF support efforts to address climate change, as well as to meet cybersecurity needs to protect water and sewer infrastructure. Given the lifelong impacts of lead exposure for children, and the widespread nature of lead service lines, Treasury also encourages recipients to consider projects to replace lead service lines.

6.2. May construction on eligible water, sewer, or broadband infrastructure projects continue past December 31, 2024, assuming funds have been obligated prior to that date?

Yes. Treasury is interpreting the requirement that costs be incurred by December 31, 2024 to only require that recipients have obligated the funds by such date. The period of performance will run until December 31, 2026, which will provide recipients a reasonable amount of time to complete projects funded with Fiscal Recovery Funds.

6.3. May recipients use funds as a non-federal match for the Clean Water State Revolving Fund (CWSRF) or Drinking Water State Revolving Fund (DWSRF)?

Recipients may not use funds as a state match for the CWSRF and DWSRF due to prohibitions in utilizing federal funds as a state match in the authorizing statutes and regulations of the CWSRF and DWSRF.

6.4. Does the National Environmental Policy Act (NEPA) apply to eligible infrastructure projects?

NEPA does not apply to Treasury's administration of the Funds. Projects supported with payments from the Funds may still be subject to NEPA review if they are also funded by other federal financial assistance programs.

6.5. What types of broadband projects are eligible?

The Interim Final Rule requires eligible projects to reliably deliver minimum speeds of 100 Mbps download and 100 Mbps upload. In cases where it is impracticable due to geography, topography, or financial cost to meet those standards, projects must reliably deliver at least 100 Mbps download speed, at least 20 Mbps upload speed, and be scalable to a minimum of 100 Mbps download speed and 100 Mbps upload speed.

Projects must also be designed to serve unserved or underserved households and businesses, defined as those that are not currently served by a wireline connection that reliably delivers at least 25 Mbps download speed and 3 Mbps of upload speed.

6.6. For broadband investments, may recipients use funds for related programs such as cybersecurity or digital literacy training?

Yes. Recipients may use funds to provide assistance to households facing negative economic impacts due to Covid-19, including digital literacy training and other programs that promote access to the Internet. Recipients may also use funds for modernization of cybersecurity, including hardware, software, and protection of critical infrastructure, as part of provision of government services up to the amount of revenue lost due to the public health emergency.

6.7. How do I know if a water, sewer, or broadband project is an eligible use of funds? Do I need pre-approval? [6/8]

Recipients do not need approval from Treasury to determine whether an investment in a water, sewer, or broadband project is eligible under CSFRF/CLFRF. Each recipient should review the Interim Final Rule (IFR), along with the preamble to the Interim Final Rule, in order to make its own assessment of whether its intended project meets the eligibility criteria in the IFR. A recipient that makes its own determination that a project meets the eligibility criteria as outlined in the IFR may pursue the project as a CSFRF/CLFRF project without pre-approval from Treasury. Local government recipients similarly do not need state approval to determine that a project is eligible under CSFRF/CLFRF. However, recipients should be cognizant of other federal or state laws or regulations that may apply to construction projects independent of CSFRF/CLFRF funding conditions and that may require pre-approval.

For water and sewer projects, the IFR refers to the EPA [Drinking Water](#) and [Clean Water](#) State Revolving Funds (SRFs) for the categories of projects and activities that are eligible for funding. Recipients should look at the relevant federal statutes, regulations, and guidance issued by the EPA to determine whether a water or sewer project is eligible. Of note, the IFR does not incorporate any other requirements contained in the federal statutes governing the SRFs or any conditions or requirements that individual states may place on their use of SRFs.

6.8. For broadband infrastructure investments, what does the requirement that infrastructure “be designed to” provide service to unserved or underserved households and businesses mean? [6/17]

Designing infrastructure investments to provide service to unserved or underserved households or businesses means prioritizing deployment of infrastructure that will bring service to households or businesses that are not currently serviced by a wireline connection that reliably delivers at least 25 Mbps download speed and 3 Mbps of upload speed. To meet this requirement, states and localities should use funds to deploy broadband infrastructure projects whose objective is to provide service to unserved or underserved households or businesses. These unserved or underserved households or businesses do not need to be the only ones in the service area funded by the project.

6.9. For broadband infrastructure to provide service to “unserved or underserved households or businesses,” must every house or business in the service area be unserved or underserved? [6/17]

No. It suffices that an objective of the project is to provide service to unserved or underserved households or businesses. Doing so may involve a holistic approach that provides service to a wider area in order, for example, to make the ongoing service of unserved or underserved households or businesses within the service area economical. Unserved or underserved households or businesses need not be the *only* households or businesses in the service area receiving funds.

6.10. May recipients use payments from the Funds for “middle mile” broadband projects? [6/17]

Yes. Under the Interim Final Rule, recipients may use payments from the Funds for “middle-mile projects,” but Treasury encourages recipients to focus on projects that will achieve last-mile connections—whether by focusing on funding last-mile projects or by ensuring that funded middle-mile projects have potential or partnered last-mile networks that could or would leverage the middle-mile network.

6.11. For broadband infrastructure investments, what does the requirement to “reliably” meet or exceed a broadband speed threshold mean? [6/17]

In the Interim Final Rule, the term “reliably” is used in two places: to identify areas that are eligible to be the subject of broadband infrastructure investments and to identify expectations for acceptable service levels for broadband investments funded by the Coronavirus State and Local Fiscal Recovery Funds. In particular:

- The IFR defines “unserved or underserved households or businesses” to mean one or more households or businesses that are not currently served by a wireline connection that reliably delivers at least 25 Mbps download speeds and 3 Mbps of upload speeds.
- The IFR provides that a recipient may use Coronavirus State and Local Fiscal Recovery Funds to make investments in broadband infrastructure that are designed to provide service to unserved or underserved households or businesses and that are designed to, upon completion: (i) reliably meet or exceed

symmetrical 100 Mbps download speed and upload speeds; or (ii) in limited cases, reliably meet or exceed 100 Mbps download speed and between 20 Mbps and 100 Mbps upload speed and be scalable to a minimum of 100 Mbps download and upload speeds.

The use of “reliably” in the IFR provides recipients with significant discretion to assess whether the households and businesses in the area to be served by a project have access to wireline broadband service that can actually and consistently meet the specified thresholds of at least 25Mbps/3Mbps—i.e., to consider the actual experience of current wireline broadband customers that subscribe to services at or above the 25 Mbps/3 Mbps threshold. Whether there is a provider serving the area that advertises or otherwise claims to offer speeds that meet the 25 Mbps download and 3 Mbps upload speed thresholds is not dispositive.

When making these assessments, recipients may choose to consider any available data, including but not limited to documentation of existing service performance, federal and/or state-collected broadband data, user speed test results, interviews with residents and business owners, and any other information they deem relevant. In evaluating such data, recipients may take into account a variety of factors, including whether users actually receive service at or above the speed thresholds at all hours of the day, whether factors other than speed such as latency or jitter, or deterioration of the existing connections make the user experience unreliable, and whether the existing service is being delivered by legacy technologies, such as copper telephone lines (typically using Digital Subscriber Line technology) or early versions of cable system technology (DOCSIS 2.0 or earlier).

The IFR also provides recipients with significant discretion as to how they will assess whether the project itself has been designed to provide households and businesses with broadband services that meet, or even exceed, the speed thresholds provided in the rule.

6.12. May recipients use Funds for pre-project development for eligible water, sewer, and broadband projects? [6/23]

Yes. To determine whether Funds can be used on pre-project development for an eligible water or sewer project, recipients should consult whether the pre-project development use or cost is eligible under the Drinking Water and Clean Water State Revolving Funds (CWSRF and DWSRF, respectively). Generally, the CWSRF and DWSRF often allow for pre-project development costs that are tied to an eligible project, as well as those that are reasonably expected to lead to a project. For example, the DWSRF [allows](#) for planning and evaluations uses, as well as numerous pre-project development costs, including costs associated with obtaining project authorization, planning and design, and project start-up like training and warranty for equipment. Likewise, the CWSRF [allows](#) for broad pre-project development, including planning and assessment activities, such as cost and effectiveness analyses, water/energy audits and conservation plans, and capital improvement plans.

Similarly, pre-project development uses and costs for broadband projects should be tied to an eligible broadband project or reasonably expected to lead to such a project. For example, pre-project costs associated with planning and engineering for an eligible broadband infrastructure build-out is considered an eligible use of funds, as well as technical assistance and evaluations that would reasonably be expected to lead to commencement of an eligible project (e.g., broadband mapping for the purposes of finding an eligible area for investment).

All funds must be obligated within the statutory period between March 3, 2021 and December 31, 2024, and expended to cover such obligations by December 31, 2026.

7. Non-Entitlement Units (NEUs)

Answers to frequently asked questions on distribution of funds to NEUs can be found in this [FAQ supplement](#), which is regularly updated.

8. Ineligible Uses

8.1. What is meant by a pension “deposit”? Can governments use funds for routine pension contributions for employees whose payroll and covered benefits are eligible expenses?

Treasury interprets “deposit” in this context to refer to an extraordinary payment into a pension fund for the purpose of reducing an accrued, unfunded liability. More specifically, the interim final rule does not permit this assistance to be used to make a payment into a pension fund if both: (1) the payment reduces a liability incurred prior to the start of the COVID-19 public health emergency, and (2) the payment occurs outside the recipient’s regular timing for making such payments.

Under this interpretation, a “deposit” is distinct from a “payroll contribution,” which occurs when employers make payments into pension funds on regular intervals, with contribution amounts based on a pre-determined percentage of employees’ wages and salaries. In general, if an employee’s wages and salaries are an eligible use of Fiscal Recovery Funds, recipients may treat the employee’s covered benefits as an eligible use of Fiscal Recovery Funds.

8.2. May recipients use Fiscal Recovery Funds to fund Other Post-Employment Benefits (OPEB)? [6/8]

OPEB refers to benefits other than pensions (see, e.g., [Governmental Accounting Standards Board, “Other Post-Employment Benefits”](#)). Treasury has determined that Sections 602(c)(2)(B) and 603(c)(2), which refer only to pensions, do not prohibit CSFRF/CLFRF recipients from funding OPEB. Recipients of either the CSFRF/CLFRF may use funds for eligible uses, and a recipient seeking to use CSFRF/CLFRF funds for

OPEB contributions would need to justify those contributions under one of the four eligible use categories.

9. Reporting

On June 17, 2021, Treasury released [Guidance on Recipient Compliance and Reporting Responsibilities for the Coronavirus State and Local Fiscal Recovery Funds](#). Recipients should consult this guidance for additional detail and clarification on recipients' compliance and reporting responsibilities. A users' guide will be provided with additional information on how and where to submit required reports.

9.1. What records must be kept by governments receiving funds?

Financial records and supporting documents related to the award must be retained for a period of five years after all funds have been expended or returned to Treasury, whichever is later. This includes those which demonstrate the award funds were used for eligible purposes in accordance with the ARPA, Treasury's regulations implementing those sections, and Treasury's guidance on eligible uses of funds.

9.2. What reporting will be required, and when will the first report be due?

Recipients will be required to submit an interim report, quarterly project and expenditure reports, and annual Recovery Plan Performance Reports as specified below, regarding their utilization of Coronavirus State and Local Fiscal Recovery Funds.

Interim reports: States (defined to include the District of Columbia), territories, metropolitan cities, counties, and Tribal governments will be required to submit one interim report. The interim report will include a recipient's expenditures by category at the summary level and for states, information related to distributions to non-entitlement units of local government must also be included in the interim report. The interim report will cover activity from the date of award to July 31, 2021 and must be submitted to Treasury by August 31, 2021. Non-entitlement units of local government are not required to submit an interim report.

Quarterly Project and Expenditure reports: State (defined to include the District of Columbia), territorial, metropolitan city, county, and Tribal governments will be required to submit quarterly project and expenditure reports. This report will include financial data, information on contracts and subawards over \$50,000, types of projects funded, and other information regarding a recipient's utilization of award funds. Reports will be required quarterly with the exception of non-entitlement units, which will report annually. An interim report is due on August 31, 2021. The reports will include the same general data as those submitted by recipients of the Coronavirus Relief Fund, with some modifications to expenditure categories and the addition of data elements related to specific eligible uses. The initial quarterly Project and Expenditure report will cover two calendar quarters from the date of award to September 30, 2021 and must be submitted to

Treasury by October 31, 2021. The subsequent quarterly reports will cover one calendar quarter and must be submitted to Treasury within 30 days after the end of each calendar quarter.

Non-entitlement units of local government will be required to submit the project and expenditure report annually. The initial annual Project and Expenditure report for non-entitlement units of local government will cover activity from the date of award to September 30, 2021 and must be submitted to Treasury by October 31, 2021. The subsequent annual reports must be submitted to Treasury by October 31 each year.

Recovery Plan Performance Reports: States (defined to include the District of Columbia), territories, metropolitan cities, and counties with a population that exceeds 250,000 residents will also be required to submit an annual Recovery Plan Performance Report to Treasury. This report will include descriptions of the projects funded and information on the performance indicators and objectives of each award, helping local residents understand how their governments are using the substantial resources provided by Coronavirus State and Local Fiscal Recovery Funds program. The initial Recovery Plan Performance Report will cover activity from date of award to July 31, 2021 and must be submitted to Treasury by August 31, 2021. Thereafter, the Recovery Plan Performance Reports will cover a 12-month period and recipients will be required to submit the report to Treasury within 30 days after the end of the 12-month period. The second Recovery Plan Performance Report will cover the period from July 1, 2021 to June 30, 2022 and must be submitted to Treasury by July 31, 2022. Each annual Recovery Plan Performance Report must be posted on the public-facing website of the recipient. Local governments with fewer than 250,000 residents, Tribal governments, and non-entitlement units of local government are not required to develop a Recovery Plan Performance Report.

Please see the [Guidance on Recipient Compliance and Reporting Responsibilities](#) for more information.

9.3. What provisions of the Uniform Guidance for grants apply to these funds? Will the Single Audit requirements apply?

Most of the provisions of the Uniform Guidance (2 CFR Part 200) apply to this program, including the Cost Principles and Single Audit Act requirements. Recipients should refer to the Assistance Listing for detail on the specific provisions of the Uniform Guidance that do not apply to this program. The Assistance Listing will be available on beta.SAM.gov.

9.4. Once a recipient has identified a reduction in revenue, how will Treasury track use of funds for the provision of government services? [6/8]

The ARPA establishes four categories of eligible uses and further restrictions on the use of funds to ensure that Fiscal Recovery Funds are used within the four eligible use categories. The Interim Final Rule implements these restrictions, including the scope of

the eligible use categories and further restrictions on tax cuts and deposits into pensions. Reporting requirements will align with this structure.

Consistent with the broad latitude provided to recipients to use funds for government services to the extent of the reduction in revenue, recipients will be required to submit a description of services provided. As discussed in IFR, these services can include a broad range of services but may not be used directly for pension deposits, contributions to reserve funds, or debt service. Recipients may use sources of funding other than Fiscal Recovery Funds to make deposits to pension funds, contribute to reserve funds, and pay debt service, including during the period of performance for the Fiscal Recovery Fund award.

For recipients using Fiscal Recovery Funds to provide government services to the extent of reduction in revenue, the description of government services reported to Treasury may be narrative or in another form, and recipients are encouraged to report based on their existing budget processes and to minimize administrative burden. For example, a recipient with \$100 in revenue replacement funds available could indicate that \$50 were used for personnel costs and \$50 were used for pay-go building of sidewalk infrastructure.

In addition to describing the government services provided to the extent of reduction in revenue, all recipients will also be required to indicate that Fiscal Recovery Funds are not used directly to make a deposit in a pension fund. Further, recipients subject to the tax offset provision will be required to provide information necessary to implement the Interim Final Rule, as described in the Interim Final Rule. Treasury does not anticipate requiring other types of reporting or recordkeeping on spending in pensions, debt service, or contributions to reserve funds.

These requirements are further detailed in the guidance on reporting requirements for the Fiscal Recovery Funds available [here](#).

9.5. What is the Assistance Listing and Catalog of Federal Domestic Assistance (CFDA) number for the program? [6/8]

The [Assistance Listing](#) for the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) was published May 28, 2021 on SAM.gov. This includes the final CFDA Number for the program, 21.027.

The assistance listing includes helpful information including program purpose, statutory authority, eligibility requirements, and compliance requirements for recipients. The CFDA number is the unique 5-digit code for each type of federal assistance, and can be used to search for program information, including funding opportunities, spending on [usaspending.gov](#), or audit results through the Federal Audit Clearinghouse.

To expedite payments and meet statutory timelines, Treasury issued initial payments under an existing CFDA number. If you have already received funds or captured the

initial CFDA number in your records, please update your systems and reporting to reflect the final CFDA number 21.027. **Recipients must use the final CFDA number for all financial accounting, audits, subawards, and associated program reporting requirements.**

To ensure public trust, Treasury expects all recipients to serve as strong stewards of these funds. This includes ensuring funds are used for intended purposes and recipients have in place effective financial management, internal controls, and reporting for transparency and accountability.

Please see [Treasury's Interim Final Rule](#) and the [Guidance on Recipient Compliance and Reporting Responsibilities](#) for more information.

10. Miscellaneous

10.1. May governments retain assets purchased with Fiscal Recovery Funds? If so, what rules apply to the proceeds of disposition or sale of such assets?

Yes, if the purchase of the asset was consistent with the limitations on the eligible use of funds. If such assets are disposed of prior to December 31, 2024, the proceeds would be subject to the restrictions on the eligible use of payments.

10.2. Can recipients use funds for administrative purposes?

Recipients may use funds to cover the portion of payroll and benefits of employees corresponding to time spent on administrative work necessary due to the COVID-19 public health emergency and its negative economic impacts. This includes, but is not limited to, costs related to disbursing payments of Fiscal Recovery Funds and managing new grant programs established using Fiscal Recovery Funds.

10.3. Are recipients required to remit interest earned on CSFRF/CLFRF payments made by Treasury? [5/27]

No. CSFRF/CLFRF payments made by Treasury to states, territories, and the District of Columbia are not subject to the requirement of the Cash Management Improvement Act and Treasury's implementing regulations at 31 CFR part 205 to remit interest to Treasury. CSFRF/CLFRF payments made by Treasury to local governments and Tribes are not subject to the requirement of 2 CFR 200.305(b)(8)–(9) to maintain balances in an interest-bearing account and remit payments to Treasury.

10.4. Is there a deadline to apply for funds? [5/27]

The Interim Final Rule requires that costs be incurred by December 31, 2024. Direct recipients are encouraged to apply as soon as possible. For direct recipients other than Tribal governments, there is not a specific application deadline.

Tribal governments do have deadlines to complete the application process and should visit www.treasury.gov/SLFRPTribal for guidance on applicable deadlines.

Non-entitlement units of local government should contact their state government for information on applicable deadlines.

10.5. May recipients use funds to cover the costs of consultants to assist with managing and administering the funds? [6/8]

Yes. Recipients may use funds for administering the CSFRF/CLFRF program, including costs of consultants to support effective management and oversight, including consultation for ensuring compliance with legal, regulatory, and other requirements.

11. Operations

11.1. How do I know if my entity is eligible?

The Coronavirus State and Local Fiscal Recovery Funds American Rescue Plan Act of 2021 set forth the jurisdictions eligible to receive funds under the program, which are:

- States and the District of Columbia
- Territories
- Tribal governments
- Counties
- Metropolitan cities (typically, but not always, those with populations over 50,000)
- Non-entitlement units of local government, or smaller local governments (typically, but not always, those with populations under 50,000)

11.2. How does an eligible entity request payment?

Eligible entities (other than non-entitlement units) must submit their information to the [Treasury Submission Portal](#). Please visit the [Coronavirus State and Local Fiscal Recovery Fund website](#) for more information on the submission process.

11.3. I cannot log into the Treasury Submission Portal or am having trouble navigating it. Who can help me?

If you have questions about the Treasury Submission Portal or for technical support, please email covidreliefitsupport@treasury.gov.

11.4. What do I need to do to receive my payment?

All eligible payees are required to have a DUNS Number previously issued by Dun & Bradstreet (<https://www.dnb.com/>).

All eligible payees are also required to have an active registration with the System for Award Management (SAM) (<https://www.sam.gov>).

And eligible payees must have a bank account enabled for Automated Clearing House (ACH) direct deposit. Payees with a Wire account are encouraged to provide that information as well.

More information on these and all program pre-submission requirements can be found on the [Coronavirus State and Local Fiscal Recovery Fund website](#).

11.5. Why is Treasury employing id.me for the Treasury Submission Portal?

ID.me is a trusted technology partner to multiple government agencies and healthcare providers. It provides secure digital identity verification to those government agencies and healthcare providers to make sure you're you – and not someone pretending to be you – when you request access to online services. All personally identifiable information provided to ID.me is encrypted and disclosed only with the express consent of the user. Please refer to ID.me Contact Support for assistance with your ID.me account. Their support website is <https://help.id.me>.

11.6. Why is an entity not on the list of eligible entities in Treasury Submission Portal?

The ARPA statute lays out which governments are eligible for payments. The list of entities within the Treasury Submission Portal includes entities eligible to receive a direct payment of funds from Treasury, which include states (defined to include the District of Columbia), territories, Tribal governments, counties, and metropolitan cities.

Eligible non-entitlement units of local government will receive a distribution of funds from their respective state government and should not submit information to the Treasury Submission Portal.

If you believe an entity has been mistakenly left off the eligible entity list, please email SLFRP@treasury.gov.

11.7. What is an Authorized Representative?

An Authorized Representative is an individual with legal authority to bind the government entity (e.g., the Chief Executive Officer of the government entity). An Authorized Representative must sign the Acceptance of Award terms for it to be valid.

11.8. How does a Tribal government determine their allocation?

Tribal governments will receive information about their allocation when the submission to the Treasury Submission Portal is confirmed to be complete and accurate.

11.9. How do I know the status of my request for funds (submission)?

Entities can check the status of their submission at any time by logging into [Treasury Submission Portal](#).

11.10. My Treasury Submission Portal submission requires additional information/correction. What is the process for that?

If your Authorized Representative has not yet signed the award terms, you can edit your submission with in the into [Treasury Submission Portal](#). If your Authorized Representative has signed the award terms, please email SLFRP@treasury.gov to request assistance with updating your information.

11.11. My request for funds was denied. How do I find out why it was denied or appeal the decision?

Please check to ensure that no one else from your entity has applied, causing a duplicate submission. Please also review the list of all eligible entities on the [Coronavirus State and Local Fiscal Recovery Fund website](#).

If you still have questions regarding your submission, please email SLFRP@treasury.gov.

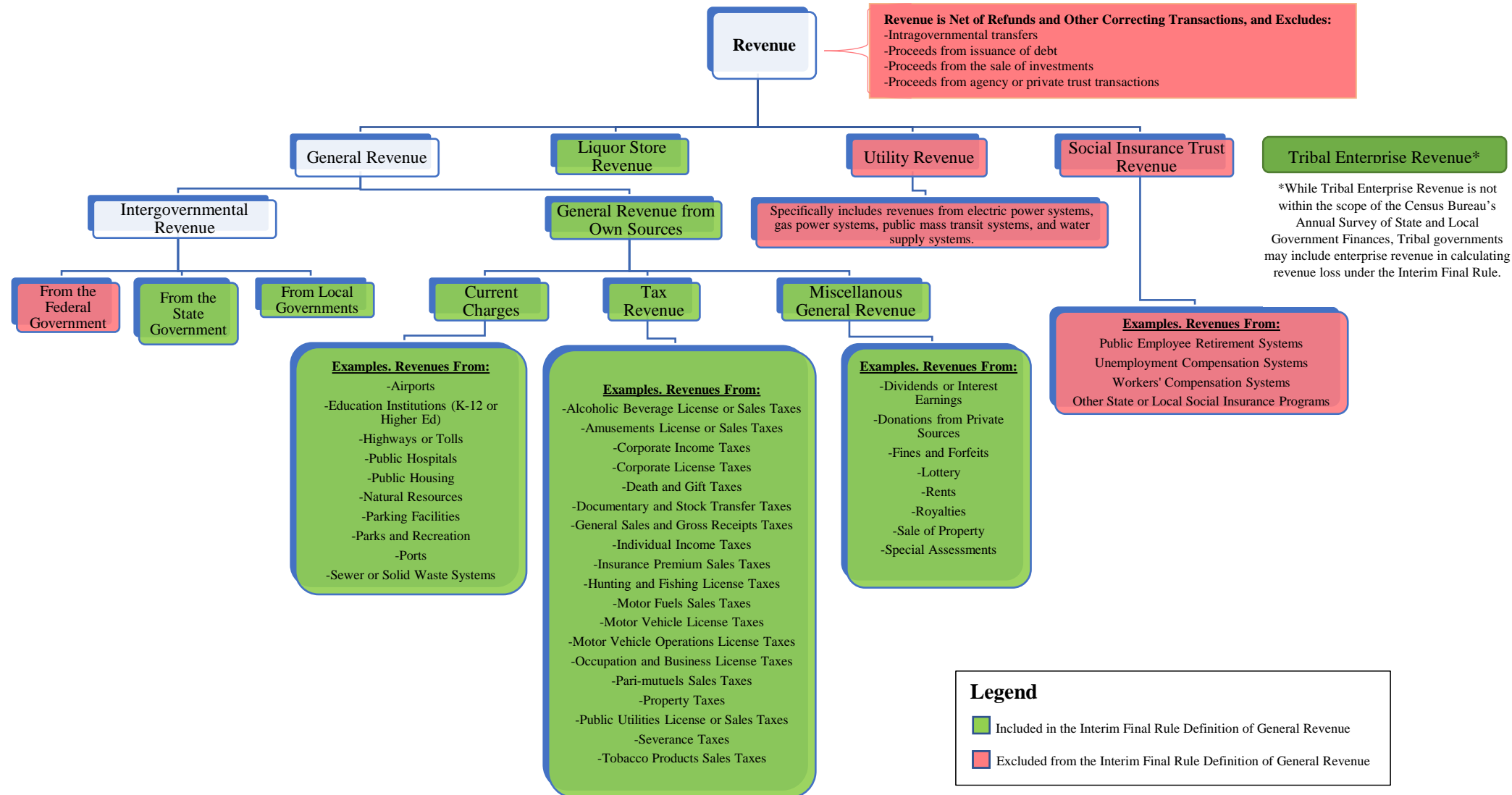
11.12. When will entities get their money?

Before Treasury is able to execute a payment, a representative of an eligible government must submit the government's information for verification through the [Treasury Submission Portal](#). The verification process takes approximately four business days. If any errors are identified, the designated point of contact for the government will be contacted via email to correct the information before the payment can proceed. Once verification is complete, the designated point of contact of the eligible government will receive an email notifying them that their submission has been verified. Payments are generally scheduled for the next business day after this verification email, though funds may not be available immediately due to processing time of their financial institution.

11.13. How does a local government entity provide Treasury with a notice of transfer of funds to its State?

For more information on how to provide Treasury with notice of transfer to a state, please email SLRedirectFunds@treasury.gov.

Appendix: Interim Final Rule Definition of General Revenue Within the Census Bureau Classification Structure of Revenue



Source: [U.S. Bureau of the Census Government Finance and Employment Classification Manual, 2006](#); [Annual Survey of State and Local Government Finances](#)

CITY AND BOROUGH OF SITKA

RESOLUTION NO. 2021-17

**A RESOLUTION OF THE CITY AND BOROUGH OF SITKA ACCEPTING
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS AWARD TO
NON-ENTITLEMENT UNITS OF LOCAL GOVERNMENT (NEUS) FROM THE ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT**

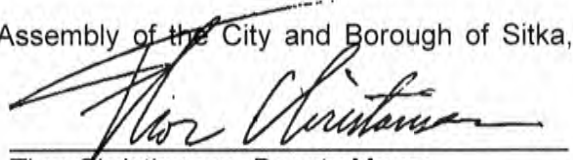
WHEREAS, the municipality wishes to provide the above described funds for the community of Sitka; and

WHEREAS, the municipality total operating budget revenue in effect as of January 27, 2020 was \$26,533,384.


NOW, THEREFORE, BE IT RESOLVED that the municipality has read and agrees to the federal guidance pertaining to the Recovery Funds, and accepts the Recovery Funds from the Department.

BE IT FURTHER RESOLVED that Municipal Administrator John Leach is hereby authorized to negotiate and execute any and all documents required for issuing and managing funds on behalf of this municipality. Municipal Administrator John Leach is also authorized to execute subsequent amendments to said agreement, based upon the needs of the project.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska on this 22nd day of June 2021.


Thor Christianson, Deputy Mayor

ATTEST:


Sara Peterson, MMC
Municipal Clerk

1st and final reading 6/22/2021

Sponsor: Administrator

Report on CARES Act funding distributed to the City and Borough of Sitka \$14,057,653.37

Category 1: Moorage and Utility Assistance	
Original budget:	\$4,500,000
Revised budget:	\$3,700,000 (\$800,000 moved to phase 2 grants)
Total spent:	\$3,695,360.30 (moorage subsidies \$293,000/utility subsidies \$3.4 million)
Assistance provided:	\$3,000 utility subsidies provided to 250 businesses, \$1,539.66 subsidies (phases 1 and 2) provided to over 1,700 residential customers. Moorage subsidies for nearly 600 vessels moored in the harbor system (averaging around \$500/subsidy)

Category 2: Business and non-profit grants	
Original budget:	\$5,000,000
Revised budget:	\$6,000,000 (\$800K added from Category 1, \$200K added from Category 3 (housing))
Total spent:	\$5,972,844.32
Assistance provided:	<p>Phase 1 grants (simple declaration of being impacted by pandemic) - 605 grants with an average of over \$4,800 / organization.</p> <p>Phase 2 grants (met threshold for reduced revenues from prior year) - 166 grants with an average of over \$18,000 / organization.</p> <p><i>-Select redacted information on grant breakdowns can be obtained through a public records request.</i></p>

Category 3: CBS new programs	
Original budget:	<u>\$2,500,000</u>
Childcare:	\$500,000
Food security:	\$200,000
Mental health:	\$300,000
Housing:	\$750,000
Trans. Employment:	\$750,000
Revised budget:	<u>\$2,300,000</u> (\$200K moved to phase 2 business and nonprofit grants from housing)
Total spent:	<u>\$1,776,318.33</u>
Childcare:	\$400,000 (per child subsidy disbursed to licensed childcare providers)
Food security:	\$200,000 (through Sitka Tribe of Alaska (STA))
Mental health:	\$59,145.85 (services provided through 4 local providers)
Housing:	\$506,968.48 total - \$456,968.48 through Alaska Housing (AHFC)/\$50,000 targeted to homeless populations through STA.

Trans. Employment:	<p>\$610,204 (via contract with Sitka Conservation Society (SCS) (\$299,999.41 and \$310,204.59 through the CBS)</p> <p><i>-Further information on contracts and or subrecipient agreement may be obtained through a public records request</i></p>
Assistance provided:	<p>Childcare: Subsidies provided to 6 childcare programs (Betty Eliason, Kids First, Sheldon Jackson, Ventures, 3-5 Preschool, Mt. Edgecumbe Preschool). By December enrollment was back up to 81% of pre-pandemic levels.</p> <p>Food security: 537 \$50 food cards distributed; 1,300 boxes of seafood were distributed to Sitka residents; 8 mini-grants (between \$5,500 - \$6,500) were issued to organizations with existing food distribution programs.</p> <p>Mental health: 321 hours of mental health sessions provided to un/under-insured patients.</p> <p>Housing: An additional 250 payments made (averaging \$913.94/month) to those qualifying for renting/mortgage assistance under AHFC-managed program. Through STA 20 people participated in the homeless housing/20 packages containing clothing and essentials were distributed. \$4,000 mini grants were made to 4 organizations serving local homeless populations.</p> <p>Transitional employment: A total of 27 people were employed by the CBS under this program and earned an average of over \$8,000. Projects ranged from helping to repair the Green Lake road to repainting the animal shelter building. In addition to those hired by the CBS, under a contract with the SCS an additional 9 Sitkans impacted by the pandemic were employed. In addition to those brought on as employees, the SCS hired over 30 local contractors impacted by the pandemic to provide skilled labor and/or materials. In addition to providing employment to those impacted by the pandemic, a significant number of projects were undertaken, including addressing deferred maintenance on trails, the Animal Shelter, the Senior Center, Goddard Hot Springs, and the Tom Young cabin as well as revegetation on the new Cross Trail section, further development of a mountain bike trail, creation of a plan for the Sitka Coastal Trail</p>

Category 4: CBS mitigation	
Original budget:	\$1,000,000
Revised budget:	\$1,000,000
Total spent:	\$501,150.30
Assistance provided:	Public safety equipment (EMS cots, duplicate first responder gear, PPE), self-checkout system for public library, reconfiguration of City Hall payment/utility office, purchase/install of hands-free devices. <i>Please note that some final expenses are committed, but not yet expensed.</i>

Category 5: Sitka School District support	
Original budget:	\$430,000
Revised budget:	\$430,000
Total spent:	\$430,000
Assistance provided:	Includes cost of 12 Americorps volunteers (\$180,000) and laptops for high school students for remote work (\$250,000)

Category 6: Contingency	
Original budget:	\$627,653
Revised budget:	\$627,653 + interest earned (\$467.52) + unspent from other categories (\$1,054,326.75) = \$1,682,447.27
Total spent:	\$1,682,447.27
Assistance provided:	\$14,805 HR and legal expense implementing COVID leave/CARES Act rules \$59,622.79 Administrative and Finance time spent on implementing CARES Act programs, reporting, etc... \$26,429.31 CBS mitigation expense not covered by FEMA \$12,416.43 Remote telework set up not covered by FEMA \$1,569,173.74 Public Safety - 31% of personnel costs March 2020-March 2021

Summary

	Original Budget	Updated Budget	Total Spent	Total Remaining
Cat. 1 Moorage and Utility Assistance	4,500,000	3,700,000	3,695,360	4,640
Cat. 2 Business and Non-profit grants	5,000,000	6,000,000	5,972,844	27,156
Cat. 3 CBS Programs	2,500,000	2,300,000	1,776,318	523,682
Cat. 4 CBS mitigation	1,000,000	1,000,000	501,150	498,850
Cat. 5 Sitka School District	430,000	430,000	430,000	-
Cat. 6 Contingency (plus remaining from other categories and interest earned)*	627,653	628,121	1,682,447	(1,054,327)
TOTALS	\$ 14,057,653	\$ 14,058,121	\$ 14,058,121	\$ -

*\$468 of interest added to updated budget



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 21-117 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 7/7/2021 In control: City and Borough Assembly

On agenda: 7/13/2021 Final action:

Title: Discussion/Direction/Decision to approve the terms recommended by the Municipal Administrator and presented to Republic Services regarding municipal solid waste.

Sponsors:

Indexes:

Code sections:

Attachments: [01 Motion Municipal Solid Waste](#)
[02 Memo Municipal Solid Waste](#)
[03 May 11 Republic Service Presentation](#)

Date	Ver.	Action By	Action	Result
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Discussion / Direction / Decision

to approve the terms recommended by the Municipal Administrator and presented to Republic Services regarding municipal solid waste.

If desired, the following motion is in order:

I MOVE TO approve that the City and Borough of Sitka commit to providing additional mechanical compaction in sealed containers only if Republic Services accepts the terms presented to them in the Municipal Administrator's letter of June 10, 2021.



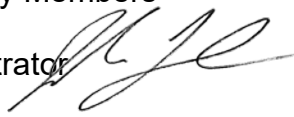
City and Borough of Sitka

PROVIDING FOR TODAY...PREPARING FOR TOMORROW

Coast Guard City

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

Thru: John Leach, Municipal Administrator 

From: Michael Harmon, Public Works Director
Melissa Haley, Finance Director

Date: July 6, 2021

Subject: Municipal Solid Waste Fire Safety Discussion/Direction

Background

This is a follow-up discussion/direction item to the Assembly report by Republic Services and Alaska Waste on May 11, 2021 and July 13, 2021. Attached are the presentation slides from the May 11th Assembly report which provide background history. Subsequent to the May 11th presentation, on May 19, 2021, Alaska Marine Lines (AML) sent a demand letter outlining substantial increased shipping rates beginning July 1, 2021 and a new deadline of December 31, 2021 to modify operations to closed top containers with mechanical compacted waste. Please reference the attached letter history for more detail.

The City and Borough of Sitka (CBS) responded to this demand letter on June 10, 2021 which generated a negotiation processes with proposed contract modifications. The letter states, ***"If studies show (as was demanded of RS in CBS' letter of October 22, 2020) that further mechanical compaction is reasonable to satisfy the fire risk for AML, CBS will accept the responsibility to provide additional mechanical compaction under the following terms (pending Assembly approval):***

- 1. If AML demands further mechanical compaction in closed containers as the only option to address fire risk, then RS will assume all fire liability once the containers leave the CBS transfer station.***
- 2. RS must agree to a flat rate shipping set at the current 29-ton rate. RS claims that we have historically been shipping under our minimum weight, so it is reasonable to assume that if we achieve our minimum weights with increased compaction, the CBS will have an avenue to "break even" on the***

investment which will minimize the increased capital cost burden on the rate payers of Sitka.

- 3. RS commits to removing all reference to shipping rate increases, except those increases due to “uncontrollable circumstances,” from the Contract and specify a one percent (1%) per year escalator on shipping for the remaining term of the contract.***
- 4. RS acknowledge that shipping rate changes by their subcontractor do not qualify as an “uncontrollable circumstance” as defined by Section 1.37 of the Contract.***
- 5. RS acknowledges their right to inspect all MSW prior to acceptance from the transfer station. Accepting the MSW without inspection implies that the shipment contains no “unacceptable waste.” After acceptance, the burden of proof as it pertains to “unacceptable waste” belongs solely to RS.***
- 6. RS commits to a one-year adherence to current shipping rates, effective from the date of a contract addendum, to allow the CBS to construct and install the necessary infrastructure.”***

The following is a summary timeline of key milestones:

- Barge Fires in 2016 (at sea) and 2010 at the port in Seattle (Republic Services operated the CBS transfer station when these fires took place).
- 1/1/2017 - 15-year Contract signed with Republic Services (Terms 1/1/2032 - 10.5 years remaining)
- 7/10/20 - Container fire at CBS transfer station.
- 8/17/20 - Initial letter from AML requesting major changes to baled waste in dry hard top containers (no deadline).
- 8/31/20 - Initial letter from Republic Services requesting CBS to move to compacted waste in closed top containers.
- 9/23/20 - Emailed recommendation to Republic Services to pursue removable hardtop containers as an affordable solution.
- 9/25/20 - Received correspondence from Waste Connections, Rusty Cole, who is a former firefighter that studies fire risk in solid waste. Without hard data, they do not see a measurable difference in fire risk between closed top and open top containers but do find that fires are harder to find and put out in closed top containers. Fires are inevitable, and the best defense is offense in sorting the material before it enters the container.
- 10/9/20 - CBS Letter stating we are not responsible for this cost of new shipping requirements. The risk has always existed, and nothing has changed when they knowingly bid on the work to operate as-is for 15-years. Requested Republic Services to develop a solution.
- 10/15/20 - AML informed Administrator verbally that they were going to stop shipping on 11/1/20.
- 10/21/20 - Letter from Republic Services stating they are not responsible for fire risk.

- 10/22/20 - CBS letter responding to Republic Services outlining removable hard top containers as a solution they should pursue demanding the following:
 1. Republic commits to providing removable hard tops.
 2. Republic to acquire a qualified expert and share in the cost to develop any effective fire measures.
 3. Republic assure continuation of AML's services until a final resolution is reached.
 4. Republic take immediate action such that AML continues to provide service until final resolution.
- 11/5/20 - First meeting of newly formed working group including AML, Republic Services, Alaska Waste and CBS. Purpose of working group was to formalize potential solutions to the fire risk. Meetings were every two weeks.
- 11/25/20 - Administrator email to Republic Services requesting clarification on deadline and timely budget information from Republic Services or the recommended improvement would not be able to be programmed in the FY22 budget. Budget information was never received.
- 12/18/20 - Republic Services letter notifying CBS that AML will discontinue barge service of MSW in open top containers from SE Alaska on 6/1/20. If a mutual agreeable process is adopted prior to 6/1/21, AML staff is willing to adopt a new timeline that will allow for continued service while systems planning, funding and equipment acquisition can be executed.
- 3/3/21 - Administrator email notifying Republic that the budget is set without Republic Services input and request a presentation to the Assembly and further clarification on deadline impacts.
- 4/9/21 - Republic Services letter reminder of June 1st deadline and outlines alternative shipping method will be used and costs will be passed on to CBS.
- 4/22/21 - Republic Services submitted draft alternative report.
- 5/5/21 - Republic Services offer letter received for the 1996 MFAB compactor for \$1 plus free transport and \$25k towards refurbishment of the machine.
- 5/11/21 - Republic Services and Alaska Waste presentation to the Assembly. After a nearly 9-month process, the only added information in the report from the original meeting with Republic Services back in August 2020 was the cost for removable hard top containers. It took approximately 2 weeks to produce these numbers.
- 6/10/21 - CBS letter sent to Republic Services a proposal for CBS to commit to additional mechanical compaction under certain terms. CBS requested a response on the terms by June 16, 2021. To date, Republic Services has not responded to our terms.

Analysis

AML has made it clear that regardless of what improvements or investments are made to reduce fire hazards within solid waste shipping containers, AML intends to seek full compensation for all fire related damages in the future.

There are some notable risks associated to each proposed option. All options do nothing to remove fire hazardous waste from the waste stream and therefore do not provide

complete resolution to AML or Republic Services coming back to CBS for additional measures to mitigate this fire risk. In fact, AML has requested language to be added to the contract to allow them to continue to request future investments if they feel new options come available that will further reduce fire hazards.

The cost to convert to removable hardtop lids is approximately \$750,000, and per the contract, it is our position that this cost would be borne by Republic Services. This option is preferable from a cost perspective given the installation, maintenance, and operations of the compactor machine is expected to exceed \$3.5 million over the 20-year bond payback period. Spreading this cost over a 20-year period would help mitigate rate increases but would extend the projected period this fund will remain in a deficit by approximately four (4) years. The cost for adding a mechanical compactor is much less than the AML proposed rate increases for shipping open top containers.

CBS has maintained the position of keeping costs down using removable hardtop lids and continuing to compact waste as we do currently. This would yield compacted waste in closed top containers at a compaction rate equivalent to 93% of a mechanical compaction machine while adding no additional cost to the rate payers. If AML and Republic Services feel there is a responsible cost benefit to invest \$3.5 million over 20-years to achieve an additional 7% compaction, it is our position that they provide improved contract terms to ensure a return on this investment. We are endorsing a greater buy-in from Republic Services and AML that such a major investment to gain 7% compaction will yield less liability to the CBS for fire risk. To this end, we have proposed contract modifications that would increase Republic Services' and AML's commitment to safety by way of inspecting loads and approving them for shipment. If AML or Republic Services are not willing to take the time to inspect, CBS would no longer be liable for fire risk. Additionally, given CBS is being asked to make such a large investment, it is our position that shipping rates should be locked in at a fixed flat rate to help reduce future pressure on user fees for the remaining 10-year life of the contract.

Fiscal Note

The following is an itemized breakdown for the estimated capital and operating costs associated with adding a compactor machine to the Sitka Transfer Station:

CAPITAL AND INSTALLATION:

Compactor:	\$1,000,000
Installation and transport:	\$1,000,000
<u>Electrical Upgrades</u>	<u>\$600,000</u>
Total:	\$2,600,000

ANNUAL MAINTENANCE AND OPERATIONAL COSTS:

Alaska Waste Operational	\$23,300 (adjusted by CPI each year)
<u>Compactor Maintenance</u>	<u>\$30,000</u>
Total annual M&O	\$53,300

CURRENT COST PROJECTIONS FOR STATUS QUO

The current projections under the “status quo” scenario call for rate increases of 4.5% over the next 3 years, subsequently dropping to a rate below inflation (or, depending on how FY21/22 pan out, we could slightly reduce the 4.5%). This proposed rate structure at previously anticipated costs results in positive cash position beginning in FY24/25 timeframe. However, AML has already specified a 50% shipping rate increase for FY22 (which we have formally rejected due to lack of justification to substantiate the increase per our contract with Republic Services) if we do not change our transfer station operations.

INCREASED SHIPPING (60%)

To achieve positive working capital circa FY32 rates must increase much higher than anticipated for FY23 through FY26 (8%, 7%, 6%, 6%) ***assuming current rates of inflation***. In addition, should another fire take place, there is the possibility of increased one-time charges that are impossible to predict. AML has already specified a 50% shipping rate increase for FY22 (which we have formally rejected due to lack of justification to substantiate the increase per our contract with Republic Services) if we do not change our transfer station operations.

PURCHASE COMPACTOR/SEND COMPACTED WASTE IN CLOSED-TOP CONTAINERS

Assumes purchase/installation of compactor @ \$1,950,000 plus annual operational expenses of \$53,300 that increase with CPI. It assumes borrowing from the Southeast Economic Development Fund at a rate of 3% (the standard) for 20 years. In this scenario we could keep the 4.5% proposed rate increase for the next 3 years, but the fund would reach a positive cash position in FY26. The fund would also need to save for future replacement of the compaction equipment.

Recommendation

The Administrator recommends that the CBS should commit to providing additional mechanical compaction in sealed containers only if Republic Services accepts the terms presented to them in the Administrator’s letter of June 10, 2021.

Encl: Municipal Solid Waste correspondence history
May 11, 2021 Republic Services Assembly presentation



City and Borough of Sitka

PROVIDING FOR TODAY...PREPARING FOR TOMORROW

Coast Guard City, USA

June 10, 2021

Mr. Joe Allen-Thompson
General Manager, Washington Post Collection
Republic Services
54 S. Dawson St.
Seattle, WA 98134

Re: CBS Proposal for Reducing Fire Risk in Municipal Solid Waste (MSW)

Dear Mr. Allen-Thompson,

This letter serves as the City and Borough of Sitka's (CBS) official proposal to address the new shipping requirements presented by Republic Services (RS). We are excited to hear that RS is willing to work toward a solution to the shipping requirements being imposed on RS by Alaska Marine Lines (AML).

In AML's letter to CBS of August 17, 2020, AML states that they require "baled" waste in "hard-top closed containers." As we have previously stated, the letter is notice from AML which is a company not in contractual privity with the CBS. In your letter to the CBS on August 31, 2020, you requested a "transition to compacted waste in closed top containers," however, no cost allocation or timeline was proposed with the request.

In AML's letter of May 19, 2021 to RS, AML states that they provided written notice to RS in September, 2017 that they would "only accept compacted waste in closed containers in the future." Was this notification provided to the CBS in any official documentation from RS, and if so, when? We believe that this requirement would be significant enough to pass on the CBS immediately after notification was received.

AML also claims that the CBS "has not committed to using closed containers to improve safety." It is still our belief that it is not for the CBS to commit to using closed containers, rather RS must commit to using closed containers. CBS has previously proposed the use of removable hard top, closed containers and agrees to cooperate in that regard. However, we do not concur that further mechanical compaction is also required to address fire risk as we currently compact our MSW by alternative means.

AML states that the CBS considers mechanical compaction "a solely financial decision." This conclusion ignores CBS' position that there lacks any material data that additional compaction would significantly improve fire risk beyond the mechanical compaction already applied at the transfer station. We analyzed the decision to incorporate additional compaction on a simple cost/benefit analysis since we believe fire risk is adequately addressed by the incorporation of closed containers. Although we have demanded the information, no studies have been presented to the CBS showing the increased safety of incorporating additional compaction. CBS takes issue with the insinuation that we view this as "a solely financial decision" as we took early action and worked diligently to improve our waste sorting efforts well beyond

other communities, including communities with closed containers. Furthermore, the imposition of a 50% shipping increase by AML appears to also be “solely financial” given their prior stance that shipments would cease on a specified date if the fire risk issue were not addressed.

AML has informed RS that they will be charging higher rates, effective July 1, 2021, unless the MSW is compressed and transported in closed containers by December 31, 2021. In this respect, AML requires a mutually agreed addendum to the Contract between RS and AML. Once again, AML is not in contractual privity with the CBS. AML further requires that RS and AML be allowed to adjust rates if other transport methodologies become available which improve fire safety but cost more. This approach essentially provides AML and RS the freedom to demand new shipping requirements with little to no evidence to support the requirements and pass the costs, however high they may be, to the CBS.

Section 8.1 of our contract establishes “Base Service Fees,” which provide a rate per ton which includes a “Transport Component.” For the 48’ containers, the rate is \$134/ton with a \$76/ton Transport Component, and a 29-ton minimum payload applies (or \$2,204/container for the minimum Transport Component). Section 8.2 provides for adjustment of the Transport Component of the Base Service Fee for Waste in proportion with any increase in the minimum container charge or other transport fees. AML states the “present rate for open top containers” is \$90.18/ton (\$2,615/container). Since the execution of the current contract in 2017, the Transport Component has increased 19% with little to no justification or data to justify the increase.

There appears to be no provisions for notice and explanation of adjustments to the Transport Component. Although, under section 8.4(b), written notice and explanation, with full documentation, is required by the CBS in order to decrease service fees, and RS has 30 days to respond. In its letter of May 19, 2021, AML notifies RS that its rate will be increased to \$131.56/ton (\$3,815/container), and AML provides an insufficient explanation for the increase, i.e., “to account for the costs of special handling and risk including segregation from other cargo on the barge and at terminals.” No documentation or proof is provided to substantiate the claim. The CBS views this explanation as entirely unsatisfactory and rejects it. By not following the process outlined in section 8.3(b), or any similar process, RS has led the CBS to be suspicious of the increase in service fees demanded by AML and wonders how RS was involved with AML’s demand.

The CBS formally rejects the increase proposed to RS until documentation is provided and the process outlined in section 8.3(b) is followed. We require RS to itemize all costs that support the increase.

Section 6.1(a) of our contract imposes the responsibility on RS to transport and dispose of waste already loaded by CBS into containers provided by RS. There is no mention of compacting the waste or providing closed containers in the contract. Section 6.1(c) requires RS to provide containers “necessary to perform,” which reasonably implies that RS is responsible for the cost of closed containers. Section 6.4(a) requires RS to provide CBS with an “adequate supply” of containers, but there is no mention of closed containers. However, subpart (b) requires RS to keep containers “in good working order and repair.” This also reasonably implies that RS is responsible for the cost of closed containers. Section 7.1(d) requires CBS to load “acceptable waste,” but makes no mention of compacting waste or using closed containers.

Until formal studies prove otherwise, the CBS continues to believe that further mechanical compaction is unnecessary, so long as closed containers are used. If studies show (as was demanded of RS in CBS’ letter of October 22, 2020) that further mechanical compaction is reasonable to satisfy the fire risk for AML, CBS

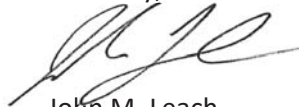
will accept the responsibility to provide additional mechanical compaction under the following terms (pending Assembly approval):

1. If AML demands further mechanical compaction in closed containers as **the only** option to address fire risk, then RS will assume all fire liability once the containers leave the CBS transfer station.
2. RS must agree to a flat rate shipping set at the current 29-ton rate. RS claims that we have historically been shipping under our minimum weight, so it is reasonable to assume that if we achieve our minimum weights with increased compaction, the CBS will have an avenue to “break even” on the investment which will minimize the increased capital cost burden on the rate payers of Sitka.
3. RS commits to removing all reference to shipping rate increases, except those increases due to “uncontrollable circumstances,” from the Contract and specify a one percent (1%) per year escalator on shipping for the remaining term of the contract.
4. RS acknowledge that shipping rate changes by their subcontractor do not qualify as an “uncontrollable circumstance” as defined by Section 1.37 on the Contract.
5. RS acknowledges their right to inspect all MSW prior to acceptance from the transfer station. Accepting the MSW without inspection implies that the shipment contains no “unacceptable waste.” After acceptance, the burden of proof as it pertains to “unacceptable waste” belongs solely to RS.
6. RS commits to a one-year adherence to current shipping rates, effective from the date of a contract addendum, to allow the CBS to construct and install the necessary infrastructure.

The CBS has always been sensitive to the inherent fire risk of MSW which is evident in the continuous improvements we have incorporated at our transfer station. We see the above proposed terms as a way to solve the issue collaboratively without negatively affecting our rate payers. The CBS is unable to afford an increasing cost of capital **and** an increasing cost of a contract. The CBS believes that if RS does not accept these terms as proposed, then the issue was never about the fire risk. We are offering a solution that can work for all parties who are committed to addressing fire risk and safety at sea rather than making this “a solely financial decision.”

We look forward to the continued partnership and, pending Assembly approval, stand poised to begin the acquisition of the necessary equipment and the modification of our existing contracts. We respectfully request your response to these terms by close of business, June 16, 2021, in order to seek Assembly approval for the commitment at our June 22, 2021 Assembly meeting.

Sincerely,



John M. Leach
Municipal Administrator

Cc: Alaska Marine Lines
Alaska Waste Management
City and Borough of Sitka Assembly
Senator Stedman
Representative Kreiss-Tomkins

Encl: Alaska Marine Lines letter of 8/17/2020
Republic Services letter of 8/31/2020
CBS letter of 10/9/2020
Republic Services letter of 10/21/2020
CBS letter of 10/22/2020
Republic Services letter of 4/9/2021
Republic Services letter of 5/5/2021
Alaska Marine Lines letter of 5/19/2021
Republic Services letter of 6/8/2021



415 S. Dawson St.
Seattle, WA 98144
www.republicservices.com

June 8, 2021

Mr. John Leach
Municipal Administrator
100 Lincoln St.
Sitka, Alaska 99835

Subject: In Person Meeting Request

Dear Mr. Leach,

I would like to follow up on our commitment from our May 19th meeting to propose some dates in the month of July to allow us to meet in person and continue to discuss our ongoing partnership.

I would like to request a meeting with yourself and Mayor Eisenbeisz to allow Northwest Director of Operations Don Tibbets, Northwest Director of Municipal James Hutchinson and I to answer any questions that you may have and continue to work together to address the City and Borough of Sitka's needs regarding Fire Mitigation efforts associated with the Transportation and Disposal of Municipal Solid Waste.

We are requesting to meet on either July 13th or July 27th to allow us further collaborate on ways that Republic Services can further partner with you in addressing the transportation concerns of our barge partners at Alaska Marine Line for the safe transportation of containerized municipal solid waste.

As part of this conversation, We would like to discuss your intent regarding Republic Services' offer to sell a previously used 1996 AMFAB Trans-Pack TP 2500 Pre-Loader Compactor, along with transportation of the unit and additional funding support up to \$25,000 towards the cost of refurbishment of the Compactor.

Additionally, we find it valuable to make a return to in person meetings to further our ongoing relationship and build a stronger bond between Republic Services and the City and Borough of Sitka leadership after the long pandemic separation. The relationship between our teams is important to us and we hope that this will be the first step to normalizing relations to bring us back closer together, after such a difficult time.

I personally look forward to scheduling this meeting to express my continued gratitude toward you and your staff for your continued partnership and contributions towards addressing the shared challenges that we face.

Sincerely,

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

Matthew Pederson
Municipal Manager, Washington Post Collection
54 S. Dawson St.
Seattle, WA 98134
Cell: 509.808.9909
mpederson@republicservices.com



Alaska Marine Lines, Inc.
P. O. Box 24348
Seattle, WA 98124-4348
(206) 763-4244

May 19, 2021

Matthew Pederson
Municipal Manager
Republic Services
104 S. Freya, Suite 226A
Turquoise Flag Building
Spokane, WA 99202
VIA EMAIL: mpederson@republicservices.com

Re: City and Borough of Sitka (Sitka) Municipal Solid Waste (MSW) Safety Hazard

Dear Mr. Pederson:

Alaska Marine Lines values our partnership and the work done with Republic Services to provide safe, reliable and cost-effective transportation solutions for the MSW generated by the communities we service in SE Alaska. In our 25 years of working together, no challenge has been more important than eliminating the fire risk due to the transportation of non-compacted MSW in open top containers.

Since 2006, MSW generated by Sitka and loaded into open top containers has resulted in four serious fires. Two of these fires ignited on our barges and resulted in significant efforts by ourselves and firefighters to extinguish. The cost associated with these responses along with the repairs and clean up were a substantial expense to AML. Even though these events were costly and impacted all the communities we serve, we believe the loss could have been significantly worse. The other two fires ignited in containers on AML chassis at the Sitka transfer facility in 2020 and upon investigation undertaken by Sitka were found to most likely have been ignited from hazardous unacceptable waste which was loaded into the containers at the Sitka transfer station.

After the fire in September 2016, the focus for Republic Services and AML has been to educate the communities and work with them to eliminate this risk. In September 2017, we provided written notice to Republic that the continued risk of carrying MSW in open containers was too great and that it was AML's intention that we would only accept compacted waste in closed containers in the future.

After the latest fire in an open-top container of non-compacted MSW last September 2020 at our Ketchikan Facility, it was clear that the combined efforts of our companies had not been enough so we sent you written notice that as of June 1, 2021 AML would no longer be able to accept MSW for shipment unless it was compacted and loaded to closed containers. Sitka, to date, has not committed to using closed containers to improve safety. Every other Southeast Alaska community transporting MSW compacts its waste for shipment in closed containers, or is actively working to that end.

For AML, this issue has always been about safety since we began discussing it with you in earnest in 2017. We have never wanted this to be about money or freight rates. Sitka on the other hand seems to consider this a solely financial decision. Sitka has had no financial impact from the barge fires started by their MSW. AML has suffered 100% of the serious cost of these fires.

Reluctantly, we will continue to transport Sitka MSW, but must begin charging a higher rate to help defray the increased costs we are and have been incurring, and additional interim steps that must be taken to improve safety. Unfortunately, these steps are likely more costly than compressing the MSW and moving it in closed containers.

The following are rate actions that AML will implement effective July 1, 2021:

The present 40' container rate will remain with no increase at \$81.88 per ton with a \$2375.00 minimum but will only apply on mechanically compacted waste in closed containers. Use of this rate would result in an immediate transportation cost savings for Republic and Sitka.


The present rate for 48' open top containers of MSW Sitka to Seattle is \$90.18 per ton with a \$2615.00 container minimum. To account for the costs of special handling and risk including segregation from other cargo on the barge and at terminals, this rate will be increased to \$131.56 per ton with a \$3815.00 per container minimum.

Further AML informs Republic services and its customers that we will seek 100% restitution from any fire or other incident created by MSW on our barges, trucks and terminals.

AML would much prefer to move safe cargo than to charge higher rates to cover the costs of moving dangerous cargo that could ignite at any time, jeopardizing the entire barge and cargo. As a gesture of good faith, we are willing to forego collecting the increased portion of our invoices so long as RDC and Sitka are actively working toward compressing Sitka MSW and shipping in closed containers. However, if that goal is not achieved by December 31, 2021 all accrued charges will be immediately due and payable. This proposal and its terms would have to be mutually agreed to and attached as a fully executed addendum to the MSW contract between Republic and AML. As this letter is being written, short and long term alternatives to provide for safety continue to be brought forth and need to be vetted. The addendum would also require that AML and Republic shall be allowed to adjust in the case that any new safer methods of carrying MSW become available which may come with other cost considerations.

We look forward to continuing to provide services to you and Sitka. AML greatly appreciates the business relationship we enjoy with Republic Services. It is our intention that this business relationship continue long term. Our long term goal will be to handle your cargo in the safest, cleanest, most efficient and cost effective ways possible. We trust that when Republic Services, City of Sitka and AML work together to solve this problem we will achieve an efficient program that also provides for the safety that is required.

Sincerely,
ALASKA MARINE LINES, Inc.



Kevin Anderson
President

cc: Mayor Steven Eisenbeisz; Assembly Members Thor Christianson, Valerie Nelson, Kevin Knox, Kevin Mosher, Crystal Duncan and Rebecca Himschoot; Sen. Bert Stedman; Rep. Jonathan Kreiss-Tomkins



54 S. Dawson St.
Seattle, WA 98134
www.republicservices.com

May 5, 2021

VIA E-MAIL AND U.S. MAIL

Mr. John Leach
Municipal Administrator
100 Lincoln St.
Sitka, Alaska 99835

Subject: Equipment Offer for Used Pre-Loader Compactor

Dear Mr. Leach,

As a follow up our earlier correspondence regarding the upcoming June 1, 2021 deadline to submit an adopted plan and timeline to Alaska Marine Lines to execute a transition to compacted Municipal Solid Waste in Closed Top Containers, I would like to again communicate our support to the City and Borough of Sitka (CBS) in meeting this mandate.

I would like to reiterate an offer previously made to the Staff of the City and Borough of Sitka for Republic Services to sell a previously used 1996 AMFAB Trans-Pack TP 2500 Pre-Loader Compactor that is scheduled for replacement at our Transfer Facility in Ferndale, WA later next month.

This unit has been maintained under Republic Services strict preventive maintenance protocols and is currently in working condition and is used daily at the facility. This is the same unit that Sitka Public Works Supervisor Harold Greene was shown as while touring the Ferndale Facility in October of 2019.

Republic Services will make this Compactor available to CBS for the price of \$1.00 (USD). In the spirit of providing further support to CBS for the transition to Closed Top Containers being required by Alaska Marine Lines, Republic Services will transport the Compactor to Sitka at our expense. In addition, Republic will commit \$25,000 towards the cost of any necessary refurbishment of the Compactor. Installation of the Compactor at the Sitka Transfer Station will be the responsibility of CBS.

At this juncture and with the approach of AML's June 1, 2021 deadline, Republic Services is seeking the Sitka Assembly's commitment to proceed with this proposed transition plan. Upon receipt of the commitment, we will immediately begin the planning process to transfer the Compactor to the Sitka Transfer Station.

Sincerely,

Joe Allen-Thompson
General Manager, Washington Post Collection
54 S. Dawson St.
Seattle, WA 98134
Office: 206.332.7701|Cell: 425.305.6142
jallen-thompson@republicservices.com

cc: Brian Hanson, Municipal Attorney (via e-mail only)



54 S. Dawson St.
Seattle, WA 98134
www.republicservices.com

April 9, 2021

Mr. John Leach
Municipal Administrator
100 Lincoln St.
Sitka, Alaska 99835

Subject: Update on Alaska Marine Lines Mandate for MSW Shipment

Dear Mr. Leach,

Republic Services has recently received a letter dated March 10th, 2021 from Alaska Marine Lines (AML) to serve as a reminder of the upcoming June 1st, 2021 deadline for the City and Borough of Sitka (CBS) and other Southeast Alaska Partners to adopt plans that will provide for a transition of their Solid Waste systems to accommodate Compacted Waste in Closed Top Containers for shipment on AML Barges.

AML has re-iterated that they will continue working with communities to extend this deadline to allow for the planning, acquisition and installation of compaction equipment, with reasonable and mutually agreeable timelines to be adopted by the local assembly, prior to the June 1st deadline.

If agreeable plans are not adopted, AML is prepared to refuse shipment of Municipal Solid Waste in Open Top Containers beginning on June 1st, 2021.

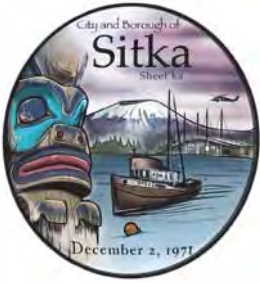
Our team has continued to work with AML, CBS Staff, and other Stakeholders to explore all feasible alternatives to assist in making a transition to compacted waste in closed top containers to comply with the AML Mandate.

This may include Republic Services having to seek alternative transportation for trucking and barge services. In the event CBS were to elect to not make the transition to compacted waste as part of the Solid Waste Transfer System and AML delivers notification of refusal to accommodate MSW in Open Top Containers on their Barges, Republic Services will seek the approval of an Alternative Service Arrangement and provide all associated costs as a pass through to the City and Borough of Sitka, as prescribed in Article 8.3 and Article 9.1 the Transportation and Disposal agreement.

We continue to encourage the City and Borough of Sitka to pursue plans to make the transition to compacted MSW as the safest, most environmentally secure, and efficient means of handling Solid Waste generated in the region. We are committed to continuing our work with the Sitka Stakeholders group and are confident that reasonable solutions can be achieved in meeting all your Solid Waste needs.

Sincerely,

Joe Allen-Thompson
General Manager, Washington Post Collection
54 S. Dawson St.
Seattle, WA 98134
Office: 206.332.7701|Cell: 425.305.6142
jallen-thompson@republicservices.com



City and Borough of Sitka

PROVIDING FOR TODAY...PREPARING FOR TOMORROW

Coast Guard City, USA

October 22, 2020

Mr. Joe Allen-Thompson
General Manager, Washington Post Collection
Republic Services
54 S. Dawson St.
Seattle, WA 98134

Subject: Reducing Fire Risk in Municipal Solid Waste (MSW)

Dear Mr. Allen-Thompson,

This responds to the correspondence we received from Republic Services on October 21, 2020. We are excited to hear that Republic is willing to work toward a solution to the shipping requirements being imposed by Alaska Marine Lines (AML), however, you mentioned that Republic would continue efforts to *assist* the City and Borough of Sitka (CBS) in completing that task. Please be reminded that CBS has no contractual agreements with AML. Any shipping requirements imposed by AML are imposed upon Republic.

I agree with your assessment of Section 6.1(a) of the Solid Waste Transportation and Disposal Service Contract Between City and Borough of Sitka and Regional Disposal Company ("Contract"), however, Section 6.4(a) of the Contract states that "Contractor at all times shall supply the CBS at the Transfer Station with an adequate supply of Containers to handle fluctuating volume of waste coming into the Transfer Station. Any and all Containers, Transfer Trailers or Vehicles **supplied by Contractor** and used at any time by CBS **shall at all times remain the property of the Contractor**". Hard top containers are an effective measure to remove one of the sides of the fire triangle and can almost certainly reduce the fire risk of our ever-improving waste stream. We have proposed to Republic a removeable hard top container solution that could substantially reduce the fire risk in MSW and would not require costly and substantial changes to our Transfer Station. We believe this solution could also be proposed to your subcontractor as an effective measure to reduce the risk of a fire at sea during transport or while in a port facility. Although Republic desires waste to be baled, we believe that our current efforts are satisfactory as we are able to achieve 80% compaction under our current process. A costly baling or compacting system would only gain us approximately 15% more compaction and may not further reduce the fire risk given that it is the same waste stream. As containers are required to be adequately supplied by the Contractor and remain the property of the Contractor, we firmly believe that the cost of a suitable container is the responsibility of Republic.

Although the Contract does state in section 7.1(d) that it is CBS' responsibility for "[l]oading of all Acceptable Waste received at the Transfer Station into the appropriate intermodal shipping Containers for delivery to Contractor," it most significantly does not state anything about not loading or prohibiting

Unacceptable Waste. It is reasonable to imply that both CBS and Republic anticipated that some Unacceptable Waste would be unintentionally loaded in the Containers, otherwise, there would be no reason for the inspection provisions in the Contract

Section 10.2 does require Sitka to maintain a program of operating and monitoring procedures to prevent the loading of Unacceptable Waste into containers, and I believe the CBS has complied with this requirement and is improving every day to improve the waste stream. In fact, our waste stream has significantly improved since the days when Republic was responsible for the loading of MSW at the CBS Transfer Station prior to 2017, and no Unacceptable Waste has been discovered leaving the CBS Transfer Station since 2017. Section 10.3 gives Republic the discretion to inspect for Unacceptable Waste at the Transfer Station after the waste is loaded into Republic's Containers, which clearly supports that Republic is subject to a fire hazard risk when they take possession of the loaded Containers and, accordingly, their Containers need to be suitable for that fire hazard risk.

Although title to and liability for Unacceptable Waste, per section 10.1, does remain with CBS, if a fire starts in a Container, the burden of proof would be on Republic to prove the fire was started from Unacceptable Waste in order for CBS to be liable. Therefore, we firmly believe that Republic is incorrect in stating that AML's demands are a "direct result of Unacceptable Waste being loaded in containers."

The Contract does not obligate Republic to incur the expense to change CBS' infrastructure used up to loading the waste into the Containers, however, the Contract does obligate Republic to incur the expense to provide suitable and adequate Containers to haul the waste such that it does not impose an unreasonable fire hazard.

Although Republic has not formally provided the CBS with a deadline, leadership from AML contacted our offices to inform us that they would no longer accept MSW for shipment from CBS beginning November 1, 2020. Given the urgency of this situation, CBS is formally demanding the following:

1. Republic commits to providing removeable hard top containers that are suitable to AML's needs and the CBS Transfer Station infrastructure, and submits an acceptable incorporation plan.
2. Republic cooperates with CBS in determining, through a qualified expert, what other effective measures could be taken to mitigate fire hazard, and share the cost of securing the qualified expert.
3. Republic submit a proposal to AML, cooperatively developed with CBS, which will assure continuation of AML's transporting services until a final resolution is reached.
4. **Republic take immediate action such that AML continues to provide service while Republic and CBS are developing their proposal for a final resolution.**

We look forward to hearing from you on options Republic Services can develop to provide a safe and continued service to the CBS without placing an increased financial burden on our rate payers.

Respectfully yours,



John Leach
Municipal Administrator

Cc: Alaska Marine Lines
Alaska Waste Management
City and Borough of Sitka Assembly

Encl: Alaska Marine Lines letter of 8/17/2020
Republic Services letter of 8/31/2020
CBS letter of 10/9/2020
Republic Services letter of 10/21/2020



54 S. Dawson St.
Seattle, WA 98134
www.republicservices.com

October 21, 2020

Mr. John Leach
Municipal Administrator
100 Lincoln St.
Sitka, Alaska 99835

Re: Fire Risk

Dear Mr. Leach,

I am writing in response to your October 9, 2020 letter. Republic will continue efforts to help assist Sitka in finding a solution to the shipping requirements being imposed by AML. However, Republic disagrees with certain statements in your letter related to Republic's contractual obligations in light of AML's demands.

Republic disagrees that it is Republic's responsibility to incur the costs to "reduce this preexisting fire risk." Republic's contractual obligation is to transport and dispose of Sitka's Acceptable Waste as defined in the Solid Waste Transportation and Disposal Service Contract Between City and Borough of Sitka and Regional Disposal Company ("Contract"). Section 6.1(a) of the Contract explicitly states that loading of waste into containers is not Republic's responsibility. Instead, pursuant to Section 7.1(c), it is the City's responsibility to load all Acceptable Waste received at the transfer station into the appropriate intermodal shipping containers. Section 10.2 requires Sitka to maintain a program of operating and monitoring procedures to prevent loading of Unacceptable Waste into containers. Furthermore, per Section 10.1, title and liability for Unacceptable Waste delivered to Republic does not pass to Republic but instead remains with the City.

The issue necessitating AML's pending requirement that waste be baled and transported in hard top containers is the direct result of Unacceptable Waste being loaded into containers. The Contract does not contain language obligating Republic to incur the expense to change the City's infrastructure to mitigate the potential for fire that accompanies the City's loading of Unacceptable Waste into containers that AML is contending are not appropriate for the shipment of the waste.

Republic is sympathetic to the challenges that face our municipal partners and is committed to assisting Sitka and AML to facilitate a mutually agreeable resolution to this issue. We believe that a meeting of the stakeholders must take place as quickly as possible in order for the parties to find a workable solution responsive to AML's demands.

Please contact me upon receipt of this letter so that we can schedule a meeting with AML.

Sincerely,

Joe Allen-Thompson
General Manager, Washington Post Collection
54 S. Dawson St.
Seattle, WA 98134
Office: 206.332.7701|Cell: 425.305.6142
jallen-thompson@republicservices.com



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

October 9, 2020

Mr. Matthew Pederson
Republic Services, Municipal Relationship Manager
421 W. Riverside, Suite 1040
Spokane, WA 99001

Subject: Reducing Fire Risk in Solid Waste

Dear Mr. Pederson,

I would like to follow up with you regarding the correspondence we received from Republic Services and Alaska Marine Lines (AML) in reference to the fire hazards in our municipal solid waste (MSW) processing and shipping.

As you have outlined, we are taking action to address fire hazards and will be working with our MSW partners to press forward with an educational campaign. As is often the case, education can be the best approach to changing unsatisfactory habits. In fact, since our first transfer station fire we have effectively removed several thousand pounds of emergency flares from entering the waste stream by educating the public and providing alternative disposal options. We will continue to do our part to advance this education effort.

In conjunction with our education campaign we have led the way to bring Republic Services and Alaska Waste Management to the table to work towards changes to the shipping containers and processing. This exercise has failed to yield any meaningful commitment from either party over the last 30-days but has been fruitful in revisiting ideas of the past regarding mechanical changes such as adding a compactor.

Our approach to improving the solid waste processing and shipping has been to look to the experts in the field by requesting both Alaska Waste Management and Republic Services provide solutions per their contractual obligations. As we outlined in these discussions, Sitka is not in a financial position to afford costly solutions. The Solid Waste Fund is in a deficit and has been in that position since the shipping costs were significantly modified in the most recent Republic Services contract.

Our waste tonnage and customer count has not changed significantly over several decades. Clearly this has not changed from the time we entered a long-term contract with Republic Services, which includes the makeup of our waste stream and ultimately the fire risk. Our customer base has been stable, the waste stream has been stable,

however, Sitka residents are being required to pay significantly more than the rate of inflation for the same service.

Although we have stepped in to help, we ultimately feel it is the responsibility of Republic Services to reduce this preexisting fire risk further and to do it at no additional cost to Sitka. We have suggested a cost-effective countermeasure in using removable hard top containers to move away from soft top containers as a simple, off-the-self shipping container solution.

Additionally, receiving letters from AML regarding the subject matter of this letter is unacceptable. As you know our contractual relationship is with Republic Services and we expect our prime contractors to take the lead on these matters. We hope that receiving such a letter from your subcontractor is not a sign of mismanagement or whistleblowing. Regardless, we expect Republic Services to be more aggressive in finding a solution at the lowest level possible. We strongly encourage Republic Services to take the action necessary to address the requirements of your subcontractor while upholding your contractual obligations to the City and Borough of Sitka.

We look forward to hearing from you on options Republic Services can develop to provide a safe and continued service to the CBS without placing an increased financial burden on our rate payers.

Respectfully yours,



John Leach
Municipal Administrator

cc: Alaska Marine Lines
Alaska Waste Management
City and Borough of Sitka Assembly

Encl: Alaska Marine Lines letter of 8/17/2020
Republic Services letter of 8/31/2020



REPUBLIC SERVICES
1000 W. Riverside, Suite 1040
Spokane, WA 99001
(509) 808-9909

August 31, 2020

Mr. Harold Greene
Public Works Supervisor
City & Borough of Sitka
106 Jarvis
Sitka, Alaska 99835

Subject: Transition to Compacted Waste in Closed Top Containers

Dear Harold,

I would like to take the opportunity to follow up on our recent discussions regarding container safety and screening of Municipal Solid Waste at the Sitka Transfer Station.

In the month of June, it was reported that The City of Sitka experienced two separate emergency response incidents due to non-acceptable waste (Signal Flares) being disposed of at the City Transfer Station.

These recent occurrences highlight the importance of public education and screening for potentially dangerous materials in our waste streams.

In 2010 & 2016, Republic Services and our transportation partner Alaska Marine Lines (AML) experienced significant fires on AML barges destined for Seattle that were traced back to City of Sitka Municipal Solid Waste originating from the City Transfer Station.

Since that time, Republic Services has worked to educate our customers across Southeast Alaska on the importance of container safety, best screening practices for non-acceptable waste and the value of transitioning to compacted waste in closed top containers. This education has been in the interest of public health and safety for our communities, personnel and the environment.

We appreciate all the work that you and the City of Sitka have done to educate yourself and your staff on the need to transition to compacted waste. As observed during your tour to the Republic facilities in Washington State, the compacting equipment and operations are similar to what we hope to see implemented in Sitka.

We are requesting to further discuss planning that will allow us to move forward with the transition to compacted waste in closed top containers at the City of Sitka to provide for greater safety and environmental protections in the handling of Sitka Solid Waste.

Please let me know if you have questions and your availability to schedule a time to follow up on this important matter.

Thank you,

Matthew Pederson
Republic Services, Municipal Relationship Manager
421 W. Riverside, Suite 1040
Spokane, WA 99001
(509) 808-9909 Cell
mpederson@republicservices.com



City & Borough of Sitka

John Leach - Municipal Administrator

100 Lincoln Street

Sitka, AK 99835

Dear Mr. Leach,

Alaska Marine Lines (AML) is a transportation subcontractor to Republic Waste (Republic) for the City & Borough of Sitka's (Sitka) municipal solid waste (MSW). AML's first commitment in all operations is to safety, regardless of the cargo. Shipping compacted, baled MSW in closed containers is the safest, cleanest, most environmentally correct method.

There have been two major fires aboard AML barges that began in MSW containers loaded at the Sitka transfer station. Those fires imperiled millions of dollars of equipment and cargo, and risked the lives of responding firefighters. There have been at least two additional recent fires in Sitka MSW containers that were extinguished prior to loading onto the barges.

It is clear that the potential for fire is much greater with loose waste in open-top, tarped containers than it is with baled waste in hard-top closed containers. The majority of MSW that AML carries for other shippers is now baled and moving in closed containers. There have been no fires from other Republic Services customers in Southeast Alaska associated with baled MSW. Sitka's loose MSW has caused the only two barge fires AML has experienced, and of course the two fires at the transfer station.

After the Sitka MSW barge fire in Chatham Strait in 2010, AML held discussions with Republic urging them to address safety concerns to prevent further incidents. After the second Sitka MSW fire aboard an AML barge at our Seattle pier in 2016, further discussions took place followed by a decision and a letter from AML informing Republic that AML would require MSW to be baled and enclosed in dry containers to be accepted by AML.

In early 2017, AML and Republic Services partnered to provide education to all Republic served communities in Southeast regarding acceptable and unacceptable materials, proper screening and loading procedures and the value of compacting waste in Hard Top Closed containers for the health and safety of the community, as well as further environmental protections. These presentations by Republic Services took place in March of 2017 at the Southeast Conference in Juneau, a general meeting of the Southeast Solid Waste Association and in person with the Solid Waste Staff of Sitka and other Republic served communities.

During the three years since that decision and letter it has been AML's understanding through Republic that Sitka has been working on a baled MSW solution to decrease risk and achieve operational efficiencies to address economic impacts of underweight shipping containers.

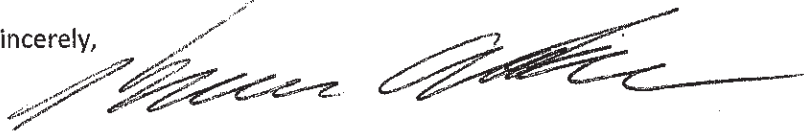
Although our business relationship regarding Sitka's MSW is with Republic, the lack of a solution in previous three years has us now needing to communicate our concerns directly with Sitka.

Our long term goal continues to be the handling of your cargo in the safest, cleanest, most efficient and cost effective ways possible. We believe that in order to achieve the levels of safety, environmental protection and efficiency that are necessary for this cargo, significant changes must be made to the operations. In the future we will require that all MSW be baled and enclosed in AML approved hard-top, dry containers in order to be accepted for movement on AML vessels.

We understand that this will require significant infrastructure additions at the municipality level. We would like to work with you to develop a reasonable timeline to institute this requirement, and help identify possible cost savings. With the understanding that funding will have to be sought and facility improvements constructed, we intend to be reasonable with our timeline but cannot wait indefinitely for these necessary changes.

We would like to meet with you in the coming weeks to discuss how together we can begin making these safety, environmental and efficiency improvements as soon as possible.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kevin Anderson', with a long, sweeping horizontal line extending to the right.

Kevin Anderson - President

Republic Services and Alaska Waste Fire Mitigation Recommendations



May 11, 2021



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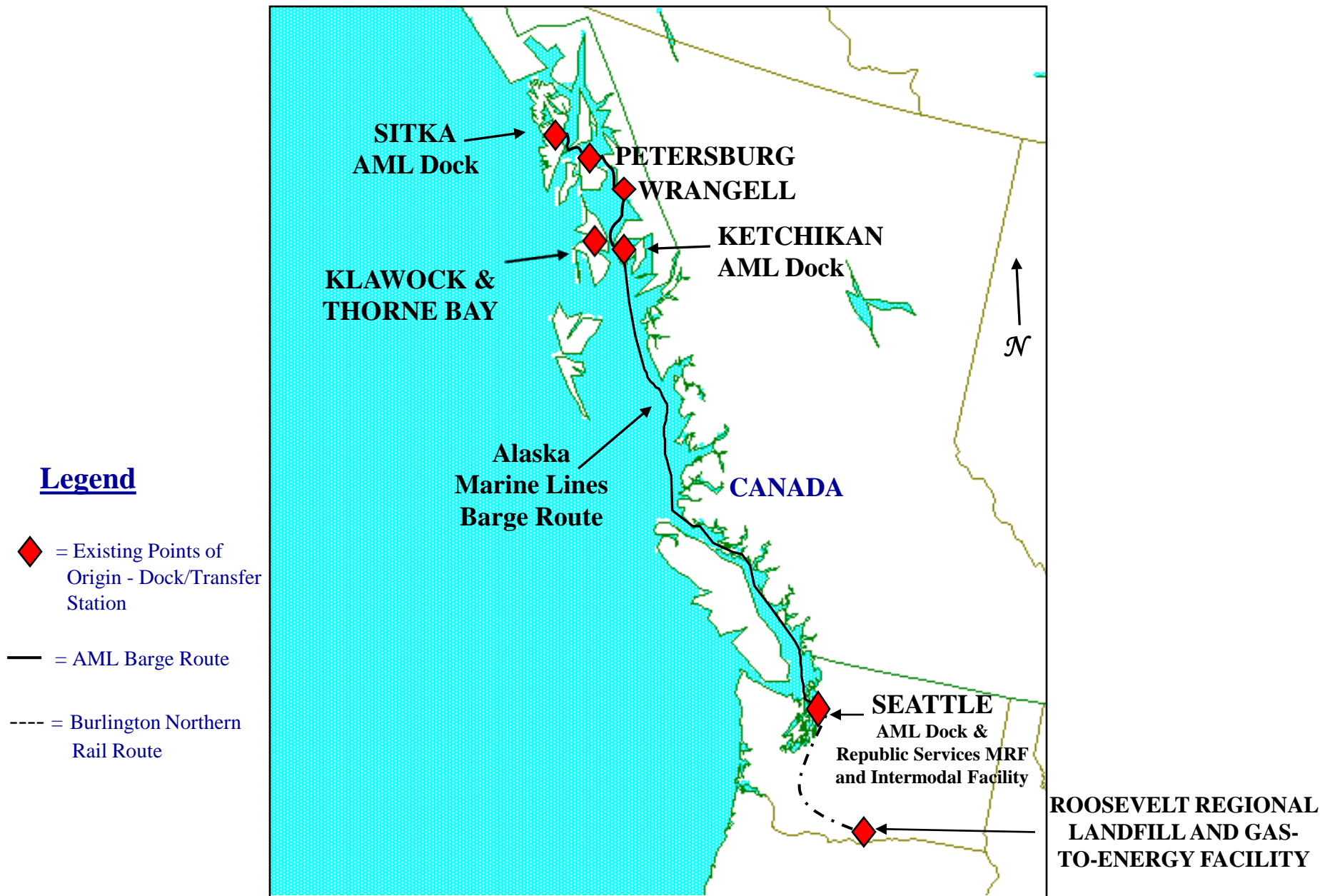


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Solid Waste containers shipped by AML from Southeast Alaska to Republic Services for disposal at the Roosevelt Landfill

Existing Solid Waste and Recycling Regional System



Serving SE Alaska Since 1995: Utilizing Barge and Rail Service to Republic Services Roosevelt Regional Landfill



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Material & Transportation Safety



Brief History of Fires in Sitka Solid Waste

- Two Significant Fires on Alaska Marine Lines Barges
 - 2010
 - 2016
- 2016 AML notified Republic Services of their intention to discontinue service of MSW Loads in open top containers
- 2017 Republic Services & AML began to work with local communities to educate on Unacceptable Waste and Fire Mitigation measures with a goal of achieving compacted waste in closed top containers
- Two Fire Responses at Sitka Transfer Facility in Summer of 2020
- Additional Unrelated Fire from Neighboring Community (Wrangell) in Fall of 2020 burning 2 loads of MSW at AML's Ketchikan Facility
- October 15, 2020 AML Notified Republic Services of their intent to refuse service of open top equipment effective June 1st, 2021 unless significant measures are adopted to mitigate fire risk



Risks & Liabilities

Container Fires are an avoidable risk to public health and safety

Resulting damage to solid waste equipment and collateral property damage increases costs of services, loss of service, higher liability risks to partners and communities of Southeast Alaska.

Community of origin is liable for damages from improper handling of waste

Alaska Marine Lines is unable to continue to accept the risk of uncompacted waste shipments from Southeast Alaska.





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Sitka Stakeholders Group Approach

- Sitka MSW Stakeholders Group was formed with representation from:
 - City and Borough of Sitka Staff
 - Republic Services
 - Alaska Waste
 - Alaska Marine Lines

The goal of the Stakeholders group was to work collaboratively to evaluate all reasonable options and identify recommendations to mitigate future fire risk associated with current practices of processing Municipal Solid Waste



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Methodology of Compactions

- Current Top Loading Methods
 - Additions of Lids on Containers
 - Retrofitted Lids
 - New Purpose-Built Lidded Shoebox Style Containers
- Baled Material
 - Use of Existing Closed Top Units Supplied by Republic Services
 - Could be used with Retrofitted Lidded Container or Purpose-Built Shoebox Style Containers
- Pre-Loaded Compactor
 - Use of Existing Closed Top Units Supplied by Republic Services
 - No Impact to Current Transportation and Disposal Contract



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Retrofitted Lid System

- Two Piece 24' Lid system retrofitted to fit Current 48' Open Top Containers
- Does not seal Air-tight
- Need for additional handling costs to Remove and Replace Lids
- Additional maintenance costs
- Cost per unit approximately \$40K
- Initial Purchase of 50 Units \$2,000,000
- Lids can stay on while off loading at Landfill
- Not Currently widely used in Waste Industry





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Shoebox Lidded Container System

- Purpose-Built to provide for Lidded System
- Provides for an Air-tight seal
- Need for additional handling costs to Remove and Replace Lids at Transfer Facility
- \$12-15K
- Initial Purchase of 20-30 Units between \$250-350K





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Fully Enclosed Container System

- Fully Enclosed and Sealed container designed specifically to handle heavy MSW Material and protect the environment
- Built to be durable and withstand the riggers of Transfer and Transportation of MSW Material
- Currently in use as Part of Republic Services Waste By Rail System
- Available for immediate implementation with no additional costs





Potential Baler Expenses

Used Harris Gorilla or Centurion req. 480 volts	\$150,000 – \$200,000
Caterpillar P6000 Forklifts	\$55,000 - \$60,000
Portable Loading Ramps	\$20,000



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Potential Compactor Expenses

Used SSI 2500 Compactor	~ \$492,000
New SSI 2500 Compactor	~ \$900,000
Prototype Republic/SSI Compactor (under development)	~ \$525,000



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Republic Contribution to Pre-Load Compactor

- Republic Services has offered the City and Borough of Sitka the transfer of a 1996 AMFAB Trans-Pack TP 2500 Pre-Load Compactor
- Cost of Sale \$1.00 (USD)
- Unit is in current daily use at Republic's Ferndale, WA Transfer Facility
- Republic will commit \$25,000 towards the cost of refurbishment of Compactor
- Republic Services & Alaska Marine Lines will partner to transport the Compactor to Sitka at their own expense
- Sitka will be responsible for the installation of the unit at Transfer facility



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Transportation & Disposal Impacts

- The City and Borough of Sitka and Republic Services will have no additional impacts to the Transportation and Disposal Agreement with the implementation of either Bailed or Compacted Waste in Closed Top Containers
- With the prospect of a Retrofitted Lid System or Shoebox Style Containers, Additional expenses would need to be negotiated into the T&D Agreement to account for equipment costs and operational handling of the lids either at the Transfer Facility, AML Yard or Landfill.
- The CBS Solid Waste System would benefit from higher average container weights that provide economic benefit through the elimination of Under Weight Container Penalties



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Impact to the Transfer Station Operations

Changes in Transfer Methodology has significant impacts to the operations of the Facility

Baler Operations

- Transfer Station Traffic Routing
- Additional Equipment Needs
 - Baler
 - Fork Lift
 - Ramp
 - Construction and Demolition Material Processing
- Additional Staffing
- Additional Maintenance



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Impact to the Transfer Station Operations

Pre-Load Compactor Operations

- Need for some Transfer Station upgrades
- Compactor better fit for Current Transfer Station configuration
- Construction and Demolition Material can be processed using compactor
- Additional Staffing
- Additional Maintenance



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What if we do nothing?

As part of the Stakeholders evaluation, It was important to CBS Staff to explore the impacts of what would happen if the community elected to make no changes to the Solid Waste System and maintain service in Open Top Containers.

- Effective June 1, 2021 Alaska Marine Lines will discontinue service in open top containers without an adopted plan to transition to compacted waste in sealed containers
- Republic Services would be responsible under current Transportation and Disposal agreement to provide alternate shipping of CBS Solid Waste.
- Under current Transportation and Disposal Agreement, The City and Borough of Sitka would be responsible to pay all additional transportation fees for alternative service.



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Recommendations

As part of the Stakeholders evaluation, all reasonable options were evaluated for cost, operational impacts, systems durability and effectiveness in mitigating risk.

Based on all items considered, members of the Sitka Solid Waste Stakeholders Group representing Republic Services and Alaska Waste concur that the most effective methodology to provide security, certainty and the greatest economic benefit over the duration of the current T&D and Transfer Station Operations agreements for the Sitka Solid Waste System is to make the transition to Compacted Solid Waste in Closed Top Containers through the implementation of a Pre-Load Compactor at the Sitka Transfer Facility.

Thank You



Republic Services and Alaska Waste Fire Mitigation Recommendations



May 11, 2021



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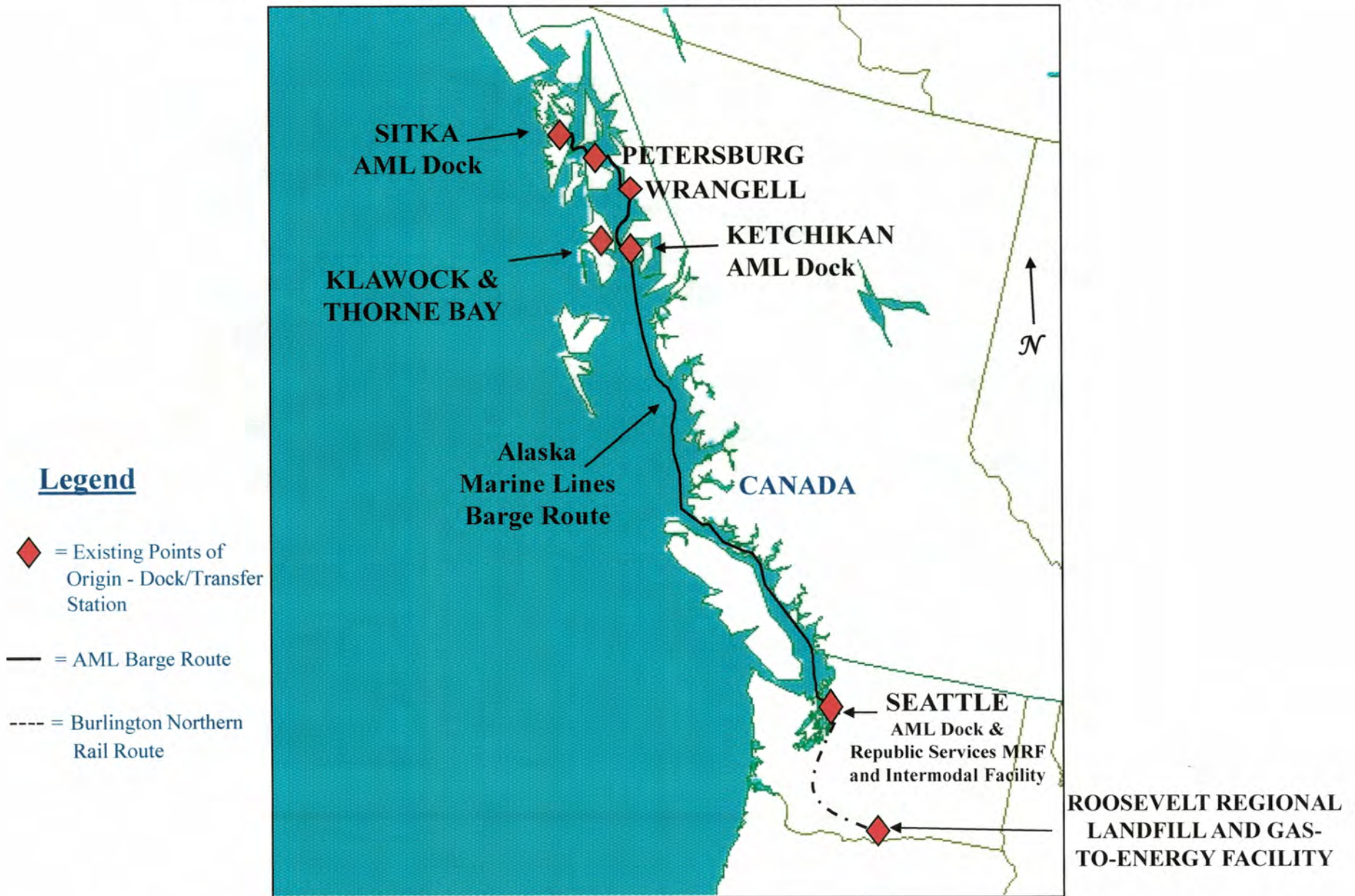


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Solid Waste containers shipped by AML from Southeast Alaska to Republic Services for disposal at the Roosevelt Landfill

Existing Solid Waste and Recycling Regional System



Serving SE Alaska Since 1995: Utilizing Barge and Rail Service to Republic Services Roosevelt Regional Landfill



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Material & Transportation Safety

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 - Republic Services
 - Alaska Waste
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The goal of the Stakeholders group was to work collaboratively to evaluate all reasonable options and identify recommendations to mitigate future fire risk associated with current practices of processing Municipal Solid Waste



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Methodology of Compactions

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Retrofitted Lid System

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- Initial Purchase of 50 Units \$2,000,000
- Lids can stay on while off loading at Landfill
- Not Currently widely used in Waste Industry





WASTE CONNECTIONS
Connect with the Future®



REPUBLIC
SERVICES

Shoebox Lidded Container System

- Purpose-Built to provide for Lidded System
- Provides for an Air-tight seal
- Need for additional handling costs to Remove and Replace Lids at Transfer Facility
- \$12-15K
- Initial Purchase of 20-30 Units between \$250-350K





WASTE CONNECTIONS
Connect with the Future®



REPUBLIC
SERVICES

Fully Enclosed Container System

- Fully Enclosed and Sealed container designed specifically to handle heavy MSW Material and protect the environment
- Built to be durable and withstand the riggers of Transfer and Transportation of MSW Material
- Currently in use as Part of Republic Services Waste By Rail System
- Available for immediate implementation with no additional costs





Potential Baler Expenses

Used Harris Gorilla or Centurion req. 480 volts	\$150,000 – \$200,000
Caterpillar P6000 Forklifts	\$55,000 - \$60,000
Portable Loading Ramps	\$20,000



WASTE CONNECTIONS
Connect with the Future®



REPUBLIC
SERVICES



Potential Compactor Expenses

Used SSI 2500 Compactor	~ \$492,000
New SSI 2500 Compactor	~ \$900,000
Prototype Republic/SSI Compactor (under development)	~ \$525,000



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 21-118 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 7/7/2021 In control: City and Borough Assembly

On agenda: 7/13/2021 Final action:

Title: Discussion/Direction/Decision on letter of non objection to the issuance of permit ADL 233127, 10-year aquatic farm site lease of a 15.0 acre portion of state tidelands located in No Thorofare Bay in Sitka Sound

Sponsors:

Indexes:

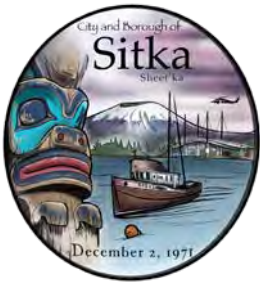
Code sections:

Attachments: [01 Discussion Direction Letter of non-objection](#)
[02 CBS Agency and Public Notice ADL 233127](#)

Date	Ver.	Action By	Action	Result
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Discussion / Direction / Decision

on letter of non-objection to the issuance of permit ADL 233127, 10-year aquatic farm site lease of a 15.0 acre portion of state tidelands located in No Thorofare Bay in Sika Sound.



City and Borough of Sitka

PROVIDING FOR TODAY...PREPARING FOR TOMORROW

Coast Guard City

July 7, 2021

[VIA EMAIL ONLY]

Kate Lusby, Natural Resource Specialist II
550 W 7th Ave, Suite 900C
Anchorage, AK 99501
kate.lusby@alaska.gov

Re: Public and Agency Notice of Preliminary Decision – ADL 233127

Dear Ms. Lusby,

The application for the 10-year aquatic farmsite lease of a 15.0 acre portion of state tidelands located in No Thorofare Bay in Sitka Sound requires careful consideration and review of matters pursuant to the portion of the Sitka Coastal Management Plan (SCMP) enforceable policies adopted by ordinance into the Sitka General Code. It is the goal of the SCMP "to support the development of mariculture and aquaculture activities while minimizing adverse impacts to existing fish and seafood resources". The SMCP's objective is "to provide for and regulate the orderly development of aquaculture and mariculture activities and industries in order to encourage new economic development while protecting and enhancing the public resource".

The for-profit mariculture industry is growing in Alaska. Potentially, mariculture could prove to be a valuable addition to Sitka's economy, but care must be exercised to ensure that it will not cause major adverse impacts to existing resources, uses, and activities. The City and Borough of Sitka is in support of mariculture and aquaculture as long as the specific area is not in conflict with competing uses such as recreation, subsistence, and commercial uses. CBS recommends addressing trash and oil/gas spill procedures, environmental concerns, and invasive species awareness/control as other areas in Sitka Sound have been plagued with didemnum vexillum and botryllid tunicates. As the lessor, the State needs to assume responsibility of a potential invasive species introduction.

The City and Borough of Sitka would have no basis for objection to the issuance of this permit as long as all SCMP Enforceable Policies for Floating Facilities are met. CBS has no direct enforcement mechanism to ensure compliance on State tidelands, even though the enforceable policies clearly state the City's intent.

Thank you for this opportunity to comment.

Sincerely,

John Leach
Municipal Administrator