



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 Kevin Knox,
Vice Deputy Mayor Kevin Mosher,
Thor Christianson, Crystal Duncan, Rebecca Himschoot,
David Miller*

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

Tuesday, June 28, 2022

6:00 PM

Assembly Chambers

REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. RECITAL OF LANDS ACKNOWLEDGEMENT

IV. ROLL CALL

V. CORRESPONDENCE/AGENDA CHANGES

[22-094](#) Reminders, Calendars, and General Correspondence

Attachments: [01 Reminders and Calendars](#)

[02 Service Awards](#)

[03 Sitka tourism feedback 2022.6.21](#)

[04 SPD Administrative Report](#)

[05 Interim Financial Statements Through March 31 2022](#)

VI. CEREMONIAL MATTERS

None.

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

[22-095](#) City and Borough of Sitka Asset Management Program-Ron Vinson

Attachments: [Special report](#)
[Asset Management Presentation](#)

VIII. 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.

IX. CONSENT AGENDA

All matters under Item IX Consent Agenda are considered to be routine and will be enacted by one motion. There will be no separate discussion of these items. If discussion is desired, that item will be removed from the Consent Agenda and will be considered separately.

A [22-096](#) Approve the minutes of the June 14 Assembly meeting

Attachments: [Motion and Minutes](#)

X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS

None.

XI. UNFINISHED BUSINESS:

B [ORD 22-12S](#) Amending 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 sale tax on marijuana and marijuana products, in place of 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 4, 2022

Attachments: [Motion Ord 2022-12S](#)
[Substitute Ord 2022-12S](#)
[Original memo](#)

XII. NEW BUSINESS:

C [22-098](#) Approve the 2022-2025 International Brotherhood of Electrical Workers (IBEW), Local 1547 Collective Bargaining Agreement

Attachments: [01 Motion IBEW](#)
[02 IBEW Memo and Agreement](#)

- D** [22-099](#) Approve the 2022-2025 Sitka Fire Fighters Union International Association of Fire Fighters (IAFF), Local 5168 Collective Bargaining Agreement

Attachments: [01 Motion Firefighter](#)
 [02 IAFF Memo and Agreement](#)

- E** [22-097](#) Approve a tidelands lease agreement between the City and Borough of Sitka and Northern Southeast Regional Aquaculture Association, Inc. for Lot 3, Block 1, GPIIP

Attachments: [01 Motion Memo and Lease Requests](#)
 [02 NSRAA Tideland Lease](#)
 [03 Exhibit A Lot 3, Block 1~69,648 SF](#)
 [04 Exhibit B Revised MOU FINAL](#)
 [05 Exhibit C-CBS Requested Deliverables SCH Outfall Project 2.16.22](#)

- F** [22-100](#) Submit a request to Homeland Security to reassign funds from the Secure Access Project to the Mud Bay Repeater Project and move the existing capital appropriation from the Secure Access Project to the Mud Bay Repeater Project

Attachments: [Motion Homeland](#)
 [Memo Homeland Security](#)

- G** [RES 22-19](#) Encouraging the prompt and full closure and cleanup of the Tulsequah Chief Mine and urging the B.C. government to oppose any extension of the receivership process

Attachments: [Motion](#)
 [Memo and Res 2022-19](#)

XIII. PERSONS TO BE HEARD:

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

XIV. REPORTS

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

XV. EXECUTIVE SESSION

Not anticipated.

XVI. 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 and YouTube channel, and aired live on KCAW FM 104.7. To receive Assembly agenda notifications, sign up with GovDelivery on the City website.

*Sara Peterson, MMC, Municipal Clerk
Publish: June 24*



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 22-094 **Version:** 1 **Name:**

Type: Correspondence **Status:** AGENDA READY

File created: 6/21/2022 **In control:** City and Borough Assembly

On agenda: 6/28/2022 **Final action:**

Title: Reminders, Calendars, and General Correspondence

Sponsors:

Indexes:

Code sections:

Attachments: [01 Reminders and Calendars](#)
[02 Service Awards](#)
[03 Sitka tourism feedback 2022.6.21](#)
[04 SPD Administrative Report](#)
[05 Interim Financial Statements Through March 31 2022](#)

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

REMINDERS

<u>DATE</u>	<u>EVENT</u>	<u>TIME</u>
Tuesday, June 28	Regular Meeting	6:00 PM
Tuesday, July 12	Regular Meeting	6:00 PM
Thursday, July 14	Govt-to-Govt Dinner Meeting: Westmark Banquet Room	6:00 PM



MUNICIPAL ELECTION

Monday, July 18	First day to file candidate petitions
Tuesday, July 26	Last scheduled meeting to introduce ordinance for charter changes and ballot measures
Friday, August 5	5:00 PM deadline for filing candidate petitions
Tuesday, August 9	Last scheduled meeting to adopt ordinances for Charter and ballot measures
Tuesday, October 4	Municipal Election

Expiring Terms:

Assembly
Steven Eisenbeisz
Kevin Knox
Thor Christianson

School Board
Paul Rioux
Amy Morrison (2 year term)
Andrew Hames (1 year term)

Assembly Calendar

2021 Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2023

June 2022

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

Assembly Calendar

2021 Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2023

July 2022

Sunday		Monday	Tuesday	Wednesday	Thursday	Friday		Saturday
26	Jun	27	28	29	30	1	Jul	2
			Eisenbeisz Duncan 6:00pm Regular Assembly Mtg	Eisenbeisz	Eisenbeisz			
3		4	5	6	7	8		9
			Mosher 6:30pm Climate Action Task Force - Liaison Mosher	Mosher 6:00pm Library Commission- Liaison Miller 6:00pm School Board - Liaison Himschoot 7:00pm Planning Commission- Liaison Christianson	Mosher 12:00pm Sitka Bear Task Force	Mosher		Mosher
10		11	12	13	14	15		16
Mosher		Mosher	Mosher 12:00pm Parks and Recreation Committee- Liaison Knox 6:00pm Regular Assembly Mtg	5:00pm Tree & Landscape - Liaison Himschoot 6:00pm Historic Preservation Commission- Liaison Miller 6:00pm Ports & Harbors-Liaison Knox	12:00pm Local Emergency Planning- Liaison Miller 6:00pm Govt-to- Govt Dinner at Westmark			Knox
17		18	19	20	21	22		23
Knox		Knox	Knox	Knox 12:00pm Health Needs & Human Services - Liaison Duncan 7:00pm Planning Commission - Liaison Christianson	Knox	Knox		Knox
24		25	26	27	28	29		30
			Himschoot 6:00pm Regular Assembly Mtg	5:30pm Police and Fire - Liaison Duncan				
31	1	Aug	2	3	4	5		6
			6:30pm Climate Action Task Force - Liaison Mosher	6:00pm Library Commission- Liaison Miller	12:00pm Sitka Bear Task Force			

Assembly Calendar

2021 Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2023

August 2022

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

Service Award

On behalf of the City and Borough of Sitka is hereby awarded to

Morgan Doubleday

*this expression of grateful acknowledgment for your fourteen years of
valued service rendered in the public interest while serving on the
Animal Hearing Board. Thank you!*

Signed and sealed this 28th day of June 2022



Mayor Steven Eisenbeisz

ATTEST: Municipal Clerk, Sara Peterson

Service Award

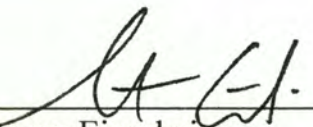
On behalf of the City and Borough of Sitka is hereby awarded to

Noah Goodwin-Bain

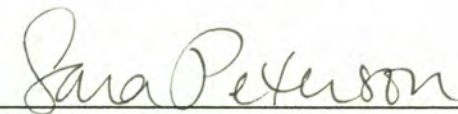
*this expression of grateful acknowledgment for your
valued service rendered in the public interest while serving on the
Tree and Landscape Committee. Thank you!*

Signed and sealed this 28th day of June 2022





Mayor Steven Eisenbeisz



ATTEST: Municipal Clerk, Sara Peterson

Service Award

On behalf of the City and Borough of Sitka is hereby awarded to

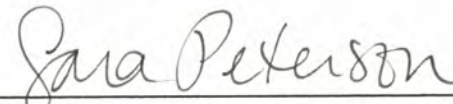
Vaughn Morrison

*this expression of grateful acknowledgment for your almost four years of
valued service rendered in the public interest while serving on the
Gary Paxton Industrial Park Board of Directors. Thank you!*

Signed and sealed this 28th day of June 2022



Mayor Steven Eisenbeisz



ATTEST: Municipal Clerk, Sara Peterson



Service Award


On behalf of the City and Borough of Sitka is hereby awarded to

Brennon O'Connor

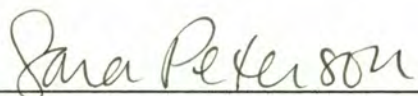
*this expression of grateful acknowledgment for your
valued service rendered in the public interest while serving on the
Tree and Landscape Committee. Thank you!*

Signed and sealed this 28th day of June 2022





Mayor Steven Eisenbeisz



ATTEST: Municipal Clerk, Sara Peterson

Service Award


On behalf of the City and Borough of Sitka is hereby awarded to

Darryl Rehkopf

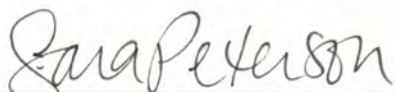
*this expression of grateful acknowledgment for your five years of
valued service rendered in the public interest while serving on the
Library Commission. Thank you!*

Signed and sealed this 28th day of June 2022





Mayor Steven Eisenbeisz



ATTEST: Municipal Clerk, Sara Peterson

**LINCOLN
STREET**

CLOSURES

2022 Sitka Tourism Feedback Tracking

June Report

Date	Source	Concern Type	Submitter Type	Summary
6/8/2022	Shared with VS Staff/Rover	Cruise Passenger Support Services/ & Roving Information Staff program	Business Owner	Business owners wanted to commend Visit Sitka and the City for development of the Cruise Passenger Support Services/ & Roving Information Staff program. They stated that this program is so wonderful and has been needed in the community.
6/8/2022	Sitka Tourism Email	Traffic Light@ Lincoln & Lake, restrooms on Lincoln Street	Resident	Resident concerned with the congestion and traffic at Lake and Lincoln intersection & resident thinks portable restrooms shouldn't be on Lincoln Street.
6/8/2022	Sitka Tourism Email	Commending community on tourism plan	Resident	Commending the community on putting together a tourism plan to manage visitors. Commented on that the city should put the decorative flags back up on the street lamps and barricades need covers.

6/8/2022	Sitka Tourism Email	Concerned about the shuttle buses & e-bikes	Resident	Resident doesn't like the shuttle buses on the road or the e-bikes or bikes at all on the cross trail.
6/9/2022	Sitka Tourism Email	Traffic Light@ Lincoln & Lake	Resident	Resident wanted to share a possible solution to the traffic problem at Lake and Lincoln Street intersection. Suggested that a left turn lane be added with a left arrow.
6/9/2022	Feedback Line	Barricades on Lincoln Street	Resident	Resident doesn't think there should be barricades blocking Lincoln Street
6/9/2022	Sitka Tourism Email	Traffic Light@ Lincoln & Lake	Resident	Resident wanted to share a possible solution to the traffic problem at Lake and Lincoln Street intersection. Suggested that a left turn lane be added with a left arrow.
6/9/2022	Sitka Tourism Email	General Tourism	Resident	Resident is negative about tourism, doesn't like change

6/10/2022	Feedback Line	Lincon Street Closure	Resident	Resident gave positive feedback about downtown closure after initially expecting the worst.
6/13/2022	Sitka Tourism Email & Feedback line	Trash receptacles in downtown	Resident	Resident made suggestions about replacement of grey trash receptacles in downtown with brown bear proof cans.

6/13/2022	Sitka Tourism Email	Lincoln Street Closure	Business Owner-Sitka Fur Gallery	Business owner is concerned that the street closure is hurting local business because people walking in the closed street are not being encouraged to go into the stores.
6/14/2022	Feedback Line	Lack of enough trash cans in the right places	Business	More trash cans near food booths, especially between The Cellar and City Hall.
6/14/2022	Feedback Line	Lincoln Street Closure	Resident	Resident gave his thoughts on benefits to the City overall on the closure of Lincoln Street
6/15/2022	Feedback Line	Lack of enough trash cans in the right places	Business	More trash cans near food booths, especially between the Cellar and City Hall

6/21/2022	Feedback Line	Lincoln St. Closure	Resident	He thinks closing off Lincoln Street is not necessary and more attention needs to be focused on the fishing fleet.
-----------	---------------	------------------------	----------	---

SPD ADMINISTRATIVE REPORT JUNE 2022

To CBS Administrator:

DEPARTMENT OVERVIEW:

The overall health of the Department is stable, and morale is generally high with some dips due to current contract negotiations.

- **JAIL:** We are two positions down for jailers. Open recruitment has not produced any new applicants in several months.
- **DISPATCH:** One dispatcher did not make probation and we have one position unfilled currently. The position is currently advertised with no interest generated in several months.
- **PATROL:** Sergeant Brad Wheeler recently retired June 1st. Once his retirement plaque arrives, we will host a small retirement party for him. He has faithfully served the citizens of Sitka with twenty years of service. Officer Hal Henning retired on age with 2 ½ years of service to Sitka. Currently we have three unfilled positions. On July 1st we will have four unfilled positions due to the additional tourism FTE. We have one applicant who is in final phase of background investigation. It is expected that he will be offered an officer position by mid-July. The applicant is a local Sitka resident. We have not had any applicants in recent months.

SPECIAL PROJECTS:

The public safety dispatch center cross training is 80% complete. The Firehall has been working diligently with dispatch staff to train them in the new procedures related to fire and EMS

The Department instituted a bike patrol on closure days for the downtown corridor. Officers have received training on patrol and response with the bikes.

RECRUITMENT AND TRAINING:

We have open recruitment for the four officer positions and are currently advertising for a two jail officers one public safety dispatcher and an I.T. tech.

We continue to provide weekly training in-house training to our supervisors and conduct daily shift trainings to Officers.

Dispatch is currently accomplishing a huge milestone in the certification process for professional dispatch services. We have a new officer certified in Child first interview techniques. Lt. Achee attended a force science institute training, covering investigation of force incidents. Two officers received patrol bicycle certifications and will pass on training to the remainder of the patrol division this month

PROJECTS:

We received a seventy-five-thousand-dollar Homeland Security Grant for a for communications repeater, installed at Mud Bay, to help fix the communication holes in the radio coverage of Sitka due to the large mountains surrounding the town, and now the road system is being extended 9 miles into Katlian Bay,

where there is close to zero radio coverage because of a large mountain. This repeater will cover all the emergency response agencies in Sitka (Police, Fire and EMS, and Search and Rescue).

We are still waiting on scheduling to install the system this year.

STATISTICS:

The following are the number of calls year to date for 2022.

- Phone calls answered: __11637__
- 911 Emergency calls: __1354__
- Calls for Service: __4826__
- Incident Reports: __274__

*Any call that requires action from staff is a Call for Service. This may be generated from a 911.

*Any Call for Service that rises to the level of needing documentation is labeled an Incident Report. This may be generated from a 911 or a call for service.



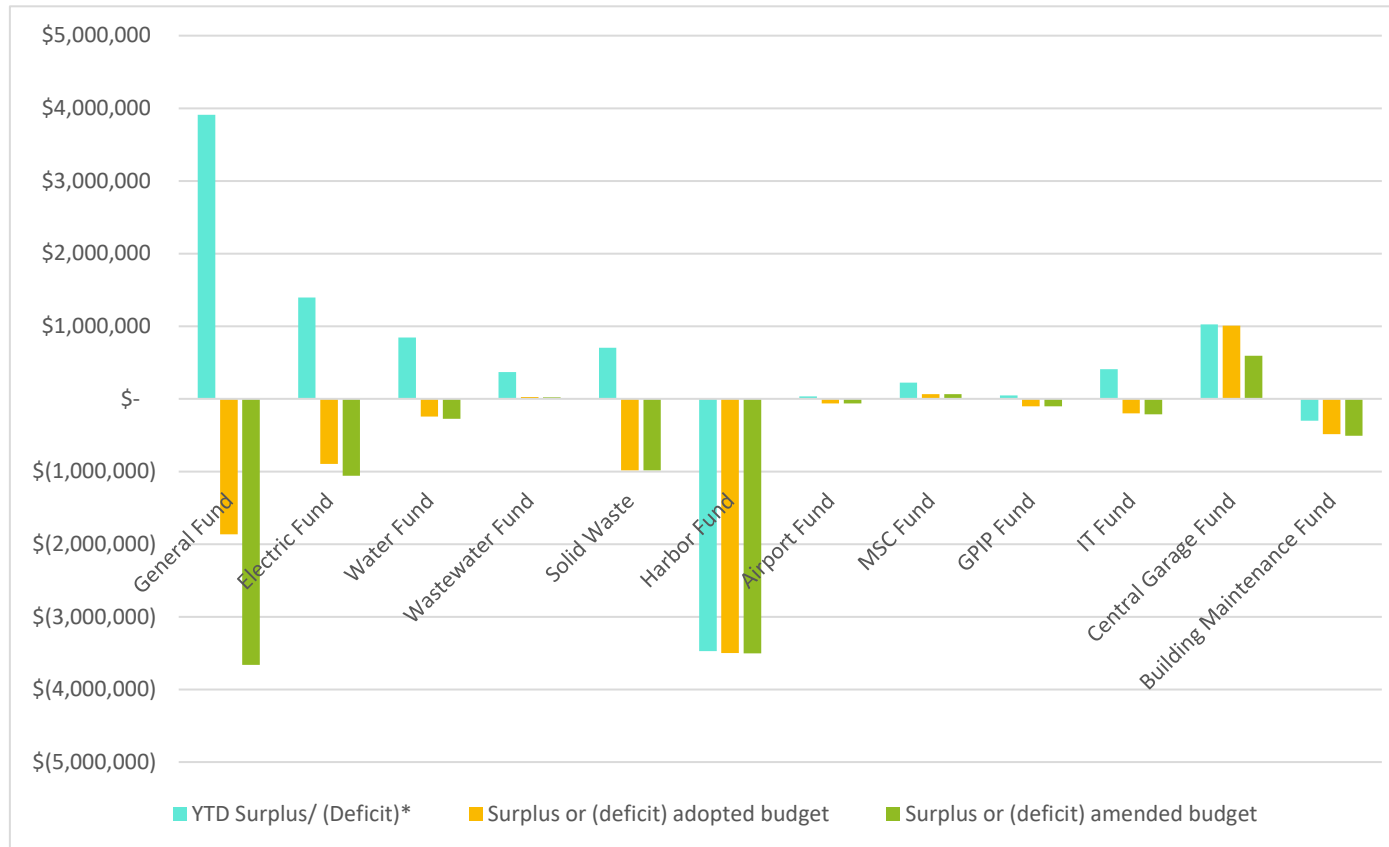
INTERIM FINANCIAL STATEMENTS
THROUGH MARCH 31, 2022

City and Borough of Sitka
Organizational Summary
Through March 31, 2022

Key organizational Funds	Revenue performance (under budget)/ exceeds budget	Expense Performance (under budget)/over budget	YTD Surplus/ (Deficit)*	Surplus or (deficit) adopted budget	Surplus or (deficit) amended budget
General Fund	\$ 1,588,972	\$ (2,060,268)	\$ 3,911,088	\$ (1,866,027)	\$ (3,662,376)
Electric Fund	1,083,862	(2,875,461)	1,396,950	(895,483)	(1,057,437)
Water Fund	575,619	(478,578)	844,703	(242,060)	(272,657)
Wastewater Fund	70,435	(392,119)	369,176	26,940	19,116
Solid Waste	437,926	(650,079)	702,932	(983,795)	(983,795)
Harbor Fund	615,498	(17,436)	(3,474,132)	(3,498,906)	(3,502,566)
Airport Fund	78,185	(44,749)	33,682	(61,728)	(61,728)
MSC Fund	27,920	(67,259)	221,422	64,094	64,094
GPIP Fund	119,151	(47,725)	49,034	(102,586)	(102,586)
IT Fund	362,225	(184,733)	406,686	(198,726)	(211,983)
Central Garage Fund	(49,611)	(489,001)	1,024,475	1,006,744	594,522
Building Maintenance Fund	(5,522)	(161,558)	(299,167)	(485,337)	(506,937)

**Factors in transfers to CAPEX excludes depreciation*

City and Borough of Sitka
Organizational Summary
Through March 31, 2022



Supplemental Appropriations made through end of period for the General Fund:

Cross Trail Repair Project #90965 Ordinance 2022-09	\$ 30,000
Expenses for 2022 Cruise Passengers Ord 2022-01	\$ 646,505
Lincoln St paving project ordin #2021-16	\$ 1,000,000
Lincoln Street Closure Expenses ORD 2022-03	\$ 228,470
Ord 2021-39 Solid Waste Compactor	\$ 210,000
Police Dept Software Conversion Ord 2021-42	\$ 24,500
Prior Year Encumbrances	\$ 220,874








City and Borough of Sitka
Organizational Summary
Through March 31, 2022

ORGANIZATION-WIDE ANALYSIS

Following are interim financials statements for the significant funds of the City and Borough of Sitka. The financial reporting is a custom format that reflects significant elements seen in the Annual Comprehensive Financial Report, but also puts significant focus on budget performance. Prior to each fund's financial statements is an analysis from the finance director that highlights key performance indicators and what those results mean for the financial health of the fund.

Trends that we are seeing across the organization are largely positive, including revenue growth for virtually all funds. Through March 31st all funds are showing a higher surplus/lower deficit than either the adopted or amended budget. As the impacts of the pandemic were greatest for the General Fund, the economic rebound has had an outsized impact. Where the Assembly approved a conservative budget that anticipated a significant deficit we are instead showing a significant surplus, due in part to federal relief funding, but also growth in sales tax revenues. With the positive comes the more negative impact of inflation, supply chain problems, and increasing interest rates. In some cases, purchases are not happening due to unavailability of needed items. In other costs are increasing, though we expect to see this most with the increased cost of our capital projects. Finally, we must anticipate that the cost of borrowing will increase with recent action by the Federal Reserve to increase interest rates.

City and Borough of Sitka
General Fund Analysis
Through March 31, 2022

Indicator	Amount	Compared To Last Yr	Compared To Plan	Status	Big Picture
Revenue	23,045,091	Improved from prior year	Met/Exceeded Plan		Revenue increased due to higher than projected sales tax revenue as well as ARPA relief funds.
Appropriated Operating Outlays vs. Actual Operating Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget)	2,693,793	n/a	Under Budget		Despite inflationary pressure, operating expenditures are within budget, in some cases appropriations for tourism being spent slowly
Surplus/(Shortfall) of Revenues over Outlays	3,911,088	Increased	Exceeded Plan		While a deficit budget was anticipated, higher revenues combined with lower than anticipated expenditures has resulted in a surplus
Capital Expenditure Outlays (The General Fund's depreciable assets decreased in value by \$7 million (including schools) last year, which could be a benchmark for setting aside funds for future asset replacement)	1,660,986	Improved	n/a		FY22 was the second year of very reduced capital appropriations, though, there was funding for many ongoing projects already appropriated in the Capital Project Fund.
Assigned Portion of Fund balance (Includes balance restricted by SGC and other external restrictions such as E-911, liquidity restriction, emergency response, advances to other funds, etc...)	13,174,451	Decreased	n/a		A portion of the assigned fund balance is the internal advance to the SCH fund, which is being paid back over time, decreasing the overall assigned portion of fund balance
Unassigned and Available Fund Balance (Portion of fund balance not committed for above/other purposes)	12,165,075	Increased	n/a		A higher unassigned fund balance will ensure more funding is transferred to the Public Infrastructure Sinking Fund, and helps to offset capital project further deferred during the pandemic
Total General Fund Balance	25,339,525	Improved	n/a		The increase in the unassigned portion of fund balance is helpful

City and Borough of Sitka
General Fund Analysis
Through March 31, 2022

Revenues:

Overall, General Fund revenue (excluding transfers) is \$2.2M ahead of FY21 and \$1.6M ahead of budget. The largest drivers are sales tax and ARPA funding. For sales tax, if the April-June period comes in at the same level as last year, we would exceed FY21 levels by \$1.6M (given that there were no cruise ships in this period for FY21 the increase will likely be larger). Community Assistance, which regularly comes in at the beginning of the year, was delayed until June. For federal revenue we also anticipate exceeding total revenues, as significant payments (Secure Rural Schools/ARPA/PILT) are anticipated for the 4th quarter.

Expenditures:

Excluding transfers, General Fund expenditures are at 65% of the amended annual budget at the end of the 3rd quarter. Expenditures are \$830K higher than the same time last year and nearly \$2.7M under expected spending for the period, some of which is due to unspent supplemental appropriations for tourism efforts. The higher revenues combined with the lower expenditures result in a surplus as of 3/31/22 of \$3.9M.

Capital Project Fund:

Unspent appropriations of working capital in the Capital Project Fund were \$6.5M at 3/31. While very minimal appropriations were made during the budget process, the additional \$1M appropriated for the Lincoln Street project increased the available funding. It is also important to note that with current levels of inflation and supply chain challenges, project costs are increasing from expectations and with delays and limitations on how many projects we can manage at once, additional funding for many projects will be required. Specific recent examples are the Knutson Dr. and City Hall HVAC project, for which additional funding was appropriated in the FY23 budget.

The FY22 budget included some critical investments in improvements to government services. Given the unknowns of the pandemic in early 2021, when the FY22 budget was being developed a relatively conservative revenue projection was presented which resulted in passing a budget that assumed that a deficit that would have reduced the General Fund fund balance. Staff has been monitoring revenue throughout the year and are beginning to see impacts of investing in areas such as centralizing procurement, adding resources to the Fire Department and hiring a Community Affairs Director. These investments poised our government for further improvements as we move into FY23.

	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	YTD	Prior YTD	Variance from prior YTD	FY22 amended budget (75%)	Variance from budget
Revenues									
301 Property Tax*	\$ 7,031,965	\$ 90,334	\$ 31,786	\$ -	\$ 7,154,085	\$ 7,198,401	\$ (44,316)	\$ 6,924,300	\$ 229,785
302 Sales Tax*	5,146,794	2,858,462	2,153,496	-	10,158,752	8,564,420	1,594,332	8,798,228	1,360,524
310 State Revenue	130,566	123,566	150,028	-	404,160	710,223	(306,063)	639,483	(235,323)
315 Federal Revenue	1,106,244	8,537	28,712	-	1,143,494	207,457	936,037	1,125,750	17,744
320 Licenses & Permits	70,334	32,592	55,856	-	158,781	128,251	30,530	100,088	58,694
330 Services	221,793	313,383	148,842	-	684,018	744,627	(60,609)	772,650	(88,632)
340 Operating Revenue	63,802	76,980	66,616	-	207,398	273,612	(66,214)	272,625	(65,227)
360 Uses of Prop & Investmen	231,704	238,490	232,949	-	703,143	838,333	(135,190)	636,375	66,768
370 Interfund Billings	696,173	696,173	696,173	-	2,088,520	2,029,170	59,350	2,088,521	(0)
380 Miscellaneous	32,420	33,469	276,851	-	342,739	118,677	224,062	98,100	244,639
Total Revenue	14,731,796	4,471,985	3,841,310	-	23,045,091	20,813,170	2,231,921	21,456,119	1,588,972
Expenditures									
001 Administrator & Assembly	202,051	253,659	235,647	-	691,357	648,380	42,977	989,056	(297,699)
002 Attorney	80,559	105,887	95,393	-	281,840	261,587	20,253	330,831	(48,992)
003 Municipal Clerk	117,465	126,883	114,129	-	358,477	294,715	63,762	347,454	11,023
004 Finance	488,655	585,470	540,905	-	1,615,030	1,547,036	67,994	1,795,236	(180,206)
005 Assessing	88,945	117,735	80,180	-	286,861	305,614	(18,753)	328,706	(41,845)
006 Planning	61,014	75,165	65,276	-	201,455	188,554	12,901	212,215	(10,760)
007 General Office	308,552	165,565	105,466	-	579,584	530,326	49,258	517,172	62,412
008 Other (non-profit support)	145,739	101,968	40,050	-	287,757	233,083	54,674	249,815	37,942
021 Police	1,102,824	1,103,472	1,053,935	-	3,260,231	3,326,040	(65,810)	3,738,008	(477,778)
022 Fire Protection	463,627	452,297	420,837	-	1,336,761	1,268,417	68,344	1,465,179	(128,418)
023 Ambulance	84,634	72,438	85,973	-	243,045	213,889	29,156	311,737	(68,692)
024 Search and Rescue	2,832	4,004	7,731	-	14,567	15,261	(694)	27,820	(13,253)
031 Administration	177,293	230,213	224,995	-	632,501	510,197	122,304	553,657	78,844
032 Engineering	93,922	172,644	165,162	-	431,728	387,372	44,357	706,042	(274,314)
033 Streets	216,490	354,505	374,607	-	945,601	831,283	114,319	1,212,058	(266,456)
034 Recreation	177,287	178,962	156,073	-	512,323	438,237	74,086	587,374	(75,052)
035 Building Officials	67,692	78,880	76,094	-	222,666	196,335	26,330	250,257	(27,592)
041 Library	271,122	263,427	233,416	-	767,965	705,113	62,853	803,445	(35,480)
043 Centennial Building	183,046	151,513	140,998	-	475,557	485,294	(9,737)	763,947	(288,390)
047 Senior Citizens	19,579	18,013	17,945	-	55,538	64,934	(9,396)	73,400	(17,862)
050 Contingency	-	-	-	-	-	61,009	(61,009)	-	-
650 Debt Payments	10,985		14,881	-	25,867	26,201	(335)	63,694	(37,827)
660 Support Payments	1,905,824	1,906,316	1,909,400	-	5,721,540	5,467,024	254,516	6,273,113	(551,572)
670 Fixed Assets	-	-	5,799	-	5,799	117,725	(111,926)	47,625	(41,826)
Total Operating Expense									

City and Borough of Sitka
Interim Financial Statements
General Fund Balance Sheet
Through March 31, 2022

	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	YTD	Prior YTD	Variance from prior YTD
Assets/Deferred Outflows							
Current Assets	25,655,669	24,930,742	21,874,503	-	21,874,503	15,881,720	5,992,783
Noncurrent Assets	3,500,664	3,445,818	3,563,556	-	3,563,556	4,848,395	(1,284,840)
Total Assets and Deferred Outflows	29,156,333	28,376,560	25,438,059	-	25,438,059	20,730,116	4,707,943
Liabilities/Deferred Inflows/Net Position							
Current Liabilities							
Accounts payable/accrued liabilities	30,621	444,360	10,849	-	10,849	208,895	(198,046)
Deferred Inflows of Resources							
Deferred Revenue	77,356	82,044	87,684	-	87,684	760	86,924
Total Liabilities and Deferred Inflows	107,978	526,404	98,533	-	98,533	209,655	(111,122)
Total Fund Balance	29,048,355	27,850,156	25,339,525	-	25,339,525	-	25,339,525
 Total Liabilities, Deferred Inflows, and Fund Balances	29,156,333	28,376,560	25,438,059	-	25,438,059	209,655	25,228,404
Fund Balance Analysis							
Total Fund Balance	29,048,355	27,850,156	25,339,525	-	25,339,525	15,672,825	6,190,828
Non Spendable	3,126,672	3,126,672	3,126,672	-	3,126,672	4,175,552	(1,048,880)
Committed (liquidity/Title III/e911)	8,047,779	8,047,779	8,047,779	-	8,047,779	8,339,645	(291,866)
Emergency Reserve	2,000,000	2,000,000	2,000,000	-	2,000,000	2,000,000	-
Unassigned	15,873,905	14,675,705	12,165,075	-	12,165,075	6,005,264	6,159,811
Days operating/unassigned fund balance				-	173	89	
 Summary of Capital Projects (Fund 700)	Beginning cash	New appropriations	Grant/ other revenues	Expenses/ adjustments	Changes in payables/ receivables from PY	Ending cash	
90583 - City State Building Major Maintenance	42,332				-	42,332	
90679 - Baranof Warm Springs Trail & Stairway	(57)		57		-	-	
90690 - City/State Troubleshoot Air Control System	16,000				-	16,000	
90739 - Sitka Library Expansion	113,121			4,795	-	108,326	
90740 - Nelson Logging Road	(9,539)				9,539	-	
90801 - Lincoln Street (Jeff Davis to Metlakatla)	109,506				-	109,506	
90812 - Storm Drain Improvements	100,000				-	100,000	
90814 - Cross Trail Multi-Modal Pathway Phase 6	(264,537)		453,547	303,438	46,160	(68,268)	
90838 - Lincoln St. Paving (Harbor Way to Harbor Drive_	1,595,948	1,000,000		12,661	-	2,583,287	
90855 - Seawalk Part II	128,510			23,053	(2,268)	103,190	
90859 - Landslide Study Project	423				-	423	
90861 - Resource Management & GIS Implementation	79,774	279,000		95,373	(28,688)	234,713	
90866 - City Hall HVAC & Controls Replacement	493,938			27,886	(170)	465,882	
90867 - Police Department RMS	131,930		225,276	357,206	-	-	
90877 - Brady and Gavan St Paving	432,236	(432,236)			-	-	
90878 - Katlian Ave Paving	2,956				-	2,956	
90879 - Seaplane Base Project	3,297				-	3,297	
90881 - Peterson Storm Sewers	780,563	(303,371)	30,619	459,755	(48,057)	(0)	
90843 - Lake St. (DeGroff to Arrowhead) Hirst Utility & Str	798,060				-	798,060	
90885 - Senior Center - ADA Ramp & Rear Porch Improver	15,000				-	15,000	
90886 - Community Playground Safety Improvements (Cre	8,438				-	8,438	
90887 - Lower Moller East Playground Improvements	10,000				-	10,000	
90888 - Pioneer Park Shelter Improvements	15,000				-	15,000	
90907 - Police Department Heat Pump	23,000				-	23,000	
90909 - No Name Mountain Master Plan	14,640				-	14,640	
90912 - Crescent Harbor Restroom Replacement	228,216			715	1,784	229,285	
90925 - Knutson Drive Critical Repairs	949,335			72,259	(5,861)	871,216	
90932 - Lake and Lincoln Restrooms	(1,845)				1,845	-	
90937 - Harrigan Centennial Hall A/V Upgrade	65,000			64,897	-	103	
90934 - Police Secure Access Upgrade	-				-	-	
90939 - City Hall Building Carpet Replacement	-	150,000			-	150,000	
90940 - HCH Cedar Trim and Lam Beam Refinishing	-	150,000			-	150,000	
90941 - Library Shelving Upgrade	-	35,000			-	35,000	
90962 - Police Mud Bay Repeater	-	-			-	-	
90964 - 2022 Tourism Projects	-	370,000		230,440	-	139,560	
90961 - Wachusetts Storm Drains (Peterson Phase II)	-	303,371		8,509	-	294,863	
80412 - Capital portion of COVID relief (payment office)	935				-	935	
Adjustments	583				-	583	
	5,882,764	1,551,764	709,500	1,660,986	(25,714)	6,457,327	

City and Borough of Sitka
Electric Fund Analysis
Through March 31, 2022

Indicator	Amount	Compared To Last Yr	Compared To Plan	Status	Big Picture
Revenue	15,040,262	Improved from prior year	Met/Exceeded Plan		Revenue increased with increased consumption, but expenses are also up.
Appropriated Operating Outlays vs. Actual Operating Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget)	2,917,518	n/a	Under Budget		Despite inflationary pressure, operating expenditures are within budget
Earnings Before Interest & Depreciation ("EBIDA" = Operating inflows minus operating outlays—indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	8,462,821	Increased	Exceeded Plan		While relatively rate small increases have been made over the past few years, year-over year consumption grew 6.7% with every quarter in FY22 exceeding the prior year
Net Income (Loss) (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	148,031	Improved	Exceeded Plan		Increases in revenue are higher than those in expenses. The trend towards covering depreciation is good, but concern over rising costs, especially capital projects remains
Asset Replacement (Net income minus debt principal repayment—gives an indication of whether or not we are setting aside enough money to cover asset replacement (<i>as estimated by how much our assets are decreasing in value annually</i>))	(2,875,488)	Improved	Smaller Deficit than Planned		While improving, still not setting aside sufficient capital for future asset replacement
Total Working Capital (What total resources are available in the fund)	13,747,517	Improved	n/a		Working capital increasing due to higher revenue and lower outlays
Working Capital Appropriated For Projects (and Unspent Bond Proceeds) (Of the fund's total resources, how much has been already appropriated for CAPEX)	3,019,718	Declined	n/a		Working capital appropriated for projects but unspent is declining due to significant capital spending on Phase one of Green Lake Dam in FY21
Undesignated Working Capital (How much of the fund's resources are available?)	7,473,784	Improved	n/a		Very little available for either capital investment or significant emergency

City and Borough of Sitka
Electric Fund Analysis
Through March 31, 2022

Through March 31st the Electric Fund has generally experienced improvements in financial position from the prior year and is also ahead of plan. Billed consumption was up 6.7% and during winter of 2021/2022 the utility experienced a historical high load of nearly 25MW, which contributed to a year-over-year increase of 8.1% in operating revenue. This increase helped to offset a year-over-year increase in expenses of 5.2%. Also contributing to the stronger cash position is much lower outlays for debt services due to the current and advance refundings that took place in FY21. While the advance refundings increased the level of debt in the fund (due to the requirement to set aside funds in escrow) the annual outlays for debt service for FY22 were reduced by \$1.9M resulting in increased levels of undesignated working capital which is needed to invest in the fund's infrastructure and which will help to cover the \$3.5M appropriated for the FY23 budget, though is insufficient to cover the next phase of the Green Lake Hydro rehabilitation if we are unable to secure grant funding.

While a general scope of the future infrastructure needs of the fund is known, a long-term capital plan that better details the future costs is needed to ensure that the fund is prepared to make repairs to key pieces of infrastructure when needed. Given the nature of the infrastructure, capital repairs are very expensive and require significant up front financial planning including analyzing levels of debt that are appropriate for the fund. Finally, in addition to repairing infrastructure, it is critical to begin to look at the need for additional generation capacity for the future. With loads continuing to increase, a future in which additional we will need additional generation capacity is nearing, and this will require significant investment.

City and Borough of Sitka
Interim Financial Statements
Electric Fund Income Statement
Through March 31, 2022

	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	YTD	Prior YTD	Variance from prior YTD	FY22 amended budget (75%)	Variance from budget
Operating Revenues									
Miscellaneous	\$ 2,511	\$ 3,066	\$ 6,760	\$ -	\$ 12,337	\$ 5,152	\$ 7,186	\$ 3,750	\$ 8,587
Pole contacts/other	66,924	66,630	43,190	-	176,744	339,945	(163,201)	182,376	(5,632)
Electricity-Commercial	2,083,093	1,510,426	1,477,745	-	5,071,263	4,355,736	715,527	4,434,786	636,477
Electricity-Harbor	119,326	160,424	180,811	-	460,561	423,075	37,486	421,380	39,181
Electricity-Public Auth	769,749	955,074	924,582	-	2,649,405	2,498,572	150,833	2,499,133	150,273
Electricity-Residential	1,738,293	1,898,444	2,002,924	-	5,639,661	5,453,958	185,703	5,607,564	32,097
Electric-Other	7,389	9,202	9,883	-	26,474	16,671	9,803	30,710	(4,236)
Interruptable Demand	76,353	164,249	203,632	-	444,234	230,182	214,052	191,573	252,662
Jobbing-Equipment	1,206	3,570	1,308	-	6,084	6,766	(682)	7,500	(1,416)
Jobbing-Labor	32,254	28,059	43,292	-	103,604	71,189	32,415	37,500	66,104
Jobbing-Materials/Parts	54,451	25,632	12,532	-	92,614	176,705	(84,090)	75,000	17,614
Yard/Street Lights	36,284	36,275	36,275	-	108,834	106,344	2,490	108,469	365
Total Operating Revenue	4,987,832	4,861,051	4,942,933	-	14,791,816	13,684,295	1,107,521	13,599,740	1,192,077
Operating Expenses									
Administration	549,006	590,500	556,479	-	1,695,986	1,561,414	134,572	2,278,817	(582,832)
Distribution	334,739	497,665	394,656	-	1,227,060	1,196,306	30,754	1,543,315	(316,255)
Jobbing Expenses	46,195	20,304	3,904	-	70,404	67,392	3,012	75,000	(4,596)
Metering	107,967	130,491	120,200	-	358,658	300,183	58,475	366,056	(7,398)
Blue Lake	448,399	542,537	591,374	-	1,582,310	1,306,194	276,115	1,825,156	(242,847)
Diesel Plant	86,896	133,465	121,436	-	341,797	331,656	10,141	667,808	(326,011)
Green Lake	265,444	247,161	204,579	-	717,184	523,523	193,660	779,891	(62,707)
Switchyard	3,301	12,207	9,487	-	24,995	100,801	(75,806)	15,000	9,995
Stores	42,439	50,435	48,701	-	141,575	142,853	(1,278)	143,543	(1,968)
Transmission-Line Maint.	34,399	84,460	37,011	-	155,870	133,366	22,504	155,966	(96)
Transmission-Substation Maint.	4,488	679	7,989	-	13,156	6,936	6,221	13,500	(344)
Depreciation	1,975,813	1,975,813	1,975,813	-	5,927,438	5,969,493	(42,056)	5,969,495	(42,058)
Total Operating Expense	3,899,087	4,285,718	4,071,628	-	12,256,432	11,640,118	616,315	13,833,548	(1,577,116)
Non-Operating Revenue (Expense)									
State Revenue	44,455	17,419	16,155	-	78,028	50,543	27,485	54,000	24,028
Uses of Prop & Investment	69,324	44,455	56,639	-	170,418	125,220	45,198	171,642	(1,224)
Interest Expense	(856,434)	(865,326)	(914,039)	-	(2,635,798)	(4,141,399)	1,505,601	(3,926,368)	(1,290,569)
Total Non-Operating Revenue	(742,655)	(803,452)	(841,245)	-	(2,387,352)	(3,965,636)	1,578,284	(3,700,726)	(1,267,766)
Net Income (before transfers)	346,090	(228,119)	30,061	-	148,031	(1,921,458)	2,069,490	(3,934,535)	6,004,024
Transfers									
Transfers In (other funds)	17,935	53,146	60,400	-	131,481	270,569	(139,088)	262,500	(131,019)
Other budgeted items (not recorded in GAAP statements)									
Bond principal payments	-	3,155,000	-	-	3,155,000	2,212,966	942,034	3,155,000	-
Note principal payments	-	-	107,404	-	107,404	-	107,404	375,539	(268,135)
Purchase of fixed assets	-	-	-	-	-	-	-	49,833	(49,833)
Transfers In/(Out)-capital projects	-	(1,655,000)	-	-	(1,655,000)	(2,105,507)	450,507	(1,655,000)	-
Key Indicators									
Cashflow from Operations (EBIDA)	3,064,558	2,551,145	2,847,118	-	8,462,821	8,013,671	449,150	5,735,686	2,727,135
Bond covenant calculation									
Net revenue of the system					8,842,748	8,460,004	382,745	6,223,828	2,618,920
Total debt service					5,790,798	6,354,365	(563,567)	7,081,368	(1,290,569)
Bond Covenant Ratio (must be >1.25%)					153%	133%	20%	88%	65%
Debt Principal Coverage/Asset Replacement									
Simple cash flow					6,206,950	4,318,604	1,888,346	2,297,461	3,909,489
Debt principal					(3,155,000)	(2,212,966)	(942,034)	(3,155,000)	-
Debt principal coverage surplus/(deficit					3,051,950	2,105,638	946,312	(857,539)	3,909,489
Less Depreciation=cash available for asset replacement					(2,875,488)	(3,863,855)	988,367	(6,827,035)	3,951,547

City and Borough of Sitka
Interim Financial Statements
Electric Fund Balance Sheet
Through March 31, 2022

	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	YTD	Prior YTD	Variance from prior YTD
Assets/Deferred Outflows							
Current Assets	18,815,338	15,877,757	18,397,916	-	18,397,916	16,757,528	1,640,389
Noncurrent Assets							
Debt service reserve/deposits	7,258,305	7,280,724	7,310,185	-	7,310,185	7,194,773	115,411
Net OPEB asset*	369,168	369,168	369,168	-	369,168	34,335	334,833
Capital assets	203,679,964	201,704,151	199,728,339	-	199,728,339	203,008,657	(3,280,318)
Deferred Outflows*							
OPEB/Pension	1,183,918	1,183,918	1,183,918	-	1,183,918	1,160,731	23,187
Deferred charge on refunding	3,768,998	3,768,998	3,768,998	-	3,768,998	980,956	2,788,042
Total Assets and Deferred Outflows	235,075,691	230,184,717	230,758,524	-	230,758,524	229,136,980	1,621,544
Liabilities/Deferred Inflows/Net Position							
Current Liabilities							
Accounts payable/accrued liabilities	336,201	197,230	197,230	-	197,230	230,762	(33,533)
Interest payable	1,155,210	307,715	1,190,765	-	1,190,765	1,634,509	(443,744)
Current portion LTD	3,262,404	3,262,404	3,262,404	-	3,262,404	2,385,718	876,686
Noncurrent Liabilities							
Bonds and notes (less current portion)*	115,649,905	115,649,905	115,649,905	-	115,649,905	108,796,850	6,853,055
Unamortized bond premiums*	4,446,868	4,446,868	4,446,868	-	4,446,868	11,621,550	(7,174,683)
Pension/OPEB liabilities*	4,468,479	4,468,479	4,468,479	-	4,468,479	4,599,143	(130,664)
Deferred Inflows							
OPEB*	297,396	297,396	297,396	-	297,396	451,984	(154,588)
Total Liabilities and Deferred Inflows	129,616,462	128,629,997	129,513,047	-	129,513,047	129,720,517	(207,470)
Net investment in capital assets	84,089,786	82,113,973	80,138,161	-	80,138,161	81,185,495	(1,047,334)
Debt service reserves/Deposits	7,411,534	7,436,630	7,468,189	-	7,468,189	7,335,156	133,033
Unrestricted	13,957,909	12,004,117	13,639,128	-	13,639,128	10,895,812	2,743,316
Total Net Position	105,459,229	101,554,720	101,245,477	-	101,245,477	99,416,463	1,829,014
Total Liabilities, Deferred Inflows, and Net Position	235,075,691	230,184,717	230,758,524	-	230,758,524	229,136,980	1,621,544
<i>*adjusted at fiscal year-end only</i>							
Working Capital Analysis							
Total Working Capital (Current Assets-Current Liabilities)	14,061,524	12,110,408	13,747,517	-	13,747,517	12,506,538	1,240,979
Current assets designated for Capital projects	2,352,556	3,318,398	3,019,718	-	3,019,718	4,967,439	(1,947,722)
Next debt principal payment	3,262,404	3,254,015	3,254,015	-	3,254,015	2,385,718	868,297
Undesignated Working Capital	8,446,564	5,537,994	7,473,784	-	7,473,784	5,153,380	2,320,404
Days undesignated working capital				-	112	77	
Summary of Capital Projects							
	Beginning cash	New appropriations	Grant/ other revenues	Expenses/ adjustments	Balance sheet changes from PY	Ending cash	
80003 - Feeder Improvements	433,152	500,000	-	319,873	(77,506)	535,773	
90261 - Island Improvements	172,195	200,000	-	7,155	-	365,040	
90410 - SCADA	143,555	60,000	-	40,628	-	162,927	
90610 - Blue Lake FERC Compliance	50,000	-	-	91	-	49,909	
90777 - Meter Replacement	157,011	50,000	-	-	-	207,011	
90823 - Marine Street N-1 Design	353,673	-	-	156,657	-	197,016	
90829 - Harbor Meters	148,573	-	-	-	-	148,573	
90839 - Green Lake PP 35-Year Overhaul	1,895,408	-	-	674,460	(813,946)	407,002	
90840 - Green Lake PP 35-Year Overhaul Inspection	132,716	-	-	-	(15,242)	117,474	
90868 - Thimbleberry Bypass	5,000	-	-	-	-	5,000	
90884 - Blue Lake Completion	37,515	-	-	91	-	37,424	
90942 - Master Plan/rate study	-	250,000	-	-	-	250,000	
90943 - Asset management/GIS	-	35,000	-	33,472	-	1,528	
90944 - Howell -- Bungler valve/gate	-	150,000	-	-	-	150,000	
90945 - Facility security cameras	-	50,000	-	-	-	50,000	
90946 - Mobile diesel generator	-	40,000	-	-	-	40,000	
90947 - Green Lake Excitation upgrade	-	125,000	-	-	-	125,000	
90948 - Green Lake Dam power cable replacement	-	100,000	-	-	-	100,000	
90949 - Wind Metering Towers	-	30,000	-	10,130	-	19,871	
90950 - Snowtel stations	-	40,000	-	-	-	40,000	
90951 - Radio Repeater	-	25,000	-	14,259	-	10,741	
Adjustments	-	-	-	570	-	(570)	
	3,528,798	1,655,000	-	1,257,386	(906,694)	3,019,718	

City and Borough of Sitka
Water Fund Analysis
Through March 31, 2022

Indicator	Amount	Compared To Last Yr	Compared To Plan	Status	Big Picture
Revenue	2,386,446	Improved from prior year	Met/Exceeded Plan		Revenue for FY22 has increased at a rate higher than the annual rate increase
Appropriated Operating Outlays vs. Actual Operating Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget.)	478,578	n/a	Under Budget		Despite inflationary pressure, operating expenditures are within budget
Earnings Before Interest & Depreciation ("EBIDA" = Operating inflows minus operating outlays—indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	1,404,379	Increased	Exceeded Plan		While trending in the right direction, the fund must still rely on DEC loans, which, with rising interest rates, will become more expensive.
Net Income (Loss) (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	336,268	Improved	Exceeded Plan		Increases in revenue are higher than those in expenses. The trend towards covering depreciation is good, but is unlikely to continue once the new filtration plant is online and being depreciated
Asset Replacement (Net income minus debt principal repayment—gives an indication of whether or not we are setting aside enough money to cover asset replacement (<i>as estimated by how much our assets are decreasing in value annually</i>))	137,163	Improved	Generating revenue towards asset replacement		While improving, still not setting aside sufficient capital for future asset replacement, especially once debt service repayment/depreciation for secondary filtration plant is factored in
Total Working Capital (What total resources are available in the fund)	5,346,133	Improved	n/a		Working capital increasing due to higher revenue and lower outlays
Working Capital Appropriated For Projects (and Unspent Bond Proceeds) (Of the fund's total resources, how much has been already appropriated for CAPEX)	960,015	Declined	n/a		Working capital appropriated for projects but unspent is declining, in part because of active spending on projects as well as closed out appropriations.
Undesignated Working Capital (How much of the fund's resources are available?)	3,971,602	Improved	n/a		Very little available for either capital investment or significant emergency

City and Borough of Sitka
Water Fund Analysis
Through March 31, 2022

Operating revenue is trending up from budgeted amounts as well as from prior year (nearly 9%). The increase in operating revenue is higher than can be accounted for in just the rate increases and is likely due to a combination of factors, including increased activity on commercial metered water accounts (including seafood processors), new connections/accounts, but also, revision of policies around limiting the amount of time that accounts can remain in owner status, where no water and sewer services are charged.

While net income is trending in the right direction, we are not currently seeing a the full impact of inflation in operationing expenses. It is important to note that this may also be due supply chain problems where needed items are not available to purchase. We anticipate that pressures from inflation will likely impact the fund more going forward, and will particularly increase the cost of completing capital projects. In addition, as net income factors in the cost of depreciation, we anticipate that net income will fall as we move into FY23, as once the critical secondary water filtration plant is completed depreciation expense will increase significantly.

Looking forward, it will be important to determine what (if any) federal funding opportunities are available to fund needed capital projects. The water fund relies heavily on, low interest DEC loans, which will become somewhat more expensive as interest rates rise.

Finally, it has been determined that the proposed Blue Lake Slope Stabilization project is not necessary, so that project has been closed out without any spending on the \$500,000 that was appropriated for the project.

City and Borough of Sitka
Interim Financial Statements
Water Fund Income Statement
Through March 31, 2022

	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	YTD	Prior YTD	Variance from prior YTD	FY22 amended budget (75%)	Variance from budget
Operating Revenues									
Miscellaneous	\$ 815	\$ 631	\$ 1,932	\$ -	\$ 3,377	\$ 1,092	\$ 2,285	\$ 750	\$ 2,627
Connection Fees	3,975	10,075	10,850	-	24,900	15,350	9,550	11,250	13,650
Other Revenue	-	-	-	-	-	200	(200)	-	-
Jobbing-Equipment	-	-	-	-	-	-	-	75	(75)
Jobbing-Labor	702	5,165	3,035	-	8,902	7,578	1,325	18,750	(9,848)
Jobbing-Materials/Parts	33	612	(309)	-	335	2,165	(1,830)	750	(415)
Water-Commercial	282,205	252,835	258,629	-	793,668	699,666	94,002	717,525	76,143
Water-Harbor	3,003	2,840	3,018	-	8,861	8,628	233	8,775	86
Water-Residential	501,154	510,563	517,784	-	1,529,501	1,444,684	84,817	1,502,280	27,221
Total Operating Revenue	791,886	782,721	794,939	-	2,369,546	2,179,364	190,182	2,260,155	109,391
Operating Expenses									
Administration	152,548	170,866	149,815	-	473,229	462,323.64	10,905	540,294	(67,065)
Distribution	85,569	93,294	97,858	-	276,721	320,187.96	(43,467)	486,208	(209,487)
Treatment	43,908	60,824	110,484	-	215,217	177,782.29	37,435	180,170	35,047
Depreciation	348,062	348,062	348,062	-	1,044,187	1,014,517	29,670	1,014,518	29,669
Total Operating Expense	630,087	673,046	706,220	-	2,009,354	1,974,811	34,543	2,221,190	(211,836)
Non-Operating Revenue (Expense)									
State Revenue	4,140	4,140	5,056	-	13,336	9,381	3,955	14,048	(712)
Uses of Prop & Investment	2,398	-	1,167	-	3,564	39,794	(36,230)	41,625	(38,061)
Interest Expense	(3,580)	(16,800)	(20,444)	-	(40,824)	(49,195)	8,371	(155,741)	(114,917)
Total Non-Operating Revenue	2,957	(12,660)	(14,221)	-	(23,924)	(20)	(23,904)	(100,069)	(153,689)
Net Income (before transfers)	164,756	97,014	74,498	-	336,268	204,532	131,735	(61,104)	192,839
Transfers									
Transfers In (other funds)	-	-	-	-	-	-	-	-	-
Other budgeted items (not recorded in GAAP statements)									
Principal Payments	31,482	80,000	87,622	-	199,105	231,289	(32,184)	313,430	(114,325)
Purchase of fixed assets	-	-	-	-	-	34,706	(34,706)	37,500	(37,500)
Transfers In/(Out)-capital projects	5,000	(20,000)	500,000	-	485,000	(1,256,435)	1,741,435	(20,000)	505,000
Key Indicators									
Cashflow from Operations (EBIDA)	509,861	457,737	436,781	-	1,404,379	1,219,070	185,309	1,053,483	350,896
Debt covenant calculation									
Net revenue of the system					1,421,280	1,268,245	153,034	1,109,156	312,124
Total debt service					239,929	280,484	(40,555)	469,171	(229,242)
Debt service ratio					592%	452%		236%	
Debt Principal Coverage/Asset Replacement									
Simple cash flow					1,380,455	1,219,050	161,405	953,415	427,041
Debt principal					(199,105)	(231,289)	32,184	(313,430)	114,325
Debt principal coverage surplus/(deficit					1,181,350	987,761	193,590	639,985	541,365
Less Depreciation=cash available for asset replacement					137,163	(26,757)	163,920	(374,533)	511,696

City and Borough of Sitka
Interim Financial Statements
Water Fund Balance Sheet
Through March 31, 2022

	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	YTD	Prior YTD	Variance from prior YTD
Assets/Deferred Outflows							
Current Assets	5,853,103	6,381,409	6,377,540	-	6,377,540	5,481,303	896,237
Noncurrent Assets							
Net OPEB asset*	37,214	37,214	37,214	-	37,214	2,810	34,404
Capital assets	31,377,843	31,029,780	30,681,718	-	30,681,718	27,298,504	3,383,214
Deferred Outflows*							
OPEB/Pension	119,347	119,347	119,347	-	119,347	94,997	24,350
Total Assets and Deferred Outflows	37,387,506	37,567,751	37,215,819	-	37,215,819	32,877,614	4,338,205
Liabilities/Deferred Inflows/Net Position							
Current Liabilities							
Accounts payable/accrued liabilities	312,063	424,199	546,396	-	546,396	42,252	504,144
Interest payable	69,864	69,864	69,864	-	69,864	50,518	19,347
Current portion LTD	415,147	415,147	415,147	-	415,147	482,503	(67,356)
Noncurrent Liabilities							
Bonds and notes (less current portion)*	10,586,318	10,586,318	10,586,318	-	10,586,318	6,447,532	4,138,786
Pension/OPEB*	450,450	450,450	450,450	-	450,450	376,406	74,044
Deferred Inflows							
OPEB/Pension*	29,979	29,979	29,979	-	29,979	36,991	(7,012)
Total Liabilities and Deferred Inflows	11,863,821	11,975,956	12,098,154	-	12,098,154	7,436,201	4,661,953
Net investment in capital assets	20,376,378	20,028,316	19,680,253	-	19,680,253	20,368,469	(688,215)
Unrestricted	5,147,307	5,563,478	5,437,412	-	5,437,412	5,072,944	364,468
Total Net Position	25,523,685	25,591,794	25,117,665	-	25,117,665	25,441,413	(323,748)
Total Liabilities, Deferred Inflows, and Net Position	37,387,506	37,567,751	37,215,819	-	37,215,819	32,877,614	4,338,205
<i>*adjusted at fiscal year-end only</i>							
Working Capital Analysis							
Total Working Capital (Current Assets-Current Liabilities)	5,056,028	5,472,199	5,346,133	-	5,346,133	4,906,031	440,102
Current assets designated for Capital projects	1,617,226	1,798,822	960,015	-	960,015	1,855,079	(895,064)
Next debt principal payment	414,516	414,516	414,516	-	414,516	414,517	(1)
Undesignated Working Capital	3,024,286	3,258,861	3,971,602	-	3,971,602	2,636,435	1,335,167
Days undesignated working capital				-	477	316	
Summary of Capital Projects							
	Beginning cash	New appropriations / closeouts	Grant/ Loan revenues	Expenses/ adjustments	Balance sheet changes from PY	Ending cash	
80238 - Japonski Island Water Design	50,000					50,000	
90531 - Monastery St (DeGroff to Arrowhead) and Kincaid	50,000	(50,000)				-	
90652 - UV Disinfection Facility	1,748		329,950	347,200	(147,217)	(162,720)	
90796 - Brady Street Water/Wastewater (HPR to Gavan)	10,000					10,000	
90833 - Critical Secondary Water	(2,141,096)		7,848,882	8,387,864	(2,915,158)	(5,595,236)	
90838 - Lincoln Street Paving (Harbor Way to Harbor Drive)	80,000					80,000	
90843 - Lake Street (DeGroff to Arrowhead & Hirst)	75,000	50,000				125,000	
90870 - Water Master Plan	52,601			36,248	(13,864)	2,488	
90877 - Sitka Paving 2017-Brady and Gavan St Paving	5,000	(5,000)			-	-	
90883 - SMC Water Transmission Main Repair	82,723				-	82,723	
90889 -Blue Lake Watershed Plan	35,000				-	35,000	
90893 - SCADA Reporting Software	10,000				-	10,000	
90894 - Resource Management/GIS Implementation (Water)	14,166	20,000			-	34,166	
90913 - Water Tanks - Interior Condition assessment/Exterior	40,000				-	40,000	
90914 -Transmission Main Condition Assessment	150,000				-	150,000	
90915 - Blue Lake Slope Stabilization	500,000	(500,000)			-	-	
	(984,859)	(485,000)	8,178,832	8,771,312	(3,076,239)	(5,138,578)	

City and Borough of Sitka
Wastewater Fund Analysis
Through March 31, 2022

Indicator	Amount	Compared To Last Yr	Compared To Plan	Status	Big Picture
Revenue	2,912,971	Improved from prior year	Met/Exceeded Plan		Revenue for FY22 has increased at a rate higher than the annual rate increase
Appropriated Operating Outlays vs. Actual Operating Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget.)	392,119	n/a	Under Budget		Despite inflationary pressure, operating expenditures are within budget
Earnings Before Interest & Depreciation (“EBIDA” = Operating inflows minus operating outlays—indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	968,236	Increased	Exceeded Plan		While trending in the right direction, the fund must still rely on DEC loans, which, with rising interest rates, will become more expensive.
Net Income (Loss) (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	359,620	Improved	Exceeded Plan		Increases in revenue are higher than those in expenses. The trend towards covering depreciation is good, but is unlikely to continue once the new filtration plant is online and being depreciated
Asset Replacement (Net income minus debt principal repayment—gives an indication of whether or not we are setting aside enough money to cover asset replacement <i>(as estimated by how much our assets are decreasing in value annually)</i> .)	154,800	Improved	Generating revenue towards asset replacement		While improving, still not setting aside sufficient capital for future asset replacement, especially once debt service repayment/depreciation for WWTP plant is factored in
Total Working Capital (What total resources are available in the fund)	8,633,567	Improved	n/a		Working capital increasing due to higher revenue and lower outlays
Working Capital Appropriated For Projects (and Unspent Bond Proceeds) (Of the fund’s total resources, how much has been already appropriated for CAPEX)	2,317,629	Declined	n/a		Working capital appropriated for projects but unspent is declining, in part because of active spending on projects as well as closed out appropriations.
Undesignated Working Capital (How much of the fund’s resources are available?)	5,978,619	Improved	n/a		Very little available for either capital investment or significant emergency

City and Borough of Sitka
Wastewater Fund Analysis
Through March 31, 2022

Wastewater Fund financial results through the third quarter of FY22 are very similar to those seen in the Water fund. Operating revenue is trending up from budgeted amounts as well as from prior year (4.4%). The increase in operating revenue is higher than can be accounted for in just the rate increases for FY22 (which were 2%) and is likely due to a combination of factors, including increased activity on commercial metered accounts (including seafood processors), new connections/accounts, but also, revision of policies around limiting the amount of time that accounts can remain in owner status, where no water and sewer services are charged.

While net income is trending in the right direction, we are not currently seeing a the full impact of inflation in operating expenses. It is important to note that this may also be due supply chain problems where needed items are not available to purchase. We anticipate that pressures from inflation will likely impact the fund more going forward, and will particularly increase the cost of completing capital projects. In addition, as net income factors in the cost of depreciation, we anticipate that net income will fall as we close out the Wastewater Treatment Plant Rehabilitation project and incorporate that depreciation. This will be reflected in the quarter 4 financials.

Looking forward, it will be important to determine what (if any) federal funding opportunities are available to fund needed capital projects. As does the Water Fund, Wastewater relies heavily on, low interest DEC loans, which will become somewhat more expensive as interest rates rise.

City and Borough of Sitka
Interim Financial Statements
Wastewater Income Statement
Through March 31, 2022

	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	YTD	Prior YTD	Variance from prior YTD	FY22 amended budget (75%)	Variance from budget
Operating Revenues									
Miscellaneous	\$ 981	\$ 732	\$ 1,609	\$ -	\$ 3,322	\$ 3,581	\$ (259)	\$ 1,500	\$ 1,822
Connection Fees	3,100	10,075	11,625	-	24,800	13,055	11,745	12,750	12,050
Jobbing-Equipment	-			-	-	1,720	(1,720)	750	(750)
Jobbing-Labor	35,330	35,641	30,653	-	101,623	105,879	(4,256)	112,500	(10,877)
Jobbing-Materials/Parts	-			-	-	-	-	750	(750)
Wastewater fees	891,098	892,267	906,201	-	2,689,565	2,577,339	112,226	2,613,000	76,565
Total Operating Revenue	930,509	938,714	950,087	-	2,819,310	2,701,574	117,736	2,741,250	78,060
Operating Expenses									
Administration	190,037	208,585	206,707	-	605,329	591,236.48	14,092	797,581	(192,252)
Collections	224,878	270,658	266,630	-	762,165	717,426.04	44,739	1,072,652	(310,487)
Treatment	129,980	179,209	174,391	-	483,580	464,200.52	19,379	186,142	297,438
Depreciation	220,887	220,887	220,887	-	662,660	667,090	(4,430)	667,091	(4,431)
Total Operating Expense	765,781	879,338	868,615	-	2,513,734	2,439,953	73,781	2,723,466	(209,732)
Non-Operating Revenue (Expense)									
State Revenue	12,680	12,680	15,015	-	40,375	28,695	11,680	41,285	(910)
Uses of Prop & Investment	18,098	17,527	17,660	-	53,285	57,528	(4,243)	60,000	(6,715)
Interest Expense	(3,246)	(14,352)	(22,018)	-	(39,616)	(42,684)	3,067	(153,635)	(114,019)
Total Non-Operating Revenue	27,532	15,855	10,657	-	54,044	43,539	10,505	(52,350)	(121,644)
Net Income (before transfers)	192,260	75,230	92,130	-	359,620	305,161	54,459	(34,566)	89,025
Transfers									
Transfers In (other funds)	-	-	-	-	-	-	-	-	-
Other budgeted items (not recorded in GAAP statements)									
Principal Payments	15,458	68,344	121,018	-	204,820	204,498	322	235,688	(30,868)
Purchase of fixed assets	-	-	-	-	-	14,000	(14,000)	37,500	(37,500)
Transfers In/(Out)-capital projects	5,000	(460,000)	6,716	-	(448,284)	(4,368,840)	3,920,556	(460,000)	11,716
Key Indicators									
Cashflow from Operations (EBIDA)	385,614	280,262	302,360	-	968,236	928,711	39,525	684,875	283,361
Debt covenant calculation									
Net revenue of the system					1,061,897	1,014,934	46,962	786,161	275,736
Total debt service					244,437	247,182	(2,745)	389,324	(144,887)
Debt Service Ratio					434%	411%		202%	
Debt Principal Coverage/Asset Replacement									
Simple cash flow					1,022,280	972,251	50,030	632,525	389,755
Debt principal					(204,820)	(204,498)	(322)	(235,688)	30,868
Debt principal coverage surplus/(deficit					817,460	767,752	49,708	396,837	420,623
Less Depreciation=cash available for asset replacement					154,800	100,663	54,137	(270,254)	425,054

City and Borough of Sitka
Interim Financial Statements
Wastewater Fund Balance Sheet
Through March 31, 2022

	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	YTD	Prior YTD	Variance from prior YTD
Assets/Deferred Outflows							
Current Assets	9,086,870	8,917,477	9,262,708	-	9,262,708	9,339,894	(77,186)
Noncurrent Assets							
Net OPEB asset*	109,178	109,178	109,178	-	109,178	8,259	100,919
Capital assets	27,174,521	26,953,634	26,732,747	-	26,732,747	21,314,556	5,418,191
Deferred Outflows*							
OPEB/Pension	350,133	350,133	350,133	-	350,133	279,195	70,938
Total Assets and Deferred Outflows	36,720,701	36,330,422	36,454,767	-	36,454,767	30,941,904	5,512,863
Liabilities/Deferred Inflows/Net Position							
Current Liabilities							
Accounts payable/accrued liabilities	440,063	77,681	86,710	-	86,710	448,084	(361,374)
Interest payable	205,113	205,113	205,113	-	205,113	142,368	62,745
Current portion LTD	337,319	337,319	337,319	-	337,319	336,059	1,260
Noncurrent Liabilities							
Bonds and notes (less current portion)*	15,564,366	15,564,366	15,564,366	-	15,564,366	11,199,004	4,365,362
Pension/OPEB*	87,952	87,952	87,952	-	87,952	108,717	(20,765)
Deferred Inflows							
OPEB/Pension*	1,321,515	1,321,515	1,321,515	-	1,321,515	1,106,246	215,269
Total Liabilities and Deferred Inflows	17,956,328	17,593,946	17,602,975	-	17,602,975	13,340,478	4,262,496
Net investment in capital assets	11,272,836	11,051,949	10,831,062	-	10,831,062	9,779,493	1,051,569
Unrestricted	7,491,538	7,684,527	8,020,730	-	8,020,730	7,821,933	198,797
Total Net Position	18,764,373	18,736,476	18,851,792	-	18,851,792	17,601,426	1,250,366
Total Liabilities, Deferred Inflows, and Net Position	36,720,701	36,330,422	36,454,767	-	36,454,767	30,941,904	5,512,863
<i>*adjusted at fiscal year-end only</i>							
Working Capital Analysis							
Total Working Capital (Current Assets-Current Liabilities)	8,104,375	8,297,364	8,633,567	-	8,633,567	8,413,383	220,184
Current assets designated for Capital projects	2,114,231	2,171,113	2,317,629	-	2,317,629	2,754,541	(436,912)
Next debt principal payment	337,319	337,319	337,319	-	337,319	336,059	1,260
Undesignated Working Capital	5,652,825	5,788,933	5,978,619	-	5,978,619	5,322,783	655,836
Days undesignated working capital				-	585	535	
Summary of Capital Projects	Beginning cash	New appropriations / closeouts	Grant/ Loan revenues	Expenses/ adjustments	Balance sheet changes from PY	Ending cash	
90447 - WWTP Control System	40,735			15,190	(6,125)	19,420	
90531 - Monastery/Kincaid Sewer Design Replacement	30,000	(30,000)				-	
90565 - Jamestown Bay Lift Station Rebuild	58,232					58,232	
90655 - WWTP Rehabilitation	(173,522)		433,736	58,325	(518,309)	(316,421)	
90676 -Brady St Lift Station	674,414	46,243		211,378	(49,155)	460,124	
90783 - Replace Generators - Lift Stations	166,257					166,257	
90784 - WWTP Garage Door & Blowers	11,256					11,256	
90809 - Replace WWTP Influent Grinder	100,000					100,000	
90816 - Channel Lift Station	51,159	(29,906)		910	(19,717)	625	
90838 - Lincoln Street Paving (Harbor Way to Harbor Drive	20,000					20,000	
90843 - Lake St. (DeGroff to Arrowhead) Hirst Utility & Street	53,778	5,327				59,105	
90845 - Trailer Mounted 3-Phase Generator	87,793	(2,097)			(54,393)	31,304	
90846 - WWTP Generator Replacement	100,000	(43,455)				56,545	
90858 - Eagle Way Lift Station	111,075			340	(66,895)	43,840	
90862 - Japonski Sewer Force Main Condition Assessment	248,752			312		248,440	
90877 - Sitka Paving -Brady and Gavan	5,000	(5,000)				-	
90894 - Resource Management/GIS Implementation (Water	19,166	20,000				39,166	
90895 - Wastewater Master Plan	72,583			36,248	(13,864)	22,471	
90896 - Lake & Lincoln 20 Hp Pump	5,077			5,077	-	0	
90897 - WW Lift Station #6 6.5 Hp Pump	1,639			1,639	-	-	
90898 - Granite Creek WW Pump	16,000				-	16,000	
90916 - WWTP Blower Manifold Assessment/Design	60,000			8,447	-	51,553	
90917 - Lincoln Street Lift Station Valve Replacement	55,000				-	55,000	
90917 - WWTP Clarifier Drive Replacement	55,000					55,000	
90919 - Thomsen harbor Lift Station Rehabilitation	280,143	420,000				700,143	
90936 - Brady Emergency Force Main Replacemen	597	27,119		85	(24,778)	2,852	
90952 - Sludge Thickener Catwalk Replacement Total	-	20,000				20,000	
Funds to be transferred to parent fund		24,673			-	24,673	
	2,150,136	452,903	433,736	337,950	(753,237)	1,945,588	

City and Borough of Sitka
Solid Waste Fund Analysis
Through March 31, 2022

Indicator	Amount	Compared To Last Yr	Compared To Plan	Status	Big Picture
Revenue	4,043,443	Improved from prior year	Met/Exceeded Plan		Revenue for FY22 has increased at a rate higher than the annual rate increase
Appropriated Operating Outlays vs. Actual Operating Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget.)	650,079	n/a	Under Budget		Operating expenditures are within budget, though have increased 8% from prior year
Earnings Before Interest & Depreciation ("EBIDA" = Operating inflows minus operating outlays—indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	601,518	Increased	Exceeded Plan		Undesignated working capital still negative
Net Income (Loss) (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	489,508	Improved	Exceeded Plan		Revenue is higher than projected and expenses lower. Inflation /off-island shipping will continue to impact the bottom line
Asset Replacement (Net income minus debt principal repayment—gives an indication of whether or not we are setting aside enough money to cover asset replacement (<i>as estimated by how much our assets are decreasing in value annually</i>))	419,508	Improved	n/a		While improving, the fund must first replenish working capital before truly generating funding for infrastructure
Total Working Capital (What total resources are available in the fund)	3,466,754	Improved	n/a		Working capital increasing due to higher revenue and lower outlays
Working Capital Appropriated For Projects (and Unspent Bond Proceeds) (Of the fund's total resources, how much has been already appropriated for CAPEX)	3,790,772	Improved	n/a		Funding for compactor from Southeast Economic Development Fund (loan) and subsidy from General Fund included.
Undesignated Working Capital (How much of the fund's resources are available?)	(439,816)	Improved	n/a		Improving faster than previously projected

City and Borough of Sitka
Solid Waste Fund Analysis
Through March 31, 2022

The Solid Waste Fund is performing better than anticipated, in part due to increased volume and billing as well as receiving high prices on scrapyards recycling products. Regardless, the fund is very sensitive to inflationary pressures and costs are rising, especially off-island shipping. The need for compaction is also a top priority and staff are working to seek grant funding, while not slowing the project's momentum.

City and Borough of Sitka
Interim Financial Statements
Solid Waste Income Statement
Through March 31, 2022

	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	YTD	Prior YTD	Variance from prior YTD	FY22 amended budget (75%)	Variance from budget
Operating Revenues									
Miscellaneous	\$ 880	\$ 803	\$ 2,234	\$ -	\$ 3,917	\$ 4,990	\$ (1,073)	\$ 3,000	\$ 917
Dropoff Recycle Center	-	-	4,465	-	4,465	10,503	(6,038)	12,000	(7,535)
Landfill Revenue	-	-	924	-	924	-	924	-	924
Scrapyard Dropoff Revenue	38,543	2,249	78	-	40,869	92,597	(51,728)	-	40,869
Scrapyard Recycle	89,211	51,531	101,508	-	242,249	117,021	125,229	112,500	129,749
Sludge Disposal	-	-	-	-	-	30,000	(30,000)	22,500	(22,500)
Solid Waste Disposal-Curbside	1,154,062	1,070,107	1,048,754	-	3,272,923	2,958,918	314,006	3,075,000	197,923
Transfer Station Revenue	176,952	149,629	131,123	-	457,704	370,997	86,707	352,500	105,204
Waste Oil Disposal	-	-	-	-	-	20,500	(20,500)	15,375	(15,375)
Total Operating Revenue	1,459,648	1,274,319	1,289,086	-	4,023,053	3,605,527	417,526	3,592,875	430,178
Operating Expenses									
Administration	176,931	511,974	501,740	-	1,190,646	1,180,586.88	10,059	1,451,831	(261,186)
Recycle Center	2,529	1,546	7,972	-	12,047	24,682.23	(12,635)	71,815	(59,768)
Landfill	87,923	81,618	79,084	-	248,625	263,891.49	(15,266)	321,725	(73,099)
Scrapyard	110,535	162,076	151,011	-	423,623	387,040.62	36,582	402,105	21,518
Transfer Station	64,061	929,616	552,918	-	1,546,595	1,240,308	306,286	1,733,977	(187,382)
Depreciation	44,129	44,129	44,129	-	132,388	197,138	(64,750)	197,139	(64,751)
Total Operating Expense	486,109	1,730,959	1,336,855	-	3,553,923	3,293,648	260,275	4,178,592	(624,669)
Non-Operating Revenue (Expense)									
State Revenue	2,422	2,422	3,167	-	8,010	6,243.00	1,767	8,141	(131)
Uses of Prop & Investment	1,264	4,249	6,867	-	12,380	9,496.54	2,883	4,500	7,880
Interest Expense	(3)	(4)	(4)	-	(11)	(7)	(4)	(10,422)	(10,411)
Total Non-Operating Revenue	3,682	6,667	10,030	-	20,379	15,732	4,646	2,219	(2,662)
Net Income (before transfers)	977,221	(449,974)	(37,739)	-	489,508	327,612	161,897	(583,497)	745,394
Transfers									
Transfers In (other funds)	-	3,000,000	-	-	3,000,000	-	3,000,000	3,000,000	-
Other budgeted items (not recorded in GAAP statements)									
Principal Payments	-	-	-	-	-	-	-	-	-
Purchase of fixed assets	-	-	-	-	-	-	-	15,000	(15,000)
Transfers In/(Out)-capital projects	-	(3,070,000)	-	-	(3,070,000)	(33,222)	(3,036,778)	(3,070,000)	-
Key Indicators									
Cashflow from Operations (EBIDA)	1,017,669	(412,511)	(3,640)	-	601,518	509,017	92,501	(388,578)	990,096
Debt covenant calculation									
Net revenue of the system					551,908	491,535	60,373	(445,936)	997,844
Total debt service					11	7	4	10,422	(10,411)
Bond Covenant Ratio (must be >1.25%)				n/a	n/a	n/a	n/a	n/a	n/a
Debt Principal Coverage/Asset Replacement									
Simple cash flow					551,896	491,528	60,369	(456,358)	680,643
Debt principal					-	-	-	-	-
Debt principal coverage surplus/(deficit)					551,896	491,528	60,369	(456,358)	1,008,255
Less Depreciation=cash available for asset replacement					419,508	294,390	125,119	(653,497)	1,073,006

City and Borough of Sitka
Interim Financial Statements
Solid Waste Fund Balance Sheet
Through March 31, 2022

	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	YTD	Prior YTD	Variance from prior YTD
Assets/Deferred Outflows							
Current Assets	714,876	3,311,105	3,598,911	-	3,598,911	705,383	2,893,529
Noncurrent Assets							
Net OPEB asset*	23,980	23,980	23,980	-	23,980	1,629	22,351
Capital assets	4,655,443	4,611,313	4,567,184	-	4,567,184	4,655,268	(88,084)
Deferred Outflows*							
OPEB/Pension	76,903	76,903	76,903	-	76,903	55,055	21,848
Total Assets and Deferred Outflows	5,471,202	8,023,302	8,266,978	-	8,266,978	5,417,334	2,849,644
Liabilities/Deferred Inflows/Net Position							
Current Liabilities							
Accounts payable/accrued liabilities	13,035	15,108	16,360	-	16,360	413,944	(397,584)
Interest payable	-	-	-	-	-	-	-
Current portion LTD	115,798	115,798	115,798	-	115,798	115,798	-
Noncurrent Liabilities							
Bonds and notes (less current portion)*	810,583	810,583	810,583	-	810,583	926,380	(115,798)
Landfill postclosure liabiltiy*	709,667	709,667	709,667	-	709,667	723,098	(13,431)
Pension/OPEB*	290,256	290,256	290,256	-	290,256	218,146	72,110
Deferred Inflows							
OPEB/Pension*	19,318	19,318	19,318	-	19,318	21,439	(2,121)
Total Liabilities and Deferred Inflows	1,958,656	1,960,730	1,961,981	-	1,961,981	2,418,805	(456,823)
Net investment in capital assets				-	-		-
Unrestricted	3,512,546	6,062,572	6,304,997	-	6,304,997	2,998,530	3,306,467
Total Net Position	3,512,546	6,062,572	6,304,997	-	6,304,997	2,998,530	3,306,467
Total Liabilities, Deferred Inflows, and Net Position	5,471,202	8,023,302	8,266,978	-	8,266,978	5,417,334	2,849,644
<i>*adjusted at fiscal year-end only</i>							
Working Capital Analysis							
Total Working Capital (Current Assets-Current Liabilities)	586,044	3,180,200	3,466,754	-	3,466,754	175,641	3,291,112
Current assets designated for Capital projects	724,033	3,794,033	3,790,772	-	3,790,772	740,688	3,050,084
Next debt principal payment	115,798	115,798	115,798	-	115,798	115,798	-
Undesignated Working Capital	(253,786)	(729,630)	(439,816)	-	(439,816)	(680,844)	241,028
Days undesignated working capital				-	(33)	(56)	
Summary of Capital Projects							
	Beginning cash	New appropriation s/ closeouts	Grant/ Loan revenues	Expenses/ adjustments	Balance sheet changes from PY	Ending cash	
90847 - Expansion of Biosolids	443,163			27		443,136	
90871 - Kimsham Landfill Drainage Compliance	100,000					100,000	
90863 - Scrapyard Water Line	-					-	
90864 - Transfer Station Scale	-					-	
90865 - Transfer Station Building	145,027			177	(1,518)	143,332	
90899 - Scrap Yard Electrical	3,860					3,860	
90900 - Scrap Yard impound fence	15,000					15,000	
90920 - Scrapyard Tank Circular Concrete Structure	8,500					8,500	
90921 - Transfer Station Lighting	10,000					10,000	
90953 - Recycling Loading Dock Repair	-	15,000				15,000	
90954 - Transfer Station Cameras	-	55,000				55,000	
90963 - Solid Waste Compactor	-	-	3,000,000	3,056		2,996,944	
	725,550	70,000	3,000,000	3,260	(1,518)	3,790,772	

City and Borough of Sitka
Harbor Fund Analysis
Through March 31, 2022

Indicator	Amount	Compared To Last Yr	Compared To Plan	Status	Big Picture
Revenue	2,663,037	Improved from prior year	Met/Exceeded Plan		YTD operating revenue increases higher than anticipated—may be indicative that pandemic downturn passing
Appropriated Operating Outlays vs. Actual Operating Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget.)	(32,195)	n/a	Over Budget		Operating expenses are up significantly from prior year and are close to budgeted levels
Earnings Before Interest & Depreciation ("EBIDA" = Operating inflows minus operating outlays—indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	325,285	Increased	Exceeded Plan		Insufficient to cover future infrastructure costs/inflation pressures
Net Income (Loss) (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	(825,554)	Improved	Exceeded Plan		Increases in revenue are higher than those in expenses. The trend towards covering depreciation is good, but is unlikely to continue once the new filtration plant is online and being depreciated
Asset Replacement (Net income minus debt principal repayment—gives an indication of whether or not we are setting aside enough money to cover asset replacement (as estimated by how much our assets are decreasing in value annually.))	(1,239,450)	Improved	Insufficient		Fund not covering cost to replace significant infrastructure in the future
Total Working Capital (What total resources are available in the fund)	8,454,142	Improved	n/a		Working capital increasing due to higher revenue and lower outlays
Working Capital Appropriated For Projects (and Unspent Bond Proceeds) (Of the fund's total resources, how much has been already appropriated for CAPEX)	5,612,342	Improved	n/a		Cannot wait for grant funding to make critical repairs (Eliason)
Undesignated Working Capital	2,331,452	Declined	n/a		Very little available for either capital investment or

City and Borough of Sitka
Harbor Fund Analysis
Through March 31, 2022

(How much of the fund's resources are available?)	100%				significant emergency
---	------	--	--	---	-----------------------

Operating revenue is up nearly 19% from prior year. This is a result of improved performance in across the board (increases are higher than the 5% rate increase). In recent years revenue has fallen below rate increases that were adopted-as this happened during the pandemic we were unsure what the root cause was-seeing increased revenue is reassuring and indicative that the downturn was result of the pandemic and, despite rate increase, demand for use of harbor facilities remains strong. While this is encouraging, expenses are also increasing, so the net impact and additional cash being generated by the fund is lessened.

While the fund is not currently meeting its bond covenant, the raw fish tax that will be counted for FY22 is usually received in early FY23, and is a significant portion of the fund's revenue. Note that a smaller supplemental disbursement of raw fish tax was disbursed in the second fiscal quarter this year

Ultimately, should grant funding remain limited, the fund will struggle to replace key pieces of infrastructure in the future and concern over the impact of continued rate increases continues.

City and Borough of Sitka
Interim Financial Statements
Harbor Fund Income Statement
Through March 31, 2022

	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	YTD	Prior YTD	Variance from prior YTD	FY22 amended budget (75%)	Variance from budget
Operating Revenues									
Miscellaneous	\$ 9,130	\$ 1,689	\$ 2,277	\$ -	\$ 13,096	\$ 3,226	\$ 9,870	\$ 4,500	\$ 8,596
Daily Electric Billing	33,422	15,978	12,763	-	62,163	52,738	9,425	56,250	5,913
Hoist Revenue	2,073	936	470	-	3,479	5,273	(1,794)	3,750	(271)
Launch Ramp Fees	1,205	1,770	4,885	-	7,860	7,864	(4)	10,500	(2,640)
Other Revenue	133,118	40,630	53,092	-	226,841	6,989	219,851	-	226,841
Airplane Float Fees	95	-	-	-	95	203	(107)	1,875	(1,780)
Baranof Warm Springs	9,157	130	-	-	9,287	6,014	3,273	6,750	2,537
Jobbing-Equipment	256	256	-	-	512	258	254	-	512
Jobbing-Labor	5,571	1,274	2,206	-	9,051	5,119	3,932	2,250	6,801
Jobbing-Materials/Parts	-	-	-	-	-	-	-	1,125	(1,125)
Moorage-Permanent	568,168	548,135	532,133	-	1,648,436	1,527,507	120,930	1,584,000	64,436
Moorage-Transient	175,199	17,322	23,031	-	215,553	171,047	44,506	337,500	(121,947)
Recreation Vehicle Fees	864	215	152	-	1,231	1,478	(247)	2,250	(1,019)
Total Operating Revenue	938,259	628,336	631,009	-	2,197,604	1,787,716	409,888	2,010,750	186,854
Operating Expenses									
Administration	223,069	232,461	241,855	-	697,385	509,466.30	187,918	657,804	39,581
Operations	381,488	387,202	406,244	-	1,174,934	1,076,985.19	97,949	1,182,320	(7,385)
Depreciation	433,806	433,806	433,806	-	1,301,419	1,037,497	263,923	1,294,560	6,859
Total Operating Expense	1,038,364	1,053,469	1,081,905	-	3,173,739	2,623,948	549,790	3,134,684	39,055
Non-Operating Revenue (Expense)									
State Revenue	9,208	342,228	30,444	-	381,879	22,278	359,601	30,864	351,015
Uses of Prop & Investment	31,207	26,237	26,110	-	83,554	98,240	(14,686)	90,000	(6,447)
Interest Expense	(104,999)	(105,263)	(104,590)	-	(314,852)	(387,342)	72,489	(379,832)	(64,979)
Total Non-Operating Revenue	(64,584)	263,201	(48,036)	-	150,581	(266,824)	417,405	(258,968)	279,590
Net Income (before transfers)	(164,690)	(161,932)	(498,932)	-	(825,554)	(1,103,056)	277,502	(1,382,901)	1,660,403
Transfers									
Transfers In (other funds)	10,357	18,110	2,638	-	31,104	12,246	18,858	67,928	(36,823)
Other budgeted items (not recorded in GAAP statements)									
Principal Payments	-	50,000	395,000	-	445,000	380,000	65,000	429,011	15,989
Purchase of fixed assets	-	-	-	-	-	-	-	7,500	(7,500)
Transfers In/(Out)-capital projects	-	(3,657,000)	120,899	-	(3,536,101)	(576,000)	(2,960,101)	(3,657,000)	120,899
Key Indicators									
Cashflow from Operations (EBIDA)	333,701	8,673	(17,089)	-	325,285	201,265	124,020	170,626	154,658
Debt covenant calculation									
Net revenue of the system					821,822	334,029	487,793	359,418	462,404
Total debt service					759,852	767,342	(7,489)	808,843	(48,990)
Bond Covenant Ratio (must be >1.25%)					108%	44%		44%	
Debt Principal Coverage/Asset Replacement									
Simple cash flow					506,970	(53,313)	560,283	(20,414)	527,384
Debt principal					(445,000)	(380,000)	(65,000)	(429,011)	(15,989)
Debt principal coverage surplus/(deficit					61,970	(433,313)	495,283	(449,425)	511,395
Less Depreciation=cash available for asset replacement					(1,239,450)	(1,470,810)	231,360	(1,743,985)	504,535

City and Borough of Sitka
Interim Financial Statements
Harbor Fund Balance Sheet
Through March 31, 2022

	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	YTD	Prior YTD	Variance from prior YTD
Assets/Deferred Outflows							
Current Assets	9,482,013	9,708,039	9,082,638	-	9,082,638	8,711,256	371,382
Noncurrent Assets							
Debt Service Reserve	891,261	894,107	896,937	-	896,937	882,165	14,772
Net OPEB asset*	37,214	37,214	37,214	-	37,214	6,174	31,040
Capital assets	33,416,164	32,982,357	32,548,551	-	32,548,551	33,825,136	(1,276,585)
Deferred Outflows*							
OPEB/Pension	229,477	229,477	229,477	-	229,477	208,722	20,755
Total Assets and Deferred Outflows	44,056,128	43,851,194	42,794,817	-	42,794,817	43,633,453	(838,637)
Liabilities/Deferred Inflows/Net Position							
Current Liabilities							
Accounts payable/accrued liabilities	41,948	42,269	42,269	-	42,269	38,906	3,363
Interest payable	76,024	163,213	75,879	-	75,879	83,500	(7,621)
Current portion LTD	510,348	510,348	510,348	-	510,348	490,348	20,000
Noncurrent Liabilities							
Bonds and notes (less current portion)*	9,914,652	9,914,652	9,914,652	-	9,914,652	10,054,652	(140,000)
Deferred Revenue	57,555	57,555	57,555	-	57,555	39,295	18,261
Pension/OPEB*	986,754	986,754	986,754	-	986,754	827,013	159,741
Deferred Inflows							
Deferred charge on refunding	96,329	96,329	96,329	-	96,329	-	96,329
OPEB/Pension*	29,979	29,979	29,979	-	29,979	81,276	(51,297)
Total Liabilities and Deferred Inflows	11,713,589	11,801,100	11,713,765	-	11,713,765	11,614,990	98,775
Net investment in capital assets	22,894,835	22,461,028	22,027,222	-	22,027,222	23,280,136	(1,252,914)
Debt service reserves/Deposits	891,261	894,107	896,937	-	896,937	882,165	14,772
Unrestricted	8,556,444	8,694,959	8,156,893	-	8,156,893	8,738,327	(581,435)
Total Net Position	32,342,539	32,050,094	31,081,051	-	31,081,051	32,018,463	(937,412)
Total Liabilities, Deferred Inflows, and Net Position	44,056,128	43,851,194	42,794,817	-	42,794,817	43,633,453	(838,637)
<i>*adjusted at fiscal year-end only</i>							
Working Capital Analysis							
Total Working Capital (Current Assets-Current Liabilities)	8,853,693	8,992,208	8,454,142	-	8,454,142	8,098,502	355,640
Current assets designated for Capital projects	2,130,429	5,810,989	5,612,342	-	5,612,342	3,194,288	2,418,054
Next debt principal payment	510,348	510,348	510,348	-	510,348		510,348
Undesignated Working Capital	6,212,916	2,670,872	2,331,452	-	2,331,452	4,904,214	(2,572,762)
Days undesignated working capital				-	160	390	
Summary of Capital Projects							
	Beginning cash	New appropriations / closeouts	Grant/ Loan revenues	Expenses/ adjustments	Balance sheet changes from PY	Ending cash	
90741 - Baranof Warm Springs Dock	-				-	-	
90798 - Eliason Electrical Upgrades	1,644,003	3,500,000			-	5,144,003	
90810 - Sealing Cove Maintenance	15,000				-	15,000	
90901 - MSC Bulkhead Pile Repair	60,500			30,400	-	30,100	
90902 - Crescent Harbor High-Load & Net Shed Condition A	1,587				-	1,587	
90903 - Thomsen Harbor Anode Replacement	260,243	(120,899)	122,183	257,251	(2,715)	1,562	
90879 - FY19 Seaplane Base Project	(134,200)			135,633	184,090	(85,744)	
90922 - Crescent Harbor High Load dock	419,210			30,980	(9,940)	378,290	
90933 - Harbor Fund Restrooms	-				0	0	
90955 - Master Plan For Harbors		100,000			-	100,000	
90956 - Harbor Parking Lot Repairs		30,000		29,457	-	543	
90957 - Sealing Cove Lift Station		20,000			-	20,000	
90958 - Radio Repeaters For Harbors		7,000			-	7,000	
					-	-	
	2,266,344	3,536,101	122,183	483,721	171,435	5,612,342	

City and Borough of Sitka
Airport Terminal Analysis
Through March 31, 2022

Indicator	Amount	Compared To Last Yr	Compared To Plan	Status	Big Picture
Revenue	620,266	Improved from prior year	Met/Exceeded Plan		YTD operating revenue increases higher than anticipated
Appropriated Operating Outlays vs. Actual Operating Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget.)	36,835	n/a	Under Budget		Spending is on track to meet budget
Earnings Before Interest & Depreciation ("EBIDA" = Operating inflows minus operating outlays—indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	312,140	Increased	Exceeded Plan		EBIDA is much healthier than prior year and increased traffic means trend is likely to continue
Net Income (Loss) (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	50,162	Improved	Exceeded Plan		Strong improvement from a net loss this time last year
Asset Replacement (Net income minus debt principal repayment—gives an indication of whether or not we are setting aside enough money to cover asset replacement <i>(as estimated by how much our assets are decreasing in value annually)</i> .)	(94,838)	Improved	Insufficient		Fund not covering cost to replace significant infrastructure in the future, though continued rebound from travel impacts likely to improve situation
Total Working Capital (What total resources are available in the fund)	4,724,087	Declined	n/a		Most of the funds available capital is bond proceeds designated to the Terminal Improvement Project
Working Capital Appropriated For Projects (and Unspent Bond Proceeds) (Of the fund's total resources, how much has been already appropriated for CAPEX)	4,309,801	Declined	n/a		Spending down bond proceeds
Undesignated Working Capital (How much of the fund's resources are available?)	259,286	Improved	n/a		While improved, losses during the pandemic left levels very low

City and Borough of Sitka
Airport Terminal Analysis
Through March 31, 2022

Recovering travel has the fund performing better than prior year for both driver and passenger facility charges. The FY22 budget was based on pre-pandemic levels, but with additional flights into Sitka, revenue is likely to further exceed budget by year end.

Significant additional funding still need to complete the planned Airport Terminal Improvement project as the fund cannot generate enough working capital to cover the cost of significant improvements/repairs.







City and Borough of Sitka
Interim Financial Statements
Airport Term. Income Statement
Through March 31, 2022

	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	YTD	Prior YTD	Variance from prior YTD	FY22 amended budget (75%)	Variance from budget
Operating Revenues									
Driver Facility Charges	\$ 14,507	\$ 18,771	\$ 9,007	\$ -	\$ 42,285	\$ 20,469	\$ 21,816	\$ 42,000	\$ 285
Passenger Facility Chg	85,207	54,099	83,674	-	222,981	67,862	155,118	175,500	47,481
Terminal Leases	104,637	104,252	139,402	-	348,291	351,134	(2,843)	313,781	34,510
Total Operating Revenue	204,351	177,122	232,084	-	613,557	439,466	174,091	531,281	82,276
Operating Expenses									
Operating Expenses	106,035	93,686	101,696	-	301,417	\$ 289,688	11,729	338,252	(36,835)
Depreciation	42,840	42,840	42,840	-	128,520	127,725	796	127,726	795
Total Operating Expense	148,875	136,526	144,537	-	429,938	417,413	12,525	465,978	(36,040)
Non-Operating Revenue (Expense)									
Uses of Prop & Investment	2,309	2,279	2,121	-	6,709	12,034	(5,324)	10,800	(4,091)
Interest Expense	(47,125)	(47,125)	(45,917)	-	(140,167)	(145,958)	5,792	(141,375)	(1,208)
Total Non-Operating Revenue	(44,816)	(44,846)	(43,796)	-	(133,457)	(133,925)	468	(130,575)	(5,299)
Net Income (before transfers)	10,660	(4,250)	43,751	-	50,162	(111,872)	162,034	(65,272)	227,305
Transfers									
Transfers In (other funds)	-	-	-	-	-	-	-	-	-
Other budgeted items (not recorded in GAAP statements)									
Principal Payments	-	-	145,000	-	145,000	-	145,000	145,000	-
Purchase of fixed assets	-	-	-	-	-	-	-	7,500	(7,500)
Transfers In/(Out)-capital projects	-	-	-	-	-	(100,000)	100,000	-	-
Key Indicators									
Cashflow from Operations (EBIDA)	98,316	83,436	130,387	-	312,140	149,778	162,362	193,029	119,111
Debt covenant calculation									
Net revenue of the system					318,849	161,811	157,038	203,829	115,020
Total debt service					285,167	145,958	139,208	286,375	(1,208)
Bond Covenant Ratio (must be >1.25%)					n/a	n/a	n/a	n/a	n/a
Debt Principal Coverage/Asset Replacement									
Simple cash flow					178,682	15,853	162,829	62,454	116,228
Debt principal					(145,000)	-	(145,000)	(145,000)	-
Debt principal coverage surplus/(deficit					33,682	15,853	17,829	(82,546)	116,228
Less Depreciation=cash available for asset replacement					(94,838)	(111,872)	17,034	(210,272)	115,434

City and Borough of Sitka
Interim Financial Statements
Airport Term. Balance Sheet
Through March 31, 2022

	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	YTD	Prior YTD	Variance from prior YTD
Assets/Deferred Outflows							
Current Assets	5,020,301	5,083,235	4,910,296	-	4,910,296	5,183,658	(273,363)
Noncurrent Assets							
Debt Service Reserve	345,527	345,549	345,572	-	345,572	345,476	96
Capital assets	2,311,306	2,268,466	2,225,626	-	2,225,626	2,153,398	72,228
Total Assets and Deferred Outflows	7,677,134	7,697,250	7,481,493	-	7,481,493	7,682,533	(201,039)
Liabilities/Deferred Inflows/Net Position							
Current Liabilities							
Accounts payable/accrued liabilities	6,864	6,864	-	-	-	2,603	(2,603)
Interest payable	31,417	78,542	31,208	-	31,208	31,417	(208)
Current portion LTD	155,000	155,000	155,000	-	155,000	145,000	10,000
Noncurrent Liabilities							
Bonds and notes (less current portion)*	3,889,444	3,889,444	3,889,444	-	3,889,444	4,056,901	(167,457)
Total Liabilities and Deferred Inflows	4,082,725	4,129,850	4,075,653	-	4,075,653	4,235,921	(160,268)
Net investment in capital assets	2,273,025	2,183,060	2,196,417	-	2,196,417	2,119,378	77,039
Debt service reserves/restricted for CAPEX	4,309,584	4,190,936	4,191,053	-	4,191,053	4,309,333	(118,280)
Unrestricted	(2,988,201)	(2,806,596)	(2,981,630)	-	(2,981,630)	(2,982,100)	470
Total Net Position	3,594,409	3,567,400	3,405,841	-	3,405,841	3,446,611	(40,771)
Total Liabilities, Deferred Inflows, and Net Position	7,677,134	7,697,250	7,481,493	-	7,481,493	7,682,533	(201,039)
<i>*adjusted at fiscal year-end only</i>							
Working Capital Analysis							
Total Working Capital (Current Assets-Current Liabilities)	4,827,020	4,842,829	4,724,087	-	4,724,087	5,004,639	(280,551)
Current assets designated for Capital projects	4,502,414	4,327,060	4,309,801	-	4,309,801	4,627,298	(317,497)
Next debt principal payment	155,000	155,000	155,000	-	155,000	145,000	10,000
Undesignated Working Capital	169,606	360,769	259,286	-	259,286	232,340	26,946
Days undesignated working capital				-	98	111	
Summary of Capital Projects	Beginning cash	New appropriations / closeouts	Grant/ Loan revenues	Expenses/ adjustments	Balance sheet changes from PY	Ending cash	
90835 -SIT Airport Terminal Improvments	458,949			146,731	(111,116)	201,102	
90873 - Airport Heat Pumps for Hold Room	10,000				-	10,000	
90904 - SIT Airport Terminal Sidewalk Replacement	90,000				-	90,000	
90924 - Airport Exterior Painting-front and south sides	98,276			681	(594)	97,001	
	657,225	-	-	147,412	(111,710)	398,103	

City and Borough of Sitka
Marine Service Ctr Analysis
Through March 31, 2022

Indicator	Amount	Compared To Last Yr	Compared To Plan	Status	Big Picture
Revenue	241,704	Improved from prior year	Met/Exceeded Plan		YTD operating revenue increases lightly higher than anticipated
Appropriated Operating Outlays vs. Actual Operating Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget.)	67,259	n/a	Under Budget		Operating expenses are up considerable from prior year and are close to budgeted levels
Earnings Before Interest & Depreciation (“EBIDA” = Operating inflows minus operating outlays—indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	140,115	Increased	Exceeded Plan		
Net Income (Loss) (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	131,089	Improved	Exceeded Plan		
Asset Replacement (Net income minus debt principal repayment—gives an indication of whether or not we are setting aside enough money to cover asset replacement (<i>as estimated by how much our assets are decreasing in value annually</i>))	131,089	Improved	~		Does not address repair of bulkhead wall
Total Working Capital (What total resources are available in the fund)	2,455,558	Improved	n/a		Working capital increasing due to higher revenue and lower outlays
Working Capital Appropriated For Projects (and Unspent Bond Proceeds) (Of the fund’s total resources, how much has been already appropriated for CAPEX)	70,246	Declined	n/a		Previous appropriations have been spent and closed out.
Undesignated Working Capital (How much of the fund’s resources are available?)	2,385,312	Improved	n/a		

City and Borough of Sitka
Marine Service Ctr Analysis
Through March 31, 2022

Overall the Marine Service Center Fund is one of the healthier funds as it regularly generates working capital that can be set aside for future repairs. The biggest challenge for the fund is the needed repair to the bulkhead wall, which, while an asset of the Harbor Fund, is important to the operations of the Marine Service Center



City and Borough of Sitka
Interim Financial Statements
MSC Fund Income Statement
Through March 31, 2022

	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	YTD	Prior YTD	Variance from prior YTD	FY22 amended budget (75%)	Variance from budget
Operating Revenues									
Lease Revenue	\$ 68,196	\$ 68,196	\$ 90,928	\$ -	\$ 227,320	\$ 189,183	\$ 38,137	\$ 193,084	\$ 34,236
Total Operating Revenue	68,196	68,196	90,928	-	227,320	189,183	38,137	193,084	34,236
Operating Expenses									
Operating Expenses	43,599	32,412	11,193	-	87,205	80,760.34	6,444	154,463	(67,259)
Depreciation	7,804	7,804	7,804	-	23,411	23,411	-	23,411	(1)
Total Operating Expense	51,403	40,216	18,997	-	110,615	104,171	6,444	177,875	(67,259)
Non-Operating Revenue (Expense)									
Uses of Prop & Investment	4,904	4,559	4,920	-	14,384	21,868	(7,484)	20,700	(6,316)
				-	-		-		-
Total Non-Operating Revenue	4,904	4,559	4,920	-	14,384	21,868	(7,484)	20,700	(6,316)
Net Income (before transfers)	21,698	32,540	76,851	-	131,089	106,880	24,209	35,909	(11,701)
Transfers									
Transfers In (other funds)	-	-	-	-	-		-		-
Other budgeted items (not recorded in GAAP statements)									
Transfers In/(Out)-capital projects	-	(15,000)	81,923	-	66,923	55,000	11,923	(15,000)	81,923
Key Indicators									
Cashflow from Operations (EBIDA)	24,597	35,784	79,735	-	140,115	108,422	31,693	38,621	101,495
Debt covenant calculation									
Net revenue of the system					154,499	130,291	24,209	59,321	95,179
Total debt service					-	-	-	-	-
Bond Covenant Ratio (must be >1.25%)				n/a		n/a	n/a	n/a	n/a
Debt Principal Coverage/Asset Replacement									
Simple cash flow					154,499	130,291	24,209	59,321	95,179
Debt principal					-	-	-	-	-
Debt principal coverage surplus/(deficit					154,499	130,291	24,209	59,321	95,179
Less Depreciation=cash available for asset replacement					131,089	106,880	24,209	35,909	95,179

City and Borough of Sitka
Interim Financial Statements
MSC Fund Balance Sheet
Through March 31, 2022

	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	YTD	Prior YTD	Variance from prior YTD
Assets/Deferred Outflows							
Current Assets	2,334,574	2,373,895	2,455,558	-	2,455,558	2,342,998	112,561
Noncurrent Assets							
Capital assets	335,508	327,704	319,901	-	319,901	300,536	19,365
Total Assets and Deferred Outflows	2,670,082	2,701,599	2,775,459	-	2,775,459	2,643,533	131,926
Liabilities/Deferred Inflows/Net Position							
Current Liabilities							
Accounts payable/accrued liabilities	-	-	-	-	-	-	-
Noncurrent Liabilities							
Deferred Revenue	-	-	-		-	-	-
Total Liabilities and Deferred Inflows	-	-	-	-	-	-	-
Net investment in capital assets	335,508	327,704	319,901	-	319,901	300,536	19,365
Unrestricted	2,334,574	2,373,895	2,455,558	-	2,455,558	2,342,998	112,561
Total Net Position	2,670,082	2,701,599	2,775,459	-	2,775,459	2,643,533	131,926
 Total Liabilities, Deferred Inflows, and Net Position	 2,670,082	 2,701,599	 2,775,459	 -	 2,775,459	 2,643,533	 131,926
<i>*adjusted at fiscal year-end only</i>							
Working Capital Analysis							
Total Working Capital (Current Assets-Current Liabilities)	2,334,574	2,373,895	2,455,558	-	2,455,558	2,342,998	112,561
Current assets designated for Capital projects	141,182	155,160	70,246	-	70,246	216,923	(146,677)
Undesignated Working Capital	2,193,392	2,218,735	2,385,312	-	2,385,312	2,126,075	259,237
Days undesignated working capital				-	5,822	5,511	
Summary of Capital Projects	Beginning cash	New appropriations / closeouts	Grant/ Loan revenues	Expenses/ adjustments	Balance sheet changes from PY	Ending cash	
90874 - MSC Roof Condenser Replacement	81,923	(81,923)			-	-	
90905 - MSC Bulkhead Condition Assessment	76,935			9,175	(47,514)	20,246	
90926 - MSC Arctic Door Replacement Egress	10,000				-	10,000	
90928 - MSC Freezer Vestibule Entry Curtains	10,000				-	10,000	
90930 - MSC Replace Loading Dock Bumper	15,000				-	15,000	
90959 - MSC overhead door "A"	-	15,000			-	15,000	
	193,858	(66,923)	-	9,175	(47,514)	70,246	

City and Borough of Sitka
GPIP Fund Analysis
Through March 31, 2022

Indicator	Amount	Compared To Last Yr	Compared To Plan	Status	Big Picture
Revenue	219,434	Improved from prior year	Met/Exceeded Plan		YTD operating revenue increases lightly higher than anticipated
Appropriated Operating Outlays vs. Actual Operating Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget.)	(2,168)	n/a	Over Budget		Operating expenses are up from prior year however and while at 3/31 the fund is overbudget, this is expected to resolve in Q4
Earnings Before Interest & Depreciation (“EBIDA” = Operating inflows minus operating outlays—indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	26,101	Increased	Exceeded Plan		
Net Income (Loss) (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	(275,954)	Improved	Exceeded Plan		
Asset Replacement (Net income minus debt principal repayment—gives an indication of whether or not we are setting aside enough money to cover asset replacement <i>(as estimated by how much our assets are decreasing in value annually)</i> .)	(292,058)	Improved	~		Not generating capital to put into the fund's infrastructure
Total Working Capital (What total resources are available in the fund)	950,889	Declined	n/a		Working capital increasing due to higher revenue and lower outlays
Working Capital Appropriated For Projects (and Unspent Bond Proceeds) (Of the fund’s total resources, how much has been already appropriated for CAPEX)	427,859	Improved	n/a		Previous appropriations have been spent and closed out.
Undesignated Working Capital (How much of the fund’s resources are available?)	523,029	Declined	n/a		

City and Borough of Sitka
GPIP Fund Analysis
Through March 31, 2022

While revenue is improving (nearly double the prior year) for the GPIP Fund, expenses are also increasing and the undesignated working capital continues to decline, though more slowly. Should the revenue trends continue it is possible that after the fourth quarter, the fund may be able to maintain year-to-year levels of working capital.

City and Borough of Sitka
Interim Financial Statements
GPIP Fund Income Statement
Through March 31, 2022

	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	YTD	Prior YTD	Variance from prior YTD	FY22 amended budget (75%)	Variance from budget
Operating Revenues									
Miscellaneous	\$ -	\$ 3,795	\$ (1,779)	\$ -	\$ 2,016	\$ 5,135	\$ (3,119)	\$ -	\$ 2,016
Other Revenue	653	201	-	-	853	-	853	-	853
Freight Storage	-	-	304	-	304	-	304	-	304
Fuel Flowage	1,729	1,729	10,081	-	13,539	7,605	5,934	6,750	6,789
GPIP Dock Tariff Charges	9,478	4,254	4,434	-	18,166	10,399	7,767	7,500	10,666
Moorage-Transient	20,714	6,220	5,275	-	32,209	24,493	7,716	18,750	13,459
Rent - Building	17,830	23,582	18,138	-	59,551	46,994	12,557	51,318	8,233
Rent - Land	42,565	38,570	6,093	-	87,228	17,907	69,321	30,984	56,244
Total Operating Revenue	92,968	78,350	42,547	-	213,865	112,532	101,334	115,302	98,563
Operating Expenses									
Operating Expenses	71,249	57,193	59,322	-	187,764	153,849	33,914	185,596	2,168
Depreciation	102,541	102,541	102,541	-	307,624	325,511	(17,887)	325,513	(17,889)
Total Operating Expense	173,791	159,734	161,863	-	495,388	479,360	16,027	511,109	(15,721)
Non-Operating Revenue (Expense)									
Uses of Prop & Investment	1,984	1,609	1,976	-	5,569	8,371	(2,802)	7,200	(1,631)
Total Non-Operating Revenue	1,984	1,609	1,976	-	5,569	8,371	(2,802)	7,200	(1,631)
Net Income (before transfers)	(78,838)	(79,776)	(117,340)	-	(275,954)	(358,458)	82,504	(388,607)	471,110
Transfers									
Transfers In (other funds)	1,330	31,218	921	-	33,469	6,189	27,280	11,250	22,219
Transfers Out (other funds)	(10,357)	(3,110)	(2,638)	-	(16,104)	(12,246)	(3,858)	15,900	(32,004)
Other budgeted items (not recorded in GAAP statements)									
Transfers In/(Out)-capital projects	-	-	-	-	-	55,000	(55,000)	-	-
Key Indicators									
Cashflow from Operations (EBIDA)	21,719	21,157	(16,775)	-	26,101	(41,318)	67,419	(70,294)	96,395
Debt covenant calculation									
Net revenue of the system					15,565	(45,193)	60,759	(47,194)	62,759
Total debt service					-	-	-	-	-
Bond Covenant Ratio (must be >1.25%)					n/a	n/a	n/a	n/a	n/a
Debt Principal Coverage/Asset Replacement									
Simple cash flow					15,565	(45,193)	60,759	(47,194)	62,759
Debt principal					-	-	-	-	-
Debt principal coverage surplus/(deficit					15,565	(45,193)	60,759	(47,194)	62,759
Less Depreciation=cash available for asset replacement					(292,058)	(370,704)	78,646	(372,707)	80,648

City and Borough of Sitka
Interim Financial Statements
GPIP Fund Balance Sheet
Through March 31, 2022

	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	YTD	Prior YTD	Variance from prior YTD
Assets/Deferred Outflows							
Current Assets	921,867	899,839	950,889	-	950,889	950,889	-
Noncurrent Assets							
Notes receivable	16,723	14,414	12,085	-	12,085	21,280	
Capital assets	16,849,018	16,740,515	16,632,011	-	16,632,011	16,632,011	-
Total Assets and Deferred Outflows	17,787,607	17,654,767	17,594,985	-	17,594,985	17,604,180	(9,194)
Liabilities/Deferred Inflows/Net Position							
Current Liabilities							
Accounts payable/accrued liabilities	-	-	-	-	-	-	-
Noncurrent Liabilities							
Advances payable/deferred revenue	-	-	-	-	-	49,782	(49,782)
Total Liabilities and Deferred Inflows	-	-	-	-	-	49,782	(49,782)
Net investment in capital assets	16,420,155	16,317,614	16,215,073	-	16,215,073	16,632,011	(416,938)
Unrestricted	1,350,730	1,322,739	1,367,827	-	1,367,827	922,386	445,441
Total Net Position	17,787,607	17,654,767	17,594,985	-	17,594,985	17,554,397	40,588
Total Liabilities, Deferred Inflows, and Net Position	17,787,607	17,654,767	17,594,985	-	17,594,985	17,604,180	(9,194)
<i>*adjusted at fiscal year-end only</i>							
Working Capital Analysis							
Total Working Capital (Current Assets-Current Liabilities)	921,867	899,839	950,889	-	950,889	950,889	-
Current assets designated for Capital projects	218,886	427,859	427,859	-	427,859	366,527	61,333
Undesignated Working Capital	702,981	471,979	523,029	-	523,029	584,362	(61,333)
Days undesignated working capital				-	285	329	
Summary of Capital Projects	Beginning cash	New appropriations / closeouts	Grant/ Loan revenues	Expenses/ adjustments	Balance sheet changes from PY	Ending cash	
90875 - GPIP Wash Down Pad	20,000				-	20,000	
90931 - GPIP Haulout	100,000				-	100,000	
90935 - Bulk Water Line Repair	74,000			61,026	-	12,974	
90938 - GPIP Potable Water	25,000				-	25,000	
90960 - Geotech Assessment of APC Landfill Sites		270,000			-	270,000	
				114	-	(114)	
	219,000	270,000	-	61,141	-	427,859	

City and Borough of Sitka
IT Fund Analysis
Through March 31, 2022

Indicator	Amount	Compared To Last Yr	Compared To Plan	Status	Big Picture
Revenue	1,516,193	Improved from prior year	Met/Exceeded Plan		Grant revenue for RMS system helped revenue levels
Appropriated Operating Outlays vs. Actual Operating Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget.)	112,470	n/a	Under Budget		Operating expenses are up from prior year and slightly under budget, likely due to staffing vacancies
Earnings Before Interest & Depreciation (“EBIDA” = Operating inflows minus operating outlays—indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	3,045	Decreased	Exceeded Plan		
Net Income (Loss) (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	(174,084)	Declined	Exceeded Plan		
Asset Replacement (Net income minus debt principal repayment—gives an indication of whether or not we are setting aside enough money to cover asset replacement <i>(as estimated by how much our assets are decreasing in value annually)</i> .)	(174,084)	Declined	~		Fund is dependent on other funds for capital for fixed assets
Total Working Capital (What total resources are available in the fund)	770,624	Improved	n/a		Working capital increasing due to higher revenue and lower outlays
Working Capital Appropriated For Projects (and Unspent Bond Proceeds) (Of the fund’s total resources, how much has been already appropriated for CAPEX)	-	n/a	n/a		
Undesignated Working Capital (How much of the fund’s resources are available?)	652,855	Improved	n/a		

City and Borough of Sitka
IT Fund Analysis
Through March 31, 2022

Overall the financial position of the IT Fund is strong though the need for more robust IT systems in many areas is ongoing and likely to be of significant cost.

In FY22 the CBS received funding from Sitka Tribe of Alaska for a project (the police department's record management system upgrade/transition) that had been completed and funded with working capital. As the goal of internal service funds is to provide services at cost, in FY23, the payments made by the police department will be decreased to recognize that these costs, which the police department has covered with payments to the IT fund were covered by another source.

City and Borough of Sitka
Interim Financial Statements
IT Fund Income Statement
Through March 31, 2022

	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	YTD	Prior YTD	Variance from prior YTD	FY22 amended budget (75%)	Variance from budget
Operating Revenues									
Departmental billing	\$ 370,850	\$ 370,850	\$ 370,850	\$ -	\$ 1,112,551	\$ 1,164,104	\$ (51,553)	\$ 1,112,552	\$ (1)
Total Operating Revenue	370,850	370,850	370,850	-	1,112,551	1,164,104	(51,553)	1,112,552	(1)
Operating Expenses									
Operating Expenses	442,519	328,426	338,562	-	1,109,506	1,012,934	96,572	1,221,977	(112,470)
Depreciation	66,355	66,355	66,355	-	199,064	180,349	18,716	180,350	18,715
Total Operating Expense	508,874	394,781	404,916	-	1,308,571	1,193,283	115,288	1,402,326	(93,755)
Non-Operating Revenue (Expense)									
Uses of Prop & Investment	960	901	1,722	-	3,583	4,349	(766)	4,350	(767)
State Revenue	5,194	5,194	7,964	-	18,352	11,981	6,371	18,690	(338)
Interest expense	-	-	-	-	-	0	-	(2,651)	(2,651)
Total Non-Operating Revenue	6,154	6,095	9,686	-	21,935	16,330	5,605	20,390	(3,755)
Net Income (before transfers)	(131,869)	(17,835)	(24,380)	-	(174,084)	(12,849)	(161,235)	(269,384)	108,149
Transfers									
Transfers In (other funds)	-	381,706	-	-	381,706	-	381,706	18,375	363,331
Transfers Out (other funds)	-	-	-	-	-	-	-	-	-
Other budgeted items (not recorded in GAAP statements)									
Principal Payments	-	-	-	-	-	-	-	88,328	(88,328)
Key Indicators									
Cashflow from Operations (EBIDA)	(71,668)	42,424	32,289	-	3,045	151,170	(148,125)	(109,424)	112,469
Debt covenant calculation									
Net revenue of the system					24,980	167,500	(142,520)	(86,384)	111,364
Total debt service					-	-	-	90,978	(90,978)
Debt Service Ratio				n/a		n/a	n/a	n/a	n/a
Debt Principal Coverage/Asset Replacement									
Simple cash flow					24,980	167,500	(142,520)	(89,035)	114,015
Debt principal					-	-	-	(88,328)	88,328
Debt principal coverage surplus/(deficit					24,980	167,500	(142,520)	(177,362)	202,342
Less Depreciation=cash available for asset replacement					(174,084)	(12,849)	(161,235)	(357,712)	183,628

City and Borough of Sitka
Interim Financial Statements
IT Fund Balance Sheet
Through March 31, 2022

	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	YTD	Prior YTD	Variance from prior YTD
Assets/Deferred Outflows							
Current Assets	447,801	878,026	920,002	-	920,002	579,598	340,404
Noncurrent Assets							
Net OPEB asset*	49,786	49,786	49,786	-	49,786	3,739	46,047
Capital assets	430,470	364,115	297,761	-	297,761	582,645	(284,884)
Deferred Outflows*							
OPEB/Pension	159,664	159,664	159,664	-	159,664	126,393	33,271
Total Assets and Deferred Outflows	1,087,721	1,451,592	1,427,212	-	1,427,212	1,292,375	134,838
Liabilities/Deferred Inflows/Net Position							
Current Liabilities							
Accounts payable/accrued liabilities	31,609	31,609	31,609	-	31,609	28,708	2,901
Current portion LTD	117,769	117,769	117,769	-	117,769	235,538	(117,769)
Noncurrent Liabilities							
Pension/OPEB*	602,624	602,624	602,624	-	602,624	500,803	101,821
Deferred Inflows							
OPEB/Pension*	40,107	40,107	40,107	-	40,107	49,217	(9,110)
Total Liabilities and Deferred Inflows	792,109	792,109	792,109	-	792,109	814,267	(22,157)
Net investment in capital assets	312,701	246,347	179,992	-	179,992	347,107	(167,115)
Unrestricted	(17,090)	413,136	455,111	-	455,111	131,001	324,110
Total Net Position	295,612	659,483	635,103	-	635,103	478,108	156,995
Total Liabilities, Deferred Inflows, and Net Position	1,087,721	1,451,592	1,427,212	-	1,427,212	1,292,375	134,838
<i>*adjusted at fiscal year-end only</i>							
Working Capital Analysis							
Total Working Capital (Current Assets-Current Liabilities)	298,423	728,648	770,624	-	770,624	315,351	455,273
Current assets designated for Capital projects				-	-		-
Undesignated Working Capital	180,654	610,880	652,855	-	652,855	315,351	337,504
Days undesignated working capital				-	135	71	

City and Borough of Sitka
Central Garage Fund Analysis
Through March 31, 2022

Indicator	Amount	Compared To Last Yr	Compared To Plan	Status	Big Picture
Revenue	1,656,854	Improved from prior year	Did not meet plan		Revenues up in part because costs of vehicles are increasing
Appropriated Operating Outlays vs. Actual Operating Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget.)	31,479	n/a	Under Budget		Operating expenses are up from prior year and slightly under budget, likely due to staffing vacancies
Earnings Before Interest & Depreciation ("EBIDA" = Operating inflows minus operating outlays—indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	734,561	Decreased	Did Not Meet Plan		Very slight decrease
Net Income (Loss) (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	303,338	Declined	Did Not Meet Plan		Costs are up more than revenue
Asset Replacement (Net income minus debt principal repayment—gives an indication of whether or not we are setting aside enough money to cover asset replacement (<i>as estimated by how much our assets are decreasing in value annually</i>))	303,338	Declined	~		Fund is dependent on other funds for capital for fixed assets
Total Working Capital (What total resources are available in the fund)	6,588,718	Improved	n/a		Increase due to supply chain problems where vehicles are not available to purchase
Working Capital Appropriated For Projects (and Unspent Bond Proceeds) (Of the fund's total resources, how much has been already appropriated for CAPEX)	6,694,535	n/a	n/a		
Undesignated Working Capital (How much of the fund's resources are available?)	(105,817)	Improved	n/a		

City and Borough of Sitka
Central Garage Fund Analysis
Through March 31, 2022

The biggest challenge the Central Garage is facing is the inability to purchase new vehicles. This means that staff have to keep problem vehicles functioning, which is costly and time consuming. In addition due to high demand and low supply the cost of new vehicles is increasing and in some cases sinking funds are insufficient to cover the replacements of aging vehicles.



City and Borough of Sitka
Interim Financial Statements
Central Garage Income Statement
Through March 31, 2022

	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	YTD	Prior YTD	Variance from prior YTD	FY22 amended budget (75%)	Variance from budget
Operating Revenues									
Departmental billing	\$ 431,304	\$ 433,511	\$ 425,424	\$ -	\$ 1,290,239	\$ 1,237,279	\$ 52,960	\$ 1,331,652	\$ (41,413)
Total Operating Revenue	431,304	433,511	425,424	-	1,290,239	1,237,279	52,960	1,331,652	(41,413)
Operating Expenses									
Operating Expenses	83,905	132,973	135,640	-	352,518	265,190	87,328	373,852	(21,334)
Administrative expense	63,178	69,731	70,251	-	203,161	225,924	(22,764)	213,306	(10,145)
Depreciation	167,279	167,279	167,279	-	501,838	426,501	75,337	426,503	75,335
Total Operating Expense	314,362	369,983	373,171	-	1,057,516	917,615	139,901	1,013,660	43,856
Non-Operating Revenue (Expense)									
Uses of Prop & Investment	12,173	37,771	12,919	-	62,863	114,481	(51,618)	70,266	(7,403)
State Revenue	2,343.50	2,343.50	3,065.00	-	7,752	6,215	1,538	8,548	(796)
Total Non-Operating Revenue	14,517	40,115	15,984	-	70,615	120,695	(50,080)	78,814	(8,199)
Net Income (before transfers)	131,458	103,643	68,237	-	303,338	440,360	(137,021)	396,805	(533,827)
Transfers									
Transfers In (other funds)	-	26,000	270,000	-	296,000	115,855	180,145	296,000	-
Transfers Out (other funds)	-	-	-	-	-	-	-	-	-
Other budgeted items (not recorded in GAAP statements)									
Fixed Assets	9,410	1,000	66,316	-	76,726	714,744	(638,018)	609,584	(532,857)
Key Indicators									
Cashflow from Operations (EBIDA)	284,221	230,808	219,532	-	734,561	746,165	(11,604)	744,494	(9,934)
Debt covenant calculation									
Net revenue of the system					805,176	866,860	(61,684)	823,308	(18,132)
Total debt service					-	-	-	-	-
Debt Service Ratio				n/a		n/a	n/a	n/a	n/a
Debt Principal Coverage/Asset Replacement									
Simple cash flow					805,176	866,860	(61,684)	823,308	(18,132)
Debt principal					-	-	-	-	-
Debt principal coverage surplus/(deficit					805,176	866,860	(61,684)	823,308	(18,132)
Less Depreciation=cash available for asset replacement					303,338	440,360	(137,021)	396,805	(93,467)

City and Borough of Sitka
Interim Financial Statements
Central Garage Balance Sheet
Through March 31, 2022

	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	YTD	Prior YTD	Variance from prior YTD
Assets/Deferred Outflows							
Current Assets	5,868,940	6,168,831	6,608,031	-	6,608,031	5,443,131	1,164,900
Noncurrent Assets							
Net OPEB asset*	17,851	17,851	17,851	-	17,851	1,710	16,141
Capital assets	3,438,978	3,271,699	3,104,420	-	3,104,420	3,174,415	(69,996)
Deferred Outflows*							
OPEB/Pension	57,247	57,247	57,247	-	57,247	57,809	(562)
Total Assets and Deferred Outflows	9,383,016	9,515,628	9,787,549	-	9,787,549	8,677,065	1,110,484
Liabilities/Deferred Inflows/Net Position							
Current Liabilities							
Accounts payable/accrued liabilities	15,370	19,313	19,313	-	19,313	13,442	5,872
Current portion LTD	-	-	-	-	-	50,000	(50,000)
Noncurrent Liabilities							
Pension/OPEB*	216,068	216,068	216,068	-	216,068	229,054	(12,986)
Deferred Inflows							
OPEB/Pension*	14,380	14,380	14,380	-	14,380	22,510	(8,130)
Total Liabilities and Deferred Inflows	245,818	249,761	249,761	-	249,761	315,006	(65,244)
Vehicle sinking fund*	6,694,535	6,694,535	6,694,535	-	6,694,535	5,935,569	758,966
Unrestricted	2,442,664	2,571,332	2,843,252	-	2,843,252	2,426,490	416,762
Total Net Position	9,137,199	9,265,867	9,537,787	-	9,537,787	8,362,059	1,175,728
Total Liabilities, Deferred Inflows, and Net Position	9,383,016	9,515,628	9,787,549	-	9,787,549	8,677,065	1,110,484
<i>*adjusted at fiscal year-end only</i>							
Working Capital Analysis							
Total Working Capital (Current Assets-Current Liabilities)	5,853,571	6,149,518	6,588,718	-	6,588,718	5,379,689	1,209,028
Current assets designated for vehicle purchases	6,694,535	6,694,535	6,694,535	-	6,694,535	5,935,569	758,966
Undesignated Working Capital	(840,964)	(545,017)	(105,817)	-	(105,817)	(555,880)	450,062
Days undesignated working capital				-	(25)	(92)	

City and Borough of Sitka
Building Maintenance Analysis
Through March 31, 2022

Indicator	Amount	Compared To Last Yr	Compared To Plan	Status	Big Picture
Revenue	544,906	Improved from prior year	Did not meet plan		Working towards maintaining fund's capital
Appropriated Operating Outlays vs. Actual Operating Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget.)	161,558	n/a	Under Budget		Operating expenses are up from prior year and slightly under budget, likely due to staffing vacancies
Earnings Before Interest & Depreciation (“EBIDA” = Operating inflows minus operating outlays—indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	(28,411)	Increased	Exceeded Plan		
Net Income (Loss) (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	(7,656)	Improved	Exceeded Plan		
Asset Replacement (Net income minus debt principal repayment—gives an indication of whether or not we are setting aside enough money to cover asset replacement <i>(as estimated by how much our assets are decreasing in value annually)</i> .)	(307,656)	Declined	~		Fund is dependent on other funds for capital for fixed assets
Total Working Capital (What total resources are available in the fund)	891,886	Declined	n/a		Due to internal funding of FY22 capital projects, to be paid back in higher departmental fees
Working Capital Appropriated For Projects (and Unspent Bond Proceeds) (Of the fund's total resources, how much has been already appropriated for CAPEX)	-	n/a	n/a		
Undesignated Working Capital (How much of the fund's resources are available?)	891,886	Declined	n/a		Due to internal funding of FY22 capital projects, to be paid back in higher departmental fees

City and Borough of Sitka
Building Maintenance Analysis
Through March 31, 2022

The Building Maintenance Fund is performing as expected. While working capital is decreased, that is expected as other departments will pay the fund back for \$300,000 invested in capital projects in FY22.

City and Borough of Sitka
Interim Financial Statements
Building Maint. Income Stmt
Through March 31, 2022

	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	YTD	Prior YTD	Variance from prior YTD	FY22 amended budget (75%)	Variance from budget
Operating Revenues									
Miscellaneous	\$ 13,908	\$ -	\$ -	\$ -	\$ 13,908	\$ -	\$ 13,908	\$ -	\$ 13,908
Other revenue	14,500	-	-	-	\$ 14,500	-	\$ 14,500	-	
Departmental billing	162,132	162,991	162,132	-	\$ 487,254	445,199	\$ 42,056	486,395	
Total Operating Revenue	190,540	162,991	162,132	-	515,662	445,199	70,464	486,395	13,908
Operating Expenses									
Administrative Expenses	62,073	67,808	64,485	-	194,366	135,129	59,237	210,313	(15,947)
Operating expense	106,422	137,705	105,580	-	349,707	371,088	(21,381)	495,318	(145,611)
Depreciation	220	220	220	-	660	660	-	661	(1)
Total Operating Expense	168,715	205,733	170,285	-	544,733	506,878	37,856	706,292	(161,558)
Non-Operating Revenue (Expense)									
Uses of Prop & Investment	2,631	2,377	2,175	-	7,183	11,598	(4,416)	12,000	(4,817)
State Revenue	4,395	4,395	5,442	-	14,232	9,810	4,422	14,533	(301)
Total Non-Operating Revenue	7,026	6,772	7,617	-	21,415	21,408	6	26,533	(5,118)
Net Income (before transfers)	28,850	(35,970)	(537)	-	(7,656)	(40,271)	32,614	(193,364)	225,978
Transfers									
Transfers In (other funds)	5,967	1,841	21	-	7,829	24,806	(16,977)	37,500	(29,671)
Transfers Out (other funds)	-	(300,000)	-	-	(300,000)	-	(300,000)	(300,000)	-
Other budgeted items (not recorded in GAAP statements)									
Fixed Assets	-			-	-		-		-
Key Indicators									
Cashflow from Operations (EBIDA)	22,045	(42,522)	(7,933)	-	(28,411)	(61,019)	32,608	(219,236)	190,825
Debt covenant calculation									
Net revenue of the system					(306,996)	(39,610)	(267,386)	(492,703)	185,707
Total debt service					-	-	-	-	-
Debt Service Ratio				n/a		n/a	n/a	n/a	
Debt Principal Coverage/Asset Replacement									
Simple cash flow					(306,996)	(39,610)	(267,386)	(492,703)	185,707
Debt principal					-	-	-	-	-
Debt principal coverage surplus/(deficit					(306,996)	(39,610)	(267,386)	(492,703)	185,707
Less Depreciation=cash available for asset replacement					(307,656)	(40,271)	(267,386)	(493,364)	185,707

City and Borough of Sitka
Interim Financial Statements
Building Maint. Balance Sheet
Through March 31, 2022

	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	YTD	Prior YTD	Variance from prior YTD
Assets/Deferred Outflows							
Current Assets	1,255,824	921,915	921,619	-	921,619	1,298,117	(376,498)
Noncurrent Assets							
Net OPEB asset*				-	-	29,007	(29,007)
Capital assets	3,741	3,521	3,301	-	3,301	4,181	(880)
Deferred Outflows*							
OPEB/Pension	36,803	36,803	36,803	-	36,803	98,279	(61,476)
Total Assets and Deferred Outflows	1,296,368	962,239	961,723	-	961,723	1,429,584	(467,861)
Liabilities/Deferred Inflows/Net Position							
Current Liabilities							
Accounts payable/accrued liabilities	29,733	29,733	29,733	-	29,733	32,485	(2,752)
Noncurrent Liabilities							
Pension/OPEB*	445,467	445,467	445,467	-	445,467	389,410	56,057
Deferred Inflows							
OPEB/Pension*	29,648	29,648	29,648	-	29,648	38,269	(8,621)
Total Liabilities and Deferred Inflows	504,848	504,848	504,848	-	504,848	460,164	44,684
Net investment in capital assets	3,741	3,521	3,301	-	3,301	4,181	(880)
Unrestricted	787,779	453,870	453,574	-	453,574	965,239	(511,665)
Total Net Position	791,519	457,390	456,875	-	456,875	969,420	(512,546)
Total Liabilities, Deferred Inflows, and Net Position	1,296,368	962,239	961,723	-	961,723	1,429,584	(467,861)
<i>*adjusted at fiscal year-end only</i>							
Working Capital Analysis							
Total Working Capital (Current Assets-Current Liabilities)	1,226,091	892,182	891,886	-	891,886	1,265,632	(373,746)
				-	-	4,181	(4,181)
Undesignated Working Capital	1,226,091	892,182	891,886	-	891,886	1,261,452	(369,566)
Days undesignated working capital				-	442	209	



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 22-095 Version: 1 Name:

Type: Special Report Status: AGENDA READY

File created: 6/21/2022 In control: City and Borough Assembly

On agenda: 6/28/2022 Final action:

Title: City and Borough of Sitka Asset Management Program-Ron Vinson

Sponsors:

Indexes:

Code sections:

Attachments: [Special report](#)
[Asset Management Presentation](#)

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



Special Report

CBS Asset Management Ron Vinson

CBS Asset Management Program Briefing

City & Borough of Sitka
Asset Management Program

06/28/2022



Presentation Outline

Goals:

Highlight Program progress to-date and outline future initiatives, projects, and tasks



What is Asset Management for CBS?



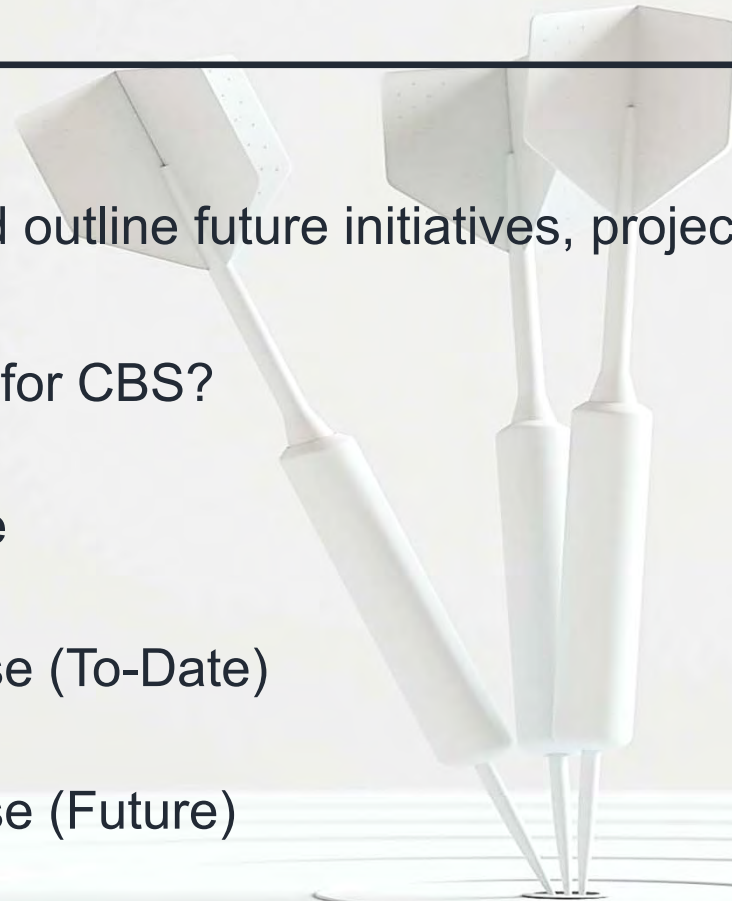
Overview of Planning Phase



Overview of Execution Phase (To-Date)



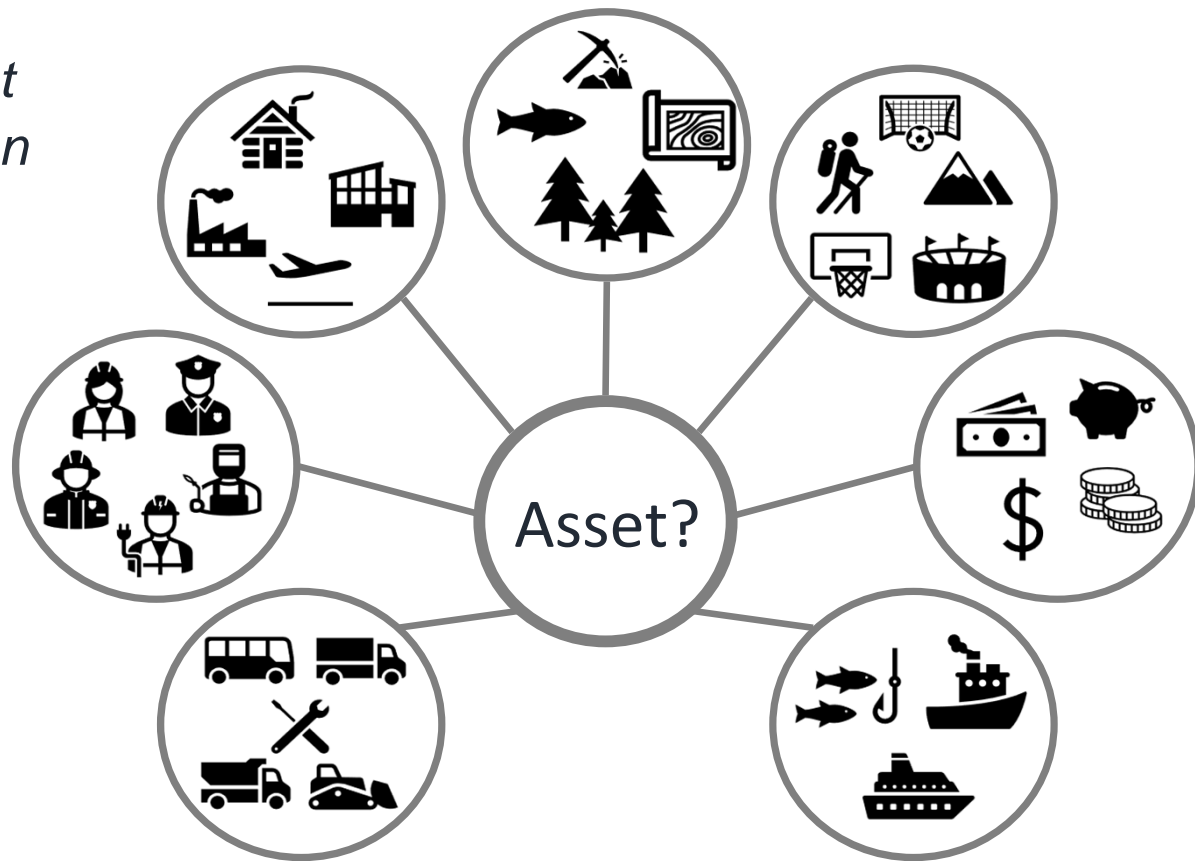
Overview of Execution Phase (Future)



Defining “Asset Management”

Defining “Asset Management”

Asset Management is...
managing assets in a way that optimizes the balance between risk, cost, and performance to bring the best value to our community.



Defining “Asset Management”

Asset Management Utilizes Best Practice Guidance:



ISO 55000, 55001, 55002 Standard for Asset Management



ISO 31000 Standard for Risk Management



IIMM – International Infrastructure Management Manual

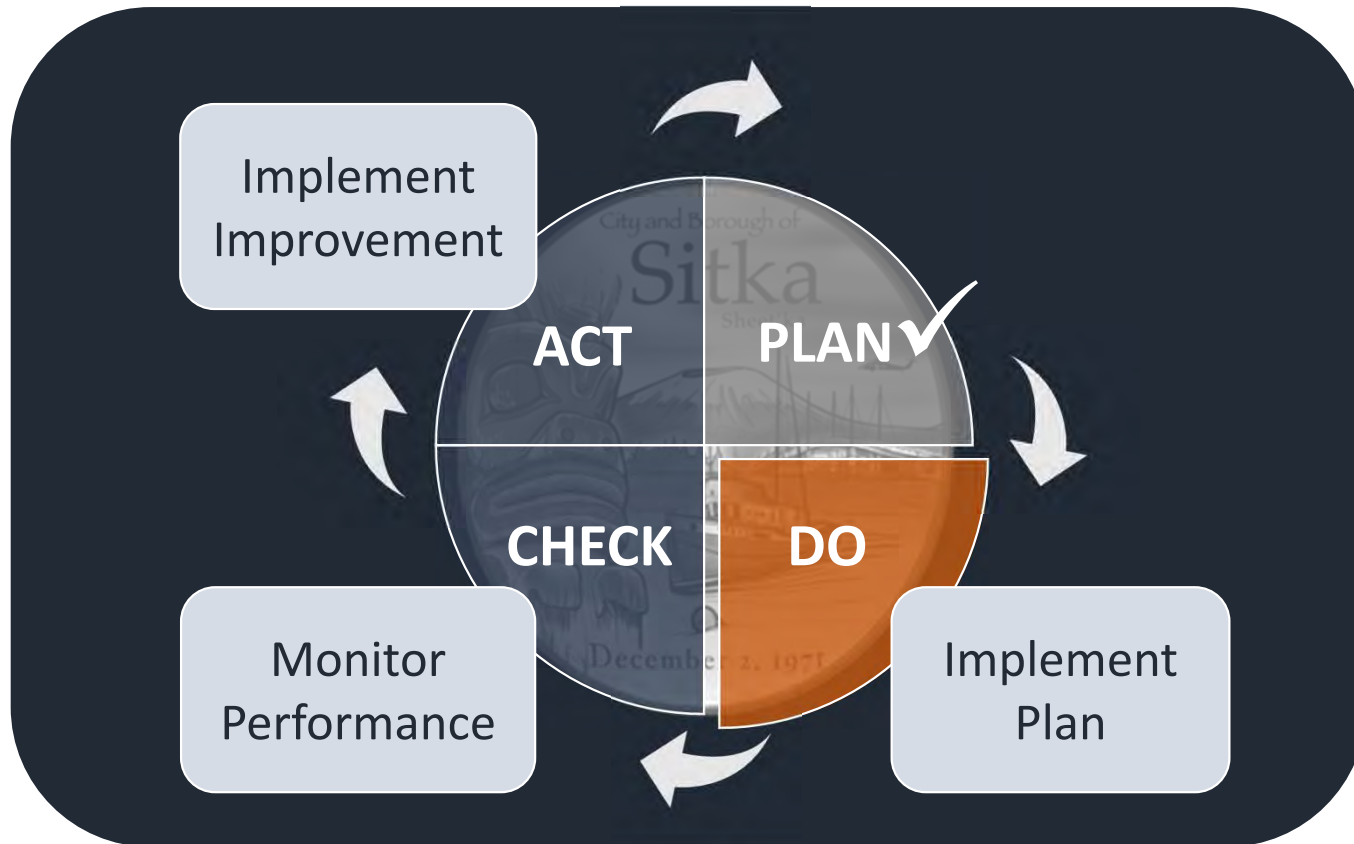


IAM – Institute of Asset Management



American Public Works Association – Public Works Management Practices

Defining “Asset Management” – PDCA Cycle

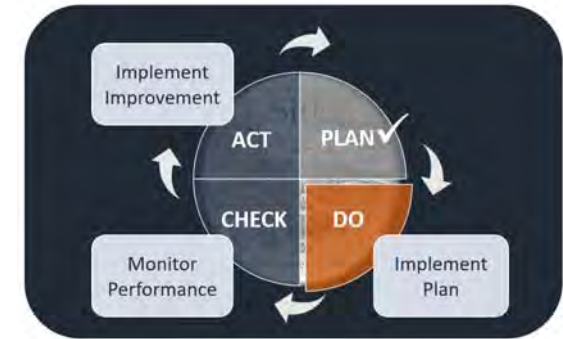


Defining “Asset Management”

☐ Phase I – Planning

☐ Phase II – Execution

☐ Phase III – Monitoring and Continual Improvement



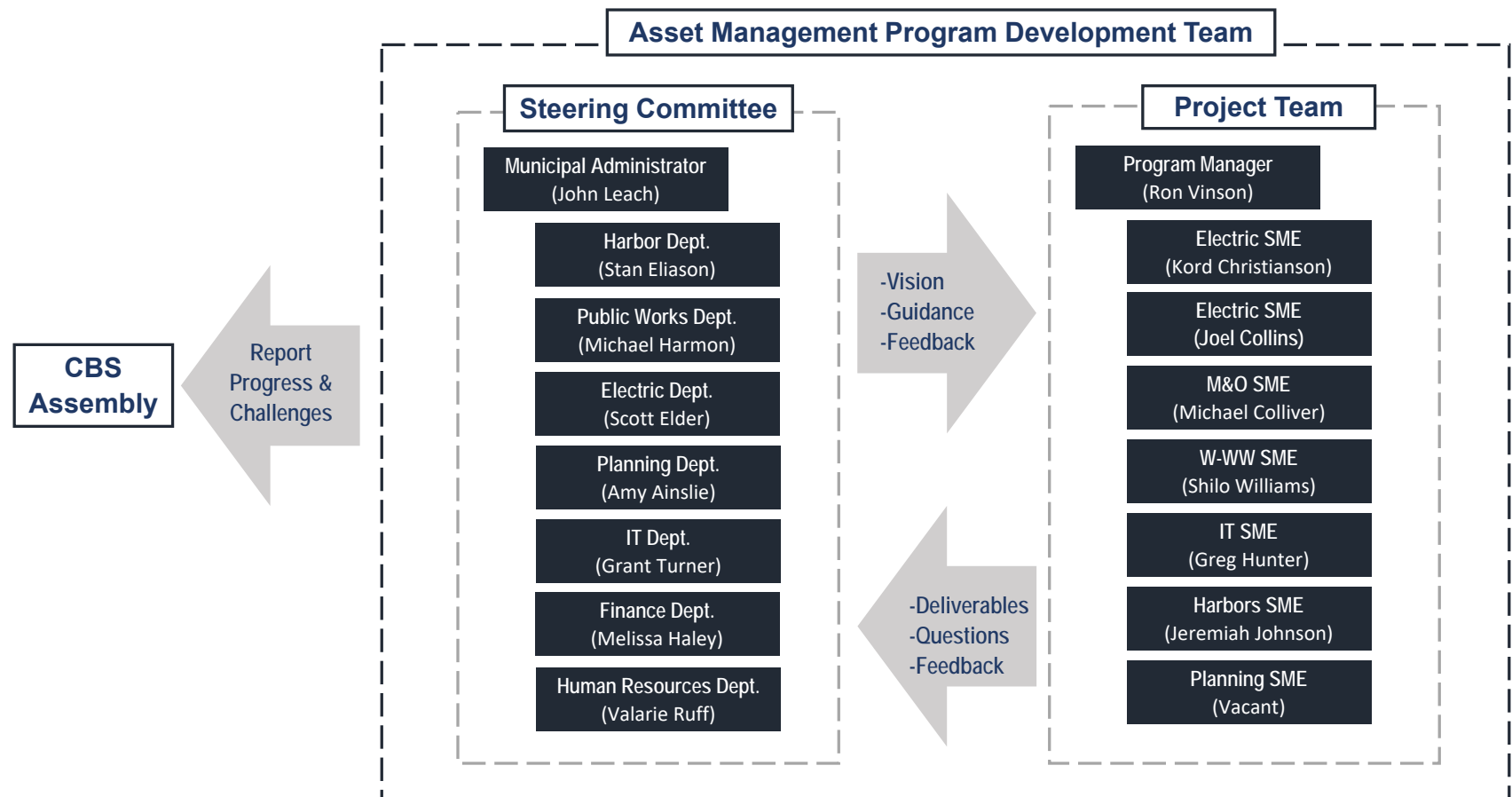
Planning Phase Overview

Planning Phase Overview

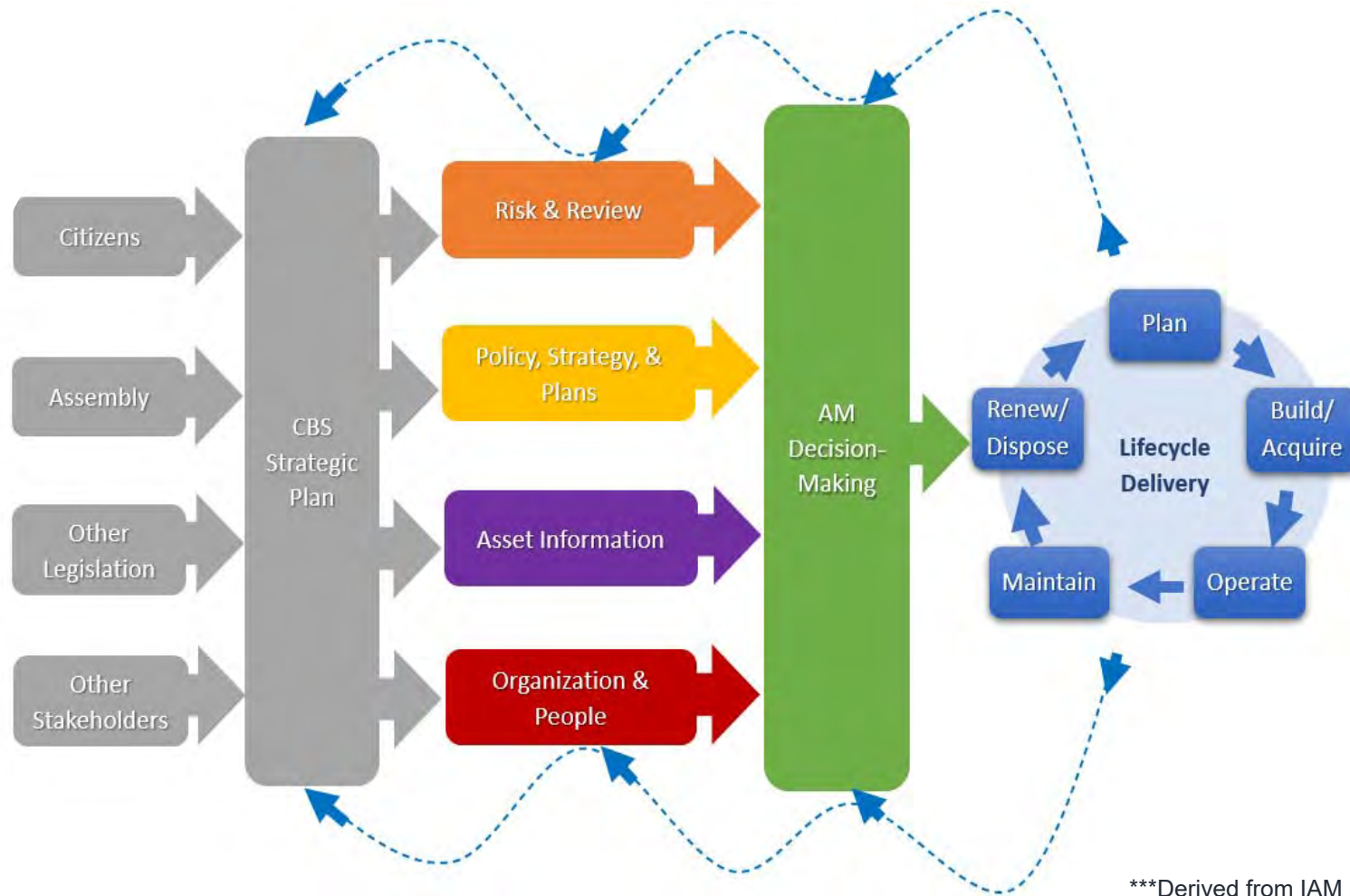
AM Program Development - Phase I (Planning)												
Task Description	2021				2022							
	Nov.		Dec.		Jan.		Feb.		March		April	
✓ AM Kickoff												
✓ Program Charter												
✓ Info. Mgmt. Policy/Strategy												
✓ Maturity Assessment												
✓ Implementation Plan												
Strategic Planning (non-AM)												

 Completed AM Task

Defining “Asset Management” – Communication



CBS Asset Management System



***Derived from IAM conceptual AM model

AM System Subject Area Groups

Group 1 – Strategy & Planning

1. Asset Management Policy
2. Asset Management Strategy & Objectives
3. Demand Analysis
4. Strategic Planning
5. Asset Management Planning

Group 2 – AM Decision-Making

6. Capital Investment Decision Making
7. Operations & Maintenance Decision Making
8. Life Cycle Value Realization
9. Resourcing Strategy
10. Shutdowns & Outage Strategy

Group 3 – Lifecycle Delivery

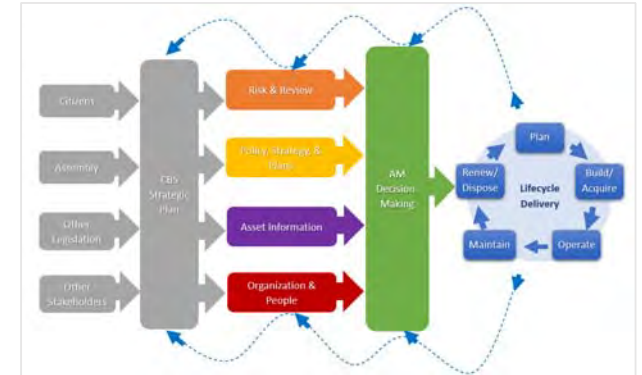
11. Technical Standards & Legislation
12. Asset Creation & Acquisition
13. Systems Engineering
14. Configuration Management
15. Maintenance Delivery
16. Reliability Engineering
17. Asset Operations
18. Resource Management
19. Shutdown and Outage Management
20. Fault & Incident Response
21. Asset Decommissioning and disposal

Group 4 – Asset Information

22. Asset Information Strategy
23. Asset Information Management
24. Asset Information Systems
25. Data & Information

Group 5 – Organization & People

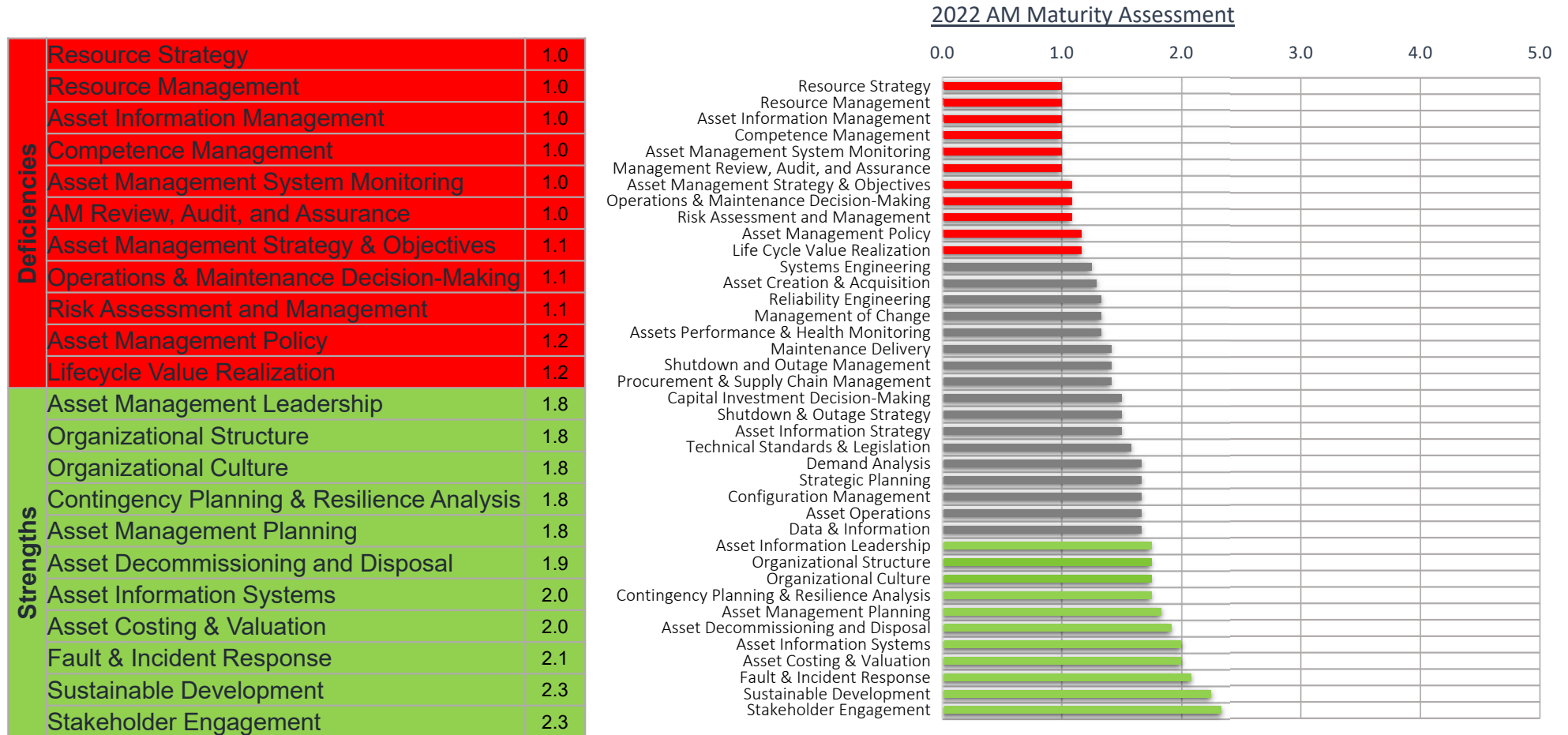
26. Procurement & Supply Chain Management
27. Asset Information Leadership
28. Organizational Structure
29. Organizational Culture
30. Competence Management



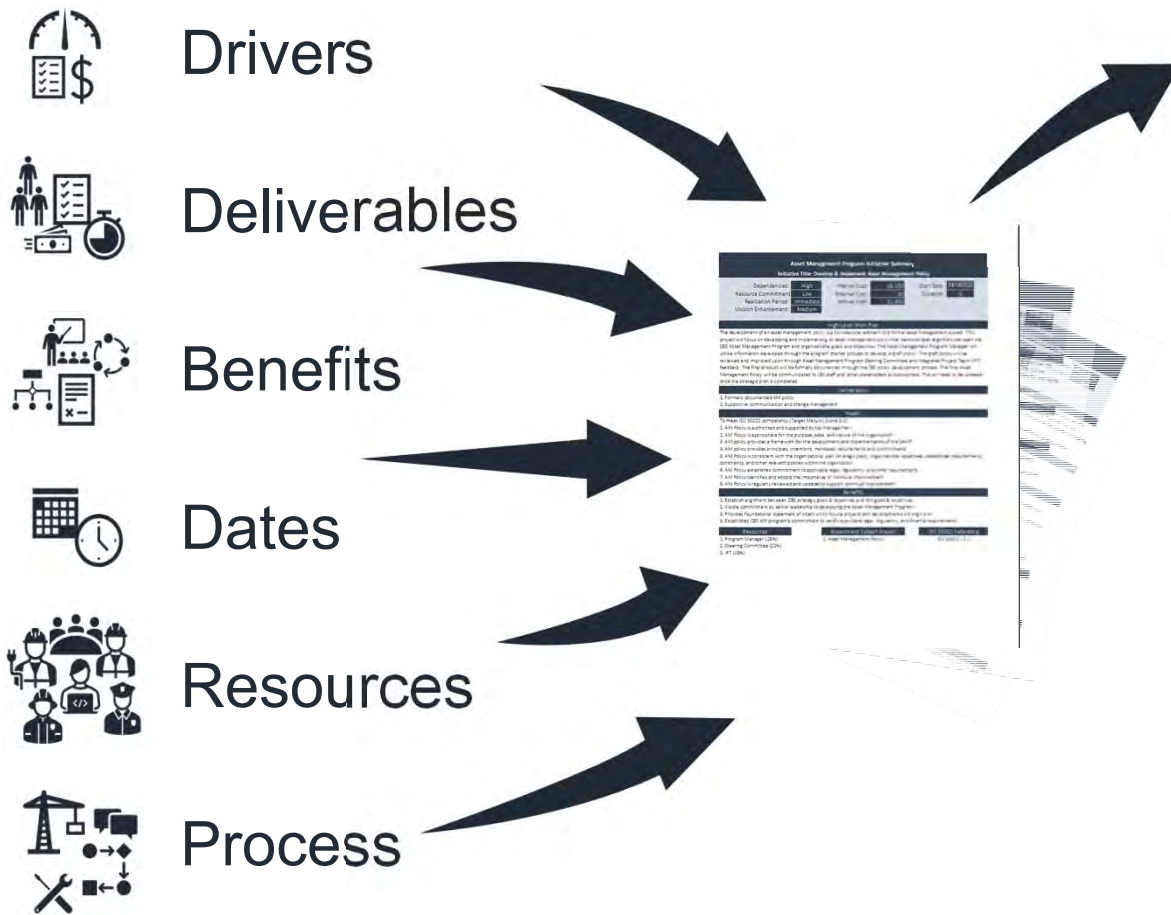
Group 6 – Risk & Review

31. Risk Assessment and Management
32. Contingency Planning & Resilience Analysis
33. Sustainable Development
34. Management of Change
35. Assets Performance & Health Monitoring
36. Asset Management System Monitoring
37. Management Review, Audit, and Assurance
38. Asset Costing & Valuation
39. Stakeholder Engagement

Maturity Assessment Summary



Phase II – Implementation Planning

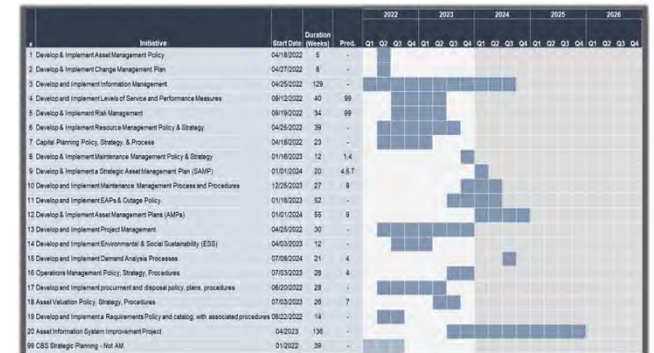


Dependency Rating	
High	>5 Successor Projects
Medium	<5 Successor Projects
Low	No Successors

Resource Commitment	
High	>500 hours of internal resourcing time
Medium	>250 and <500 hours of internal resourcing time
Low	<=250 hours of internal resourcing time

Realization Period	
Years	Benefits realized a year, or more after the project completion
Months	Benefits realized within 1 to 12 months of the project completion
Immediate	Benefits realized immediately following the project completion

Mission Enhancement	
High	Major
Medium	Moderate
Low	Minimal



[illegible]

Execution Phase Overview (To-Date)

Execution Phase Overview (To Date)

AM Program Development - Phase II (Execution)												
Initiative Description	2022											
	April		May		June		July		August		September	
✓ #1 – AM Policy												
✓ #2 – Stakeholder Engagement												
#3 – Information Management												
#6 – Resource Management												
#7 – Capital Planning												
#13 – Project Management												
#17 – Procurement & Disposal												



Completed AM Task



Upcoming AM Task

Execution Phase Overview (Future)

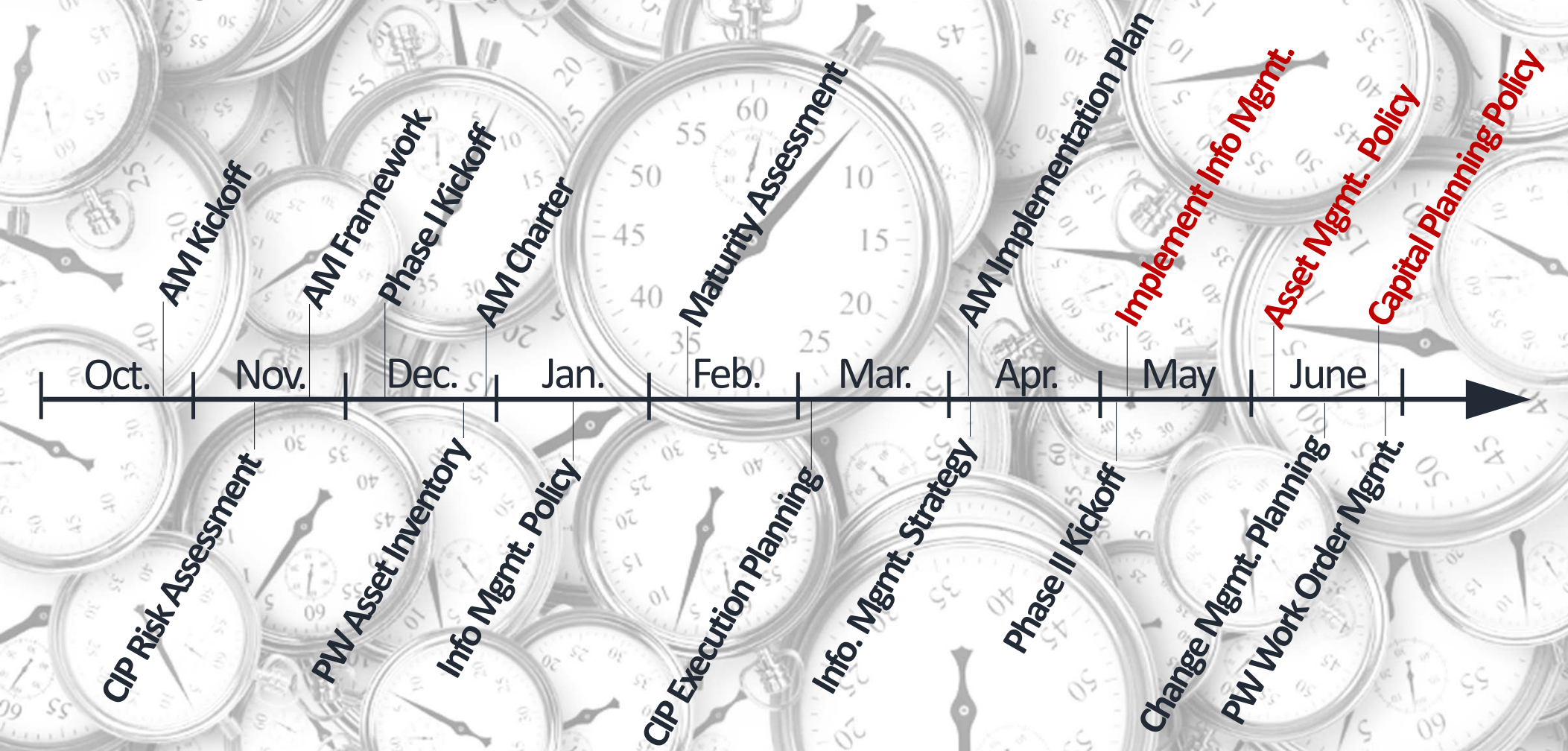
Execution Phase Overview (Future)

[illegible]



Questions?

Program Development To-Date





CITY AND BOROUGH OF SITKA

Legislation Details

File #: 22-096 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 6/21/2022 In control: City and Borough Assembly

On agenda: 6/28/2022 Final action:

Title: Approve the minutes of the June 14 Assembly meeting

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and Minutes](#)

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

CONSENT AGENDA

POSSIBLE MOTION

**I MOVE TO APPROVE THE CONSENT AGENDA
CONSISTING OF ITEM A.**

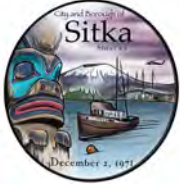
I wish to remove Item(s) _____

**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 14 Assembly meeting.



CITY AND BOROUGH OF SITKA

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

Minutes - Draft

City and Borough Assembly

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

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

Tuesday, June 14, 2022

6:00 PM

Assembly Chambers

REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. RECITAL OF LANDS ACKNOWLEDGEMENT

IV. ROLL CALL

Present: 7 - Christianson, Knox, Mosher, Eisenbeisz, Himschoot, Duncan, and Miller

V. CORRESPONDENCE/AGENDA CHANGES

No agenda changes.

[22-093](#)

Reminders, Calendars, and General Correspondence

Municipal Administrator Leach spoke to correspondence related to the tourism feedback line and a letter of opposition to the proposed sale of Alaska Mental Health Trust Authority land in Sitka, case file MHT 9101115.

VI. CEREMONIAL MATTERS

None.

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

Reporting for the School Board, Blossom Teal-Olsen told of end of year school activities and reminded the Board would meet on June 15 to appoint two vacant seats.

[22-083](#)

Sitka Strategic Plan Project Update - Sara Singer Wilson, SSW Consulting

Sara Singer Wilson with SSW Consulting presented an update on the City's strategic plan. Wilson reviewed the process, and told of project updates, community engagement, and next steps. Plan development would start in July with adoption slated for August.

VIII. PERSONS TO BE HEARD

Dr. Bruhl, Senior Vice-President and Chief Medical Officer at SEARHC, told of behavioral health services based in Sitka. Mike Finn, President of the Sitka ATV Club, spoke about a recent incident on Harbor Mountain in which terrain was damaged. He also requested Assembly sponsorship of an ordinance amending Sitka General Code to allow trailer towing behind an ATV.

IX. CONSENT AGENDA

A motion was made by Mosher that the Consent Agenda consisting of items A, B, and C be APPROVED. The motion PASSED by the following vote.

Yes: 7 - Christianson, Knox, Mosher, Eisenbeisz, Himschoot, Duncan, and Miller

A [22-084](#)

Approve the minutes of the May 24 Assembly meeting

This item was APPROVED ON THE CONSENT AGENDA.

B [22-085](#)

Approve a retail marijuana store license renewal application for Weed Dudes Incorporated at 1321 Sawmill Creek Road Suites J & K

This item was APPROVED ON THE CONSENT AGENDA.

C [22-086](#)

Nominate Mike Reif to the "municipality seat" of the Southeast Alaska Regional Dive Fisheries Association

This item was APPROVED ON THE CONSENT AGENDA.

X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS

D [22-091](#)

Appoint: 1) Toccoa Wolf to a three-year term on the Animal Hearing Board in the category of "Veterinarian," 2) Evanne Kegley to a three-year term on the Animal Hearing Board in the category of "non-animal keeper," 3) Kenneth Cameron to an unexpired term on the Investment Committee in the category of "alternate," 4) Alix Snelling to an "at-large" seat on the Sitka Bear Task Force, and 5) Chad Goeden to an unexpired term on the Gary Paxton Industrial Park Board

Blossom Teal-Olsen expressed opposition to Kenneth Cameron being appointed to the Investment Committee.

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

Yes: 7 - Christianson, Knox, Mosher, Eisenbeisz, Himschoot, Duncan, and Miller

- E** [22-092](#) Reappoint Rich Krupa to a three-year term on the Parks and Recreation Committee

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

Yes: 7 - Christianson, Knox, Mosher, Eisenbeisz, Himschoot, Duncan, and Miller

XI. UNFINISHED BUSINESS:

- F** **ORD 22-12S** Amending 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 sale tax on marijuana and marijuana products, in place of 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 4, 2022 (first reading - substitute ordinance to replace the ordinance introduced May 10)

Knox mentioned he and the other sponsors had met with industry members. The substitute ordinance removed sales tax and replaced it with a special sales tax of 6% on sales made during the first year and 8% on sales made during the second year and each year thereafter. Language had been deleted requiring the amount transferred to the School District be included in the calculation of local education support.

From the public, those testifying in opposition to the ordinance were Michelle Cleaver and Mike Daly. In support were Frank Hauser, Blossom Teal-Olsen, and Mike Vieira.

Some members expressed concern that the funds may be used as a supplement rather than added to what the school district currently budgeted for activities. Finance Director Melissa Haley indicated, that going forward, there would be an explicit discussion point when developing the budget. Duncan expressed equity concerns. Knox and Himschoot noted inequities would be addressed to some degree. Mosher believed the ordinance to be a good compromise. Christianson reminded the special sales tax was ultimately up to voters to decide at the Municipal election in October.

A motion was made by Knox that this Ordinance be APPROVED on FIRST READING.

Yes: 5 - Christianson, Knox, Mosher, Himschoot, and Miller

No: 2 - Eisenbeisz, and Duncan

- G** [ORD 22-14](#) Amending Title 15 “Public Utilities” of the Sitka General Code by updating Chapter 15.15 “Utility Cost Subsidization Program”

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

Yes: 7 - Christianson, Knox, Mosher, Eisenbeisz, Himschoot, Duncan, and Miller

XII. NEW BUSINESS:

H [22-087](#) Consideration and award of the request for proposals submitted for the available funds in the Fisheries Enhancement Fund

Eisenbeisz reviewed the process and stated that \$30,600 was available for disbursement; a total of \$40,600 had been requested.

Linda Behnken summarized the proposal submitted by Alaska Longline Fishermen's Association (ALFA). Elizabeth Bagley and Lisa Busch spoke to the Sitka Sound Science Center (SSSC) proposal.

Knox told of his time on the Assembly and each year the Assembly grapples with issues surrounding the intent of the Fund and its distribution. Others agreed. Some wondered about the use of funds towards a haul out as indicated in the ALFA application. Christianson and Duncan suggested a proportional disbursement.

Ali Trueworthy, Daniel Gaebele, and Eric Jordan spoke in support of the ALFA application. Linda Behnken commented ALFA would use awarded funds for young fishermen's work and exclude the haul out.

A motion was made by Christianson to award \$23,000 to Sitka Sound Science Center and award \$7,600 to Alaska Longline Fisherman's Association. The motion PASSED by the following vote.

Yes: 7 - Christianson, Knox, Mosher, Eisenbeisz, Himschoot, Duncan, and Miller

I [22-088](#) Approve a request for temporary natural resource extraction and mining support facilities (rock screening and crushing) at 300 Airport Road and 227 Tongass Drive filed by SouthEast Alaska Regional Health Consortium

Planning Director Amy Ainslie explained SouthEast Alaska Regional Health Consortium (SEARHC) had started site prep for construction of the new hospital building and hoped to receive approval to operate rock screening and crushing on site to use as fill. Processing on site would reduce the time and expense of trucking blasted rock offsite to be processed and then trucked back to the site for use. There would also be a substantial reduction in traffic generation. Ainslie relayed the Planning Commission had approved the request with the following conditions to help safeguard/mitigate potential adverse impacts: 1) approval valid between July 1, 2022 and December 31, 2022, 2) hours of operation limited to 7am to 6pm Monday through Saturday, 3) the applicant take all reasonable efforts to manage dust generation, 4) screening or crushing equipment be placed and operated no closer than 300 feet to any structure and no closer than 150 feet to any street or sidewalk, 5) operations shall be consistent with the application, narrative, and plans that were submitted, and 6) the Planning Commission may schedule a public hearing at any time to resolve issues with the request and mitigate adverse impacts on nearby properties.

SEARHC representatives, Maegan Bosak and Mike Pountney, explained the request.

Christianson, liaison to the Planning Commission, stated the Commission had thoroughly reviewed the request.

A motion was made by Christianson to approve temporary natural resource extraction and mining support facilities (rock screening and crushing) at 300 Airport Road and 227 Tongass Drive in the public lands district as requested by the Southeast Alaska Regional Health Consortium and subject to the conditions of approval listed in the staff memo. Further, the use is in the public interest, all reasonable safeguards are to be employed to protect the surrounding area, and that there are no reasonable alternative locations for the use. The motion **PASSED** by the following vote.

Yes: 7 - Christianson, Knox, Mosher, Eisenbeisz, Himschoot, Duncan, and Miller

J [22-089](#)

Approve a Memorandum of Understanding between the City and Borough of Sitka and the Sitka Cycling Club for a bicycle pump track near the skate park below the intersection of Halibut Point Road and Katlian Street

KK Prussian with the Sitka Cycling Club thanked the Assembly for their support.

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

Yes: 7 - Christianson, Knox, Mosher, Eisenbeisz, Himschoot, Duncan, and Miller

K [22-090](#)

Discussion / Direction / Decision on budgetary parameters associated with the Green Corridor First Mover Commitment

Administrator Leach requested budgetary parameters. The Assembly discussed and agreed there was currently no financial or personnel support to contribute to the project. Once the Sustainability Coordinator was hired, the City's contribution would be that individual in-kind staff time.

XIII. PERSONS TO BE HEARD:

Doug Osborne of the Sitka Health Summit told of the annual meeting on September 15 and provided an update on the Sitka Homeless Coalition project.

XIV. REPORTS

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

Administrator - Leach provided an update on the Strategic Plan process, Lincoln Street closure, and announced Sitka had taken second place at the American Water Works Association's Best of the Best Water Taste Test Competition.

Clerk - Peterson announced a candidate open house was scheduled for June 20 and June 30.

Other - Knox spoke about the planned construction on Sawmill Creek Road and reminded individuals to remove studded tires.

XV. EXECUTIVE SESSION

None.

XVI. ADJOURNMENT

A motion was made by Christianson to ADJOURN. Hearing no objections, the meeting ADJOURNED at 9:00pm.

ATTEST: _____
Sara Peterson, MMC
Municipal Clerk



CITY AND BOROUGH OF SITKA

Legislation Details

File #: ORD 22-12S Version: 1 Name:

Type: Ordinance Status: AGENDA READY

File created: 5/4/2022 In control: City and Borough Assembly

On agenda: 6/28/2022 Final action:

Title: Amending 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 sale tax on marijuana and marijuana products, in place of 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 4, 2022

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Ord 2022-12S](#)
[Substitute Ord 2022-12S](#)
[Original memo](#)

Date	Ver.	Action By	Action	Result
6/14/2022	1	City and Borough Assembly		
5/24/2022	1	City and Borough Assembly	POSTPONED	Pass
5/10/2022	1	City and Borough Assembly	PASSED ON FIRST READING	Pass

POSSIBLE MOTION

I MOVE TO approve Ordinance 2022-12S on second and final reading amending 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 sale tax on marijuana and marijuana products, in place of 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 4, 2022.

Notes:

- 5/10/22: Ordinance 2022-12 introduced and approved on first reading
- 5/24/22: Ordinance 2022-12 postponed so that sponsors could continue work on substitute ordinance
- Changes reflected in substitute ordinance:
 - Rate of levy of sales tax is 6% on sales made during the first year and 8% on sales made during the second year and each year thereafter. (Previously 6%, 8%, and 10%)
 - Language deleted requiring the amount transferred to be included in the calculation of the local support of education – see lines 170 and 171.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2022-12S

BALLOT PROPOSITION OCTOBER 4, 2022

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING 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 SALE TAX ON MARIJUANA AND MARIJUANA PRODUCTS, IN PLACE OF 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 4, 2022

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 specific consumer sales tax on marijuana and marijuana products and exempt these sales from the general sales tax in section 4.09.010(A). 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, and updating existing sections and subsections in Chapter 4.09, entitled “Sales tax”, section 4.09.010, entitled “Levy of sales tax”, section 4.09.020, entitled “Collection of tax”, section 4.09.100, entitled “Exemptions”, and 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.

4.09.020 Collection on tax.

* * *

4.09.100 Exemptions.

* * *

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 place of the consumer's sales tax levied in subsection A of this section, there is levied a consumer's sales tax on sales made in the city and borough of Sitka of marijuana, as "marijuana" is defined in AS 17.38.900(10), and marijuana products, as "marijuana products" is

defined in AS 17.38.900(15). The rate of levy of the sales tax under this subsection is six percent on sales made during the first year, starting on January 1, 2023, and eight percent on sales made during the second year and each year thereafter. The sales tax collected 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 the funds appropriated will be transferred to the Sitka School District. This funding will be restricted to the support of extracurricular student activities and associated travel costs.

~~E~~D. 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.

4.09.020 Collection on tax.

A. The tax described in Section 4.09.010(A) and (D) is imposed on the purchaser and must be collected by the seller and paid to the city and borough of Sitka by the seller as provided in Section 4.09.270. The seller holds all taxes collected in trust for the city and borough of Sitka. The tax must be applied to the sales price.

* * *

4.09.100 Exemptions.

* * *

R. ~~Reserved.~~ Marijuana and marijuana products. Sales of marijuana and marijuana products under section 4.09.010(D) are exempt from the levy of sales tax imposed by section 4.09.010(A).

* * *

Y. Exemption for Persons Who Have Reached the Age of Sixty-Five.

1. Any person, sixty-five years of age or older, who is a resident of the state of Alaska may apply for and be issued by the finance director a senior citizen sales tax exemption certificate which entitles the person, person's spouse, or the person's qualified domestic partner to be exempt from sales tax for the purchase of goods, services or rentals which are solely for the personal use or consumption of the person, person's spouse, or the person's qualified domestic partner. This exemption does not apply for purchases for the person, person's spouse, or the person's qualified domestic partner:

a. For use in any trade or business, including but not limited to commercial fishing;
or

b. For purchase of alcoholic beverages, cigarettes, or other tobacco products and marijuana or marijuana products.

* * *

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 4, 2022:

Shall the Sitka General Code be amended, effective January 1, 2023, by exempting marijuana and marijuana products from the general levy of sales tax and adding a specific levy of sales tax, 6% the first year and 8% the second year and each subsequent year, for marijuana and marijuana products sold in the municipality, and placing 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 2022-12S

An affirmative vote on this ballot proposition would amend the Sitka General Code section 4.09.010, entitled "Levy on Sales tax", by exempting marijuana and marijuana products from the general sales tax (5% October-March and 6% April-September) and concurrently creating a specific sales tax (6% for first year, and 8% for second year and each subsequent year) on marijuana and marijuana products. If approved by a majority of qualified voters, this amendment will become effective January 1, 2023.

The net effect of approval of the ballot proposition exempting marijuana and marijuana products from general sales tax and creating the marijuana and marijuana specific sales tax would be a zero to one percent increase in taxes in the

first year, and a two to three percent increase for the second year and all subsequent years, depending on the time of the year the tax is collected.

6. EFFECTIVE DATE. This ordinance shall become effective January 1, 2023, upon certification of the October 4, 2022, 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 28th day of June, 2022.

Steven Eisenbeisz, Mayor

ATTEST:

Sara Peterson, MMC
Municipal Clerk

1st reading: 5/10/2022

1st reading – substitute ordinance: 6/14/2022

2nd and final reading: 6/28/2022

Sponsors: Knox / Mosher / Himschoot



CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

From: Assembly Members Knox, Mosher, and Himschoot

Date: May 4, 2022

Subject: Approve Ordinance 2022-12 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.

In 2021 the Assembly considered a point of sale tax on marijuana and marijuana products that failed to pass the assembly and get placed on the ballot. This new version takes into account concerns that were raised by businesses, the public and Assembly members. Key differences include:

- Elimination of standard CBS Sales tax and providing a dedicated single Marijuana and Marijuana products point of sale consumer tax.
- Graduated rate structure over a three year period – 6%, 8%, 10%
- Addition of language clarifying that the CBS Senior Sales Tax exemption does not apply.
- Further clarification of dedication of revenue to the SSD Student Activities Fund

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. This body of research points to higher prices as a barrier to youth use.

Fiscal Note:

Based on recent retail sales tax data from Sitka's marijuana industry it is estimated that the 6%, 8%, 10% point of sale tax revenue would be approximately \$210,000, \$280,000, and \$350,000 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. Currently marijuana is exempt under the senior sales tax exemption with an approximate \$6,500 reduction in sales tax revenue from applied exemptions. The current total reduction in sales tax revenue due to the proposed exemption of marijuana sales would be approximately \$195,000.

The Sitka School District currently budgets \$268,476 to student activities which covers everything from the Athletic and Activities Director, coaching staff, officials and referees, activities travel and other supplies and expenses.

Dedicating Revenue:

The ordinance contains a provision to dedicate revenue to the Sitka School District's Student Activity Fund. The Sitka Health Summit Coalition, Sitka School District, Sitka Tribe of Alaska and the Children's Health Fund Action Group originally collaborated to develop the Fund, which now holds and distributes proceeds of marijuana licensing fees.

Sitka has some significant inequities, with great disparity evident in income, opportunity and health outcomes along class and racial lines. Overall, more than 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 increasingly high and growing with the inflation of travel costs, and equipment and supply needs. 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 if not thousands of dollars in registration, uniform, travel costs, and other fees.

Some activities have tried to shift this burden on families by engaging in fundraising campaigns, with some Sitka School District seasonal sports and activities needing to raise

tens of thousands of dollars for each activity. Fundraising activities carry their own stress of time commitment, and in reality financial contribution buy families, students and organizers. The same workload and the does not in fact remove 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 Fund was designed to help close this opportunity gap by funding student participation in activities that improve health and wellbeing. Expanding that mission to provide a stable revenue mechanism to provide activities funding for all Sitka School District youth with affordable and accessible activities benefits the community as a whole.

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 to determine eligibility for assistance from the Activities Fund. Funds within the Student Activity Fund would then also be equitably distributed to ensure the greatest success to student extracurricular programs throughout the Sitka School District.



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 22-098 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 6/22/2022 In control: City and Borough Assembly

On agenda: 6/28/2022 Final action:

Title: Approve the 2022-2025 International Brotherhood of Electrical Workers (IBEW), Local 1547 Collective Bargaining Agreement

Sponsors:

Indexes:

Code sections:

Attachments: [01 Motion IBEW](#)
[02 IBEW Memo and Agreement](#)

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

POSSIBLE MOTION

I MOVE TO approve the 2022-2025
Collective Bargaining Agreement
between the City and Borough of Sitka
and the International Brotherhood of
Electrical Workers, Local 1547 and
authorize the Municipal Administrator to
execute the document.



CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

Thru: John Leach, Municipal Administrator

From: Kimberly Geariety, Labor Negotiator
Valarie Ruff, Human Resources Director
Melissa Haley, Finance Director

Date: June 17, 2022

Subject: IBEW 2022-2025 Labor Agreement

Background

Labor negotiations for the fifth collective bargaining agreement with the IBEW began in early May and by the end of May (after two rounds of negotiations), the parties had reached a tentative agreement.

The Union ratified the tentative agreement on June 7, 2022. As required by Sitka General Code (SGC) 2.08.125, the Assembly is now asked to approve the tentative agreement.

Analysis

The primary changes in the IBEW 2022-2025 Agreement are as follows:

Non-Economic Changes

- Updated language related to the use of and benefits for NECA-Temps.
- Updated language regarding the numeric ratio of Journeyman Lineman to Apprentices giving Electric Department more flexibility with regard to the hiring and supervision of Apprentices
- Clarified language regarding Safety Training and Meetings and the role management has in both

- Added in Martin Luther King Jr. holiday (adopted by the Assembly in December 2020)
- Clarified the option of alternative work schedules (in addition to a 4/10 work schedule) in the Agreement
- Removed requirement to pay for meal (\$25.00) in addition to providing time off to eat when overtime is scheduled ahead of time
- Clarified the overtime is paid after 10 hours of work when on a 4/10 schedule
- Clarified that the clothing allowance in the existing Agreement is to be used to purchase work boots which will no longer be provided by the Electric Department
- Extended the coverage and clarified that the Personnel Policies Handbook applies to employees covered by the Agreement unless otherwise specified in the Agreement to ensure continuity of process and policy

Economic Changes

The underlying principle in the wage and benefit package below is two-fold. First, the addition of the Alaska Electrical Pension Fund was for the purpose of providing a different compensation package for recruiting and retaining employees at the Electric Department, especially Journeyman Lineman in Alaska. The parties agreed that the higher hourly rate agreed to last July did not generate the candidates as expected. Second, the package is designed so that the employees share the cost indirectly by taking less in hourly wages to fund the contribution to the Alaska Electrical Pension Fund.

- Wages
 - No pay increase, but instead a \$4.00 per hour pay reduction in General Foreman, Line Foreman, and Journeyman Lineman effective July 1, 2022 (hourly reduction used to fund in part the Employer contribution to the Alaska Electrical Pension Fund – see below)
 - All other job classifications to receive 4.5% July 1, 2022 (reduced COLA used to fund in part the Employer contribution to the Alaska Electrical Pension Fund – see below)
 - All hourly rates will increase by \$1.00 effective July 1, 2023
 - All hourly rates will increase by \$1.00 effective July 1, 2024
- Benefits

General Foreman, Line Foreman, and Journeyman Lineman

- Employer contribution of \$6.00 per compensable hour to Alaska Electrical Pension Fund effective July 1, 2022
- Contribution increases to \$6.50 effective July 1, 2023
- Contribution increases to \$7.00 effective July 1, 2024

All other job classifications except for Apprentice

- Contribution of \$1.50 per compensable hour to Alaska Electrical Pension Fund effective July 1, 2022
- Contribution increases to \$2.00 effective July 1, 2023
- Contribution increases to \$2.50 effective July 1, 2024

- On-Call Pay
 - Increased on-call pay to \$50.00 for weekdays and \$100.00 for Saturdays, Sundays, and holidays.

Fiscal Note

Overall, the total maximum increased cost to the City and Borough of Sitka (CBS) is \$1,143,686 over the proposed 3-year contract. This calculation is a worst-case scenario which assumes no vacancies remain and overtime continues at prior year levels, hopefully, vacancies will decrease, as will overtime hours. Of note, part of the proposed compensation is an employer contribution to the Alaska Electric Pension Fund. While we believe that this benefit is one that would not have PERS/other employer costs levied on top of the benefit, further investigation is needed. Should we have to pay the employer costs on top of this benefit, it would add an estimated \$129,000 to the 3-year contract total.

Financial implications of IBEW negotiated monetary terms

3-year impact on CBS vs. final FY22	YR1-FY23	YR2-FY24	YR3-FY25	Total increase over contract
Increase in personnel costs to CBS from current (FY22) levels*	\$223,519	\$404,105	\$516,061	\$1,143,686
Year-to-year contract	Change FY22-FY23	Change FY23-FY24	Change FY24-FY25	
Year to year increase in costs to the CBS (%)	\$223,519	\$180,586	\$111,956	
Year to year increase in costs to the CBS (\$)	7.10%	5.30%	3.10%	

The cost increase proposed in the contract for FY23 is in line with the personnel costs in the approved FY23 budget and no supplemental appropriation will be required. Increases proposed for FY24 and FY25 will be built into those budgets.

Recommendation

Recommend Assembly Approval.

Encl: IBEW Labor Agreement

**Collective Bargaining Agreement
Between the
City and Borough of Sitka,
and the
International Brotherhood of Electrical
Workers, Local 1547**

July 1, 2022 through June 30, 2025

Table of Contents

ARTICLE 1 - POLICY AND SCOPE	5
ARTICLE 2 - RECOGNITION AND SCOPE	5
ARTICLE 3 - NO-STRIKE/NO-LOCKOUT	5
ARTICLE 4 - DURATION	5
ARTICLE 5 - UNION SECURITY	6
Section 5.1 Non-Interference	6
Section 5.2 Payroll Deductions	6
Section 5.3 New Hires	6
Section 5.4 Standards of Work	7
Section 5.5 Shop Stewards	7
Section 5.6 Union Bulletin Board	7
Section 5.7 Union Access to Employer's Premises	7
ARTICLE 6 - NONDISCRIMINATION	7
ARTICLE 7 - PERSONNEL FILES	8
Section 7.1 Employee Access	8
Section 7.2 Copies of Personnel File	8
Section 7.3 Confidentiality	8
ARTICLE 8 - EMPLOYEE STATUS AND APPOINTMENT	8
Section 8.1 Employee Status	8
Section 8.2 NECA-Temporary Employees	8
Section 8.3 Vacancies	9
Section 8.4 Probationary Periods	9
ARTICLE 9 - MANAGEMENT RIGHTS	10
ARTICLE 10 - APPRENTICESHIP	10
Section 10.1 Right to Use Apprentices	10
Section 10.2 Apprentice and Journeyman Lineman Ratio	10
Section 10.3 Alaska Joint Electrical Apprenticeship and Training Trust	11
ARTICLE 11 - SAFETY	11
Section 11.1 Safety Codes and Manual	11
Section 11.2 Employer, Union, and Employee Responsibilities	11
Section 11.3 Safety Training and Meetings	12
Section 11.4 Safety Committee	12

ARTICLE 12 - TIME OFF	12
Section 12.1 Vacation	12
Section 12.2 Sick Leave	13
Section 12.3 Family and Medical Leave	14
Section 12.4 Leave without Pay	15
Section 12.5 Holidays	15
Section 12.6 Military Leave	16
Section 12.7 Occupational Injury Leave	16
Section 12.8 Court Leave	16
ARTICLE 13 - HOURS OF WORK AND COMPENSATION.....	16
Section 13.1 Workday and Workweek.....	16
Section 13.2 Meals	17
Section 13.3 Shift Change Notice.....	17
Section 13.4 Compensation.....	17
Section 13.5 Shift Differentials	18
Section 13.6 Call-Out Pay	18
Section 13.7 On-Call Pay	18
Section 13.8 Compensation of Employee Working in Higher Classification ..	18
Section 13.9 Compensation of Employee Working in Lower Classification ...	18
Section 13.10 Timesheets and Payday	19
Section 13.11 Wage Discrepancies.....	19
Section 13.12 Pyramiding of Overtime	19
Section 13.13 Hot-Stick Work.....	19
Section 13.14 Licensing and Certifications	19
Section 13.15 Clothing Allowance	19
Section 13.16 Green Lake/Blue Lake Tunnel Work	19
Section 13.17 Green Lake/Blue Lake Dam Ladder Access	20
Section 13.18 Other Compensation Issues Not Addressed.....	20
ARTICLE 14 - WAGE RATES	20
Section 14.1 Hourly Rates of Pay	20
Section 14.2 Relief Worker Wage Rate	21
Section 14.3 Lead Worker Wage Rate.....	21
Section 14.4 Apprentice Wage Rate	21

ARTICLE 15 - GRIEVANCE-ARBITRATION PROCEDURES	22
Section 15.1 Purpose	22
Section 15.2 Grievance Definition	22
Section 15.3 Grievance Time Frames and Procedures	22
Section 15.4 Arbitration	23
ARTICLE 16 - SENIORITY	24
Section 16.1 Seniority	24
Section 16.2 Termination of Seniority	24
Section 16.3 Layoff	24
ARTICLE 17 - PERFORMANCE EVALUATIONS	25
ARTICLE 18 - DISCIPLINE AND DISCHARGE	25
Section 18.1 Just Cause	25
Section 18.2 Progressive Discipline	25
Section 18.3 Copies of Disciplinary Notices	25
Section 18.4 Resignation	25
ARTICLE 19 - BENEFITS	25
Section 19.1 Retirement	25
Section 19.2 Alaska Electrical Legal Plan	26
Section 19.3 Life Insurance	26
Section 19.5 IBEW Hardship and Benevolent Fund (“IHBF”)	26
ARTICLE 20 - PERSONNEL POLICIES HANDBOOK	27
Section 20.1 Application	27
Section 20.2 Conflicts	27
Section 20.3 Notice of Amendments	27
ARTICLE 21 - GENERAL PROVISIONS	27
Section 21.1 Complete Agreement	27
Section 21.2 Letters of Agreement	27
Section 21.3 Severability	27
Section 21.4 Entire Agreement	28
Section 21.5 Assignability	28
ARTICLE 22 - SUBCONTRACTING	28

**COLLECTIVE BARGAINING AGREEMENT
BY AND BETWEEN
THE CITY AND BOROUGH OF SITKA, ALASKA
AND**

LOCAL #1547 INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, AFL-CIO

For the purposes of maintaining cordial relations between the City and Borough of Sitka, Alaska, ("Employer") and Local #1547 International Brotherhood of Electrical Workers, AFL-CIO ("Union") the parties do enter into, establish and agree to the following conditions of employment.

ARTICLE 1 - POLICY AND SCOPE

It is the policy of the Employer and Union to promote harmonious and cooperative relations between the Employees and the Employer, to protect the public by promoting orderly and effective operations of government, and to maintain merit principles. The Employer, Union, and Employees are committed to develop a positive labor management relationship, which promotes the success of the Employer, provides rewarding jobs for its Employees, and makes available quality service to meet the needs of its customer. The purpose of this Agreement is to set forth terms and conditions of employment to support a work environment that will further these objectives.

ARTICLE 2 - RECOGNITION AND SCOPE

The Employer recognizes the Union as the sole and exclusive bargaining agent for, and this Agreement shall cover all Regular, Relief, and NECA-Temporary Employees in the Electric Department but not those Employees identified as exempt and confidential.

ARTICLE 3 - NO-STRIKE/NO-LOCKOUT

The parties understand and agree there will be no strikes or lockouts during the life of the Agreement pursuant to Sitka General Code §2.08.125 (j). The Union and Employees further agree that they will not sanction, encourage or continue any sickouts, slowdowns, or other disruptive activity during the life of the Agreement.

ARTICLE 4 - DURATION

The term of this Agreement shall be from July 1, 2022 through June 30, 2025, and thereafter from year to year if the Agreement is not reopened.

However, either party may open negotiations not later than sixty (60) days before the expiration of this Agreement by giving the other party written notice of the particular Articles in which changes are desired. Such written notice should not be given more than one hundred and eighty (180) days before the expiration of this Agreement. The parties agree the written notice shall be in a letter form and sent to the Municipal Administrator or the Assistant Business Manager at the IBEW office in Juneau in order to be effective.

The parties agree to discuss the schedule for negotiations at their earliest opportunity but not later than sixty (60) days after receipt of such notice. Nothing herein will preclude the termination, modifications, or amendment of this Agreement at any time by written mutual consent of the parties.

In the event that the termination of this agreement shall occur during the course of negotiations for a renewal of the agreement, the terms and conditions of this Agreement shall be binding upon the parties until a renewal agreement is negotiated and executed by the parties.

This Agreement shall become effective on the date of signing unless specified otherwise in the Agreement or in writing by the parties.

ARTICLE 5 - UNION SECURITY

Section 5.1 Non-Interference

The Employer agrees that it will not in any manner attempt to interfere between any Employee and the Union. It will not in any manner attempt to restrain any Employee from belonging to the Union or from taking an active part in Union affairs and it will not discriminate against any Employee because of Union membership or activity, provided that such activity is not contrary to this Agreement.

Section 5.2 Payroll Deductions

A. The Employer shall make all appropriate deductions in the first payroll period, including monthly and working dues and assessments from the pay of those Employees who have presented the Employer with a signed authorization for the deduction. The Employer agrees to make these deductions and to remit these funds, together with a list of Employees' names for which the deductions were made, to the Union on or before the fifteenth (15th) day of the month.

B. In the event an Employee notifies the Employer in writing that the Employee no longer wishes to pay dues or assessments via payroll deduction, the Employer shall notify the Union upon receipt of such written notice stopping payroll deduction. The Employer shall not stop payroll deduction for ten (10) working days to allow the Union to discuss the Employees obligations to the Union with the Employee. After ten (10) working days, the Employer shall stop the payroll deduction unless directed otherwise by the Employee.

C. Following thirty (30) calendar days of employment, an Employee may voluntarily elect to participate in the IBEW PAC Fund by signing and submitting to payroll an authorization form supplied by the Union. These funds shall be forwarded in the same manner and at the same time as set forth in paragraph A above.

D. The Employer will not be held liable for deduction errors. If the Employer makes an error in deductions the sole remedy will be to increase or reduce the amount deducted from the Employee's future deduction until the error has been corrected.

E. The Union will indemnify, defend, and hold harmless the Employer, its agents, insurers and Employees from any claim or cause of action arising from or related to any act or omission under this Section.

Section 5.3 New Hires

A shop steward will be allowed to meet with newly hired employees for up to thirty (30) minutes within seven (7) calendar days from the date of hire to provide Union information.

Section 5.4 Standards of Work

The Union agrees that all Employees who are covered by this Agreement will individually and collectively perform safe, efficient and diligent service, and will use their influence and best efforts to protect the property and interests of the Employer.

Section 5.5 Shop Stewards

A. Upon written notification, the Employer will recognize shop stewards who have been selected pursuant to the rules and regulations of the Union to represent the Employees covered hereby. The Union shall appoint no more than two shop stewards and an alternate. The names of the stewards will be furnished to the Utility Director of the Employer and the Human Resources Director in writing before beginning or being relieved of their duties.

B. The Employer recognizes that the stewards will be assigned their Union duties and responsibilities by the Union and pursuant to this Agreement. The stewards will cooperate with the Employer in securing compliance with this Agreement and, at the request of the Utility Director of the Employer, or designee, or the Human Resources Director will notify Employees of any violations of this Agreement.

C. Stewards are expected to perform their normal assigned duties as an Employee covered by this Agreement. However, the parties agree that stewards shall be granted a reasonable amount of time to handle Union business during work time which cannot be handled during non-work time without loss of pay so long as the Employee's supervisor has been notified.

D. Time spent performing steward duties during work time shall be recorded on the Employee's time card as Union business.

E. The Utility Director reserves the right to deny the use of work time for steward or Union business if it interferes with the operational needs of the Department or the performance of the Employee.

Section 5.6 Union Bulletin Board

Employer will provide bulletin boards and/or space on existing bulletin boards for use by the Union for the purpose of posting Union notices and communications.

Section 5.7 Union Access to Employer's Premises

With prior notice and approval, authorized representatives of the Union will be permitted to visit the work sites where Employees covered by this Agreement work during working hours so long as such visits do not disrupt or interfere with the operations of the Utility or the Employee's work.

ARTICLE 6 - NONDISCRIMINATION

The parties mutually agree that the Employer and the Union will not discriminate against any person or persons so as to deny such person or persons equal employment opportunities because of race, religion, color, sex, age, national origin, or disabilities or any other protected class provided for in federal, state, and local law as may be amended from time-to-time.

ARTICLE 7 - PERSONNEL FILES

Section 7.1 Employee Access

Employees shall have access to their personnel files in the Human Resources Department at reasonable times in the presence of the Director of Human Resources or designee.

Section 7.2 Copies of Personnel File

The Employee will receive a copy of any disciplinary letters and any material placed in the Employee's personnel files. Upon request, the Employee shall be provided a copy of any other document in the Employee's personnel files.

Section 7.3 Confidentiality

The Employee's personnel file in the Human Resources Department is confidential. The personnel file is only available for inspection by the Human Resources Director, or designee, and the Employee's immediate supervisor. Other Municipal personnel who, due to the nature of their work with the Employer need access to personnel information, may obtain the specific information needed from the Employee's personnel file from the Human Resources Director or designee, or through review of the pertinent documents from the Employee's personnel file.

ARTICLE 8 - EMPLOYEE STATUS AND APPOINTMENT

Section 8.1 Employee Status

A. All Employees covered by this Agreement are designated as Regular Employees. All regular Employees shall serve a probationary period as set forth below in Section 8.4A.

B. The Employer reserves the right to utilize relief Employees who are qualified individuals available to substitute for regular Employees. The intent of this Section is not to reduce the number of regular positions by the hiring of relief Employees. Relief Employees shall be subject to this Agreement when working for the Employer only as to Union security, hours of work, rates of pay, and applicable working rules. They shall not be eligible for holiday pay, leave, benefits, health and welfare benefits, pension or other benefits extended to regular Employees.

Section 8.2 NECA-Temporary Employees

A. Journeyman linemen and wiremen and other classifications as set forth in the IBEW-NECA Agreement may be employed as NECA-Temps for a period not to exceed six (6) months of continuous employment. The IBEW Inside-Outside Alaska Electrical Construction Agreement, as amended, shall govern the NECA-Temporary wages and benefits. NECA-Temporary Employees shall be subject to this Agreement only as to the hours of work and applicable working rules. When assigned to assume the position of a Leadman a NECA-Temporary Journeyman shall receive 104% of the applicable wage rate.

B. The IBEW Inside-Outside Alaska Electrical Construction Agreements ("Inside or Outside Agreement"), as amended, shall govern the NECA-Temp's wages and benefits. NECA-Temps shall be subject to this Agreement only as to the hours of work and applicable working rules while employed with Employer.

C. A NECA-Temp shall be provided the necessary FR gear required by the job as determined by the Employer, which must be returned to the Employer when the NECA-Temp's employment ends with the Utility, unless otherwise directed by the Utility Director.

D. When assigned to assume the position of a Leadman a NECA- Temps Journeyman shall receive 104% of the applicable wage rate in the applicable Inside or Outside Agreement.

E. A NECA-Temp may be hired by the Employer by applying for any vacant position at the Utility. Time spent in a NECA-Temp position shall be credited towards the new Employee's probationary period so long as the new job is the same as the NECA-Temp position at the Utility.

Section 8.3 Vacancies

A. The Utility Director is responsible for filling vacancies in the Department, subject to the approval of the Administrator. Hiring decisions are at the sole discretion of the Employer.

B. Posting

1. All vacancies shall be posted both internally on the Union Bulletin Board in the Department and externally, including the Union Hiring Hall.
2. Any current Department Employee who applies for a vacancy within the Department shall receive an interview during the hiring process.
3. The Union Hiring Hall may refer applicants to be considered through the normal hiring process.
4. When there are current, qualified Employees within the Department interested and available for the vacancy, the Employer shall endeavor to hire, promote, or transfer from within the existing work force.

Section 8.4 Probationary Periods

A. Every new regular Employee shall serve a six- month probationary period (180 consecutive days of service from date of hire) during which time the Employee may be terminated at the sole discretion of the Employer without right of appeal. All probationary Employees shall accrue service credits and seniority during the probationary period. An Employee's probationary period may be extended by mutual agreement between the Employer and Union.

B. Current regular Employees who are promoted or transferred to a different position shall serve a three-month (90 consecutive days from date of promotion or transfer) probationary period. If the Employee's performance in the new position is unsatisfactory in the Employer's sole discretion, the Employee may be returned to their previous position if vacant or to another vacant position so long as the Employee is qualified for that position. This employment action shall not be construed to be a demotion or disciplinary action requiring just cause.

ARTICLE 9 - MANAGEMENT RIGHTS

The Union recognizes the right of the Employer to operate and manage the Utility, including but not limited to:

- A. the right to establish and require standards of performance;
- B. maintain order and efficiency;
- C. direct Employees and their work;
- D. determine job assignments, and work schedules and overtime;
- E. assign bargaining unit work, including training, to qualified supervisory and management personnel whenever bargaining unit members are not available or in an emergency;
- F. determine the materials and equipment to be used;
- G. implement new and different operational methods and procedures;
- H. determine staffing levels and requirements;
- I. establish qualifications of work to be performed by Employees;
- J. determine the kinds, type, and location of facilities;
- K. introduce new or different service products, methods, or facilities;
- L. select, hire, classify, assign, promote, transfer, discipline, demote, or discharge Employees for just cause;
- M. lay off and recall Employees;
- N. regulate all activity conducted upon company premises and on company time; and
- O. promulgate and enforce rules, regulations and personnel policies and procedures.

Such rights, which are vested solely and exclusively in the Employer, shall not be exercised by ordinance or otherwise so as to violate any of the specific provisions of this Agreement.

The parties recognize that the above statement of management rights is for illustrative purposes only and should not be construed as restrictive or interpreted so as to exclude management prerogatives mentioned.

All matters not covered by the language of this Agreement may be administered by the Employer on a unilateral basis in accordance with such policies and procedures as it, from time to time, shall determine.

Any claim that the Employer has exercised such rights and power contrary to the provision of the Agreement may be submitted to the grievance procedure contained herein.

ARTICLE 10 - APPRENTICESHIP

Section 10.1 Right to Use Apprentices

The Employer reserves the right to utilize apprentices to perform the work at the Utility. Nothing in the paragraph precludes the Employer from using any apprenticeship program including the Alaska Joint Electrical Apprenticeship and Training Trust ("AJEATT").

Section 10.2 Apprentice and Journeyman Lineman Ratio

- A. The minimum numeric ratio of journeyman lineman to apprentices shall be based on the Standards of Apprenticeship agreed to with the US Department of Labor and the Employer.

B. The agreed-to standards are consistent with proper supervision, on-the-job training, safety, continuity of employment, and an assurance or a reasonable opportunity for employment upon the completion of apprenticeship.

C. The agreed-to ratios are as follows: for one (1) journeyman regularly employed, employer may have one (1) apprentice, and may have one (1) apprentice for each two (2) journeymen regularly employed thereafter per job site.

D. For purposes of this Section, either the Line Foreman or the General Foreman working with the tools may be used for ratio purposes.

Section 10.3 Alaska Joint Electrical Apprenticeship and Training Trust

The Employer agrees to consider using the AJEATT during the life of this Agreement in the event a need for an apprentice arises at the Utility.

A. If the Employer decides to utilize the AJEATT, the Employer agrees to pay \$5,000.00 per calendar year, prorated for any portion of a year an Employee is in the apprenticeship program.

B. If the Employee is participating in the AJEATT, the Employee will be required to apply for State Training Education Program (STEP) grants, if available. In addition to the STEP grant monies and in lieu of any wages or reimbursements, the Employer agrees to pay the Employee \$100 for every day assigned to attend training in either Anchorage or Fairbanks, including travel days.

ARTICLE 11 - SAFETY

Section 11.1 Safety Codes and Manual

The state and federal electrical safety codes, as amended, and the American Public Power Association Safety Manual are adopted by the parties as the minimum standards of safety under this Agreement. It will be the mutual concern of the parties that, recognizing their common objective of promoting the safety of Employees and the public, reasonable and rational safety programs and practices will be initiated and diligently implemented.

Section 11.2 Employer, Union, and Employee Responsibilities

A. It is recognized that the Employer has the legal responsibility to provide a safe and healthful workplace and working conditions. The Employer will furnish such safety devices, clothing, and equipment as may be necessary for the safety of Employees, and such first aid equipment and supplies as may be necessary for proper emergency treatment of such Employees.

B. The Union agrees to cooperate with the Employer by encouraging and holding Employees accountable to observe and comply with applicable safety laws, regulations, and workplace rules.

C. All Employees shall be responsible for carrying out safety and good housekeeping policies and practices. Each Employee is required to act with due care and regard for his own safety and that of his fellow Employees. Employees shall not expose or subject themselves or others to unsafe working conditions. Employees will use safety equipment on all appropriate occasions.

All Employees covered hereby will possess a current Red Cross First Aid Certificate and a current CPR Certificate or a State of Alaska equivalent.

Section 11.3 Safety Training and Meetings

A. The Employer will schedule or provide and Employees will attend and participate during normal working hours in safety training, either in person or on-line. Employees shall have a minimum of four (4) hours safety training in a month.

B. At the start of each work day, there will normally be a crew meeting which may include safety training.

C. Management may participate in any safety training or meeting.

D. The Employer shall provide the applicable training required to secure and maintain an approved first aid and CPR certificate.

Section 11.4 Safety Committee

A. Safety Committee consisting of at least one (1) Employee as selected by the Union and one (1) representative of the Employer as designated by the Utility Director shall meet as needed to discuss safety matters.

B. The Safety Committee shall also provide input to the Utility Director about safety training program options consistent with legal mandates, operational needs, and Employee desires. Such additional safety training programs will be subject to availability of funds and at the discretion of the Utility Director.

ARTICLE 12 - TIME OFF

Section 12.1 Vacation

A. All regular full-time Employees covered by this Agreement shall accrue vacation at the following rate. Regular part-time Employees shall accrue vacation on a ratio of the hours they work to a forty (40) hour week. No vacation will accrue while on leave without pay.

Years of Service	Accrual Rate Bi-Weekly	Accrual Rate Each Year	Mandatory Yearly Usage
0 Year Through 3 rd Year	4.01 Hours	104 Hours	40 Hours/5 Days
4 th Year Through 7 th Year	5.85 Hours	152 Hours	80 Hours/10 Days
Start of 8 th Year	7.70 Hours	200 Hours	120 Hours/15 Days

B. Vacation shall be taken with authorization of the immediate supervisor and shall be paid at the current rate of pay. Employee requests for time off under this section shall be granted based on operational needs.

C. Vacation shall not accrue and may not be taken prior to six (6) months of continuous satisfactory service, but after six months of employment vacation time shall accrue retroactive to the date of employment.

D. Regular Employees may accumulate up to and including four hundred and eighty (480) hours. There shall be no accrual after the 480 hour cap has been reached and it will resume when the Employee's vacation balance is less than 480.

E. When a holiday falls when an Employee is on vacation, the Employee shall be paid for the holiday without a deduction from accrued vacation.

F. Accrued vacation will be paid to Employees who terminate, so long as such termination is not for gross misconduct and the Employee has completed one (1) year of service.

G. Employees may cash out up to one hundred and sixty (160) hours each fiscal year in no more than two (2) installments. Employees may not cash in leave to avoid the mandatory use requirements of Section 12.1 A.

H. An Employee may request an advance of their vacation pay if they are going to be absent for more than ten (10) consecutive days and during which time a payroll is paid. The request to payroll must be made at least five (5) working days before the Employee's vacation is to begin and must include the signature of the Employee's immediate supervisor. Otherwise, Employees shall receive their pay check on regular scheduled pay days while on vacation.

I. Employees who do not use their mandatory time off as required in 12.1A shall forfeit the remaining balance of their unused mandatory time off as of June 30 of each calendar year. When operational needs do not allow an Employee to take the required time off, the Municipal Administrator may extend the time to use mandatory leave for up to six (6) months. An extension does not waive the following year's mandatory leave usage requirement.

Section 12.2 Sick Leave

A. Regular full-time Employees shall accrue sick leave at the rate of 5.54 hours bi-weekly while employed. Regular part-time Employees shall accrue sick leave on a ratio of the hours they work to a forty (40) hour week. No sick leave will accrue while on leave without pay.

B. Sick leave accrual shall be capped at a maximum of 720 hours.

C. When an Employee has exhausted his or her accrued sick and annual leave, the Employee may apply for leave from the sick leave bank consistent with the Personnel Policies Handbook.

D. Employees are responsible to notify their immediate supervisor or the Utility Director as soon as possible prior to the beginning of the Employee's shift if they are to be absent. If the notice is left by voice mail message, Employees are required to talk directly to a supervisor or Utility Director at some time during the day while absent. If such notification is not given, such absence shall be charged to leave without pay and may subject the Employee to disciplinary action up to and including discharge. In the event the Employee is unable to contact their supervisor or the Utility Director, it will be acceptable for someone from the Employee's immediate family to contact the Employer about the Employee's absence by talking directly to the Employee's immediate supervisor or the Utility Director.

E. Sick leave shall be paid at the Employee's current rate of pay and may be used for the Employee's illness or injury. Up to 120 hours of sick leave may be used or for the illness or injury of the Employee's immediate family members each calendar year. Up to 40 hours of sick leave may be used for a death in the Employee's immediate family. "Immediate family" for purposes of this section includes the Employee's spouse, children, parents, siblings, parents-in law, grandparents, grandchildren, or any person acting in one of these capacities.

F. The Employer may require a certificate from a medical provider confirming the absence was due to illness or injury for three days or more or to provide a fitness to return to duty for any absence. If the Employer suspects abuse of sick leave, nothing in this paragraph prohibits the Employer from requiring a medical certification for absences less than three days.

G. When a holiday falls when an Employee is on sick leave, the Employee shall be paid for the holiday without a deduction from accrued sick leave.

H. Employees shall be eligible for a sick leave benefit from date of hire. Sick leave will be granted to the Employee commencing on the first day of illness.

I. A regular employee who leaves employment with the Employer for any reason other than discharge for cause will be paid \$1.00 for every hour of sick leave accumulated as of their last day of employment.

J. Donation of Vacation Accrual for Sick Leave Donation Employees may donate vacation accrual to aid another employee who has a serious health condition or is caring for an immediate family member who has a serious health condition in accordance with Personnel Policies Handbook.

K. Conversion of Sick Leave

1. Employees who have used no more than forty (40) hours of sick leave during the calendar year will have up to forty (40) hours of sick leave converted to vacation time.
2. Employees who have used more than forty (40) hours but not more than eighty (80) hours will receive a sick leave conversion equal to the actual hours not used between forty (40) and eighty (80) during the calendar year.
3. Part-time regular employees shall be able to convert sick leave to vacation leave on a pro rata basis upon the relationship between their employment hours and full-time employment
4. Nothing in this Section should encourage or discourage employees from using their sick leave when sick.

Section 12.3 Family and Medical Leave

The Employer shall grant family and medical leave consistent with both the Federal and State Family and Medical Leave Act effective the first day of the authorized leave.

Section 12.4 Leave without Pay

Subject to the approval of the Utility Director and the Municipal Administrator and based on a written request by the Employee of a compelling reason for additional time off, an Employee who has used all accrued annual leave may be granted leave without pay consistent with the Personnel Policies Handbook.

Section 12.5 Holidays

A. All Employees covered by this Agreement shall have ten (10) holidays per year to be observed on the following days:

New Year's Day	January 1
Martin Luther King Jr. Day	Third Monday in January
Presidents' Day	Third Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	First Monday in September
Alaska Day	October 18
Veterans Day	November 11 (may be taken the day after Thanksgiving with the supervisor's approval)
Thanksgiving Day	Fourth Thursday in November
Christmas Day	December 25

and such other days as may be proclaimed by the Municipal Administrator.

B. When the holiday falls on a Saturday, the holiday will be observed on the preceding Friday, and when the holiday falls on a Sunday, the holiday will be observed on the following Monday.

C. Employees must be working or on an approved vacation or sick leave the day before the holiday and the day after the holiday in order to receive pay for a holiday.

D. All Employees will be paid eight (8) hours of holiday pay at the Employee's straight time rate for a designated holiday. If the Employee would have been scheduled to work on that day, the Employee may also get the day off.

E. If an Employee is required to work on a designated holiday, the first eight (8) hours of work on a holiday shall be compensated at the one and one-half (1 1/2) times the Employee's regular rate of pay in addition to the holiday pay in Section 12.5D. Any hours worked on a holiday in excess of eight (8) hours shall be at double time. No additional time off or pay will be granted for a holiday worked except as provided in paragraph G below.

F. All Employees with more than one (1) year of continuous service shall receive 28 hours for use as floating holidays at the start of the fiscal year to be taken at a time approved by the Employee's immediate supervisor. All floating holidays must be taken in the fiscal year accrued or forfeited.

G. Power Plant Operators who work a holiday may elect, in lieu of the holiday pay provided in paragraph D above, to receive an additional floating holiday that must be used during the fiscal year in which the holiday fell.

Section 12.6 Military Leave

Employees shall be eligible for military time consistent with federal (USERRA) and state law (AS 39.20.340) governing military time off.

Section 12.7 Occupational Injury Leave

An Employee shall be paid the difference between their workers compensation and their regular wages consistent with the Personnel Policies Handbook.

Section 12.8 Court Leave

Employees shall be eligible for court leave consistent with the Personnel Policies Handbook. Such leave time shall be treated as administrative leave without loss of pay. Pay for these hours shall be at the Employee's regular rate of pay. If the employee is excused from court leave on any given day, the Employee shall contact their immediate supervisor to determine if they are required to return to work.

ARTICLE 13 - HOURS OF WORK AND COMPENSATION

Section 13.1 Workday and Workweek

A. The regular workweek shall consist of five (5) consecutive eight (8) hour days. Employees will be assigned to work either a Monday through Friday workweek or a five (5) consecutive eight (8) hour day workweek during a work period starting on Monday and ending the following Sunday.

B. Alternative Work Schedules. Nothing in this Agreement precludes the establishment of an alternative work schedule that differs from that set forth above in paragraph A. Alternative work schedules will only be established based on operational need and in the discretion of the Utility Director.

1. Upon approval of the Utility Director and with written consent by the Employee, an Employee may be assigned to work 4 days at 10 hours per day.
2. Any other alternative work schedule may be established upon mutual consent of the Employer and the Union.

C. No Employee shall be required to work more than a total of sixteen (16) consecutive hours without an eight (8) hour break. Nothing in the paragraph precludes an employee from working more consecutive hours in the event of an unforeseen emergency, like a power outage, that lasts longer than sixteen (16) hours.

D. An Employee who has been on duty for four (4) or more hours after the workday and within eight (8) hours of their normal starting time the following day shall not be required to report for work without a minimum eight (8) hour rest period. The Employee shall be paid at the straight time rate of pay for scheduled hours not worked during a rest period. Employees required to report to work during their eight (8) hours rest period will be paid at double time rate of pay for all hours worked until the Employee has received an uninterrupted eight (8) hours rest period.

Section 13.2 Meals

A. All Employees shall be granted an unpaid meal period of at least thirty (30) minutes in duration once during an eight (8) hour work day. The Employer shall schedule an Employee's meal period approximately halfway through the Employee's designated shift. If an Employee is required to work through their meal period, the Employee shall be paid at the Employee's applicable rate of pay for thirty (30) minutes.

B. Scheduled Overtime

If the Employee is required to work scheduled overtime, the Employee shall be entitled to an unpaid meal period of at least thirty (30) minutes for a meal every four (4) hours worked.

C. Unscheduled Overtime

1. If an Employee is required to work unscheduled overtime, the Employee shall be entitled to an unpaid meal period of at least thirty (30) minutes for a meal every four (4) hours and twenty-five dollars (\$25.00). If the Employee is unable to take the meal period off, the Employer will provide a meal for the Employee and the Employee shall be paid at the Employee's applicable rate of pay for the meal period not to exceed thirty (30) minutes, but not the twenty-five dollar (\$25.00) benefit.
2. If the Employee is required to work more than two (2) hours past their regular shift and it has not been scheduled prior to the start of the regular shift, the Employee shall be entitled to another unpaid meal period of at least thirty (30) minutes and twenty-five dollars (\$25.00).

D. Employees are required to note on their time sheets meal payments due in order to receive payment under this Section which shall be paid in the Employee's next regular paycheck.

Section 13.3 Shift Change Notice

The Employer shall notify the Employee(s) by the end of the shift plus one work week before the required start time of any shift change.

Section 13.4 Compensation

A. The first eight (8) hours of the first five (5) consecutive workdays shall be at the straight time rate of pay. Any hours worked in excess of eight (8) in a work day shall be paid at time and one-half the Employee straight time rate of pay.

B. If working a 4/10 schedule, all hours worked shall be paid at the straight-time rate of pay. Hours worked in excess of 10 when on a 4/10 schedule shall be paid at time-and-one-half.

C. Any time worked on an Employee's first scheduled day off shall be paid at one and one-half the straight time rate of pay and any time worked on the Employee's second day off shall be paid at two (2) times the straight time rate of pay.

Section 13.5 Shift Differentials

Shift differential shall be paid as follows to Employees designated in writing by the Utility Director to be eligible for such differential. The premium shall be based on the Employee's regular rate of pay.

4 p.m. to Midnight	3% per hour
Midnight to 8 a.m.	5% per hour

Section 13.6 Call-Out Pay

An Employee called to work outside their regular shift will be paid a minimum of two (2) hours at the double time rate of pay.

Section 13.7 On-Call Pay

A. The Utility Director or designee shall designate in writing every six (6) months the Employees to be on-call status. When the Employer designates an Employee to be on-call the Employee shall be provided a stipend or use of a Utility cell phone when on-call.

B. Employees are expected and must be capable at all times to respond to calls promptly and as requested.

C. When an Employee is designated to be available for work on-call status, the Employee will be compensated at the rate of fifty dollars (\$ 50.00) for a work day and one hundred (\$100.00) dollars on a Saturday, Sunday, and holidays.

D. If called in to work while on-call, the Employee shall be paid for all hours worked at the applicable rate of pay.

Section 13.8 Compensation of Employee Working in Higher Classification

When an Employee is temporarily required to perform work in another higher classification for more than eight (8) or more hours, the Employee shall be paid the higher rate for all hours worked in the higher classification. Such assignment shall be designated in writing by the Employee's immediate supervisor and submitted with the Employee's timesheet to payroll.

Section 13.9 Compensation of Employee Working in Lower Classification

No Employee will suffer a reduction in pay by reason of the Employee's temporary transfer to a job carrying a lower pay classification. If an Employee is permanently assigned into a lower pay classification, the Employee will be paid at the lower pay rate.

Section 13.10 Timesheets and Payday

- A. Employees are expected to certify the accuracy and record all of their own time worked. Employees will be notified of any changes made to their timesheets by their supervisor.
- B. Employees shall be paid every other week.

Section 13.11 Wage Discrepancies

Any errors in the timesheet or paycheck should be reported immediately to the Employee's supervisor and payroll.

Section 13.12 Pyramiding of Overtime

No Employee shall receive more than one (1) overtime rate of pay for the hours worked and if more than one (1) overtime rate is applicable to the same hours worked, the higher rate only shall be paid.

Section 13.13 Hot-Stick Work

Premium pay for hot-stick work will be allowed to crews while working with such equipment on voltages in excess of 5,000 volts. Hot-stick work will not include the opening and closing of switches, the removal and replacement of fuses, or the lifting and replacing of hot-taps when hot-line clamps are used. Hot-stick compensation will be at fifteen percent (15%) above the applicable hourly rate.

Section 13.14 Licensing and Certifications

The Employer shall pay for, or reimburse Employees for, all expenses incurred to maintain any license and certification required by Employer, or by local, state or federal law or regulation, as a condition of employment. Employees shall obtain written approval from the Employer prior to incurring expenses for which an Employee seeks reimbursement.

Section 13.15 Clothing Allowance

Employees shall receive on the first pay check after January 1 of each year of this Agreement Three Hundred and Fifty Dollar (\$350.00) for standard work boots. Standard work boots are those authorized by the Utility Director based on the work being performed. The Employer shall not provide standard work boots to any Employee during the term of this Agreement.

Section 13.16 Green Lake/Blue Lake Tunnel Work

Employees who perform tunnel work at Green Lake or Blue Lake shall be paid 15% above the Employee regular rate of pay.

Section 13.17 Green Lake/Blue Lake Dam Ladder Access

Employees who utilize the dam ladders at Green Lake or Blue Lake shall be paid 15% above the Employee regular rate of pay.

Section 13.18 Other Compensation Issues Not Addressed

The parties recognize that there are other compensation issues which may arise during the life of this agreement including but not limited to being assigned to be away from home overnight or out of town, assigned to fly in a fixed-wing aircraft or helicopter, work underneath helicopters, or work seventy (70) feet above the ground or tunnel work which constitute wages or terms and conditions of employment. The parties agree to bargain as required by law on such matters.

ARTICLE 14 - WAGE RATES

Section 14.1 Hourly Rates of Pay

A. Employees employed on July 1, 2022 shall be paid the following hourly wage in their assigned job classification.

General Foreman	\$ 63.89
Line Foreman	\$ 60.94
Journeyman Lineman	\$ 55.04
Meter Technician	\$ 53.00
Relay/Control Technician	\$ 53.00
Power Plant Operators/System Dispatcher	\$ 50.06
Generation Facilities Mechanics	\$ 50.06
Warehouseperson	\$ 48.07
Meter Reader	\$ 34.45

B. Employees employed on July 1, 2023, shall be paid the following hourly wage in their assigned job classification unless provided otherwise in this Agreement.

General Foreman	\$ 64.89
Line Foreman	\$ 61.94
Journeyman Lineman	\$ 56.04
Meter Technician	\$ 54.00
Relay/Control Technician	\$ 54.00
Power Plant Operators/System Dispatcher	\$ 51.06
Generation Facilities Mechanics	\$ 51.06
Warehouseperson	\$ 49.07
Meter Reader	\$ 35.45

C. Employees employed on July 1, 2024, shall be paid the following hourly wage in their assigned job classification unless provided otherwise in this Agreement.

General Foreman	\$ 65.89
Line Foreman	\$ 62.94
Journeyman Lineman	\$ 57.04
Meter Technician	\$ 55.00
Relay/Control Technician	\$ 55.00
Power Plant Operators/System Dispatcher	\$ 52.06
Generation Facilities Mechanics	\$ 52.06
Warehouseperson	\$ 50.07
Meter Reader	\$ 36.45

D. New Hires Rates of Pay for Warehouseperson and Meter Reader

The hourly wage rate for the Warehouseperson and the Meter Reader above will only apply so long as the current Employee remains in their position. Should either position vacate during the life of this Agreement, then the starting hourly wage rates for the new Employee shall be determined by the Employer with the agreement of the Union.

Section 14.2 Relief Worker Wage Rate

Relief workers in any of the job classifications in 14.1 above shall be paid at 80% but up to 125% of the designated wage rate.

Section 14.3 Lead Worker Wage Rate

An Employee designated in writing as a Lead by the Utility Director for any job classification in 14.1 above shall be paid 107% of the designated hourly wage.

Section 14.4 Apprentice Wage Rate

Apprentices in any of the job classifications set forth in 14.1. shall be paid according to the following schedule.

Starting wage	50%
At the end of six months	55%
At start of second year	60%
At the end of 18 months	65%
At start of third year of service	70%
At the end of 30 months	75%
At start of fourth year	80%
After fourth year and completion of all testing for certification or license	100%

ARTICLE 15 - GRIEVANCE-ARBITRATION PROCEDURES

Section 15.1 Purpose

Having a desire to promote and maintain labor relations harmony, the parties agree that they will promptly attempt to adjust all complaints arising between them at the lowest possible level.

Section 15.2 Grievance Definition

A grievance shall be defined as an alleged violation of the Agreement and the following procedures shall be the sole and exclusive method of resolving such disputes. The Grievance-Arbitration procedure shall be available to all regular Employees. Probationary, relief, and NECA-Temps do not have access to the Grievance-Arbitration procedure, except for alleged pay violations under Article 14.

Section 15.3 Grievance Time Frames and Procedures

A. Both parties are expected to comply with and follow the time frames and process set forth in this Section.

B. Any grievance not filed according to the procedures described in this Section shall be deemed to have been waived and shall not be entitled to further consideration.

C. For the purpose of this Article, "working days" shall mean Monday through Friday, excluding any holidays under this agreement.

D. Posting by certified mail return receipt, by fax, or hand delivery within the time frame allotted will constitute satisfaction of time frame requirements.

E. Time frames may be extended only by written agreement between the Employer and the Union.

F. Steps

1. Step One: The aggrieved Employee, with or without a Union Representative, or Union must meet with and discuss the grievance with the Employee's immediate supervisor within ten (10) working days of the event or the Employee's or Union's first knowledge of the event. The immediate supervisor shall prepare a written response within ten (10) working days after meeting with the Employee.
2. Step Two: If satisfactory resolution is not reached at Step One, the grievance shall be reduced to writing and be filed by a Union Representative with the Utility Director within ten (10) working days after the date of the supervisor's written response. The Union Representative, the Employee, and the Utility Director may meet to discuss the grievance. The Utility Director shall respond in writing within ten (10) working days of the Step Two filing.

3. Step Three: If satisfactory resolution is not reached at Step Two, the grievance shall be submitted in writing to the Municipal Administrator by the Union within ten (10) working days of the receipt of the Step Two grievance response. The Union Representative and the Municipal Administrator may meet to discuss the grievance. The Municipal Administrator shall respond in writing within fifteen (15) working days of the Step Three filing.
4. Step Four: If not satisfactorily resolved at Step Three, the Union may submit the grievance to final and binding arbitration within ten (10) working days following the receipt of the Municipal Administrator's response.
 - a. The Employer and the Union shall attempt to agree on an Arbitrator within ten (10) working days.
 - b. If the parties are unable to agree on an Arbitrator, the Union shall request the Federal Mediation & Conciliation Service ("FMCS") to supply a list of thirteen (13) qualified Arbitrators from Alaska, California, Oregon, and Washington with a copy to the Employer.
 - c. Upon receipt of the arbitrator list, the parties shall alternate striking names from such list until the name of one (1) Arbitrator remains who shall be the Arbitrator. The party to strike the first name shall be determined by coin toss.
 - d. The Arbitrator shall be notified immediately of his or her selection by letter from the Employer with a copy to the Union requesting that a list of possible hearing dates. Upon receipt of the list of possible hearing dates, the parties will agree on a time for a hearing as soon as possible thereafter.
 - e. The Arbitrator's award shall be final and binding, subject to the limits of authority stated below. The parties shall use their best efforts to minimize the costs.

Section 15.4 Arbitration

A. The Arbitrator's function is to interpret the Agreement. The Arbitrator shall have no authority or power to add to, delete from, disregard, or alter any of the provisions of this Agreement, but shall be authorized only to interpret the existing provisions of this Agreement as they may apply to the specific facts of the issue(s) in dispute. The Arbitrator shall not substitute his or her own judgment for that of the Employer. Nothing in the Section precludes the parties from seeking an appropriate remedy from the Arbitrator.

B. The Arbitrator shall review procedural issues during the same proceeding as the underlying merits of the same grievance, unless agreed to otherwise by the parties. Either party may request and require the arbitrator to issue a ruling on the procedural arbitrability issues immediately upon the close of arguments on those issues. If the Arbitrator rules that the grievance is barred from further review because of procedural deficiencies, the Arbitrator will not review or rule on the underlying merits of the grievance.

C. The losing party, as determined by the Arbitrator, will be assessed the full cost of the Arbitrator fees and expenses. If the Arbitrator deems that there is no losing party, the Arbitrator may apportion the full cost as the Arbitrator sees fit. All other expenses shall be borne by the party incurring them, and neither party shall be responsible for the expenses of witnesses called

by the other party, except that witnesses who are Employees of the Employer shall be paid by the Employer for normal working time spent testifying at the hearing.

ARTICLE 16 - SENIORITY

Section 16.1 Seniority

The Employee having the longest term of unbroken service in the job classification represented by the Union shall be number one (1) on the seniority list within that job classification. All other Employees shall be listed in descending order.

Section 16.2 Termination of Seniority

The seniority of an Employee will terminate under any of the following conditions:

- A. When a regular Employee is laid off, except that if that Employee is re-employed as a regular Employee and his service break is twelve (12) months or less, seniority will accrue uninterrupted to original date of hire;
- B. When the Employee resigns; or
- C. When the Employee is discharged for just cause.

Section 16.3 Layoff

A. Should layoffs become necessary due to lack of work or lack of funds or any other operational reason, seniority by job classification as described below shall prevail regarding such layoffs except for NECA Temps. Job classifications for layoff purposes are as follows:

- Journeyman linemen;
- Control Wiring/Relay Technicians;
- Warehouse Department;
- Meter Techs & Readers;
- Power Plant Mechanics;
- Power Plant Operators

B. NECA Temps shall be laid off in reverse book order and reverse order within book by hire date.

C. Layoffs shall occur in the following order

1. NECA Temps
2. Probationary Employees
3. Regular Employees.

D. If a probationary or regular Employee is laid off, the Employee shall be given the first opportunity to work relief. There shall be no obligation to work relief by the Employee.

ARTICLE 17 - PERFORMANCE EVALUATIONS

On or within thirty (30) working days after an Employee's anniversary date, the immediate supervisor outside the bargaining unit shall evaluate the performance of the Employee. After review and approval by the Utility Director, the supervisor will discuss the evaluation with the Employee privately. The Employee may provide written comments or a rebuttal to be attached to the evaluation. The final evaluation, with any Employee comments or rebuttal shall be filed in the Employee's personnel file located in Human Resources. Evaluations may be subject to review through the grievance procedure but not subject to arbitration.

ARTICLE 18 - DISCIPLINE AND DISCHARGE

Section 18.1 Just Cause

No regular Employee shall be disciplined or discharged except for just cause.

Section 18.2 Progressive Discipline

The Employer retains the sole discretion to determine the level or order of discipline to be issued in any given case. However, whenever possible, the Employer shall utilize progressive discipline to correct workplace misconduct or improve poor performance. Progressive discipline steps shall, include but not be limited to, written reprimand, suspension without pay, demotion, or discharge.

Section 18.3 Copies of Disciplinary Notices

The Employer shall provide a copy of all disciplinary notices to the Employee and Union.

Section 18.4 Resignation

Any Employee resigning his or her position shall give at least two (2) weeks written notice to the Utility Director. At the Employer's option, the Employee may be paid two weeks full pay and benefits and allowed to leave employment immediately.

ARTICLE 19 - BENEFITS

Section 19.1 Retirement

A. All regular Employees shall be eligible to participate in the Alaska Public Employees Retirement System (PERS).

B. Employees shall continue to participate in the State of Alaska Supplemental Benefit System (SBS).

C. Alaska Electrical Pension Fund

1. Journeyman Lineman, Line Foreman, and General Foreman

a. Effective July 1, 2022, the Employer agrees to contribute Six Dollars (\$6.00) to the Alaska Electrical Pension Fund for each compensable hour and for each employee covered by this Agreement.

- b. Effective July 1, 2023, the Employer agrees to contribute Six Dollars and Fifty Cents (\$6.50).
 - c. Effective July 1, 2024, the Employer agrees to contribute Seven Dollars (\$7.00).
- 2. Apprentice Lineman shall receive a pro-rated contribution to the Alaska Electrical Pension Fund based on the Employee's current wage as set by the Apprentice wage schedule in Section 14.4.
- 3. All Other Job Classifications Listed in Article 14
 - a. Effective July 1, 2022, the Employer agrees to contribute One Dollar and Fifty Cents (\$1.50) to the Alaska Electrical Pension Fund for each compensable hour and for each employee covered by the Agreement.
 - b. Effective July 1, 2023, the Employer agrees to contribute Two Dollars (\$2.00).
 - c. Effective July 1, 2024, the Employer agrees to contribute Two Dollars and Fifty Cents (\$2.50).

Section 19.2 Alaska Electrical Legal Plan

Within ninety days of the effective date of this Agreement, Employees will have the opportunity to participate in the Alaska Electrical Legal Plan. Upon notice from the Union that an Employee has elected to participate, the Employer shall deduct and remit fifteen cents (\$0.15) from the Employee's net pay for each compensable hour not to exceed forty (40) hours per week to the Alaska Electrical Legal Fund.

Section 19.3 Life Insurance

The Employer will provide life insurance benefits for regular Employees, subject to plan eligibility requirements. Additional life insurance benefits may be purchased by the Employees at their own expense.

Section 19.4 Health and Welfare

The Employer will make available to all regular Employees a health insurance plan, subject to plan eligibility requirements. The Employer shall pay 90% of the cost of coverage for the Employee and their dependents.

Section 19.5 IBEW Hardship and Benevolent Fund ("IHBF")

The Employer shall deduct from Employee's net pay five cents (\$0.05) per compensable hour. The Employer shall deduct and remit those funds in accordance with the IHBF plan.

ARTICLE 20 - PERSONNEL POLICIES HANDBOOK

Section 20.1 Application

The City and Borough of Sitka Personnel Policies Handbook, as amended and adopted by the Assembly on December 14, 2021 shall apply to employees covered by this Agreement except as and only if expressly modified in this Agreement.

Section 20.2 Conflicts

Where a specific provision of the Personnel Policies Handbook conflicts with a specific Article or Section of this Agreement, the Article or Section of this Agreement shall prevail.

Section 20.3 Notice of Amendments

A. The Employer reserves the right at any time to propose amendments to the Personnel Policies Handbook and to seek approval from the Assembly for such change.

B. The Employer shall provide the Union with written notice of any proposed amendments prior to submitting to the Assembly. The Union will be given the opportunity to discuss any such amendments with the HR Director and Municipal Administrator prior to submission to the Assembly. If a mandatory subject of bargaining, the parties agree to meet and negotiate any such amendments before becoming effective.

ARTICLE 21 - GENERAL PROVISIONS

Section 21.1 Complete Agreement

This Agreement sets forth all of the terms, conditions and understandings negotiated between the parties for the life of this Agreement except as provided in Section 21.2 below.

Section 21.2 Letters of Agreement

No subsequent alternation, amendment, change or addition to this Agreement shall be binding on the parties hereto unless reduced to writing and signed by them in the form of a Letter of Agreement.

Section 21.3 Severability

Should it be decided by decree of judgment of any court of competent jurisdiction or by mutual agreement of the parties that any article, section or provision herein is rendered invalid by reason of any existing or subsequently enacted statute, ordinance or other law, the invalidation of such article, section or provision will not affect the remaining portions hereof and such other parts and provisions will remain in full force and effect. Upon the invalidation of any article, section or provision hereof, the parties will meet and negotiate the parts and provisions concerned within thirty (30) days from the date the fact of such invalidation is communicated to them; provided, however, that the parties may mutually agree to extend the time for such negotiations.

Section 21.4 Entire Agreement

The parties acknowledge that during the negotiations which resulted in this Agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject matter not removed by law from the area of collective bargaining and that the understandings and agreements arrived at by the parties are set forth in this Agreement. The parties further understand that they have agreed to meet and confer about any subjects relating to this Agreement and other matters of mutual concern during the term of this Agreement when requested. However, nothing in this Section obligates a party to reach agreement or to change this Agreement with respect to any subject or matter specifically referred to or covered by this Agreement. This Agreement replaces and supersedes all prior oral and written understandings, agreements, and policies otherwise referred to or covered by this Agreement and concludes all collective bargaining for the duration of the Agreement. Nothing in this Section relieves either party of their legal obligation to bargain in good faith with respect to mandatory subjects of bargaining.

Section 21.5 Assignability

This Agreement shall be binding upon the successors and assigns of the parties hereto, and no provisions, terms or obligations herein contained shall be affected, modified, altered, or changed in any respect whatsoever by the consolidation, merger, sale, transfer, or assignment of either party, or of any kind of ownership or management of either party, or by any change, geographic or otherwise, in the location or place of business of either party.

ARTICLE 22 - SUBCONTRACTING

Section 22.1 Employer Rights

The Employer retains the right to contract and subcontract work at the Utility.

Section 22.2 Use of Unionized Contractors

The Employer may utilize qualified contractors for electrical or communication work, whether new or maintenance work, who have a collective bargaining agreement or letter of assent with the Union, so long as the use of such contractors furthers the Employer's fiscal responsibility and safety for the citizens and rate payers of the community.

This Agreement is entered into on this _____ day of _____, 2022.

John Leach
Municipal Administrator

Marcie Obremski
IBEW
Business Manager/Financial Secretary

Kimberly K. Gearity
Chief Negotiator

Pam Cline
Assistant Business Manager

Valarie Ruff
Human Resources Director

Rodney Hesson
Assistant Business Manager

Levi Albertson
IBEW Negotiation Team Member

Matthew Callahan
IBEW Negotiation Team Member



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 22-099 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 6/22/2022 In control: City and Borough Assembly

On agenda: 6/28/2022 Final action:

Title: Approve the 2022-2025 Sitka Fire Fighters Union International Association of Fire Fighters (IAFF),
Local 5168 Collective Bargaining Agreement

Sponsors:

Indexes:

Code sections:

Attachments: [01 Motion Firefighter](#)
[02 IAFF Memo and Agreement](#)

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

POSSIBLE MOTION

I MOVE TO approve the 2022-2025 Collective Bargaining Agreement between the City and Borough of Sitka and the Sitka Fire Fighters Union, International Association of Fire Fighters, Local 5168 and authorize the Municipal Administrator to execute the document.




CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

Thru: John Leach, Municipal Administrator 

From: Kimberly Geariety, Labor Negotiator
Valarie Ruff, Human Resources Director
Melissa Haley, Finance Director

Date: June 15, 2022

Subject: Sitka Fire Fighters (IAFF) 2022-2025 Labor Agreement

Background

Labor negotiations began via Zoom with the Sitka Fire Fighters in November 2021 to replace their contract which was due to expire on December 31, 2021. Due to COVID limitations late in 2021 and at the start of 2022, the Union and the Municipality agreed to extend the contract through June 30, 2022. The parties resumed negotiations in person on March 29, 2022. By the end of March, the parties had reached a tentative agreement.

The Union ratified the tentative agreement on June 13, 2022. As required by Sitka General Code (SGC). 2.08.125, the Assembly is now asked to approve the tentative agreement.

Analysis

The primary changes in the Sitka Fire Fighter 2022-2025 Agreement are as follows:

Non-Economic Changes

- Extended the coverage and clarified that the Personnel Policies Handbook applies to employees covered by the Agreement unless otherwise specified in the Agreement to ensure continuity of process and policy
- Added language in Agreement to allow for "Light Duty" when there is either a work-related or non-work-related injury or illness

- Added language in Agreement to allow a change in work schedule for the Fire Engineers to a 40-hour work schedule upon receipt of a doctor's certification when requested by the employee which is still at the sole discretion of the Fire Chief and based on operational needs
- Added in Martin Luther King Jr. holiday (adopted by the Assembly in December 2021) to be added as a floating holiday instead of the designated day in January.

Economic Changes

- Wages
 - Average pay increase of 8.4% effective July 1, 2022 (some differences between job classes – Fire Engineers received the highest pay bump)
 - Matrix adjustment based on CPI but capped at 3.5% maximum increase and with a minimum of 1.5% effective July 1, 2023
 - Matrix adjustment based on CPI but capped at 3.5% maximum increase and with a minimum of 1.5% effective July 1, 2024
- Step Movement
 - One step on Employee's anniversary date in FY24
- EMT Certifications
 - Payment of lump sum to Employees who have achieved either an EMT II (\$1250.00) or EMT III (\$2500.00) as of July 1, 2022
 - Payment of lump sum as incentive to Employees in department who during life of Agreement achieve EMT II (\$1250.00) or EMT III (\$2500.00) status.
- Medical Expense Reimbursement Program (savings for medical expenses in retirement)
 - Both Employer and Employee pay \$75.00 each month to Union for medical benefit upon retirement to supplement Tier IV

Fiscal Note

Overall, the total maximum increased cost to the City and Borough of Sitka (CBS) will be \$367,921 over the proposed 3-year contract. This calculation assumes no vacancies

and makes estimates for any EMT certification bonuses. In addition, it assumes the maximum possible CPI for years 2 and 3.

Financial implications of IAFF negotiated monetary terms

3-year impact on CBS vs. FY22	YR1-FY23	YR2-FY24	YR3-FY25	Total increase over contract
Increase in personnel costs to CBS from current (FY22) levels (excludes new Engineer position for FY23)	\$70,924	\$127,078	\$169,919	\$367,921
Year-to-year contract	Change FY22-FY23	Change FY23-FY24	Change FY24-FY25	
Year to year increase in costs to the CBS (\$)	\$70,924	\$43,054	\$29,740	
Year to year increase in costs to the CBS (%)	9.50%	5.30%	3.40%	

The cost increase proposed in the contract for FY23 exceeds the budget for regular wages in the approved FY23 budget, however, with the addition of the new Fire Engineer position, staff hope to reduce overtime costs. Assuming that the new position is filled, and overtime costs are reduced, a supplemental appropriation for FY23 is not required. Alternatively, should the position not be filled, there would be saving from that vacancy. Increases proposed for FY24 and FY25 will be built into those budgets.

Recommendation

Recommend Assembly Approval.

Encl: IAFF Labor Agreement

**Collective Bargaining Agreement
between the
City and Borough of Sitka, Alaska
and the
Sitka Fire Fighters Union
International Association of Fire
Fighters (“IAFF”), Local 5168**

July 1, 2022 through June 30, 2025

TABLE OF CONTENTS

PREAMBLE	6
ARTICLE 1 - RECOGNITION	6
Section 1.01 Sole and Exclusive Representative	6
Section 1.02 Job Classifications Covered	6
ARTICLE 2 - UNION REPRESENTATION AND ACTIVITIES	6
Section 2.01 Union Representatives	6
Section 2.02 Meeting Space	7
Section 2.03 Bulletin Boards	7
Section 2.04 Union Use of the Employer's Email System	7
Section 2.05 Union Business Leave	7
ARTICLE 3 - UNION DUES	8
Section 3.01 Noninterference	8
Section 3.02 New Employee Notification	9
Section 3.03 Payroll Deductions	9
Section 3.04 Revocation	9
Section 3.05 Indemnification	9
ARTICLE 4 - MANAGEMENT RIGHTS	9
Section 4.01 List of Management Rights	9
Section 4.02 Volunteers	10
ARTICLE 5 - NO STRIKE AND NO LOCKOUT	10
ARTICLE 6 - NON-DISCRIMINATION	10
ARTICLE 7 - LABOR-MANAGEMENT COMMITTEE	10
ARTICLE 8 - PERSONNEL FILES	10
Section 8.01 Employee Access	10
Section 8.02 Union Access	11
Section 8.03 Removal of Documents	11
ARTICLE 9 - VACANCIES	11
ARTICLE 10 - DISCIPLINE AND DISCHARGE; RESIGNATION	11
Section 10.01 Discipline and Discharge	11
Section 10.02 Resignation	12
Section 10.03 Indemnification	12

ARTICLE 11 - PROBATIONARY PERIODS	12
Section 11.01 New Employees	12
Section 11.02 Promoted Employees	13
ARTICLE 12 - GRIEVANCE ARBITRATION	13
Section 12.01 Informal Resolution	13
Section 12.02 Definition of Grievance	13
Section 12.03 Exclusive Procedure	13
Section 12.04 Time Frames	13
Section 12.05 Grievance Procedures	14
Section 12.06 Board of Arbitration	15
Section 12.07 Authority of the Arbitrator	15
ARTICLE 13 - PERSONNEL POLICIES	15
Section 13.1 Application	15
Section 13.2 Conflicts	16
Section 13.3 Notice of Amendments	16
ARTICLE 14 - SAFETY AND HEALTH	16
Section 14.01 Employer Responsibilities	16
Section 14.02 Employee Responsibilities	16
Section 14.03 Refusal to Work Under Unsafe Conditions	16
Section 14.04 Safety and Health Committee	16
Section 14.05 Tools and Equipment	16
Section 14.06 Protective Clothing	17
Section 14.07 Employer-Designated Clothing or Uniforms	17
Section 14.08 Mandated Health Training/Physicals	17
ARTICLE 15 - OCCUPATIONAL INJURY AND ILLNESS	17
Section 15.01 Definition	17
Section 15.02 Duty of the Employee to Report	17
Section 15.03 Salary While Off Duty	18
Section 15.04 Position Held Open	18
Section 15.05 Contested Occupational Injuries	18
Section 15.06 Light Duty	18

ARTICLE 16 - TRAINING	19
Section 16.01 EMT Certifications	19
Section 16.02 Tuition Reimbursement.....	19
ARTICLE 17 - LAYOFF	19
Section 17.01 Layoff Order.....	19
Section 17.02 Layoff Notice.....	19
Section 17.03 Recall Rights.....	20
ARTICLE 18 - HOURS OF WORK, OVERTIME, PREMIUM PAY, SHIFTS, AND BREAKS.....	20
Section 18.01 Hours of Work and Overtime.....	20
Section 18.02 Call-Out Time	21
Section 18.03 Standby Pay	21
Section 18.04 Rest and Meal Periods.....	22
ARTICLE 19 - HOLIDAYS.....	22
Section 19.01 Designated Holidays.....	22
Section 19.02 Observance of Holidays.....	23
Section 19.03 Holiday Worked Compensation	23
ARTICLE 20 - TIME OFF	23
Section 20.01 Vacation	23
Section 20.02 Sick Leave.....	24
Section 20.03 Family and Medical Leave.....	25
Section 20.04 Leave Without Pay.....	25
Section 20.05 Military Leave	25
Section 20.06 Court Leave	25
Section 20.07 Time Off to Vote	26
Section 20.08 Time Off for Certification.....	26
ARTICLE 21 - WORKING OUT OF JOB CLASSIFICATION	26
Section 21.01 Temporary Working in a Higher Classification	26
Section 21.02 Temporary Transfer to Lower Classification.....	26
Section 21.03 Job Classification Review.....	26
ARTICLE 22 – WAGES	26
Section 22.01 Wage Matrix.....	26
Section 22.02 Probationary Period Increase	27
Section 22.03 Determining Wage Rates for Various Personnel Actions.....	27

Section 22.04	Direct Deposit.....	27
Section 22.05	Severance Pay.....	27
ARTICLE 23 - HEALTH INSURANCE		28
Section 23.01	Full-Time Health Insurance Benefits.....	28
Section 23.02	Part-Time Health Insurance Benefits.....	28
ARTICLE 24 - RETIREMENT		28
Section 24.01	State Retirement System.....	28
Section 24.02	Supplemental Benefits System.....	28
Section 24.03	Deferred Compensation.....	28
Section 24.04	Medical Expense Reimbursement Program	28
ARTICLE 25 - SAVINGS CLAUSE.....		28
ARTICLE 26 - ZIPPER CLAUSE		29
ARTICLE 27 - DURATION		29
APPENDIX A - Wage Matrix for FY 23.....		31

PREAMBLE

This Agreement is made by and between the City & Borough of Sitka, Alaska (the Employer) and the Sitka Fire Fighters Union, International Association of Fire Fighters ("IAFF"), Local 5168 ("Union") covering the nonsupervisory Employees in the Sitka Fire Fighters Union consistent with the Sitka General Code. The policy and purpose of this Agreement is to promote harmonious and cooperative relations between government and its Employees and to protect the public by ensuring orderly and effective operations of government.

ARTICLE 1 - RECOGNITION

Section 1.01 Sole and Exclusive Representative

The Employer recognizes the Union as the sole and exclusive bargaining representative for the purpose of negotiating wages, hours, and other terms and conditions of employment for all regular full-time and part-time nonsupervisory Employees in the Sitka Fire Fighter Union certified by the Sitka Employment Relations Board.

Section 1.02 Job Classifications Covered

The following job classifications in the Sitka Fire Department are covered by this Agreement: EMS/Fire Captain, Senior Fire Engineer, Fire Engineer, and Office Assistant.

ARTICLE 2 - UNION REPRESENTATION AND ACTIVITIES

Section 2.01 Union Representatives

A. The City will recognize the Union Officers as the authorized representatives of the Fire Department Employees.

B. The Union President shall notify the Employer of the Union Officers authorized to act under this Article in writing not later than January 15 of each calendar year. In the event there is a change in Union Officers during the calendar year, the Union President shall notify the Employer in writing within fifteen (15) calendar days.

C. The Union's Officers, shall be granted access to the Employer's premises whenever any Employee covered by this Agreement is on duty but shall not interfere with operations. As long as there is no interference with operations, they shall be allowed to respond to inquiries concerning Union matters and to conduct Union business.

D. While on duty, the designated Union Officer may be allowed to conduct Union business. However, conducting business while on duty shall require the approval of the Fire Chief to ensure that operations are not negatively impacted.

E. Union activities and meetings shall be permitted so long as they do not preclude or interfere with the completion of work details, assignments, training, and emergency responses.

Section 2.02 Meeting Space

Meeting space in buildings owned or leased by the Employer may be used for Union meetings provided the request is approved by the Employer.

Section 2.03 Bulletin Boards

The Employer shall provide bulletin boards and/or designated space on existing bulletin boards at each work location. The designated bulletin boards or space shall be for the sole and exclusive use of the Union.

Section 2.04 Union Use of the Employer's Email System

A. Union Officers may use the Employer's computer system to communicate with the Employer or Union regarding issues affecting the Fire Fighter Union or the application or interpretation of this Agreement so long as it does not interfere with the Employer's IT services.

B. The Union understands that any emails exchanged or distributed under this Section are not private and may be subject to the Employer's inspection. In the event the Union abuses its rights under this Section, the Employer reserves the right to deny the Union any access to the Employer's email system at any time during the life of this Agreement.

Section 2.05 Union Business Leave

A. The parties agree to establish a Union Business Leave Bank which shall be administered by the Employer. An annual report of the balance and withdrawals from the Bank shall be provided to the Union.

B. Donation

1. At any time, an Employee at their option may transfer vacation leave in at least one (1) hour increments to the Bank. Transfers may be made at any time during the duration of the Agreement with no maximum limit of the number of increments except that an Employee may not transfer more increments of vacation leave than are posted to the Employee's vacation leave balance at the time of the transfer request. The Employee's leave balance will be reduced by the amount of leave transferred to the Bank.
2. Not later than July 31 of each calendar year, the Union President may request in writing that the Employer shall transfer a specific number of hours from each Employee's vacation leave account to the Union Business Leave Bank.

C. All leave assessments to the Union Business Leave Bank will be converted to its dollar value at the rate of pay of the Employee from whom the leave was received. Those dollars (with benefit costs) shall be placed in the Union Business Leave Bank. When business leave is authorized by the Union, dollars will be withdrawn from the Union Business Leave Bank equal to the hourly rate (with benefit costs) of the Employee utilizing the leave times the hours of leave taken. Leave taken shall be deducted from the Union Leave bank on an "hour for hour" basis.

D. Use of Union Business Leave

1. The Union Business Leave Bank may be used for contract negotiations and formulation, meetings, conventions, training sponsored by the Union, attendance at arbitration or other hearings as witnesses for the Union and any other like purposes as may be determined by the Union.
2. Only the Union President may authorize use of the Union Business Leave Bank in accordance with the following procedures:
 - a. The Employee is responsible for obtaining permission for taking time off in accordance with vacation time off procedures.
 - b. Once permission for the time off is granted, the leave slip shall be presented to the Union President, or designee, for approval.
 - c. If approved, the Union shall sign the leave slip where designated and return the leave slip to the Employee.
 - d. The Employee submits the leave slip with their timesheet.

E. The Union may use leave from the Union Business Leave bank at its discretion, provided that the leave request is accompanied by a letter of authorization signed by the Union President.

F. All vacation leave transferred to the Bank is final and not available for re-credit to an individual's vacation leave account.

G. Should there be insufficient money available through the leave bank, the Employer shall approve vacation leave or leave without pay for purposes listed in Paragraph D.1. and so long as the process in Paragraph D.2 is followed.

H. The release of Employees for Union Business Leave purposes shall be handled on the same basis as release from duty for vacation leave. Such approval shall not be unreasonably withheld by the Fire Chief.

I. Time spent on Union Business Leave shall not be considered hours worked for overtime purposes.

ARTICLE 3 - UNION DUES

Section 3.01 Noninterference

The Employer agrees that it will not in any manner directly or indirectly attempt to interfere between any Employee and the Union. It will not in any manner attempt to restrain any Employee from belonging to the Union or from taking an active part in Union affairs, and it will not discriminate against any Employee because of Union membership or activity, upholding Union principles, or working under the instruction of the Union or serving on a committee, provided that such activity is not contrary to this Agreement.

Section 3.02 New Employee Notification

The Employer shall notify the Union President of any new Employee hired who is covered by this Agreement not later than fifteen (15) calendar days after the Employee's start date.

Section 3.03 Payroll Deductions

A. Union Initiation Fees and Monthly Dues

1. The Union shall notify the Employer of its initiation fees and dues and where to submit payment of such fees and dues.
2. The Employer shall deduct such initiation fees and dues from the wages of Employees covered by this Agreement who have authorized such deductions in writing and submitted it to payroll.
3. The Employer will forward any monies so authorized and deducted to the Union each month separate from any contributions deducted for the Sitka Fire Fighters Union Political Action Committee.

B. SITKA FIRE FIGHTERS' UNION POLITICAL ACTION COMMITTEE

Upon receipt of a written authorization by the Employee, contributions to the Sitka Fire Fighters Union Political Action Committee shall be deducted from an Employee's pay each pay period. Contributions deducted from payroll for this purpose shall be remitted on a monthly basis but separately from the fees or dues deducted above in Section 3.03 A.3. to the Union.

Section 3.04 Revocation

An Employee may revoke their authorization for payroll deduction to the Union for fees and dues by written notice to the Employer. A copy of the revocation shall be sent to the Union upon receipt of the revocation by the Employer. Every effort will be made to end the deduction effective the first payroll but not later than the second payroll, after the Employer's receipt of the Employee's written notice.

Section 3.05 Indemnification

The Union will indemnify the Employer against any and all liability which may arise by reason of the deduction by the Employer of money for Union membership dues from Employee wages in accordance with the Employee written authorization furnished to it by the Union.

ARTICLE 4 - MANAGEMENT RIGHTS

Section 4.01 List of Management Rights

Nothing in this Agreement is intended to, or should be construed to, interfere with the prerogatives of the Employer, regardless of the frequency of exercise, to operate and manage its affairs and that of the Fire Department. Management rights shall include, but are not limited to, the right to determine the overall mission and method of providing its citizens and taxpayers with adequate and reliable fire protection and emergency medical services; modify services to be rendered, the operations to be performed, the technology to be utilized, or the matters to be budgeted;

determine the overall methods, processes, means, and personnel by which the work is to be conducted; assign and direct the work of Employees; layoff or reorganize the workforce because of lack of work or funds or changed conditions; recruit, examine, select, promote, transfer, and train personnel of its choosing, and determine the times and methods of such actions; develop and modify class specifications, assign the salary range for each classification, and allocate positions to those classifications; discipline or dismiss Employees for just cause; adopt and enforce policies, rules, regulations, and any other measures not in conflict with this Agreement necessary to assure the efficient and effective operations of the Employer.

Section 4.02 Volunteers

If qualified, volunteers may be utilized to supplement not supplant an Employee in the bargaining unit to drive either the Fire Engines or Ambulances and to “man” the Fire Hall, unless an emergency as determined by the Fire Chief.

ARTICLE 5 - NO STRIKE AND NO LOCKOUT

The Union agrees that during the life of this Agreement, neither the Union nor its agents or Employees will authorize, instigate, aid or engage in any work stoppage, refusal to work or strike against the Employer. The Employer agrees that during the life of this Agreement there will be no lockout.

ARTICLE 6 - NON-DISCRIMINATION

Both the Employer and the Union agree to comply with all applicable federal, state and local laws prohibiting discrimination. Neither the Employer nor the Union will discriminate against any Employee on the basis of race, sex, religion, color, marital or parental status, age, national origin, mental or physical disability, sexual orientation, or any other status protected by federal, state, or local law.

ARTICLE 7 - LABOR-MANAGEMENT COMMITTEE

The parties agree to convene a labor-management committee as needed to discuss issues affecting the Sitka Fire Department Employees covered by this Agreement.

ARTICLE 8 - PERSONNEL FILES

Section 8.01 Employee Access

- A. Employees shall have access to their personnel file in Human Resources upon reasonable notice and at reasonable times.
- B. Employees may request a copy of any document in their personnel file.
- C. Employees may also submit job-related documents to be added to their personnel file with the approval of the Human Resources Director which shall not be unreasonably denied.

Section 8.02 Union Access

- A. Upon receipt of written authorization from an Employee, a designated Union Officer will have the right to inspect the Employee's personnel file upon reasonable notice and at reasonable times.
- B. Upon receipt of written authorization from an Employee, the Union may request copies from the Human Resources Director of documents from an Employee's personnel file. The Employer reserves the right to charge the Union the cost of such copying.
- C. The Union Officers understand and agree that all information contained in an Employee's personnel file is confidential. The Union Officers will handle such confidential information in a manner to ensure the Employee's right to privacy is protected.

Section 8.03 Removal of Documents

An Employee may request a disciplinary action in the Employee's personnel file be removed after twelve (12) months, and once every calendar year thereafter. Such requests must be in writing submitted to the Human Resources Director. Removal of any disciplinary actions is subject to the approval of the Municipal Administrator.

ARTICLE 9 - VACANCIES

When there are current, minimally qualified Employees within the Fire Department interested and available for a vacancy, the Employer shall first consider and interview such qualified and interested Employees from within the existing work force. If after interviewing current employees no Employee is selected to fill the vacant position then the Employer shall seek qualified candidates through external recruitment.

ARTICLE 10 - DISCIPLINE AND DISCHARGE; RESIGNATION

Section 10.01 Discipline and Discharge

- A. The Employer shall not discipline or discharge an Employee without just cause.
- B. The Employer shall normally utilize progressive discipline to correct Employee misconduct. However, the Employer reserves the right to issue any level of discipline in its discretion based on the severity of the offense.
- C. Any discipline imposed upon a regular Employee may be processed as a grievance through the grievance procedure, so long as the Employee has completed the Employee's initial probationary period.
- D. An Employee has the right to request and receive Union representation during any investigative interview in which the Employee reasonably believes the interview could lead to discipline or discharge.
- E. The affected Employee and the Union shall receive a copy of any written disciplinary action that is placed in the Employee's personnel file.

Section 10.02 Resignation

- A. To remain in good standing, an Employee who intends to terminate service with the Employer should submit a written resignation to the Fire Chief stating the Employee's last date of employment. Resignation notices shall be submitted as early as possible, but at least two (2) weeks before the final work day unless mutually agreed otherwise by the Employer.
- B. A copy of the Employee's resignation shall be filed in the Employee's personnel file.
- C. At the Employer's option, the resignation may be accepted upon receipt and the Employee will be relieved of all duties immediately. In such circumstances, the Employee shall receive full pay and benefits for the notice period up to two (2) weeks.
- D. An Employee may request in writing to the Fire Chief that their resignation be rescinded within 48 hours after it has been submitted. The Municipal Administrator, or designee, after recommendation by the Fire Chief shall decide whether the Employees request to rescind shall be granted.

Section 10.03 Indemnification

- A. In the event any claim or claims are made by a person or persons against any Employee for actions done while in the scope of employment covered by the terms of this Agreement, the claim shall be defended by the Employer and any liability which is incurred by an Employee covered by this Agreement as a result of the claim or claims shall be paid by the Employer. Any claim or claims, or liability resulting there from, shall not be paid by the Employer if the claim or claims are based upon acts or omissions of any Employee resulting from recklessness, gross negligence or intentional misconduct.
- B. In the event the Employer resolves an action or claim involving an Employee for purely pragmatic reasons not involving any misbehavior by the Employee, the Employer will issue a letter to the Employee stating the reasons for the settlement, with a copy placed in the Employee's personnel file.
- C. This Section shall be read in conjunction with the terms of any ordinance providing for indemnification of Employees, and the protection of both this Section and the ordinance shall apply, provided that, in the event of any conflict, the provisions providing the maximum protection to the Employee shall prevail.

ARTICLE 11 - PROBATIONARY PERIODS

Section 11.01 New Employees

Every new Employee in the Fire Department shall serve a six-month probationary period (180 consecutive days of service from date of hire) during which time the Employee may be terminated at the sole discretion of the Employer without right of appeal. All probationary Employees shall accrue service credits and seniority during the probationary period. An Employee's probationary period may be extended by mutual Agreement between the Employer and Union.

Section 11.02 Promoted Employees

Current Employees who are promoted to a different position in the Fire Department shall serve a three-month (90 consecutive days from date of promotion) probationary period. If the Employee's performance in the new position is unsatisfactory in the Employer's sole discretion or at the Employee's choosing, the Employee may be returned to their previous job classification within the Fire Department so long as there is a vacant position in that job classification. This employment action shall not be construed to be a demotion or disciplinary action requiring just cause.

ARTICLE 12 - GRIEVANCE ARBITRATION

Section 12.01 Informal Resolution

Differences between Employees and the Employer should be resolved as quickly and satisfactorily as possible. To achieve this goal, Employees are expected to discuss any differences with the Fire Chief as soon as possible after they are aware of the event leading to the difference and prior to the filing of a grievance. The Fire Chief is similarly expected to be responsive to such discussion. Resolutions that may be reached during this informal process may not conflict with this Agreement or applicable written laws or regulations.

Section 12.02 Definition of Grievance

A grievance shall be defined as any controversy or dispute involving the application or interpretation of the terms of this Agreement, or any alleged violation of a provision of this Agreement.

Section 12.03 Exclusive Procedure

A. The Union or the aggrieved Employee or Employees shall use the following procedure as the sole means of settling grievances unless mutually agreed otherwise.

B. This procedure shall not be available to probationary Employees during their initial probationary period if the Employee is discharged. Probationary Employees may appeal a discharge by filing a written notice with the Municipal Administrator. The Municipal Administrator's decision will be final.

C. Letters of instruction, which are not placed in an Employee's personnel file, and performance appraisals that do not affect the Employee's pay status are not subject to this grievance procedure.

Section 12.04 Time Frames

A. Any grievance must be brought to the attention of the Employer, consistent with the procedures set forth in this Article, within twenty-one (21) calendar days of the effective date of the disputed action or inaction or the date the Employee is made aware of the action or inaction, whichever is later.

B. All grievances resulting from dismissal, demotion for cause, or a single suspension in excess of thirty (30) calendar days shall be entered into the procedure at Step Two. Such grievances shall be brought to the attention of the Employer within twenty-one (21) calendar days of the action or knowledge thereof.

- C. Any time frames set forth in this Article may be extended by written mutual agreement.
1. Deadlines for submission of a grievance at Step Two and above shall be counted from the date of receipt of a response from the Employer, or the date the response is due, whichever is earlier.
 2. Date of receipt of a grievance or response shall be either seven (7) calendar days following date of postmark, the date of a signed verification of receipt through the US Mail or in person, a faxed copy with date of receipt noted on it, or a copy of an email transmission showing date sent.
 3. All mailed material relating to Steps Two, Three, and Four of a grievance shall be accomplished through a proof of receipt method. Postmarks shall be relied on to satisfy the time frames in this Article.

Section 12.05 Grievance Procedures

A. Grievances shall be processed on forms provided by the Union. The grievance shall state the facts giving rise to the grievance, the provisions of the Agreement that have been violated, and the remedy requested.

B. Grievance Steps

Step One:

- a) Within twenty-one (21) calendar days of the disputed action or inaction, or the date the Employee is made aware of the action or inaction, whichever is later, the aggrieved Employee or Union Officer may submit a grievance in writing to the Fire Chief.
- b) The Fire Chief shall respond to the grievance in writing within twenty-one (21) calendar days after its presentation. Copies of the Fire Chief's response shall be provided to the Employee and Union.
- c) The Fire Chief may resolve the matter so long as such resolution is consistent with this Agreement and the law, subject to the approval of the Municipal Administrator.

Step Two:

Failing to settle the grievance at Step One, the grievance may be submitted by the Union Officer to the Municipal Administrator within twenty-one (21) calendar days after the response from Step One is due or received whichever is earlier. The Municipal Administrator shall respond in writing to the Union within twenty-one (21) calendar days after receipt of the appeal.

Step Three:

Any grievance which is not settled at Step Two may be submitted by the Union to arbitration. This demand for arbitration must be sent via US Mail to the Municipal Administrator in writing within twenty-one (21) calendar days after the response from Step Two is due or received whichever is earlier. The Union shall state specifically which article(s) and section(s) the Employer may have violated and the manner in which the

violation is alleged to have occurred. The Union shall contact the Employer to select an arbitrator within twenty-one (21) calendar-days after receipt of the demand for arbitration.

Section 12.06 Board of Arbitration

When arbitration becomes necessary to resolve a dispute, the parties will jointly request from the U.S. Federal Mediation and Conciliation Service (FMCS) the names of eleven (11) qualified arbitrators. The parties will select the arbitrator by alternately striking one (1) name at a time from the list of eleven (11) until only one (1) name remains on the list. The parties will alternate on striking the first (1st) name. The name of the arbitrator remaining on the list shall be accepted by the parties as the arbitrator, and arbitration shall commence on a mutually acceptable date. Alternatively, the parties may select an arbitrator by mutual agreement.

Section 12.07 Authority of the Arbitrator

A. Question as to whether a matter is arbitrable shall be decided by the arbitrator. The arbitrator shall make a preliminary determination on the question. Once a determination is made that the matter is arbitrable, the arbitrator shall then proceed to hear the merits of the dispute.

B. The parties agree that the decision or award of the arbitrator shall be final and binding. The arbitrator's function is to interpret the Agreement and is limited to considering the particular issue(s) set forth in the written grievance and responses. The arbitrator shall have no authority to rule contrary to, amend, add to, subtract from or eliminate any of the terms of this Agreement. The arbitrator shall have no power to modify a penalty or other management action except by finding a contractual violation. The arbitrator shall not award or grant any right, privilege, or benefit to the Union or Employees not provided for by this Agreement.

C. The arbitrator shall be requested to provide a written decision and award within 30 working days of the hearing's completion or after receipt of post-hearing briefs, unless the parties consent to a longer time.

D. Each party shall bear its own expenses associated with the arbitration. The arbitrator shall assign his/her fees and expenses to the losing party, i.e., either to the Union or to the Employer; if there is no losing party, the fees and expenses shall be apportioned by the arbitrator between the parties. The parties shall use their best efforts to minimize the costs of any arbitration.

E. A grievant shall be allowed to attend the arbitration proceeding without loss of pay. Witnesses, who are employed by the Employer, may participate in arbitration without loss of pay for time required to testify at the hearing.

ARTICLE 13 - PERSONNEL POLICIES

Section 13.1 Application

The City and Borough of Sitka Personnel Policies Handbook, as amended and adopted by the Assembly on December 14, 2021 shall apply to employees covered by this Agreement except as and only if expressly modified in this Agreement.

Section 13.2 Conflicts

Where a specific provision of the Personnel Policies Handbook conflicts with a specific Article or Section of this Agreement, the Article or Section of this Agreement shall prevail.

Section 13.3 Notice of Amendments

A. The Employer reserves the right at any time to propose amendments to the Personnel Policies Handbook and to seek approval from the Assembly for such change.

B. The Employer shall provide the Union with written notice of any proposed amendments prior to submitting to the Assembly. The Union will be given the opportunity to discuss any such amendments with the HR Director and Municipal Administrator prior to submission to the Assembly. If a mandatory subject of bargaining, the parties agree to meet and negotiate any such amendments before becoming effective.

ARTICLE 14 - SAFETY AND HEALTH

Section 14.01 Employer Responsibilities

The Employer shall comply with applicable federal and state occupational safety laws and regulations and industry standards. The Employer shall make every effort to provide a safe and healthful work place.

Section 14.02 Employee Responsibilities

Each Employee is required to act with due care and regard for his own safety and that of his fellow Employees. All Employees shall comply with applicable federal and state occupational safety laws and regulations and industry standards. Employees shall not knowingly or negligently expose or subject themselves or others to unsafe working conditions.

Section 14.03 Refusal to Work Under Unsafe Conditions

It shall not be grounds for discipline if an Employee refuses to work under conditions posing an immediate danger of death or serious bodily injury that is ordinarily not part of the Employee's job description and assigned duties.

Section 14.04 Safety and Health Committee

The parties agree to convene a safety and health committee as needed to discuss safety and health issues affecting Fire Department Employees covered by this Agreement.

Section 14.05 Tools and Equipment

The Employer agrees to furnish and maintain in safe working condition all tools and equipment required to carry out the duties of each position. Employees are responsible for reporting any unsafe condition or practice and for properly using and caring for the tools and equipment furnished by the Employer.

Section 14.06 Protective Clothing

Protective apparel required by the Employer shall be provided and cleaned by the Employer. The Fire Department will provide each employee with two sets of turnout gear to provide for proper decontamination after incidents.

Section 14.07 Employer-Designated Clothing or Uniforms

If the Employer designates specific clothing or uniforms for the Employees to wear while performing work for the Employer, the Employer shall provide a minimum of two sets of the clothing or uniforms.

Section 14.08 Mandated Health Training/Physicals

A. Probationary Period Requirements

1. During the initial hire probationary period, Employees are required to complete mandatory health training including, but not limited to, use of personal protective equipment.
2. Probationary Employees are also required to obtain the following medical tests or vaccinations, including but not limited to, TB screening, and Hepatitis A and B series.
3. All probationary Employees shall be required to submit shot records before the end of their probationary period.
4. Within ninety (90) days of the Employee's start date, probationary Employees must get a medical physical and submit same to the Employer. Costs will be covered either by the Employer's health insurance plan or by reimbursement from the Employer.

B. After the initial probationary period, all Employees are required to get an annual physical at the expense of the Employer utilizing the Employer's health insurance plan if applicable or by reimbursement from the Employer.

Section 14.09 Safety and Health Training

The Employer agrees to provide time off with pay for safety and health training provided by the Union, subject to approval by the Fire Chief, so long as operations permit and the training can be shown to be of value to the Fire Department.

ARTICLE 15 - OCCUPATIONAL INJURY AND ILLNESS

Section 15.01 Definition

Occupational injury and illness shall have that meaning used to define "injury" and "illness" in the Alaska Worker's Compensation Act.

Section 15.02 Duty of the Employee to Report

It shall be the duty of each Employee to immediately report any and all accidents or work-related illness or injury to the Fire Chief.

Section 15.03 Salary While Off Duty

The Employer shall pay the difference between what an Employee receives under Worker's Compensation and the Employee's regular earnings for up to three (3) months as well as for the three-day waiting period prescribed by Alaska statutes.

Section 15.04 Position Held Open

In the case of an occupational injury, the Employer will, when feasible, hold the Employee's position open for up to six (6) months following the injury, or until a competent physician, following a physical or mental examination, has certified that the Employee will be unable to return to the former position, whichever occurs earlier. Any disagreement with the finding that the employee is unable to return to work shall resolve any disagreement through the grievance procedure provided in this agreement.

Section 15.05 Contested Occupational Injuries

In the event of a controversy whether the Employee's injury is an "occupational injury," the Employer shall not be required to pay the benefits set forth in this Section until the Alaska Worker's Compensation Board has reached a final determination, following all appeals, that the injury is an "occupational injury." If found to be an "occupational injury," payment of benefits set forth in this Section shall be made within ten (10) working days after the Employer receives notice of the final decision.

Section 15.06 Light Duty

A. Work Related Injury or Illness

Employee unable to perform their normal duties due to a work-related injury or illness may benefit from a light duty assignment often requested by the Worker's Compensation Board. The Human Resources Director will work with the Fire Chief to determine if light duty is operationally feasible and a safe option.

B. Non-Work-Related Injury or Illness

1. An Employee who is unable to perform their normal duties due to a non-work-related injury or illness may request a light duty assignment so long as a doctor certifies that the Employee is able to perform lesser or different duties.
2. Based on operational needs, the Fire Chief, in consultation with the HR Director, shall endeavor to assign the Employee light or different duties.
3. A light duty assignment may include a change in work schedule. A light duty assignment shall not normally exceed six (6) months. Extension of any light duty assignment under this paragraph may be granted at the Fire Chief's discretion.

ARTICLE 16 - TRAINING

Section 16.01 EMT Certifications

A. Normally, training to obtain EMT Certification shall be during work time or training time. If done on Employee's own time, any expense incurred shall be borne by the Employee.

B. Employees who have satisfactorily completed EMT Certification requirements shall receive the following one-time lump sum based on their highest certification as of July 1, 2022. This is a one-time payment for currently certified Employees which is based on their EMT status as of July 1, 2022.

Employees who complete the next level of certification during the life of this Agreement will be eligible to receive another payment for the higher level of certification. This second payment does not include recertification.

Completion of EMT II	\$ 1,250.00
Completion of EMT III	\$ 2,500.00

No Employee shall receive more than two payments for completion of EMT certifications during the life of this Agreement.

Section 16.02 Tuition Reimbursement

In the event, an Employee chooses to pursue training or education that is not directed by the Employer, the Employee may request reimbursement for the tuition cost of the training and education. Reimbursement is subject to a showing that the training or education is job-related and must be approved in writing by the Fire Chief prior to the start of the training or education. The Employee must provide proof of satisfactory completion of the training or education in order to receive reimbursement. Expenses associated with books, lab fees, parking, or other similar course-related costs will not be reimbursed.

ARTICLE 17 - LAYOFF

Section 17.01 Layoff Order

A. No regular Employee shall be laid off while there are temporary Employees performing the same work as determined by the Employer.

B. Employees shall be laid off in reverse order based on Department seniority within job classification. Senior Fire Engineer and Fire Engineer shall be considered the same job classification for purposes of layoff.

Section 17.02 Layoff Notice

In the event an Employee is to be laid off, the Employee shall be given at least thirty (30) calendar days written notice of such lay off.

Section 17.03 Recall Rights

An Employee's name shall remain on the layoff list for a period of two (2) years.

ARTICLE 18 - HOURS OF WORK, OVERTIME, PREMIUM PAY, SHIFTS, AND BREAKS

Section 18.01 Hours of Work and Overtime

A. Senior Fire Engineers and Fire Engineers

1. The designated FLSA work period shall be fourteen (14) days.
2. Employees shall be scheduled to work 96-hours, comprised of four (4) 24-hour shifts, in a 14-day period.
3. Training and Drills Duty. Employees may also be scheduled to be on duty up to ten (10) additional hours for training or drills at the straight time rate of pay before overtime shall accrue in a 14-day period. If scheduled for training and drills, no overtime shall be paid until one-hundred and six (106) hours have been worked. If a call comes into the station while the Employees are in training or drills, the call will be paid at straight time rate of pay for all hours worked up to one hundred six (106) hours. Nothing in the paragraph should be construed to guarantee an Employee one hundred and six (106) hours of work per work period.
4. Except as provide in paragraph 3 above, hours worked in excess of ninety-six (96) hours shall be paid at the overtime rate of pay.
5. Depending on operational needs and in the sole discretion of the Fire Chief, a Senior Fire Engineer or Fire Fighter may be placed on a 40-hour work schedule upon receipt of a doctor's certification stating that a change in duties is necessary due to a medical or mental health condition.
 - a. Any 40-hour work schedule shall be temporary in nature until the medical or mental health condition is resolved or operational needs require a return to the regular work schedule set forth above, whichever is earlier.
 - b. Overtime will be paid for hours worked in excess of 40 hours when assigned such a schedule and holidays will be paid in accordance with Article 19.01 C.
 - c. Training and drills duty shall be paid only if such training and drills duty results in hours worked in excess of 40 hours.

B. Fire Department Employees Working 40-Hour Shifts

1. The regular workweek shall consist of five (5) days at eight (8) hours per day, or upon approval of the Fire Chief, four (4) days at ten (10) hours per day. The workweek for part- time employees shall be established by the Fire Chief.
2. Employees who work 40-hour work weeks shall be paid at one and one-half (1½) times their regular rate of pay for all hours worked in excess of forty (40) hours a workweek
3. All work performed by an employee on a 40-hour shift on the consecutive seventh (7th)

day shall be paid at double time so long as the Employee has forty-four (44) hours of work recorded on the time sheet preceding the seventh (7th) day.

C. Overtime Generally

1. Overtime shall be distributed as equally as possible among qualified Employees who normally perform the work in which the overtime is needed. A list of overtime opportunities offered to each employee will be kept by the employer and updated each OT occurrence. Employees will have access to look at list.
2. All overtime work must have the prior approval of the Fire Chief except in an emergency. The Fire Chief shall review and approve overtime for payment.

D. Work Schedules

1. The Fire Chief reserves the right to modify an Employee's work schedule for operational reasons with fourteen (14) days-notice to the Employee or upon mutual agreement with the Employee.
2. If an Employee works a twenty-four (24) hour shift, the Employee shall be compensated at the straight-time rate of pay for the full twenty-four (24) hours, including sleep time.
3. Employees may trade shifts with written notice and approval by the Fire Chief so long as the trade does not result in the payment of overtime pay for any of the hours worked.
4. Employee(s) may request a flexible schedule regarding hours of work (flextime) or days of work (alternate work schedule). Establishment of such flextime or alternate work schedule must be approved by the Fire Chief and the Union.

Section 18.02 Call-Out Time

- A. Employees on duty are not entitled to call-out pay while on duty, including time spent in training or drills.
- B. Employees on standby who are called in to work shall be paid at one-and one- half times the Employee's rate of pay for a minimum of two (2) hours for the call out.
- C. Employees who are off duty and are called in to work shall be paid at one-and one-half times the Employee's rate of pay for a minimum of two (2) hours for the call out.
- D. Employees who are called out may be required to remain at work for the entire two (2) hours to perform work consistent with the Employee's job description.
- E. Employees are eligible to be paid for one call-out during any two (2) hour period, even if the Employee is called out more than once during the same two (2) hour period.

Section 18.03 Standby Pay

- A. When the Employer instructs an Employee to remain available for work in a "standby" status after regularly scheduled work hours, on scheduled days off, or on holidays, the Employee shall receive \$ 3.50 per hour for each hour the Employee is on standby status Monday through Friday and \$4.00 per hour for each hour of standby on Saturday, Sunday, or a holiday. Standby

pay is only paid for actual hours in standby status. Standby pay shall not be paid for regular hours worked, overtime, or call-out. Employees on standby status will be required to respond ready-to work within 15 minutes, or the time designated by the Employer.

B. When emergency work is required, the Employee on stand-by status will be called in.

Section 18.04 Rest and Meal Periods

A. Rest Periods. Employees normally shall have two rest periods of not more than fifteen (15) minutes each approximately halfway during the first and second half of their work day subject to the approval of the Fire Chief.

B. Meal Periods. Meal periods will be normally be allowed for at least thirty (30) minutes and not more than one (1) hours around noon (12:00 p.m.) as operations permit and six (6:00 p.m.).

ARTICLE 19 - HOLIDAYS

Section 19.01 Designated Holidays

A. All Employees covered by this Agreement shall have nine (9) paid holidays per year to be observed on the following days:

New Year's Day	January 1
Presidents' Day	Third Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	First Monday in September
Alaska Day	October 18
Veterans Day	November 11
Thanksgiving Day	Fourth Thursday in November
Christmas Day	December 25

and such other days as may be proclaimed by the Municipal Administrator. An Employee who works a 40-hour work week may switch Veteran's Day off for the day off after Thanksgiving if approved by the Fire Chief in writing in advance of November 11.

B. In lieu of the Martin Luther King Jr. holiday, Employees will receive additional time off as a floating holiday as provided below in paragraph C.

C. Employees who work a 40-hour work week and employed on January 1 of each calendar year of this Agreement shall receive twenty-eight (28) hours (or 3.5 shifts) to be used as floating holidays on or before December 31 of that same calendar year. Fire Engineers and Senior Fire Engineers employed on January 1 of each calendar year shall receive forty eight (48) hours (or 2 full shifts) to be used as floating holidays on or before December 31 of that same calendar year.

D. A holiday shall consist of eight (8) hours off with pay for all Employees working a 40-hour work week and twelve (12) hours off with pay for all Fire Engineers and Senior Fire Engineers. Part-time Employees working less than 40-hours a week shall receive paid time off on a holiday on a pro-rated basis.

Section 19.02 Observance of Holidays

A designated holiday will be observed on the calendar day on which it falls from midnight (12:00 a.m.) to 11:59 p.m., except for Employees working a Monday through Friday work week. If the holiday falls on an Employee's first regularly scheduled day off, it will be observed on the preceding day. If the holiday falls on the Employee's other scheduled day off, it will be observed on the first work day following the holiday.

Section 19.03 Holiday Worked Compensation

- A. All regularly scheduled hours worked on a holiday shall be compensated at one and one-half times the Employee's regular rate of pay.
- B. All regularly scheduled hours worked on a holiday shall be counted toward hours worked for overtime purposes.
- C. No additional time off or pay will be granted for a holiday worked.

ARTICLE 20 - TIME OFF

Section 20.01 Vacation

A. Fire Department Employees assigned to work a 40-hour work week shall accrue vacation at the following rate. Fire Department part-time Employees shall accrue vacation on a ratio of the hours they work to a forty (40) hour week.

Years of Service	Accrual Rate Bi-Weekly	Accrual Rate Each Year	Mandatory Yearly Usage
0 year through 3 rd	4.01 hours	104 hours	40 hours
4 th year through 7 th	5.85 hours	152 hours	80 hours
8 th year through 10 th	7.70 hours	200 hours	120 hours
Start of 11 th year	9.54 hours	248 hours	120 hours

B. Fire Engineers and Senior Fire Engineers, who are employed on a work period basis in accordance with the FLSA, shall accrue at the following rate.

Years of Service	Accrual Rate Bi-Weekly	Accrual Rate Each Year	Mandatory Yearly Usage
0 year through 3 rd	4.80 hours	124.8 hours	48 hours
4 th year through 7 th	7.02 hours	182.4 hours	96 hours
8 th year through 10 th	9.24 hours	240 hours	144 hours
Start of 11 th year	11.45 hours	297.6 hours	144 hours

C. No vacation will accrue while on leave-without-pay.

D. Vacation shall be taken with authorization of the Fire Chief shall be paid at the current rate of pay. Employee requests for time off under this Section shall be granted based on operational needs, and shall not be unreasonably denied.

E. Vacation shall not accrue and may not be taken prior to six (6) months of continuous satisfactory service, but after six months of employment, vacation time shall accrue retroactive to the date of employment.

F. Employees who work a 40-hour work week shall accumulate vacation up to a maximum of not more than 560 hours as of June 30 of each year. Fire Engineers and Senior Fire Engineers may accrue up to a maximum of 672 hours each year. In either case, any hours in excess of 560 or 672 respectively shall be paid on the check issued in the first full pay period of the fiscal year.

G. When a holiday falls when an Employee is on vacation, the Employee shall be paid for the holiday without a deduction from accrued vacation.

H. Accrued, but unused, vacation will be paid to Employees upon separation from employment after six (6) months of service.

I. Each fiscal year, Employees with more than one hundred twenty (120) accrued vacation leave may receive payment for all or part of vacation leave in excess of one hundred and twenty (120) hours. The leave balance shall be reduced accordingly. Such payment does not eliminate the mandatory leave use requirements set forth in this Section. Conversion payments are limited to twice each calendar year.

J. An Employee may request an advance of their vacation pay if they are going to be absent for more than ten (10) consecutive days and during which time a payroll is paid. The request to payroll must be made at least five (5) working days before the Employee's vacation is to begin and must include the signature of the Fire Chief. Otherwise, Employees shall receive their pay check on regular scheduled pay days while on vacation.

K. The Employer shall remind each Employee in writing not later than April 1 of the need to use mandatory vacation time off and an accounting of time off used by the Employee between July 1 and March 31 of current fiscal year. Employees who do not use their mandatory time off as required shall forfeit the remaining balance of their unused mandatory time off as of June 30 of each calendar year. When operational needs do not allow an Employee to take the required time off, the Municipal Administrator may extend the time to use mandatory leave. An extension does not waive the following year's mandatory leave usage requirement.

Section 20.02 Sick Leave

A. Employees shall accrue sick leave at the rate of twelve (12) hours for each calendar month of employment. Regular part-time Employees shall accrue sick leave on a ratio of the hours they work to a forty (40) hours week. No sick leave will accrue while on leave- without-pay.

B. Sick leave accrual shall be capped at a maximum of 720 hours for all Fire Department Employees working a 40-hour work week. Fire Engineers and Senior Fire Engineers may accrue up to a maximum of 864 hours each year. There shall be no accrual after the cap has been reached; accrual will resume once the Employee's sick leave balance is less than 720 hours for regular Employees, or 864 hours for qualified Fire Department personnel.

C. Donation of Vacation Accrual for Sick Leave Purposes

Employees may donate vacation accrual for use to aid another employee who has a serious health condition or is caring for an immediate family member who has a serious health condition in accordance with the Personnel Policies Handbook.

D. Employees are responsible to notify the Fire Chief as soon as possible prior to the beginning of the Employee's shift if they are to be absent.

E. Sick leave shall be paid at the Employee's current rate of pay and may be used for the Employee's illness or injury. Up to 120 hours of sick leave may be used or for the illness or injury of the Employee's immediate family members each calendar year. Up to 40 hours of sick leave may be used for a death in the Employee's immediate family. "Immediate family" for purposes of this section includes the Employee's spouse, children, parents, siblings, parents-in-law, grandparents, or grandchildren.

F. The Employer may require a certificate from a medical provider confirming the absence was due to illness or injury for three days or more or to provide a fitness to return to duty for any absence. If an Employee is absent due to illness or injury for more than 10 days in a 12-month period, the Employer reserves the right to require the Employee provide a certificate for every absence.

G. When a holiday falls when an Employee is on sick leave, the Employee shall be paid for the holiday without a deduction from accrued sick leave.

H. Employees shall be eligible for a sick leave benefit from date of hire. Sick leave will be granted to the Employee commencing on the first day of illness.

I. Sick leave has no cash value, and will not be cashed out upon termination.

J. Each full time regular Employee will have one-half of the difference between 80 hours and the actual hours of sick leave used in the previous calendar year converted from sick leave to annual leave on January 1 so long as the Employee is employed on January 1.

Section 20.03 Family and Medical Leave

The Employer shall grant family and medical leave consistent with both the Federal and State Family and Medical Leave Act

Section 20.04 Leave Without Pay

Leave without pay shall be permitted consistent with of the Personnel Policies Handbook.

Section 20.05 Military Leave

Employees shall be eligible for military time consistent with federal (USERRA) and state law (AS 39.20.340) governing military time off.

Section 20.06 Court Leave

Employees shall be eligible for court leave consistent with of the Personnel Policies Handbook.

Section 20.07 Time Off to Vote

Employees shall be granted a reasonable amount of time off to vote if the polls are not open before or after the Employee's shift begins or if the Employee is unable to take the Employee's meal period off to vote.

Section 20.08 Time Off for Certification

When required or requested by the Employer, Employees shall be granted time off with pay to obtain the required or requested certification, accreditation, licensure, or training.

ARTICLE 21 - WORKING OUT OF JOB CLASSIFICATION

Section 21.01 Temporary Working in a Higher Classification

When an Employee is temporarily required to perform work in another higher classification for eight (8) or more hours, the Employee shall be paid the higher rate for all hours worked in the higher classification. Such assignment shall be designated in writing by the Fire Chief and submitted with the Employee's timesheet to payroll.

Section 21.02 Temporary Transfer to Lower Classification

No Employee will suffer a reduction in pay by reason of the Employee's temporary transfer to a job carrying a lower pay classification.

Section 21.03 Job Classification Review

If an Employee believes the Employee's position is improperly classified, the Employee may submit a written request for a job classification review to the Director of Human Resources with a copy to the Fire Chief. If, after review and consultation with the Fire Chief, it is determined by the Director of Human Resources that the position should be reclassified based on the job duties performed any pay adjustment shall be made retroactive to the date of the request. Nothing in this Section precludes the Director of Human Resources from determining that the Employee is working out of class but directing the Employee through the Fire Chief to perform the work of the original job classification instead of reclassifying the position.

ARTICLE 22 – WAGES

Section 22.01 Wage Matrix

A. On July 1, 2022, the Matrix attached as Appendix A shall become effective. Employees shall remain in their current step on July 1, 2022.

B. The Matrix shall have two cost-of-living adjustments one effective July 1, 2023 and the second on July 1, 2024.

1. The cost-of-living adjustment to the Matrix will be based on the year-to-year change of the Urban Alaska CPI-U calclated from January 1 to December 31 of each year.

2. The Matrix adjustments in 2023 and 2024, however, shall not exceed three and one-half percent (3.5%) and not be less than one and one-half percent (1.5%) depending on the actual CPI-U.

C. Employee shall move one step on the Matrix on the employee's anniversary date during Fiscal Year 2024 which begins on July 1, 2023.

Section 22.02 Probationary Period Increase

Employees who satisfactorily complete their probationary period shall receive a step increase in their starting wage.

Section 22.03 Determining Wage Rates for Various Personnel Actions

A. The Employer shall determine the starting wage and step on the Matrix for any new hire in its sole discretion.

B. The Employer shall determine the wage for any promotion of an Employee covered by this Agreement. Upon promotion, the Employee shall be placed on the Matrix that reflects at a minimum a pay increase of four percent (4.0%) effective on the date of the promotion.

C. When an Employee's position is reclassified and the reclassification results in a reduction in pay, the Employee's current pay rate shall not be reduced. If it is reclassified and the reclassification results in a pay increase, the Employee's wage rate shall be determined consistent with paragraph B above.

D. When an Employee applies for and is hired into a different position with the City at a lower pay rate, the Employee's wage shall be reduced. The Employer and the Employee shall determine the pay rate for the transferred position.

E. The Employer shall notify the Union in writing within thirty (30) days after any personnel action taken under this Section affecting Fire Department Employees.

Section 22.04 Direct Deposit

All Employees are encouraged to authorize in writing direct deposit of their paychecks.

Section 22.05 Severance Pay

When an Employee with a regular appointment in good standing is laid off, the Employee is entitled to severance pay of two (2) weeks regular pay in addition to whatever wages are due. In the event of termination by death, his or her heirs, assigns, or estate shall be entitled to this severance pay.

ARTICLE 23 - HEALTH INSURANCE

Section 23.01 Full-Time Health Insurance Benefits

Full time regular Employees may enroll in the Employer group health insurance plan with the Employer paying 90% of the Employees' and dependents' health insurance premium. The Employee shall pay the remaining 10% of the health insurance premium through payroll deduction.

Section 23.02 Part-Time Health Insurance Benefits

The Employer will pay a portion of the cost of health insurance premiums for part-time regular Employees, based on a ratio of the hours they actually work in a forty-hour workweek.

ARTICLE 24 - RETIREMENT

Section 24.01 State Retirement System

The Employer is a participant in the State of Alaska Public Employees Retirement System (PERS) effective January 1, 1970. Coverage is mandatory for all full-time and part-time regular employees who are not temporary. Details regarding retirement benefits and the retirement system may be obtained from Human Resources.

Section 24.02 Supplemental Benefits System

The Employer is a participant in the Supplemental Benefits System – Annuity Plan (SBS-AP). Coverage is mandatory for all full-time and part-time regular employees who are not temporary Employees and who are not retirees under PERS. The Employer will match the Employee contribution up to the maximum limit.

Section 24.03 Deferred Compensation

The Employer shall provide a deferred compensation plan that Employees may contribute to through payroll deduction.

Section 24.04 Medical Expense Reimbursement Program

Employees shall participate in a Medical Expense Reimbursement Program (“MERP”) through the Union based on their current Tier in State of Alaska PERS during the life of this Agreement. Employees shall contribute \$75.00 per month via payroll deduction on a form provided by the Union. The Employer shall contribute \$75.00 per month to the MERP on behalf of each Employee.

ARTICLE 25 - SAVINGS CLAUSE

Should it be decided by decree of judgment of any court of competent jurisdiction that any article, section or provision herein is rendered invalid by reason of any existing or subsequently enacted statute, ordinance or other law, the invalidation of such article, section or provision will not affect the remaining portions hereof and such other parts and provisions will remain in full force and effect. Upon the invalidation of any article, section or provision hereof, the

parties will meet and negotiate the parts and provisions concerned within thirty (30) days from the date the fact of such invalidation is communicated to them; provided, however, that the parties may mutually agree to extend the time for such negotiations.

ARTICLE 26 - ZIPPER CLAUSE

A. This Agreement sets forth all of the terms, conditions and understandings between the parties hereto, and there are no terms, conditions or understandings, either oral or written, between them other than as herein set forth. No subsequent alternation, amendment, change or addition to this Agreement shall be binding on the parties hereto unless reduced to writing and signed by them.

B. The parties acknowledge that during the negotiations which resulted in this Agreement each had the unlimited right and opportunity to make demands and proposals with respect to any subject matter not removed by law from the area of collective bargaining and that the understandings and agreements arrived at by the parties are set forth in this Agreement. The parties further understand that they have agreed to meet about any subjects relating to this Agreement and other matters of mutual concern during the term of this Agreement when requested. However, nothing in this Section obligates a party to reach agreement or to change this Agreement with respect to any subject or matter specifically referred to or covered by this Agreement.

C. Nothing in this Section relieves either party of their legal obligation to bargain in good faith with respect to mandatory subjects of bargaining.

ARTICLE 27 - DURATION

A. This term of this Agreement shall be from July 1, 2022 through June 30, 2025, and thereafter from year to year if the Agreement is not reopened.

B. However, either party may open negotiations not later than sixty (60) days before the expiration of this Agreement by giving the other party written notice of the particular Articles in which changes are desired. Such written notice shall not be given more than one hundred and eighty (180) days before the expiration of this Agreement. The parties agree the written notice shall be in a letter form and sent to the Municipal Administrator or the Union President in order to be effective.

C. The parties agree to discuss the schedule for negotiations at their earliest opportunity but not later than sixty (60) days after receipt of such notice. Nothing herein will preclude the termination, modifications or amendment of this Agreement at any time by written mutual consent of the parties.

D. In the event that the termination of this agreement shall occur during the course of negotiations for a renewal of the agreement, the terms and conditions of this Agreement shall be binding upon the parties until a renewal agreement is negotiated and executed by the parties.

E. This Agreement shall become effective on the date of signing unless specified otherwise in the Agreement or in writing by the parties.

This Agreement is entered into this _____ day of _____, 2022.

John Leach
Municipal Administrator

Dominic Lozano
Alaska Professional Fire Fighters

Kimberly K. Gearity
Sitka Chief Negotiator

Dane McFadden
IAFF Member

Valarie Ruff
Human Resources Director

Jennifer Klejka
IAFF Member

Craig Warren
Fire Chief

APPENDIX A - Wage Matrix for FY 23

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
		Plus 2%	Plus 2%	Plus 2%	Plus 2%	Plus 2%	Plus 2%	Plus 1.5%	Plus 1.5%	Plus 1.5%	Plus 1.5%	Plus 1.5%	Plus 1.5%	Plus 1.5%	Plus 1.5%
Office Assistant	\$20.00	\$20.40	\$20.81	\$21.22	\$21.65	\$22.08	\$22.52	\$22.86	\$23.20	\$23.55	\$23.91	\$24.26	\$24.63	\$25.00	\$25.37
Fire Engineer EMT 1	\$22.00	\$22.44	\$22.89	\$23.35	\$23.81	\$24.29	\$24.78	\$25.15	\$25.52	\$25.91	\$26.30	\$26.69	\$27.09	\$27.50	\$27.91
Fire Engineer EMT 2	\$23.50	\$23.97	\$24.45	\$24.94	\$25.44	\$25.95	\$26.46	\$26.86	\$27.26	\$27.67	\$28.09	\$28.51	\$28.94	\$29.37	\$29.81
Fire Engineer EMT 3	\$24.50	\$24.99	\$25.49	\$26.00	\$26.52	\$27.05	\$27.59	\$28.00	\$28.42	\$28.85	\$29.28	\$29.72	\$30.17	\$30.62	\$31.08
Sr. Fire Engineer	\$33.00	\$33.66	\$34.33	\$35.02	\$35.72	\$36.43	\$37.16	\$37.72	\$38.29	\$38.86	\$39.44	\$40.04	\$40.64	\$41.25	\$41.86
EMS Fire Captain	\$36.00	\$36.72	\$37.45	\$38.20	\$38.97	\$39.75	\$40.54	\$41.15	\$41.77	\$42.39	\$43.03	\$43.68	\$44.33	\$45.00	\$45.67



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 22-097 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 6/22/2022 In control: City and Borough Assembly

On agenda: 6/28/2022 Final action:

Title: Approve a tidelands lease agreement between the City and Borough of Sitka and Northern Southeast Regional Aquaculture Association, Inc. for Lot 3, Block 1, GPIIP

Sponsors:

Indexes:

Code sections:

Attachments: [01 Motion Memo and Lease Requests](#)
[02 NSRAA Tideland Lease](#)
[03 Exhibit A Lot 3, Block 1~69,648 SF](#)
[04 Exhibit B Revised MOU FINAL](#)
[05 Exhibit C-CBS Requested Deliverables SCH Outfall Project 2.16.22](#)

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

POSSIBLE MOTION

I MOVE TO approve the tidelands lease agreement between the City and Borough of Sitka and Northern Southeast Regional Aquaculture Association, Inc. for Lot 3, Block 1, GPIIP submitted for this agenda item and authorize the Municipal Administrator to execute the lease. Further, I move to make the following findings in support of approving the lease:

1. Because of the business nature sought for this lease, i.e., an outfall for the existing operational infrastructure for NSRAA's fish hatchery on GPIIP leaseholds, competitive bidding is inappropriate, and,
2. Rent is waived in consideration of the highly favorable economic impact NSRAA's hatchery operations has on the community.



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

Tuesday, June 21, 2022

MEMORANDUM

To: John Leach, CBS Administrator
From: Garry White, Director
Subject: NSRAA Tidelands Lease Request

Introduction

The Northern Southeast Regional Aquaculture Association (NSRAA) is requesting to lease a ~1.60 Acre section of the GPIIP Tidelands for the installation of a marine outfall drain line from its planned new constructed hatchery expansion on Lot 3. Please see the attached request letter from NSRAA.

The GPIIP Board met in March and April to discuss the item and passed the following motion at the April 18, 2022 meeting:

Motion: Ystad/Johnson moved to recommend a 30 year lease for NSRAA for ~1.60 acres of tidelands as outlined in the amended drawing. The Board recommends a fee of \$0.00 for use of the tidelands.
Action: Passed (3/0) on a voice vote

Note: Members Wagner and Mitchell recused themselves from the vote due to conflict of interest.

Background

NSRAA is a private non-profit corporation created to assist in the restoration and rehabilitation of Alaska's salmon stocks and to supplement the fisheries of Alaska.

The City and Borough of Sitka (CBS) and NSRAA entered into a lease agreement for Lot 2 of the GPIIP in 2006 with an initial term of 10 years with a lease amount of \$1,200 annually. The lease was extending in 2016 for another 10 years with an option to extend the lease for (4) four – additional 10 year terms. The lease amount was increased to \$2,400 annually, with the lease amount to be negotiated at each extension.

NSRAA leased the undeveloped Lot 2 from the CBS in 2006 and constructed a multi-million dollar fish hatchery on the property, including an outfall pipe that extends into the bay. The lease on Lot 2 allows for the original outfall pipeline and does not charge any additional fees for the outfall drain. The hatchery provides millions of Coho and Chum Salmon to the common property fishery in the Sitka area.

NSRAA and the CBS entered into a lease agreement for Lot 3 on February 27, 2018 for a 3 year term to acquire the property to continue with its due diligence regarding expanding fish hatchery operations at the GPIIP site. Section 1.3 of the lease agreement allowed NSRAA to exercise the option for (4) successive terms of (10) ten years. The CBS amended the original Lot 3 lease in

2021 to give NSRAA lease terms that coincide with the lease terms of NSRAA's for Lot 2 which expires on May 1, 2026.

NSRAA is now moving forward with its plans to expand its current GPIP Hatchery operations.

Other Information

- Sitka General Code (SGC) 18.16.210 (Tidelands leases), the CBS requires annual tidelands lease payment to the CBS to be 4.5% of the value of the tidelands and for the lease term to be adjusted every 7 years by the SCG CPI stated adjustment. *Please see SGC 18.16 for greater detail.*
- SGC 2.38.080 (GPIP General Powers) gives the GPIP Board powers to lease tidelands outside of Title 18 requirements. *Please see SGC 2.38 for greater detail.*

Proposed Terms

NSRAA is requesting to lease ~1.69 Acres of tidelands for a 30 year term. Please see attached map of the proposed lease area. *Please note the proposed lease area will include the existing marine outfall drain line install in 2006 as part of NSRAA's Lot 2 lease with the CBS.*

Market Rent

A 2014 tideland appraisal of the GPIP tidelands by Alaska Appraisal Associates, Inc. determined the value at \$0.15/SF. The CBS Assessor agrees with the valuation.

$\sim 1.6 \text{ Acres} = \sim 69,600 \text{ SF} @ \$0.15/\text{SF} = \$10,440$

$\$10,440 @ 4.5\% = \490 annually

**The GPIP Board Recommended waiving a fee of \$490 due to the economic impact the NSRAA has on the community.*

Action

- CBS Assembly approval of proposed NSRAA Tideland lease request.

To: Gary White - GPIP Director and GPIP Board of Directors
From: Adam Olson – NSRAA Operations Manager
Subject: NSRAA GPIP Tidelands Lease Request

Background

Northern Southeast Regional Aquaculture Association (NSRAA) leased Lot 3 in 2018 to expand its operations at Sawmill Creek Hatchery. The expansion has been broken up into multiple phases to facilitate funding through the Pacific Salmon Treaty Mitigation Program. To date, NSRAA has completed the installation of an additional supply pipeline off of the bulk water line and is currently working with the CBS to complete the installation of the backup water system from the CSW intake system in Sawmill Creek. The next phase that NSRAA wishes to complete this May-July is to install a new drain line from Lot 3 to a marine outfall located on CBS tidelands. The original outfall was authorized as a condition of the lease for Lot 2 to construct the hatchery. To date, NSRAA has secured approximately \$4.6 million of the estimated \$9 million to construct the expansion facility and all associated infrastructure.

Request


NSRAA requests the GPIP Board to move to direct the CBS to issue a long-term lease for ~2.69 acres of tidelands adjacent to Lot 2 in the GPIP. NSRAA would like a term of 30 years with option to renew, as NSRAA intends to continue to operate the Sawmill Creek Hatchery in perpetuity. The proposed lease area, depicted in the attached drawing, encompasses both the existing and proposed outfall, as well as provides for the area to install a docking facility in the future. NSRAA transports 50,000,000 chum and 2,000,000 coho salmon from the facility each year, and currently do so by temporarily mooring a netpen frame on aging leftover mill infrastructure. Tidelands in the GPIP area have been most recently assessed at a value of \$0.15/ft². City tidelands leases are traditionally calculated at 4.5% of market value. For reference, the resulting compensation and calculation is shown below:

$$2.69 \text{ acres} = 117,000 \text{ ft}^2 \times \$0.15/\text{ft}^2 = \$17,550 @ 4.5\% = \$790 \text{ annually}$$

Given NSRAA's non-profit status, the economic benefit created from NSRAA salmon to the community of Sitka, and the original provisions to install an outfall as part of the lease for hatchery construction; NSRAA requests the GPIP Board to direct the CBS to enter into the above-described lease for **\$0.00 annual compensation.**

I will be present at the next scheduled Board of Directors meeting to answer any questions, and please don't hesitate to reach out prior to the meeting.

Respectfully,


Adam Olson
NSRAA Operations Manager
(907) 752-1308 (c)
(907) 747-6850 (o)

To: Gary White - GPIP Director and GPIP Board of Directors

From: Adam Olson – NSRAA Operations Manager

Subject: NSRAA GPIP Updated Tidelands Lease Request

Background

The existing outfall (shown in yellow on the attached drawing) was authorized in 2006 as a condition of the lease for Lot 2. NSRAA has been working towards expanding its operation in the GPIP since 2018. To date, NSRAA has secured approximately \$4.6 million of the estimated \$9 million to construct an expansion facility and all associated infrastructure on Lot 3. The request to install an additional outfall parallel to the existing triggered a review and request from the CBS for NSRAA to apply for a tidelands lease. The previously proposed tidelands area overlapped an existing lease issued to Sayak Logistics. At the March 31st meeting, the GPIP Board approved recommending an NSRAA tidelands lease at no cost with the condition the Sayak Logistics lease area could be shifted to accommodate. NSRAA has worked cooperatively with Sayak Logistics on the attached drawing.

Request

The proposed NSRAA lease area has been modified and reduced in size to both encompass the existing and proposed hatchery outfalls and allow for non-conflicting use of the area with the amended Sayak Logistics lease. On the attached drawing, the proposed NSRAA lease area is shown in dashed orange lines and is approximately 69,600 ft² (1.60 acres). For reference, the modified Sayak Logistics lease area is shown in brown. The proposed amendment to the Sayak lease does not pose a conflicting use for NSRAA operations.

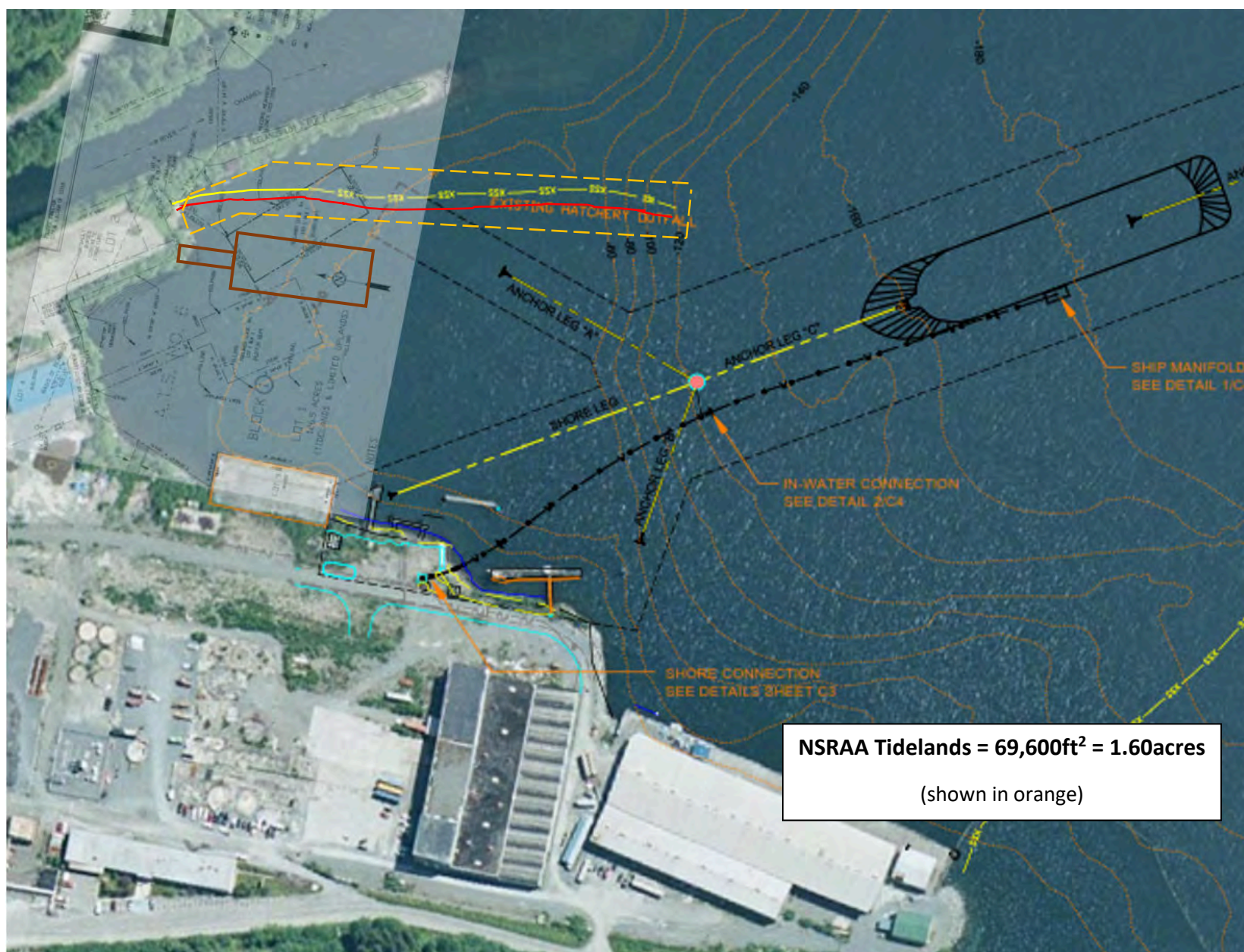
Assuming the GPIP Board moves to amend the Sayak lease as proposed, NSRAA requests the GPIP Board to recommend the CBS issue a long-term lease for 1.60 acres of tidelands adjacent to Lot 2 in the GPIP.

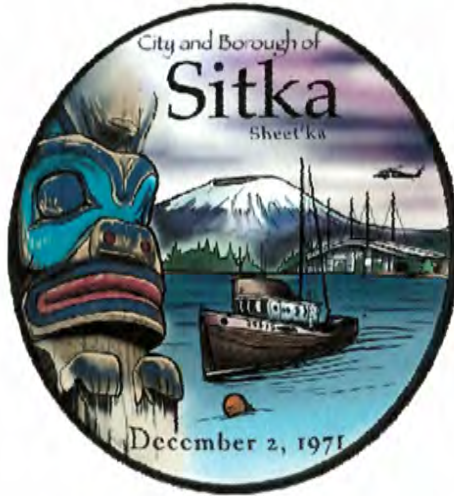
Respectfully,



Adam Olson
NSRAA Operations Manager

n





TIDELANDS LEASE AGREEMENT

BETWEEN

**THE
CITY AND BOROUGH OF
SITKA**

AND

**NORTHERN SOUTHEAST
REGIONAL AQUACULTURE
ASSOCIATION, INC. (NSRAA)**

FOR

LOT 3, BLOCK 1, GPIIP

**TIDELANDS LEASE AGREEMENT
BETWEEN
CITY AND BOROUGH OF SITKA, ALASKA
AND
NORTHERN SOUTHEAST REGIONAL AQUACULTURE ASSOCIATION, INC.**

TABLE OF CONTENTS

PREAMBLE.....	1
SPECIAL PROVISIONS	1
ARTICLE I: LEASE, TERM OF LEASE, AND TERMINATION OF LEASE.....	1
Section 1.1 Conveyance of Estate in Lease.....	1
Section 1.2 Lease Term.....	1
Section 1.3 [RESERVED].....	1
Section 1.4 Disposition of Improvements and Lessee's Personal Property Following Term of Lease.....	1
Section 1.5 Covenants to Perform.....	2
ARTICLE II RENT	2
Section 2.1 Calculation & Method of Payment of Rent During the Thirty-Year Term of the Lease.....	2
Section 2.2 [RESERVED].....	2
Section 2.3 [RESERVED].....	2
Section 2.4 Property Tax Responsibility	2
ARTICLE III RESTRICTIONS UPON USE OF SUBJECT PROPERTY.....	2
Section 3.1 Lessee's Obligations as to Construction, Maintenance, Repair and Safety	2
Section 3.2 Lessor's Approval of Certain Alterations or Improvements.....	3
Section 3.3 Rights of Access to Subject Property	3
Section 3.4 Additional Conditions of Lease.....	4
Section 3.5 Control of Rodents and Other Creatures on Subject Property.	5
ARTICLE IV UTILITY SERVICES AND RATES.....	5
Section 4.1 Provision of Utility Services.....	5
Section 4.2 Rates for Utility Services Provided by Lessor.....	5
Section 4.3 Lessee to Pay for Utility Services.....	5
Section 4.4 [RESERVED].....	6
Section 4.5 [RESERVED].....	6
ARTICLE V LIABILITY.....	6
Section 5.1 Limits on Lessor Liability	6
Section 5.2 Limits on Lessee Liability.....	6
Section 5.3 Reimbursement of Costs of Obtaining Possession.....	6
GENERAL PROVISIONS	7
ARTICLE VI DEFINITIONS	7
Section 6.1 Defined Terms.....	7
ARTICLE VII INSURANCE.....	8
Section 7.1 Insurance.....	8
Section 7.2 Notification of Claim, Loss, or Adjustment.....	8
Section 7.3 Waiver of Subrogation.....	8

ARTICLE VIII RESTRICTIONS REGARDING ASSIGNMENT, LEASES, AND TRANSFERS OF	
SUBJECT PROPERTY.....	8
Section 8.1 Lessee Without Power to Assign, Lease, or Encumber Subject Property.....	8
Section 8.2 Limitations on Subleases.....	8
ARTICLE IX USE AND PROTECTION OF THE SUBJECT PROPERTY	9
Section 9.1 Subject Property As Is - Repairs.	9
Section 9.2 Compliance with Laws.	9
Section 9.3 Notification of Lessor Public Works Director of Discovery of Contamination.....	9
Section 9.4 Use of Utility Lines.	9
Section 9.5 Permits and Approvals for Activities.	9
Section 9.6 Navigable and Public Waters.	9
Section 9.7 Valid Existing Rights.....	10
Section 9.8 Concurrent Use.....	10
Section 9.9 Surface Resources.	10
Section 9.10 Appropriation or Disturbance of Waters.	10
Section 9.11 Acquisition of Rights or Interests.....	10
Section 9.12 Land Alterations Due to Natural or Artificial Causes.	10
Section 9.13 Environmental Compliance.....	10
ARTICLE X LESSOR’S RIGHT TO PERFORM LESSEE’S COVENANTS; REIMBURSEMENT OF	
LESSOR FOR AMOUNTS SO EXPENDED	12
Section 10.1 Performance of Lessee's Covenants To Pay Money.....	12
Section 10.2 Lessor's Right To Cure Lessee's Default.....	12
Section 10.3 Reimbursement of Lessor and Lessee.	12
ARTICLE XI [RESERVED]	112
Section 11.1 [RESERVED].....	112
ARTICLE XII LIENS.....	13
Section 12.1 Discharge of Mechanics' and Other Liens.....	13
ARTICLE XIII LIEN FOR RENT AND OTHER CHARGES.....	13
Section 13.1 Lien for rent.....	13
ARTICLE XIV DEFAULT PROVISIONS	13
Section 14.1 Events of Default.	13
Section 14.2 Assumption or Assignment of Lease to Bankruptcy Trustee.....	14
Section 14.3 Remedies in Event of Default.....	14
Section 14.4 Waivers and Surrenders To Be In Writing.	15
ARTICLE XV LESSOR’S TITLE AND LIEN.....	15
Section 15.1 Lessor's Title and Lien Paramount.	15
Section 15.2 Lessee Not To Encumber Lessor's Interest.	16
ARTICLE XVI REMEDIES CUMULATIVE	16
Section 16.1 Remedies Cumulative.....	16
Section 16.2 Waiver of Remedies Not To Be Inferred.	16
Section 16.3 Right to Terminate Not Waived.	16
ARTICLE XVII SURRENDER AND HOLDING OVER	16
Section 17.1 Surrender at End of Term.	16
Section 17.2 Rights Upon Holding Over.....	17
ARTICLE XVIII MODIFICATION.....	17
Section 18.1 Modification.	17
ARTICLE XIX INVALIDITY OF PARTICULAR PROVISIONS.....	17

Section 19.1 Invalidity of Provisions.	17
ARTICLE XX APPLICABLE LAW AND VENUE	17
Section 20.1 Applicable Law.	17
ARTICLE XXI NOTICES.....	17
Section 21.1 Manner of Mailing Notices.	17
Section 21.2 Notice to Leasehold Mortgagee and Secured Parties.	18
Section 21.3 Sufficiency of Service.	18
Section 21.4 When Notice Deemed Given or Received.....	18
ARTICLE XXII MISCELLANEOUS PROVISIONS.....	18
Section 22.1 Captions.	18
Section 22.2 Conditions and Covenants.	18
Section 22.3 Entire Agreement.....	18
Section 22.4 Time of Essence as to Covenants of Lease.	18
ARTICLE XXIII COVENANTS TO BIND AND BENEFIT RESPECTIVE PARTIES AND TO RUN	
WITH THE SUBJECT PROPERTY	19
Section 23.1 Covenants to Run with the Subject Property.....	19
ARTICLE XXIV ADDITIONAL GENERAL PROVISIONS.....	19
Section 24.1 Absence of Personal Liability.	19
Section 24.2 Lease Only Effective As Against Lessor Upon Approval of Assembly.	19
Section 24.3 Binding Effects and Attorneys Fees.	19
Section 24.4 Duplicate Originals.....	19
Section 24.5 Declaration of Termination.	19
Section 24.6 Authority.....	19
Section 24.7 Recordation.....	19

Exhibits

- Exhibit A – Diagram of the area leased
- Exhibit B – Revised Memorandum of Understanding Between SOA and CBS
Management Plan for SCIP (GPIP)
- Exhibit C – NSRAA Deliverables Requested for Sawmill Creek Hatchery Tidelands Use

**TIDELANDS LEASE AGREEMENT
BETWEEN
CITY AND BOROUGH OF SITKA, ALASKA
AND
NORTHERN SOUTHEAST REGIONAL AQUACULTURE ASSOCIATION, INC.**

PREAMBLE

This Tideland Lease Agreement ("Lease") City and Borough of Sitka, Alaska, 100 Lincoln Street, Sitka, Alaska 99835 ("Sitka" or "Lessor") and NORTHERN SOUTHEAST REGIONAL AQUACULTURE ASSOCIATION, INC. ("NSRAA" or "Lessee") is effective July 1, 2022. This lease is issued under authority of Sitka General Code ("SGC"), Chapter 18.16, entitled "Tideland Lease Procedure". This Lease consists of the Special Provisions, the General Provisions, and the attached Exhibit A, B and C and Section 2.38.080(A)(7).

Exhibit A – Diagram of the area leased

Exhibit B – Revised Memorandum of Understanding Between SOA and CBS
Management Plan for SCIP (GPIP)

Exhibit C – NSRAA Deliverables Requested for Sawmill Creek Hatchery Tidelands Use

SPECIAL PROVISIONS

ARTICLE I LEASE, TERM OF LEASE, AND TERMINATION OF LEASE

Section 1.1 Conveyance of Estate in Lease.

Lessor, for and in consideration of the Rents received and of the covenants and agreements made by Lessee, does lease to Lessee, and Lessee leases from Lessor, the "Subject Property" as shown on Exhibit A. Exhibit A shows an approximately 69,648 SF, Lot 3, Block 1, GPIP.

Section 1.2 Lease Term.

The Lease term is for thirty (30) years and commences on July 1, 2022, and ends on June 30, 2052, unless sooner terminated or extended as provided in this Lease.

Section 1.3 [RESERVED]

Section 1.4 Disposition of Improvements and Lessee's Personal Property Following Term of Lease.

Lessee shall remove from the Subject Property any personal property or improvements constructed, installed, or deposited on the Subject Property at the termination of this Lease or any extension unless Lessee makes a separate written agreement with Lessor to do otherwise. Any improvements or personal property not removed after thirty (30) days have passed after termination of this Lease shall be deemed abandoned, and at Lessor's option, shall become the property of Lessor. Lessee shall repay to Lessor any costs of removing such improvements or personal property from the Subject Property if Lessor does not exercise such option. Subject to

Lessor's obligations under Subsection 3.1 below, Lessee agrees to leave Subject Property in a neat, clean, and weather-tight condition at the end of the Term of the Lease.

Section 1.5 Covenants to Perform.

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

ARTICLE II RENT

Section 2.1 Calculation & Method of Payment of Rent During Thirty-Year Term of the Lease.

Lessee shall pay no Rent. The Parties acknowledge and agree that, because the nature of the business being sought for this Lease, competitive bidding is inappropriate and the terms of this Lease, including rent, should be and were negotiated. Lessor, by approval of its Assembly, agrees to waive competitive bidding and sets the negotiated terms as specified in this Lease.

The Parties further acknowledge and agree that this Lease is intended to be a non-monetary transaction. If the rent required by Sitka General Code, Sections 18.16.210 and 2.38.080(A)(7) was applied, Lessee would pay \$490 annually (69,600 SF x \$10.15 SF x 4.5%). Lessor, by approval of its Assembly, agrees to waive rent in consideration of the highly favorable economic impact which NSRAA's hatchery operations has on the community. NSRAA leases two other parcels at GPIP and pays rent on those leases.

Section 2.2 [RESERVED]

Section 2.3 [RESERVED]

Section 2.4 Property Tax Responsibility.

Beginning January 1 following the effective date of this Lease and each calendar year after, Lessee will be responsible to pay Lessor property taxes for its possessory interest in the building, land, and equipment to the extent taxable as determined by the Municipal Assessor.

ARTICLE III RESTRICTIONS UPON USE OF SUBJECT PROPERTY

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

(a) Except as otherwise provided in this Lease, Lessee acknowledges the leasehold is in an "as is" condition. At the sole cost and expense of Lessee and in compliance with all legal requirements, Lessee may purchase, construct, develop, repair, transfer to the Subject Property, and/or maintain any improvements, personal property, fixtures, and other items on the Subject Property in a first-class manner using materials of good quality.

Lessor shall maintain the Subject Property and any Lessor provided equipment. Lessor reserves the right to expand or modify the Subject Property. In that event, Lessor and Lessee will work

together to complete such expansion or modification in a manner that minimizes disruption to Lessee's use of the Subject Property. Some anticipated disruptions could be interruption in utilities (e.g. power, water), and operational disturbances from noise, dust and other construction activities.

(b) Lessee acknowledges that Lessor has made no representation or warranty with respect to Lessee's ability to obtain any permit, license, or approval.

(c) Lessee shall also use the Subject Property and any improvements placed on the Subject Property only for lawful uses and as specified in the Lease and only for permitted and approved conditional uses subject to the Sitka General Code, Title 22.

(d) Lessee shall confine its equipment, storage and operation to the Subject Property.

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

(f) Lessee may erect outdoor signage at its expense with the written permission of Lessor Building Official and the Public Works Director. The style, size and physical placement location of the sign will be approved on a case-by-case basis.

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

Lessee shall not make or permit to be made any alteration of, addition to, or change in, structures and improvements, nor demolish all or any part of the structures or improvements without the prior written consent of Lessor, which consent shall not be unreasonably withheld. The phrase "structures and improvements" in the previous sentence includes water and wastewater systems and electrical systems. In requesting consent, Lessee shall comply with all applicable laws and ordinances, and shall submit to the Lessors Public Works Director, or his or her written designee, detailed plans and specifications of proposed work, an explanation of the needs and reasons for the work, and a plan of full payment of the costs of the work. Lessor shall notify Lessee of its approval or objections no later than thirty (30) days after receiving the information described in the previous sentence. In approving or objecting, Lessor shall be acting in its proprietary function and not its regulatory function, any such approval in this proprietary function does not relieve Lessee of any obligation to obey the law. Nothing in this Section shall be interpreted to prevent Lessee from removing at the termination of this Lease any improvements or personal property as described in Section 1.4.

Section 3.3 Rights of Access to Property

(a) Lessor reserves for itself and any public utility company the right to access the Subject Property at all reasonable times in a reasonable manner for the purposes of opening, inspecting, repairing, replacing, reconstructing, maintaining, or servicing the public utilities, if any, located on the Subject Property, as well as for the purposes of constructing or installing new public utilities. Lessor also reserves for itself and the Alaska Department of Environmental Conservation

the right to access the Subject Property at all reasonable times in a reasonable manner for the purposes of regulation and enforcement of this Lease. Lessor also reserves for itself the right to access the Subject Property at all reasonable times in a reasonable manner for the purposes of (1) inspection of all work being performed in connection with the construction of improvements; (2) showing Subject Property or exhibiting Subject Property in connection with renting or leasing Subject Property in a matter that will not unreasonably interfere with Lessee's business; and (3) placing "For Sale" or "For Rent" signs on Subject Property. Lessee shall not charge for any of the access allowed in the situations described in this subsection.

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

(c) Lessee acknowledges that the Subject Property is or shall be subject to agreements for ingress and egress, utilities, parking, and maintenance. Lessee agrees that it shall comply with the terms of such cooperative agreements, in accordance with the terms of such agreements, those portions of such maintenance expenses that are attributable to the Subject Property, as more fully set forth therein.

Section 3.4 Additional Conditions of Lease.

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

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

(b) Lessee covenants and agrees that as it relates to use of the Subject Property, it will not, on the grounds of race, color or national origin, discriminate or permit discrimination against any person or group of person in any manner prohibited by Federal, State or local laws or regulations promulgated under such laws, and Lessee further grants Lessor the right to take such action to enforce such covenant as it deems necessary or as it is directed pursuant to any Federal, State or local laws or regulations.

(c) Lessor may, upon at least ten (10) days prior written notice to Lessee, temporarily suspend the supply of water, wastewater service, the supply of electric power, the use of pipelines, or the use of the Improvements in order to perform routine maintenance and, in all events, subject to unavoidable delays. Such interruptions shall be of as short duration as necessary to perform such maintenance, and Lessor shall not be responsible for any such costs or expenses as a result of suspending such utilities.

(h) Lessee shall timely pay the Lessor Fire Marshal or Building Inspector fees and other building permit fees, and shall also timely file and pay all applicable property taxes and assessments. These include any Local Improvement District costs that may be assessed.

(d) Lessee shall be responsible for taking any measures that Lessee deems necessary to provide security for their property. Lessor is not responsible for theft or vandalism.

(e) Lessee shall timely pay all other Lessor billings (i.e., electricity, business taxes, etc.).

(f) Failure of Lessee to file and pay such Lessor taxes, and pay utilities, assessment payments, and all other Lessor billings, may subject this Lease to be terminated.

(g) Lessee shall permit vessel traffic by the CBS and the public over the waters above the submerged tidelands of the Subject Property, so long as those vessels don't obstruct or interfere with the hatchery operations or the outfall lines. The purpose of this vessel traffic reservation is to allow ingress and egress of vessels belonging to the CBS and the public which are using adjacent tidelands and waters. This reservation is intended as a courtesy and convenience to vessels using adjacent tidelands and waters, not a restriction on Lessee's use of the Subject Property. No anchoring or use of the submerged tidelands is permitted. When practical, Lessor shall give Lessee advanced notice of any such vessel traffic.

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

Lessee shall take reasonable affirmative measures to ensure that its operations do not attract to Subject Property any of the following creatures: rodents, vermin, insects, eagles, crows, ravens, seagulls, mink, otters, or bears.

ARTICLE IV UTILITY SERVICES AND RATES

Section 4.1 Provision of Utility Services.

Lessee will pay for utilities, if available.

Section 4.2 Rates for Utility Services Provided by Lessor.

Utility rates charged by Lessor for utility services shall be those set forth in Sitka's Customer Service Policies and/or Sitka General Code. Lessee acknowledges the requirements of Section 9.4 as to utility lines. The Sitka Assembly may change utility rates from time to time by amending the Customer Service Policies and/or Sitka General Code.

Section 4.3 Lessee to Pay for Utility Services.

Lessee will pay, or cause to be paid, all proper charges for any of the following, if available: electricity and solid waste; sewer and water; and for all other public or private utility services, which shall be used by or supplied to the Subject Property at any time during the Term of this Lease. In the event that any charge, cost, or expense for any of the above-mentioned utility services or for any of the other above-mentioned services shall not be paid when due and payable, Lessor shall have the right, but shall not be obligated, to pay it, with the understanding that amounts paid by Lessor shall constitute additional Rent due and payable under this Lease, and shall be repaid to Lessor by Lessee immediately on rendition of a bill by Lessor. Interest at the highest rate allowable by law shall be added as a charge for unpaid utility bills paid by Lessor on behalf of Lessee. Lessor reserves the right to suspend utility services if Lessee does not pay for utility services. Failure to timely pay utility services may also result in Lessor terminating this Lease.

Section 4.4 [RESERVED]

Section 4.5 [RESERVED]

ARTICLE V LIABILITY

Section 5.1 Limits on Lessor Liability.

Lessee agrees to indemnify, defend, and hold harmless Lessor against and from any and all claims by or on behalf of any person, firm, or entity arising, other than due to acts or omissions of Lessor, from the conduct or management of or from any work or thing whatsoever done in or about the Subject Property and structures and improvements, including liability arising from products produced on the property. Lessee also agrees to indemnify, defend, and save Lessor harmless against and from any and all claims and damages arising, other than due to acts or omissions of Lessor, during the term of this Lease from: (a) any condition of the Subject Property or improvements placed on it; (b) any breach or default on the part of Lessee regarding any act or duty to be performed by Lessee pursuant to the terms of this Lease; and (c) any act or negligence of Lessee or any of its agents, contractors, servants, employees or licensees. Lessee agrees to indemnify, defend, and hold harmless Lessor from and against all costs, counsel and legal fees, expenses, and liabilities incurred, other than due to acts or omissions of Lessor, in any claim or action or proceeding brought asserting claims of or asserting damages for any alleged act, negligence, omission, conduct, management, work, thing, breach, default, accident, injury, or damage described in the previous two sentences. The above agreements of indemnity are in addition to and not by way of limitation of any other covenants in this Lease to indemnify or compensate Lessor. The agreements of indemnity by Lessee do not apply to any claims of damage arising out of the failure of Lessor to perform acts or render services in its municipal capacity.

Section 5.2 Limits on Lessee Liability.

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

Section 5.3 Reimbursement of Costs of Obtaining Possession.

Each Party agrees to pay and to indemnify the other Party prevailing in any dispute under this Lease against, all costs and charges, including but not limited to, full reasonable counsel and legal

fees lawfully and reasonably incurred in enforcing any provision of this Lease including obtaining possession of the Subject Property and establishing Lessor's title free and clear of this Lease upon expiration or earlier termination of this Lease.

GENERAL PROVISIONS

ARTICLE VI DEFINITIONS

Section 6.1 Defined Terms.

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

- (a) "Event of Default" means the occurrence of any action specified in Section 14.1.
- (b) "Imposition" means all of the taxes, assessments, fees, utility rates or charges, levies and other governmental charges, levied or assessed against the Subject Property; any part of the Subject Property, or any right or interest or any rent, taxes and income received, including sales taxes on rent.
- (c) "Improvements" or "improvements" means all buildings, structures and improvements of any nature now or in the future located upon the Subject Property, as well as all apparatus and equipment necessary for the complete and comfortable use, occupancy, enjoyment and operation of the Subject Property, including fittings, appliances, machinery, garage equipment, heating equipment, lighting equipment, cooling equipment, air conditioning and ventilating equipment, wiring, controls, communications equipment, plumbing, switchboards, antennae, floor coverings, refrigerating equipment, hot water heating and all other appliances and equipment; excepting only in each case articles of personal property appurtenances and fixtures (including trade fixtures) owned by Lessee, sublessees, or others, which can be removed without defacing or materially injuring the improvements remaining on the Subject Property, with the portion of the Subject Property from which such items are removed being returned to a condition at least as good as that existing on the date of this Lease.
- (d) "Personal Property" means tangible personal property owned or leased and used by Lessee or any sublessee of Lessee, in connection with and located upon the Subject Property.
- (e) "Premises" means the "Subject Property."
- (f) "Subject Property" is the area leased as shown on Exhibit A.
- (g) "Sublessee" means any sublessee, concessionaire, licensee, or occupant of space in or on the Subject Property holding by or through Lessee; the term "lease" shall mean any lease, license, concession or other agreement for the use and occupancy of any part of the Subject Property made by any Person holding by or through Lessee, which has been approved by Lessor Assembly.
- (h) "Term" means the period of time Lessee rents or leases the Subject Property from Lessor.

ARTICLE VII INSURANCE

Section 7.1 Insurance

Lessee shall have and maintain property damage and comprehensive general liability insurance in the amount of One Million Dollars (\$2,000,000), including leasehold improvements. Lessor shall be named as an additional insured. Additionally, Lessee shall have the statutory amount of any Worker's Compensation.

Section 7.2 Notification of Claim, Loss, or Adjustment

Lessee shall advise Lessor of any claim, loss, adjustment, or negotiations and settlements involving any loss on the Subject Property under all policies of the character described in Section 7.1.

Section 7.3 Waiver of Subrogation

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

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

Section 8.1 Lessee Without Power to Assign, Lease, or Encumber Subject Property.

Lessee has no power without Lessor Assembly approval under this Lease to assign the Lease. Lessee has no power under this Lease to transfer the Subject Property. Lessee has no power to encumber Subject Property or pledge its interest in Subject Property as collateral for a loan or mortgage, or allow any liens to be filed against the Subject Property. Any such actions under this section may cause termination of the Lease.

Section 8.2 Limitations on Subleases.

Lessee shall not sublease the Subject Property or any portion of it without the prior written approval of Lessor Assembly. All subleases entered into demising all or any part of the Improvements or the Subject Property shall be expressly subject and subordinate to this Lease. Lessor's consent to a sublease of the Subject Property shall not release Lessee from its obligations under the Lease. Lessor's consent to a sublease shall not be deemed to give any consent to any subsequent subletting.

ARTICLE IX USE AND PROTECTION OF THE SUBJECT PROPERTY

Section 9.1 Property As Is - Repairs.

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

Section 9.2 Compliance with Laws.

Lessee shall throughout any term of this Lease, at Lessee's sole expense, promptly comply with all the laws and ordinances and the orders, rules, regulations, and requirements of all federal, state, and municipal governments and appropriate departments, commissions, boards, and officers and all other legal requirements that may be applicable to the Subject Property and its use. Nothing in the foregoing sentence shall be deemed to relieve Lessee of its general obligations to Lessor in its municipal capacity.

Section 9.3 Notification of Lessor's Public Works Director of Discovery of Contamination.

Lessee shall promptly notify Lessor's Public Works Director within 24 hours if any contaminated soils or other contaminated materials that require special handling are encountered during construction or other activities.

Section 9.4 Use of Utility Lines.

Lessee shall connect or otherwise discharge to such utility lines as approved by the Lessor's Public Works Director and/or Electric Department, and shall obtain any permits and comply with any conditions specified by the Lessor's Public Works Director and/or Electric Department for such connections.

Section 9.5 Permits and Approvals for Activities.

Lessee shall be responsible for obtaining all necessary permits and approvals, including food processing, for its activities unless otherwise specifically allowed by Lessor. Not less than ten (10) days in advance of applying for permits to any public entity other than Lessor, Lessee shall provide copies of all permit applications and associated plans and specifications to Lessor's Public Works Director to facilitate review by departments of Lessor. Lessor is not obligated to comment on the permit applications and plans, and the result of any review by Lessor does not affect Lessee's obligation to comply with any applicable laws.

Section 9.6 Navigable and Public Waters.

(a) This Lease may be subject to a public access easement to and along all public or navigable water bodies that border on or are included in this leasehold. No public access easement may be obstructed or otherwise rendered incapable of reasonable use for the purposes for which it was reserved. No public access easement may be vacated, abandoned, or extinguished without the prior written approval of Lessor

(b) The Public Trust Doctrine guarantees public access to , and the public right to use, navigable and public waters and the land beneath them for navigation, commerce, fishing, and other purposes. This Lease is issued subject to the principals of the Public Trust Doctrine regarding navigable or public waters.

Section 9.7 Valid Existing Rights.

This Lease is subject to all valid existing rights, including easements, rights-of-way, reservations, or other interests in land in existence on the date of execution of this Lease. Lessor makes no representations or warranties whatsoever, either expressed or implies, as to the existence, number, or nature of such valid existing rights.

Section 9.8 Concurrent Use.

This Lease is subject to reasonable concurrent uses as provided under Article VIII, Section 8 of the Constitution of the State of Alaska. The concurrent user who is found to be at fault for damage or injury arising from noncompliance with the terms governing the user's concurrent use is liable for damages and the user's interest is subject to the forfeiture or termination by Lessor. In this context, the term "concurrent user" includes Lessee and any other person or entity who lawfully uses the land subject to this Lease, but does not include the Lessor.

Section 9.9 Surface Resource.

Unless otherwise provided by this Lease or other written authorization, Lessee may not sell or remove from the leasehold any timber, stone, gravel, peat moss, topsoil, or any other material valuable for building or commercial purposes.

Section 9.10 Appropriation or Disturbance of Waters.

During the term of this Lease, Lessee will have the right to apply for an appropriation of ground or surface water on the leasehold in accordance with Alaska law.

Section 9.11 Acquisition of Rights or Interests.

Any right or interest acquired during the term of this Lease and accruing to the benefit of the leasehold will remain appurtenant to the leasehold, and may not be severed or transferred from the leasehold without the prior written approval of Lessor. In the event of termination or forfeiture of this lease, any such right or interest will vest in Lessor.

Section 9.12 Land Alterations Due to natural or Artificial Causes.

The interest described in this Lease constitutes the entire leasehold. If, through natural or artificial causes, accretion or reliction of land occurs contiguous to the leasehold, Lessee has not right to occupy or use the accreted land unless a separate lease is entered with Lessor with respect to such lands. The rules of law usually applicable to accretion or reliction of land do not apply to this lease or to the interest described in the lease.

Section 9.13 Environmental Compliance.

(a) Lessee shall, at Lessee's own expense, comply with all existing and hereafter enacted environmental responsibility laws ("Environmental Laws"). Lessee shall, at Lessee's own expense, make all submissions to, provide all information to, and comply with all requirements of the appropriate governmental authority (the "Authority") under the Environmental Laws.

(b) Should the Authority require that a remedial action plan be prepared and that a remedial action be undertaken because of the presence of, or any disposal, release, spill, or discharge, or threatened disposal, release, spill, or discharge of or contamination by hazardous materials at the leasehold that occurs during the term of the Lease or arises out of or in connection with Lessee's use or occupancy of the Subject Property of this lease, then Lessee shall, at Lessee's own expense, prepare and submit the required plans and financial assurances and carry out the approved plans. Lessee's obligations under this section shall arise if there is any event or occurrence at the leasehold during the term of this Lease, or arising out of or in connection with Lessee's use or occupancy of the Subject Property, that requires compliance with the Environmental Laws.

(c) At no expense to Lessor, Lessee shall promptly provide all information requested by Lessor for preparation of affidavits or other documents required by Lessor to determine the applicability of the Environmental Laws to the leasehold, and shall sign the affidavits promptly when requested to do so by Lessor.

(d) Lessee shall indemnify, defend, and hold harmless Lessor from all fines, penalties, suits, judgments, procedures, claims, demands, liabilities, settlements, and actions of any kind arising out of or in any way connected with the presence of or any disposal, release, spill, or discharge or any threatened disposal, release, spill or discharge of or contamination by hazardous materials at the leasehold that occurs during the Term of the Lease or arises out of or in connection with Lessee's use or occupancy of the Subject Property; and from all fines, penalties, suits, judgments, procedures, claims, demands, liabilities, settlements, and action of any kind arising out of Lessee's failure to provide all information, make all submissions, and take all steps required by the Authority under the Environmental Laws or any other law concerning any spill, discharge, or contamination that occurs during the Term of this Lease or arises out of or in connection with Lessee's use or occupancy of the Subject Property.

(e) Lessee agrees that it will not discharge or dispose of or suffer the discharge or disposal of any petroleum products, gasoline, hazardous chemicals, or hazardous materials into the atmosphere, ground wastewater disposal system, sewer system, or any body of water.

(f) In any court action or administrative proceeding, in addition to all other applicable presumptions, it shall be refutably presumed that any environmental contamination of the leasehold (i) has been released on the leasehold: (ii) has resulted from acts or omissions of Lessee or its agents: and (iii) has occurred during the term of this Lease. Lessee has the burden of rebutting the presumptions by clear and convincing evidence.

(g) As used in the lease, the term "hazardous materials" means any hazardous or toxic substance, material, or waste that is or becomes regulated by any municipal governmental authority, the State of Alaska, or the United States government.

ARTICLE X LESSOR'S RIGHT TO PERFORM LESSEE'S COVENANTS; REIMBURSEMENT OF LESSOR FOR AMOUNTS SO EXPENDED

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

Lessee covenants that if it shall at any time default resulting in the Lease being in a condition of default as described in Article XIV or shall fail to timely make any other payment (other than Rent), and the failure shall continue for ten (10) days after written notice to Lessee, then Lessor may, but shall not be obligated so to do, and without further notice to or demand upon Lessee and without releasing Lessee from any obligations of Lessee under this Lease, make any other payment in a manner and extent that Lessor may deem desirable.

Section 10.2 Lessor's Right To Cure Lessee's Default.

If there is a default involving the failure of Lessee to keep the Subject Property in good condition and repair in accordance with the provisions of this Lease, to make any necessary renewals or replacements or to remove any dangerous condition in accordance with the requirements of this Lease or to take any other action required by the terms of this Lease, then Lessor shall have the right, but shall not be required, to make good any default of Lessee. Lessor shall not in any event be liable for inconvenience, annoyance, disturbance, loss of business, or other damage of or to Lessee by reason of bringing materials, supplies and equipment into or through the building during the course of the work required to be done to make good such default. The obligations of Lessee under this Lease shall remain unaffected by such work, provided that Lessor uses reasonable care under the circumstances prevailing to avoid unnecessary inconvenience, annoyance, disturbance, loss of business, or other damage to Lessee.

Section 10.3 Reimbursement of Lessor and Lessee.

All sums advanced by Lessor pursuant to this Article and all necessary and incidental costs, expenses and attorney's fees in connection with the performance of any acts, together with interest at the highest rate of interest allowed by law from the date of the making of advancements, shall be promptly payable to Lessor by Lessee in the respective amounts so advanced. This reimbursement shall be made on demand, or at the option of Lessor, may be added to any Rent then due or becoming due under this Lease. Lessee covenants to pay the sum or sums with interest. Lessor shall have, in addition to any other right or remedies, the same rights and remedies in the event of the nonpayment by Lessee as in the case of default by Lessee in the payment of any installment of Rent.

Conversely, Lessee shall be entitled to receive from Lessor prompt payment or reimbursement on any sums due and owing from Lessor to Lessee, together with interest at the highest rate allowed by law. However, nothing contained in this Lease shall entitle Lessee to withhold any Rent due to Lessor or to offset or credit any sums against rent, except with respect to unpaid Rent due from Lessor to Lessee under any sublease of Subject Property.

ARTICLE XI [RESERVED]

Section 11.1 [RESERVED]

ARTICLE XII MECHANIC'S LIENS

Section 12.1 Discharge of Mechanics' Liens.

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

ARTICLE XIII LIEN FOR RENT AND OTHER CHARGES

Section 13.1 Lien for rent.

The whole amount of the rent, if any, and each and every installment, and the amount of all taxes, assessments, utility payments, insurance premiums and other charges, fees and impositions paid by Lessor under the provisions of this Lease, and all costs, attorney's fees and other expenses which may be incurred by Lessor in enforcing the provisions of this Lease or on account of any delinquency of Lessee in carrying out any of the provisions of this Lease, shall be and they are declared to constitute a valid and prior lien against property of Lessee, except the Subject Property, and may be enforced by law and equitable remedies, including the appointment of a receiver.

ARTICLE XIV DEFAULT PROVISIONS

Section 14.1 Events of Default.

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

- (a) Failure of Lessee to pay any installment of Rent, or any other payments or deposits of money, or furnish receipts for deposits as required, when due and the continuance of the failure for a period of ten (10) days after notice in writing from Lessor to Lessee.
- (b) Failure of Lessee to perform any of the other covenants, conditions and agreements under this Lease, including filing tax forms and/or payment of taxes, fees, utilities, and the continuance of failure for a period of thirty (30) days after Lessor's notice in writing. The notice shall specify the respects in which Lessor contends that Lessee has failed to perform any of the covenants, conditions and agreements. With respect to any default which cannot be cured within thirty (30) days, Lessee, or any person holding by, through or under Lessee, in good faith, promptly after receipt of written notice, shall have commenced and shall continue diligently and reasonably to prosecute all action necessary to cure the default within an additional sixty (60) days.
- (c) The filing of an application by Lessee (the term, for this purpose, to include any approved transferee other than a sublessee of Lessee's interest in this Lease): (i) for a consent to the appointment of a receiver, trustee or liquidator of itself or all its assets; (ii) of a voluntary petition in bankruptcy or the filing of a pleading in any court of record admitting in writing of its inability to pay its debts as they come due; (iii) of a general assignment for the benefit of creditors; or (iv)

of an answer admitting the material allegations of, or its consenting to, or defaulting in answering, a petition filed against it in any bankruptcy proceeding.

(d) The entry of an order, judgment or decree by any court of competent jurisdiction, adjudicating Lessee a bankrupt, or appointing a receiver, trustee or liquidator of it or of its assets, and this order, judgment or decree continuing unstayed and in effect for any period of sixty (60) consecutive days, or if this Lease is taken under a writ of execution.

Section 14.2 Assumption or Assignment of Lease to Bankruptcy Trustee.

In the event that this Lease is assumed by or assigned to a trustee pursuant to the provisions of the Bankruptcy Reform Act of 1978 (referred to as "Bankruptcy Code") (11 U.S.C. § 101 et seq.), and the trustee shall cure any default under this Lease and shall provide adequate assurances of future performance of this Lease as are required by the Bankruptcy Code (including but not limited to, the requirement of Code § 365(b)(1)) (referred to as "Adequate Assurances"), and if the trustee does not cure such defaults and provide such adequate assurances under the Bankruptcy Code within the applicable time periods provided by the Bankruptcy Code, then this Lease shall be deemed rejected automatically and Lessor shall have the right immediately to possession of the Subject Property immediately and shall be entitled to all remedies provided by the Bankruptcy Code for damages for breach or termination of this Lease.

Section 14.3 Remedies in Event of Default.

Lessor may treat any one or more of the Events of Default as a breach of this Lease. At its option, by serving written notice on Lessee and each Secured Party and Leasehold Mortgagee of whom Lessor has notice (such notice not to be effective unless served on each such person) of the Event of Default, Lessor shall have, in addition to other remedies provided by law, one or more of the following remedies:

(a) Lessor may terminate this Lease. In such an event, Lessor may repossess the entire Subject Property and Improvements, and be entitled also to recover as damages a sum of money equal to the value as of the date of termination of this Lease, of the Rent due from Lessee for the balance of the stated term of this Lease, and any other sum of money and damages due under the terms of this Lease to Lessor. Any personal property not removed after such termination shall be addressed as provided for in Section 1.3 above.

(b) Lessor may terminate Lessee's right of possession and may repossess the entire Subject Property and Improvements by forcible entry and detainer suit or otherwise, without demand or notice of any kind to Lessee (except as above expressly provided for) and without terminating this Lease. In such event, Lessor may, but shall be under no obligation to do so, relet all or any part of the Subject Property for rent and upon terms as shall be satisfactory in the judgment reasonably exercised by Lessor (including the right to relet the Subject Property for a term greater or lesser than that remaining under the stated term of this Lease). For the purpose of reletting, Lessor may make any repairs, changes, alterations or additions in or to the Subject Property and Improvements that may be reasonably necessary or convenient in Lessor's judgment reasonably exercised. If Lessor shall be unable, after a reasonable effort to do so, to relet the Subject Property, or if the Subject Property and building are relet and a sufficient sum shall not be realized from reletting after paying all of the costs and expenses of repairs, change, alterations and additions and the

expense of reletting and the collection of the Rent accruing from it, to satisfy the Rent above provided to be paid, then Lessee shall pay to Lessor as damages a sum equal to the amount of the Rent reserved in this Lease for the period or periods as and when payable pursuant to this Lease. If the Subject Property or any part of it has been relet, Lessee shall satisfy and pay any deficiency upon demand from time to time. Lessee acknowledges that Lessor may file suit to recover any sums falling due under the terms of this section from time to time, and that any suit or recovery of any portion due Lessee shall be no defense to any subsequent action brought for any amount not reduced to judgment in favor of Lessor. Any personal property not removed after such termination shall be addressed as provided for in Section 1.3 above.

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

(d) Upon the termination of this Lease, or upon the termination of Lessee's right of possession, whether by lapse of time or at the option of Lessor, Lessee will at once surrender possession of the Subject Property and dispose of personal property and Improvements as described in Section 1.3. If possession is not immediately surrendered, Lessor may reenter the Subject Property and Improvements and repossess itself of it as of its former estate and remove all persons and their personal property, without being deemed guilty of any manner of trespass or forcible entry or detainer. Lessor may at its option seek expedited consideration to obtain possession if Lessor determines that the Lease has terminated as described in the first sentence of this paragraph, and Lessee agrees not to oppose such expedited consideration.

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

Section 14.4 Waivers and Surrenders To Be In Writing.

No covenant or condition of this Lease shall be deemed to have been waived by Lessor unless the waiver be in writing, signed by Lessor, or Lessor's agent duly authorized in writing and shall apply only with respect to the particular act or matter to which the consent is given. It shall not relieve Lessee from the obligation, wherever required under this Lease, to obtain the consent of Lessor to any other act or matter.

ARTICLE XV LESSOR'S TITLE AND LIEN

Section 15.1 Lessor's Title and Lien Paramount.

Lessor will hold title to the Subject Property.

Section 15.2 Lessee Not To Encumber Lessor's Interest.

Lessee shall have no right or power to and shall not in any way encumber the title of Lessor regarding the Subject Property. The fee-simple estate of Lessor in the Subject Property shall not be in any way subject to any claim by way of lien or otherwise, whether claimed by operation of law or by virtue of any express or implied lease or contract or other instrument made by Lessee. Lessee's interest in the Improvements shall in all respects be subject to the paramount rights of Lessor in the Subject Property.

ARTICLE XVI REMEDIES CUMULATIVE**Section 16.1 Remedies Cumulative.**

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

Section 16.2 Waiver of Remedies Not To Be Inferred.

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

Section 16.3 Right to Terminate Not Waived.

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

ARTICLE XVII SURRENDER AND HOLDING OVER**Section 17.1 Surrender at End of Term.**

On the last day of the last Lease year of the original Term, or on the earlier termination of the Term, Lessee shall peaceably and quietly leave, surrender and deliver the entire Subject Property to Lessor, subject to the provisions of Section 1.3, in good repair, order, and condition, reasonable use, wear and tear excepted, free and clear of any and all mortgages, liens, encumbrances, and claims. At the time of the surrender, Lessee shall also surrender any and all security deposits and rent advances of Sublessees to the extent of any amounts owing from Lessee to Lessor. If the Subject Property is not so surrendered, Lessee shall repay Lessor for all expenses which Lessor shall incur by reason of it, and in addition, Lessee shall indemnify, defend and hold harmless Lessor from and against all claims made by any succeeding Lessee against Lessor, founded upon delay occasioned by the failure of Lessee to surrender the Subject Property.

Section 17.2 Rights Upon Holding Over.

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

ARTICLE XVIII MODIFICATION**Section 18.1 Modification.**

None of the covenants, terms or conditions of this Lease to be kept and performed by either Party to this Lease shall in any manner be waived, modified, changed or abandoned except by a written instrument duly signed, acknowledged, and delivered by both Lessor and Lessee.

ARTICLE XIX INVALIDITY OF PARTICULAR PROVISIONS**Section 19.1 Invalidity of Provisions.**

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

ARTICLE XX APPLICABLE LAW AND VENUE**Section 20.1 Applicable Law.**

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

ARTICLE XXI NOTICES**Section 21.1 Manner of Mailing Notices.**

In every case where under any of the provisions of this Lease or otherwise it shall or may become necessary or desirable to make or give any declaration or notice of any kind to Lessor or Lessee, it shall be sufficient if a copy of any declaration or notice is sent by United States Postal Service, postage prepaid, return receipt requested, addressed: If to Lessor at: Municipal Administrator, City and Borough of Sitka, Alaska, of 100 Lincoln Street, Sitka, Alaska 99835, with a copy to: Municipal Clerk at address listed above; and if to Lessee, at: the address set out in the Preamble. Each party from time to time may change its address for purposes of receiving declarations or notices by giving written notice of the changed address, to become effective seven (7) days following the giving of notice.

Section 21.2 Notice to Leasehold Mortgagee and Secured Parties.

Lessor shall provide each Leasehold Mortgagee and Secured Party, who has so requested, copies of all notices from Lessor to Lessee relating to existing or potential default under, or other noncompliance with the terms of this Lease. All notices, demands or requests which may be required to be given by Lessor or Lessee to any Leasehold Mortgagee and Secured Parties shall be sent in writing, by United States Postal Service, registered or certified mail or express mail, postage prepaid, addressed to the Leasehold Mortgagee at a place as the Leasehold Mortgagee may from time to time designate in a written notice to Lessor and Lessee.

Section 21.3 Sufficiency of Service.

Service of any demand or notice as in this Article provided shall be sufficient for all purposes.

Section 21.4 When Notice Deemed Given or Received.

Whenever a notice is required by this Lease to be given by any Party to the other Party or by any Party to a Leasehold Mortgagee, the notice shall be considered as having been given when a registered or certified notice is placed in the United States Post Office mail as provided by this Article. It shall be deemed received on the third business day thereafter. For all purposes under this Lease of starting any time period after notice, the time period shall be conclusively deemed to have commenced three (3) business days after the giving of notice, whether or not it is provided that a time period commences after notice is given or after notice is received.

ARTICLE XXII MISCELLANEOUS PROVISIONS**Section 22.1 Captions.**

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

Section 22.2 Conditions and Covenants.

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

Section 22.3 Entire Agreement.

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

Section 22.4 Time of Essence as to Covenants of Lease.

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

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

Section 23.1 Covenants to Run with the Subject Property.

All covenants, agreements, conditions and undertakings in this Lease shall extend and inure to the benefit of and be binding upon the successors and assigns of each of the Parties, the same as if they were in every case named and expressed, and they shall be construed as covenants running with the Subject Property. Wherever in this Lease reference is made to any of the Parties, it shall be held to include and apply to, wherever applicable, also the officers, directors, successors and assigns of each Party, the same as if in each and every case so expressed.

ARTICLE XXIV ADDITIONAL GENERAL PROVISIONS

Section 24.1 Absence of Personal Liability.

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

Section 24.2 Lease Only Effective As Against Lessor Upon Assembly Approval.

This Lease is effective as against Lessor only upon the approval of such Lease by the Sitka Assembly.

Section 24.3 Binding Effects and Attorneys Fees.

This Lease shall be binding up and inure to the benefit of the respective successors and assigns of the Parties hereto. In the event of litigation over this Lease, the Parties agree that the prevailing party shall receive full reasonable attorney's fees.

Section 24.4 Duplicate Originals.

This Lease may be executed in any number of copies, each of which shall constitute an original of this Lease. The warranties, representations, agreements and undertakings shall not be deemed to have been made for the benefit of any person or entity, other than the Parties.

Section 24.5 Declaration of Termination.

With respect to Lessor's rights to obtain possession of the Subject Property or to revest title in itself with respect to the leasehold estate of Lessee in the Subject Property, Lessor shall have the right to institute such actions or proceedings as it may deem desirable to effectuate its rights including, without limitation, the right to execute and record or file with the Recorder of the Sitka Recording District, a written declaration of the termination of all rights and title of Lessee in the Subject Property, and the revesting of any title in Lessor as specifically provided in this Lease.

Section 24.6 Authority.

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

Section 24.7 Recordation.

The parties agree that the Lease will not be recorded. At the request of either party, the parties shall execute a memorandum of the Lease for recording purposes in lieu of recording this Lease in such form as many be satisfactory to the parties or their respective attorneys. Each party shall bear their own related expenses, including attorney fees. Lessor shall pay for all recording fees.

CITY AND BOROUGH OF SITKA

Date

By: John Leach
Its: Municipal Administrator

STATE OF ALASKA)
) ss.
FIRST JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this____ day of _____, 2022, 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: _____

[ADDITIONAL SIGNATURE AND ACKNOWLEDGMENT ON NEXT PAGE]

**NORTHERN SOUTHEAST REGIONAL
AQUACULTURE ASSOCIATION, INC.**

Date

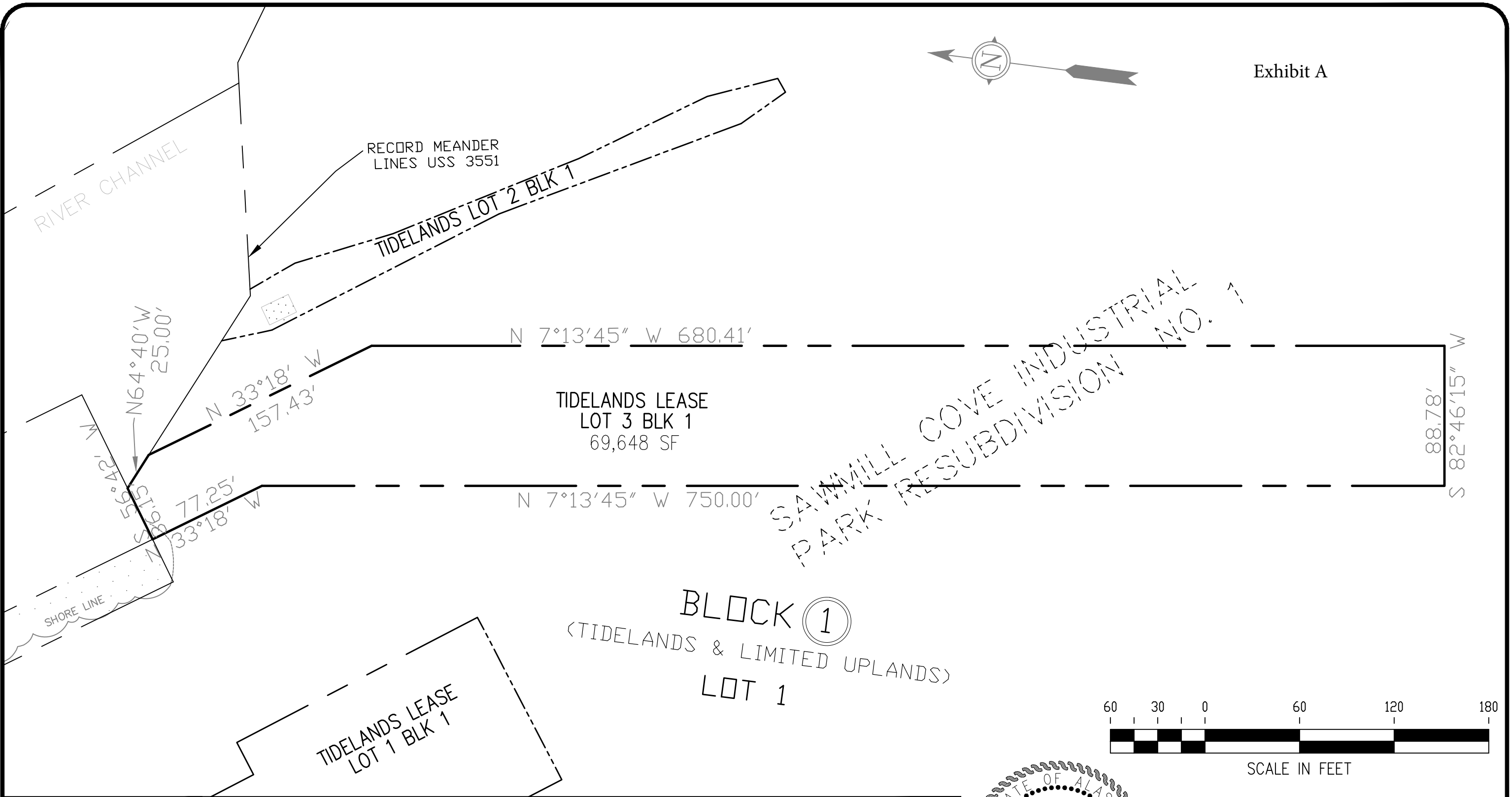
By: Scott Wagner
Its: General Manager

STATE OF ALASKA)
) ss.
FIRST JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this _____ day of _____, 2022, by Scott Wagner, General Manager for NORTHERN SOUTHEAST REGIONAL AQUACULTURE ASSOCIATION, INC. , an Alaska corporation, on behalf of the corporation.

Notary Public in and for the State of Alaska
My commission expires: _____

Exhibit A



 **NORTH 57***
LAND SURVEYING LLC
(907) 747-6700 215-C SMITH STREET, SITKA, AK
8800 GLACIER HWY., STE 224 1/2, JUNEAU, AK
MAILING ADDRESS - 2007 CASCADE CREEK ROAD,
SITKA, AK 99835
EMAIL: north57landsurveying@yahoo.com

SURVEYOR'S CERTIFICATE

I HEREBY CERTIFY THAT I HAVE SURVEYED THE PROPERTY DESCRIBED ON THIS PLAT. I DECLARE THAT IMPROVEMENTS AND VISIBLE ENCROACHMENTS HAVE BEEN ESTABLISHED TO THE BEST OF MY PROFESSIONAL KNOWLEDGE AND BELIEF. THIS SURVEY IS FOR THE USE OF LENDING INSTITUTIONS SPECIFICALLY TO SHOW ANY CONFLICTS BETWEEN EXISTING STRUCTURES AND PLATTED LOT LINES OR EASEMENTS. UNDER NO CIRCUMSTANCES SHOULD THE DATA HEREON BE USED FOR POSITIONING ADDITIONAL STRUCTURES, BUILDING FENCES, OR LOCATING BOUNDARY LINES. IT IS THE RESPONSIBILITY OF THE OWNER TO VERIFY THAT IMPROVEMENTS SITUATED ON THIS PARCEL MEET ALL SUBDIVISION COVENANTS AND ZONING ORDINANCES. 0 CORRS. SET.

KELLY J. O'NEILL LS 13321

DATE

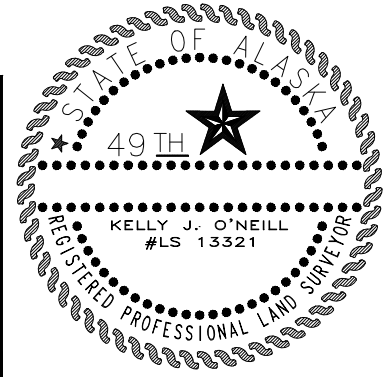


EXHIBIT DRAWING
TIDELANDS LEASE
POR. OF LOT 1 BLK 1 SAWMILL COVE
INDUSTRIAL PARK RESUBDIVISION NO. 1

DRAWN BY: KD/SO/ACAD	DATE SURVEYED: 2022
CHECKED BY: KD	SCALE: 1" = 60'

REVISED Memorandum of Understanding
Between the State of Alaska and the City and Borough of Sitka
Management Plan for Sawmill Cove Industrial Park
(Former APC Mill Site)
May 28, 2014

This revised Memorandum of Understanding (MOU) "Management Plan" is made between the State of Alaska (State) and the City and Borough of Sitka (CBS) to set forth measures for implementing recorded institutional controls and other long-term responsibilities for management of the former Alaska Pulp Corporation property located at what is now known as the Sawmill Cove Industrial Park. This revised MOU supersedes the April 28, 1999 MOU signed by Commissioner Michele Brown and Sitka Mayor Stan Filler.

This Management Plan describes how CBS and the State will work together to implement the recorded institutional controls and site management activities for the uplands area and navigation and dredging.

Introduction

From approximately 1995-1999, the State required intensive studies of the environmental conditions of the property and the larger areas affected by the operation of the former APC pulp mill (the Upland and Bay Operable Unit study areas) in consultation with the Sitka Tribe of Alaska, other agencies, and the public. This revised Management Plan specifies the remaining work to be done under a 1999 prospective purchaser agreement between the State and CBS for the former APC pulp mill property. The PPA limits CBS liability for existing contamination associated with the property in exchange for this work.

Uplands – Land Use, Future Construction Activities, and Management of Contaminated Soils or Other Contaminated Media

Restrictive Covenants – Two of the four restrictive covenants recorded by APC in 1997 were rescinded in 2005 to allow for unrestricted land use at the former developed mill site (AK Tidelands Patent No. 20 and U.S. Survey No. 2797). Two covenants remain in effect. Restrictive Covenant Sitka Plat 81-40 comprises 12.522 acres at Herring Cove. Restrictive Covenant U.S. Patent No. 1213671 comprises 143.87 acres adjacent to the former developed mill site. The remaining two restrictive covenants are effective until July 11, 2097, or until dioxins and furans are shown not to be present in concentrations exceeding site-specific, risk-based residential cleanup levels. The restrictive covenants disallow human habitation, schooling of children, hospital care, child care or any purpose necessitating around-the-clock residency by humans. Of its own accord or if requested by CBS, DEC will review information showing that these restrictions may be modified or lifted.

Reporting – If contaminated soils or other media that require special handling are encountered during construction activities, CBS or its tenants or contractors working on the Sawmill Cove Industrial Park property will promptly notify DEC's Contaminated Sites Program, Juneau office, and the CBS Public Works Director. These obligations exist in addition to any other notifications required by law. The Public Works Director or designee, who may be a qualified contractor, shall serve as the project manager for managing the material or taking any remedial actions.

REVISED Memorandum of Understanding
Between the State of Alaska and the City and Borough of Sitka
Management Plan for Sawmill Cove Industrial Park
(Former APC Mill Site)

May 28, 2014

Site Management – The Public Works Director or designee will require the testing and proper treatment or disposal in accordance with applicable law and DEC regulations and guidance on the management of contaminated soils or other contaminated media. The Public Works Director or designee will promptly report the actions to be taken to DEC as required by applicable law.

DEC Approvals – DEC will process any approvals necessary for addressing existing contamination as part of the implementation of the amended Record of Decision and its institutional controls under applicable regulations and not as enforcement actions.

Sawmill Cove – Future Construction Activities and Vessel Management

Definitions:

1. Area of Concern – The Area of Concern (AOC) is an area in west Sawmill Cove approximately 100 acres in size. The boundary of the AOC begins approximately 2000 lineal feet southwest of outfall 001, extends 500 feet offshore along a southeast line, and follows a rough arc through western Sawmill Cove back to the shoreline approximately 1200 lineal feet north of outfall 001.
2. No Disturbance Zone – A No Disturbance Zone (NDZ) has been established within the AOC. The purposes of the NDZ are to minimize re-suspension of pulp residue and to ensure that no activity occurs that may compromise the ability of the area to achieve the natural recovery ecological management goals within the stated time frame. The NDZ is an area of tidal and submerged lands and overlying seas within the Area of Concern where toxicity is greatest and pulp residue thickest. The area encompasses approximately 6 acres of tidal and submerged lands extending to the southwest immediately offshore of outfall 001. The area is bounded by a perimeter that begins at a shoreward point 50' from the south end of the former pulp dock; extends approximately 425' into Sawmill Cove along a southeast line to the intersection of the – 100 foot contour; turns southwest for approximately 375' to the intersection of the – 120 foot contour; and turns due west for approximately 375' to a point shoreward.
3. Navigational Corridor – The Navigational Corridor is an area of tidal and submerged lands and overlying seas in the AOC bounded by a perimeter that begins at a shoreward point fifty feet (50') from the south end of the former pulp dock; parallels the end of the dock out to the minus sixty foot (–60') contour interval; follows the minus sixty foot (–60') contour to the north end of the Area of Concern boundary, and swings shoreward along the AOC boundary line.

Navigational Dredging - Navigational dredging on the west side of Sawmill Cove in the AOC should be limited to the Navigational Corridor unless extenuating circumstances prevail. Navigational dredging within the AOC does not include blasting of the outcrop of native rocky material in front of the former pulp dock that follows the depth contours to the southeast.

REVISED Memorandum of Understanding
Between the State of Alaska and the City and Borough of Sitka
Management Plan for Sawmill Cove Industrial Park
(Former APC Mill Site)

May 28, 2014

Dredging actions that occur outside of the Navigation Corridor should be limited in scope and ancillary to in-water construction.

Dock Use and Future Expansion – Existing docks can be used as-is without any further regulatory action, subject only to berthing and dock expansion alternatives identified in the *Decision Framework for Managing Navigation in Sawmill Cove* (Exhibit 7, 1999 MOU). These alternatives are consistent with the remedy (natural recovery) and may be implemented through the normal permit process. Other berthing options are not necessarily precluded, but if proposed, they would have to be evaluated in the future for consistency with the remedy.

In-Water Construction – In-water construction in the AOC is allowed with appropriate precautions and best management practices, incorporated through the permitting process, to minimize disturbance or re-suspension of sediments. In-water construction in the AOC may include pilings, dolphins, docks, bulkheads, moorage and navigation aids, and other structures.

Vessel Management – Vessels are permitted to drop anchor in the AOC, excluding the NDZ and a 100' corridor designed to protect the wastewater discharge pipe that extends beyond the AOC. New single point mooring systems and navigation aids may be established, as needed. The NDZ boundaries and the pipeline corridor are depicted on the CBS Geographic Information System, viewable on-line at <http://www.cityofsitka.com/government/departments/planning/index.html>, and on NOAA charts.

Approaching or departing vessels may traverse the NDZ as long as precautionary measures are taken to minimize disturbance of bottom sediments. To the extent that it is safe and practicable, the following standard operating procedures should be followed by personnel maneuvering approaching or departing vessels in the vicinity of the No Disturbance Zone:

- Approach the dock at as high an angle as possible.
- Minimize the use of the main propulsion system, thrusters, and tugs when over or near the NDZ or buffer zone.
- Use as low a “bell” (such as “dead slow” or the slowest revolutions per minute ordered) when berthing.

Dredging, expansion of moorage, and in-water construction are prohibited in the NDZ, except that CBS may repair, maintain, or remove existing facilities using best management practices to minimize disturbances with approval by DEC prior to the work.


The Sawmill Cove Industrial Park manager will provide each landowner and tenant with a signed copy of the revised Management Plan. The plan must be filed with the Sitka Recorder's Office for each affected parcel. DEC's Institutional Controls Unit, at DEC.ICUNIT@alaska.gov must be notified of each filing and furnished with a copy of the Notice of Restricted Area in Sawmill Cove.

REVISED Memorandum of Understanding
Between the State of Alaska and the City and Borough of Sitka
Management Plan for Sawmill Cove Industrial Park
(Former APC Mill Site)
May 28, 2014



Larry Hartig, Commissioner
Department of Environmental Conservation

Date May 28, 2014



Mim McConnell, Mayor
City and Borough of Sitka

6/4/14
Date



February 16, 2022

RECIEPT VIA EMAIL

Amy Ainslie
 Planning Director
 City and Borough of Sitka
 100 Lincoln Steet, Sitka, AK 99835
 907-747-1815
amy.ainslie@cityofsitka.org

Adam Olson
adam_olson@nsraa.org
 O: 907-747-6850
 C: 907-752-1308

RE: Deliverables Requested for Sawmill Creek Hatchery Tidelands Use

Ms. Ainslie,

In regard to your request for additional information on NSRAA's proposed use of City and Borough of Sitka tidelands neighboring the Gary Paxton Industrial Park, please receive this letter and attachments.

Outfall Description

The additional outfall is required as part of NSRAA's expansion of the Sawmill Creek Hatchery. Block 4, Lot 3 in the GPIP has been leased by NSRAA since 2018, and will be the site of the hatchery expansion. A new drain line running the length of lot 3 and lot 2 will be installed in conjunction with the outfall. Both the new drain and outfall system are required to accommodate the additional water flow when the expanded facility begins operating. The new facility will accommodate rearing for 2,000,000 Chinook and the capacity to incubate up to 50,000,000 chum salmon. The outfall will originate from a collection vault on the uplands lot 2 lease site where the drain lines from both facilities will combine. The new outfall will be made of 30" SDR 21 HDPE pipe and will be approximately 900' long. The outfall will be weighted with concrete collar anchors every 15', each weighing ~2,500#. The 30" outfall will run parallel to the existing 24", with approximately 20' separation. The outfall will terminate at -100' depth as per hatchery permit requirements.

Water Demand Forecast

This information has been provided to the Electric Department before, most recently regarding discussions of a possible back pressure turbine system to supply second use water to NSRAA and/or Public Works (or other industrial uses). See attachment 2 for detailed estimated use by month, which has been revised to include potential increases during the development of the new facility. The original water agreement was for a max of 10cfs. The new agreement allows for a max of 20cfs, with a yearly average of 14cfs. The current facility cannot exceed 10cfs due to outfall restriction. Once the new outfall is in place, the current use will increase slightly as the next flow restriction will be the current 10" penstock supply. The full flow use, up to the water agreement, is projected to occur when the expansion is complete in early 2025.

Flow Meter Status Update

Withdrawal Point 1: Initially, as indicated in the water agreement, NSRAA had intended to upgrade the 10" penstock supply to a 14" and replace the aging infrastructure associated with that supply. Given the scope of that work, NSRAA intended to install a flow meter at that time, rather than install a smaller flow meter on the current line that would not be able to be used for the expansion. Currently the Electric Department and NSRAA have been in discussions regarding alternate methods of supply off the penstock to provide for more efficient use of the industrial water the hatchery needs to operate. Until those details are worked out, and the delivery method

determined to accommodate the up to 20cfs, it is difficult for NSRAA to install a flow meter to monitor this withdrawal point. If the filter plant afterbay is not spilling, the flow meter at the hatchery will provide flow for withdrawal point 1. Currently the afterbay is being operated at a -12" elevation, however, the damboards on the afterbay are not watertight, so some additional flow is not accounted for. That is estimated to be less than 0.5cfs. The current flow meter at the facility provides an output signal to the CBS Public Works SCADA system.

Withdrawal Point 2: The Blue Lake hydro afterbay pump system, as originally installed by the CBS, is incapable of supplying the original 10cfs. NSRAA is currently working on engineering to upgrade the system to accommodate the increased flow requirements, as outlined in the new water delivery agreement. The current, and future pumps are not and will not be capable of overcoming the head pressure to spill the bulk water line/filter plant afterbay. Thus, when NSRAA is pumping water, the flow meter at the hatchery site provides flow data for withdrawal point 2. When NSRAA constructs the expansion facility on lot 3, we will install a flow meter on the main supply for that facility. Our intent, pending CBS approval, would be to totalize the flow at both locations to provide for flow data when pumping.

Withdrawal Point 3: This point, as indicated in the appendix to the water agreement, is from Sawmill Creek. That point source was intended to be accessed by opening a slide gate in the spillway of the Blue Lake hydro afterbay, and then utilizing the pumps at withdrawal point 2. That is still an option, however, in conjunction with Public Works, NSRAA has partnered on the Critical Secondary Water project to provide an alternate location to withdraw from Sawmill Creek. NSRAA will have its own wet well and pumping system that will tee into the existing bulk water line that provides industrial water to the GPIIP. The pumping system at this location will have an industrial flow meter installed as per CRW Engineering's drawings.

In conjunction with this request, NSRAA is interested in the option to obtain a tidelands lease in the area directly adjacent to lot 2. This will allow for protection of our outfalls where they exit the tidally influenced area as well as provide a footprint to accommodate a potential docking structure in the future if deemed necessary. The general area that would be requested is indicated on attachment 3.

Please let me know if you have any questions or further needs for information.

Respectfully,
Adam Olson

Attachment 1



LEGEND

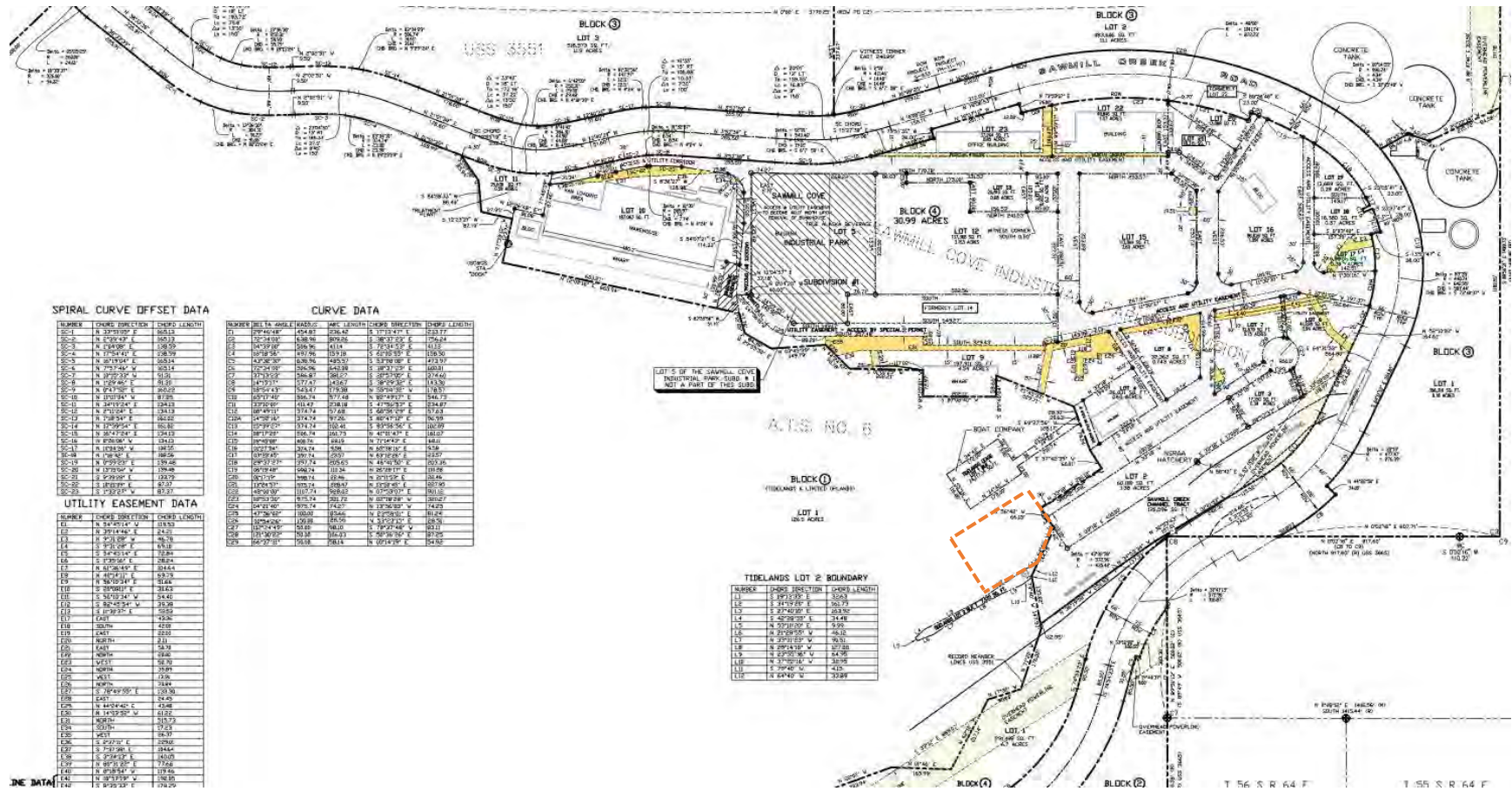
- Existing 24" Outfall
- Proposed 30" Outfall

Attachment 2

Sawmill Creek Hatchery Monthly Flow Estimates (cfs)

2021-2022	Month	Existing		2023-2024	Month	Existing		2025+	Month	Existing	New	Total
	January	10.0			January	11.0			January	13.0	7.0	20.0
	February	10.0			February	11.0			February	13.0	7.0	20.0
	March	10.0			March	11.0			March	14.0	6.0	20.0
	April	10.0			April	11.0			April	14.0	6.0	20.0
	May	6.1			May	6.1			May	6.1	0.0	6.1
	June	1.6			June	1.6			June	1.6	0.0	1.6
	July	3.2			July	3.2			July	3.2	1.6	4.7
	August	7.7			August	7.7			August	7.7	1.6	9.3
	September	8.5			September	8.5			September	9.0	1.6	10.6
	October	10.0			October	11.0			October	11.0	3.8	14.8
	November	10.0			November	11.0			November	13.0	3.3	16.3
	December	10.0			December	11.0			December	14.0	4.6	18.6
	AVERAGE	8.1			AVERAGE	8.7			AVERAGE	10.0	3.5	13.5

Attachment 3



LEGEND

----- Potential Lease Area (est)



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 22-100 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 6/22/2022 In control: City and Borough Assembly

On agenda: 6/28/2022 Final action:

Title: Submit a request to Homeland Security to reassign funds from the Secure Access Project to the Mud Bay Repeater Project and move the existing capital appropriation from the Secure Access Project to the Mud Bay Repeater Project

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Homeland](#)
[Memo Homeland Security](#)

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

POSSIBLE MOTION

I MOVE TO submit a request to Homeland Security to reassign funds from the Secure Access Project to the Mud Bay Repeater Project and move the existing capital appropriation from the Secure Access Project to the Mud Bay Repeater Project.




CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

Thru: John Leach, Municipal Administrator 

From: Robert Baty and Craig Warren, Police & Fire Chiefs

Date: June 15, 2022

Subject: Approve moving money from the 2020 Homeland Security Grant, Secure Access Project, and reassign the money to the 2021 Homeland Security Grant, Mud Bay Repeater Project

Background

The 2020 Homeland Security Grant, Secure Access Project funded at \$50,000, has been cancelled due to underfunding. The 2021 Homeland Security Grant, Mud Bay Repeater Project funded at \$75,000, is also underfunded and we would like to reassign the money from the 2020 Homeland Security Grant to the 2021 Homeland Security Grant, Mud Bay Repeater Project, bringing funding for that grant project to \$125,000 making it a viable project.

Analysis

The Mud Bay Repeater Project is a very necessary upgrade to our Public Safety communications network. Currently there are a number of communications holes in the radio coverage of Sitka due to the large mountains surrounding the town, and there is close to zero radio coverage in Katlian Bay along the new road. This repeater will cover all of the emergency response agencies in Sitka (Police, Fire and EMS, Search and Rescue, Alaska State Troopers, and National Park Ranger).

Fiscal Note

There is no bottom-line impact to the proposed change, but it will shift the appropriation from the Secure Access project (and close the Secure Access project) to the Mud Bay Repeater Project. The total amount of appropriations in Fund 700 will not change.

Recommendation

A motion to approve a request to Homeland Security to reassigning funds from the 2020 Secure Access grant to the 2021 Mud Bay Repeater grant and to reassign the existing capital appropriation for the Secure Access project to the Mud Bay Repeater Project.



CITY AND BOROUGH OF SITKA

Legislation Details

File #: RES 22-19 Version: 1 Name:

Type: Resolution Status: AGENDA READY

File created: 6/21/2022 In control: City and Borough Assembly

On agenda: 6/28/2022 Final action:

Title: Encouraging the prompt and full closure and cleanup of the Tulsequah Chief Mine and urging the B.C. government to oppose any extension of the receivership process

Sponsors:

Indexes:

Code sections:

Attachments: [Motion](#)
[Memo and Res 2022-19](#)

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

Sponsors: Knox/Himschoot

POSSIBLE MOTION

I MOVE TO approve Resolution 2022-19
encouraging the prompt and full closure and
cleanup of the Tulsequah Chief Mine and urging the
B.C. government to oppose any extension of the
receivership process.



CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

From: Assembly Members Knox and Himschoot

Date: June 18, 2022

Subject: A Resolution in Support of Clean Up of the Tulsequah Chief Mine site

Background

In September 2017 the Assembly unanimously approved a resolution in support of protecting trans-boundary watersheds between British Columbia and Alaska. That resolution recognized the important role of transboundary rivers in Sitka area fisheries. On October 19, 2021, in support of a permanent ban on tailings dams and for a temporary pause in the permitting, exploration, development and expansion of Canadian mines along Alaska-B.C transboundary salmon rivers until the U.S.-Canada Boundary Waters Treaty of 1909 and the U.N. Declaration on the Rights of Indigenous Peoples are upheld and an international agreement on watershed protections is implemented.

The Tulsequah Chief Mine site went out of operation in the 1950s and has been releasing toxic drainage for over 60 years into the Taku River, an important salmon river for Southeast Alaska commercial and subsistence fisheries. In August 2022 the receivership on the mine is set to expire, finally leaving the site in the control of the BC government. In anticipation of this the BC government has been preparing to begin the clean up. This resolution urges the government of BC to continue on this path and decline any additional companies interested in re-opening the mine.

Analysis

In August the Tulsequah Chief mine will finally exit receivership. This new status will remove an important barrier to the BC government beginning clean up work at the site. Extending the receivership will only delay the long overdue clean up, as well as opening up the possibility of a re-opening of the mine without addressing the tailings drainage into the Taku, and will in fact likely increase this danger.

The Petersburg Assembly recently passed a similar resolution to encourage the receivership be allowed to expire and the clean up work begin as quickly as possible after that benchmark is reached. Juneau and Wrangell Assemblies, Central Council of Tlingit and Haida are also considering similar resolutions in the next two weeks, as well

as the Southeast Indigenous Transboundary Commission and the Territorial Sportsmen.

Fiscal Note

There is no fiscal impact to the city.

Recommendation

The assembly should pass this important statement of support for beginning the clean up of the Tulsequah Chief Mine site.

CITY AND BOROUGH OF SITKA

RESOLUTION NO. 2022-19

A RESOLUTION OF THE CITY AND BOROUGH OF SITKA ENCOURAGING THE PROMPT AND FULL CLOSURE AND CLEANUP OF THE TULSEQUAH CHIEF MINE AND URGING THE B.C. GOVERNMENT TO OPPOSE ANY EXTENSION OF THE RECEIVERSHIP PROCESS

WHEREAS, the Taku River is usually Southeast Alaska's largest overall salmon producer, with Southeast's largest run of coho and king salmon. The Taku produces up to 100,000 Chinook, 300,000 coho, 400,000 sockeye, 50,000 chum and 1,000,000 pink salmon, as well as significant populations of steelhead trout, cutthroat trout, Dolly Varden char and eulachon and is of tremendous and unique ecological, customary and traditional use ("subsistence"), cultural, commercial and recreational fisheries value; and,

WHEREAS, Sitka's commercial fishermen and commercial salmon processors have historically fished for and processed salmon returning to the Taku River, other B.C./AK transboundary Watersheds, and watersheds throughout Washington and Oregon; and,

WHEREAS, the Tulsequah Chief mine has been discharging toxic acidic wastewater into the Taku watershed since it was abandoned in 1957. The ongoing pollution is detrimental to maximum salmon production and is in violation of the Canadian Fisheries Act, B.C. mine permits and water quality standards, and an agreement with the Taku River Tlingit First Nation. Despite numerous calls for cleanup, the pollution continues; and,

WHEREAS, the Assembly of the City and Borough of Sitka passed Resolution #2017-18 urging the US Government to utilize any and all powers under the Boundary Waters Treaty to ensure that Alaska resources are not harmed by upstream development in the Alaska/British Columbia (BC) Transboundary Region, and Resolution #2021-21 on October 19, 2021, in support of a permanent ban on tailings dams and for a temporary pause in the permitting, exploration, development and expansion of Canadian mines along Alaska-B.C transboundary salmon rivers until the U.S.-Canada Boundary Waters Treaty of 1909 and the U.N. Declaration on the Rights of Indigenous Peoples are upheld and an international agreement on watershed protections is implemented; and,

WHEREAS, maintaining and protecting healthy wild salmon populations throughout these river systems must be a priority. The concerns of local communities, individuals, and user groups downstream from these projects must be integral to any transboundary watershed development and decision making; and,

WHEREAS, the City and Borough of Sitka seeks all opportunities for collaboration to address these issues, promote methods to protect these vital rivers from harm, to facilitate and promote meaningful dialogue and engagement at the local, state, federal,

provincial, and Tribal levels to assure protection of resources on both sides of the border; and,

WHEREAS, the community of Sitka and the Assembly of the City and Borough of Sitka, seek a thriving Salmon Coast (AK-B.C. transboundary region) fed by intact ecosystems, healthy salmon populations and landscapes, robust traditional lifestyles, and sustainable economies; and,

WHEREAS, the Assembly of the City and Borough of Sitka as well as Alaska legislators, governors, members of congress, other community leaders, fishing and tourism groups, businesses and other Alaskans have made cleanup of the Tulsequah Chief a main goal in discussions with B.C. Provincial and Canadian federal officials for many years. This concerted pressure is finally showing results; and,

WHEREAS, the Taku is the traditional territory of Tlingit people on both sides of the border. The Douglas Indian Association, the federally recognized tribe in Alaska, and the Taku River Tlingit First Nation, based in Atlin, B.C., have both called for the cleanup and closure of the Tulsequah Chief mine; and,

WHEREAS, after decades of international controversy and two failed attempts to re-open this mine that have resulted in bankruptcies, it is clear the Tulsequah Chief is not a viable mine; and,

WHEREAS, Chieftain Metals, the current owner of the Tulsequah Chief, is in a court-ordered bankruptcy receivership process that is scheduled to end this August. This process has hindered cleanup efforts; and,

WHEREAS, there is concern that a creditor of Chieftain Metals could petition the court to extend the receivership process, which could significantly delay or prevent mine closure and cleanup; and,

WHEREAS, the government of British Columbia has made commitments to close and clean up the Tulsequah Chief and issued a draft reclamation plan in 2020. However, the acid mine drainage still continues, partly due to the receivership process restricting what actions B.C. can take; and,

WHEREAS, continued pressure and attention from Alaska will be critical to ensuring B.C. opposes any extension of the receivership process and moves aggressively to take over the mine, clean it up and close it down.

NOW, THEREFORE, BE IT RESOLVED, that the Assembly of the City and Borough of Sitka urges the B.C. government to oppose any extension of the receivership process and, regardless of the status of the receivership, B.C. should be moving aggressively to do everything possible to close down the abandoned Tulsequah Chief mine, and permanently stop the acid mine drainage.

BE IT FURTHER RESOLVED, that the Assembly of the City and Borough of Sitka strongly urges the State of Alaska and United States federal government to make it clear to the B.C. and Canadian federal governments that the receivership process must end as scheduled this August and that B.C. should then move aggressively to take over the abandoned mine, close it down, and permanently stop the acid mine drainage.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka,
Alaska on this 28th day of June, 2022.

Kevin Knox, Deputy Mayor

ATTEST:

Sara Peterson, MMC
Municipal Clerk

1st and final reading: 6/28/2022

Sponsors: Knox and Himschoot