



CITY AND BOROUGH OF SITKA

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

Meeting Agenda

City and Borough Assembly

*Mayor Gary Paxton
Deputy Mayor Steven Eisenbeisz,
Vice Deputy Mayor Valorie Nelson,
Aaron Bean, Kevin Knox, Dr. Richard Wein, Kevin Mosher*

*Interim Municipal Administrator: Dave Miller
Municipal Attorney: Brian Hanson
Municipal Clerk: Sara Peterson*

Tuesday, July 9, 2019

6:00 PM

Assembly Chambers

WORK SESSION

5:00 PM - Assembly Action Plans

[19-151](#)

Assembly Action Plans

Attachments: [01 WORK SESSION Cover Sheet.pdf](#)

[02 Lobbying for Secondary Water and Electrical July 2.pdf](#)

[03 Seaplane Action Plan Draft July 1 \(003\).rev.2.pdf](#)

[04 No Name Granite Creek Master Plan Development July 2.pdf](#)

[05 Cold Storage Action Plan July 2 Draft.pdf](#)

[06 Business Friendly CBS July 2 Draft.pdf](#)

REGULAR MEETING

- I. CALL TO ORDER
- II. FLAG SALUTE
- III. ROLL CALL
- IV. CORRESPONDENCE/AGENDA CHANGES

[19-152](#)

Reminders, Calendars, and General Correspondence

Attachments: [Reminders and Calendars.pdf](#)
[Colvin Service Award.pdf](#)
[Letter to Ken Cameron.pdf](#)
[Letter of support downtown post office.pdf](#)
[GPIP Action Item Update July 2019.pdf](#)
[PW Assembly Update 7.2.2019 Final.pdf](#)

V. CEREMONIAL MATTERS

None.

VI. SPECIAL REPORTS: Government to Government, Municipal Boards/Commissions/Committees, Sitka Community Hospital, Municipal Departments, School District, Students and Guests (five minute time limit)**VII. PERSONS TO BE HEARD**

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

VIII. REPORTS

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

IX. CONSENT AGENDA

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

A [19-142](#) Approve the minutes of the June 25 Assembly meeting

Attachments: [Consent and Minutes.pdf](#)

B [19-143](#) Approve an application for the renewal of a standard marijuana cultivation facility license for AKO Farms, LLC at 1210 Beardslee Way

Attachments: [Motion and memo AKO cultivation.pdf](#)
[A 12253 Renewal Local Government Notice.pdf](#)
[B 12253 Renewal Online Application Redacted.pdf](#)
[C 12253 MJ-20 Renewal Application Certifications.pdf](#)
[D 12253 Entity Documents.pdf](#)
[E 12253 POPPP.pdf](#)

- C [19-144](#) Approve an application for the renewal of a marijuana concentrate manufacturing facility license for AKO Farms, LLC at 1210 Beardslee Way

Attachments: [Motion and memo AKO concentrate .pdf](#)
[A 16767 Renewal Local Government Notice.pdf](#)
[B 16767 Renewal Online Application_Redacted.pdf](#)
[C 16767 MJ-20 Renewal Application Certifications.pdf](#)
[D 16767 Entity Documents \(2\).pdf](#)
[E 16767 POPPP \(2\).pdf](#)

X. **BOARD, COMMISSION, COMMITTEE APPOINTMENTS**

None.

XI. **UNFINISHED BUSINESS:**

- D [ORD 19-28](#) Making supplemental appropriations for fiscal year 2020 (water transmission main emergency repair)

Attachments: [Motion Ord 2019-28.pdf](#)
[Memo Ord 2019-28](#)
[Ord 2019-28](#)

- E [ORD 19-29](#) Making supplemental appropriations for fiscal year 2020 (No Name Mountain Master Plan)

Attachments: [Motion Ord 2019-29.pdf](#)
[Memo Ord 2019-29](#)
[Ord 2019-29](#)

- F [ORD 19-30](#) Reducing FY2019 appropriations and making supplemental appropriations for FY2020 (harbor security cameras)

Attachments: [Motion Ord 2019-30.pdf](#)
[Memo Ord 2019-30](#)
[Ord 2019-30](#)

- G [ORD 19-31](#) Reducing FY2019 appropriations and making supplemental appropriations for FY2020 (police department heat pump)

Attachments: [Motion Ord 2019-31.pdf](#)
[Memo Ord 2019-31](#)
[Ord 2019-31](#)

XII. **NEW BUSINESS:**

New Business First Reading

- H [ORD 19-32](#) Amending Title 20 "Environmentally Critical Areas" of the Sitka General Code by updating Chapter 20.04 "Floodplain Management" and adopting updated regulations

Attachments: [Motion Ord 2019-32.pdf](#)
[Memo Ord 2019-32.pdf](#)
[Ord 2019-32.pdf](#)
[Sitka Floodplain Regulations.pdf](#)
[NFIP Consequences of Non-Participation Handout.pdf](#)
[Email from First Bank.pdf](#)
[February 1, 2019 FEMA Correspondence.pdf](#)
[April 29, 2019 FEMA Correspondence.pdf](#)
[June 29, 2019 FEMA Correspondence.pdf](#)

Additional New Business Items

- I [19-147](#) Approve 1) Assembly Action Plans for Cold Storage and Business Friendly CBS, and, 2) Updated Assembly Actions Plans for Lobbying (Secondary Water and Electric Department), No Name Mountain / Granite Creek, and, Seaplane Base

Attachments: [Motion Action Plans.pdf](#)
[Cold Storage Action Plan July 2 Draft.pdf](#)
[Business Friendly CBS July 2 Draft.pdf](#)
[Lobbying for Secondary Water and Electrical July 2.pdf](#)
[No Name Granite Creek Master Plan Development July 2.pdf](#)
[Seaplane Action Plan Draft July 1 \(003\).rev.2.pdf](#)

- J [19-148](#) Discussion / Direction on proceeding with the Lincoln Street paving project

Attachments: [Motion Lincoln Street.pdf](#)
[Lincoln Street - Assembly special report 06.11.pdf](#)

- K [19-145](#) Adopt the Chief Finance and Administrative Officer's interpretation of Sitka General Code 4.09 "Sales Tax" as it relates to the sale of advertising in conjunction with internet websites

Attachments: [Motion and memo SGC 4.09.pdf](#)

- L [19-146](#) Approve the Assembly Position Subcommittee recommendations of the June 28 meeting for the following positions: Library Page; Library Assistant; Temporary, Part-Time, On-Call Library Assistants; Intern Engineer; and Office Assistant - Fire/EMS

Attachments: [Motion and minutes Subcommittee.pdf](#)

XIII. PERSONS TO BE HEARD:

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

XIV. EXECUTIVE SESSION

- M** [19-138](#) Legal Matter - Proposed Assignment of a service contract of Sitka Community Hospital to Southeast Alaska Regional Health Consortium under the Asset Purchase Agreement
Attachments: [Executive Session Contract Assignment](#)
- N** [19-149](#) Legal Matter: Claim related to 6.4(a) of the Asset Purchase Agreement (Sitka Community Hospital affiliation with Southeast Alaska Regional Health Consortium)
Attachments: [Motion Executive Session Claim Related to APA.pdf](#)
- O** [19-150](#) Legal Matter: Hearing Officer decision in the appeal by Sigurd Rutter of the revocation of his commercial operator permit
Attachments: [Motion Executive Session Hearing Officer.pdf](#)

XV. ADJOURNMENT

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

*Melissa Henshaw, CMC, Acting Municipal Clerk
Publish: July 5*



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 19-151 **Version:** 1 **Name:**
Type: Item **Status:** AGENDA READY
File created: 7/3/2019 **In control:** City and Borough Assembly
On agenda: 7/9/2019 **Final action:**
Title: Assembly Action Plans
Sponsors:
Indexes:
Code sections:
Attachments: [01 WORK SESSION Cover Sheet.pdf](#)

[02 Lobbying for Secondary Water and Electrical July 2.pdf](#)
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[05 Cold Storage Action Plan July 2 Draft.pdf](#)
[06 Business Friendly CBS July 2 Draft.pdf](#)

Date	Ver.	Action By	Action	Result
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WORK SESSION:

Assembly Action Plans - Facilitated by John Holst

- To lobby to fund a Secondary Water Source & the Electrical Department
- To build a public use Seaplane Base
- To create a Master Plan for No Name/Granite Creek Development
- To determine the highest/best use of the Cold Storage
- To make the City and Borough of Sitka more business friendly

Action Plan

Strategy No. A

Plan No. 1

Date: 7/9/2019

Strategy: We will make every effort toward a Sustainable Infrastructure Plan.

Specific Result: To Lobby to Fund a Secondary Water Source & the Electrical Dept.

#	ACTION STEP (Number each one)	Assigned To:	Start Date:	Due Date:	Completed Date:
1	Write a letter to Murkowski, Sullivan and Young outlining the need to fund a Secondary Water Source for the CBS as well as funding projects, past and future, of the Electrical Department.	Mayor Paxton	10/18	10/18	10/18
2	Produce an RFQ for Federal lobbying services.	Brady & Maegan	11/20	1/15/19	1/15/19
3	Assembly to approve the RFQ for DC Lobby services.	Assembly	1/22	1/22	1/22
4	Assembly hires DC Lobbyist.	Assembly	2/1	2/1	2/1
5	Work the issues with Murkowski, Sullivan and Young, with and through our DC Lobbyist.	Lobbyist, Mayor & Brady	2/1	4/19	
6	Visit DC to meet with our delegation and lobbyist.	Mayor, Brady & Assembly Member	4/19	5/1	
7	Evaluate lobbying efforts to date, and reevaluate strategies and follow-up.	Assembly	5/1	6/24	Ongoing
8	Continue to work with Dana (name), SE Alaska Delegation contact person.	Mayor Paxton	6/10		
9	Work aggressively with EPA, USDA & EDA to further our infrastructure needs.	Markley	Ongoing		
10	Local staff follow-up with EPA, USDA and EDA.	Sweeney	7/1	8/1	
11	Continue to keep lobbying efforts high key.	Mayor Paxton	Ongoing		
Responsible:			Mayor Paxton		

Action Plan

Strategy No. B

Plan No. 1

Date: 7/9/19

Strategy: We will identify and pursue Economic Development Opportunities.

Specific Result: To build a public use Seaplane Base.

#	ACTION STEP (Number each one)	Assigned To:	Start Date:	Due Date:	Completed Date:
1	Work with the DEED Commissioner and Tim Mearig to complete the final Letter of Intent (LOI) to sell, at market value, DEED Uplands property to the CBS for the Seaplane Base.	Mayor, Cropper & Hanson	6/7/19	7/30/19	Ongoing since 8/18
2	Complete the tidelands conveyance process. Application submitted to DNR 5/1/19.	Cropper	5/1/19	5/1/20	
3	Complete the Fair Market Value Appraisal of the DEED uplands property at a cost of \$4,500.	Cropper	6/18/19	7/30/19	
4	Complete the Consultant selection process for the Environmental Assessment & Aviation Planning Services.	Cropper	5/1/19	7/30/19	
5	Assembly to approve a Resolution authorizing the Mayor to Sign & Accept the LOI and also authorizing the CBS to prepare and submit all future SPB grant applications (typically requires a 6.25% match).	Richter	6/25/19	7/23/19	
6	Prepare and submit the Airport Improvement Project (AIP) Planning Grant request to the Federal Aviation Administration (FAA).	Cropper	5/1/19	8/1/19	
7	Attend the September State Board meeting and present the final LOI for their acceptance and signature.	Richter	9/18/19	9/19/19	
8	Complete EA/Planning phase work and develop preliminary Operational Business Plan.	Cropper	9/25/19	9/15/20	
9	Assembly approval of budget ordinance for all remaining grant match funding required to complete the project – Design, Land Acquisition and	Miller & Assembly	2/15/19	2/15/19	

	Construction. (6.25% of total project cost, approximately \$1 million match)				
10	Complete grant submittal for 2020 AIP grants including Supplemental AIP Design, Construction & Land Acquisition 2020 grants.	Cropper	4/1/20	9/25/21	
11	Assembly to approve grant to enter design and construction phases. FAA grant requires CBS to fully commit to the project or return grant funding.	Miller & Assembly	9/25/20	9/25/20	
12	Award Consultant Design Contract, and prepare Design & Bid documents and bid project.	Cropper	9/25/20	4/1/22	
13	Execute Purchase Agreement for the DEED owned uplands.	Cropper, Sweeney & Hanson	9/25/20	10/25/20	
14	Apply for 2021 AIP Construction Grant.	Cropper	7/10/21	8/30/21	
15	Construct the Seaplane Base.	Cropper	9/25/22	9/25/24	
16	Complete the Operational Plan and Fee Schedule.	Cropper & Harmon	9/25/23	3/25/24	
17	Seaplane Base becomes operational	Cropper	9/25/24		
Responsible:			Michael Harmon		

Action Plan

Strategy No. B

Plan No. 2

Date: 7/9/19

Strategy: We will identify and pursue Economic Development Opportunities.

Specific Result: To create a Master Plan for No Name/Granite Creek Development.

#	ACTION STEP (Number each one)	Assigned To:	Start Date:	Due Date:	Completed Date:
1	Hire a Planning Director	Chief Miller	6/25	7/26	
2	With consultant selected, develop a Scope of Work with the assistance of the Planning Commission.	New Planning Director	7/26	9/13	
3	Negotiate the fee, project schedule, and develop the budget with consultant.	Harmon	9/13	10/14	
4	Budget Ordinance Assembly approval and contract award.	Chief Miller	10/22	10/22	
5	Consultant works with CBS Staff and Planning Commission to develop draft Master Plan.	Harmon & Planning Director	10/22	4/24/20	
6	Planning Commission reviews and suggests edits to the Master Plan.	Planning Director	4/24/20	5/15/20	
7	Assembly review and edits of the Master Plan.	Chief Miller	5/15/20	7/28/20	
8	Adoption of the Master Plan by the Assembly.	Chief Miller	8/25/20	8/25/20	
9	Implementation of the Master Plan by the Planning Commission.	Planning Director	8/25/20	Ongoing	
	Master Plan to include, but not limited to: 1. Zoning for Development; 2. Delineation and mitigation of wetlands; 3. Plan for access roads; 4. Rock quarry delineation; 5. Zoning Code changes; 6. Utilities Required and Timeline on Infrastructure Development(Water, Waste water, Electrical and Substation; 7. High Value Land Development (Water-side past Cove Marina; 8. SS Pit Area Recommendations				
		Responsible: Chief Miller			

FINAL DRAFT

Action Plan

Strategy B
Plan No. 3
Date: 7/9/2019

Strategy: We will identify and pursue Economic Development Opportunities.

Specific Result: To determine the highest/best use of the Cold Storage.

#	ACTION STEP (Number each one)	Assigned To:	Start Date:	Due Date:	Completed Date:
1	Develop and release an RFP for a \$2.8 million design/build Refurbishment and Stabilization (not a total replacement) of the Seawall in front of the Cold Storage.	Harmon & White	7/9/19	9/13/19	
2	Receive the responses to the Refurbishment and Stabilization RFP.	Harmon	11/4/19	11/4/19	
3	Report the outcome of Step 1 to the Assembly.	Harmon	11/12/19	11/12/19	
4	If a \$2.8 million refurbishment and stabilization is possible and practical, make the decision about public verses private ownership of the Cold Storage, considering what is in the best interest of the fishing industry and impact on future Economic Development.	Paxton & Assembly	11/12	11/26	
5	If the decision is to maintain CBS ownership, move forward to select the firm to do a design/build for the refurbishment and stabilization of the Seawall.	Harmon, White & Hanson	11/26	12/10	
6	Recommended firm is selected and approved by the Assembly and the refurbishment and stabilization of the Seawall proceeds.	Assembly & Harmon	12/10/19	11/1/2020 (year to complete)	
7	Ports and Harbors will be tasked with identifying potential revenue opportunities for the Seawall, Cold Storage and the adjacent vacant lot. If the Assembly determines that a \$2.8 million refurbishment and stabilization of the Seawall is not practical, continue on with the remainder of this Plan.	Ports & Harbors Commission	11/26/19	7/1/2020	

FINAL DRAFT

8	Meet with interested user individuals, groups or companies to discuss options and accept recommendations from the interested parties.	White	2/12/19	5/1/19	3/25/19
10	Hold a second meeting of interested user individuals, groups or companies to discuss options.	Miller, Harmon & White	1/6/20	1/30/20	
11	Develop an RFP to put the property in private ownership.	B Hanson & Harmon	2/10/20	2/24/20	
	Within the RFP, include stipulations such as: a. Necessary repairs shall be made to stabilize the seawall in front of the Cold Storage. b. Property will continue to be operated as a Cold Storage. CBS shall have the first right of refusal if the property is being sold or otherwise disposed of. c. Guaranteed access to the public. d. Selection criteria will include: The most responsive proposal, considering price, operating plan and history of operating in the best interest of the CBS.	B Hanson Harmon & White	2/10/20	2/24/20	
12	RFP released to the public.	Harmon	2/24/20	3/23/2020	
13	Responses to the RFP will be reviewed by a committee of CBS staff and Assembly members, appointed by the Mayor.	Paxton & Miller	3/23/20	4/7/2020	
14	Recommendations will be made to the Assembly regarding the Responses to the RFP.	Miller & Committee	4/14/20	4/14/20	
15	Assembly will select the most responsive proposal, considering price, operating plan and history of operating in the best interest of the CBS and direct	Paxton and Assembly	4/14/20	4/28/20	
16	Complete the purchase agreement that will go to the Assembly for their approval.	Harmon & B. Hanson	4/28/20	5/4/20	
17	Assembly approves the purchase agreement.	Assembly	5/12/20	5/12/20	
18	Sale is completed.	Hanson & Harmon	5/12/20	6/1/20	
Responsible:			Chief Miller		

FINAL DRAFT

Action Plan

Strategy No. B

Plan 4

Date: 7/9/2019

Strategy: We will identify and pursue Economic Development Opportunities.

Specific Result: To make the City and Borough of Sitka more business friendly.

#	ACTION STEP (Number each one)	Assigned To:	Start Date:	Due Date:	Completed Date:
1	CBS will take a confidential survey of all employees to solicit ideas for maximizing CBS's role in supporting economic development (See Appendix 1).	?	7/9	8/2	
2	Secured collection boxes will be placed in a number of locations for the ease of employee input. A set period of time shall be announced for employees to complete the confidential and anonymous surveys.	?	7/9	8/2	
3	A Survey Committee will be appointed by the Mayor to collect and open the secured survey collection boxes. Committee to include at least one Assembly member.	Mayor Paxton	8/2	8/5	
4	Survey Committee will report in written and oral form to the Assembly and Senior Staff.	Survey Committee	8/13	8/23	
5	SEDA will do a confidential survey of local business owners and ask them what could be done to make their interactions with the CBS more stimulative of economic development and business expansion.	Garry White	Done	Done	
6	SEDA Board President and Executive Director will provide a written and oral report to both the Assembly and CBS Senior Staff regarding the results of the SEDA survey including the health of the business climate and what the CBS can do to improve their level of support for economic development.	President & Garry White	8/13	8/23	
7	Based on the results of the Business Survey, CBS staff will implement a program to engage with customers to work on streamlining processes and to become more business friendly.	Chief Miller & White	8/23	9/27	

FINAL DRAFT

8	<p>Using survey results and engagement meetings, develop Guidelines for the CBS activities that interface with business and/or industrial enterprises.</p> <p>Guidelines will contain the following:</p> <ol style="list-style-type: none"> Mission Statement identifying that the highest priority will be given to working supportively with private industry/business and business non-profits (eg NSRAA, SPC, Sitka Fine Arts Camp, Sitka Sound Science Center, Sitka Summer Music Festival), to bring positive revenue, and job retention/creation. Create a list of maximum turnaround timelines for various requests that are tied to Economic Development (eg Building Permits, Land Development Proposals, Requests for Public Private Partnerships, Legal Reviews of Documents related to Economic Development); Develop sets of guidelines that can be provided to each applicant, giving the applicant a clear guide to what is expected to receive approval. All Departments of the Municipality, including Enterprise Fund Departments, shall be part of these Guidelines; Municipal Attorney will be covered by these Guidelines, but accountable to the Assembly. Guidelines shall not bypass and/or violate local and state regulations 	Chief Miller	10/1	11/5	
9	Assembly will review, critique, revise, and approve these Guidelines.	Mayor Paxton & Assembly	11/12	11/26	
10	Training will be provided to all Senior Staff to assist with the implementation of these Guidelines.	Chief Miller	11/26	12/13	
11	All evaluations of Senior Staff will include their effectiveness in implementing these Guidelines.	Chief Miller	12/13	Ongoing Quarterly	
12	<p>**CBS will investigate “best practices” regarding licensing, permitting and regulations:</p> <ol style="list-style-type: none"> Reduce administrative arrangements that are unnecessarily costly, time-consuming or burdensome—simplifying processes and forms and reducing processing times; Assess the cost and benefit of regulation on the 	Harmon & Planning Director	11/5	5/1/20 (Long & complicated process)	

FINAL DRAFT

	<p>business sector and the economy as a whole before it is introduced so that the relative merits of new regulation can be objectively determined;</p> <p>c. Review the current stock of regulations to determine if these are still necessary and how they may be updated or otherwise improved;</p> <p>d. Consider streamlining city approval and permitting processes.**</p>				
13	Consider deleting one old guideline/code/requirement for each new one proposed.	Chief Miller & Assembly	11/22	Ongoing as needed	
14	Assembly will include ratings of the effectiveness in implementation of these Guidelines in the evaluations of the Municipal Administrator and Municipal Attorney.	Mayor Paxton & Assembly	11/22	Ongoing	
15	<p>CBS will proactively engage the various industry sectors in the community (See Appendix 2)</p> <p>a. The Administrator will meet quarterly with representatives of the fishing, visitor, health care, construction, and retail sectors. SEDA will coordinate these meetings. Various industry sectors should be added dependent on circumstances and issues. Their meetings should become routine calendared events (eg, second Thursday of quarterly months).</p> <p>b. The Assembly may hold periodic work sessions with representatives of the fishing, visitor, health care, and retail sectors if the Assembly deems it necessary to keep Economic Development in the forefront of all CBS activities.</p>	<p>Chief Miller & Garry White</p> <p>Mayor Paxton & Assembly</p>	<p>9/17</p> <p>9/17</p>	<p>Ongoing</p> <p>Ongoing</p>	
<p>**Quoted from the website: https://simonwhite.com.au/2018/02/26/creating-better-local-business-environment-part-3-options-reform/</p>					
Responsible:			Chief Miller		

DRAFT

Appendix 1 Action Plan B1

(Survey Document for use in Employee Survey)

Rating 1 – 5, 1 being the lowest and 5 being the highest rating

In your opinion, is the CBS “business friendly”? That is, in the interactions between Business Clients and the CBS, are CBS Employees helpful to business owners?

1 2 3 4 5

Comments:

In general, when there are interactions between CBS Employees and the Business Clients, and things seem to go wrong, in your opinion, is it the fault of the CBS employee or the Business Client?

_____ % fault of Business Client

_____ % fault of the CBS Employee

Comments:

The Assembly has identified Economic Development as one of its highest priorities. What do you believe can be done by CBS Management, CBS Employees, the Assembly, and the Business Community to improve the prospects of actually growing our economy?

Comments:

Is Economic Growth and Development important to you? 1-not important, 5 very important

1 2 3 4 5

Comments:

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Appendix 2 Action Plan B1

The CBS will consider what can be done to leverage each of the following CBS assets for Economic Development:

- a. Harbors and Docks
- b. Airport
- c. Centennial Building
- d. Library
- e. Baseball Field
- f. Performing Arts Center
- g. Gary Paxton Industrial Park

The CBS will ask the following non-profits what can be done to help them to grow and prosper, and contribute to Economic Development;

- a. Fine Arts Camp
- b. Sitka Summer Music Festival
- c. Sitka Science Center
- d. NSRAA
- e. Sitka Tribe of Alaska
- f. National Park

The CBS will ask the following business enterprises what can be done to help them to grow and prosper, and contribute to Economic Development;

- a. Sea Mart
- b. AC Lakeside
- c. Allen Marine
- d. Tribal Enterprises
- e. Shee Atika Inc
- f. Fish Processing Plants (Silver Bay, Sitka Sound, SPC)
- g. Lincoln Street Businesses
- h. Charter Industry
- i. Visitors Industry
- j. AML & Linden Transfer
- k. Sampson Tug & Barge
- l. True Value Hardware
- m. Spenard Building Supply
- n. Building Construction Industry
- o. Heavy Construction Industry
- p. Schmolck Mechanical
- q. Sitka Electric

And many others.



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 19-152 Version: 1 Name:
Type: Item Status: AGENDA READY
File created: 7/3/2019 In control: City and Borough Assembly
On agenda: 7/9/2019 Final action:
Title: Reminders, Calendars, and General Correspondence
Sponsors:
Indexes:
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Attachments:

[Reminders and Calendars.pdf](#)
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[GPIP Action Item Update July 2019.pdf](#)
[PW Assembly Update 7.2.2019 Final.pdf](#)

Date	Ver.	Action By	Action	Result
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REMINDERS

<u>DATE</u>	<u>EVENT</u>	<u>TIME</u>
Tuesday, July 9	Work Session: <i>Action Plans</i>	5:00 PM
Tuesday, July 9	Regular Meeting	6:00 PM
Tuesday, July 23	Regular Meeting	6:00 PM



Municipal Election Reminders

Monday, July 15	First day to file candidate petitions
Tuesday, July 23	Last scheduled meeting to introduce ordinance charter changes and ballot measures
Friday, August 2	5:00 PM deadline for filing candidate petitions
Tuesday, August 13	Last scheduled meeting to adopt ordinances for charter changes and ballot measures
Tuesday, October 1	Municipal Election

Expiring Terms:

Assembly
Kevin Knox
Aaron Bean

School Board
Jennifer McNichol

Assembly Calendar

2018 Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2020
July 2019

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
30 <u>Jun</u>	1 <u>Jul</u>	2	3	4	5	6
		7:00pm Planning Commission		HOLIDAY		
7	8	9	10	11	12	13
	3:00pm GPIIP	12:00pm Parks & Rec 5:00pm Work Session: Assembly Action Plans 6:00pm Regular Assembly Mtg	6:00pm Library Commission 6:00pm Historic Preservation 6:30pm Health Needs and Human Services Affordability Work Shop			
14	15	16	17	18	19	20
		12:00pm Tree/Landscape	7:00pm Planning Commission	1:30pm Health Needs & Human Services Commission		
21	22	23	24	25	26	27
		6:00pm Regular Assembly Mtg	6:00pm Police and Fire Commission	6:00pm Hospital Board Meeting		
28	29	30	31	1 <u>Aug</u>	2	3
				12:00pm SEDA Board Meeting		

Assembly Calendar

2018 Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2020

August 2019

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
28 <u>Jul</u>	29	30	31	1 <u>Aug</u>	2	3
				12:00pm SEDA Board Meeting		
4	5	6	7	8	9	10
			6:00pm Library Commission 6:00pm School Board 7:00pm Planning Commission	1:30pm Health Needs & Human Services Commission		
11	12	13	14	15	16	17
		12:00pm Parks & Rec 6:00pm <u>Regular Assembly Mtg</u>	6:00pm Historic Preservation			
18	19	20	21	22	23	24
		12:00pm <u>Tree/Landscape</u>	7:00pm Planning Commission	6:00pm Hospital Board Meeting		
25	26	27	28	29	30	31 <u>Sep</u>
		6:00pm <u>Regular Assembly Mtg</u>	6:00pm Police and Fire Commission			

Service Award

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

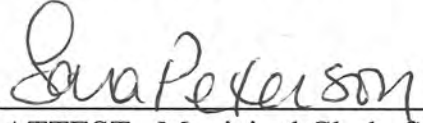
Taylor Colvin

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

Signed and sealed this 9th day of July, 2019




Mayor Gary L. Paxton



ATTEST: Municipal Clerk, Sara Peterson



City and Borough of Sitka

100 Lincoln Street Sitka, Alaska 99835

Coast Guard City, USA

June 18, 2019

Ken Cameron, President/CEO
Shee Atika, Incorporated
315 Lincoln Street, Suite 300
Sitka, Alaska 99835

Dear Mr. Cameron, *Ken*

Attached is our updated handout on the City and Borough Sitka's capital project efforts that Larry Markley has prepared as they relate to our capital project needs. Our top three projects are 1) a submarine cable intertie to the proposed new SEARHC hospital, 2) generator upgrades and relicensing of the Green Lake Hydroelectric Project, and 3) the new secondary water treatment plant. Sitka's estimates are \$30-\$40 million for the submarine circuit to the hospital (and other facilities on Japonski Island), \$20-\$30 million for the Green Lake generators and FERC-required relicensing, and \$18 million for the water plant.

Congressional staff is aware of these projects. Thank you for your assistance in reinforcing our lobbying effort with our delegation.

Sincerely,

David E. Miller
Acting Municipal Administrator
dave.miller@cityofsitka.org

Gary L. Paxton
Mayor
assemblypaxton@cityofsitka.org

cc: Senator Bert Stedman



City and Borough of Sitka

100 Lincoln Street Sitka, Alaska 99835

Coast Guard City, USA

City and Borough of Sitka updated handout on our capital project efforts that Lobbyist Larry Markley has prepared as they relate to our capital project needs:

Our top 3 projects are: 1) a submarine cable intertie to the proposed new SEARHC hospital, 2) generator upgrades and relicensing of the Green Lake Hydroelectric Project, and 3) the new secondary water treatment plant. Sitka's estimates are \$30-\$40 million for the submarine circuit to the hospital (and other facilities on Japonski Island), \$20-\$30 million for the Green Lake generators and FERC-required relicensing, and \$18 million for the water plant.

As suggested by US Department of Agriculture (USDA) officials during our DC meeting, Sitka is pursuing funding possibilities with USDA agencies (possibly employing an umbrella approach) for the power projects. Such an approach under USDA's Rural Utilities Service (RUS) might also include refinancing of at least some of \$120 million in bond debt associated with the expansion of the Blue Lake Hydroelectric Project dam. It's possible the water treatment plant might also fall within rural development programs.

Sitka is aware that RUS and rural development agencies principally provide loans as opposed to grant assistance. The same is true for the Environmental Protection Agency (EPA), with respect to the water plant. EPA programs often pass through states, in our case the Department of Environmental Conservation. We are also reaching out to the US Department of Commerce's Economic Development Administration (EDA) through its Alaska office. EDA appears to focus on grants more than some other agencies.

Some form of a federal infrastructure program continues to receive considerable attention from members of Congress, the White House and the media. Sitka understands the infrastructure path may be protracted and that how to pay for the proposed \$2 trillion program has yet to be determined. The important thing is for Sitka's projects to remain on our delegation's radar. Infrastructure appears to be one of the few major federal initiatives on which republicans and democrats in Congress and the White House agree. Paying for such a costly program does represent a hurdle.



City and Borough of Sitka

100 Lincoln Street Sitka, Alaska 99835

Coast Guard City, USA

June 28, 2019

Ronald Haberman
District Manager
Postal Service Alaska District
3720 Barrow Street
Anchorage, AK 99599-0001

Dear Mr. Haberman,

Please reconsider a downtown post office in Sitka. It is very important to our community members including elders, disabled, local businesses and visitors.

Easy access to postal services is critical. Our community values and has made efforts into beautifying our downtown and making it more accessible and attractive for visitors and residents. Volunteers have worked to create more activities downtown in the winter as a way to support "buying local" and purchasing holiday gifts from locally owned businesses. Being able to access postal services easily and efficiently was part of the effort. It's also environmentally responsible. Creating a place for people to walk their packages and mailing business saves drive time and burns less fuel.

The downtown postal facility has moved several times but remained in Sitka's central business district within wheel chair accessibility and walking distance from the Pioneer Home, and the senior center.

Please feel free to contact me at (907) 747-1808 or dave.miller@cityofsitka.org if you would like to discuss our request further.

Sincerely,

David E. Miller

Interim Municipal Administrator

GPIP Action Item Update

Leases awaiting Legal Review and Execution

1. Alaska Bulk Water Inc.

<i>GPIP Board Approved</i>	12/3/2018	<i>Assembly Approved</i>	NA
<i>Submitted to CBS</i>	01/17/2019	<i>Suggested Completion</i>	ASAP

Background

Lease or MOU between CBS and ABWI for the storage of 1,800 feet of 24" HDME water pipeline that ABWI had formerly installed as a floating bulk water pipeline in the CBS tidelands of the Sawmill Cove on Block 4, Lot 1. Allows option for future bulk water exporters to purchase water line from ABWI to facilitate bulk water export.

- Revenue - \$125/month.

Update

Lease approved by legal, awaiting signature by ABWI

Bid projects

1. Utility Dock RFP

<i>GPIP Board Approved</i>	12/18/2018	<i>Assembly Approved</i>	NA
<i>Submitted to CBS</i>	12/18/2018	<i>Completion</i>	1/11/2019
<i>Bid Due Date</i>	01/25/2019		

Background

The Utility Dock RFP will allow the CBS to divest itself from the former APC Utility Dock. The dock is a non-performing asset. Private industry has expressed interest in obtaining facility to repair and create local jobs.

- Revenue – The Utility dock has never been in adequate condition to lease. Private Job creation is possible with dock being repaired for use.

Update

The GPIP Board approved recommending selling the Utility Dock to Hanson Maritime. The Assembly approved allocating \$20,000 for outside legal counsel to research potential navigation issues and prepare a purchase and sales agreement

for Assembly approval. Outside counsel is preparing a term sheet for sale terms for Assembly review and approval.

CBS Projects

1. Eckert Water Line Installation

<i>GPIP Board Approved</i>	07/31/2017	<i>Assembly Approved</i>	09/12/2017
<i>Submitted to CBS</i>	9/27/2018	<i>Suggested Completion</i>	ASAP

Background

Eckert Fine Beverages established a water purchase agreement with the CBS in September 2017. Eckert needs infrastructure to fill containers with raw water to be shipped south to a bottling location. Per the water purchase agreement, Eckert is to design, fund, and construct a water loading station by tapping into the CBS raw water pipeline. The CBS has the right to approve the water line design and construction. The CBS will take over ownership of the water line to allow for future water exports.

- Eckert's Engineer is in need of direction from the CBS.
- Revenue is unknown at this time.

UPDATE

The GPIP Board approved a location for the establishment of a water loading station at its February meeting.

2. Rock removal

<i>GPIP Board Approved</i>	9/24/2018	<i>Assembly Approved</i>	NA
<i>Submitted to CBS</i>	9/24/2018	<i>Suggested Completion</i>	3/24/2019

Background

Rock from the Blue Dam Expansion project has been stored on Lots 16b, 19, & 20 since the project began in 2013 without an established lease or lease fee. The GPIP Board set a 6 month deadline for 09/24/2018 for the CBS Electric Department to have the rock removed from the site and have the lots brought to the original topography level before the lots were used.

- Rock removal from lots or a lease be established with market rate rent.
- Revenue – Potential loss of \$16,785 annually in lease rents from not having the lots available to lease.

Update

Assembly approved a lease between GPIIP and CBS Electrical for use of the lots still covered in rock at its May 14th meeting. CBS Electrical has been advertising for rock removal by the public.

3. Bulk Water Delivery Infrastructure

<i>GPIIP Board Approved</i>	3/29/2018	<i>Assembly Approved</i>	4/10/2018
<i>Submitted to CBS</i>	3/29/2018	<i>Suggested Completion</i>	ASAP

Background

The CBS is conducting an analysis of the operational capabilities of the existing bulk water delivery system. The GPIIP Board recommended and the Assembly approved a transfer of \$100,000 from the Raw Water Fund to complete the analysis.

- The GPIIP Board received the CBS Electrical Department's report on operational capabilities of high pressure water delivery system (Completed 1/29/2019).
- Revenue – unknown at this time.

UPDATE

- The Assembly held a special meeting on April 30th to discuss needed repairs to the raw water delivery infrastructure. The Assembly requested information on why the infrastructure was not updated to meet increased water pressure issues with the Blue Lake Dam expansion project. The Assembly discussed not completing the repairs until the penstock and high pressure water system can be taken off line. The Assembly directed the GPIIP Director to continue to work with potential bulk water exporters and investors to help fund the project.
- The GPIIP Director continues to work with clients interested in exporting Sitka's water. Repairs to infrastructure are an impediment to moving the venture forward.

4. GPIIP Access Ramp

<i>GPIIP Board Approved</i>	WIP	<i>Assembly Approved</i>	WIP
<i>Submitted to CBS</i>	1/9/2017	<i>Suggested Completion</i>	ASAP

Background

The GPIIP Board's strategic plan calls for the establishment of an Access Ramp to allow for vessels to be haul out at the GPIIP. The GPIIP Board recommended that

the Assembly approve \$40,000 in the GPIP FY18 capital budget for the design and engineering of an access ramp. The GPIP Board recommended that the \$40,000 be rolled over into the FY19 budget and that another \$20,000 be included for wash-down pad design and engineering. The CBS hired PND Engineering to conduct conceptual design of access ramp and associated water treatment and wash-down facilities. PND met with the GPIP Board in June and July 2018 to discuss cost of entire facility (\$6.8 million) and a phased development.

- CBS is working with PND for a cost estimate on phase development conceptual design.

UPDATE

The Assembly approved funding at its March 26th meeting to continue with the design and engineering for a phase development of the GPIP Access Ramp.

5. Industrial Public Water Supply

<i>GPIP Board Approved</i>	WIP	<i>Assembly Approved</i>	WIP
<i>Submitted to CBS</i>	12/13/2017	<i>Suggested Completion</i>	ASAP

Background

The GPIP Board met with NSRAA at its December 2017 meeting to approve a lease of Lot 3 at the GPIP to NSRAA to increase salmon production. NSRAA requested an increase of industrial water for hatchery operations. CBS Electric Department staff suggested that additional water allocations would need to be investigated in relation to water flow restrictions. The GPIP Board requested that the CBS work with NSRAA on a new water agreement.

- The GPIP Board is awaiting direction on allocation of industrial water for NSRAA hatchery operations and other industrial public water supply potential. (Completed 1/29/2019).

UPDATE

- The Assembly held a special meeting to determine future of the remaining Public Industrial Water supply. A detailed water delivery agreement is being developed between the CBS and NSRAA to allow NSRAA's hatchery expansion to move forward.

PUBLIC WORKS ASSEMBLY UPDATE
WORK COMPLETED THROUGH JUNE 2019

Wastewater Treatment Plant (WWTP) Rehabilitation (DESIGN PHASE)

Milestones This Period

- Working on completion of the SCADA design for the bid documents.

Future Milestones

- Complete the bidding documents for an August/September 2019 bid.
- Award construction contract and begin construction of the WWTP rehabilitation project October 2019, assuming sufficient funding is available.
- Anticipated project completion Spring 2021.

Background

The Wastewater Treatment Plant was built in the early 1980's and most of the building systems, especially the HVAC (ventilation air) systems have failed or are past their useful life and require replacement. The air quality within the building is inadequate and corrosive and the exposed piping and metal within the building are corroded. The building's envelope leaks air and does not allow for proper pressurization of the office areas and other clean rooms. Corrosive air in these spaces results in electronics regularly becoming dysfunctional within months, in addition to creating an unhealthy air quality for the WWTP operators. It is the intent of Public Works to move this project forward as quickly as possible as there are life safety issues that need to be addressed in the existing facility. It is anticipated that the current project funding will be insufficient to rehabilitate the building, correct the life safety, code compliance and non-functional existing conditions. The preliminary total project cost is estimated at \$10 million. Funding for this project is provided by the following sources: \$263,000 in Wastewater fund Working Capital and DEC loans for \$2,832,500 and \$1,825,000 (secured) and a third DEC loan of \$5,079,500 (approved and pending signed agreement).

Current Contracts: McCool Carlson Green (design) \$835,584

SMC Transmission Main Break Repair (CONSTRUCTION PHASE)

Milestones This Period

- Ordered materials.
- Negotiated time-and-materials contract with K&E for labor and equipment support.

Future Milestones

- Conduct leak detection on transmission main, July 2019.
- Execute construction contract, July 2019.
- Receive materials, July 2019.
- Repair water main, July-August 2019.

Background

Public Works has discovered a break in the 24-inch water transmission main to town on Sawmill Creek Road (SMC) by the Indian River Bridge. Staff has worked to develop a repair plan and procure materials while developing a new Capital Project in the budget. The Assembly passed Ordinance 2019-28 at the June 25 meeting to establish a

\$400,000 budget for the project. Second reading is scheduled for July 9. In the meantime, Public Works is utilizing operating capital in the Water Fund budget to fund the work.

Current Contracts: Core & Main (materials Purchase Order) \$76,213

O'Connell Lightering Float Pile Replacement (CONSTRUCTION PHASE)

Milestones This Period

- Substantial Completion June 13, 2019
- Install Anodes June 21, 2019
- Physical Completion Inspection June 24, 2019
- Sign project completion sheet for COE permit

Future Milestones

- Project closeout

Background

With lightering traffic reduced due to cruise ships mooring at Old Sitka Dock, and what lightering remains shifting to the Crescent Lightering Facility near Harrigan Centennial Hall, Harbor Staff have found O'Connell to be a popular moorage location for yacht owners. However, the existing piling at the O'Connell Lightering Float were installed too shallow to support yacht moorage as evidenced by several piles being displaced during a storm event. This project will replace all piling at the facility with new rock-socketed piling specifically designed to support large yachts. The Assembly approved an appropriation of \$280,000 from the Harbor Fund Undesignated Working Capital on September 12, 2017, on 2nd reading. This amount was insufficient given regulatory agency feedback and timeframes. An additional \$290,000 appropriation from the Harbor Fund Undesignated Working Capital was approved by the Assembly on March 27, 2018, on 2nd reading.

Current Contracts: PND Engineers (design) \$35,380
Turnagain Marine (construction) \$483,800

Lincoln Street Paving – Harbor Way to Harbor Drive (DESIGN PHASE)

Milestones This Period

- Presented project to the Assembly on June 11, 2019.
- Continued work on design plans and specifications.

Future Milestones

- Bid period: Late July – mid-August 2019.
- Construction anticipated Fall 2019 to Spring 2020.

Background

The project includes replacing non-ADA-compliant curb ramps, failing storm drain, limited curb, gutter and sidewalk and all asphalt pavement on Lincoln Street from approximately Harbor Way to Harbor Drive. Red concrete crosswalks are planned to be bid as an additive alternate. Funding for the project is provided by:

\$1,760,000 – General Fund
 \$105,000 – CPET funding
 \$20,000 – Water Fund
\$20,000 – Sewer Fund
 \$1,905,000 – Total Available Project Funding

Current Contracts: Professional and Technical Services, Inc.	\$394,986
(Lincoln portion of Lincoln & Katlian contract)	
Anderson Land Planning (design)	\$5,000

Katlian Street (DESIGN PHASE)

Milestones This Period

- Preparing construction-slope-storm drain easements and letters to property owners.

Future Milestones

- Finalize easements by August 2019.
- Construction anticipated Spring/Summer 2020.

Background

The project includes replacing non-ADA compliant curb ramps, failing storm drain, and limited curb, gutter and sidewalk and all asphalt pavement on Katlian Street from Halibut Point Road to the MSC. Currently, funding for the project is provided by: Total Available Project Funding: \$747,868 (General Fund).

Current Contracts: Professional and Technical Services, Inc.	\$394,986
(Lincoln & Katlian design projects, combined)	

Knutson Drive Road Repair (INVESTIGATION PHASE)

Milestones This Period

- DOWL conducted preliminary site investigation, June 11, 2019.

Future Milestones

- DOWL geotechnical investigation scheduled for July 10, 2019.

Background

CBS engaged with DOWL in June 2019 to investigate evidence of road failure in two locations on Knutson Drive. The outside edge of the roadway is settling and the guardrail is slowly sinking and falling away from the street. The consultant was hired to study the road failure, potential causes, and evaluate the potential risk of a more significant road failure. DOWL will return in July 2019 to conduct a more thorough geotechnical study, including roadway drilling and sampling, to evaluate subsurface conditions. CBS will be seeking recommendations from DOWL for next steps and remediation options. We have a high level of concern for this situation and we're moving rapidly to identify solutions.

Current Contracts: DOWL	\$47,549.50
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East DeGroff Water, Sewer and Street Repairs (CONSTRUCTION PHASE)

Milestones This Period

- Completed installation of all sewer main and services.
- Completed installation of water main and services.

Future Milestones

- Install approximately 500 linear feet of storm infrastructure between Baranof and SMC by early July 2019.
- Install 750 linear feet of sidewalk, 1,500 linear feet of curb and gutter, and pave DeGroff from Baranof to SMC by July 25, 2019.

Background

The project includes replacement of aging, failing water, sewer and storm drainage infrastructure in DeGroff Street from Hollywood Way to Sawmill Creek Road. The project will replace all pavement, curb, gutter and sidewalk. Scope will also include utility trenching work in Sawmill Creek Road, ahead of an Alaska Department of Transportation project to re-pave SMC in 2019 or 2020. Funding for the project is provided by the following sources: \$2.24 million from FY2015 ADEC Water and Sewer Loans, \$175,000 from the FY17 Water Enterprise Fund and \$45,000 from the FY17 Wastewater Enterprise Fund and \$300,000 from the FY18 General Fund.

Current Contracts:	PND Engineers (design)	\$144,747
	K&E Alaska (construction)	\$2,170,978

Sitka Seaplane Base (SPB) (PLANNING PHASE)

Milestones This Period

- Selected the DOWL consulting team to perform the environmental assessment and the remaining planning activities to be completed before moving the project into the design phase. Still currently negotiating scope of work and the fees for performing the work (following FAA procurement requirements in order to be eligible for AIP grant funding).
- Daily coordination with FAA as we prepare the documents and perform the required activities for the AIP Planning Grant application, which is for completion of the Environmental Assessment and the remaining planning activities.

Future Milestones

- Obtain a signed Letter of Intent stating the commitment and some of the terms and conditions for the CBS purchase of the upland SPB property from DEED at State School Board Meeting 918 & 9/19/19. The deadline for preparation of the document for the SSBM DEED packet is 7/30/19.
- Apply for the first AIP grant, for the remaining required planning activities, including performing an environmental analysis (EA), validating existing information for the masterplan and subsequent studies, updating plans as required, and other planning activities as required, July 25, 2019.

Background

Assembly Resolution supporting the acquisition of the preferred location/land parcel for the Seaplane Base, October 9, 2018. The Assembly approved Supplemental

Appropriations for FY19, Ordinance 2018-49, for the SPB. Finance Dept. submitted project information to FAA by October 31, 2018 – required step in order to be considered to receive any of the \$1 billion AIP Supplemental funding. Improvement or replacement of the seaplane base has been discussed on and off for the past two decades. The Assembly has made it a priority to look into the development of a new seaplane base for the economic development of Sitka, a key component to making this happen is land acquisition. Part of the due diligence that staff is doing for the Assembly is working on what staffing, money, and land acquisition we need for adequate maintenance, operations and reporting. The seaplane base study, which included an Economic Impact Study, showed that property on Japonski Island was the preferred site for the seaplane base. The AIP grants from FAA could help fund planning, design, land acquisition, and construction costs for the new SPB. \$16 million is the estimated Project Cost submitted to FAA for AIP grant funding, which may require (6.25%) matching funds from CBS unless the project wins a grant from the Supplemental AIP funding, which funds 100% without any required match.

Nelson Logging Road Upgrades (CONSTRUCTION PHASE)

Milestones This Period

- Contractor's punch list work is on-going.

Future Milestones.

- Complete Construction Contract Punch List July 2019.
- Project Construction Contract Closeout, July 2019.
- Physical Completion is scheduled for late July 2019.
- DNR Survey information provided to Surveyor to prepare easement plan, July 2019.

Background

The project includes replacing both inadequate bridges, realignment at HPR intersection to raise the road elevation out of the stream floodplain, upgrading Nelson Logging Road to include drainage improvements, resurfacing, pedestrian amenities and widening. Funding for the project is provided by a \$2,343,000 State of Alaska Department of Commerce Community and Economic Development Grant.

Current Contracts:	LEI Engineers & Surveying (design)	\$471,120
	K & E Alaska, Inc (construction)	\$1,544,280

Davidoff Storm Sewer Rehabilitation (CONSTRUCTION PHASE)

Milestones This Period

- Contractor set up stormwater bypass and cleaned "host" pipes planned for slip-lining.
- Received slip-line "carrier" pipe.

Future Milestones

- Remove and replace 70 linear feet of corroding 30" culvert, early July 2019.
- Remove and replace 2 corroding metal storm manholes, early July 2019.

- Rehabilitate 261 linear feet of corroding 36" culvert with fiberglass slip-line pipe, early July 2019.
- Re-pave street excavation, late July 2019.

Background

The project includes rehabilitation and/or replacement of deteriorated storm drain infrastructure including two 30" and two 36" metal culverts and two metal storm structures adjacent to Davidoff Street, between Charteris and HPR. Funding for the project is provided by:

\$350,000 – General Fund FY2018
 \$150,000 – General Fund FY2019
(\$100,000) – transferred to Peterson Street Sewer Rehab project
 \$400,000 – Total Available Project Funding

Current Contracts:	Stephl Engineering (design)	\$37,500
	K&E Alaska, Inc. (construction)	\$289,172

Airport Terminal Improvements (DESIGN PHASE)

Milestones This Period

- Preliminary agreement as to the required design revisions for the TSA Baggage Screening 30% submittal.

Future Milestones

- Revisions will be sent to TSA 7/16/19. It is anticipated the TSA review will take 2-3 weeks and the formal 30% review meeting to occur in Aug. 2019, after the approval of which, the rest of the project design will resume.
- Complete the 35% revisions for the 'rest of the terminal improvements design' & move into the Design Development Phase (65%) where the Improvements will be developed & defined in separate phases for construction & funding.
- ADOT involvement 65%, especially regarding potential FAA AIP funding & Improvement staging.
- Other funding sources for terminal improvements beyond the PFC/Bonding and AIP grant requests are being developed for consideration, including airport terminal user fees and TSA grants for screening/security improvements.
- Phased construction has been delayed to 2020 through 2023 due the Federal Government shutdown at the end of 2018.
- Still awaiting and anticipating the State of Alaska DOT sending the CBS information about the upcoming parking lot management changes and options.

Background

The Airport Terminal Improvement Project is intended to remedy some of the existing critical problems identified in the Airport Terminal Master Plan 2008-2011, including working conditions in the baggage make-up area and TSA baggage screening area, as well as problems with congested passenger queuing, screening, baggage, fish boxes, waiting areas and passenger flow. CBS accepted a TSA design grant in the amount of \$158,569.25 to design specific improvements to the TSA Baggage Screening Area. Other areas impacted by these design changes are ineligible for the TSA design

funding. The Assembly approved moving forward to the 65% Schematic Design Milestone for the preferred concept plan that was presented in the Assembly work-session August 8, 2017. Passenger Facility Charges (PFC) were applied for and approved by ADOT and FAA. Collection of the PFCs began May 1, 2018 and will. The total anticipated revenue collection over the 20-year period of collection is \$6,840,000.00, which is anticipated to finance the \$4,025,000 revenue bond along with its fees and debt service.

The current estimated cost for the project as identified is approximately \$15-million. The current funding plan outlines the following components:

- | | | |
|-------------------------------------|--------------|--------------------------------|
| • Passenger Facility Charge Revenue | \$4,025,000 | Bond in progress |
| • TSA Funding | \$3,397,500 | Unsecured |
| • Eligible AIP Grant Request | \$10,283,954 | Unsecured |
| • Potential User Fees & Airline | TBD | – dependent on securing grants |

Current contracts: MCG Architects (design) \$449,069

Crescent Harbor Float Replacement – Phase I (DESIGN PHASE)

Milestones This Period

- Selected Design-Build Contractor June 12, 2019.
- Issued Notice of Intent to Award Design-Build Contract to Turnagain Marine Construction, June 13, 2019
- Pre-Construction Meeting held June 24, 2019.
- Third party cost estimating contract with Moffat and Nichol executed June 27, 2019.
- Proposed change order with Jacobs to assist in plan review and management of Design-Build contract.

Future Milestones

- Public Meeting scheduled for July 8, 2019.
- Sign Phase I Design Build Contract with Turnagain Marine Construction July 10, 2019.
- Approve design review QA/QC Change Order for Jacobs, July 2019.
- Construction project scheduled Fall 2019 to March 15, 2020.

Background

The physical condition of Crescent Harbor has deteriorated to point where in-house repairs are no longer sufficient to adequately maintain the facility. Harbor Department staff and Public Works Department engineers have determined that the harbor now presents an operational and safety risk due to floats sinking, decay of wooden beams, corrosion of metal fixtures and failure of walk-down ramps to meet ADA accessibility requirements. The project has estimated total cost of \$14,025,000. Of this, the harbor grant will provide \$5,000,000. The Harbor Fund working capital has allocated \$1,000,000 for the project. The remaining \$9,025,000 is planned to be provided with \$8,025,000 in harbor revenue bond proceeds and the use of the Harbor Fund working capital in the amount of \$1,000,000 noted above.

Current Contracts:	Jacobs (project admin)	\$90,090
	Pending Moffatt and Nichol	\$79,948
	Jacobs Change Order (pending)	\$64,440
	Turnagain Phase I Design Build Contract (pending)	\$900,000

Peterson Storm Sewer Rehabilitation (DESIGN PHASE)

Milestones This Period

- Detailed design underway.
- Culvert size and configuration set.
- Existing waterline revisions determined

Future Milestones

- Bid construction project, August 15, 2019.
- Complete construction work, March 13, 2020.

Background

The project includes replacement of deteriorated 60" corrugated metal culvert crossing under Peterson Street, allowing for fish passage. Funding for the project is provided by:

\$150,000 – General Fund FY2019
 (\$50,000) – transferred to Davidoff Street Sewer Rehab project
\$ 60,000 – U.S. Fish and Wildlife Service Fish Passage Program grant
 \$160,000 – Total Available Project Funding

Current Contracts:	DOWL (design)	\$78,072
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Critical Secondary Water Supply (DESIGN PHASE)

Milestones This Period

- Consultant analyzed GPIP stormwater system to determine if there is sufficient capacity to discharge filter plant backwash.
- Received letter from Alaska Department of Environmental Conservation (ADEC), indicating that they will not enter into a Compliance Order By Consent (COBC) with CBS. ADEC had offered to enter into a COBC that would ignore any turbidity violations between the signing of the COBC and the construction of the new filter plant. However, ADEC could not get the Environmental Protection Agency to agree to these terms. The letter is included in the Correspondence section of this Agenda.

Future Milestones

- CBS to request acquisition of GPIP Lot 17 for filter plant construction at July GPIP Board and Assembly meetings.
- Filtration equipment RFP, August 2019
- Solicit construction bids, August 2020.
- Substantial Completion for secondary water source project anticipated in September 2021.

Background

The project is for design and construction of a secondary water source, for when the primary water source – Blue Lake water treated with ultraviolet (UV) radiation – is unavailable. Blue Lake water will not be available when the Electric Department inspects and maintains the penstock providing water from the dam to the power plant. Blue Lake water may also require filtration – not just UV treatment – if turbidity levels continue to exceed regulatory thresholds. Total project cost is estimated at \$18 million. Funding for the project is provided by:

\$150,000 – Working Capital
\$380,000 – transferred from UV Disinfection project Working Capital
\$17,620,000 – Alaska Clean Water Fund loan
\$18,150,000 – Total Available Project Funding

Current Contracts: CRW Engineering Group, L.L.C. (design) \$362,780

Brady, Channel and Eagle Way Lift Station Rehabilitation (DESIGN PHASE)

Milestones This Period

- Issued notice-to-proceed on design project for rehabilitation of three lift stations. Design consultant selected for this project is DOWL.
- Hosted kickoff meeting and site visit with design consultant.

Future Milestones

- Bid period: October to November 2019.
- Construction notice-to-proceed, November 2019.
- Rehabilitate lift station, Winter 2019 - Spring 2020.

Background

Eagle Way Lift Station is responsible for pumping all sewage east of Eagle Way toward the Wastewater Treatment Plant (WWTP). Brady Lift Station is responsible for all sewage north of Brady Street. Channel Lift Station is responsible for an apartment complex and one private residence on Halibut Point Road. All three lift stations require excess maintenance due to corrosion and/or outdated pumping equipment. Project will rehabilitate lift stations, re-using existing infrastructure to the extent feasible. Funding for the project is provided by:

Eagle Way Lift Station

\$250,000 – DCCED grant
\$220,000 – Wastewater Fund Working Capital

Brady Lift Station

\$217,400 – ACWF loan
\$165,000 – Wastewater Fund Working Capital

Channel Lift Station

\$300,000 – ACWF loan (left over from larger, four-lift station loan)
\$100,000 – Wastewater Fund Working Capital
\$1,222,400 – Total Available Project Funding

Current Contracts: DOWL (design)

\$128,930

Bio-solids Municipal Landfill Expansion (PLANNING & DESIGN PHASE)

Milestones This Period

- Submitted COE permit application June 20, 2019.
- 35 – 65% plans submitted for review.

Future Milestones

- Complete civil design plans July 2019.
- COE permit expected, July 2019.
- Bid Construction project, August 2019
- Construction planned to start, Fall 2019.

Background

The project is required because the existing limits of the Bio-Solids Landfill are nearing available storage limits. A COE permit is required to expand the limits of the landfill to the current DEC permit. The project is funded in fiscal year 2018 for \$500,000.00.

Current Contracts: Stantec (design)

\$48,019

Gary Paxton Industrial Park Access Ramp (PLANNING PHASE)

Milestones This Period

- PND has researched boat haul out numbers from other southeast harbors to determine the size of the treatment facility for boat wash down water.

Future Milestones

- Complete change order tasks and scoping study, September 30, 2019.

Background

The project includes planning and design for a multipurpose boat ramp for the Gary Paxton Industrial Park. The ramp is to be associated with the new existing barge ramp constructed adjacent to the Boat Building Lot. Project funding of \$40,000 provided in Gary Paxton Industrial Park Budget. Additional funding approved by Assembly March 3, 2019 for \$21,960 for a total of \$61,960.

Current Contracts: PND Engineers Inc. (design)

\$49,716

Police Station Planning Study (PLANNING PHASE) - 99% complete

Milestones This Period

- Awaiting the results of a Title Search for the existing City/State Building and its adjacent parking lot to include in the final Police Station Planning Study before printing final copies. No Change.

Future Milestones

- Anticipate printing final copies of the report in July 2019.

Background

The Sitka Police Department and Jail occupies one-third of the first floor in the City/State Court/Office Building. The Sitka Police Offices and jail do not meet current industry standards. It is nonfunctional, unsafe, and severely inhibits the effective delivery of police service to Sitka. The City/State Building was built in 1974-76 in partnership with the State of Alaska. The City owns the land including the parking lot and is joint owner with the State of the building. Expenses for maintenance and operations per agreement December 1993, are split 34% CBS and 66% State based on the occupancy remaining within the building. Maintenance of the facility and its building systems, along with replacement of non-functional and obsolete infrastructure, has not kept pace with facility needs. Repairs to the facility to address its deferred maintenance are conservatively estimated to exceed \$1 million. How these costs are to be shared is to be determined, and is complicated by the shared ownership of the facility with the State of Alaska. Given Alaska's current fiscal status, reaching a timely cost-sharing agreement is a point of significant concern.

Current Contracts: Stantec (planning)

\$57,558

MAINTENANCE ACTIVITIES

Streets

- Graded gravel roads and dust control.
- Painted crosswalks and curbs.
- Removed the increase of cigarette butts littered in the downtown area.
- Worked on vegetation control.
- Demolished an increase of construction debris and boats in the landfill.
- Buried approximately 80 yards of bio-solids.
- Assisted Engineering Department at Knutson Drive road repair project.

Central Garage

- 33 repair items, major service on equipment and heavy vehicles and minor service on lawn mowers.
- Fabricated new rack for de-icing and sanding equipment.

Scrapyard

- Shipped out approximately 80 tons of scrap iron.
- Since taking over the scrapyard, CBS has shipped 1,448 tons in one year.

Grounds Maintenance

- Received approval and hired Summer temp crew.
- Special watering for garden beds and ground due to dry weather.
- Seasonal rotation for mowing and maintenance on grounds and athletic fields. Prepared athletic fields for special events/games and completed the following:
 - Removed temporary soccer lines off Moller Turf Field.

- Multiple moves of Upper Moller pitching mound due to special baseball tournaments. Upper Moller turf field maintenance rotation (dragging, pellets, etc).
- Moller Complex – clean up gravel around walkways and parking areas.
- Vilandre Brushing Fence lines and removing Blatchley parking lot weeds
- Keet Gooshi Heen athletic field cut back brush.
- Keet Gooshi Heen parking lot prune bushes and remove weeds.
- Kimsham Complex needs attention on Field D (Kruger) to fill in settling areas.
- Graffiti/Vandalism cleanup and repairs:
 - Vilandre Field Concession stand (1 police report).
 - Keet Gooshi Heen athletic field's concession stand (2 police reports).
 - Kimsham Clubhouse (2 police reports).
 - Crescent restroom facility.
 - Cross Trail four wheeler ruts along trail from Kimsham to High School.
- Signage installed around athletic fields to assist with continued problems involving "dog parks."
- Temporary repairs were made to Crescent Basketball court fencing due to accident. Still waiting for replacement fencing to arrive.
- Materials were supplied at Baranof Warm Springs for storage shed repairs.
- Fire Hall building and grounds additional attention for memorial service.
- Animal Shelter open up vegetation/brushing around animal shelter help with sight lines, parking, and bear concerns.
- Fire pits cleaned out at Pioneer Park.
- Railing on lower deck repaired at Whale Park.
- First season of surplus compost/mulch redistribution for citizen collection was a successful event.
- Working on updates on policy and procedures for training, rotation plans, and work management for next season's crew.

Building Maintenance

COMPLETED:

- Replaced motherboard at City Hall's fire alarm panel.
- Replaced bad ballast and fixtures for Fire Hall's bay lighting.
- Repaired carpets at Fire Hall.
- Relocated evidence lockers from Police Department to Marine Service Center.
- Worked on Marine Service Center's overhead door, emergency egress doors in freezer, and heat elements for proper operation.
- Repaired boiler at Public Service Center and contracted boiler chemical inspections.
- Touched up paint on Harrigan Centennial Hall for interior rooms and exterior ocean side wall to cover graffiti.
- Installed hazardous disposal receptacles for needles in bathrooms at Library.
- Repaired main entrance doors at Library.
- Repaired main entrance doors at Airport but doors are at the end of their lifecycle and should be replaced.

- Replaced shingles to Crescent Harbors Park shelters.

ONGOING:

- Airport luggage cart maintenance.
- City Hall Utility counter demo and installation – electrical contractor work is scheduled for July, finalize cabinet removal, carpet repairs, and IT networking.
- Harrigan Centennial Hall gutter membrane installation – received bid price (funding based off original CIP).
- Library interior LED lighting – issue with restroom corridor fixture, waiting on stock for repairs.
- Marine Service Center asphalt patches around exterior of building, work scheduling in process.
- Marine Service Center interior lighting.
- Marine Service Center condenser – construction bid packet being finalized.
- Police Dept. assist with setting up a painting station and operations reconfiguration.
- Police Dept. patch and painting wall in break room, waiting on FRP wallboard to be completed.
- Police Dept. quote for heat pump option.
- Researching possible security camera options for athletic and recreation facilities.
- Transfer station building project continuation by Sitka High School.
- Senior Center kitchen hood suppression – scheduling work with contractor, August 2019.

MONITORING:

- WWTP boiler circulation pump 1 has leaking flanges (we are going to monitor due to renovations). Pump can be isolated, if needed. We have back up circulation using pump 2.
- WWTP fan unit 2 failed and temporary fan was installed (we will continue to monitor until renovation). Fan unit is for storage area exhaust.
- Harrigan Centennial Hall heating in room 117.
- Harrigan Centennial Hall – tile floor cracking common areas.



THE STATE
of **ALASKA**
GOVERNOR MICHAEL J. DUNLEAVY

Department of Environmental Conservation

DIVISION OF ENVIRONMENTAL HEALTH
Director's Office

555 Cordova Street
Anchorage, AK 99501
Phone: 907.269.7644
Fax: 907.269.7654
www.dec.alaska.gov

May 17, 2019

Ms. Shilo Williams
Environmental Superintendent
City and Borough of Sitka
100 Lincoln Street
Sitka, AK 99835

Sent by email only.

Dear Ms. Williams,

This letter is in response to the various email correspondence, telephone calls, and meetings between representatives from the Alaska Department of Environmental Conservation (ADEC) and the City & Borough of Sitka (CBS) since my November 5, 2018 letter regarding the CBS's secondary water system needs.

In October 2018, ADEC proposed to enter into an agreement with CBS called a Compliance Order by Consent (COBC) that would suspend action related to the ongoing turbidity exceedances at Blue Lake, without affecting the filtration avoidance approval for this system, and that could also address the criteria and timeline for coming into compliance with treatment at an alternative source such as Sawmill Creek.

ADEC believed the COBC provided CBS and ADEC the greatest flexibility to address the current issues with Blue Lake's upcoming FERC inspection, and also addressed the long-term needs of the community for a reliable secondary source of drinking water. ADEC maintains the belief that having an approved secondary source puts CBS on a path towards being able to provide safe drinking water to its residents and visitors year-round, without constant threats of interruption due to turbidity events, FERC inspections, maintenance of the penstock, or loss of Blue Lake's filtration avoidance waiver. However, since the offer of the COBC, ADEC has been unable to obtain confirmation from EPA that ADEC has the authority to grant relief from the requirement to install filtration if the number of allowed turbidity events is exceeded under the Surface Water Treatment Rule for Blue Lake.

ADEC is aware the CBS Assembly voted to authorize CBS to enter into such an agreement and obtain loans to proceed with construction of a filtration plant at Sawmill Creek as a secondary source. I am committed to continue engaging with EPA to determine if there is regulatory framework available to allow relief from installing filtration at Blue Lake, or utilize enforcement discretion if the allowed number of turbidity events is exceeded before Sawmill Creek is constructed

Ms. Shilo Williams
City and Borough of Sitka

2

May 17, 2019

and has received ADEC's interim approval to operate (currently anticipated between September 2021-2022).

As previously offered, ADEC Drinking Water Program staff are willing to come to Sitka to provide information or answer any questions the CBS Assembly may have.

Sincerely,

A handwritten signature in blue ink that reads "Carpenter". The signature is stylized with a large, looped "C" and a trailing flourish.

Christina Carpenter
Director

cc: Dan Opalski, Director, Office of Water and Watersheds, US EPA
Cindy Christian, Environmental Program Manager, ADEC Drinking Water Program
Carrie Bohan, Environmental Program Manager, ADEC State Revolving Loan Fund
Representative Jonathan Kreiss-Tomkins, Alaska House of Representatives
Ann Robertson, Legislative Aide, Office of Senator Lisa Murkowski



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 19-142 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 7/2/2019 In control: City and Borough Assembly

On agenda: 7/9/2019 Final action:

Title: Approve the minutes of the June 25 Assembly meeting

Sponsors:

Indexes:

Code sections:

Attachments: [Consent and Minutes.pdf](#)

Date	Ver.	Action By	Action	Result
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CONSENT AGENDA

POSSIBLE MOTION

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

I wish to remove Item(s) _____

**REMINDER – Read aloud a portion of each item being
voted on that is included in the consent vote.**

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

POSSIBLE MOTION

I MOVE TO approve the minutes of the
June 25 Assembly meeting.



CITY AND BOROUGH OF SITKA

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

Minutes - Draft

City and Borough Assembly

*Mayor Gary Paxton
Deputy Mayor Steven Eisenbeisz,
Vice Deputy Mayor Valorie Nelson,
Aaron Bean, Kevin Knox, Dr. Richard Wein, Kevin Mosher*

*Municipal Administrator: Keith Brady
Municipal Attorney: Brian Hanson
Municipal Clerk: Sara Peterson*

Tuesday, June 25, 2019

6:00 PM

Assembly Chambers

REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Present: 7 - Eisenbeisz, Knox, Bean, Wein, Paxton, Mosher, and Nelson

IV. CORRESPONDENCE/AGENDA CHANGES

Mayor Paxton announced item R was pulled from the agenda as it was not ready for discussion.

19-141 Reminders, Calendars and General Correspondence

V. CEREMONIAL MATTERS

None.

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

Mary Miller, Superintendent of the Sitka National Historical Park, offered the Park's service in helping to find a mutual solution to historic preservation issues surrounding Stevenson Hall, a building on the Sheldon Jackson campus, a National Historic Landmark.

19-131 FEMA National Floodplain Insurance Program Presentation

Representatives from FEMA, Karen Wood-McGuinness and Ted Perkins, briefed the Assembly on the National Floodplain Insurance Program, told of the benefits of

continuing participation in the program and answered questions.

19-137

Update on the SCH / SEARHC Affiliation Project - Jay Sweeney and Brian Hanson

Chief Finance and Administrative Officer Jay Sweeney provided an update on the SCH/SEARHC Affiliation Project. He stated the Asset Purchase Agreement (APA) had been signed and the exchange of documents completed on June 12 and the focus was now on executing requirements and stipulations of the APA and Facility Lease Agreement. Sweeney stated the transaction date would be July 31 at midnight and spoke to the closure of Acute Care, Home Health transition, and noted Long Term Care and Mountainside would remain in the same locations post closure.

VII. PERSONS TO BE HEARD

None.

VIII. REPORTS

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

Mayor - Paxton relayed he had met with Acting Administrator Dave Miller and staff regarding the Assembly Action Plans.

Administrator - Acting Administrator Dave Miller briefed the Assembly on his work as Administrator and Fire Chief over the last two weeks.

Attorney - Hanson reviewed a list of projects he was devoting time to and thanked Legal Assistant Coral Crenna.

Liaison Representatives - Wein reported on the meetings of the Tree and Landscape Committee and Health Needs and Human Services Commission. Nelson told of the recent Historic Preservation Commission meeting.

Clerk - Peterson spoke to vacancies on the Board, Commissions, and Committees and told of the seats to be filled on the Assembly and School Board in the October 1, 2019 municipal election.

Other - Wein attended the June 24 Sitka Community Hospital Foundation meeting and relayed at that meeting the Foundation had divided up \$181,000 to organizations in the community.

IX. CONSENT AGENDA

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

Yes: 7 - Eisenbeisz, Knox, Bean, Wein, Paxton, Mosher, and Nelson

A 19-132

Approve the minutes of the June 11 Assembly meeting

This item was APPROVED ON THE CONSENT AGENDA.

- B 19-133** Approve an application for the renewal of a standard marijuana cultivation facility license for Northern Lights Indoor Gardens LLC at 1321 Sawmill Creek Road Suites M, N, O, and P
- This item was APPROVED ON THE CONSENT AGENDA.**
- C 19-134** Approve an application for the renewal of a retail marijuana store license for Northern Lights Indoor Gardens LLC at 1321 Sawmill Creek Road Suites N, O, and P
- Eisenbeisz asked to be recused and stated his company had a relationship with Northern Lights Indoor Gardens LLC. There was no objection.
- A motion was made by Knox that this Item be APPROVED. The motion PASSED by the following vote.**
- Yes:** 6 - Knox, Bean, Wein, Paxton, Mosher, and Nelson
- Recused:** 1 - Eisenbeisz

X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS

- D 19-135** Appoint Susan Compagno to a three-year term on the Parks and Recreation Committee
- Wein thanked Compagno for volunteering to serve.
- A motion was made by Mosher that this Item be APPROVED. The motion PASSED by the following vote.**
- Yes:** 7 - Eisenbeisz, Knox, Bean, Wein, Paxton, Mosher, and Nelson

XI. UNFINISHED BUSINESS:

- E ORD 19-25** Adopting the budget for Sitka Community Hospital for a portion of the fiscal year July 1, 2019 through June 30, 2020
- Wein noted the dollar amount reflected April assumptions and wondered why the appropriation of \$422,000 being requested in item G was not coming out of the month one budget for Sitka Community Hospital (SCH). Chief Finance and Administrative Officer, Jay Sweeney, noted it was a possibility. He reminded SCH funds leftover would remain in the tobacco tax fund to pay down the PERS liabilities.
- A motion was made by Mosher that this Ordinance be APPROVED ON SECOND AND FINAL READING. The motion PASSED by the following vote.**
- Yes:** 6 - Eisenbeisz, Knox, Bean, Wein, Paxton, and Mosher
- No:** 1 - Nelson
- F ORD 19-26** Amending Title 15 "Public Utilities" of the Sitka General Code by modifying Chapter 15.01 "Electric Utility Policies", Section 15.01.020 "Electrical Rates" which will shift the period for seasonal electric rates
- A motion was made by Mosher that this Ordinance be APPROVED ON SECOND AND FINAL READING. The motion PASSED by the following vote.**

Yes: 7 - Eisenbeisz, Knox, Bean, Wein, Paxton, Mosher, and Nelson

G ORD 19-27

Making supplemental appropriations for fiscal year 2019 (legal fees and administration contracted services - Sitka Community Hospital sale)

Bean reminded the money being earned at Sitka Community Hospital for the month of July could be used to pay the legal and consulting fees.

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

Yes: 4 - Eisenbeisz, Knox, Paxton, and Mosher

No: 3 - Bean, Wein, and Nelson

XII. NEW BUSINESS:

New Business First Reading

H ORD 19-28

Making supplemental appropriations for fiscal year 2020 (water transmission main emergency repair)

Nelson wondered if the work would go out to bid. Public Works Director Michael Harmon explained previously the Public Works Department had issued a bid soliciting for on-call contractors to respond for emergency issues. K&E was currently the only contractor on the list and had been the selected contractor for the project. Bean wondered if the Department had the resources to do the repairs in-house. Harmon noted some projects were completed in-house, however, this particular project was beyond the Department's equipment and man power. He stated a month ago the Department had discovered a break in the 24-inch water transmission to town on Sawmill Creek Road by the Indian River Bridge. Harmon noted the break appeared to be increasing over time and was considered an emergency repair. The alternative would be a six month process of a design effort, bid, and only able to order materials until after the bid was awarded. With an emergency repair, materials could be ordered immediately. Harmon reminded this was the main line to town and that Sawmill Creek Road was at serious risk. Bean believed the City was in the habit of getting away from code when it came to putting things out to bid. Nelson believed the City was violating Sitka General Code and the procurement policy. Eisenbeisz asked if there had been health studies performed on the HDPE plastic. Harmon stated not that they were aware of however reminded the pipe was approved by DEC. Wein and Mosher suggested the contracting and procurement process be reviewed in the near future.

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

Yes: 5 - Eisenbeisz, Knox, Paxton, Mosher, and Nelson

No: 2 - Bean, and Wein

I ORD 19-29

Making supplemental appropriations for fiscal year 2020 (No Name Mountain Master Plan)

Wein hoped if this was approved that the City would not find itself in a situation where the cost was more than \$165,000. Eisenbeisz shared he would have rather seen this request as part of the budget process. Public Works Director Michael Harmon

explained it was a high level master plan that would provide options for zoning, include a public process through the Planning Commission and look for direction from the Commission for goals and guidance. Harmon believed the thought process for a separate appropriation was so that the Assembly could be better informed with a scope of work before them.

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

Yes: 7 - Eisenbeisz, Knox, Bean, Wein, Paxton, Mosher, and Nelson

J ORD 19-30

Reducing FY2019 appropriations and making supplemental appropriations for FY2020 (harbor security cameras)

Harbormaster Stan Eliason explained this project was for cameras failing at Eliason and Thomsen Harbor, video quality was poor and the system was outdated. As an aside, he noted the importance of cameras and offered cameras were scheduled to be part of the Crescent Harbor rebuild.

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

Yes: 7 - Eisenbeisz, Knox, Bean, Wein, Paxton, Mosher, and Nelson

K ORD 19-31

Reducing FY2019 appropriations and making supplemental appropriations for FY2020 (police department heat pump)

Wein noted it was projected the Police Department as a whole would come in under budget by approximately \$400,000 this year. Eisenbeisz wondered because of the dual ownership of the building, by the state and the city, at what part would the state contribute. Interim Administrator Dave Miller stated he would research the question and get back to the Assembly.

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

Yes: 7 - Eisenbeisz, Knox, Bean, Wein, Paxton, Mosher, and Nelson

Additional New Business Items

L RES 19-18

A final resolution of the Assembly of the City and Borough of Sitka to remove Keith Brady as Administrator of the City and Borough of Sitka

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

Yes: 5 - Bean, Wein, Paxton, Mosher, and Nelson

No: 2 - Eisenbeisz, and Knox

M 19-140

Discussion / Direction / Decision on the appointment of an Interim Administrator

Paxton wished to appoint Fire Chief Dave Miller as Interim Administrator. In addition, he noted his preference before recruiting for a permanent Administrator was for the Interim to hire a Planning Director and Human Resources Director. If appointed, Paxton reminded Miller's salary should be temporarily adjusted to be commensurate with that of the Administrator. He noted Miller was also requesting the addition of a half time

position at the Fire Department. Mosher spoke in support of the appointment of Dave Miller. Eisenbeisz disclosed he was a volunteer lieutenant at the Fire Department. Paxton ruled there was no conflict. Bean stated if Miller was appointed, more money would need to be spent at the Fire Department and noted Miller couldn't be in both places at once. He suggested the Assembly hire an Interim Administrator who wasn't in government. Eisenbeisz noted the process to hire a permanent Administrator could potentially take a year. Others disagreed and felt the process would go much faster with the current Assembly. Miller thanked staff at the Fire Hall, Administration, and Clerk's Office. He welcomed the opportunity to serve as Interim Administrator.

A motion was made by Wein to appoint Dave Miller as Interim Administrator and to include a salary adjustment equal to the rate of pay authorized for the Municipal Administrator position.

Yes: 7 - Eisenbeisz, Knox, Bean, Wein, Paxton, Mosher, and Nelson

N 19-136

Approve Municipal Attorney Brian E. Hanson as the point of contact, with the power and duty to direct and supervise, and signator moving forward for all matters related to the Sitka Community Hospital affiliation with Southeast Alaska Regional Health Consortium

Wein wondered of any conflicts Hanson may have. Hanson relayed at this stage of the affiliation process he did not feel there were any conflicts. The Asset Purchase Agreement had been signed and now the project was in a transitional phase.

A motion was made by Nelson to approve Municipal Attorney Brian E. Hanson as the point of contact, with the power and duty to direct and supervise, and signator moving forward for all matters related to the Sitka Community Hospital affiliation with Southeast Alaska Regional Health Consortium. The motion PASSED by the following vote.

Yes: 7 - Eisenbeisz, Knox, Bean, Wein, Paxton, Mosher, and Nelson

XIII. PERSONS TO BE HEARD:

None.

XIV. EXECUTIVE SESSION

O 19-127

Financial Matter: Baranof Island Brewing Company Forbearance Agreement (carried over from 6/11 meeting)

Bean left at 8:05 p.m.

A motion was made by Knox to go into executive session with Chief Finance and Administrative Officer Jay Sweeney to discuss subjects that tend to prejudice the reputation and character of any person and to discuss matters, the immediate knowledge of which, would adversely affect the finances of the City and Borough of Sitka and invite in if desired, and when ready, Rick Armstrong of Baranof Island Brewing Company. The motion PASSED by the following vote.

Yes: 6 - Knox, Paxton, Wein, Mosher, Nelson, and Eisenbeisz

The Assembly was in executive session from 8:06 p.m. to 8:25 p.m.

A motion was made by Knox to reconvene as the Assembly in regular session. The motion PASSED by a unanimous voice vote.

A motion was made by Nelson to declare Baranof Island Brewing Company in default of their economic development loan and direct the Municipal Attorney to pursue collection action. The motion PASSED by the following vote.

Yes: 6 - Eisenbeisz, Knox, Wein, Paxton, Mosher, and Nelson

Non-voting: 1 - Bean

P 19-128

Legal Matter: Rutter dba 738 Taxi LLC lawsuit (carried over from 6/11 meeting)

A motion was made by Knox to go into executive session to receive and discuss a report from Municipal Attorney Brian Hanson regarding financial and legal matters affecting the Municipality as a result of the lawsuit filed by Sigurd Rutter dba 738 Taxi LLC on May 20, 2019, against the City and Borough of Sitka, Donald Kluting and Keith Brady. The motion PASSED by the following vote.

Yes: 6 - Nelson, Mosher, Paxton, Eisenbeisz, Wein, and Knox

The Assembly was in executive session from 8:30 p.m. to 8:45 p.m.

A motion was made by Knox to reconvene as the Assembly in regular session. The motion PASSED by a unanimous voice vote.

Q 19-129

Legal Matter: Equipment Tampering / Power Theft Claim by the City and Borough of Sitka against a customer (carried over from 6/11 meeting)

A motion was made by Nelson to go into executive session to receive and discuss a report from Municipal Attorney Brian Hanson regarding legal matters with respect to a claim by the City and Borough of Sitka of equipment tampering and power theft against a customer. The motion PASSED by the following vote.

Yes: 5 - Eisenbeisz, Paxton, Wein, Nelson, and Knox.

Mosher was non-voting as he had stepped out of the room for a moment.

The Assembly was in executive session from 8:50 p.m. to 9:03 p.m.

A motion was made by Knox to reconvene as the Assembly in regular session. The motion PASSED by a unanimous voice vote.

R 19-138

Legal Matter - Proposed Assignment of Sitka Community Hospital's services contract to Southeast Alaska Regional Health Consortium under the Asset Purchase Agreement

This item was PULLED from the agenda.

S 19-139

Legal Matter - Schedule 6.4(a) of the Asset Purchase Agreement (Sitka Community Hospital affiliation with Southeast Alaska Regional Health

Consortium)

A motion was made by Knox to go into executive session with the Municipal Attorney to discuss a legal matter affecting the municipality regarding schedule 6.4(a) of the Asset purchase Agreement (Sitka Community Hospital affiliation with Southeast Alaska Regional Health Consortium). The motion PASSED by the following vote.

Yes: 6 - Knox, Paxton, Wein, Mosher, Nelson, and Eisenbeisz

The Assembly was in executive session from 9:08 p.m. to 9:26 p.m. Mosher left the meeting at 9:20 p.m.

A motion was made by Knox to reconvene as the Assembly in regular session. The motion PASSED by a unanimous voice vote.

XV. ADJOURNMENT

A motion was made by Knox to ADJOURN. Hearing no objections, the meeting ADJOURNED at 9:28 p.m.

ATTEST:

Sara Peterson, MMC
Municipal Clerk



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 19-143 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 7/2/2019 In control: City and Borough Assembly

On agenda: 7/9/2019 Final action:

Title: Approve an application for the renewal of a standard marijuana cultivation facility license for AKO Farms, LLC at 1210 Beardslee Way

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and memo AKO cultivation.pdf](#)
[A 12253 Renewal Local Government Notice.pdf](#)
[B 12253 Renewal Online Application Redacted.pdf](#)
[C 12253 MJ-20 Renewal Application Certifications.pdf](#)
[D 12253 Entity Documents.pdf](#)
[E 12253 POPPP.pdf](#)

Date	Ver.	Action By	Action	Result
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Should this item be pulled from the Consent Agenda the following motion is suggested:

POSSIBLE MOTION

I MOVE TO approve an application for the renewal of a standard marijuana cultivation facility license for AKO Farms, LLC at 1210 Beardslee Way and forward this approval to the Alcohol and Marijuana Control Office without objection.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Paxton and Assembly Members
Dave Miller, Interim Municipal Administrator

From: Sara Peterson, Municipal Clerk

Date: June 28, 2019

Subject: Approve Standard Marijuana Cultivation Facility License Renewal – AKO Farms

Our office has received notification from the Alcohol and Marijuana Control Office of a renewal for a marijuana cultivation facility license submitted by:

License #:	12253
License Type:	Standard Marijuana Cultivation Facility
Licensee/Applicant:	AKO Farms, LLC
D.B.A.:	AKO Farms, LLC
Physical Address:	1210 Beardslee; Sitka, AK
Designated Licensee:	Elizabeth Martin

A memo was circulated to the various departments who may have a reason to protest. No departmental objections were received.

Recommendation: Approve an application for the renewal of a standard marijuana cultivation facility license application for AKO Farms, LLC at 1210 Beardslee Way and forward this approval to the Alcohol and Marijuana Control Office without objection.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

Memorandum

To: Planning Department
Collections - Carolyn
Municipal Billings – Lindsey
Sales Tax/Property Tax – Sunni
Utility Billing Clerk – Diana
Public Works Department – Shilo
Fire Department
Police Department
Electric Department
Building Official

From: Sara Peterson, Municipal Clerk

Date: June 20, 2019

Subject: Renewal Marijuana Cultivation Facility License

The Municipal Clerk's Office has been notified by the Alcohol and Marijuana Control Office of a renewal for a standard marijuana cultivation facility license submitted by:

License #: 12253
License Type: Standard Marijuana Cultivation Facility
Licensee/Applicant: AKO Farms, LLC
D.B.A.: AKO Farms, LLC
Physical Address: 1210 Beardsley; Sitka, AK
Designated Licensee: Elizabeth Martin

Please notify me **no later than noon on Friday, June 28** of any reason to protest this request. This license renewal is scheduled to go before the Assembly on July 9.

Thank you.



THE STATE
of **ALASKA**
GOVERNOR MICHAEL J. DUNLEAVY

Department of Commerce, Community,
and Economic Development

ALCOHOL & MARIJUANA CONTROL OFFICE

550 West 7th Avenue, Suite 1600

Anchorage, AK 99501

Main: 907.269.0350

June 18, 2019

City & Borough of Sitka

Attn: City & Borough of Sitka

Via Email: sara.peterson@cityofsitka.org
melissa.henshaw@cityofsitka.org
planning@cityofsitka.org
brian.hanson@cityofsitka.org

License Number:	12253
License Type:	Standard Marijuana Cultivation Facility
Licensee:	AKO Farms, LLC
Doing Business As:	AKO FARMS, LLC.
Physical Address:	1210 Beardslee Way Sitka, AK 99835
Designated Licensee:	Elizabeth Martin
Phone Number:	907-738-3484
Email Address:	lizaak13@gmail.com

☒ **License Renewal Application**

☐ **Endorsement Renewal Application**

AMCO has received a complete renewal application and/or endorsement renewal application for a marijuana establishment within your jurisdiction. This notice is required under 3 AAC 306.035(c)(2). Application documents will be sent to you separately via ZendTo.

To protest the approval of this application pursuant to 3 AAC 306.060, you must furnish the director **and** the applicant with a clear and concise written statement of reasons for the protest within 60 days of the date of this notice, and provide AMCO proof of service of the protest upon the applicant.

3 AAC 306.060 states that the board will uphold a local government protest and deny an application for a marijuana establishment license unless the board finds that a protest by a local government is arbitrary, capricious, and unreasonable. If the protest is a "conditional protest" as defined in 3 AAC 306.060(d)(2) and the application otherwise meets all the criteria set forth by the regulations, the Marijuana Control Board may approve the license renewal, but require the applicant to show to the board's satisfaction that the requirements of the local government have been met before the director issues the license.

At the May 15, 2017, Marijuana Control Board meeting, the board delegated to me the authority to approve renewal applications with no protests, objections, or notices of violation. However, if a timely protest or objection is filed for this application, or if any notices of violation have been issued for this license, the board will consider the application. In those situations, a temporary license will be issued pending board consideration.

If you have any questions, please email amco.localgovernmentonly@alaska.gov.

Sincerely,

A handwritten signature in black ink that reads "Erika McConnell". The script is cursive and fluid.

Erika McConnell, Director
amco.localgovernmentonly@alaska.gov

Alcohol & Marijuana Control Office

Initiating License Application

5/6/2019 1:07:36 PM

License Number: 12253**License Status:** Active-Operating**License Type:** Standard Marijuana Cultivation Facility**Doing Business As:** AKO FARMS, LLC.**Business License Number:** 1090969**Designated Licensee:** Elizabeth Martin**Email Address:** akofarmsllc@gmail.com**Local Government:** Sitka (City and Borough of)**Community Council:****Latitude, Longitude:** 57.051579, -135.306230**Physical Address:** 1210 Beardslee Way
Sitka, AK 99835
UNITED STATES**Licensee #1****Type:** Entity**Alaska Entity Number:** 10037708**Alaska Entity Name:** AKO Farms, LLC**Phone Number:** 907-623-0417**Email Address:** akofarmsllc@gmail.com**Mailing Address:** P O Box 2426
1210 Beardslee Way
sitka, AK 99835
UNITED STATES**Entity Official #1****Type:** Individual**Name:** Elizabeth Martin**SSN:** [REDACTED]**Date of Birth:** [REDACTED]**Phone Number:** 907-738-3484**Email Address:** lizaak13@gmail.com**Mailing Address:** P O Box 2752 2217 hpr
sitka, AK 99835
UNITED STATES**Entity Official #2****Type:** Individual**Name:** justin brown**SSN:** [REDACTED]**Date of Birth:** [REDACTED]**Phone Number:** 907-738-5301**Email Address:** rgrjrb@hotmail.com**Mailing Address:** 103 metlakatla st
sitka, AK 99835
UNITED STATES**Entity Official #3****Type:** Individual**Name:** marty Martin**SSN:** [REDACTED]**Date of Birth:** [REDACTED]**Phone Number:** 907-738-4048**Email Address:** martinent@gci.net**Mailing Address:** P O Box 2752 2217 hpr
Sitka, AK 99835
UNITED STATES**Note:** No affiliates entered for this license.



Alcohol & Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
marijuana.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
Phone: 907.269.0350

Alaska Marijuana Control Board

Cover Sheet for Marijuana Establishment Applications

What is this form?

This cover sheet **must** be completed and submitted any time a document, payment, or other marijuana establishment application item is emailed, mailed, or hand-delivered to AMCO's main office.

Items that are submitted without this page will be returned in the manner in which they were received.

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	AKO Farms, LLC	License Number:	12253		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	AKO FARMS, LLC.				
Physical Address:	1210 Beardslee Way				
City:	Sitka	State:	AK	Zip Code:	99835
Designated Licensee:	Elizabeth Martin				
Email Address:	akofarmsllc@gmail.com				

Section 2 – Attached Items

List all documents, payments, and other items that are being submitted along with this page.

Attached Items:	MS-20
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OFFICE USE ONLY					
Received Date:		Payment Submitted Y/N:		Transaction #:	



Alaska Marijuana Control Board

Form MJ-20: Renewal Application Certifications

What is this form?

This renewal application certifications form is required for all marijuana establishment license renewal applications. Each person signing an application for a marijuana establishment license must declare that he/she has read and is familiar with AS 17.38 and 3 AAC 306. A person other than a licensee may not have direct or indirect financial interest (as defined in 3 AAC 306.015(e)(1)) in the business for which a marijuana establishment license is issued, per 3 AAC 306.015(a).

This form must be completed and submitted to AMCO's main office by each licensee (as defined in 3 AAC 306.020(b)(2)) before any license renewal application will be considered complete.

Section 1 – Establishment Information

Enter information for the licensed establishment, as identified on the license application.

Licensee:	AKO FARMS LLC	License Number:	12253		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	AKO FARMS LLC				
Premises Address:	1210 Beardslee Way				
City:	Sitka	State:	AK	ZIP:	99835

Section 2 – Individual Information

Enter information for the individual licensee who is completing this form.

Name:	Marty Martin
Title:	owner

Section 3 – Violations & Charges

Read each line below, and then sign your initials in the box to the right of any applicable statements:

Initials

I certify that I have **not** been convicted of any criminal charge in the previous two calendar years.

I certify that I have **not** committed any civil violation of AS 04, AS 17.38, or 3 AAC 306 in the previous two calendar years.

I certify that a notice of violation has **not** been issued for this license.

Sign your initials to the following statement only if you are unable to certify one or more of the above statements:

Initials

I have attached a written explanation for why I cannot certify one or more of the above statements, which includes the type of violation or offense, as required under 3 AAC 306.035(b).



Form MJ-20: Renewal Application Certifications

Section 4 – Certifications

Initials

Read each line below, and then sign your initials in the box to the right of each statement:

I certify that no person other than a licensee listed on my marijuana establishment license renewal application has a direct or indirect financial interest, as defined in 3 AAC 306.015(e)(1), in the business for which the marijuana establishment license has been issued.

mm

I certify that I meet the residency requirement under AS 43.23 or I have submitted a residency exception affidavit (MJ-20a) along with this application.

mm

I certify that this establishment complies with any applicable health, fire, safety, or tax statute, ordinance, regulation, or other law in the state.

mm

I certify that the license is operated in accordance with the operating plan currently approved by the Marijuana Control Board.

mm

I certify that I am operating in compliance with the Alaska Department of Labor and Workforce Development's laws and requirements pertaining to employees.

mm

I certify that I have not violated any restrictions pertaining to this particular license type, and that this license has not been operated in violation of a condition or restriction imposed by the Marijuana Control Board.

mm

I certify that I understand that providing a false statement on this form, the online application, or any other form provided by or to AMCO is grounds for rejection or denial of this application or revocation of any license issued.

mm

As an applicant for a marijuana establishment license renewal, I declare under penalty of unsworn falsification that I have read and am familiar with AS 17.38 and 3 AAC 306, and that this application, including all accompanying schedules and statements, is true, correct, and complete. I agree to provide all information required by the Marijuana Control Board in support of this application and understand that failure to do so by any deadline given to me by AMCO staff may result in additional fees or expiration of this license.

Marty Martin

Signature of licensee

Marty Martin

Printed name of licensee

Kathy Finsley
Notary Public in and for the State of Alaska

My commission expires: 02/25/23



Subscribed and sworn to before me this 10th day of May, 2019.



Alaska Marijuana Control Board

Form MJ-20: Renewal Application Certifications

What is this form?

This renewal application certifications form is required for all marijuana establishment license renewal applications. Each person signing an application for a marijuana establishment license must declare that he/she has read and is familiar with AS 17.38 and 3 AAC 306. A person other than a licensee may not have direct or indirect financial interest (as defined in 3 AAC 306.015(e)(1)) in the business for which a marijuana establishment license is issued, per 3 AAC 306.015(a).

This form must be completed and submitted to AMCO's main office by each licensee (as defined in 3 AAC 306.020(b)(2)) before any license renewal application will be considered complete.

Section 1 – Establishment Information

Enter information for the licensed establishment, as identified on the license application.

Licensee:	AKO FARMS LLC	License Number:	12253		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	AKO FARMS LLC				
Premises Address:	1210 Beardslee Way				
City:	Sitka	State:	AK	ZIP:	99835

Section 2 – Individual Information

Enter information for the individual licensee who is completing this form.

Name:	Justin Brown
Title:	owner

Section 3 – Violations & Charges

Read each line below, and then sign your initials in the box to the right of any applicable statements:

Initials

I certify that I have **not** been convicted of any criminal charge in the previous two calendar years.

I certify that I have **not** committed any civil violation of AS 04, AS 17.38, or 3 AAC 306 in the previous two calendar years.

I certify that a notice of violation has **not** been issued for this license.

Sign your initials to the following statement only if you are unable to certify one or more of the above statements:

Initials

I have attached a written explanation for why I cannot certify one or more of the above statements, which includes the type of violation or offense, as required under 3 AAC 306.035(b).

--



Form MJ-20: Renewal Application Certifications

Section 4 – Certifications

Read each line below, and then sign your initials in the box to the right of each statement:

Initials

I certify that no person other than a licensee listed on my marijuana establishment license renewal application has a direct or indirect financial interest, as defined in 3 AAC 306.015(e)(1), in the business for which the marijuana establishment license has been issued.

[Handwritten initials]

I certify that I meet the residency requirement under AS 43.23 or I have submitted a residency exception affidavit (MJ-20a) along with this application.

[Handwritten initials]

I certify that this establishment complies with any applicable health, fire, safety, or tax statute, ordinance, regulation, or other law in the state.

[Handwritten initials]

I certify that the license is operated in accordance with the operating plan currently approved by the Marijuana Control Board.

[Handwritten initials]

I certify that I am operating in compliance with the Alaska Department of Labor and Workforce Development's laws and requirements pertaining to employees.

[Handwritten initials]

I certify that I have not violated any restrictions pertaining to this particular license type, and that this license has not been operated in violation of a condition or restriction imposed by the Marijuana Control Board.

[Handwritten initials]

I certify that I understand that providing a false statement on this form, the online application, or any other form provided by or to AMCO is grounds for rejection or denial of this application or revocation of any license issued.

[Handwritten initials]

As an applicant for a marijuana establishment license renewal, I declare under penalty of unsworn falsification that I have read and am familiar with AS 17.38 and 3 AAC 306, and that this application, including all accompanying schedules and statements, is true, correct, and complete. I agree to provide all information required by the Marijuana Control Board in support of this application and understand that failure to do so by any deadline given to me by AMCO staff may result in additional fees or expiration of this license.

[Handwritten signature of Justin Brown]

Signature of licensee

Justin Brown

Printed name of licensee

Kathy Finsley

Notary Public in and for the State of Alaska

My commission expires: 02/25/23



Subscribed and sworn to before me this 10th day of May, 2019.



Alaska Marijuana Control Board

Form MJ-20: Renewal Application Certifications

What is this form?

This renewal application certifications form is required for all marijuana establishment license renewal applications. Each person signing an application for a marijuana establishment license must declare that he/she has read and is familiar with AS 17.38 and 3 AAC 306. A person other than a licensee may not have direct or indirect financial interest (as defined in 3 AAC 306.015(e)(1)) in the business for which a marijuana establishment license is issued, per 3 AAC 306.015(a).

This form must be completed and submitted to AMCO's main office by each licensee (as defined in 3 AAC 306.020(b)(2)) before any license renewal application will be considered complete.

Section 1 – Establishment Information

Enter information for the licensed establishment, as identified on the license application.

Licensee:	AKO FARMS LLC	License Number:	12253		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	AKO FARMS LLC				
Premises Address:	1210 Beardslee Way				
City:	Sitka	State:	AK	ZIP:	99835

Section 2 – Individual Information

Enter information for the individual licensee who is completing this form.

Name:	Elizabeth Martin
Title:	owner

Section 3 – Violations & Charges

Read each line below, and then sign your initials in the box to the right of any applicable statements:

I certify that I have **not** been convicted of any criminal charge in the previous two calendar years.

Initials

I certify that I have **not** committed any civil violation of AS 04, AS 17.38, or 3 AAC 306 in the previous two calendar years.

I certify that a notice of violation has **not** been issued for this license.

Sign your initials to the following statement only if you are unable to certify one or more of the above statements:

Initials

I have attached a written explanation for why I cannot certify one or more of the above statements, which includes the type of violation or offense, as required under 3 AAC 306.035(b).



Form MJ-20: Renewal Application Certifications

Section 4 – Certifications

Read each line below, and then sign your initials in the box to the right of each statement:

Initials

I certify that no person other than a licensee listed on my marijuana establishment license renewal application has a direct or indirect financial interest, as defined in 3 AAC 306.015(e)(1), in the business for which the marijuana establishment license has been issued.

EM

I certify that I meet the residency requirement under AS 43.23 or I have submitted a residency exception affidavit (MJ-20a) along with this application.

EM

I certify that this establishment complies with any applicable health, fire, safety, or tax statute, ordinance, regulation, or other law in the state.

EM

I certify that the license is operated in accordance with the operating plan currently approved by the Marijuana Control Board.

EM

I certify that I am operating in compliance with the Alaska Department of Labor and Workforce Development's laws and requirements pertaining to employees.

EM

I certify that I have not violated any restrictions pertaining to this particular license type, and that this license has not been operated in violation of a condition or restriction imposed by the Marijuana Control Board.

EM

I certify that I understand that providing a false statement on this form, the online application, or any other form provided by or to AMCO is grounds for rejection or denial of this application or revocation of any license issued.

EM

As an applicant for a marijuana establishment license renewal, I declare under penalty of unsworn falsification that I have read and am familiar with AS 17.38 and 3 AAC 306, and that this application, including all accompanying schedules and statements, is true, correct, and complete. I agree to provide all information required by the Marijuana Control Board in support of this application and understand that failure to do so by any deadline given to me by AMCO staff may result in additional fees or expiration of this license.

Elizabeth Martin
Signature of licensee

Kathy Finsley
Notary Public in and for the State of Alaska

Elizabeth Martin

Printed name of licensee

My commission expires: 02/25/23



Subscribed and sworn to before me this 10th day of May, 2019.



Alcohol & Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
marijuana.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
Phone: 907.269.0350

Alaska Marijuana Control Board

Cover Sheet for Marijuana Establishment Applications

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Licensee:	AKO Farms, LLC	License Number:	12253		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	AKO FARMS, LLC.				
Physical Address:	1210 Beardslee Way				
City:	Sitka	State:	AK	Zip Code:	99835
Designated Licensee:	Elizabeth Martin				
Email Address:	akofarmsllc@gmail.com				

Section 2 – Attached Items

List all documents, payments, and other items that are being submitted along with this page.

Attached Items:	ENTITY DETAILS
------------------------	----------------

OFFICE USE ONLY					
Received Date:		Payment Submitted Y/N:		Transaction #:	

Received by AMCO 5.13.19

Department of Commerce, Community, and Economic Development

CORPORATIONS, BUSINESS & PROFESSIONAL LICENSING

[State of Alaska](#) / [Commerce](#) / [Corporations, Business, and Professional Licensing](#) / [Search & Database](#)
[Download](#) / [Corporations](#) / [Entity Details](#)

ENTITY DETAILS

Name(s)

Type	Name
Legal Name	AKO Farms, LLC

Entity Type: Limited Liability Company

Entity #: 10037708

Status: Good Standing

AK Formed Date: 4/15/2016

Duration/Expiration: Perpetual

Home State: ALASKA

Next Biennial Report Due: 1/2/2020

Entity Mailing Address: PO BOX 2426, SITKA, AK 99835

Entity Physical Address: 1210 BEARDSLEY WAY, SITKA, AK 99835

Registered Agent

Agent Name: Justin Brown

Registered Mailing Address: BOX 2426, SITKA, AK 99835

Registered Physical Address: 1210 BEARDSLEY WAY, SITKA, AK 99835

Officials

☐ Show Former

AK Entity #	Name	Titles	Owned
	Justin Brown	Manager, Member	50.00
	Marty & Elizabeth Martin	Member	50.00

Filed Documents

Date Filed	Type	Filing	Certificate
4/15/2016	Creation Filing	Click to View	Click to View
5/02/2016	Initial Report	Click to View	
10/10/2017	Biennial Report	Click to View	
11/01/2017	Agent Change	Click to View	

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Department of Commerce, Community, and Economic Development
**CORPORATIONS, BUSINESS &
PROFESSIONAL LICENSING**

State of Alaska / Commerce / Corporations, Business, and Professional Licensing / Search & Database
Download / Corporations / Entity Details

ENTITY DETAILS

Name(s)

Type	Name
Legal Name	AKO Farms, LLC

Entity Type: Limited Liability Company

Entity #: 10037708

Status: Good Standing

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Home State: ALASKA

Next Biennial Report Due: 1/2/2020

Entity Mailing Address: PO BOX 2426, SITKA, AK 99835

Entity Physical Address: 1210 BEARDSLEY WAY, SITKA, AK 99835

Registered Agent

Agent Name: Justin Brown

Registered Mailing Address: BOX 2426, SITKA, AK 99835

Registered Physical Address: 1210 BEARDSLEY WAY, SITKA, AK 99835

Officials

AK Entity #	Name	Titles	<input type="checkbox"/> Show Former Owned
	Justin Brown	Member, Manager	50
	Marty & Elizabeth Martin	Member	50

12253

Received by AMCO 5.13.19

State of Alaska
Department of Commerce, Community, and Economic Development
Corporations, Business, and Professional Licensing

Certificate of Organization

The undersigned, as Commissioner of Commerce, Community, and Economic Development of the State of Alaska, hereby certifies that a duly signed and verified filing pursuant to the provisions of Alaska Statutes has been received in this office and has been found to conform to law.

ACCORDINGLY, the undersigned, as Commissioner of Commerce, Community, and Economic Development, and by virtue of the authority vested in me by law, hereby issues this certificate to

AKO Farms, LLC



IN TESTIMONY WHEREOF, I execute the certificate
and affix the Great Seal of the State of Alaska
effective April 15, 2016.

A handwritten signature in black ink, appearing to read "Chris Hladick".

Chris Hladick
Commissioner

AKO FARMS

License #4A-12253 #SA16767

**AKO FARMS, LLC
OPERATING AGREEMENT**

This Agreement is entered into this 15th day of April, 2016, by and among JUSTIN BROWN, of 103 Metlakatla Street, Sitka, Alaska 99835, MARTY MARTIN, of PO Box 437, Sitka, Alaska 99835, and ELIZABETH MARTIN, of PO Box 437, Sitka, Alaska 99835.

The parties have agreed to organize and operate a limited liability company in accordance with the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the parties, intending legally to be bound, agree as follows:

**Article I
Definitions**

The following italicized terms shall have the meaning specified in this *Article I*. Other terms are defined in the text of this Agreement; and, throughout this Agreement, those terms shall have the meanings respectively ascribed to them:

"Act" means the Alaska Limited Liability Company Act, as amended from time to time.

"Adjusted Capital Account Deficit" means, with respect to any Interest Holder, the deficit balance, if any, in the Interest Holder's Capital Account as of the end of the relevant taxable year, after giving effect to the following adjustments:

(i) the Capital Account shall be credited with the amounts which the Interest Holder is deemed obligated to restore pursuant to Regulation Sections 1.704-2(g)(1) and (i)(5) (i.e., the Interest Holder's share of Minimum Gain and Member Minimum Gain); and

(ii) the Capital Account shall be debited with the items described in Regulation Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

"Adjusted Capital Balance" means, as of any day, an Interest Holder's total Capital Contributions less all amounts actually distributed to the Interest Holder pursuant to Sections 4.2.3.4.1 and 4.4 hereof. If any Interest is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Adjusted Capital Balance of the transferor to the extent the Adjusted Capital Balance relates to the Interest transferred.

"Affiliate" means, with respect to any Member, any Person: (i) which owns more than 50% of the voting interests in the Member; or (ii) in which the Member owns more than 50% of

the voting interests; or (iii) in which more than 50% of the voting interests are owned by a Person who has a relationship with the Member described in clause (i) or (ii) above.

"Agreement" means this Operating Agreement, as amended from time to time.

"Capital Account" means the account to be maintained by the Company for each Interest Holder in accordance with the following provisions:

(i) an Interest Holder's Capital Account shall be credited with the Interest Holder's Capital Contributions, the amount of any Company liabilities assumed by the Interest Holder (other than liabilities secured by Company property distributed to the Interest Holder), the Interest Holder's allocable share of Profit and any item in the nature of income or gain specially allocated to the Interest Holder pursuant to the provisions of *Article IV* (other than *Section 4.3.3*); and

(ii) an Interest Holder's Capital Account shall be debited with the amount of money and the fair market value of any Company property distributed to the Interest Holder (net of liabilities secured by such distributed property that such Interest Holder is considered to assume or take subject to under Section 752 of the Code), the amount of the Interest Holder's individual liabilities that are assumed by the Company (other than liabilities that reduce the amount of any Capital Contribution made by such Interest Holder), the Interest Holder's allocable share of Loss, and any item in the nature of expenses or losses specially allocated to the Interest Holder pursuant to the provisions of *Article IV* (other than *Section 4.3.3*).

If any Interest is transferred pursuant to the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent the Capital Account is attributable to the transferred Interest. If the book value of Company property is adjusted as provided herein, the Capital Account of each Interest Holder shall be adjusted to reflect the aggregate adjustment in the same manner as if the Company had recognized gain or loss equal to the amount of such aggregate adjustment. It is intended that the Capital Accounts of all Interest Holders shall be maintained in compliance with the provisions of Regulation Section 1.704-1(b), and all provisions of this Agreement relating to the maintenance of Capital Accounts shall be interpreted and applied in a manner consistent with that Regulation.

"Capital Contribution" means the total amount of cash and the fair market value of any other assets contributed (or deemed contributed under Regulation Section 1.704-1(b)(2)(iv)(d)) to the Company by a Member, net of liabilities assumed by the Company or to which the assets are subject.

"Capital Proceeds" means the gross receipts received by the Company from a Capital Transaction.

"Capital Transaction" means any transaction not in the ordinary course of business which results in the Company's receipt of cash or other consideration other than Capital Contributions, including, without limitation, proceeds of sales or exchanges or other dispositions of property not in the ordinary course of business, financings, refinancings, condemnations, recoveries of damage awards, and insurance proceeds.

"Cash Flow" means all cash funds derived from operations of the Company (including interest received on reserves), without reduction for any noncash charges, but less cash funds used to pay current operating expenses and to pay or establish reasonable reserves for future expenses, debt payments, capital improvements, and replacements as determined by the General Manager. Cash Flow shall not include Capital Proceeds but shall be increased by the reduction of any reserve previously established.

"Code" means the Internal Revenue Code of 1986, as amended, or any corresponding provision of any succeeding law.

"Company" means the limited liability company formed in accordance with this Agreement.

"Department" means the Department of Commerce and Economic Development.

"General Manager" means the Person or his successor.

"Interest" means a Person's share of the profits and losses of, and the right to receive distributions from, the Company.

"Interest Holder" means any Person who holds an Interest, whether as a Member or an unadmitted assignee of a Member.

"Involuntary Withdrawal" of a Member shall mean the death, retirement, resignation, expulsion or bankruptcy of such Member and any other event which terminates the continued membership of such Member in the Company.

"Member" means each Person signing this Agreement and any Person who subsequently is admitted as a member of the Company.

"Member Minimum Gain" has the meaning and shall be determined as set forth in Regulation Section 1.704-2(i) for "partner nonrecourse debt minimum gain".

"Member Nonrecourse Deductions" has the meaning and shall be determined as set forth in Regulation Section 1.704-2(i) for "partner nonrecourse deductions".

"Minimum Gain" has the meaning and shall be determined as set forth in Regulation Sections 1.704-2(b)(2) and 1.704-2(d) for "partnership minimum gain".

"Membership Rights" means all of the rights of a Member in the Company, including a Member's: (i) Interest; (ii) right to inspect the Company's books and records; (iii) right to participate in the management of and vote on matters coming before the Company; and (iv) unless this Agreement or the Articles of Organization provide to the contrary, right to act as an agent of the Company.

"Negative Capital Account" means a Capital Account with a balance of less than zero.

"Nonrecourse Deductions" has the meaning set forth in Regulation Section 1.704-2(b)(1).

"Nonrecourse Liability" has the meaning set forth in Regulation Sections 1.704-2(b)(3) and 1.752-1(a)(2).

"Percentage" means, as to a Member, the percentage set forth after the Member's name on *Exhibit A*, as amended from time to time, and as to an Interest Holder who is not a Member, the Percentage of the Member whose Interest has been acquired by such Interest Holder, to the extent the Interest Holder has succeeded to that Member's Interest.

"Person" means and includes an individual, corporation, partnership, association, limited liability company, trust, estate, or other entity.

"Positive Capital Account" means a Capital Account with a balance of zero or greater.

"Profit" and *"Loss"* means, for each taxable year of the Company (or other period for which Profit or Loss must be computed), the Company's taxable income or loss determined in accordance with Section 703(a) of the Code, with the following adjustments:

(i) all items of income, gain, loss, deduction, or credit required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included; and

(ii) any tax-exempt income of the Company, not otherwise taken into account in computing Profit or Loss, shall be included; and

(iii) any expenditures of the Company described in Section 705(a)(2)(B) of the Code (or treated as such pursuant to Regulation Section 1.704-1(b)(2)(iv)(i)) and not otherwise taken into account in computing Profit or Loss, shall be subtracted; and

(iv) gain or loss resulting from any taxable disposition of Company property shall be computed by reference to the adjusted book value of the property disposed of, notwithstanding the fact that the adjusted book value differs from the adjusted basis of the property for federal income tax purposes; and

(v) in lieu of the depreciation, amortization, or cost recovery deductions allowable in computing taxable income or loss, there shall be taken into account the depreciation or amortization computed for book purposes; and

(vi) notwithstanding any other provision of this definition, any items which are specially allocated pursuant to *Section 4.3* hereof shall not be taken into account.

"*Regulation*" or "*Regulations*" means the income tax regulations, including any temporary regulations, from time to time promulgated under the Code.

"*Transfer*" means, when used as a noun, any voluntary sale, hypothecation, pledge, assignment, attachment, or other transfer, and, when used as a verb, means voluntarily to sell, hypothecate, pledge, assign, or otherwise transfer.

Article II Organization and Purpose

2.1 *Organization.* The parties shall organize a limited liability company pursuant to the Act and the provisions of this Agreement.

2.2. *Name of the Company.* The name of the Company shall be "AKO Farms, LLC". The Company may do business under that name and under any other name or names which the General Manager selects. If the Company does business under a name other than that set forth in its Articles of Organization, then the Company shall file an assumed business name as required by law.

2.3. *Purpose.* The Company is organized to conduct any or all lawful affairs for which an LLC may be organized under AS 10.50. The Company may do any and all things necessary, convenient, or incidental to that purpose.

2.4. *Term.* The term of the Company shall begin upon the acceptance of the Articles of Organization by the Department and shall be perpetual, unless its existence is sooner terminated pursuant to *Article VII* of this Agreement or the mandatory provisions of the Act.

2.5. *Principal Office.* The principal office of the Company in the State of Alaska shall be located at 713-B Sawmill Creek Road, Sitka, Alaska 99835, or at any other place within the State of Alaska that the General Manager selects.

2.6. *Registered Agent.* The name and address of the Company's registered agent in the State of Alaska shall be Justin Brown, 103 Metlakatla Street, Sitka, Alaska 99835.

2.7. *Members.* The name, present mailing address, taxpayer identification number, and Percentage of each Member are set forth on *Exhibit A*.

Article III Capital

3.1. *Initial Capital Contributions.* Upon the execution of this Agreement, the Members shall contribute to the Company cash in the amounts or assets with the value set forth on *Exhibit A*. The amount of the initial contribution of each Member shall be recorded by the General Manager as a contribution to the capital of the Company.

3.2. *No Additional Capital Contributions Required.* No Member shall be obligated, nor shall any Member have a right, to contribute any additional capital to the Company, other than as specified in *Exhibit A*, and no Member shall have any personal liability for any obligation of the Company.

3.3. *No Interest on Capital Contributions.* Interest Holders shall not be paid interest on their Capital Contributions.

3.4. *Return of Capital Contributions.* Except as otherwise provided in this Agreement, no Interest Holder shall have the right to receive any return of any Capital Contribution.

3.5. *Form of Return of Capital.* If an Interest Holder is entitled to receive a return of a Capital Contribution, the Interest Holder shall not have the right to receive anything but cash in return of the Interest Holder's Capital Contribution.

3.6. *Capital Accounts.* A separate Capital Account shall be maintained for each Interest Holder.

Article IV Allocations and Distributions

4.1. *Allocation of Profit or Loss and Distributions of Cash Flow.*

4.1.1. *Profit or Loss Other Than from a Capital Transaction.* After giving effect to the special allocations set forth in *Section 4.3*, for any taxable year of the Company, Profit or Loss (other than Profit or Loss resulting from a Capital Transaction, which Profit or Loss shall be allocated in accordance with the provisions of *Sections 4.2.1* and *4.2.2*) shall be allocated to the Interest Holders in proportion to their Percentages.

4.1.2. *Cash Flow.* Cash Flow for each taxable year of the Company shall be distributed to the Interest Holders in proportion to their Percentages no later than seventy-five (75) days after the end of the taxable year.

4.2. *Allocation of Profit or Loss from a Capital Transaction.*

4.2.1. *Profit.* After giving effect to the special allocations set forth in *Section 4.3*, Profit from a Capital Transaction shall be allocated as follows:

4.2.1.1. If one or more Interest Holders has a Negative Capital Account, to those Interest Holders, in proportion to their Negative Capital Accounts, until all Negative Capital Accounts have been reduced to zero.

4.2.1.2. Any Profit not allocated pursuant to *Section 4.2.1.1* shall be allocated to the Interest Holders in proportion to, and to the extent of, the amounts distributed or distributable to them pursuant to *Section 4.2.3.4.3*.

4.2.1.3. Any Profit in excess of the foregoing allocations shall be allocated to the Interest Holders in proportion to their Percentages.

4.2.2. *Loss.* After giving effect to the special allocations set forth in *Section 4.3*, Loss from a Capital Transaction shall be allocated as follows:

4.2.2.1. If one or more Interest Holders has a Positive Capital Account, to those Interest Holders, in proportion to their Positive Capital Accounts, until all Positive Capital Accounts have been reduced to zero.

4.2.2.2. Any Loss not allocated to reduce Positive Capital Accounts to zero pursuant to *Section 4.2.2.1* shall be allocated to the Interest Holders in proportion to their Percentages.

4.2.3. *Capital Proceeds.* Capital Proceeds shall be distributed and applied by the Company in the following order and priority:

4.2.3.1. to the payment of all expenses of the Company incident to the Capital Transaction; then

4.2.3.2. to the payment of debts and liabilities of the Company then due and outstanding (including all debts due to any Interest Holder); then

4.2.3.3. to the establishment of any reserves which the General Manager deems necessary for liabilities or obligations of the Company; then

4.2.3.4. the balance shall be distributed as follows:

4.2.3.4.1. to the Interest Holders in proportion to their Adjusted Capital Balances, until their remaining Adjusted Capital Balances have been paid in full;

4.2.3.4.2. if any Interest Holder has a Positive Capital Account after the distributions made pursuant to *Section 4.2.3.4.1* and before any further allocation of Profit pursuant to *Section 4.2.1.3*, to those Interest Holders in proportion to their Positive Capital Accounts; then

4.2.3.4.3. the balance, to the Interest Holders in proportion to their Percentages.

4.3. *Regulatory Allocations.* The allocations set forth in *Sections 4.3.1* and *4.3.2* are included to comply with the requirements of the Regulations. If allocations under such provisions are different from the allocations which would be made under *Section 4.1* or *4.2*, as appropriate, then the General Manager shall make appropriate allocations, consistent with the Regulations, so that the net allocations are, as much as possible, consistent with those under *Sections 4.1* and *4.2*.

4.3.1. *Qualified Income Offset.* No Interest Holder shall be allocated Losses or deductions if the allocation causes the Interest Holder to have an Adjusted Capital Account Deficit. If an Interest Holder unexpectedly receives any adjustments, allocations, or distributions described in Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6) which results in or increases an Adjusted Capital Account Deficit at the end of any taxable year, then all items of income and gain of the Company for that taxable year shall be allocated to that Interest Holder, before any other allocation pursuant to this *Article IV* (other than those pursuant to *Sections 4.3.2.1* and *4.3.2.2*), in an amount and manner sufficient to eliminate such Adjusted Capital Account Deficit as quickly as possible. This *Section 4.3.1* is intended to comply with, and shall be interpreted consistently with, the "qualified income offset" provisions of the Regulation Section 1.704-1(b)(2)(ii)(d) and all other Regulation Sections relating thereto.

4.3.2. *Minimum Gain.*

4.3.2.1. *Minimum Gain Chargeback.* Except as set forth in Regulation Section 1.704-2(f), if, during any taxable year, there is a net decrease in Minimum Gain, each Interest Holder, prior to any other allocation pursuant to this *Article V*, shall be specially allocated items of gross income and gain for such taxable year (and, if necessary, subsequent taxable years) in an amount equal to that Interest Holder's share of the net decrease of Minimum Gain, computed in accordance with Regulation Section 1.704-2(g). Allocations of items of gross income and gain pursuant to this *Section 4.3.2.1* shall be made as described in Regulation Sections 1.704-2(f) and (j). This *Section 4.3.2.1* is intended to comply with, and shall be interpreted consistently with, the "minimum gain chargeback" provisions of Regulation Section 1.704-2(f) and all other Regulation Sections relating thereto.

4.3.2.2. *Member Minimum Gain Chargeback.* Except as set forth in Regulation Section 1.704-2(i)(4), if, during any taxable year, there is a net decrease in Member Minimum Gain, each Interest Holder with a share of that Member Minimum Gain as of the beginning of such year, prior to any other allocation pursuant to this *Article V*, shall be specially allocated items of gross income and gain for such taxable year (and, if necessary, subsequent taxable years) in an amount equal to that Interest Holder's share of the net decrease of Member Minimum Gain, computed in accordance with Regulation Section 1.704-2(i)(4). Allocations of items of gross income and gain pursuant to this *Section 4.3.2.2* shall be made as described in Regulation Sections 1.704-2(i)(4) and (j). This *Section 4.3.2.2* is intended to comply with, and shall be interpreted consistently with, the "minimum gain chargeback" provisions of Regulation Section 1.704-2(i)(4) and all other Regulation Sections relating thereto.

4.3.3. *Contributed Property and Book-ups.* To the extent permitted or required by Section 704(c) of the Code and the Regulations thereunder, Regulation Section 1.704-1(b)(2)(iv)(d)(3) and Regulation Section 1-704-1(b)(2)(iv)(f), income, gain, loss, and deduction with respect to any property contributed (or deemed contributed) to the Company shall, solely for tax purposes, be allocated among the Interest Holders so as to take account of any variation between the adjusted basis of the property to the Company for federal income tax purposes and its fair market value at the date of contribution (or deemed contribution) under the rules of Regulation Section 704-3(b)(1). If the adjusted book value of any Company asset is adjusted as provided herein, subsequent allocations of income, gain, loss, and deduction with respect to the asset shall take account of any variation between the adjusted basis of the asset for federal income tax purposes and its adjusted book value in the manner required under Section 704(c) of the Code and the Regulations thereunder.

4.3.4. *Election under Section 754 of the Code.* To the extent an adjustment to the tax basis of any Company asset pursuant to Section 734(b) or Section 743(b) of the Code is required, pursuant to Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of the adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases basis), and the gain or loss shall be specially allocated to the Interest Holders in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to that Section of the Regulations.

4.3.5. *Nonrecourse Deductions.* Nonrecourse Deductions for a taxable year or other period shall be specially allocated among the Interest Holders in proportion to their Percentages.

4.3.6. *Member Nonrecourse Deductions.* Any Member Nonrecourse Deduction for any taxable year or other period shall be specially allocated to the Interest Holder who bears the risk of loss with respect to the liability to which the Member Nonrecourse Deduction is attributable in accordance with Regulation Section 1.704-2(i).

4.3.7. *Guaranteed Payments.* To the extent any compensation paid to any Member by the Company, is determined by the Internal Revenue Service not to be a guaranteed payment under Section 707(c) of the Code or is not paid to the Member other than in the Person's capacity as a Member within the meaning of Section 707(a) of the Code, the Member shall be specially allocated gross income of the Company in an amount equal to the amount of that compensation, and the Member's Capital Account shall be adjusted to treat the payment of that compensation as a distribution.

4.3.8. *Recapture.* In making any allocation among the Members of income or gain from the sale or other disposition of a Company asset, the ordinary income portion, if any, of such income and gain resulting from the recapture of cost recovery or other deductions shall be allocated among those Members who were previously allocated (or whose predecessors-in-interest were previously allocated) the cost recovery deductions or other deductions resulting in the recapture items, in proportion to the amount of such cost recovery deductions or other deductions previously allocated to them.

4.3.9. *Withholding.* All amounts required to be withheld pursuant to Section 1446 of the Code or any other provision of federal, state, or local tax law shall be treated as amounts actually distributed to the affected Interest Holders for all purposes under this Agreement.

4.3.10. *Other Allocations.* All items of Company income, gain, loss, deduction and credit the allocation of which is not otherwise provided for in this Agreement, including allocation of such items for tax purposes, shall be allocated among the Members in the same proportions as they share Profits or Losses for the taxable year pursuant to this *Article IV*.

4.4. *Liquidation and Dissolution.*

4.4.1. If the Company is liquidated, the assets of the Company shall be distributed to the Interest Holders in accordance with the balances in their respective Capital Accounts, after taking into account the allocations of Profit or Loss pursuant to *Sections 4.1* or *4.2*.

4.4.2. No Interest Holder shall be obligated to restore a Negative Capital Account.

4.5. *General.*

4.5.1. Except as otherwise provided in this Agreement, the timing and amount of all distributions shall be determined by the General Manager.

4.5.2. If any assets of the Company are distributed in kind to the Interest Holders, those assets shall be valued on the basis of their fair market value, and any Interest

Holder entitled to any interest in those assets shall receive that interest as a tenant-in-common with all other Interest Holders so entitled. Unless the Members otherwise agree, the fair market value of the assets shall be determined by an independent appraiser who shall be selected by the General Manager. The Profit or Loss for each unsold asset shall be determined as if the asset had been sold at its fair market value, and the Profit or Loss shall be allocated as provided in *Section 4.2* and shall be properly credited or charged to the Capital Accounts of the Interest Holders prior to the distribution of the assets in liquidation pursuant to *Section 4.4*.

4.5.3. All Profit and Loss shall be allocated, and all distributions shall be made, to the Persons shown on the records of the Company to have been Interest Holders as of the last day of the taxable year for which the allocation or distribution is to be made. Notwithstanding the foregoing, unless the Company's taxable year is separated into segments, if there is a Transfer or an Involuntary Withdrawal during the taxable year, the Profit and Loss shall be allocated between the original Interest Holder and the successor on the basis of the number of days each was an Interest Holder during the taxable year; provided, however, to the extent permitted under Section 706 of the Code the Company's taxable year shall be segregated into two or more segments in order to account for Profit, Loss, or proceeds attributable to a Capital Transaction or to any other extraordinary nonrecurring items of the Company.

4.5.4. The General Manager is hereby authorized, upon the advice of the Company's tax counsel, to amend this *Article IV* to comply with the Code and the Regulations promulgated under Section 704(b) of the Code; provided, however, that no amendment shall materially affect distributions to an Interest Holder without the Interest Holder's prior written consent.

Article V Management

5.1. General Manager.

5.1.1. *In General.* The business and affairs of the Company shall be managed by the General Manager. Except as otherwise expressly provided in this Agreement, the General Manager shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business.

5.1.2. *Specific Powers.* Without limiting the generality of the foregoing, the General Manager shall have the power and authority, on behalf of the Company, to:

5.1.2.1. Acquire by purchase, lease, or otherwise, any real or personal property, tangible or intangible;

5.1.2.2. Construct, operate, maintain, finance, and improve, and to own, sell, convey, assign, mortgage, or lease any real estate and any personal property;

5.1.2.3. Except as provided in *Section 5.1.3.6*, sell, dispose, trade, or exchange Company assets in the ordinary course of the Company's business;

5.1.2.4. Enter into agreements and contracts and to give receipts, releases and discharges;

5.1.2.5. Purchase liability and other insurance to protect the Company's properties and business;

5.1.2.6. Borrow money for and on behalf of the Company, and, in connection therewith, execute and deliver instruments to hypothecate, encumber and grant security interests in the assets of the Company to secure repayment of the sums borrowed;

5.1.2.7. Execute or modify leases with respect to any part or all of the assets of the Company;

5.1.2.8. Prepay, in whole or in part, refinance, amend, modify, or extend any mortgages or deeds of trust which may affect any asset of the Company and in connection therewith to execute for and on behalf of the Company any extensions, renewals or modifications of such mortgages or deeds of trust;

5.1.2.9. Execute any and all other instruments and documents which may be necessary or in the opinion of the General Manager desirable to carry out the intent and purpose of this Agreement, including, but not limited to, documents whose operation and effect extend beyond the term of the Company;

5.1.2.10. Make any and all expenditures which the General Manager, in its sole discretion, deems necessary or appropriate in connection with the management of the affairs of the Company and the carrying out of its obligations and responsibilities under this Agreement, including, without limitation, all legal, accounting and other related expenses incurred in connection with the organization and financing and operation of the Company;

5.1.2.11. Enter into any kind of activity necessary to, in connection with, or incidental to, the accomplishment of the purposes of the Company;

5.1.2.12. Invest and reinvest Company reserves in short-term instruments or money market funds; and

5.1.2.13. Employ accountants, legal counsel, agents, and other experts to perform services for the Company.

5.1.3. *Extraordinary Transactions.* Notwithstanding anything to the contrary in this Agreement, the General Manager shall not undertake any of the following without the approval of the Members:

- 5.1.3.1. Any Capital Transaction;
- 5.1.3.2. The Company's lending more than \$5,000.00 of its money on any one occasion;
- 5.1.3.3. The admission of additional Members to the Company;
- 5.1.3.4. The Company's engaging in business in any jurisdiction which does not provide for the registration of limited liability companies;
- 5.1.3.5. Discontinuance of the Company's business;
- 5.1.3.6. Sale of the Company's business or substantial portion thereof, or the sale, exchange or other disposition of all, or substantially all, of the company's assets;
- 5.1.3.7. Any merger, reorganization or recapitalization of the Company;
- 5.1.3.8. Any borrowings by the Company in excess of \$5,000.00;
- 5.1.3.9. Any contract which would require the Company to expend more than \$5,000.00 and the adoption of any profit sharing, bonus, pension or similar plan;
- 5.1.3.10. Settlement or confession of judgment in any legal matter;
- 5.1.3.11. Transactions with Affiliates [or family members] of the General Manager;
- 5.1.3.12. Taking or effecting any action that would render the Company bankrupt or insolvent or, except as expressly provided in this Agreement, cause the termination, dissolution, liquidation or winding-up of the Company; and
- 5.1.3.13. Such other matters and decisions as the Members may from time to time designate.

5.1.4. *Removal of General Manager.* The General Manager may only be removed under the following procedure. If any one or more of the following events occurs, the Members may remove the General Manager, and elect a new General Manager:

5.1.4.1. The General Manager's willful or intentional violation or reckless disregard of the General Manager's duties to the Company; or

5.1.4.2. The General Manager's Involuntary Withdrawal.

The determination of whether one or more of such events exist shall be made by those Members holding a majority of the Percentages then held by Members and shall be final, binding, and not reviewable unless the decision was based on a material mistake of fact or law or was arbitrary and capricious. The General Manager may not be removed for any other reasons or under any other procedure.

5.2. *Meetings of and Voting by Members.*

5.2.1. A meeting of the Members may be called at any time by any Member. Meetings of Members shall be held at the Company's principal place of business or at any other place in Sitka, Alaska. Not less than ten (10) nor more than ninety (90) days before each meeting, the Person calling the meeting shall give written notice of the meeting to each Member entitled to vote at the meeting. The notice shall state the time, place, and purpose of the meeting. Notwithstanding the foregoing provisions, each Member who is entitled to notice waives notice if before or after the meeting the Member signs a waiver of the notice which is filed with the records of Members' meetings, or is present at the meeting in person or by proxy. Unless this Agreement provides otherwise, at a meeting of Members, the presence in person or by proxy of a majority of the Members constitutes a quorum. A Member may vote either in person or by written proxy signed by the Member or by the Member's duly authorized attorney-in-fact.

5.2.2. Except as otherwise provided in this Agreement, the affirmative vote of a majority of the Members shall be required to approve any matter coming before the Members.

5.2.3. In lieu of holding a meeting, the Members may vote or otherwise take action by a written instrument indicating the consent of Members holding a majority of the Percentages then held by Members.

5.3. *Personal Service.*

5.3.1. No Member shall be required to perform services for the Company solely by virtue of being a Member. Unless approved by the General Manager, no Member shall perform services for the Company or be entitled to compensation for services performed for the Company.

5.3.2. Unless approved by a majority of the Members, the General Manager shall not be entitled to compensation for services performed for the Company. However, upon substantiation of the amount and purpose thereof, the General Manager shall be entitled to reimbursement for expenses reasonably incurred in connection with the activities of the Company.

5.4. *Limitation of Liability and Independent Activities.*

5.4.1. *Limitation of Liability.* Neither the Members nor the Managers (nor any of their Affiliates) shall be liable, responsible or accountable in damages or otherwise to the Company or the Members for any act or omission by any such Person (which shall include any applicable entity) performed in good faith pursuant to the authority granted to such Person by this Agreement or in accordance with its provisions, and in a manner reasonably believed by such Person to be within the scope of the authority granted to such Person and in the best interest of the Company; provided, however, that such Person shall retain liability for acts or omissions that involve intentional misconduct, a knowing violation of the law, a violation of AS 10.50.320 (in the case of Members only) or for any transaction from which the Person will personally receive a benefit in money, property, or services to which the person is not legally entitled.

5.4.2. *Independent Activities.* Any Member may engage in or possess an interest in other business ventures of every nature and description, independently or with others, including, without limitation, the ownership, financing, management, employment by, lending or otherwise participating in businesses that are similar to the business of the Company, and neither the Company nor the other Members shall have any right by virtue of this Agreement in and to such independent ventures as to the income or profits therefrom and shall not be liable for a breach of duty of loyalty or any other duty.

5.5. *Indemnification*

5.5.1. *Indemnification.* (i) To the fullest extent permitted by applicable law, a Member, the General Manager and each director, officer, partner, employee or agent thereof (a "Covered Person") shall be entitled to indemnification from the Company for any loss, damage, or claim incurred by such Covered Person by reason or any act or omission performed or omitted by such Covered Person in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of authority conferred on such Covered Person by this Agreement, except that non Covered Person shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Covered Person by reason of gross negligence, bad faith, or willful misconduct with respect to such act or omissions; *provided, however*, that any indemnity under this Section 5.5.1 shall be provided out of and to the extent of Company assets only, and no other Covered Person shall have any personal liability on account thereof.

5.5.2. *Notice.* In the event that any claim, demand, action, suit or proceeding shall be instituted or asserted or any loss, damage or claim shall arise in respect of which

indemnity may be sought by a Covered Person pursuant to *Section 5.5.1(i)*, such Covered Person shall promptly notify the Company thereof in writing. Failure to provide notice shall not affect the Company's obligations hereunder except to the extent the Company is actually prejudiced thereby.

5.5.3. *Contest.* The Company shall have the right, exercisable subject to the approval of the disinterested Covered Persons, to participate in and control the defense of any such claim, demand, action, suit or proceeding, and in connection therewith, to retain counsel reasonably satisfactory to each Covered Person, at the Company's expense, to represent each Covered Person and any others the Company may designate in such claim, demand, action, suit or proceeding. The Company shall keep the Covered Person advised of the status of such claim, demand, action, suit or proceeding and the defense thereof and shall consider in good faith recommendations made by the Covered Person with respect thereto.

Article VI

Admissions and Transfers

6.1. *Transfers.* No Person may Transfer all or any portion of or any interest or rights in the Person's Membership Rights or Interest unless the following conditions ("Conditions of Transfer") are satisfied:

6.1.1. The Transfer will not require registration of Interests or Membership Rights under any federal or state securities laws;

6.1.2. The transferee delivers to the Company a written agreement to be bound by all the terms of this Agreement;

6.1.3. The Transfer will not result in the termination of the Company pursuant to Code Section 708;

6.1.4. The Transfer will not result in the Company being subject to the Investment Company Act of 1940, as amended;

6.1.5. The transferor or the transferee delivers the following information to the Company: (i) the transferee's taxpayer identification number, and (ii) the transferee's initial tax basis in the Transferred Interest; and

6.1.6. The transferor obtains, at the transferor's expense, and delivers to the Company, an opinion of legal counsel acceptable to the Company, confirming that the Conditions of Transfer have been satisfied.

6.2. If the Conditions of Transfer are satisfied, then a Member or Interest Holder may Transfer all or any portion of that Person's Interest. The Transfer of an Interest pursuant to this *Article IX* shall not result, however, in the Transfer of any of the transferor's other Membership Rights, if any, and the transferee of the Interest shall have no right to: (i) become a Member, or (ii) exercise any Membership Rights other than those specifically pertaining to the ownership of an Interest.

6.3. Each Member hereby acknowledges the reasonableness of the prohibition contained in this *Article VI* in view of the purposes of the Company and the relationship of the Members. The Transfer of any Membership Rights or Interests in violation of the prohibition contained in this *Article VI* shall be deemed invalid, null and void, and of no force or effect. Any Person to whom Membership Rights are attempted to be transferred in violation of this *Article* shall not be entitled to vote on matters coming before the Members, participate in the management of the Company, act as an agent of the Company, receive distributions from the Company, or have any other rights in or with respect to the Membership Rights.

6.4. *Admission of Transferee as Member.* Notwithstanding anything contained herein to the contrary, the transferee of all or any portion of or any interest or rights in any Membership Rights or Interest shall not be entitled to become a Member or exercise any rights of a Member. The transferee shall be entitled to receive, to the extent transferred, only the distributions to which the transferor would be entitled, and the transferee shall not be admitted as a Member unless the Members unanimously consent.

Article VII

Dissolution and Liquidation

7.1. *Events of Dissolution.* The Company shall be dissolved upon the happening of any of the following events:

7.1.1. when the period fixed for its duration in *Section 2.4* has expired;

7.1.2. upon the unanimous written agreement of the Members; or

7.1.3. upon the death, retirement, resignation, expulsion, or bankruptcy of a Member or the occurrence of any other event which terminates the continued membership of a Member in the Company, unless the remaining Members, within ninety (90) days after the event or occurrence, unanimously elect to continue the business of the Company pursuant to the terms of this Agreement.

7.2. *Procedure for Winding Up and Dissolution.* If the Company is dissolved, the General Manager shall wind up its affairs. On winding up of the Company, the assets of the

Company shall be distributed, first, to creditors of the Company, including Members who are creditors, in satisfaction of the liabilities of the Company, and then, amounts in excess of any reserves deemed reasonably necessary by the General Manager to pay all of the Company's claims and obligations shall be distributed to the Interest Holders in accordance with *Section 4.2.3.4* of this Agreement.

7.3. *Termination.* The General Manager shall comply with any requirements of applicable Law pertaining to the winding up of the affairs of the Company and the final distribution of its assets. Upon completion of the winding up, liquidation and distribution of the assets, the Company shall be deemed terminated.

Article VIII

Books, Records, and Accounting

8.1. *Bank Accounts.* All funds of the Company shall be deposited in a bank account or accounts opened in the Company's name. The General Manager shall determine the institution or institutions at which the accounts will be opened and maintained, the types of accounts, and the Persons who will have authority with respect to the accounts and the funds therein.

8.2. *Books and Records.*

8.2.1. The General Manager shall keep or cause to be kept complete and accurate books and records of the Company and supporting documentation of the transactions with respect to the conduct of the Company's business. The records shall include, but not be limited to, complete and accurate information regarding the state of the business and financial condition of the Company, a copy of the Articles of Organization and this Agreement and all amendments thereto, a current list of the names and last known business, residence, or mailing addresses of all Members; and the Company's federal, state, and local tax returns.

8.2.2. The books and records shall be maintained in accordance with sound accounting practices consistently applied and shall be available at the Company's principal office for examination by any Member or the Member's duly authorized representative at any and all reasonable times during normal business hours.

8.2.3. Each Member shall reimburse the Company for all costs and expenses incurred by the Company in connection with the Member's inspection and copying of the Company's books and records.

8.3. *Annual Accounting Period.* The annual accounting period of the Company shall be its taxable year. The Company's taxable year shall be selected by the General Manager, subject to the requirements and limitations of the Code.

8.4. *Reports*

8.4.1. *Biennial Report.* The Members shall file a biennial report as required by the Department.

8.4.2. *Reports to Members.* Within seventy-five (75) days after the end of each taxable year of the Company, the General Manager shall cause to be sent to each Person who was a Member at any time during the taxable year then ended: (i) an annual compilation report, prepared by the Company's independent accountants in accordance with standards issued by the American Institute of Certified Public Accountants; and (ii) a report summarizing the fees and other remuneration paid by the Company to any Member, the General Manager, or any Affiliate in respect of the taxable year. In addition, within seventy-five (75) days after the end of each taxable year of the Company, the General Manager shall cause to be sent to each Person who was an Interest Holder at any time during the taxable year then ended, that tax information concerning the Company necessary for preparing the Interest Holder's income tax returns for that year. At the request of any Member, and at the Member's expense, the General Manager shall cause an audit of the Company's books and records to be prepared by independent accountants for the period requested by the Member.

8.5. *Tax Matters Member.* The General Manager shall be the Company's tax matters partner ("Tax Matters Member"). The Tax Matters Member shall have all powers and responsibilities of a "tax matters partner" as defined in Section 6231 of the Code. The Tax Matters Member shall keep all Members informed of all notices from government taxing authorities that may come to the attention of the Tax Matters Member. The Company shall pay and be responsible for all reasonable third-party costs and expenses incurred by the Tax Matters Member in performing those duties. A Member shall be responsible for any costs incurred by the Member with respect to any tax audit or tax-related administrative or judicial proceeding against any Member, even though it relates to the Company. The Tax Matters Member shall not compromise any dispute with the Internal Revenue Service without the approval of the Members.

8.6. *Tax Elections.* The General Manager shall have the authority to make all Company elections permitted under the Code, including, without limitation, elections of methods of depreciation and elections under Section 754 of the Code. The decision to make or not make an election shall be at the General Manager's sole and absolute discretion.

8.7. *Title to Company Property.* All real and personal property acquired by the Company shall be acquired and held by the Company in its name.

Article IX
Amendments; General Provisions

9.1. *Assurances.* Each Member shall execute all certificates and other documents and shall do all such filing, recording, publishing, and other acts as the General Manager deems appropriate to comply with the requirements of law for the formation and operation of the Company and to comply with any laws, rules, and regulations relating to the acquisition, operation, or holding of the property of the Company.

9.2. *Notifications.* Any notice, demand, consent, election, offer, approval, request, or other communication (collectively a "notice") required or permitted under this Agreement must be in writing and either delivered personally or sent by certified or registered mail, postage prepaid, return receipt requested. Any notice to be given hereunder by the Company shall be given by the General Manager. A notice must be addressed to an Interest Holder at the Interest Holder's last known address on the records of the Company. A notice to the Company must be addressed to the Company's principal office. A notice delivered personally will be deemed given only when acknowledged in writing by the person to whom it is delivered. A notice that is sent by mail will be deemed given three (3) business days after it is mailed. Any party may designate, by notice to all of the others, substitute addresses or addressees for notices; thereafter, notices are to be directed to those substitute addresses or addressees.

9.3. *Specific Performance.* The parties recognize that irreparable injury will result from a breach of any provision of this Agreement and that money damages will be inadequate to remedy the injury fully. Accordingly, in the event of a breach or threatened breach of one or more of the provisions of this Agreement, any party who may be injured (in addition to any other remedies which may be available to that party) shall be entitled to one or more preliminary or permanent orders (i) restraining and enjoining any act that would constitute a breach or (ii) compelling the performance of any obligation that, if not performed, would constitute a breach.

9.4. *Complete Agreement.* This Agreement constitutes the complete and exclusive statement of the agreement among the Members. It supersedes all prior written and oral statements, including any prior representation, statement, condition, or warranty. Except as expressly provided otherwise herein, this Agreement may not be amended without the written consent of all of the Members.

9.5. *Applicable Law.* All questions concerning the construction, validity, and interpretation of this Agreement and the performance of the obligations imposed by this Agreement shall be governed by the internal law, not the law of conflicts, of the State of Alaska.

9.6. *Section Titles.* The headings herein are inserted as a matter of convenience only and do not define, limit, or describe the scope of this Agreement or the intent of the provisions hereof.

9.7. *Binding Provisions.* This Agreement is binding upon, and inures to the benefit of, the parties hereto and their respective heirs, executors, administrators, personal and legal representatives, successors, and permitted assigns.

9.8. *Jurisdiction and Venue.* Any suit involving any dispute or matter arising under this Agreement may only be brought in the United States District Court for Alaska or any Alaska State Court having jurisdiction over the subject matter of the dispute or matter. All Members hereby consent to the exercise of personal jurisdiction by any such court with respect to any such proceeding.

9.9. *Terms.* Common nouns and pronouns shall be deemed to refer to the masculine, feminine, neuter, singular, and plural, as the identity of the Person may in the context require.

9.10. *Separability of Provisions.* Each provision of this Agreement shall be considered separable; and if, for any reason, any provision or provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid.

9.11. *Counterparts.* This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which, when taken together, constitute one and the same document. The signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

9.12. *Estoppel Certificate.* Each Member shall, within ten (10) days after written request by the General Manager, deliver to the requesting Person a certificate stating, to the Member's knowledge, that: (a) this Agreement is in full force and effect; (b) this Agreement has not been modified except by any instrument or instruments identified in the certificate; and (c) there is no default hereunder by the requesting Person, or if there is a default, the nature and extent thereof. If the certificate is not received within that ten (10) day period, the General Manager shall execute and deliver the certificate on behalf of the requested Member.

9.13. *Amendment.* This Agreement may be amended by a vote of the members holding 100% of the capital accounts of all of the Members, *provided however* that no amendment which materially reduces the distributions which may be made to a Member (or changes the Profit or Loss allocation to such Member) may be made without such Member's consent.

9.14. *Consents.* Unless otherwise explicitly provided for herein, any and all consents, agreements or approvals provided for or permitted by this Agreement shall be in writing and a signed copy thereof shall be filed and kept with the books of the Company.

9.15. *Legends.* If certificates for any Interest or Interests are issued that evidence a Member's Interest, each such certificate shall bear such legends as may be required by applicable federal and state laws, or as may be deemed necessary or appropriate by the General Manager to reflect restrictions upon transfer contemplated herein.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first below written.

4 15 2016
Date

Justin Brown
Justin Brown

4/15/2016
Date

Marty Martin
Marty Martin

4/15/2016
Date

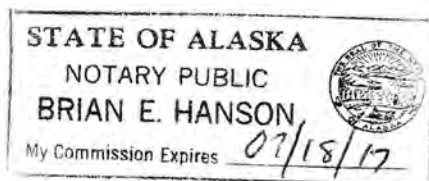
Elizabeth Martin
Elizabeth Martin

STATE OF ALASKA

)
) ss:
)

FIRST JUDICIAL DISTRICT

The foregoing instrument was acknowledged before me this 15th day of April, 2016, by JUSTIN BROWN.



Brian E. Hanson
Notary Public in and for Alaska
My commission expires: 07/18/17

STATE OF ALASKA

)

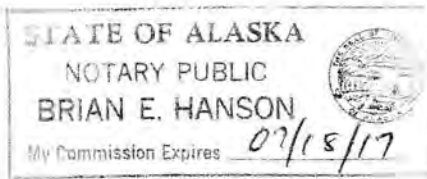
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FIRST JUDICIAL DISTRICT

)

The foregoing instrument was acknowledged before me this 15th day of April, 2016, by MARTY MARTIN.



Brian E. Hanson
Notary Public in and for Alaska
My commission expires: 07/18/17

STATE OF ALASKA

)

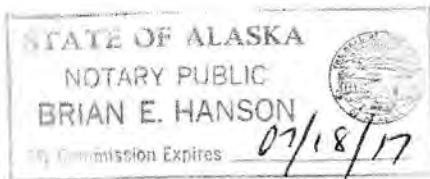
)

ss:

FIRST JUDICIAL DISTRICT

)

The foregoing instrument was acknowledged before me this 15th day of April, 2016, by ELIZABETH MARTIN.



Brian E. Hanson
Notary Public in and for Alaska
My commission expires: 07/18/17



Alcohol & Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
marijuana.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
Phone: 907.269.0350

Alaska Marijuana Control Board

Cover Sheet for Marijuana Establishment Applications

What is this form?

This cover sheet must be completed and submitted any time a document, payment, or other marijuana establishment application item is emailed, mailed, or hand-delivered to AMCO's main office.

Items that are submitted without this page will be returned in the manner in which they were received.

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	AKO Farms, LLC	License Number:	12253		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	AKO FARMS, LLC.				
Physical Address:	1210 Beardslee Way				
City:	Sitka	State:	AK	Zip Code:	99835
Designated Licensee:	Elizabeth Martin				
Email Address:	akofarmsllc@gmail.com				

Section 2 – Attached Items

List all documents, payments, and other items that are being submitted along with this page.

Attached Items:	PROOF OF PREMISES
-----------------	-------------------

OFFICE USE ONLY

Received Date:		Payment Submitted Y/N:		Transaction #:	
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Received by AMCO 5.13.19

AKO FARMS
License #12253
4A

SA #16767

COMMERCIAL LEASE

THIS COMMERCIAL LEASE (the "Lease") is made by and between Martin Enterprises, Inc. (hereinafter called the "Lessor" or "Landlord") of PO Box 437, Sitka, AK 99835, and AKO Farms, LLC (hereinafter called the "Lessee" or "Tenant") of PO Box 2426, Sitka, AK 99835, for the property known as 1210 Beardsley, Sitka, AK 99835

1. Property. In consideration of the mutual covenants contained herein, the Lessor hereby leases to the Lessee, and the Lessee hereby leases from the Lessor the "Lease Space" located at the above rental address of approximately 7,000 square feet, more fully described in Appendix A ("the Premises"). The Lessee has inspected and shall accept the Premises in its current condition, for the purpose of a marijuana cultivation business. **Landlord acknowledges that the premises will be used for a marijuana establishment.**

2. Term. The Lessee is to have and hold the Premises for a term of Twenty Four (24) months. The term shall commence on October 1, 2017 (the "commencement date") and shall expire on September 30, 2019 (the "expiration date").

3. Extended Term.

(a) Lessee's Option To Extend. Provided the Lessee is not in default of its obligations under this Lease, the Lessee shall have the option to extend the initial term on all the terms and conditions contained herein, except for the monthly base rent, for an additional period of Three (3) years, commencing at midnight on the day the initial term terminates.

(b) Procedure to Extend. In order to exercise its option, the Lessee shall give the Lessor written notice of its intention to extend at least sixty (60) days prior to the expiration of the initial term.

(c) Monthly Base Rent. The monthly base rent for the extended term shall be set by negotiation. The parties shall have thirty (30) days after the Lessor received the notice to extend in which to agree on the monthly base rent for the extended term, if the parties agree they shall immediately execute an amendment to this Lease stating the monthly base rent.

4. Rental Amount.

(a) Monthly Base Rent. The Lessee shall pay to the Lessor monthly base rent (the "monthly base rent") on or before the first day of each calendar month in an amount equal to Nine Thousand Dollars (\$9,000.00) per calendar month, and begin on January 1, 2018 and each month of this lease thereafter. All monthly base rent shall be paid to the Lessor at the address to which notices to the Lessor are given. Rent for any partial calendar month shall be pro rated at a daily rate of one thirtieth (1/30) of the monthly base rent.

(b) Sales Tax. The Lessee shall pay to the Lessor any applicable sales tax on the monthly base rent.

(c) Late Penalty. Any rent or other sum required under this Lease to be paid that is not paid within five (5) days of the due date shall be assessed a late charge of One Hundred Dollars (\$100.00); such amount shall be considered liquidated damages and shall be due and payable as additional rent. In the event the late charge assessed above exceeds the maximum amount allowable by law, the amount assessed will be adjusted to the maximum amount allowable by law. To be considered paid, Lessor must have received the rent or other sum required under this Lease.

5. Utilities. The Lessee, at its costs, shall pay all costs for quantities of water, sewer, garbage, electricity, and other utilities used or consumed on the Premises, or which become due and payable. Prior to taking possession of the Premises, the Lessee shall arrange with the City and Borough of Sitka to be the named persons responsible for all payments for utilities provided by the City and Borough of Juneau to the Premises. The Lessee shall be responsible for, shall arrange for delivery of, and shall pay for all fuel oil (diesel fuel #2), if any, required to operate the any utilities provided with the Premises. If applicable, the Lessor shall provide a full fuel tank when the Lessee takes possession. Likewise, if applicable, the Lessee shall leave a full fuel tank upon termination of the term or extended term of this Lease.

6. Maintenance and Repair. The Lessee, at its cost, shall: maintain the Premises in good condition; make all repairs of whatever kind and nature, foreseen and unforeseen, as may be necessary or appropriate to keep the Premises in good condition; and, remove from the Premises all debris and garbage, and provide all landscaping, gardening, and ice and snow removal. The Lessee, at its cost, shall furnish all janitorial and cleaning services and supplies for the Premises. Lessee shall be responsible for making the premises suitable for its business, and shall be solely responsible for security any necessary permits, licenses, and other approvals.

7. Landlords Right of Entry. Due to state laws regulating cannabis, Landlord and tenant agree that Landlord may only enter the Premises when accompanied by authorized Lessee personnel.

8. Insurance Requirements. The Lessee, at its cost, shall maintain a comprehensive general liability policy, with liability limits of not less than Two Million Dollars (\$2,000,000) per occurrence, against all liability of the Lessee and its authorized representatives arising out of and in connection with the Lessees use or occupancy of the Premises. Such insurance policy shall name the Lessor as an additional insured with all rights of subrogation waived against Lessor. In addition, the Lessor may, from time to time, require the Lessee to increase the amount of coverage. All insurance shall insure the Lessee's performance of the indemnification provisions of this Lease.

9. Policies of Insurance. All insurance required to be provided by the Lessee under this Lease shall be issued by insurance companies authorized to do business in Alaska with a financial rating of at least an A status as rated in the most recent edition of Best's Insurance Reports and shall contain an endorsement requiring at least thirty (30) days' prior written notice of cancellation to the Lessor before the cancellation or change in coverage, scope, or amount of any policy. The Lessee shall deliver a certificate or copy of such policy, together with evidence of all premiums, to the Lessor within 30 days after commencement of this Lease. The Lessee

shall also deliver to the Lessor satisfactory evidence of the renewal of such policy and the payment of all renewal premiums not less than thirty (30) days before the expiration of any policy.

10. Release and Indemnity. The Lessor shall not be liable to the Lessee for any damage to the Lessee or the Lessee's property from any cause, and the Lessee further waives all claims against the Lessor for damage to any person or property arising for any reason.

The Lessee shall defend, indemnify, and hold the Lessor harmless from all claims, demands, causes of action, damages, and any expenses incident thereto, arising out of any damage to any person or property incurring in, on, or about the Premises, or arising out of the Lessee's use of the Premises or the Lessee's breach of any term of this lease. Lessee shall further indemnify Lessor for any and all costs or damages due to civil forfeiture under the federal Controlled Substances Act.

11. Destruction.

(a) Option to Terminate. In the event the Premises is damaged or destroyed so as to render the Premises totally or partially untenantable, the Lessor may elect to terminate this Lease by giving a notice of termination to the Lessee within ninety (90) days from the date of such damage or destruction. In the event the Lessor does not elect to terminate this Lease, the Lessor shall restore the Premises. In the event the Lessor elects to terminate this Lease, this Lease shall terminate on the date the Lessee received the Lessor's notice of termination.

(b) Restoration. In the event the Premises is to be restored, the Lessor with all due diligence shall restore the Premises to substantially the same condition as immediately prior to the date of such damage or destruction, and the Lessee, at its cost, shall restore or repair its improvements, fixtures, and equipment as may be necessary and appropriate to reopen and operate the Premises. All restoration shall be in accordance with the Lessor's plans and specifications at that time and in full compliance with all applicable laws and ordinances.

(c) Abatement of Rent. During the period of untenantability, the monthly base rent shall abate in the same ratio as the portion of the Premises rendered untenantable bears to the whole of the Premises, but all terms and conditions of the Lease shall remain in full force and effect.

12. Alterations and Improvements. Lessee is responsible for all costs of alteration, additions and improvements. Lessee is hereby permitted to make reasonable alterations inside the Premises.

13. Default. The occurrence of any of the following shall constitute a default by the Lessee:

a) Nonpayment. The failure to make payment of any installment of the monthly base rent, or of any other sum required under this Lease to be paid by Lessee if not paid by the due date;

b). Abandonment. The abandonment of the Premises (failure to operate the Sublet Premises) for a period of thirty (30) consecutive days shall be deemed an abandonment;

c) Receiver. The appointment of a receiver or a debtor-in-possession to take possession of the Premises or improvements or of the Lessee's interest in the leasehold estate or of the Lessee's operations on the Premises by reason of the Lessee's insolvency;

d) Bankruptcy. An assignment by the Lessee for the benefit of creditors or the filing of a voluntary or involuntary petition by or against the Lessee under any law for the purpose of adjudicating the Lessee a bankrupt; or for extending time for payment, adjustment, or satisfaction of the Lessee's liabilities; or for reorganization, dissolution, or arrangement on account of or to prevent bankruptcy or insolvency; unless the assignment or proceeding, and all consequent orders, adjudications, custodies and supervision are dismissed, vacated, or otherwise permanently stayed or terminated within thirty (30) days after the assignment, filing, or other initial event;

e) Enforcement Action or Noncompliance with State or Local Laws. Federal law enforcement action against Lessee or Lessor for marijuana activities on the premises including prosecution, investigation, or forfeiture; the non-compliance by Lessee with other Federal law (other than marijuana related), noncompliance with any state or local statute, law, or ordinance, including but not limited to the state marijuana licensing and program rules and local zoning ordinances, any civil action faced by Lessee or Lessor as a result of the marijuana cultivation business; and

f) Violation of Agreement. The failure to observe or perform any of the Lease Agreement's other covenants, agreements, or obligations hereunder, if any such default shall not be cured within thirty (30) days after notice of default has been given to the Lessee.

In the event of default by Lessee, Landlord will immediately notify AMCO. Landlord will not remove or take possession of marijuana without prior written permission from AMCO on its disposal.

14. Remedies and Vacation/Surrender of the Premises. In the event of default, after AMCO has been notified and has authorized disposal of marijuana, the Lessor shall have the following remedies in addition to all other rights and remedies allowable at law or equity, to which the Lessor may resort cumulatively or in the alternative:

a) Relet. The Lessor shall have the right, at its election, during the period that the Lessee is in default, to enter the Premises and relet it, or any part of it, to any third party for the Lessee's account, and the Lessee shall remain liable under this Lease for all costs the Lessor incurs in reletting the Premises, including, but not limited to, brokers' commissions, demolition, remodeling, and similar costs. In the event the Lessor reenters and relets the Premises, the Lessee shall pay to the Lessor all rent due under this Lease, less the rent the Lessor receives from any such reletting.

b) Terminate. The Lessor shall have the right, at its election, during the period that Lessee is in default, to give the Lessee notice of the Lessor's intention to terminate this Lease and all of the Lessee's rights hereunder, and on the date specified in such notice, including early

and/or immediate termination of the term of this Lease, and all rights granted the Lessee hereunder shall come to an end as fully as if the lease then expired by its own terms.

c) Retake. In the event of termination of this Lease, the Lessor shall have the right to repossess the Sublet Premises either with process of law or through any form of suit or proceeding, as well as the right to sue for and recover all rents and other sums accrued up to the time of such termination, and damages arising out of any breach on the part of the Lessee, including damages for rent not then accrued. The Lessor shall also have the right, without resuming possession of the Premises or terminating this Lease, to sue for and recover all rents and other sums, including damages at any time and from time to time.

Upon termination of this Lease, for default or otherwise (such as expiration of this Lease), Lessee shall vacate the Premises and surrender it to Landlord.

15. Assignment. The Lessee shall not voluntarily assign or encumber its interest in this lease or in the Premises, or sublease all or any part of the Premises, or allow any other person or entity (except the Lessee's authorized representatives) to occupy or use all or any part of the Premises, without first obtaining the Lessor's written consent. Any dissolution, merger, consolidation, or other reorganization of the Lessee, or the sale or other transfer of a controlling percentage of the capital stock of the Lessee, or the sale of at least fifty-one percent (51%) of the value of the assets of the Lessee, shall be deemed a voluntary assignment. "Controlling percentage" shall mean the ownership of and tie right to vote stock possession at least fifty-one percent (51%) of the total combined voting power of all classes of the Lessee's capital stock issued, outstanding, and entitled to vote for the election of directors. Any assignment, encumbrance, or sublease without the Lessor's written consent shall be voidable and, at the Lessor's election, shall constitute a default. No consent to any assignment, encumbrance, or sublease shall constitute a further waiver of the provisions of this Section 15.

16. Miscellaneous.

A. Severability. If any part or parts of this Lease shall be held unenforceable for any reason, the remainder of this Lease shall continue in full force and effect. If any provision of this Lease is deemed invalid or unenforceable by any court of competent jurisdiction, and if limiting such provision would make the provision valid, then such provision shall be deemed to be construed as so limited.

B. Binding Effect. The covenants and conditions contained in the Lease shall apply to and bind the parties and the heirs, legal representatives, successors and permitted assigns of the parties.

C. Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of Alaska.

D. Entire Agreement. This Lease constitutes the entire agreement between the Parties and supersedes any prior understanding or representation of any kind preceding the date of this Lease. There are no other promises, conditions, understandings or other

agreements, whether oral or written, relating to the subject matter of this Lease. This Lease may be modified in writing and must be signed by both Landlord and Tenant.

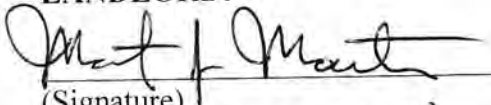
E. Notice. Any notice required or otherwise given pursuant to this Lease shall be in writing and mailed certified return receipt requested, postage prepaid, or delivered by overnight delivery service, if to Lessee, at the Premises and if to Landlord, at the address for payment of Rent. Either party may change such addresses from time to time by providing notice as set forth above.

F. Waiver. The failure of either party to enforce any provisions of this Lease shall not be deemed a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Lease. The acceptance of Rent by Landlord does not waive Landlord's right to enforce any provisions of this Lease.

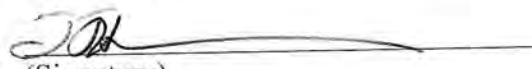
G. Federal law. The parties mutually agree that federal illegality of cannabis operations on the premises is not a valid defense to any claim arising from this Lease Agreement. Thus, the parties waive the right to present any such defense related to the status of cannabis under federal law.

IN WITNESS WHEREOF, the parties have caused this Lease to be executed the day and year first above written.

LANDLORD:


(Signature)
MARTY J MARTU
(Print Name)
OWNER
Title (if applicable)

TENANT:


(Signature)
Justin Brown
(Print Name)
manager
Title (if applicable)



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 19-144 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 7/2/2019 In control: City and Borough Assembly

On agenda: 7/9/2019 Final action:

Title: Approve an application for the renewal of a marijuana concentrate manufacturing facility license for AKO Farms, LLC at 1210 Beardslee Way

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and memo AKO concentrate .pdf](#)
[A 16767 Renewal Local Government Notice.pdf](#)
[B 16767 Renewal Online Application Redacted.pdf](#)
[C 16767 MJ-20 Renewal Application Certifications.pdf](#)
[D 16767 Entity Documents \(2\).pdf](#)
[E 16767 POPPP \(2\).pdf](#)

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

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

POSSIBLE MOTION

I MOVE TO approve an application for the renewal of a marijuana concentrate manufacturing facility license for AKO Farms, LLC at 1210 Beardslee Way and forward this approval to the Alcohol and Marijuana Control Office without objection.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Paxton and Assembly Members
Dave Miller, Interim Municipal Administrator

From: Sara Peterson, Municipal Clerk

Date: June 28, 2019

Subject: Approve Marijuana Concentrate Manufacturing Facility License Renewal - AKO Farms, LLC

Attached you will find a notification, and additional information, from the Alcohol and Marijuana Control Office of an application for a marijuana concentrate manufacturing facility license renewal for the following applicant:

License #:	16767
License Type:	Marijuana Concentrate Manufacturing Facility
Licensee/Applicant:	AKO Farms, LLC
D.B.A.:	AKO Farms, LLC
Physical Address:	1210 Beardslee Way; Sitka, AK
Designated Licensee:	Justin Brown

A memo was circulated to the various municipal departments who may have a reason to protest. No departmental objections were received.

Recommendation: Approve an application for the renewal of a marijuana concentrate manufacturing facility license for AKO Farms, LLC at 1210 Beardslee Way and forward this approval to the Alcohol and Marijuana Control Office without objection.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

Memorandum

To: Planning Department
Collections - Carolyn
Municipal Billings – Lindsey
Sales Tax/Property Tax – Sunni
Utility Billing Clerk – Diana
Public Works Department – Shilo
Fire Department
Police Department
Electric Department
Building Official

From: Sara Peterson, Municipal Clerk

Date: June 20, 2019

Subject: Renewal Marijuana Concentrate Manufacturing Facility License

The Municipal Clerk's Office has been notified by the Alcohol and Marijuana Control Office of a renewal for a marijuana concentrate manufacturing facility license submitted by:

License #: 16767
License Type: Marijuana Concentrate Manufacturing Facility
Licensee/Applicant: AKO Farms, LLC
D.B.A.: AKO Farms, LLC
Physical Address: 1210 Beardslee Way; Sitka, AK
Designated Licensee: Justin Brown

Please notify me **no later than noon on Friday, June 28** of any reason to protest this request. This license is scheduled to go before the Assembly on July 9.

Thank you.



THE STATE
of **ALASKA**
GOVERNOR MICHAEL J. DUNLEAVY

Department of Commerce, Community,
and Economic Development

ALCOHOL & MARIJUANA CONTROL OFFICE

550 West 7th Avenue, Suite 1600

Anchorage, AK 99501

Main: 907.269.0350

June 18, 2019

City & Borough of Sitka

Attn: City & Borough of Sitka

Via Email: sara.peterson@cityofsitka.org
melissa.henshaw@cityofsitka.org
planning@cityofsitka.org
brian.hanson@cityofsitka.org

License Number:	16767
License Type:	Marijuana Concentrate Manufacturing Facility
Licensee:	AKO Farms, LLC
Doing Business As:	AKO FARMS, LLC.
Physical Address:	1210 Beardslee Way Sitka, AK 99835
Designated Licensee:	justin brown
Phone Number:	907-738-5301
Email Address:	rgrjrb@hotmail.com

☒ **License Renewal Application**

☐ **Endorsement Renewal Application**

AMCO has received a complete renewal application and/or endorsement renewal application for a marijuana establishment within your jurisdiction. This notice is required under 3 AAC 306.035(c)(2). Application documents will be sent to you separately via ZendTo.

To protest the approval of this application pursuant to 3 AAC 306.060, you must furnish the director **and** the applicant with a clear and concise written statement of reasons for the protest within 60 days of the date of this notice, and provide AMCO proof of service of the protest upon the applicant.

3 AAC 306.060 states that the board will uphold a local government protest and deny an application for a marijuana establishment license unless the board finds that a protest by a local government is arbitrary, capricious, and unreasonable. If the protest is a "conditional protest" as defined in 3 AAC 306.060(d)(2) and the application otherwise meets all the criteria set forth by the regulations, the Marijuana Control Board may approve the license renewal, but require the applicant to show to the board's satisfaction that the requirements of the local government have been met before the director issues the license.

At the May 15, 2017, Marijuana Control Board meeting, the board delegated to me the authority to approve renewal applications with no protests, objections, or notices of violation. However, if a timely protest or objection is filed for this application, or if any notices of violation have been issued for this license, the board will consider the application. In those situations, a temporary license will be issued pending board consideration.

If you have any questions, please email amco.localgovernmentonly@alaska.gov.

Sincerely,

A handwritten signature in cursive script that reads "Erika McConnell".

Erika McConnell, Director

amco.localgovernmentonly@alaska.gov

Alcohol & Marijuana Control Office

Initiating License Application

5/6/2019 1:27:17 PM

License Number: 16767**License Status:** Active-Operating**License Type:** Marijuana Concentrate Manufacturing Facility**Doing Business As:** AKO FARMS, LLC.**Business License Number:** 1090969**Designated Licensee:** justin brown**Email Address:** akofarmsllc@gmail.com**Local Government:** Sitka (City and Borough of)**Community Council:****Latitude, Longitude:** 57.051579, -135.306230**Physical Address:** 1210 Beardslee Way
Sitka, AK 99835
UNITED STATES**Licensee #1****Type:** Entity**Alaska Entity Number:** 10037708**Alaska Entity Name:** AKO Farms, LLC**Phone Number:** 907-738-5301**Email Address:** akofarmsllc@gmail.com**Mailing Address:** bx 2426
sitka, AK 99835
UNITED STATES**Entity Official #1****Type:** Individual**Name:** Marty Martin**SSN:** [REDACTED]**Date of Birth:** [REDACTED]**Phone Number:** 907-747-3815**Email Address:** martinent@gci.net**Mailing Address:** P O Box 2752
sitka, AK 99835
UNITED STATES**Entity Official #2****Type:** Individual**Name:** justin brown**SSN:** [REDACTED]**Date of Birth:** [REDACTED]**Phone Number:** 907-738-5301**Email Address:** rgrjrb@hotmail.com**Mailing Address:** 103 metlakatla
sitka, AK 99835
UNITED STATES**Entity Official #3****Type:** Individual**Name:** Elizabeth Martin**SSN:** [REDACTED]**Date of Birth:** [REDACTED]**Phone Number:** 907-747-3815**Email Address:** lizaak13@gmail.com**Mailing Address:** P O Box 2752
sitka, AK 99835
UNITED STATES**Affiliate #1****Type:** Individual**Name:** Marty Martin**SSN:** [REDACTED]**Date of Birth:** [REDACTED]**Phone Number:** 907-747-3815**Email Address:** martinent@gci.net**Mailing Address:** P O Box 2752
2217 HPR
sitka, AK 99835
UNITED STATES**Affiliate #2****Type:** Individual**Name:** justin brown**SSN:** [REDACTED]**Date of Birth:** [REDACTED]**Phone Number:** 907-738-5301**Email Address:** rgrjrb@hotmail.com**Mailing Address:** 103 metlakatla st
sitka, AK 99835
UNITED STATES

Affiliate #3

Type: Individual

Name: Elizabeth Martin

SSN: [REDACTED]

Date of Birth: [REDACTED]

Phone Number: 907-747-3815

Email Address: lizaak13@gmail.com

Mailing Address: P O Box 2752
2217 HPR
sitka, AK 99835
UNITED STATES



Alcohol & Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
marijuana.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
Phone: 907.269.0350

Alaska Marijuana Control Board

Cover Sheet for Marijuana Establishment Applications

What is this form?

This cover sheet **must** be completed and submitted any time a document, payment, or other marijuana establishment application item is emailed, mailed, or hand-delivered to AMCO's main office.

Items that are submitted without this page will be returned in the manner in which they were received.

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	AKO Farms, LLC	License Number:	16767		
License Type:	Marijuana Concentrate Manufacturing Facility				
Doing Business As:	AKO FARMS, LLC.				
Physical Address:	1210 Beardslee Way				
City:	Sitka	State:	AK	Zip Code:	99835
Designated Licensee:	justin brown				
Email Address:	akofarmsllc@gmail.com				

Section 2 – Attached Items

List all documents, payments, and other items that are being submitted along with this page.

Attached Items:	MTS-20
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OFFICE USE ONLY

Received Date:		Payment Submitted Y/N:		Transaction #:	
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Received by AMCO 5.13.19



Alaska Marijuana Control Board

Form MJ-20: Renewal Application Certifications

What is this form?

This renewal application certifications form is required for all marijuana establishment license renewal applications. Each person signing an application for a marijuana establishment license must declare that he/she has read and is familiar with AS 17.38 and 3 AAC 306. A person other than a licensee may not have direct or indirect financial interest (as defined in 3 AAC 306.015(e)(1)) in the business for which a marijuana establishment license is issued, per 3 AAC 306.015(a).

This form must be completed and submitted to AMCO's main office by each licensee (as defined in 3 AAC 306.020(b)(2)) before any license renewal application will be considered complete.

Section 1 – Establishment Information

Enter information for the licensed establishment, as identified on the license application.

Licensee:	AKO FARMS LLC	License Number:	16767		
License Type:	Marijuana Concentrate Manufacturing Facility				
Doing Business As:	AKO FARMS LLC				
Premises Address:	1210 Beardslee Way				
City:	Sitka	State:	AK	ZIP:	99835

Section 2 – Individual Information

Enter information for the individual licensee who is completing this form.

Name:	Elizabeth Martin
Title:	owner

Section 3 – Violations & Charges

Read each line below, and then sign your initials in the box to the right of any applicable statements:

Initials

I certify that I have **not** been convicted of any criminal charge in the previous two calendar years.

I certify that I have **not** committed any civil violation of AS 04, AS 17.38, or 3 AAC 306 in the previous two calendar years.

I certify that a notice of violation has **not** been issued for this license.

Sign your initials to the following statement only if you are unable to certify one or more of the above statements:

Initials

I have attached a written explanation for why I cannot certify one or more of the above statements, which includes the type of violation or offense, as required under 3 AAC 306.035(b).

--



Form MJ-20: Renewal Application Certifications

Section 4 – Certifications

Read each line below, and then sign your initials in the box to the right of each statement:

Initials

I certify that no person other than a licensee listed on my marijuana establishment license renewal application has a direct or indirect financial interest, as defined in 3 AAC 306.015(e)(1), in the business for which the marijuana establishment license has been issued.

Em

I certify that I meet the residency requirement under AS 43.23 or I have submitted a residency exception affidavit (MJ-20a) along with this application.

Em

I certify that this establishment complies with any applicable health, fire, safety, or tax statute, ordinance, regulation, or other law in the state.

Em

I certify that the license is operated in accordance with the operating plan currently approved by the Marijuana Control Board.

Em

I certify that I am operating in compliance with the Alaska Department of Labor and Workforce Development's laws and requirements pertaining to employees.

Em

I certify that I have not violated any restrictions pertaining to this particular license type, and that this license has not been operated in violation of a condition or restriction imposed by the Marijuana Control Board.

Em

I certify that I understand that providing a false statement on this form, the online application, or any other form provided by or to AMCO is grounds for rejection or denial of this application or revocation of any license issued.

Em

As an applicant for a marijuana establishment license renewal, I declare under penalty of unsworn falsification that I have read and am familiar with AS 17.38 and 3 AAC 306, and that this application, including all accompanying schedules and statements, is true, correct, and complete. I agree to provide all information required by the Marijuana Control Board in support of this application and understand that failure to do so by any deadline given to me by AMCO staff may result in additional fees or expiration of this license.

Elizabeth Martin
Signature of licensee

Kathy Finsley
Notary Public in and for the State of Alaska

Elizabeth Martin

Printed name of licensee

My commission expires: 02/25/23

Subscribed and sworn to before me this 10th day of May, 2019.





Alaska Marijuana Control Board

Form MJ-20: Renewal Application Certifications

What is this form?

This renewal application certifications form is required for all marijuana establishment license renewal applications. Each person signing an application for a marijuana establishment license must declare that he/she has read and is familiar with AS 17.38 and 3 AAC 306. A person other than a licensee may not have direct or indirect financial interest (as defined in 3 AAC 306.015(e)(1)) in the business for which a marijuana establishment license is issued, per 3 AAC 306.015(a).

This form must be completed and submitted to AMCO's main office by each licensee (as defined in 3 AAC 306.020(b)(2)) before any license renewal application will be considered complete.

Section 1 – Establishment Information

Enter information for the licensed establishment, as identified on the license application.

Licensee:	AKO FARMS LLC	License Number:	16767		
License Type:	Marijuana Concentrate Manufacturing Facility				
Doing Business As:	AKO FARMS LLC				
Premises Address:	1210 Beardslee Way				
City:	Sitka	State:	AK	ZIP:	99835

Section 2 – Individual Information

Enter information for the individual licensee who is completing this form.

Name:	Justin Brown
Title:	owner

Section 3 – Violations & Charges

Read each line below, and then sign your initials in the box to the right of any applicable statements:

Initials

I certify that I have **not** been convicted of any criminal charge in the previous two calendar years.

I certify that I have **not** committed any civil violation of AS 04, AS 17.38, or 3 AAC 306 in the previous two calendar years.

I certify that a notice of violation has **not** been issued for this license.

Sign your initials to the following statement only if you are unable to certify one or more of the above statements:

Initials

I have attached a written explanation for why I cannot certify one or more of the above statements, which includes the type of violation or offense, as required under 3 AAC 306.035(b).



Alaska Marijuana Control Board

Form MJ-20: Renewal Application Certifications

Section 4 – Certifications

Read each line below, and then sign your initials in the box to the right of each statement:

Initials

I certify that no person other than a licensee listed on my marijuana establishment license renewal application has a direct or indirect financial interest, as defined in 3 AAC 306.015(e)(1), in the business for which the marijuana establishment license has been issued.

[Handwritten initials]

I certify that I meet the residency requirement under AS 43.23 or I have submitted a residency exception affidavit (MJ-20a) along with this application.

[Handwritten initials]

I certify that this establishment complies with any applicable health, fire, safety, or tax statute, ordinance, regulation, or other law in the state.

[Handwritten initials]

I certify that the license is operated in accordance with the operating plan currently approved by the Marijuana Control Board.

[Handwritten initials]

I certify that I am operating in compliance with the Alaska Department of Labor and Workforce Development's laws and requirements pertaining to employees.

[Handwritten initials]

I certify that I have not violated any restrictions pertaining to this particular license type, and that this license has not been operated in violation of a condition or restriction imposed by the Marijuana Control Board.

[Handwritten initials]

I certify that I understand that providing a false statement on this form, the online application, or any other form provided by or to AMCO is grounds for rejection or denial of this application or revocation of any license issued.

[Handwritten initials]

As an applicant for a marijuana establishment license renewal, I declare under penalty of unsworn falsification that I have read and am familiar with AS 17.38 and 3 AAC 306, and that this application, including all accompanying schedules and statements, is true, correct, and complete. I agree to provide all information required by the Marijuana Control Board in support of this application and understand that failure to do so by any deadline given to me by AMCO staff may result in additional fees or expiration of this license.

[Handwritten signature]
Signature of licensee

Justin Brown

Printed name of licensee

Kathy Finsley
Notary Public in and for the State of Alaska

My commission expires: 02/25/23



Subscribed and sworn to before me this 10th day of May, 2019.



Alaska Marijuana Control Board

Form MJ-20: Renewal Application Certifications

What is this form?

This renewal application certifications form is required for all marijuana establishment license renewal applications. Each person signing an application for a marijuana establishment license must declare that he/she has read and is familiar with AS 17.38 and 3 AAC 306. A person other than a licensee may not have direct or indirect financial interest (as defined in 3 AAC 306.015(e)(1)) in the business for which a marijuana establishment license is issued, per 3 AAC 306.015(a).

This form must be completed and submitted to AMCO's main office by each licensee (as defined in 3 AAC 306.020(b)(2)) before any license renewal application will be considered complete.

Section 1 – Establishment Information

Enter information for the licensed establishment, as identified on the license application.

Licensee:	AKO FARMS LLC	License Number:	16767		
License Type:	Marijuana Concentrate Manufacturing Facility				
Doing Business As:	AKO FARMS LLC				
Premises Address:	1210 Beardslee Way				
City:	Sitka	State:	AK	ZIP:	99835

Section 2 – Individual Information

Enter information for the individual licensee who is completing this form.

Name:	Marty Martin
Title:	owner

Section 3 – Violations & Charges

Read each line below, and then sign your initials in the box to the right of any applicable statements:

Initials

I certify that I have **not** been convicted of any criminal charge in the previous two calendar years.

I certify that I have **not** committed any civil violation of AS 04, AS 17.38, or 3 AAC 306 in the previous two calendar years.

I certify that a notice of violation has **not** been issued for this license.

Sign your initials to the following statement only if you are unable to certify one or more of the above statements:

Initials

I have attached a written explanation for why I cannot certify one or more of the above statements, which includes the type of violation or offense, as required under 3 AAC 306.035(b).



Form MJ-20: Renewal Application Certifications

Section 4 – Certifications

Read each line below, and then sign your initials in the box to the right of each statement:

Initials

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MM

I certify that I meet the residency requirement under AS 43.23 or I have submitted a residency exception affidavit (MJ-20a) along with this application.

MM

I certify that this establishment complies with any applicable health, fire, safety, or tax statute, ordinance, regulation, or other law in the state.

MM

I certify that the license is operated in accordance with the operating plan currently approved by the Marijuana Control Board.

MM

I certify that I am operating in compliance with the Alaska Department of Labor and Workforce Development's laws and requirements pertaining to employees.

MM

I certify that I have not violated any restrictions pertaining to this particular license type, and that this license has not been operated in violation of a condition or restriction imposed by the Marijuana Control Board.

MM

I certify that I understand that providing a false statement on this form, the online application, or any other form provided by or to AMCO is grounds for rejection or denial of this application or revocation of any license issued.

MM

As an applicant for a marijuana establishment license renewal, I declare under penalty of unsworn falsification that I have read and am familiar with AS 17.38 and 3 AAC 306, and that this application, including all accompanying schedules and statements, is true, correct, and complete. I agree to provide all information required by the Marijuana Control Board in support of this application and understand that failure to do so by any deadline given to me by AMCO staff may result in additional fees or expiration of this license.

Marty Martin
Signature of licensee

Marty Martin

Printed name of licensee

Kathy Finsley
Notary Public in and for the State of Alaska

My commission expires: 02/25/23

Subscribed and sworn to before me this 10th day of May, 2019.





Alaska Marijuana Control Board

Cover Sheet for Marijuana Establishment Applications

Alcohol & Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
marijuana.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
Phone: 907.269.0350

What is this form?

This cover sheet **must** be completed and submitted any time a document, payment, or other marijuana establishment application item is emailed, mailed, or hand-delivered to AMCO's main office.

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Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	AKO Farms, LLC	License Number:	16767		
License Type:	Marijuana Concentrate Manufacturing Facility				
Doing Business As:	AKO FARMS, LLC.				
Physical Address:	1210 Beardslee Way				
City:	Sitka	State:	AK	Zip Code:	99835
Designated Licensee:	justin brown				
Email Address:	akofarmsllc@gmail.com				

Section 2 – Attached Items

List all documents, payments, and other items that are being submitted along with this page.

Attached Items:	ENTITY DETAILS
-----------------	----------------

OFFICE USE ONLY				
Received Date:		Payment Submitted Y/N:		Transaction #:

Received by AMCO 5.13.19

Department of Commerce, Community, and Economic Development

CORPORATIONS, BUSINESS & PROFESSIONAL LICENSING

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[Download](#) / [Corporations](#) / [Entity Details](#)

ENTITY DETAILS

Name(s)

Type	Name
Legal Name	AKO Farms, LLC

Entity Type: Limited Liability Company

Entity #: 10037708

Status: Good Standing

AK Formed Date: 4/15/2016

Duration/Expiration: Perpetual

Home State: ALASKA

Next Biennial Report Due: 1/2/2020

Entity Mailing Address: PO BOX 2426, SITKA, AK 99835

Entity Physical Address: 1210 BEARDSLEY WAY, SITKA, AK 99835

Registered Agent

Agent Name: Justin Brown

Registered Mailing Address: BOX 2426, SITKA, AK 99835

Registered Physical Address: 1210 BEARDSLEY WAY, SITKA, AK 99835

Officials

☐ Show Former

AK Entity #	Name	Titles	Owned
	Justin Brown	Manager, Member	50.00
	Marty & Elizabeth Martin	Member	50.00

Filed Documents

Date Filed	Type	Filing	Certificate
4/15/2016	Creation Filing	Click to View	Click to View
5/02/2016	Initial Report	Click to View	
10/10/2017	Biennial Report	Click to View	
11/01/2017	Agent Change	Click to View	

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Department of Commerce, Community, and Economic Development
**CORPORATIONS, BUSINESS &
PROFESSIONAL LICENSING**

State of Alaska / Commerce / Corporations, Business, and Professional Licensing / Search & Database
Download / Corporations / Entity Details

ENTITY DETAILS

Name(s)

Type

Legal Name

Name

AKO Farms, LLC

Entity Type: Limited Liability Company

Entity #: 10037708

Status: Good Standing

AK Formed Date: 4/15/2016

Duration/Expiration: Perpetual

Home State: ALASKA

Next Biennial Report Due: 1/2/2020

Entity Mailing Address: PO BOX 2426, SITKA, AK 99835

Entity Physical Address: 1210 BEARDSLEY WAY, SITKA, AK 99835

Registered Agent

Agent Name: Justin Brown

Registered Mailing Address: BOX 2426, SITKA, AK 99835

Registered Physical Address: 1210 BEARDSLEY WAY, SITKA, AK 99835

Officials

AK Entity #

Name

Justin Brown

Marty & Elizabeth Martin

Titles

Member, Manager

Member

☐ Show Former

Owned

50

50

State of Alaska
Department of Commerce, Community, and Economic Development
Corporations, Business, and Professional Licensing

Certificate of Organization

The undersigned, as Commissioner of Commerce, Community, and Economic Development of the State of Alaska, hereby certifies that a duly signed and verified filing pursuant to the provisions of Alaska Statutes has been received in this office and has been found to conform to law.

ACCORDINGLY, the undersigned, as Commissioner of Commerce, Community, and Economic Development, and by virtue of the authority vested in me by law, hereby issues this certificate to

AKO Farms, LLC



IN TESTIMONY WHEREOF, I execute the certificate
and affix the Great Seal of the State of Alaska
effective **April 15, 2016**.

Chris Hladick
Commissioner

AKO FARMS

License #4A-12253 #SA16767

**AKO FARMS, LLC
OPERATING AGREEMENT**

This Agreement is entered into this 15th day of April, 2016, by and among JUSTIN BROWN, of 103 Metlakatla Street, Sitka, Alaska 99835, MARTY MARTIN, of PO Box 437, Sitka, Alaska 99835, and ELIZABETH MARTIN, of PO Box 437, Sitka, Alaska 99835.

The parties have agreed to organize and operate a limited liability company in accordance with the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the parties, intending legally to be bound, agree as follows:

**Article I
Definitions**

The following italicized terms shall have the meaning specified in this *Article I*. Other terms are defined in the text of this Agreement; and, throughout this Agreement, those terms shall have the meanings respectively ascribed to them:

"Act" means the Alaska Limited Liability Company Act, as amended from time to time.

"Adjusted Capital Account Deficit" means, with respect to any Interest Holder, the deficit balance, if any, in the Interest Holder's Capital Account as of the end of the relevant taxable year, after giving effect to the following adjustments:

(i) the Capital Account shall be credited with the amounts which the Interest Holder is deemed obligated to restore pursuant to Regulation Sections 1.704-2(g)(1) and (i)(5) (i.e., the Interest Holder's share of Minimum Gain and Member Minimum Gain); and

(ii) the Capital Account shall be debited with the items described in Regulation Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

"Adjusted Capital Balance" means, as of any day, an Interest Holder's total Capital Contributions less all amounts actually distributed to the Interest Holder pursuant to Sections 4.2.3.4.1 and 4.4 hereof. If any Interest is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Adjusted Capital Balance of the transferor to the extent the Adjusted Capital Balance relates to the Interest transferred.

"Affiliate" means, with respect to any Member, any Person: (i) which owns more than 50% of the voting interests in the Member; or (ii) in which the Member owns more than 50% of

the voting interests; or (iii) in which more than 50% of the voting interests are owned by a Person who has a relationship with the Member described in clause (i) or (ii) above.

"Agreement" means this Operating Agreement, as amended from time to time.

"Capital Account" means the account to be maintained by the Company for each Interest Holder in accordance with the following provisions:

(i) an Interest Holder's Capital Account shall be credited with the Interest Holder's Capital Contributions, the amount of any Company liabilities assumed by the Interest Holder (other than liabilities secured by Company property distributed to the Interest Holder), the Interest Holder's allocable share of Profit and any item in the nature of income or gain specially allocated to the Interest Holder pursuant to the provisions of *Article IV* (other than *Section 4.3.3*); and

(ii) an Interest Holder's Capital Account shall be debited with the amount of money and the fair market value of any Company property distributed to the Interest Holder (net of liabilities secured by such distributed property that such Interest Holder is considered to assume or take subject to under Section 752 of the Code), the amount of the Interest Holder's individual liabilities that are assumed by the Company (other than liabilities that reduce the amount of any Capital Contribution made by such Interest Holder), the Interest Holder's allocable share of Loss, and any item in the nature of expenses or losses specially allocated to the Interest Holder pursuant to the provisions of *Article IV* (other than *Section 4.3.3*).

If any Interest is transferred pursuant to the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent the Capital Account is attributable to the transferred Interest. If the book value of Company property is adjusted as provided herein, the Capital Account of each Interest Holder shall be adjusted to reflect the aggregate adjustment in the same manner as if the Company had recognized gain or loss equal to the amount of such aggregate adjustment. It is intended that the Capital Accounts of all Interest Holders shall be maintained in compliance with the provisions of Regulation Section 1.704-1(b), and all provisions of this Agreement relating to the maintenance of Capital Accounts shall be interpreted and applied in a manner consistent with that Regulation.

"Capital Contribution" means the total amount of cash and the fair market value of any other assets contributed (or deemed contributed under Regulation Section 1.704-1(b)(2)(iv)(d)) to the Company by a Member, net of liabilities assumed by the Company or to which the assets are subject.

"Capital Proceeds" means the gross receipts received by the Company from a Capital Transaction.

"Capital Transaction" means any transaction not in the ordinary course of business which results in the Company's receipt of cash or other consideration other than Capital Contributions, including, without limitation, proceeds of sales or exchanges or other dispositions of property not in the ordinary course of business, financings, refinancings, condemnations, recoveries of damage awards, and insurance proceeds.

"Cash Flow" means all cash funds derived from operations of the Company (including interest received on reserves), without reduction for any noncash charges, but less cash funds used to pay current operating expenses and to pay or establish reasonable reserves for future expenses, debt payments, capital improvements, and replacements as determined by the General Manager. Cash Flow shall not include Capital Proceeds but shall be increased by the reduction of any reserve previously established.

"Code" means the Internal Revenue Code of 1986, as amended, or any corresponding provision of any succeeding law.

"Company" means the limited liability company formed in accordance with this Agreement.

"Department" means the Department of Commerce and Economic Development.

"General Manager" means the Person or his successor.

"Interest" means a Person's share of the profits and losses of, and the right to receive distributions from, the Company.

"Interest Holder" means any Person who holds an Interest, whether as a Member or an unadmitted assignee of a Member.

"Involuntary Withdrawal" of a Member shall mean the death, retirement, resignation, expulsion or bankruptcy of such Member and any other event which terminates the continued membership of such Member in the Company.

"Member" means each Person signing this Agreement and any Person who subsequently is admitted as a member of the Company.

"Member Minimum Gain" has the meaning and shall be determined as set forth in Regulation Section 1.704-2(i) for "partner nonrecourse debt minimum gain".

"Member Nonrecourse Deductions" has the meaning and shall be determined as set forth in Regulation Section 1.704-2(i) for "partner nonrecourse deductions".

"Minimum Gain" has the meaning and shall be determined as set forth in Regulation Sections 1.704-2(b)(2) and 1.704-2(d) for "partnership minimum gain".

"Membership Rights" means all of the rights of a Member in the Company, including a Member's: (i) Interest; (ii) right to inspect the Company's books and records; (iii) right to participate in the management of and vote on matters coming before the Company; and (iv) unless this Agreement or the Articles of Organization provide to the contrary, right to act as an agent of the Company.

"Negative Capital Account" means a Capital Account with a balance of less than zero.

"Nonrecourse Deductions" has the meaning set forth in Regulation Section 1.704-2(b)(1).

"Nonrecourse Liability" has the meaning set forth in Regulation Sections 1.704-2(b)(3) and 1.752-1(a)(2).

"Percentage" means, as to a Member, the percentage set forth after the Member's name on *Exhibit A*, as amended from time to time, and as to an Interest Holder who is not a Member, the Percentage of the Member whose Interest has been acquired by such Interest Holder, to the extent the Interest Holder has succeeded to that Member's Interest.

"Person" means and includes an individual, corporation, partnership, association, limited liability company, trust, estate, or other entity.

"Positive Capital Account" means a Capital Account with a balance of zero or greater.

"Profit" and *"Loss"* means, for each taxable year of the Company (or other period for which Profit or Loss must be computed), the Company's taxable income or loss determined in accordance with Section 703(a) of the Code, with the following adjustments:

(i) all items of income, gain, loss, deduction, or credit required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included; and

(ii) any tax-exempt income of the Company, not otherwise taken into account in computing Profit or Loss, shall be included; and

(iii) any expenditures of the Company described in Section 705(a)(2)(B) of the Code (or treated as such pursuant to Regulation Section 1.704-1(b)(2)(iv)(i)) and not otherwise taken into account in computing Profit or Loss, shall be subtracted; and

(iv) gain or loss resulting from any taxable disposition of Company property shall be computed by reference to the adjusted book value of the property disposed of, notwithstanding the fact that the adjusted book value differs from the adjusted basis of the property for federal income tax purposes; and

(v) in lieu of the depreciation, amortization, or cost recovery deductions allowable in computing taxable income or loss, there shall be taken into account the depreciation or amortization computed for book purposes; and

(vi) notwithstanding any other provision of this definition, any items which are specially allocated pursuant to *Section 4.3* hereof shall not be taken into account.

"*Regulation*" or "*Regulations*" means the income tax regulations, including any temporary regulations, from time to time promulgated under the Code.

"*Transfer*" means, when used as a noun, any voluntary sale, hypothecation, pledge, assignment, attachment, or other transfer, and, when used as a verb, means voluntarily to sell, hypothecate, pledge, assign, or otherwise transfer.

Article II Organization and Purpose

2.1 *Organization.* The parties shall organize a limited liability company pursuant to the Act and the provisions of this Agreement.

2.2. *Name of the Company.* The name of the Company shall be "AKO Farms, LLC". The Company may do business under that name and under any other name or names which the General Manager selects. If the Company does business under a name other than that set forth in its Articles of Organization, then the Company shall file an assumed business name as required by law.

2.3. *Purpose.* The Company is organized to conduct any or all lawful affairs for which an LLC may be organized under AS 10.50. The Company may do any and all things necessary, convenient, or incidental to that purpose.

2.4. *Term.* The term of the Company shall begin upon the acceptance of the Articles of Organization by the Department and shall be perpetual, unless its existence is sooner terminated pursuant to *Article VII* of this Agreement or the mandatory provisions of the Act.

2.5. *Principal Office.* The principal office of the Company in the State of Alaska shall be located at 713-B Sawmill Creek Road, Sitka, Alaska 99835, or at any other place within the State of Alaska that the General Manager selects.

2.6. *Registered Agent.* The name and address of the Company's registered agent in the State of Alaska shall be Justin Brown, 103 Metlakatla Street, Sitka, Alaska 99835.

2.7. *Members.* The name, present mailing address, taxpayer identification number, and Percentage of each Member are set forth on *Exhibit A*.

Article III Capital

3.1. *Initial Capital Contributions.* Upon the execution of this Agreement, the Members shall contribute to the Company cash in the amounts or assets with the value set forth on *Exhibit A*. The amount of the initial contribution of each Member shall be recorded by the General Manager as a contribution to the capital of the Company.

3.2. *No Additional Capital Contributions Required.* No Member shall be obligated, nor shall any Member have a right, to contribute any additional capital to the Company, other than as specified in *Exhibit A*, and no Member shall have any personal liability for any obligation of the Company.

3.3. *No Interest on Capital Contributions.* Interest Holders shall not be paid interest on their Capital Contributions.

3.4. *Return of Capital Contributions.* Except as otherwise provided in this Agreement, no Interest Holder shall have the right to receive any return of any Capital Contribution.

3.5. *Form of Return of Capital.* If an Interest Holder is entitled to receive a return of a Capital Contribution, the Interest Holder shall not have the right to receive anything but cash in return of the Interest Holder's Capital Contribution.

3.6. *Capital Accounts.* A separate Capital Account shall be maintained for each Interest Holder.

Article IV Allocations and Distributions

4.1. *Allocation of Profit or Loss and Distributions of Cash Flow.*

4.1.1. *Profit or Loss Other Than from a Capital Transaction.* After giving effect to the special allocations set forth in *Section 4.3*, for any taxable year of the Company, Profit or Loss (other than Profit or Loss resulting from a Capital Transaction, which Profit or Loss shall be allocated in accordance with the provisions of *Sections 4.2.1* and *4.2.2*) shall be allocated to the Interest Holders in proportion to their Percentages.

4.1.2. *Cash Flow.* Cash Flow for each taxable year of the Company shall be distributed to the Interest Holders in proportion to their Percentages no later than seventy-five (75) days after the end of the taxable year.

4.2. *Allocation of Profit or Loss from a Capital Transaction.*

4.2.1. *Profit.* After giving effect to the special allocations set forth in *Section 4.3*, Profit from a Capital Transaction shall be allocated as follows:

4.2.1.1. If one or more Interest Holders has a Negative Capital Account, to those Interest Holders, in proportion to their Negative Capital Accounts, until all Negative Capital Accounts have been reduced to zero.

4.2.1.2. Any Profit not allocated pursuant to *Section 4.2.1.1* shall be allocated to the Interest Holders in proportion to, and to the extent of, the amounts distributed or distributable to them pursuant to *Section 4.2.3.4.3*.

4.2.1.3. Any Profit in excess of the foregoing allocations shall be allocated to the Interest Holders in proportion to their Percentages.

4.2.2. *Loss.* After giving effect to the special allocations set forth in *Section 4.3*, Loss from a Capital Transaction shall be allocated as follows:

4.2.2.1. If one or more Interest Holders has a Positive Capital Account, to those Interest Holders, in proportion to their Positive Capital Accounts, until all Positive Capital Accounts have been reduced to zero.

4.2.2.2. Any Loss not allocated to reduce Positive Capital Accounts to zero pursuant to *Section 4.2.2.1* shall be allocated to the Interest Holders in proportion to their Percentages.

4.2.3. *Capital Proceeds.* Capital Proceeds shall be distributed and applied by the Company in the following order and priority:

4.2.3.1. to the payment of all expenses of the Company incident to the Capital Transaction; then

4.2.3.2. to the payment of debts and liabilities of the Company then due and outstanding (including all debts due to any Interest Holder); then

4.2.3.3. to the establishment of any reserves which the General Manager deems necessary for liabilities or obligations of the Company; then

4.2.3.4. the balance shall be distributed as follows:

4.2.3.4.1. to the Interest Holders in proportion to their Adjusted Capital Balances, until their remaining Adjusted Capital Balances have been paid in full;

4.2.3.4.2. if any Interest Holder has a Positive Capital Account after the distributions made pursuant to *Section* 4.2.3.4.1 and before any further allocation of Profit pursuant to *Section* 4.2.1.3, to those Interest Holders in proportion to their Positive Capital Accounts; then

4.2.3.4.3. the balance, to the Interest Holders in proportion to their Percentages.

4.3. *Regulatory Allocations.* The allocations set forth in *Sections* 4.3.1 and 4.3.2 are included to comply with the requirements of the Regulations. If allocations under such provisions are different from the allocations which would be made under *Section* 4.1 or 4.2, as appropriate, then the General Manager shall make appropriate allocations, consistent with the Regulations, so that the net allocations are, as much as possible, consistent with those under *Sections* 4.1 and 4.2.

4.3.1. *Qualified Income Offset.* No Interest Holder shall be allocated Losses or deductions if the allocation causes the Interest Holder to have an Adjusted Capital Account Deficit. If an Interest Holder unexpectedly receives any adjustments, allocations, or distributions described in Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6) which results in or increases an Adjusted Capital Account Deficit at the end of any taxable year, then all items of income and gain of the Company for that taxable year shall be allocated to that Interest Holder, before any other allocation pursuant to this *Article IV* (other than those pursuant to *Sections* 4.3.2.1 and 4.3.2.2), in an amount and manner sufficient to eliminate such Adjusted Capital Account Deficit as quickly as possible. This *Section* 4.3.1 is intended to comply with, and shall be interpreted consistently with, the "qualified income offset" provisions of the Regulation Section 1.704-1(b)(2)(ii)(d) and all other Regulation Sections relating thereto.

4.3.2. *Minimum Gain.*

4.3.2.1. *Minimum Gain Chargeback.* Except as set forth in Regulation Section 1.704-2(f), if, during any taxable year, there is a net decrease in Minimum Gain, each Interest Holder, prior to any other allocation pursuant to this *Article V*, shall be specially allocated items of gross income and gain for such taxable year (and, if necessary, subsequent taxable years) in an amount equal to that Interest Holder's share of the net decrease of Minimum Gain, computed in accordance with Regulation Section 1.704-2(g). Allocations of items of gross income and gain pursuant to this *Section* 4.3.2.1 shall be made as described in Regulation Sections 1.704-2(f) and (j). This *Section* 4.3.2.1 is intended to comply with, and shall be interpreted consistently with, the "minimum gain chargeback" provisions of Regulation Section 1.704-2(f) and all other Regulation Sections relating thereto.

4.3.2.2. *Member Minimum Gain Chargeback.* Except as set forth in Regulation Section 1.704-2(i)(4), if, during any taxable year, there is a net decrease in Member Minimum Gain, each Interest Holder with a share of that Member Minimum Gain as of the beginning of such year, prior to any other allocation pursuant to this *Article V*, shall be specially allocated items of gross income and gain for such taxable year (and, if necessary, subsequent taxable years) in an amount equal to that Interest Holder's share of the net decrease of Member Minimum Gain, computed in accordance with Regulation Section 1.704-2(i)(4). Allocations of items of gross income and gain pursuant to this *Section 4.3.2.2* shall be made as described in Regulation Sections 1.704-2(i)(4) and (j). This *Section 4.3.2.2* is intended to comply with, and shall be interpreted consistently with, the "minimum gain chargeback" provisions of Regulation Section 1.704-2(i)(4) and all other Regulation Sections relating thereto.

4.3.3. *Contributed Property and Book-ups.* To the extent permitted or required by Section 704(c) of the Code and the Regulations thereunder, Regulation Section 1.704-1(b)(2)(iv)(d)(3) and Regulation Section 1-704-1(b)(2)(iv)(f), income, gain, loss, and deduction with respect to any property contributed (or deemed contributed) to the Company shall, solely for tax purposes, be allocated among the Interest Holders so as to take account of any variation between the adjusted basis of the property to the Company for federal income tax purposes and its fair market value at the date of contribution (or deemed contribution) under the rules of Regulation Section 704-3(b)(1). If the adjusted book value of any Company asset is adjusted as provided herein, subsequent allocations of income, gain, loss, and deduction with respect to the asset shall take account of any variation between the adjusted basis of the asset for federal income tax purposes and its adjusted book value in the manner required under Section 704(c) of the Code and the Regulations thereunder.

4.3.4. *Election under Section 754 of the Code.* To the extent an adjustment to the tax basis of any Company asset pursuant to Section 734(b) or Section 743(b) of the Code is required, pursuant to Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of the adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases basis), and the gain or loss shall be specially allocated to the Interest Holders in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to that Section of the Regulations.

4.3.5. *Nonrecourse Deductions.* Nonrecourse Deductions for a taxable year or other period shall be specially allocated among the Interest Holders in proportion to their Percentages.

4.3.6. *Member Nonrecourse Deductions.* Any Member Nonrecourse Deduction for any taxable year or other period shall be specially allocated to the Interest Holder who bears the risk of loss with respect to the liability to which the Member Nonrecourse Deduction is attributable in accordance with Regulation Section 1.704-2(i).

4.3.7. *Guaranteed Payments.* To the extent any compensation paid to any Member by the Company, is determined by the Internal Revenue Service not to be a guaranteed payment under Section 707(c) of the Code or is not paid to the Member other than in the Person's capacity as a Member within the meaning of Section 707(a) of the Code, the Member shall be specially allocated gross income of the Company in an amount equal to the amount of that compensation, and the Member's Capital Account shall be adjusted to treat the payment of that compensation as a distribution.

4.3.8. *Recapture.* In making any allocation among the Members of income or gain from the sale or other disposition of a Company asset, the ordinary income portion, if any, of such income and gain resulting from the recapture of cost recovery or other deductions shall be allocated among those Members who were previously allocated (or whose predecessors-in-interest were previously allocated) the cost recovery deductions or other deductions resulting in the recapture items, in proportion to the amount of such cost recovery deductions or other deductions previously allocated to them.

4.3.9. *Withholding.* All amounts required to be withheld pursuant to Section 1446 of the Code or any other provision of federal, state, or local tax law shall be treated as amounts actually distributed to the affected Interest Holders for all purposes under this Agreement.

4.3.10. *Other Allocations.* All items of Company income, gain, loss, deduction and credit the allocation of which is not otherwise provided for in this Agreement, including allocation of such items for tax purposes, shall be allocated among the Members in the same proportions as they share Profits or Losses for the taxable year pursuant to this *Article IV*.

4.4. *Liquidation and Dissolution.*

4.4.1. If the Company is liquidated, the assets of the Company shall be distributed to the Interest Holders in accordance with the balances in their respective Capital Accounts, after taking into account the allocations of Profit or Loss pursuant to *Sections 4.1* or *4.2*.

4.4.2. No Interest Holder shall be obligated to restore a Negative Capital Account.

4.5. *General.*

4.5.1. Except as otherwise provided in this Agreement, the timing and amount of all distributions shall be determined by the General Manager.

4.5.2. If any assets of the Company are distributed in kind to the Interest Holders, those assets shall be valued on the basis of their fair market value, and any Interest

Holder entitled to any interest in those assets shall receive that interest as a tenant-in-common with all other Interest Holders so entitled. Unless the Members otherwise agree, the fair market value of the assets shall be determined by an independent appraiser who shall be selected by the General Manager. The Profit or Loss for each unsold asset shall be determined as if the asset had been sold at its fair market value, and the Profit or Loss shall be allocated as provided in *Section 4.2* and shall be properly credited or charged to the Capital Accounts of the Interest Holders prior to the distribution of the assets in liquidation pursuant to *Section 4.4*.

4.5.3. All Profit and Loss shall be allocated, and all distributions shall be made, to the Persons shown on the records of the Company to have been Interest Holders as of the last day of the taxable year for which the allocation or distribution is to be made. Notwithstanding the foregoing, unless the Company's taxable year is separated into segments, if there is a Transfer or an Involuntary Withdrawal during the taxable year, the Profit and Loss shall be allocated between the original Interest Holder and the successor on the basis of the number of days each was an Interest Holder during the taxable year; provided, however, to the extent permitted under Section 706 of the Code the Company's taxable year shall be segregated into two or more segments in order to account for Profit, Loss, or proceeds attributable to a Capital Transaction or to any other extraordinary nonrecurring items of the Company.

4.5.4. The General Manager is hereby authorized, upon the advice of the Company's tax counsel, to amend this *Article IV* to comply with the Code and the Regulations promulgated under Section 704(b) of the Code; provided, however, that no amendment shall materially affect distributions to an Interest Holder without the Interest Holder's prior written consent.

Article V Management

5.1. General Manager.

5.1.1. *In General.* The business and affairs of the Company shall be managed by the General Manager. Except as otherwise expressly provided in this Agreement, the General Manager shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business.

5.1.2. *Specific Powers.* Without limiting the generality of the foregoing, the General Manager shall have the power and authority, on behalf of the Company, to:

5.1.2.1. Acquire by purchase, lease, or otherwise, any real or personal property, tangible or intangible;

5.1.2.2. Construct, operate, maintain, finance, and improve, and to own, sell, convey, assign, mortgage, or lease any real estate and any personal property;

5.1.2.3. Except as provided in *Section 5.1.3.6*, sell, dispose, trade, or exchange Company assets in the ordinary course of the Company's business;

5.1.2.4. Enter into agreements and contracts and to give receipts, releases and discharges;

5.1.2.5. Purchase liability and other insurance to protect the Company's properties and business;

5.1.2.6. Borrow money for and on behalf of the Company, and, in connection therewith, execute and deliver instruments to hypothecate, encumber and grant security interests in the assets of the Company to secure repayment of the sums borrowed;

5.1.2.7. Execute or modify leases with respect to any part or all of the assets of the Company;

5.1.2.8. Prepay, in whole or in part, refinance, amend, modify, or extend any mortgages or deeds of trust which may affect any asset of the Company and in connection therewith to execute for and on behalf of the Company any extensions, renewals or modifications of such mortgages or deeds of trust;

5.1.2.9. Execute any and all other instruments and documents which may be necessary or in the opinion of the General Manager desirable to carry out the intent and purpose of this Agreement, including, but not limited to, documents whose operation and effect extend beyond the term of the Company;

5.1.2.10. Make any and all expenditures which the General Manager, in its sole discretion, deems necessary or appropriate in connection with the management of the affairs of the Company and the carrying out of its obligations and responsibilities under this Agreement, including, without limitation, all legal, accounting and other related expenses incurred in connection with the organization and financing and operation of the Company;

5.1.2.11. Enter into any kind of activity necessary to, in connection with, or incidental to, the accomplishment of the purposes of the Company;

5.1.2.12. Invest and reinvest Company reserves in short-term instruments or money market funds; and

5.1.2.13. Employ accountants, legal counsel, agents, and other experts to perform services for the Company.

5.1.3. *Extraordinary Transactions.* Notwithstanding anything to the contrary in this Agreement, the General Manager shall not undertake any of the following without the approval of the Members:

- 5.1.3.1. Any Capital Transaction;
- 5.1.3.2. The Company's lending more than \$5,000.00 of its money on any one occasion;
- 5.1.3.3. The admission of additional Members to the Company;
- 5.1.3.4. The Company's engaging in business in any jurisdiction which does not provide for the registration of limited liability companies;
- 5.1.3.5. Discontinuance of the Company's business;
- 5.1.3.6. Sale of the Company's business or substantial portion thereof, or the sale, exchange or other disposition of all, or substantially all, of the company's assets;
- 5.1.3.7. Any merger, reorganization or recapitalization of the Company;
- 5.1.3.8. Any borrowings by the Company in excess of \$5,000.00;
- 5.1.3.9. Any contract which would require the Company to expend more than \$5,000.00 and the adoption of any profit sharing, bonus, pension or similar plan;
- 5.1.3.10. Settlement or confession of judgment in any legal matter;
- 5.1.3.11. Transactions with Affiliates [or family members] of the General Manager;
- 5.1.3.12. Taking or effecting any action that would render the Company bankrupt or insolvent or, except as expressly provided in this Agreement, cause the termination, dissolution, liquidation or winding-up of the Company; and
- 5.1.3.13. Such other matters and decisions as the Members may from time to time designate.

5.1.4. *Removal of General Manager.* The General Manager may only be removed under the following procedure. If any one or more of the following events occurs, the Members may remove the General Manager, and elect a new General Manager:

5.1.4.1. The General Manager's willful or intentional violation or reckless disregard of the General Manager's duties to the Company; or

5.1.4.2. The General Manager's Involuntary Withdrawal.

The determination of whether one or more of such events exist shall be made by those Members holding a majority of the Percentages then held by Members and shall be final, binding, and not reviewable unless the decision was based on a material mistake of fact or law or was arbitrary and capricious. The General Manager may not be removed for any other reasons or under any other procedure.

5.2. *Meetings of and Voting by Members.*

5.2.1. A meeting of the Members may be called at any time by any Member. Meetings of Members shall be held at the Company's principal place of business or at any other place in Sitka, Alaska. Not less than ten (10) nor more than ninety (90) days before each meeting, the Person calling the meeting shall give written notice of the meeting to each Member entitled to vote at the meeting. The notice shall state the time, place, and purpose of the meeting. Notwithstanding the foregoing provisions, each Member who is entitled to notice waives notice if before or after the meeting the Member signs a waiver of the notice which is filed with the records of Members' meetings, or is present at the meeting in person or by proxy. Unless this Agreement provides otherwise, at a meeting of Members, the presence in person or by proxy of a majority of the Members constitutes a quorum. A Member may vote either in person or by written proxy signed by the Member or by the Member's duly authorized attorney-in-fact.

5.2.2. Except as otherwise provided in this Agreement, the affirmative vote of a majority of the Members shall be required to approve any matter coming before the Members.

5.2.3. In lieu of holding a meeting, the Members may vote or otherwise take action by a written instrument indicating the consent of Members holding a majority of the Percentages then held by Members.

5.3. *Personal Service.*

5.3.1. No Member shall be required to perform services for the Company solely by virtue of being a Member. Unless approved by the General Manager, no Member shall perform services for the Company or be entitled to compensation for services performed for the Company.

5.3.2. Unless approved by a majority of the Members, the General Manager shall not be entitled to compensation for services performed for the Company. However, upon substantiation of the amount and purpose thereof, the General Manager shall be entitled to reimbursement for expenses reasonably incurred in connection with the activities of the Company.

5.4. *Limitation of Liability and Independent Activities.*

5.4.1. *Limitation of Liability.* Neither the Members nor the Managers (nor any of their Affiliates) shall be liable, responsible or accountable in damages or otherwise to the Company or the Members for any act or omission by any such Person (which shall include any applicable entity) performed in good faith pursuant to the authority granted to such Person by this Agreement or in accordance with its provisions, and in a manner reasonably believed by such Person to be within the scope of the authority granted to such Person and in the best interest of the Company; provided, however, that such Person shall retain liability for acts or omissions that involve intentional misconduct, a knowing violation of the law, a violation of AS 10.50.320 (in the case of Members only) or for any transaction from which the Person will personally receive a benefit in money, property, or services to which the person is not legally entitled.

5.4.2. *Independent Activities.* Any Member may engage in or possess an interest in other business ventures of every nature and description, independently or with others, including, without limitation, the ownership, financing, management, employment by, lending or otherwise participating in businesses that are similar to the business of the Company, and neither the Company nor the other Members shall have any right by virtue of this Agreement in and to such independent ventures as to the income or profits therefrom and shall not be liable for a breach of duty of loyalty or any other duty.

5.5. *Indemnification*

5.5.1. *Indemnification.* (i) To the fullest extent permitted by applicable law, a Member, the General Manager and each director, officer, partner, employee or agent thereof (a "Covered Person") shall be entitled to indemnification from the Company for any loss, damage, or claim incurred by such Covered Person by reason or any act or omission performed or omitted by such Covered Person in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of authority conferred on such Covered Person by this Agreement, except that non Covered Person shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Covered Person by reason of gross negligence, bad faith, or willful misconduct with respect to such act or omissions; *provided, however*, that any indemnity under this Section 5.5.1 shall be provided out of and to the extent of Company assets only, and no other Covered Person shall have any personal liability on account thereof.

5.5.2. *Notice.* In the event that any claim, demand, action, suit or proceeding shall be instituted or asserted or any loss, damage or claim shall arise in respect of which

indemnity may be sought by a Covered Person pursuant to *Section 5.5.1(i)*, such Covered Person shall promptly notify the Company thereof in writing. Failure to provide notice shall not affect the Company's obligations hereunder except to the extent the Company is actually prejudiced thereby.

5.5.3. *Contest.* The Company shall have the right, exercisable subject to the approval of the disinterested Covered Persons, to participate in and control the defense of any such claim, demand, action, suit or proceeding, and in connection therewith, to retain counsel reasonably satisfactory to each Covered Person, at the Company's expense, to represent each Covered Person and any others the Company may designate in such claim, demand, action, suit or proceeding. The Company shall keep the Covered Person advised of the status of such claim, demand, action, suit or proceeding and the defense thereof and shall consider in good faith recommendations made by the Covered Person with respect thereto.

Article VI

Admissions and Transfers

6.1. *Transfers.* No Person may Transfer all or any portion of or any interest or rights in the Person's Membership Rights or Interest unless the following conditions ("Conditions of Transfer") are satisfied:

6.1.1. The Transfer will not require registration of Interests or Membership Rights under any federal or state securities laws;

6.1.2. The transferee delivers to the Company a written agreement to be bound by all the terms of this Agreement;

6.1.3. The Transfer will not result in the termination of the Company pursuant to Code Section 708;

6.1.4. The Transfer will not result in the Company being subject to the Investment Company Act of 1940, as amended;

6.1.5. The transferor or the transferee delivers the following information to the Company: (i) the transferee's taxpayer identification number, and (ii) the transferee's initial tax basis in the Transferred Interest; and

6.1.6. The transferor obtains, at the transferor's expense, and delivers to the Company, an opinion of legal counsel acceptable to the Company, confirming that the Conditions of Transfer have been satisfied.

6.2. If the Conditions of Transfer are satisfied, then a Member or Interest Holder may Transfer all or any portion of that Person's Interest. The Transfer of an Interest pursuant to this *Article IX* shall not result, however, in the Transfer of any of the transferor's other Membership Rights, if any, and the transferee of the Interest shall have no right to: (i) become a Member, or (ii) exercise any Membership Rights other than those specifically pertaining to the ownership of an Interest.

6.3. Each Member hereby acknowledges the reasonableness of the prohibition contained in this *Article VI* in view of the purposes of the Company and the relationship of the Members. The Transfer of any Membership Rights or Interests in violation of the prohibition contained in this *Article VI* shall be deemed invalid, null and void, and of no force or effect. Any Person to whom Membership Rights are attempted to be transferred in violation of this *Article* shall not be entitled to vote on matters coming before the Members, participate in the management of the Company, act as an agent of the Company, receive distributions from the Company, or have any other rights in or with respect to the Membership Rights.

6.4. *Admission of Transferee as Member.* Notwithstanding anything contained herein to the contrary, the transferee of all or any portion of or any interest or rights in any Membership Rights or Interest shall not be entitled to become a Member or exercise any rights of a Member. The transferee shall be entitled to receive, to the extent transferred, only the distributions to which the transferor would be entitled, and the transferee shall not be admitted as a Member unless the Members unanimously consent.

Article VII

Dissolution and Liquidation

7.1. *Events of Dissolution.* The Company shall be dissolved upon the happening of any of the following events:

7.1.1. when the period fixed for its duration in *Section 2.4* has expired;

7.1.2. upon the unanimous written agreement of the Members; or

7.1.3. upon the death, retirement, resignation, expulsion, or bankruptcy of a Member or the occurrence of any other event which terminates the continued membership of a Member in the Company, unless the remaining Members, within ninety (90) days after the event or occurrence, unanimously elect to continue the business of the Company pursuant to the terms of this Agreement.

7.2. *Procedure for Winding Up and Dissolution.* If the Company is dissolved, the General Manager shall wind up its affairs. On winding up of the Company, the assets of the

Company shall be distributed, first, to creditors of the Company, including Members who are creditors, in satisfaction of the liabilities of the Company, and then, amounts in excess of any reserves deemed reasonably necessary by the General Manager to pay all of the Company's claims and obligations shall be distributed to the Interest Holders in accordance with *Section 4.2.3.4* of this Agreement.

7.3. *Termination.* The General Manager shall comply with any requirements of applicable Law pertaining to the winding up of the affairs of the Company and the final distribution of its assets. Upon completion of the winding up, liquidation and distribution of the assets, the Company shall be deemed terminated.

Article VIII

Books, Records, and Accounting

8.1. *Bank Accounts.* All funds of the Company shall be deposited in a bank account or accounts opened in the Company's name. The General Manager shall determine the institution or institutions at which the accounts will be opened and maintained, the types of accounts, and the Persons who will have authority with respect to the accounts and the funds therein.

8.2. *Books and Records.*

8.2.1. The General Manager shall keep or cause to be kept complete and accurate books and records of the Company and supporting documentation of the transactions with respect to the conduct of the Company's business. The records shall include, but not be limited to, complete and accurate information regarding the state of the business and financial condition of the Company, a copy of the Articles of Organization and this Agreement and all amendments thereto, a current list of the names and last known business, residence, or mailing addresses of all Members; and the Company's federal, state, and local tax returns.

8.2.2. The books and records shall be maintained in accordance with sound accounting practices consistently applied and shall be available at the Company's principal office for examination by any Member or the Member's duly authorized representative at any and all reasonable times during normal business hours.

8.2.3. Each Member shall reimburse the Company for all costs and expenses incurred by the Company in connection with the Member's inspection and copying of the Company's books and records.

8.3. *Annual Accounting Period.* The annual accounting period of the Company shall be its taxable year. The Company's taxable year shall be selected by the General Manager, subject to the requirements and limitations of the Code.

8.4. *Reports*

8.4.1. *Biennial Report.* The Members shall file a biennial report as required by the Department.

8.4.2. *Reports to Members.* Within seventy-five (75) days after the end of each taxable year of the Company, the General Manager shall cause to be sent to each Person who was a Member at any time during the taxable year then ended: (i) an annual compilation report, prepared by the Company's independent accountants in accordance with standards issued by the American Institute of Certified Public Accountants; and (ii) a report summarizing the fees and other remuneration paid by the Company to any Member, the General Manager, or any Affiliate in respect of the taxable year. In addition, within seventy-five (75) days after the end of each taxable year of the Company, the General Manager shall cause to be sent to each Person who was an Interest Holder at any time during the taxable year then ended, that tax information concerning the Company necessary for preparing the Interest Holder's income tax returns for that year. At the request of any Member, and at the Member's expense, the General Manager shall cause an audit of the Company's books and records to be prepared by independent accountants for the period requested by the Member.

8.5. *Tax Matters Member.* The General Manager shall be the Company's tax matters partner ("Tax Matters Member"). The Tax Matters Member shall have all powers and responsibilities of a "tax matters partner" as defined in Section 6231 of the Code. The Tax Matters Member shall keep all Members informed of all notices from government taxing authorities that may come to the attention of the Tax Matters Member. The Company shall pay and be responsible for all reasonable third-party costs and expenses incurred by the Tax Matters Member in performing those duties. A Member shall be responsible for any costs incurred by the Member with respect to any tax audit or tax-related administrative or judicial proceeding against any Member, even though it relates to the Company. The Tax Matters Member shall not compromise any dispute with the Internal Revenue Service without the approval of the Members.

8.6. *Tax Elections.* The General Manager shall have the authority to make all Company elections permitted under the Code, including, without limitation, elections of methods of depreciation and elections under Section 754 of the Code. The decision to make or not make an election shall be at the General Manager's sole and absolute discretion.

8.7. *Title to Company Property.* All real and personal property acquired by the Company shall be acquired and held by the Company in its name.

Article IX
Amendments; General Provisions

9.1. *Assurances.* Each Member shall execute all certificates and other documents and shall do all such filing, recording, publishing, and other acts as the General Manager deems appropriate to comply with the requirements of law for the formation and operation of the Company and to comply with any laws, rules, and regulations relating to the acquisition, operation, or holding of the property of the Company.

9.2. *Notifications.* Any notice, demand, consent, election, offer, approval, request, or other communication (collectively a "notice") required or permitted under this Agreement must be in writing and either delivered personally or sent by certified or registered mail, postage prepaid, return receipt requested. Any notice to be given hereunder by the Company shall be given by the General Manager. A notice must be addressed to an Interest Holder at the Interest Holder's last known address on the records of the Company. A notice to the Company must be addressed to the Company's principal office. A notice delivered personally will be deemed given only when acknowledged in writing by the person to whom it is delivered. A notice that is sent by mail will be deemed given three (3) business days after it is mailed. Any party may designate, by notice to all of the others, substitute addresses or addressees for notices; thereafter, notices are to be directed to those substitute addresses or addressees.

9.3. *Specific Performance.* The parties recognize that irreparable injury will result from a breach of any provision of this Agreement and that money damages will be inadequate to remedy the injury fully. Accordingly, in the event of a breach or threatened breach of one or more of the provisions of this Agreement, any party who may be injured (in addition to any other remedies which may be available to that party) shall be entitled to one or more preliminary or permanent orders (i) restraining and enjoining any act that would constitute a breach or (ii) compelling the performance of any obligation that, if not performed, would constitute a breach.

9.4. *Complete Agreement.* This Agreement constitutes the complete and exclusive statement of the agreement among the Members. It supersedes all prior written and oral statements, including any prior representation, statement, condition, or warranty. Except as expressly provided otherwise herein, this Agreement may not be amended without the written consent of all of the Members.

9.5. *Applicable Law.* All questions concerning the construction, validity, and interpretation of this Agreement and the performance of the obligations imposed by this Agreement shall be governed by the internal law, not the law of conflicts, of the State of Alaska.

9.6. *Section Titles.* The headings herein are inserted as a matter of convenience only and do not define, limit, or describe the scope of this Agreement or the intent of the provisions hereof.

9.7. *Binding Provisions.* This Agreement is binding upon, and inures to the benefit of, the parties hereto and their respective heirs, executors, administrators, personal and legal representatives, successors, and permitted assigns.

9.8. *Jurisdiction and Venue.* Any suit involving any dispute or matter arising under this Agreement may only be brought in the United States District Court for Alaska or any Alaska State Court having jurisdiction over the subject matter of the dispute or matter. All Members hereby consent to the exercise of personal jurisdiction by any such court with respect to any such proceeding.

9.9. *Terms.* Common nouns and pronouns shall be deemed to refer to the masculine, feminine, neuter, singular, and plural, as the identity of the Person may in the context require.

9.10. *Separability of Provisions.* Each provision of this Agreement shall be considered separable; and if, for any reason, any provision or provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid.

9.11. *Counterparts.* This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which, when taken together, constitute one and the same document. The signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

9.12. *Estoppel Certificate.* Each Member shall, within ten (10) days after written request by the General Manager, deliver to the requesting Person a certificate stating, to the Member's knowledge, that: (a) this Agreement is in full force and effect; (b) this Agreement has not been modified except by any instrument or instruments identified in the certificate; and (c) there is no default hereunder by the requesting Person, or if there is a default, the nature and extent thereof. If the certificate is not received within that ten (10) day period, the General Manager shall execute and deliver the certificate on behalf of the requested Member.

9.13. *Amendment.* This Agreement may be amended by a vote of the members holding 100% of the capital accounts of all of the Members, *provided however* that no amendment which materially reduces the distributions which may be made to a Member (or changes the Profit or Loss allocation to such Member) may be made without such Member's consent.

9.14. *Consents.* Unless otherwise explicitly provided for herein, any and all consents, agreements or approvals provided for or permitted by this Agreement shall be in writing and a signed copy thereof shall be filed and kept with the books of the Company.

9.15. *Legends.* If certificates for any Interest or Interests are issued that evidence a Member's Interest, each such certificate shall bear such legends as may be required by applicable federal and state laws, or as may be deemed necessary or appropriate by the General Manager to reflect restrictions upon transfer contemplated herein.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first below written.

4 15 2016
Date

Justin Brown
Justin Brown

4/15/2016
Date

Marty Martin
Marty Martin

4/15/2016
Date

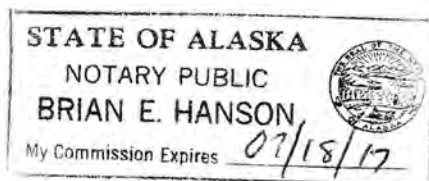
Elizabeth Martin
Elizabeth Martin

STATE OF ALASKA

)
) ss:
)

FIRST JUDICIAL DISTRICT

The foregoing instrument was acknowledged before me this 15th day of April, 2016, by JUSTIN BROWN.



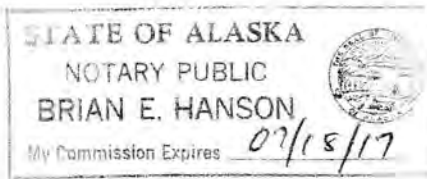
Brian E. Hanson
Notary Public in and for Alaska
My commission expires: 07/18/17

STATE OF ALASKA

FIRST JUDICIAL DISTRICT

)
) ss:
)

The foregoing instrument was acknowledged before me this 15th day of April, 2016, by MARTY MARTIN.



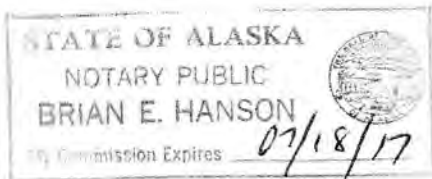
Brian E. Hanson
Notary Public in and for Alaska
My commission expires: 07/18/17

STATE OF ALASKA

FIRST JUDICIAL DISTRICT

)
) ss:
)

The foregoing instrument was acknowledged before me this 15th day of April, 2016, by ELIZABETH MARTIN.



Brian E. Hanson
Notary Public in and for Alaska
My commission expires: 07/18/17



Alcohol & Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
marijuana.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
Phone: 907.269.0350

Alaska Marijuana Control Board

Cover Sheet for Marijuana Establishment Applications

What is this form?

This cover sheet **must** be completed and submitted any time a document, payment, or other marijuana establishment application item is emailed, mailed, or hand-delivered to AMCO's main office.

Items that are submitted without this page will be returned in the manner in which they were received.

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	AKO Farms, LLC	License Number:	16767		
License Type:	Marijuana Concentrate Manufacturing Facility				
Doing Business As:	AKO FARMS, LLC.				
Physical Address:	1210 Beardslee Way				
City:	Sitka	State:	AK	Zip Code:	99835
Designated Licensee:	justin brown				
Email Address:	akofarmsllc@gmail.com				

Section 2 – Attached Items

List all documents, payments, and other items that are being submitted along with this page.

Attached Items:	PROOF OF PREMISES
-----------------	-------------------

OFFICE USE ONLY

Received Date:		Payment Submitted Y/N:		Transaction #:	
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AKO FARMS
License #12253
4A

SA #16767

COMMERCIAL LEASE

THIS COMMERCIAL LEASE (the "Lease") is made by and between Martin Enterprises, Inc. (hereinafter called the "Lessor" or "Landlord") of PO Box 437, Sitka, AK 99835, and AKO Farms, LLC (hereinafter called the "Lessee" or "Tenant") of PO Box 2426, Sitka, AK 99835, for the property known as 1210 Beardsley, Sitka, AK 99835

1. Property. In consideration of the mutual covenants contained herein, the Lessor hereby leases to the Lessee, and the Lessee hereby leases from the Lessor the "Lease Space" located at the above rental address of approximately 7,000 square feet, more fully described in Appendix A ("the Premises"). The Lessee has inspected and shall accept the Premises in its current condition, for the purpose of a marijuana cultivation business. **Landlord acknowledges that the premises will be used for a marijuana establishment.**

2. Term. The Lessee is to have and hold the Premises for a term of Twenty Four (24) months. The term shall commence on October 1, 2017 (the "commencement date") and shall expire on September 30, 2019 (the "expiration date").

3. Extended Term.

(a) Lessee's Option To Extend. Provided the Lessee is not in default of its obligations under this Lease, the Lessee shall have the option to extend the initial term on all the terms and conditions contained herein, except for the monthly base rent, for an additional period of Three (3) years, commencing at midnight on the day the initial term terminates.

(b) Procedure to Extend. In order to exercise its option, the Lessee shall give the Lessor written notice of its intention to extend at least sixty (60) days prior to the expiration of the initial term.

(c) Monthly Base Rent. The monthly base rent for the extended term shall be set by negotiation. The parties shall have thirty (30) days after the Lessor received the notice to extend in which to agree on the monthly base rent for the extended term, if the parties agree they shall immediately execute an amendment to this Lease stating the monthly base rent.

4. Rental Amount.

(a) Monthly Base Rent. The Lessee shall pay to the Lessor monthly base rent (the "monthly base rent") on or before the first day of each calendar month in an amount equal to Nine Thousand Dollars (\$9,000.00) per calendar month, and begin on January 1, 2018 and each month of this lease thereafter. All monthly base rent shall be paid to the Lessor at the address to which notices to the Lessor are given. Rent for any partial calendar month shall be pro rated at a daily rate of one thirtieth (1/30) of the monthly base rent.

(b) Sales Tax. The Lessee shall pay to the Lessor any applicable sales tax on the monthly base rent.

(c) Late Penalty. Any rent or other sum required under this Lease to be paid that is not paid within five (5) days of the due date shall be assessed a late charge of One Hundred Dollars (\$100.00); such amount shall be considered liquidated damages and shall be due and payable as additional rent. In the event the late charge assessed above exceeds the maximum amount allowable by law, the amount assessed will be adjusted to the maximum amount allowable by law. To be considered paid, Lessor must have received the rent or other sum required under this Lease.

5. Utilities. The Lessee, at its costs, shall pay all costs for quantities of water, sewer, garbage, electricity, and other utilities used or consumed on the Premises, or which become due and payable. Prior to taking possession of the Premises, the Lessee shall arrange with the City and Borough of Sitka to be the named persons responsible for all payments for utilities provided by the City and Borough of Juneau to the Premises. The Lessee shall be responsible for, shall arrange for delivery of, and shall pay for all fuel oil (diesel fuel #2), if any, required to operate the any utilities provided with the Premises. If applicable, the Lessor shall provide a full fuel tank when the Lessee takes possession. Likewise, if applicable, the Lessee shall leave a full fuel tank upon termination of the term or extended term of this Lease.

6. Maintenance and Repair. The Lessee, at its cost, shall: maintain the Premises in good condition; make all repairs of whatever kind and nature, foreseen and unforeseen, as may be necessary or appropriate to keep the Premises in good condition; and, remove from the Premises all debris and garbage, and provide all landscaping, gardening, and ice and snow removal. The Lessee, at its cost, shall furnish all janitorial and cleaning services and supplies for the Premises. Lessee shall be responsible for making the premises suitable for its business, and shall be solely responsible for security any necessary permits, licenses, and other approvals.

7. Landlords Right of Entry. Due to state laws regulating cannabis, Landlord and tenant agree that Landlord may only enter the Premises when accompanied by authorized Lessee personnel.

8. Insurance Requirements. The Lessee, at its cost, shall maintain a comprehensive general liability policy, with liability limits of not less than Two Million Dollars (\$2,000,000) per occurrence, against all liability of the Lessee and its authorized representatives arising out of and in connection with the Lessees use or occupancy of the Premises. Such insurance policy shall name the Lessor as an additional insured with all rights of subrogation waived against Lessor. In addition, the Lessor may, from time to time, require the Lessee to increase the amount of coverage. All insurance shall insure the Lessee's performance of the indemnification provisions of this Lease.

9. Policies of Insurance. All insurance required to be provided by the Lessee under this Lease shall be issued by insurance companies authorized to do business in Alaska with a financial rating of at least an A status as rated in the most recent edition of Best's Insurance Reports and shall contain an endorsement requiring at least thirty (30) days' prior written notice of cancellation to the Lessor before the cancellation or change in coverage, scope, or amount of any policy. The Lessee shall deliver a certificate or copy of such policy, together with evidence of all premiums, to the Lessor within 30 days after commencement of this Lease. The Lessee

shall also deliver to the Lessor satisfactory evidence of the renewal of such policy and the payment of all renewal premiums not less than thirty (30) days before the expiration of any policy.

10. Release and Indemnity. The Lessor shall not be liable to the Lessee for any damage to the Lessee or the Lessee's property from any cause, and the Lessee further waives all claims against the Lessor for damage to any person or property arising for any reason.

The Lessee shall defend, indemnify, and hold the Lessor harmless from all claims, demands, causes of action, damages, and any expenses incident thereto, arising out of any damage to any person or property incurring in, on, or about the Premises, or arising out of the Lessee's use of the Premises or the Lessee's breach of any term of this lease. Lessee shall further indemnify Lessor for any and all costs or damages due to civil forfeiture under the federal Controlled Substances Act.

11. Destruction.

(a) Option to Terminate. In the event the Premises is damaged or destroyed so as to render the Premises totally or partially untenantable, the Lessor may elect to terminate this Lease by giving a notice of termination to the Lessee within ninety (90) days from the date of such damage or destruction. In the event the Lessor does not elect to terminate this Lease, the Lessor shall restore the Premises. In the event the Lessor elects to terminate this Lease, this Lease shall terminate on the date the Lessee received the Lessor's notice of termination.

(b) Restoration. In the event the Premises is to be restored, the Lessor with all due diligence shall restore the Premises to substantially the same condition as immediately prior to the date of such damage or destruction, and the Lessee, at its cost, shall restore or repair its improvements, fixtures, and equipment as may be necessary and appropriate to reopen and operate the Premises. All restoration shall be in accordance with the Lessor's plans and specifications at that time and in full compliance with all applicable laws and ordinances.

(c) Abatement of Rent. During the period of untenantability, the monthly base rent shall abate in the same ratio as the portion of the Premises rendered untenantable bears to the whole of the Premises, but all terms and conditions of the Lease shall remain in full force and effect.

12. Alterations and Improvements. Lessee is responsible for all costs of alteration, additions and improvements. Lessee is hereby permitted to make reasonable alterations inside the Premises.

13. Default. The occurrence of any of the following shall constitute a default by the Lessee:

a) Nonpayment. The failure to make payment of any installment of the monthly base rent, or of any other sum required under this Lease to be paid by Lessee if not paid by the due date;

b). Abandonment. The abandonment of the Premises (failure to operate the Sublet Premises) for a period of thirty (30) consecutive days shall be deemed an abandonment;

c) Receiver. The appointment of a receiver or a debtor-in-possession to take possession of the Premises or improvements or of the Lessee's interest in the leasehold estate or of the Lessee's operations on the Premises by reason of the Lessee's insolvency;

d) Bankruptcy. An assignment by the Lessee for the benefit of creditors or the filing of a voluntary or involuntary petition by or against the Lessee under any law for the purpose of adjudicating the Lessee a bankrupt; or for extending time for payment, adjustment, or satisfaction of the Lessee's liabilities; or for reorganization, dissolution, or arrangement on account of or to prevent bankruptcy or insolvency; unless the assignment or proceeding, and all consequent orders, adjudications, custodies and supervision are dismissed, vacated, or otherwise permanently stayed or terminated within thirty (30) days after the assignment, filing, or other initial event;

e) Enforcement Action or Noncompliance with State or Local Laws. Federal law enforcement action against Lessee or Lessor for marijuana activities on the premises including prosecution, investigation, or forfeiture; the non-compliance by Lessee with other Federal law (other than marijuana related), noncompliance with any state or local statute, law, or ordinance, including but not limited to the state marijuana licensing and program rules and local zoning ordinances, any civil action faced by Lessee or Lessor as a result of the marijuana cultivation business; and

f) Violation of Agreement. The failure to observe or perform any of the Lease Agreement's other covenants, agreements, or obligations hereunder, if any such default shall not be cured within thirty (30) days after notice of default has been given to the Lessee.

In the event of default by Lessee, Landlord will immediately notify AMCO. Landlord will not remove or take possession of marijuana without prior written permission from AMCO on its disposal.

14. Remedies and Vacation/Surrender of the Premises. In the event of default, after AMCO has been notified and has authorized disposal of marijuana, the Lessor shall have the following remedies in addition to all other rights and remedies allowable at law or equity, to which the Lessor may resort cumulatively or in the alternative:

a) Relet. The Lessor shall have the right, at its election, during the period that the Lessee is in default, to enter the Premises and relet it, or any part of it, to any third party for the Lessee's account, and the Lessee shall remain liable under this Lease for all costs the Lessor incurs in reletting the Premises, including, but not limited to, brokers' commissions, demolition, remodeling, and similar costs. In the event the Lessor reenters and relets the Premises, the Lessee shall pay to the Lessor all rent due under this Lease, less the rent the Lessor receives from any such reletting.

b) Terminate. The Lessor shall have the right, at its election, during the period that Lessee is in default, to give the Lessee notice of the Lessor's intention to terminate this Lease and all of the Lessee's rights hereunder, and on the date specified in such notice, including early

and/or immediate termination of the term of this Lease, and all rights granted the Lessee hereunder shall come to an end as fully as if the lease then expired by its own terms.

c) Retake. In the event of termination of this Lease, the Lessor shall have the right to repossess the Sublet Premises either with process of law or through any form of suit or proceeding, as well as the right to sue for and recover all rents and other sums accrued up to the time of such termination, and damages arising out of any breach on the part of the Lessee, including damages for rent not then accrued. The Lessor shall also have the right, without resuming possession of the Premises or terminating this Lease, to sue for and recover all rents and other sums, including damages at any time and from time to time.

Upon termination of this Lease, for default or otherwise (such as expiration of this Lease), Lessee shall vacate the Premises and surrender it to Landlord.

15. Assignment. The Lessee shall not voluntarily assign or encumber its interest in this lease or in the Premises, or sublease all or any part of the Premises, or allow any other person or entity (except the Lessee's authorized representatives) to occupy or use all or any part of the Premises, without first obtaining the Lessor's written consent. Any dissolution, merger, consolidation, or other reorganization of the Lessee, or the sale or other transfer of a controlling percentage of the capital stock of the Lessee, or the sale of at least fifty-one percent (51%) of the value of the assets of the Lessee, shall be deemed a voluntary assignment. "Controlling percentage" shall mean the ownership of and tie right to vote stock possession at least fifty-one percent (51%) of the total combined voting power of all classes of the Lessee's capital stock issued, outstanding, and entitled to vote for the election of directors. Any assignment, encumbrance, or sublease without the Lessor's written consent shall be voidable and, at the Lessor's election, shall constitute a default. No consent to any assignment, encumbrance, or sublease shall constitute a further waiver of the provisions of this Section 15.

16. Miscellaneous.

A. Severability. If any part or parts of this Lease shall be held unenforceable for any reason, the remainder of this Lease shall continue in full force and effect. If any provision of this Lease is deemed invalid or unenforceable by any court of competent jurisdiction, and if limiting such provision would make the provision valid, then such provision shall be deemed to be construed as so limited.

B. Binding Effect. The covenants and conditions contained in the Lease shall apply to and bind the parties and the heirs, legal representatives, successors and permitted assigns of the parties.

C. Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of Alaska.

D. Entire Agreement. This Lease constitutes the entire agreement between the Parties and supersedes any prior understanding or representation of any kind preceding the date of this Lease. There are no other promises, conditions, understandings or other

agreements, whether oral or written, relating to the subject matter of this Lease. This Lease may be modified in writing and must be signed by both Landlord and Tenant.

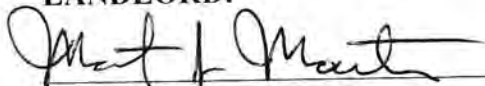
E. Notice. Any notice required or otherwise given pursuant to this Lease shall be in writing and mailed certified return receipt requested, postage prepaid, or delivered by overnight delivery service, if to Lessee, at the Premises and if to Landlord, at the address for payment of Rent. Either party may change such addresses from time to time by providing notice as set forth above.

F. Waiver. The failure of either party to enforce any provisions of this Lease shall not be deemed a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Lease. The acceptance of Rent by Landlord does not waive Landlord's right to enforce any provisions of this Lease.


G. Federal law. The parties mutually agree that federal illegality of cannabis operations on the premises is not a valid defense to any claim arising from this Lease Agreement. Thus, the parties waive the right to present any such defense related to the status of cannabis under federal law.

IN WITNESS WHEREOF, the parties have caused this Lease to be executed the day and year first above written.

LANDLORD:


(Signature)
MARTY J MARTU
(Print Name)
OWNER
Title (if applicable)

TENANT:


(Signature)
Justin Brown
(Print Name)
manager
Title (if applicable)



CITY AND BOROUGH OF SITKA

Legislation Details

File #: ORD 19-28 Version: 1 Name:

Type: Ordinance Status: AGENDA READY

File created: 6/19/2019 In control: City and Borough Assembly

On agenda: 7/9/2019 Final action:

Title: Making supplemental appropriations for fiscal year 2020 (water transmission main emergency repair)

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Ord 2019-28.pdf](#)
[Memo Ord 2019-28](#)
[Ord 2019-28](#)

Date	Ver.	Action By	Action	Result
6/25/2019	1	City and Borough Assembly		

POSSIBLE MOTION

I MOVE TO approve Ordinance 2019-28 on
second and final reading.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Honorable Mayor Paxton and Assembly Members

From: Dave Miller, Acting Municipal Administrator

Reviewed: Michael Harmon, P.E., Public Works Director *MA*
Jay Sweeney, Chief Finance & Administrative Officer *JS*
Shilo Williams, Environmental Superintendent *SW*
Cliff Richter, P.E., Municipal Engineer *CR*
Melissa Haley, Controller *MH*

Date: June 17, 2019

Subject: Water Transmission Main Repair Appropriation

Requested Action

Approve Ordinance 2019-28 appropriating \$400,000 in capital expenditures from the undesignated working capital balance of the Water Fund and authorize the expenditure of these funds.

Summary

Public Works has discovered a break in the 24-inch water transmission main to town on Sawmill Creek Road (SMC) by the Indian River Bridge. This break appears to be increasing over time and it is critical for an accelerated repair to happen to avoid uncontrolled flows increasing to the point it could wash out SMC, significantly increasing the cost of the work and jeopardizing this vital State-maintained transportation corridor as well as water service to town.

The pipe is located approximately 20-ft below the road elevation, runs along the toe of the road embankment, and will entail complex construction due to conflicts with retaining walls, sidewalks, shoring of the road, and managing significant ground water. For this reason, we will be contracting with an experienced local contractor to perform this work. We will order and provide the materials and design the work with in-house engineering to accelerate the process.

Fiscal Note

As of 12/31/2018 the Water fund had \$1.75 million in undesignated working capital/repair reserve. This appropriation will result in a decrease of 23% in funds available for unanticipated repairs to our infrastructure. Maintaining a sufficient level of unrestricted working capital in the CBS utilities is critical to ensure that funds are available for emergency repairs.

Project Background

The water transmission main is the pipe that brings the water from the ultraviolet treatment plant at Gary Paxton Industrial Park to town. There are no water services on the transmission main. While the water is flowing towards town it is getting the necessary chlorine contact time to achieve proper disinfection. The water is considered fully treated once it reaches the National Cemetery. From there the water is distributed to our tanks and customers. There is a significant leak(s) in the section of transmission pipe between Indian River Bridge and Indian River Road, measured at in excess of 100 gallons per minute. The pipe was installed in 1987. The top of the pipe is located 20 feet below the top of the road and is in close proximity of the toe of the slope supporting SMC. Further complicating matters, the leak(s) is surfacing next to a retaining wall and a box culvert conveying flow to Sitka Sound Science Center. Excavating in that area will be challenging, potentially compromising the sidewalk and roadway and resulting in a lengthy road closure.

To minimize excavation adjacent to SMC, Public Works will build a parallel 500-foot water main within the SMC right-of-way, but located as far away (north) from the road as possible. The new section of 24" HDPE water main will be connected to the existing 24" ductile iron main at two locations adjacent to the road. The bypassed section of leaking pipe will be abandoned in place.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2019-28
AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA
MAKING SUPPLEMENTAL APPROPRIATIONS FOR FISCAL YEAR 2020
(Water Transmission Main Emergency Repair)

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

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

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

3. **PURPOSE.** The purpose of this ordinance is to make a supplemental capital appropriation for Fiscal Year 2020.

4. **ENACTMENT.** In accordance with Section 11.10(a) of the Charter of the City and Borough of Sitka, Alaska, the Assembly hereby makes the following supplemental appropriations for the budget period beginning July 1, 2019 and ending June 30, 2020.

<u>FISCAL YEAR 2020 EXPENDITURE BUDGETS</u>
<u>WATER FUND CAPITAL</u>
Fund 720– Water Transmission Main Emergency Repair Project: Increase appropriation in the amount of \$400,000 for repair of the 24” water transmission main between Indian River Bridge and Indian River Road. These funds will come from the Water Fund working capital.

EXPLANATION

A major leak in the main 24” water transmission line into downtown has developed and requires immediate emergency repairs. The existing amount of appropriations in the FY2020 Water Fund repairs budget is insufficient to pay for the repairs and a supplemental appropriation is required.

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

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 9th Day of July, 2019.

Gary L. Paxton, Mayor

ATTEST:

Melissa Henshaw, CMC
Acting Municipal Clerk

1st reading 6/25/19

2nd and final reading 7/9/19

Sponsor: Administrator



CITY AND BOROUGH OF SITKA

Legislation Details

File #: ORD 19-29 Version: 1 Name:

Type: Ordinance Status: AGENDA READY

File created: 6/19/2019 In control: City and Borough Assembly

On agenda: 7/9/2019 Final action:

Title: Making supplemental appropriations for fiscal year 2020 (No Name Mountain Master Plan)

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Ord 2019-29.pdf](#)
[Memo Ord 2019-29](#)
[Ord 2019-29](#)

Date	Ver.	Action By	Action	Result
6/25/2019	1	City and Borough Assembly		

POSSIBLE MOTION

I MOVE TO approve Ordinance 2019-29 on
second and final reading.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Paxton and Assembly Members

From: Jay Sweeney, Chief Finance and Administrative Officer

Reviewed: David Miller, Acting Administrator
Michael Harmon, P.E., Public Works Director *mtg*

Date: June 18, 2019

Subject: No Name Mountain Master Plan Appropriation

Requested Action

Approve a supplemental budget appropriation in the amount of \$165,000 to pay for the costs of completing a land use master plan for the 800 acre No Name Mountain/Granite Creek site in Sitka. The total of \$165,000 is comprised of \$149,500 for the consultant contract and \$15,500 for staff wages and benefits.

Summary

Development of the No Name Mountain/Granite Creek site has been identified as a top strategic priority of the Assembly. To ensure that development efforts take place in an organized, efficient and effective manner, staff has determined that an overall master plan is necessary.

To date, there have been no direct capital appropriations by the Assembly for the project. Initial costs associated with the project have been paid for out of the Planning Department's FY2019 operating budget, and, advertising costs have been paid out of the Administration Department's FY2019 budget. Planning efforts for the project are now at a stage wherein a separate, specific capital appropriation is warranted; remaining unencumbered operating appropriations are insufficient to pay for anticipated costs.

Accordingly, a capital appropriation is necessary to move the project forward.

Fiscal Note

The source of funding for the requested appropriation is the unassigned balance in the General Fund. The unassigned balance was \$5,378,630 as of June 30, 2018 and FY2019 financial activity is not expected to significantly change this balance.

The effect of this supplemental appropriation, if approved, will be to reduce the potential amount of funds to be transferred into the Public Infrastructure Sinking Fund in September. As the purpose of the Public Infrastructure Sinking Fund, however, is to earmark surplus funds in the General Fund for general governmental capital projects, the essential effect will be to directly earmark surplus funds for this project early, instead of doing so through the normal budget cycle.

NO NAME MOUNTAIN/GRANITE CREEK LAND USE MASTER PLAN

PROJECT SCOPE OF SERVICES

Jones & Jones, with our sub-consultants PND Engineers, McDowell Group, and Anderson Land Planning, propose the following scope of services to develop the land use master plan for the 800 acre No Name Mountain/Granite Creek site area in Sitka.

A. PROJECT INITIATION

1. Conduct Kick-off Meeting with CBS in Sitka to affirm project goals, objectives, schedule, work plan and deliverables.
2. Identify project stakeholders and discuss stakeholder/public involvement with CBS during kick-off meeting.
3. Affirm availability and content of existing site-related background data, mapping, studies, reports, etc.*
4. Following kick-off meeting, tour project site with consultant team and CBS.
5. Note: Staff from each firm on the consultant team will attend the kick-off meeting and site tour.***

B. CONDUCT DATA COLLECTION AND ANALYSIS

1. Site Inventory & Analysis: Assemble site mapping, and identify existing general site conditions and characteristics, including geological and hydrologic conditions, vegetation cover and typologies, current land use, critical areas (wetlands, steep slopes), views, vehicle and pedestrian access, etc.*
2. Market Analysis: Assemble and analyze original and secondary economic source data and current baseline economic conditions and trends to identify range of potential development opportunities including rock extraction, housing, visitor/tourism industry, and other commercial/industrial uses for the site. Conduct Benefit/Cost Analysis of potential development opportunities.
3. Landslide Risk: Review and assess results of recent landslide risk hazard assessment and hazard mapping provided by CBS.
4. Prepare illustrative maps and exhibits to depict information and findings from B.1 – 3 above.
5. Present Data Collection and Analysis findings to CBS Staff and Assembly, and to project stakeholders and larger community during Task C below.
6. Note: Economic source data will be obtained from current available sources and interviews with local stakeholders.

C. DEVELOP LAND USE "VISION" AND ALTERNATIVES

1. Visioning: Conduct "Visioning Workshop" with CBS Staff, Assembly, project stakeholders and general public to present Site Analysis and Market Analysis

findings, and to explore community's ideas on how project site should be developed. **

2. Alternatives: Based on input from Visioning Workshop, develop alternative land use concepts and schemes for project site. Prepare maps and exhibits to depict alternatives, including general land use/development types and layout, circulation and access, conservation areas, etc.
3. Alternatives Workshop: Present and discuss alternative land use schemes with CBS Staff, Assembly, stakeholders and general public. Reach agreement among above entities on a "preferred" land use scheme.
4. Note: Visioning Workshop and Alternatives Workshop are proposed to occur over a two-day period whereby the Visioning Workshop takes place on one evening, followed by development of alternatives by the consultant team the next day, with the Alternatives Workshop occurring that evening. Staff from each firm on the consultant team will participate in both workshops and in the development of alternatives. ****

D. PREPARE LAND USE MASTER PLAN

1. "Draft" Plan: Based on information obtained from Tasks A-C above, develop preliminary or "draft" land use master plan, depicted by mapping, illustrations, exhibits and other material.
2. Economic Viability: Revisit Market Analysis to test economic viability of land use recommendations in Draft Plan.
3. Review: Present Draft Plan recommendations to CBS Staff, Assembly, project stakeholders and general public. **
4. Revise and Finalize Master Plan: Based on review comments and input, revise and assemble Master Plan into final report document to submit to CBS.
5. Note: Members of the entire consultant team will participate in review meeting(s) of Draft Plan. ***

*Assumes digital LIDAR topographic mapping, landslide risk assessment maps, wetland mapping, and historical geotechnical information are available from CBS or other sources. (Detailed on-site verification or delineation of critical areas such as wetlands, riparian corridors, critical habitat, etc. are outside the scope of this project.)

**Assumes CBS will post information about the project on the City's website, issue notices of public meetings, and reserve the venues for public meetings. Project information will be provided by the consultant team for posting on the City's website.

***Trip/meetings will involve a one-night stay in Sitka by consultant team members.

****Trip/meetings will involve a two-night stay in Sitka by consultant team members.

PROJECT SCHEDULE

Jones & Jones proposes the following timeline to carry out Tasks A through D above:

Task A: Kick-off to be scheduled for date between June 10 and June 21, 2019

Task B: from June 24 to August 16, 2019

Task C: Visioning and Alternatives Workshops to be scheduled for date between August 19 and August 31, 2019

Task D: from September 2 to November 8, 2019

PROJECT FEES

The Jones & Jones consultant team proposes a Lump Sum Fee of \$149,500.00 for labor and expenses to perform the Scope of Services described above.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2019-29
AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA
MAKING SUPPLEMENTAL APPROPRIATIONS FOR FISCAL YEAR 2020
(No Name Mountain Master Plan)

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

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

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

3. **PURPOSE.** The purpose of this ordinance is to make a supplemental capital appropriation for Fiscal Year 2020.

4. **ENACTMENT.** In accordance with Section 11.10(a) of the Charter of the City and Borough of Sitka, Alaska, the Assembly hereby makes the following supplemental appropriations for the fiscal year beginning July 1, 2019 and ending June 30, 2020.

<u>FISCAL YEAR 2020 EXPENDITURE BUDGETS</u>
GENERAL FUND CAPITAL
Fund 700 – No Name Mountain Master Plan Project: Increase capital appropriation in the amount of \$165,000 to complete the master plan. These funds will come from the General Fund working capital.

EXPLANATION

Staff has determined that the amount of the existing capital appropriation for the No Name Mountain Master Plan project is insufficient to accomplish all Assembly goals for the project. Accordingly, an additional supplemental capital appropriation is required.

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

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 9th Day of July, 2019.

Gary L. Paxton, Mayor

ATTEST:

Melissa Henshaw, CMC
Acting Municipal Clerk

1st reading 6/25/19

2nd reading 7/9/19

Sponsor: Administrator



CITY AND BOROUGH OF SITKA

Legislation Details

File #: ORD 19-30 Version: 1 Name:

Type: Ordinance Status: AGENDA READY

File created: 6/19/2019 In control: City and Borough Assembly

On agenda: 7/9/2019 Final action:

Title: Reducing FY2019 appropriations and making supplemental appropriations for FY2020 (harbor security cameras)

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Ord 2019-30.pdf](#)
[Memo Ord 2019-30](#)
[Ord 2019-30](#)

Date	Ver.	Action By	Action	Result
6/25/2019	1	City and Borough Assembly		

POSSIBLE MOTION

I MOVE TO approve Ordinance 2019-30 on
second and final reading.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Paxton and Assembly Members
David Miller, Acting Municipal Administrator

From: Stan Eliason, Harbormaster

Cc: Melissa Haley, Controller

Date: 6/17/2019

Subject: Approval of supplemental budget adjustment for FY2020-cameras

Background

Cameras were installed at Eliason/Thomsen Harbor parking lots (2005).

Analysis

The video quality is poor, and the system is outdated.

Fiscal Note

We anticipate that the Harbor Fund will come under its FY2019 budget and thus are requesting a re-appropriation (reduction in FY2019 budget, increase in FY2020 capital project budget in the amount of \$20,000.00 (for installation of cameras and assorted hardware)

Recommendation

Approve supplemental budget adjustment of \$20,000.00 to purchase 2 new cameras and related hardware.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2019-30
AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA REDUCING FY2019
APPROPRIATIONS AND
MAKING SUPPLEMENTAL APPROPRIATIONS FOR FY2020
(Harbor Security Cameras)

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

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

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

3. **PURPOSE.** The purpose of this ordinance is to reduce operating appropriations for FY2019, and to make a supplemental capital appropriation for FY2020.

4. **ENACTMENT.** In accordance with Section 11.10(a) of the Charter of the City and Borough of Sitka, Alaska, the Assembly hereby reduces operating appropriations for the fiscal year beginning July 1, 2018 and ending June 30, 2019, and makes the following supplemental appropriation for the fiscal year beginning July 1, 2019 and ending June 30, 2020.

In accordance with Section 11.11 (a) of the Charter of the City and Borough of Sitka, Alaska, a reduction in operating appropriations for the fiscal period July 1, 2018 and ending June 30, 2019 is hereby made:

<u>FISCAL YEAR 2019 EXPENDITURE BUDGETS</u>
HARBOR FUND
Harbor Fund – Operations: Reduce operating appropriations by \$20,000.

In accordance with Section 11.10 (a) of the Charter of the City and Borough of Sitka, Alaska, a supplemental capital appropriation for the fiscal period July 1, 2019 and ending June 30, 2020 is hereby made:

<u>FISCAL YEAR 2020 EXPENDITURE BUDGETS</u>
HARBOR FUND CAPITAL
Fund 750 – Harbor Security Cameras Project: Approve supplemental capital appropriation in the amount of \$20,000 to remove and replace 2 security cameras.

EXPLANATION

Security cameras in the harbor system have broken and need to be replaced. Replacement of the cameras was not anticipated in FY2020 when the Harbor Fund budget was constructed, so current FY2020 appropriations are insufficient to fund the replacements. The Harbor Fund does, however, have FY2019 operating appropriations which will not be used and will lapse back in the Harbor fund on June 30, 2019. The Home Rule Charter has no provision or “roll-overs” of appropriations, so any use of unexpended current year appropriations to fund next year’s needs must either be accomplished by encumbering funds through a purchase order (which causes the appropriation not to lapse), or, by reducing current year appropriations and increasing the next years. This ordinance provides for the funding of the security cameras by the latter method, reducing FY2019 operating appropriations and increasing FY2020 capital appropriations in the same amount.

Total supplemental appropriations to date for the Harbor Fund in FY2019 total \$0, not including this supplemental appropriation. Increases of operating budgets in the amount of \$46,592, to comply with Charter provisions pertaining to non-lapsing of encumbered funds at the end of a fiscal year (“Year-end soft close”), are not included in this amount.

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

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 9th Day of July, 2019.

Gary L. Paxton, Mayor

ATTEST:

Melissa Henshaw, CMC
Acting Municipal Clerk

1st reading 6/25/19
2nd reading 7/9/19

Sponsor: Administrator



CITY AND BOROUGH OF SITKA

Legislation Details

File #: ORD 19-31 Version: 1 Name:

Type: Ordinance Status: AGENDA READY

File created: 6/19/2019 In control: City and Borough Assembly

On agenda: 7/9/2019 Final action:

Title: Reducing FY2019 appropriations and making supplemental appropriations for FY2020 (police department heat pump)

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Ord 2019-31.pdf](#)
[Memo Ord 2019-31](#)
[Ord 2019-31](#)

Date	Ver.	Action By	Action	Result
6/25/2019	1	City and Borough Assembly		

POSSIBLE MOTION

I MOVE TO approve Ordinance 2019-31 on
second and final reading.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Paxton and Assembly members
Dave Miller, Acting Municipal Administrator

From: Lt. Jean Achee

Date: June 18, 2019

Subject: Approval of re-appropriation of FY2019 funds for purchase of Heat Pump system for Police Department in FY2020

Background

The Police Department is looking to initially install one heat pump system on the administration side of the building to help regulate both heating and cooling of the offices. Currently the heating system is tied into the aged and outdated HVAC system for the building and some of the admin side vents are regulated by the second floor thermostat settings. The admin offices, which all are on the sunny side of the building, can get to be over 80 degrees in the summer with no windows to open or way to cool down that side of the building. And then in the winter we have the opposite problem where the offices will be in the low 60's or high 50's and if the heat is turned up it over heats the jail/dispatch side of the department and doesn't heat up the admin side.

A second area of concern in the jail and dispatch area, which are facing similar heating/cooling issues. A second heat pump on the jail/dispatch side would address those issues.

Analysis

A relatively cost effective solution for this, until a new Police Department is built, is to install heat pumps, first on the admin side and then the jail side of the department. As there are no definite timelines around building a new Police Department, these upgrades are necessary to ensure that staff are in an environment in which they can comfortably work.

Fiscal Note

We project that the Police Department as a whole will come in under budget by about \$400,000 this year. We seek authorization to reduce FY2019 appropriation by \$23,000, and increase FY2020 capital appropriations by the same amount, essentially rolling over a portion of the FY2019 surplus.

Recommendation:

Approve a supplemental capital appropriation for \$23,000 for the purchase and installation of two heat pumps in the Police Department, using surplus from FY2019.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2019-31

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA REDUCING FY2019
APPROPRIATIONS AND MAKING SUPPLEMENTAL APPROPRIATIONS FOR FY2020
(Police Dept Heat Pump)

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

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

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

3. **PURPOSE.** The purpose of this ordinance is to reduce operating appropriations for FY2019, and to make a supplemental capital appropriation for Fiscal Year 2020.

4. **ENACTMENT.** In accordance with Section 11.10(a) of the Charter of the City and Borough of Sitka, Alaska, the Assembly hereby reduces operating appropriations for the fiscal year beginning July 1, 2018 and ending June 30, 2019, and makes the following supplemental appropriations for the budget period beginning July 1, 2019 and ending June 30, 2020.

In accordance with Section 11.11(a) of the Charter of the City and Borough of Sitka, Alaska, a reduction in operating appropriations for the fiscal period July 1, 2018 and ending June 30, 2019 is hereby made:

<u>FISCAL YEAR 2019 EXPENDITURE BUDGETS</u>
GENERAL FUND
Police Department – Operations: Reduce operating appropriations in the amount of \$23,000.

In accordance with Section 11.10 (a) of the Charter of the City and Borough of Sitka, Alaska, a supplemental capital appropriation for the fiscal period July 1, 2019 and ending June 30, 2020 is hereby made:

<u>FISCAL YEAR 2020 EXPENDITURE BUDGETS</u>
GENERAL FUND CAPITAL
Fund 700 – Police Department Heat Pump Project: Approve supplemental capital appropriation in the amount of \$23,000 for a heat pump to be installed at the Police Department.

EXPLANATION

Heat pumps are needed to regulate temperatures inside of the Police Department and the jail. Acquisition and installation of heat pumps was not anticipated in FY2020 when the Police Department budget was constructed, so current FY2020 appropriations are insufficient to acquire such pumps. The Police Department does, however, have FY2019 operating appropriations which will not be used and will lapse back into the General Fund on June 30, 2019. The Home Rule Charter has no provision or “roll-overs” of appropriations, so any use of unexpended current year appropriations to fund next year’s needs must either be accomplished by encumbering funds through a purchase (which causes the appropriation not to lapse), or, by reducing current year appropriations and increasing the next years. This ordinance provides for the funding of the heat pumps by the latter method, reducing FY2019 operating appropriations and increasing FY2020 capital appropriations in the same amount.

Total supplemental appropriations to date for the General Fund in FY2019 total \$2,625,715, not including this supplemental appropriation. Increases of operating budgets in the amount of \$133,998.10, to comply with Charter provisions pertaining to non-lapsing of encumbered funds at the end of a fiscal year (“Year-end soft close”), are not included in this amount.

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

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 9th Day of July, 2019.

Gary L. Paxton, Mayor

ATTEST:

Melissa Henshaw, CMC
Acting Municipal Clerk

1st reading 6/25/19

2nd and final reading 7/9/19

Sponsor: Administrator



CITY AND BOROUGH OF SITKA

Legislation Details

File #: ORD 19-32 Version: 1 Name:

Type: Ordinance Status: AGENDA READY

File created: 7/2/2019 In control: City and Borough Assembly

On agenda: 7/9/2019 Final action:

Title: Amending Title 20 "Environmentally Critical Areas" of the Sitka General Code by updating Chapter 20.04 "Floodplain Management" and adopting updated regulations

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Ord 2019-32.pdf](#)
[Memo Ord 2019-32.pdf](#)
[Ord 2019-32.pdf](#)
[Sitka Floodplain Regulations.pdf](#)
[NFIP Consequences of Non-Participation Handout.pdf](#)
[Email from First Bank.pdf](#)
[February 1, 2019 FEMA Correspondence.pdf](#)
[April 29, 2019 FEMA Correspondence.pdf](#)
[June 29, 2019 FEMA Correspondence.pdf](#)

Date	Ver.	Action By	Action	Result
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POSSIBLE MOTION

I MOVE TO approve Ordinance 2019-32 on
first reading.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Honorable Mayor Paxton and Assembly Members

From: Dave Miller, Interim Municipal Administrator

Reviewed: Michael Harmon, P.E., Public Works Director
Brian Hanson, Municipal Attorney
Patrick Swedeen, Building Official/Floodplain Manager

Date: June 28, 2019

Subject: Floodplain Management Ordinance and Regulations

Requested Action

Approve Ordinance 2019-32.

To maintain Sitka's 37-year period of good standing in the National Flood Insurance Program we must adopt an updated Floodplain Management Ordinance and associated regulations prior to August 1, 2019.

Summary

Over the last few years FEMA working together with the State of Alaska has created a new Flood Insurance Rate Map (FIRM) for Sitka that will be officially adopted by FEMA on August 1, 2019. In order for Sitka to remain compliant with the National Floodplain Insurance Program (NFIP) we must adopt an updated Floodplain Management Ordinance and associated regulations prior to that date.

Our currently adopted FIRM shows approximately 275 structures (including residential, commercial, and public structures) in flood hazard areas while the updated maps place approximately 273 structures in the flood hazard areas. Just over 100 structures currently shown in flood hazard areas will be removed and just over 100 structures not currently shown in flood hazard areas will be added. During the appeal period in 2017 for the updated draft maps The Public Works Department provided official appeal requests along with adequate proofs to FEMA resulting in amendments to the draft maps in two areas, these approved appeals successfully removed 26 structures around Swan Lake from flood hazard areas and reduced the flood hazard level for 25 properties on Alice Island.

Sitka's Floodplain Regulations designate The Planning Commission as the body that hears variance requests on floodplain management issues. The Planning Commission reviewed the regulations and draft ordinance at its July 2, 2019 meeting and voted to approve and pass them on to the Assembly as written.

Background

The National Flood Insurance Program was established with the passage of the National Flood Insurance Act of 1968. The City and Borough of Sitka adopted its floodplain management ordinance in 1982 and the last significant revision of this ordinance occurred in 2010.

In addition to enabling property owners to purchase subsidized insurance as a protection against flood losses the city's participation in the NFIP maintains Sitka's ability to obtain federal disaster funding for disasters of all types. Participation in the NFIP also provides members of our community the availability of federal grants and loans for properties located in the Special Flood Hazard Areas.

Key Points and Considerations

- **Participation in the NFIP is voluntary.** A community's participation in the NFIP is entirely voluntary, approving the updated Floodplain Management Ordinance and Regulations does not prohibit Sitka from opting out of the NFIP if at a future date a superior program is made available to the community.
- **Suspension from the NFIP does not remove the requirement for flood insurance or void the created flood hazard maps.** Lending institutions require structures located in mapped flood hazard zones to carry flood insurance when a loan or mortgage is associated with the structure. The NFIP does not require flood insurance but it does provide an affordable option for all of Sitka's citizens to obtain protection whether or not the structure to be insured is located in a flood hazard zone.
- **Community participation in the NFIP is required for community members to be eligible for federally backed loans, grants, and disaster assistance.** Property owners in communities suspended from or that do not participate in the NFIP will not be able to obtain federal grants and loans from federal agencies such as the Environmental Protection Agency, Fannie Mae and Freddie Mac, Housing and Urban Development, Federal Housing Authority, Veteran's Assistance, Farmer's Home Administration, and Small Business Administration for properties located in the Special Flood Hazard Area. Communities that do not participate or have been suspended from the NFIP are not eligible to receive federal disaster funding for the permanent repair or reconstruction of structures in the SFHZ and cannot receive Federal Hazard Mitigation Assistance Grants (non-disaster mitigation grants).

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2019-32

**AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING TITLE 20
“ENVIRONMENTALLY CRITICAL AREAS” OF THE SITKA GENERAL CODE BY
UPDATING CHAPTER 20.04 “FLOODPLAIN MANAGEMENT” AND ADOPTING
UPDATED REGULATIONS**

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 maintain Sitka’s 37 year participation in the National Floodplain Insurance Program (NFIP). FEMA will adopt an updated Flood Insurance Rate Map on August 1, 2019 and to remain compliant with the program Sitka must adopt an updated ordinance and associated regulations prior to that date. Participation in the NFIP provides citizens of Sitka the availability of federally backed loans, grants, and disaster assistance along with making flood insurance available to all property owners in Sitka.

4. ENACTMENT. NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that the Sitka General Code Title 20 “Environmentally Critical Areas”, be amended by updating chapter 20.04, entitled “Floodplain Management” to read as follows (deleted language stricken, new language underlined):

**Title 20
ENVIRONMENTALLY CRITICAL AREAS**

Chapters:

**20.01 Landslide Area Management
20.04 Floodplain Management
20.05 Coastal Management**

*** * ***

**Chapter 20.04
FLOODPLAIN MANAGEMENT**

Sections:

**20.04.005 Statutory Authorization.
20.04.010 Purpose.
20.04.020 Definitions.
20.04.030 Reference to other codes.
20.04.035 Interpretation—Disclaimer of liability.
20.04.040 Implementation.
20.04.050 Flood hazard district.**

20.04.060 Regulations.

20.04.005 Statutory Authorization.

In Alaska Statute Title 26, the Alaska State Legislature has delegated the responsibility to each community to adopt floodplain management regulations designed to promote the public health, safety, and general welfare of its citizenry, therefore, the assembly of the city and borough of Sitka does ordain as follows:

20.04.010 Purpose.

A. Flood hazard areas within the city and borough of Sitka are subject to periodic floodwater inundation which may result in a loss of life and property, pose health and safety hazards, commerce and governmental services disruption, extraordinary public expenditures for flood protection and relief, and impairment of the tax base. All of these consequences adversely affect the public health, safety, and general welfare. It is the purpose of this chapter to minimize loss due to flooding conditions by:

1. Restricting or prohibiting structures and uses that are dangerous to health, safety, or property when flooding occurs, or which increase erosion, flood heights or flow velocities;
2. Requiring structures vulnerable to floods to be consistent with flood protection or floodproofing, including public facilities;
3. Controlling fill, grading, dredging, and other development which may increase flood damage;
4. Reducing the financial burdens imposed on the community, government, and individuals by rescue and relief efforts associated with flooding by providing sound development of areas of special flood hazard;
5. Ensuring potential buyers of real property are notified if property is in a special flood hazard area; and
6. Ensuring those who occupy the areas of special flood hazards assume responsibilities for their actions.

B. Areas within the city and borough of Sitka have been found to be potentially flood prone, as defined by Section 201 of the Federal Flood Disaster Protection Act of 1973. Therefore, the municipality chooses to join the National Flood Insurance Program to make flood insurance and federal and federally regulated financial assistance available to the residents within the flood hazard areas. To do so, the municipality must meet the requirements for participation in the National Flood Insurance Program.

20.04.020 Definitions.

A. "Area of special flood hazard" means the land in the floodplain within the jurisdiction of the city and borough of Sitka subject to a one percent or greater chance of flooding in any given year. Such an area is designated on the Flood Insurance Rate Map for the city and borough of Sitka (FIRM) as including the letter "A" or "V." The term "special flood hazard" for the purposes of this chapter is synonymous with the phrase "area of special flood hazard."

B. "Coastal high hazard area" means the area subject to high velocity waters due to wind, tidal action, storm, seismic, tsunami or any similar force, acting singly or in any combination resulting in a wave or series of waves of sufficient magnitude, velocity or frequency to endanger property and lives. These areas are designated on the FIRM by including the letter "V".

C. "Flood hazard area" includes all the area within the city and borough of Sitka subject to a one percent or greater chance of flooding in any given year, ~~hundred-year flood~~ as delineated on the FIRM. "Flood hazard area" includes the coastal high hazard area, where applicable. The municipality makes no guarantee that structures located outside the flood hazard area will not be subjected to flooding.

D. "Flood Insurance Rate Map" or FIRM means the official map of the Federal Insurance Administration that has delineated both the areas of special flood hazards and the risk premium zones applicable to the city and borough of Sitka.

E. "Floodproofing" means any combination of structural and nonstructural additions, changes, or adjustments to structures that reduce or eliminate flood damage to real estate or improved real property, water and sanitary facilities, structures and their contents.

F. "Floodway" means the channel of a river or other watercourse and the adjacent land areas that must be reserved in order to discharge the base flood without cumulatively increasing the water surface elevation more than one foot. The term is also referred to as the "regulatory floodway."

G. "NAVD 88" means the North American Vertical Datum of 1988, the vertical control datum established in 1991 by the minimum-constraint adjustment of the Canadian-Mexican-United States leveling observations.

~~G. "One hundred year flood" means a flood of a magnitude which can be expected to occur on the average of once every one hundred years. It is possible for this size flood to occur during any year. The odds are one to a hundred that this size flood will occur during a given year, but there is a one percent chance that a flood will occur each year. Statistical analysis of available streamflow or coastal storm records, or analysis of rainfall and runoff characteristics of the watershed, or coastal topography and storm characteristics are used to determine the extent and depth of the one hundred year flood.~~

H. "Structure" ~~for floodplain management purposes~~ means a walled and roofed building, and includes mobile homes, manufactured homes, and gas and liquid storage tanks or containers that are principally above ground.

I. "Substantially improved" means any remodeling, repair, reconstruction or improvement of a structure, the cost of which equals or exceeds fifty percent of the fair market value of the structure either: (1) as such value exists before the improvement is started, or (2) as such value existed before the damage occurred.

20.04.030 Reference to other codes.

Applicants requesting permits subject to this chapter are cautioned to refer to Chapter 6.12, Mobile and Manufactured Homes and Mobile and Manufactured Home Parks; Title 19, Building

and Construction; and Title 21, Subdivisions; in the Sitka General Code for other specific applicable provisions and regulations.

20.04.035 Interpretation—Disclaimer of liability.

A. In the interpretation and application of this chapter, all provisions shall be liberally construed in favor of enforcement and considered minimum requirements.

B. In the interpretation and application of this chapter, all provisions shall be deemed as not limiting nor repealing any other powers granted under municipal, state or federal laws.

C. This chapter is not intended to repeal, abrogate or impair any existing easements, covenants, or deed restrictions. However, if the provisions of this chapter and another provision of the Sitka General Code, ordinance, easement, covenant or deed restriction conflict or overlap, whichever imposes the more stringent restrictions shall prevail.

D. The degree of flood protection required by this chapter is considered reasonable for regulatory purposes and is based on scientific and engineering considerations. Larger floods can and will occur on rare occasions. Flood heights may be increased by manmade or natural causes. This chapter does not imply that land outside the areas of special flood hazards or uses permitted within such areas will be free from flooding or flood damages. This chapter shall not create liability on the part of the city and borough of Sitka or FIMA officials or employees, for any flood damages that result from reliance on this chapter or any administrative decision lawfully made under its provisions.

20.04.040 Implementation.

A. The building official or designee shall administer and implement the provisions of this chapter, and shall be responsible for maintaining for public use and inspection appropriate records and information relevant to implementation of this chapter. Such records and information shall include, but not be limited to:

1. Actual elevations, in relation to NAVD 88~~mean sea level~~, of the lowest floor, including basement, of all new or substantially improved structures located in the flood hazard area, and whether or not such structures have basements;
2. Actual elevations, in relation to NAVD 88 ~~mean sea level~~, of all new and substantially improved floodproofed structures and the required floodproofing certifications;
3. Flood insurance studies;
4. Flood Insurance Rate Maps;
5. Any reports or studies on flood hazards in the community, such as written by the Corps of Engineers, U.S. Geological Survey or private firms;
6. A file of all permit and variance applications, supporting documentation and any related city and borough assembly action.

B. Other duties and responsibilities of the building official shall be:

1. Review all permit applications for development in the flood hazard area for compliance with the provisions of this chapter, and to determine that all necessary permits have been obtained from local, state or federal governmental agencies.

2. Interpret the exact locations of boundaries of the areas of special flood hazard and regulatory floodway. If there appears to be a conflict between a mapped boundary and actual field conditions, the Building Official shall determine and interpret the documents. A person contesting the interpretation shall be given a reasonable opportunity to appeal the interpretation, as provided for in the Sitka floodplain regulations. When base flood elevation data has not been provided, the building official shall obtain, review and reasonably utilize any base flood elevation and floodway data available from any federal, state, municipal, or any other source in order to administer the provisions of this chapter.

20.04.050 Flood hazard district.

A. The special flood hazard areas identified by the Federal Insurance Administrator in a scientific and engineering report titled "Flood Insurance Study (FIS), City And Borough Of Sitka, Alaska" dated, August 1, 2019, with accompanying Flood Insurance Rate Maps (FIRMs) dated, August 1, 2019, are hereby adopted by reference and declared to be a part of this ordinance. The FIS and FIRM panels are on file at city hall, 100 Lincoln Street, Sitka, Alaska, in the building department office. A flood hazard district is created for the city and borough of Sitka, and shall be defined in its territorial extent by the following reports and maps:

~~1. Flood Insurance Study (FIS), Number 02220CV000B 02220CV000A, effective date August 1, 2019 September 29, 2010, prepared for the city and borough of Sitka by the Federal Insurance and Mitigation Administration (FIMA) and Federal Emergency Management Agency (FEMA).~~

~~2. Flood Insurance Rate Map (FIRM) Number 02220CIND1B 02220CIND0A, effective date August 1, 2019 September 29, 2010, prepared for the city and borough of Sitka by the FIMA and FEMA.~~

B. Current editions of each of the maps and reports listed above are made a part of this chapter, incorporated by reference. Subsequent maps and reports prepared by the FIMA or the city and borough of Sitka delineating the flood hazard district, floodway and floodplain areas within the city and borough of Sitka shall become part of this chapter upon publication. A copy of the maps and reports cited in this subsection are available at the public works department.

C. Sitka floodplain regulations, adopted under Section 20.04.060, shall govern construction and development within the areas of special flood hazard, and are incorporated by reference under this chapter.

D. In case any structure is constructed or substantially improved in violation of this chapter, the city and borough of Sitka, in addition to other remedies, may institute any proper actions or proceedings necessary, including enjoining of connections to public utilities, to restrain, correct or abate such violations.

E. The municipal administrator of the city and borough of Sitka is authorized to enter into contracts and agreements with other government entities for the purpose of implementing the provisions of this chapter.

F. The municipality must notify the state coordinating agency and FIMA prior to altering or relocating any watercourse. Any such alteration or relocation must maintain the flood-carrying capacity of the watercourse.

G. Nothing in this chapter shall be construed as applying to any structure existing prior to the effective date of the ordinance codified in this chapter, unless they are substantially improved after the effective date.

20.04.060 Regulations.

Sitka floodplain regulations shall be adopted by the assembly to implement the provisions of this chapter, and shall be incorporated by reference under this chapter. A copy of these regulations shall be available at the public works department, and shall be posted on the city and borough of sitka ~~public works department~~ webpage under the building department ~~official~~ section.

* * *

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

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska, this 23rd day of July, 2019.

Gary L. Paxton, Mayor

ATTEST:

Sara Peterson, MMC
Municipal Clerk

1st reading 7/9/19

2nd and final reading 7/23/19

City and Borough of Sitka

Sitka Floodplain Regulation

1.0 Administration.

1.1 Scope. These regulations shall be known as the Sitka Floodplain Regulation and shall govern construction and development within all areas of identified special flood hazards within the jurisdiction of the City and Borough of Sitka.

1.2 Establishment of Development Permit.

1.2.1 Development Permit Required. A Development Permit shall be obtained before construction or development begins within any area of special flood hazard. The permit shall be for all structures, including manufactured homes and mobile homes, and for all development including fill and other activities.

1.2.2 Application for Development Permit. Application for a Development Permit shall be made on forms furnished by the Building Official and shall require: plans in duplicate drawn to scale showing the nature, location, dimensions and elevations of the area in question; and any existing or proposed structures, fill, storage of materials, drainage facilities and the location of the foregoing. The following information shall also be required:

- a. Proposed elevation, in relation to NAVD 88 mean sea level, of the lowest floor (including basement) of all structures;
- b. Proposed elevation, in relation to NAVD 88 mean sea level, to which any non-residential structure ~~will be~~ has been floodproofed;
- c. Certification by a registered professional engineer or architect that the floodproofing methods for any non-residential structure meet the floodproofing criteria in Section 3.2.2;
- d. Proposed elevation, in relation to NAVD 88, of the bottom of the lowest horizontal structural member in V1-30, VE and V Zones;
- e. Base flood elevation data for subdivision proposals or other development, including mobile and manufactured home parks, greater than 50 lots or 5 acres, whichever is the lesser; and
- f. Description of the extent to which a watercourse will be altered or relocated as a result of proposed development.

1.3 Elevation Certificate required.

Prior to issuing a Certificate of Occupancy it shall be the duty of the applicant to submit to the Building Official a certification of the elevation of the lowest floor and/or floodproofed elevation, as-built, in relation to NAVD 88 mean sea level. The certification shall be provided on an Elevation Certificate form approved by the NFIP and shall be prepared by or under the direct supervision of a registered land surveyor or professional engineer who is licensed by the State of Alaska and authorized to certify such information.

1.4 Penalties for noncompliance.

No structure or land shall be constructed, located, extended, converted, or altered without being in full compliance with the provisions of these regulations and other applicable laws. Violations

of the provisions of these regulations by failure to comply with any of its requirements shall subject the violator to the penalties in Sitka General Code (SGC) 1.12.010, and in addition shall pay all costs and expenses involved in the case. Nothing herein contained shall prevent the City and Borough of Sitka from taking such other lawful action as necessary to prevent or remedy any violation.

2.0 Definitions.

Unless specifically defined below, words or phrases used in these regulations shall be interpreted according to their common usage.

2.1. "Appeal" means a request for a review of the Building Official's interpretation of any provision of these regulations or a request for a variance from these regulations.

2.2. "Area of shallow flooding" means a designated AO or AH zone on the ~~Flood Insurance Rate Map~~ (FIRM). AO is characterized as sheet flow and AH indicates ponding. An area of shallow flooding means that the base flood depths range from one to three feet, a clearly defined channel does not exist, the path of flooding is unpredictable and indeterminate, and velocity flow may be evident.

2.3. "Area of special flood hazard" means the land in the flood plain subject to a one percent or greater chance of flooding in any given year. Designation on the FIRM always includes the letters A or V. The term "special flood hazard" for purposes of these regulations is synonymous with the phrase, "area of special flood hazard."

2.4. "Base flood" means the flood having a one percent chance of being equaled or exceeded in any given year, and is also referred to as the one-hundred-year flood. Designation on the FIRM of "base flood" always includes the letters A or V.

2.5. "Base flood elevation (BFE)" means the elevation the floodwaters are anticipated to rise during of the base flood in relation to a specified datum, such as the North American ~~National~~ Geodetic Vertical Datum (NADVD). The base flood elevation is the basis of the insurance and floodplain management requirements of the ~~National Floodplain Insurance Program~~ (NFIP).

2.6. "Basement" means any area of a building having its floor a subgraded floor below ground level on all sides, regardless of height clearance.

2.7. "Breakaway wall" means a wall that is not a part of the structural support of the building and is intended through its design and construction to collapse under specific lateral loading forces, without causing damage to the elevated portion of the building or supporting foundation system.

2.8. "Coastal high hazard area" means the area subject to high velocity waters, including storm surge, tsunamis, or seismic forces. The area is designated on the FIRM as Zone ~~V1-~~ ~~V30~~ VE or V.

2.9. "Crawlspace" means an enclosed area below the base flood elevation that is required to have openings that equalize hydrostatic pressures to allow the automatic entry and exit of floodwaters.

2.10. "Development" means any man-made change to improved or unimproved real estate, including but not limited to buildings or other structures, mining, dredging, filling, grading, paving, excavation or drilling operations, or storage of equipment or materials located within the area of special flood hazard.

2.11. "Elevation Certificate" means the administrative tool of the NFIP that can be used to provide elevation information, to determine the proper insurance premium rate, and to support a

request for a Letter of Map Amendment (LOMA) or Letter of Map Revision based on fill (LOMR-F).

2.12. “Existing mobile and manufactured home park” means a manufactured home park for which the construction of facilities for servicing the lots on which the manufactured homes are to be affixed (including at minimum, the installation of utilities, the construction of streets, and either final site grading or the pouring of concrete pads) was completed before the effective adoption date of these Floodplain Regulations.

2.13. “FEMA” means the Federal Emergency Management Agency of the United States of America.

2.14. “Flood” or “flooding” means a general and temporary condition of partial or complete inundation of normally dry land areas from:

- a. The overflow of inland or tidal waters; and/or
- b. The unusual and rapid accumulation of runoff of surface waters from any source.

2.15. “Flood Insurance Rate Map (FIRM)” means the official map on which the Federal Insurance Administration has delineated both the areas of special flood hazards and the risk premium zones applicable to Sitka.

2.16. “Flood Insurance Study (FIS)” means the official report provided by the Federal Insurance Administration that includes an examination, evaluation and determination of flood hazards and, if appropriate, corresponding water surface elevations.

2.17. “Floodproofing” means any combination of structural and nonstructural additions, changes, or adjustments to structures which reduce or eliminate flood damage to real estate or improved real property, water and sanitary facilities, structures and their contents.

2.18. “Floodway” means the channel of a river or other watercourse and the adjacent land areas that must be reserved in order to discharge the base flood without cumulatively increasing the water surface elevation more than a designated height.

2.19. “Functionally dependent facility” means a facility which cannot be used for its intended purpose unless it is located in close proximity to water. The term includes only docking facilities, port facilities that are necessary for the loading or unloading of cargo or passengers, and shipbuilding and ship repair facilities, and does not include long-term storage or related manufacturing facilities.

2.20. “Hardship”, as related to Section 4.0 of these regulations, means the exceptional hardship that would result from a failure to grant the requested variance. The appeals board established in Section 4.1 requires that the variance be exceptional, unusual, and peculiar to the property involved. Mere economic or financial hardship alone is not exceptional. Inconvenience, aesthetic considerations, physical handicaps, personal preferences, or the disapproval of one’s neighbors likewise cannot, as a rule, qualify as an exceptional hardship. All of these problems can be resolved through other means without granting a variance, even if the alternative is more expensive or requires the property owner to build elsewhere or put the parcel to a different use than originally intended.

2.21. “Historic structure” means a structure that is:

- a. Listed in the National Register of Historic Places or a designated National Landmark, or preliminarily determined by the Secretary of the Interior as meeting the requirements for listing;
- b. Certified or preliminarily determined by the Secretary of the Interior as contributing to the historical significance of a registered historic district or a district preliminarily determined by the Secretary to qualify as a registered historical district;
- c. Listed on a State of Alaska inventory of historic places; or

- d. Listed on a local inventory of historic places certified by the Alaska Department of Natural Resources or the Secretary of the Interior.

2.22. "Lowest floor" means the lowest floor of the lowest enclosed area, including the basement. An unfinished or flood resistant enclosure, usable solely for parking of vehicles, building access, or storage in an area other than a basement area, is not considered a building's lowest floor, provided that such enclosure is not built so as to render the structure in violation of the applicable non-elevation design requirements of these regulations.

2.23. "Manufactured home" shall have the same meaning as in SGC 6.12.010.

2.24. "Mobile and manufactured ~~or mobile home park or subdivision~~" means any park, court, parcel or tract of land designed, maintained, intended or used for the purpose of supplying a location or accommodations for more than three units that includes mobile homes and/or manufactured homes, and includes all buildings used or intended for use as a part of the equipment thereof, whether or not a charge is made for the use of the park and its facilities.

2.25. "Mobile home" shall have the same meaning as in SGC 6.12.010.

2.26. "New construction" means structures for which the start of construction commenced on or after the effective date of these regulations and includes any subsequent improvements to such structures.

2.27. "New mobile and manufactured home park" means a manufactured home park for which the construction of facilities for servicing the lots on which the manufactured homes are to be affixed (including at minimum, the installation of utilities, the construction of streets, and either final site grading or the pouring of concrete pads) is completed on or after the effective adoption date of these Floodplain Regulations.

2.28. "NFIP" means the National Flood Insurance Program as managed by FEMA.

2.29. "Recreational vehicle" shall have the same meaning as in SGC 6.12.010.

2.30. "Regulatory floodway" shall have the same meaning as "floodway."

2.31. "Start of construction" includes substantial improvement, and means the start date listed on the building or foundation permit, provided the actual start of construction, repair, reconstruction, placement or other improvement was within one hundred eighty days of the permit date. The actual start date means either the first placement of permanent construction of a structure on a site, such as the pouring of slab or footings, the installation of piles, the construction of columns, or any work beyond the stage of excavation, or the placement of a manufactured home or a mobile home on a foundation. For a substantial improvement, the actual start of construction means the first alteration of any wall, ceiling, floor, or other structural part of a building, whether or not that alteration affects the external dimensions of the building.

Permanent construction does not include:

- a. Land preparation, such as clearing, grading and filling;
- b. Installation of streets and/or walkways;
- c. Excavation for a basement, footings, piers, or foundation or the erection of temporary forms;
- d. Installation on the property of accessory buildings, such as garages or sheds not occupied as dwelling units or not part of the main structure.

2.32. "Structure" for floodplain management purposes means a walled and roofed building, and includes mobile homes, manufactured homes, and gas or liquid storage tanks or containers that are principally above ground.

2.33. "Substantial damage" means damage of any origin sustained by a structure for which the cost of restoring the structure to its before-damaged condition would equal or exceed 50 percent of the market value of the structure before the damage occurred.

2.34. "Substantial improvement" means any repair, reconstruction, rehabilitation, addition or other improvement of a structure for which the cost equals or exceeds fifty percent of the market value of the structure either:

- a. Before the improvement or repair is started; or
- b. If the structure has been damaged and is being restored, before the damage occurred. This term includes structures which have incurred "substantial damage", regardless of the actual repair work performed.

For the purposes of these regulations, "substantial improvement" is considered to occur when the first alteration of any wall, ceiling, floor, or other structural part of the building commences, whether or not that alteration affects the external dimensions of the structure. The term does not include either:

- a. Any project or improvement of a structure to correct existing violations of state or local health, sanitary, or safety code regulations which have been previously identified by the Building Official and which are the minimum necessary to ensure safe conditions; or
- b. Any alteration of a "historic structure" provided that the alteration would not preclude the structure's continued designation as a "historic structure".

2.35. "Variance" means a grant of relief from the requirements of these regulations which permit construction in a manner that would otherwise be prohibited by these regulations.

2.0 Construction Requirements.

3.1 General standards.

In all areas of special flood hazards, the following standards are required:

3.1.1 Anchoring.

3.1.1.1 All new construction and substantial improvements shall be adequately anchored to prevent flotation, collapse, or lateral movement of the structure, including the effect of buoyancy.

3.1.1.2 All manufactured homes and mobile homes shall be anchored to prevent flotation, collapse or lateral movement, and shall be installed using methods and practices that minimize flood damage. Anchoring methods may include use of over-the-top or frame ties to ground anchors (Reference FEMA's "Manufactured Home Installation in Flood Hazard Areas" guidebook for additional techniques).

3.1.2 Construction materials and methods.

3.1.2.1 All new construction and substantial improvements shall be constructed with materials and utility equipment resistant to flood damage.

3.1.2.2 All new construction and substantial improvements shall be constructed using methods and practices that minimize flood damage.

3.1.2.3 Electrical, heating, ventilation, plumbing and air-conditioning equipment and other service facilities shall be designed and/or otherwise elevated or located to prevent water from entering or accumulating within the components during conditions of flooding.

3.1.3 Utilities.

3.1.3.1 New and replacement water supply systems shall be designed to minimize or eliminate infiltration of flood waters into the system.

3.1.3.2 New and replacement sanitary sewage systems shall be designed to minimize or eliminate infiltration of flood waters into the systems and discharge from the systems into flood waters.

3.1.3.3 On-site waste disposal systems shall be located to avoid impairment or contamination during flooding.

3.1.4 Subdivision proposals.

3.1.4.1 All subdivision proposals shall be consistent with the need to minimize flood damage.

3.1.4.2 All subdivision proposals shall have public utilities and facilities such as sewer, gas, electrical, and water systems located and constructed to minimize flood damage.

3.1.4.3 All subdivision proposals shall have adequate drainage provided to reduce exposure to flood damage.

3.1.4.4 All new subdivision proposals and other proposed developments, including proposals for manufactured home parks and subdivisions, if either is greater than 50 lots or 5 acres, shall include base flood elevation data.

3.1.5 Review of Building Permits.

Where elevation data is not available either through the Flood Insurance Study or from another authoritative source, applications for Building Permits shall be reviewed by the Building Official to assure that proposed construction will be reasonably safe from flooding. The test of reasonableness will be based on location information, and include use of available historical data, high water marks, photographs of past flooding, etc..

Failure to elevate at least two feet above the highest adjacent grade in these zones may result in higher insurance rates.

3.2 Specific standards.

In all areas of special flood hazards where base flood elevation data has been provided as set forth on the FIRM, the following provisions in Subsections 3.2.1 – 3.2.7~~5~~ apply.

3.2.1 Residential Construction in AE and A Zones.

3.2.1.1 New construction and substantial improvement of any residential structure shall have the lowest floor, including basement, elevated to or above the base flood elevation.

3.2.1.2 Fully enclosed areas below the lowest floor that are subject to flooding are prohibited, or shall be designed to automatically equalize hydrostatic flood forces on exterior walls by allowing for the entry and exit of floodwaters. Designs for meeting this requirement must either be certified by a registered professional engineer or architect or must meet or exceed the following minimum criteria:

- a. A minimum of two openings shall be provided having a total net area of not less than one square inch for every square foot of enclosed area subject to flooding;
- b. The bottom of all openings shall be no higher than one foot above grade; and
- c. Openings may be equipped with screens, louvers or other coverings or devices, provided that they permit the automatic entry and exit of floodwaters.
- d. Below grade crawlspaces are prohibited at sites where the velocity of floodwaters exceeds five feet per second.
- e. All building utility systems within the crawlspace shall be elevated above base flood elevation or be designed so that floodwaters cannot enter or accumulate within the system component during flood conditions.

- f. The interior grade of a crawlspace below the base flood elevation must not be more than two feet below the lowest adjacent exterior grade and the height of the below- grade crawlspace, measured from the interior grade of the crawlspace to the top of the crawlspace foundation, must not exceed four feet at any point.
- g. Below grade crawlspaces constructed in accordance with the requirements listed in this subsection shall not be considered basements. However, applicants who construct buildings that have below-grade crawlspaces are hereby advised that such buildings will have higher flood insurance premiums than buildings that have crawlspaces with interior elevations at or above the lowest adjacent grade.

3.2.2 Nonresidential construction in AE and A Zones.

New construction and substantial improvement of any commercial, industrial, or other nonresidential structure shall either have the lowest floor, including basement, elevated to the level of the base flood elevation, or together with attendant utility and sanitary facilities, shall:

- a. Be floodproofed requiring the structure be watertight with walls substantially impermeable to the passage of water below the base flood level;
- b. Have structural components capable of resisting hydrostatic and hydrodynamic loads and effects of buoyancy;
- c. Be certified by a registered professional engineer or architect that the design and methods of construction are in accordance with accepted standards of practice for meeting provisions of this Subsection based on the development and/or review of the structural design, specification and plans. Such certifications shall be provided to the Building Official;
- d. Nonresidential structures that are elevated, but not floodproofed, must meet the same standards for space below the lowest floor as described in Subsection 3.2.1.2; and applicants floodproofing nonresidential buildings shall be notified that flood insurance premiums will be based on rates that are one foot below the flood-protected level (e.g., a building constructed to the base flood level will be rated as one foot below that level).

3.2.3 Manufactured homes and mobile homes in AE and A Zones.

Subsections 3.2.3.1 and 3.2.3.2 apply to mobile and manufactured homes placed in areas designated as a special flood hazard zone beginning with the letter A.

3.2.3.1 All manufactured homes and mobile homes to be placed or substantially improved on sites within all areas designated as A Zones on the FIRM:

- a. Outside of a mobile and manufactured home park,
- b. In a new mobile and manufactured home park,
- c. In an expansion to an existing mobile and manufactured home park, or
- d. In an existing mobile and manufactured home park on which a mobile or manufactured home has incurred “substantial damage” as the result of a flood;

Shall be elevated on a permanent foundation with the lowest floor of the manufactured home at or above the base flood elevation, and be securely anchored to an adequately anchored foundation system in accordance with the provisions of Subsection 3.1.1.2.

3.2.3.2 Mobile and manufactured homes to be placed or substantially improved on sites in an existing mobile and manufactured home park within areas designated as A Zones on the FIRM that are not subject to the above mobile and manufactured home provisions be elevated so that either:

- a. The lowest floor of the manufactured home is elevated to at or above the base flood elevation, or
- b. The mobile or manufactured home chassis is supported by reinforced piers or other foundation elements at least equivalent strength that are no less than 36-inches in height above grade and be securely anchored to an adequately designed foundation system to resist flotation, collapse, and lateral movement.

3.2.4 Recreational Vehicles in AE and A Zones.

Recreational vehicles parked on sites within areas carrying flood hazard zone designations beginning with an A on the FIRM are required to either:

- a. Be on the site for fewer than 180-days in a twelve-month period,
- b. Be fully licensed and ready for highway use, on its wheels or jacking system, attached to the site by only quick disconnect type utilities and security devices, and have no permanently attached additions, or
- c. Meet the anchoring requirements of Subsection 3.1.1.2.

3.2.5 Shallow flood zone areas (AO and AH Zones).

Shallow flooding areas appear on the FIRM as AO or AH Zones, in these areas the provisions of subsections 3.2.5.1 – 3.2.5.3 apply:

3.2.5.1 In AO Zones, ~~New construction and substantially improvements~~ of residential structures shall have their lowest floor, including basement, elevated above the adjacent grade at least as high as the depth number indicated on the FIRM's depth number, not less than two feet if no depth number is specified.

3.2.5.2 In AO Zones ~~New and substantially improvements~~ of nonresidential structures shall either:

- a. Have their lowest floor, including basement, elevated above the adjacent grade at least as high as the depth number indicated on the FIRM, not less than two feet if no depth number is specified or;
- b. Together with attendant utility and sanitary facilities be completely floodproofed above the adjacent grade at least as high as the depth number indicated on the FIRM, not less than two feet if no depth number is specified, so that any space below that level is watertight and with structural components having the capability of resisting hydrostatic and hydrodynamic loads and effects of buoyancy. If this method is used, compliance shall be certified by a licensed and registered professional engineer or architect.

3.2.5.3 Approved drainage paths shall be required around structures on slopes to guide water away from structures.

3.2.6 Coastal high hazard areas.

Located within areas of special flood hazard established on the FIRM are coastal high hazard areas, designed as Zones ~~V1-V30~~ VE and V. These areas have special flood hazards associated with high velocity waters from tidal and storm surges and therefore, in addition to meeting all provisions in these regulations, the following provisions in Subsections 3.2.6.1 - 3.2.6.~~9~~7 shall apply.

Subsections 3.2.6.1 - 3.2.6.6 shall also apply to manufactured homes or mobile homes to be placed or substantially improved in any of the following locations:

- a. Outside a manufactured or mobile home park or subdivision,

- b. In a new manufactured home park ~~or subdivision~~,
- c. In an expansion of an existing manufactured home or mobile home park ~~or subdivision~~,
- d. On a site in an existing manufactured home or mobile home park where a manufactured or mobile home has incurred substantial damage as a result of a flood.

Manufactured or mobile homes to be placed or substantially improved on sites within an existing mobile and manufactured home park within zones designated as V Zones on the FIRM shall meet the requirements of Subsections 3.2.6.1 - 3.2.6.7.

3.2.6.1 All new construction and substantial improvements in Zones ~~V1-V30 and~~ VE and V (~~V if base flood elevation data is available~~) shall be elevated on pilings and columns so that:

- a. The bottom of the lowest horizontal structural member of the lowest floor (excluding the pilings or columns) is elevated to or above the base flood elevation; and
- b. The pile or column foundation and the structure attached is anchored to resist flotation, collapse and lateral movement due to the effects of wind and water loads acting simultaneously on all building components. Water loading values shall be those associated with the base flood. Wind loading values shall be those specified by the International Building Code. A registered professional engineer or architect shall develop or review the structural design, specifications, and plans for the construction to be used and certify that they are in accordance with accepted standards of practice for meeting the provisions of Subsections a and b above.

3.2.6.2 The applicant shall obtain and submit to the Building Official the elevation (in relation to ~~NAVD 88 mean sea level~~) of the bottom of the lowest horizontal structural member of the lowest floor (excluding pilings and columns) of all new and substantially improved structures in Zones ~~V1-V30 and~~ VE and V. The Building Official shall maintain a record of all such information.

3.2.6.3 All new construction of residential structures shall be located landward of the reach of mean high tide.

3.2.6.4 All new construction and substantial improvements shall have the space below the lowest floor either free of obstruction or constructed with non-supporting breakaway walls, open wood lattice-work, or insect screening intended to collapse under wind and water loads without causing collapse, displacement, or other structural damage to the elevated portion of the building or supporting foundation system. For the purpose of this Subsection, a breakaway wall shall have a design safe loading resistance of not less than ten and not more than twenty pounds per square foot. Use of breakaway walls which exceed a design safe loading resistance of twenty pounds per square foot (either by design or when so required by local or State codes) may be permitted only if a registered qualified professional engineer or architect certifies that the designs proposed meet the following conditions:

- a. breakaway wall collapse shall result from a water load less than that which would occur during the base flood; and
- b. the elevated portion of the building and supporting foundation system shall not be subject to collapse, displacement, or other structural damage due to the effects of wind and water loads acting simultaneously on all building components (structural and nonstructural). Maximum wind and water loading values to be used in this determination shall each have a one percent chance of being equaled or exceeded in any given year (~~one hundred year mean recurrence interval~~).

3.2.6.5 If breakaway walls are utilized, such enclosed space shall be usable solely for parking of vehicles, building access, or storage. Such space shall not be used for human habitation.

3.2.6.6 The use of fill for structural support of buildings shall be prohibited, as is the man-made alteration of sand dunes which would increase potential flood damage.

3.2.6.7 In ~~V1-30~~, VE or V Zones, all manufactured or mobile homes to be placed or substantially improved in an existing manufactured or mobile home park shall be elevated so that:

- a. The lowest floor of the manufactured home is elevated to at or above the base flood elevation, or
- b. The mobile or manufactured home chassis is supported by reinforced piers or other foundation elements at least equivalent strength that are no less than 36-inches in height above grade and be securely anchored to an adequately designed foundation system to resist flotation, collapse, and lateral movement.

3.2.6.8 In ~~V1-30~~, VE and V Zones, all recreational vehicles to be ~~parked~~placed on a site shall be:

- a. elevated or anchored; or
- b. on the site for less than 180 days; or
- c. fully licensed and highway-ready

3.2.6.9 Floodproofing is prohibited in VE and V Zones. All structures must be elevated and constructed according to the requirements set forth in Subsections 3.2.6.1 – 3.2.6.8.

3.2.7 Regulatory Floodways.

Located within areas of special flood hazard established in SGC 20.04.050 are areas designated as regulatory floodways. A floodway can be a hazardous area due to the velocity of floodwaters carrying debris and causing potentially significant erosion. The following provisions apply:

3.2.7.1 Encroachments into areas designated as regulatory floodways including fill, new construction, substantial improvements, and other development is prohibited unless certification by a registered professional civil engineer is provided demonstrating through hydrologic and hydraulic analyses performed in accordance with standard engineering practice that encroachments shall not result in any increase in flood levels during the occurrence of the base flood discharge.

3.2.7.2 If Section 3.2.7.1 is satisfied, all new construction and substantial improvements within the designated regulatory floodway shall comply with all applicable flood hazard reduction provisions of Section 3.0, Construction Requirements, of these regulations.

3.2.7.3 The community may permit encroachments within the designated regulatory floodway that would result in an increase in base flood elevations, provided that a conditional FIRM and Floodway revision is applied for and approved. The applicant must fulfill the requirements for such revisions as established under the provisions of FEMA publication 44 CFR Section 65.12. Any such encroachment must receive approval from FEMA and the Municipal Administrator.

4.0 Variances.

4.1 Appeals Board.

4.1.1 The Planning Commission shall hear and decide appeals and requests for variances from the requirements of these regulations.

4.1.2 The Planning Commission shall hear and decide appeals from the applicant when it is alleged there is an error in any requirement, decision or determination made by the Building Official in the enforcement or administration of these regulations.

4.1.3 The Planning Commission policies and procedures for hearing and deciding appeals and requests for variances are codified in the Sitka General Code. Such policies and procedures

include public notice of hearings and direct notification of adjacent and/or affected property owners.

4.1.4 An applicant may appeal the Planning Commission decision regarding the applicant's appeal or request for a variance to the Assembly. The procedure for appealing and the Assembly's review procedure regarding the Planning Commission decision shall be in accordance with applicable SGC provisions concerning Planning Commission appeals to the Assembly.

4.1.5 If the Applicant does not appeal the Planning Commission decision to the Assembly, anyone other than an applicant may appeal the Planning Commission decision, which shall be considered the final administrative decision, to Alaska Superior Court in Sitka within thirty days of the date of the Planning Commission decision in accordance with applicable Court Rules.

4.1.6 In passing upon such applications, the Planning Commission shall consider all technical evaluations, all relevant factors, standards specified in other sections of these regulations and:

- a. Danger that materials may be swept onto other lands to the injury to others;
- b. Danger to life and property due to flooding and erosion damage;
- c. Susceptibility of the proposed facility and its contents to flood damage and the effect of such damage on the individual owner;
- d. Importance of the services provided by the proposed facility to the community;
- e. Necessity to the facility of a water front location, where applicable;
- f. Availability of alternative locations for the proposed use which are not subject to flooding or erosion damage;
- g. Compatibility of the proposed use with existing and anticipated development;
- h. Relationship of the proposed use to the Comprehensive Plan for that area;
- i. Safety of access to the property in times of flood for ordinary and emergency vehicles;
- j. Expected heights, velocity, duration, rate of rise, and sediment transport of flood waters and the effects of wave action, if applicable, expected at the site; and
- k. Costs of providing governmental services during and after flood conditions, including maintenance and repair of public utilities and facilities such as sewer systems, electrical, and water systems, and streets and bridges.

4.1.7 Upon consideration of the factors in Subsection 4.1.6~~5~~, the purposes of these regulations, and all applicable provisions of SGC and these regulations, the Planning Commission may attach such conditions to the granting of variances as it deems necessary to further the purposes of these regulations.

4.1.8 The Building Official shall maintain the records of all appeal actions and report any variances to the Federal Insurance Administration upon request.

4.2 Conditions for variances.

4.2.1 Generally, the only condition under which a variance from the elevation standard may be issued is for new construction and substantial improvements to be erected on a lot of one-half acre or less in size contiguous to and surrounded by lots with existing structures constructed below the base flood level, providing items a. through k. in Section 4.1.6~~5~~ have been fully considered. As the lot size increases, the technical justification required for issuing the variance increases.

4.2.2 Variances may be issued for the reconstruction, rehabilitation, or restoration of historic structures upon a determination that the proposed repair or rehabilitation will not preclude the structure's continued designation as a historic structure and that the variance is the minimum necessary to preserve the historic character and design of the structure.

4.2.3 Variances shall not be issued within a designated floodway if any increase in flood levels during the base flood discharge would result.

4.2.4 Variances shall only be issued upon a determination that the variance is the minimum necessary, considering the flood hazard, to afford relief.

4.2.5 Upon showing that the use cannot perform its intended purpose unless it is located or carried out in close proximity to water. This includes only facilities defined in Section 2.0 of these regulations in the definition of “functionally dependent facility”.

4.2.6 Variances shall only be issued upon:

- a. A showing of good and sufficient cause;
- b. A determination that failure to grant the variance would result in exceptional hardship to the applicant; and
- c. A determination that the granting of a variance will not result in increased flood heights, additional threats to public safety, extraordinary public expense, create nuisances, cause fraud on or victimization of the public, or conflict with existing municipal code provisions or laws .

4.2.7 Variances as interpreted in the National Flood Insurance Program are based on the general zoning law principle that they pertain to a physical piece of property, they are not personal in nature, and do not pertain to the structure, its inhabitants, or economic or financial circumstances. As such, variances from the base flood elevations should be quite rare and should only be granted for parcels with physical characteristics so unusual that complying with these regulations would create an exceptional hardship to the applicant or surrounding property owners.

4.2.7 Variances may be issued for nonresidential buildings in very limited circumstances to allow a lesser degree of floodproofing than watertight or dry-floodproofing, where it can be determined that such action will have low damage potential, complies with all other variance criteria except Subsection 4.2.1, and otherwise complies with Subsections 3.1.1 and 3.1.2.

4.2.8 Variances may be issued for new construction and substantial improvements and for other development necessary for the conduct of a functionally dependent use provided that:

- a. The criteria of Subsection 4.2.5, above, are met; and
- b. The structure or other development is protected by methods that minimize flood damages during the base flood and create no additional threats to public safety.

4.2.9 Any applicant to whom a variance is granted shall be given written notice that the structure will be permitted to be built with a lowest floor elevation below the base flood elevation, that such construction increases risks to life and property, and that the cost of flood insurance premiums will be commensurate with the increased risk resulting from the reduced lowest floor elevation. A copy of the notice shall be recorded in the recorder’s office by the applicant in a manner so that it appears in the chain of title of the affected parcel of land. A copy of the record shall be provided to the Building Official prior to the issuance of a Certificate of Occupancy.

National Flood Insurance Program (NFIP)
Consequences of Non-Participation
24-Jun-19

PROGRAM	CONSEQUENCE	CITATION
National Flood Insurance Program {NFIP}	<ul style="list-style-type: none"> • Federal flood insurance will no longer be available • No federal grant or loans • No federal disaster assistance loans (i.e. SBA) • No federal mortgage insurance (i.e. FHA, VA, Farmers Home, etc.) • No Fannie Mae, Freddie Mac, and GNMA purchase of mortgages in the secondary market • lenders of conventional loan must notify the buyer or lessee that property is in a flood hazard area and must notify the buyer or lessee that property in flood hazard area is not eligible for federal disaster relief in a declared disaster. • A sanctioned community has six months to join the NFIP following a disaster declaration and still be eligible for disaster assistance in a mapped Special Flood Hazard Area (SFHA). • Any non-compliant development occurring in the SFHA of a suspended community must be corrected prior to reinstatement 	<ul style="list-style-type: none"> • Section 201 of the Flood Disaster Assistance Act of 1968(amended in 1973) • Flood Insurance Reform Act of 1994 • Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004 • 44 CFR § 59. 24(a) • 44 CFR § 5 9.24(f) • 44 CFR § 60.1 • 44 CFR § 60.3 • 44CFR § 59.2(a)
Hazard Mitigation Assistance (Non- disaster Mitigation Grants)	<ul style="list-style-type: none"> • No HMA grants {FMA, RFC, or SRL) are available, all sub-applicants must be participating in the NFIP and must not have been suspended or have withdrawn from the NFIP to be eligible to apply 	<ul style="list-style-type: none"> • Section 1366, 1323, & 1361A of National Flood Insurance Act {NFIA) • HMA Unified Guidance Part III, D.6.1, D.7, Eligibility Information • 44 CFR 9.II{d)
Hazard Mitigation Grant	<ul style="list-style-type: none"> • No HMGP grants are available within the SFHA- all sub- 	<ul style="list-style-type: none"> • Section 1366, 1323, & 1361A

National Flood Insurance Program (NFIP)

Consequences of Non-Participation

24-Jun-19

Program (HMGP) & Pre-Disaster Mitigation Program (PDA)

applicants must be participating in the NFIP and must not have been suspended or have withdrawn from the NFIP to be eligible to apply

of National Flood Insurance Act (NFIA)

- HMA Unified Guidance, Part III, D.6.1 and D.7
- Section 404 Stafford Act
- 44 CFR 9.11(d)

Individual Assistance (IA)

- Federal Assistance to Individuals and Households, home repairs may not be provided in a Special Flood Hazard Area
- SBA will not provide disaster assistance loans in a community that does not participate if the damage for which the individual needs the loan was caused by flooding, or if flooding did not cause the damage but the structure is in a SFHA

- 44 CFR § 206.110(k)

Public Assistance (PA)

- If a grantee or sub-grantee does not have flood insurance as a result of being located in a suspended or sanctioned community, and the damaged structure is in a SFHA, PA assistance will only be provided for that amount of the damage that a policy claim would not have paid for
- For eligible damages not covered by a flood policy, PA will pay as usual, regardless if it is located in a SFHA or a sanctioned community
 - o limitations do not include emergency work under Category A & B for non-insurable structures such as debris removal and emergency protective measures

44 CFR § 206.252

Sara Peterson

From: Dave Miller
Sent: Tuesday, July 2, 2019 4:31 PM
To: Sara Peterson
Subject: FW: NFIP Participation

Importance: High

From: Pat Swedeen
Sent: Tuesday, July 2, 2019 4:05 PM
To: Dave Miller <dave.miller@cityofsitka.org>
Cc: Michael Harmon <michael.harmon@cityofsitka.org>; Brian Hanson <brian.hanson@cityofsitka.org>
Subject: FW: NFIP Participation
Importance: High

Dave,

Please see below a communication I just received from First Bank Vice President Mike Medford in regard to the National Flood insurance Program.

Pat Swedeen

Building Official/Fire Marshal
City and Borough of Sitka Building Department
100 Lincoln St.
Sitka, AK 99835
907-747-1832

From: Michael Medford [<mailto:Michael.Medford@firstbankak.com>]
Sent: Tuesday, July 02, 2019 3:31 PM
To: Pat Swedeen <pat.swedeen@cityofsitka.org>
Subject: FW: NFIP Participation
Importance: High

FYI. Sent to the Ketchikan Gateway Borough. The same is true for Sitka.

From: Michael Medford
Sent: Monday, January 22, 2018 9:52 AM
To: 'Richard Harney' <richardh@kgbak.us>
Subject: NFIP Participation
Importance: High

First Bank's position is that the community should continue to participate in the National Flood Insurance Program and NOT "opt out".

At this time, the National Flood Insurance Act, the Flood Disaster Protection Act and subsequent amendments to those laws prohibit making Federal government insured and guarantee loans in non-participating communities. This means

that residential home loan programs that benefit veteran's (VA guarantee), Alaska Natives (HUD 184 guarantee), low-moderate income applicants (USDA RD guarantee) will not be available. In addition FHA insured loans will not be available to assist with home purchases and refinancing. There are also significant restrictions with Freddie Mac and Fannie Mae conventional home financing in non-participating communities.

The same is true with business financing. Small Business Administration loans along with USDA and BIA guarantees will not be available under the present laws.

There are significant economic development disadvantages of limited business financing and home loan financing in a community the size of Ketchikan. Property values will also likely be negatively impacted. Although I cannot offer any quantitative analysis at this point, First Bank has experienced these financing limitations in Wrangell as a non-participating community.

Federal government lending programs are strategically used by lenders to defray risk and allow for positive loan decisions and lower pricing to businesses and consumers. Without these options, the cost of credit usually increases and in some cases, loans simply cannot be completed.

First Bank recognizes that many considerations must be made to determine continued participation in the NFIP program. However, the economic development impacts resulting from no Federal government programs is one aspect that we have not heard in the discussions.

In addition, First Bank strongly encourages decision makers to determine whether Federal grants associated with real estate development are also impacted by the decision to continue participating in the NFIP, or not.

Respectfully,

Michael G. Medford

First Bank | Vice President | **Chief Mortgage & Loan Operations Officer** | Mortgage & Loan Operations

p 907-228-4222 | c 907-617-2203 | f 907-228-4421

2030 Sea Level Drive | Suite 200 | Ketchikan, AK 99901

www.FirstBankAK.com

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Federal Emergency Management Agency

Washington, D.C. 20472

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

IN REPLY REFER TO:
115-A

February 1, 2019

The Honorable Gary Paxton
Mayor, City and Borough of Sitka
100 Lincoln Street
Sitka, Alaska 99835

Community:	City and Borough of Sitka, Alaska
Community No.:	020006
Map Panels Affected:	See FIRM Index

Dear Mayor Paxton:

On February 14, 2017, you were notified of proposed modified flood hazard determinations (FHDs) affecting the Flood Insurance Rate Map (FIRM) and Flood Insurance Study (FIS) report for the City and Borough of Sitka, Alaska. The statutory 90-day appeal period that was initiated on February 27, 2017, when the Federal Emergency Management Agency (FEMA) published a notice of proposed FHDs for your community in the *Daily Sitka Sentinel*, has elapsed.

FEMA did receive an appeal during that 90-day period. The technical data submitted in support of the appeal have been evaluated, and the appeal has been resolved. Therefore, the determination of the Agency as to the FHDs for your community is considered final. The final FHDs will be published in the *Federal Register* as soon as possible. The modified FHDs and revised map panels, as referenced above, are effective as of August 1, 2019, and revise the FIRM that was in effect prior to that date. For insurance rating purposes, the community number and new suffix code for the panels being revised are indicated above and, on the maps, and must be used for all new policies and renewals.

The modifications are pursuant to Section 206 of the Flood Disaster Protection Act of 1973 (Public Law 93-234) and are in accordance with the National Flood Insurance Act of 1968, as amended (Title XIII of the Housing and Urban Development Act of 1968, Public Law 90-448), 42 U.S.C. 4001-4128, and 44 CFR Part 65. Because of the modifications to the FIRM and FIS report made by this map revision, certain additional requirements must be met under Section 1361 of the National Flood Insurance Act of 1968, as amended, within 6 months from the date of this letter. Prior to August 1, 2019, your community is required, as a condition of continued eligibility in the National Flood Insurance Program (NFIP), to adopt or show evidence of adoption of floodplain management regulations that meet the standards of Section 60.3 (d and e) of the NFIP regulations. These standards are the minimum requirements and do not supersede any State or local requirements of a more stringent nature.

It must be emphasized that all of the standards specified in Paragraph 60.3 (d and e) of the NFIP regulations must be enacted in a legally enforceable document. This includes the adoption of the effective FIRM and FIS report to which the regulations apply and the modifications made by this map revision. Some of the standards should already have been enacted by your community. Any additional requirements can be met by taking one of the following actions:

- Amending existing regulations to incorporate any additional requirements of Paragraph 60.3 (d and e);
- Adopting all of the standards of Paragraph 60.3 (d and e) into one new, comprehensive set of regulations; or,
- Showing evidence that regulations have previously been adopted that meet or exceed the minimum requirements of Paragraph 60.3 (d and e).

Communities that fail to enact the necessary floodplain management regulations will be suspended from participation in the NFIP and subject to the prohibitions contained in Section 202(a) of the 1973 Act as amended.

A Consultation Coordination Officer (CCO) has been designated to assist your community with any difficulties you may be encountering in enacting the floodplain management regulations. The CCO will be the primary liaison between your community and FEMA. For information about your CCO, please contact:

Dwight (Ted) Perkins
Regional Engineer
Federal Emergency Management Agency, Region 10
130 – 228th Street, S.W.
Bothell, Washington 98021 – 9796
(425) 487-4684

To assist your community in maintaining the FIRM, we have enclosed a Summary of Map Actions to document previous Letter of Map Change (LOMC) actions (i.e., Letters of Map Amendment (LOMA), Letters of Map Revision (LOMR)) that will be superseded when the revised FIRM panels referenced above become effective. Information on LOMCs is presented in the following four categories: (1) LOMCs for which results have been included on the revised FIRM panels; (2) LOMCs for which results could not be shown on the revised FIRM panels because of scale limitations or because the LOMC issued had determined that the lots or structures involved were outside the Special Flood Hazard Area as shown on the FIRM; (3) LOMCs for which results have not been included on the revised FIRM panels because the flood hazard information on which the original determinations were based are being superseded by new flood hazard information; and (4) LOMCs issued for multiple lots or structures where the determination for one or more of the lots or structures cannot be revalidated through an administrative process like the LOMCs in Category 2 above. LOMCs in Category 2 will be revalidated through a single letter that reaffirms the validity of a previously issued LOMC; the letter will be sent to your community shortly before the effective date of the revised FIRM and will become effective 1 day after the revised FIRM becomes effective. For the LOMCs listed in Category 4, we will review the data previously submitted for the LOMA or LOMR request and issue a new determination for the affected properties after the revised FIRM becomes effective.

The FIRM panels have been computer-generated. Once the FIRM and FIS report are printed and distributed, the digital files containing the flood hazard data for the entire county can be provided to your community for use in a computer mapping system. These files can be used in conjunction with other thematic data for floodplain management purposes, insurance purchase and rating requirements, and many other planning applications. Copies of the digital files or paper copies of the FIRM panels may be obtained by calling our FEMA Map Information eXchange, toll free, at 1-877-FEMA-MAP (1-877-336-2627). In addition, your community may be eligible for additional credits under our Community Rating System if you implement your activities using digital mapping files.

If you have any questions regarding the necessary floodplain management measures for your community or the NFIP in general, we urge you to call the Director, Federal Insurance and Mitigation Division of FEMA in Bothell, Washington, at (425) 487-4600. If you have any questions concerning mapping issues in general or the enclosed Summary of Map Actions, please call our FEMA Map Information eXchange (FMIX), toll free, at 1-877-FEMA-MAP (1-877-336-2627). Additional information and resources your community may find helpful regarding the NFIP and floodplain management, such as *The National Flood Insurance Program Code of Federal Regulations*, *Answers to Questions About the National Flood Insurance Program*, *Use of Flood Insurance Study (FIS) Data as Available Data*, *Frequently Asked Questions Regarding the Effect that Revised Flood Hazards have on Existing Structures*, and *National Flood Insurance Program Elevation Certificate and Instructions*, can be found on our website at <https://www.floodmaps.fema.gov/lfd>. Paper copies of these documents may also be obtained by calling our FMIX.

Sincerely,

A handwritten signature in black ink, appearing to read 'Luis Rodriguez', with a stylized flourish at the end.

Luis Rodriguez, P.E., Director
Engineering and Modeling Division
Federal Insurance and Mitigation Administration

Enclosure:
Final Summary of Map Actions

cc: Community Map Repository
Mr. Patrick Swedeen, Building Inspector, City and Borough of Sitka

FINAL SUMMARY OF MAP ACTIONS

Community: SITKA, CITY AND BOROUGH OF

Community No: 020006

To assist your community in maintaining the Flood Insurance Rate Map (FIRM), we have summarized below the effects of the enclosed revised FIRM panels(s) on previously issued Letter of Map Change (LOMC) actions (i.e., Letters of Map Revision (LOMRs), Letter of Map Revision based on Fill (LOMR-Fs), and Letters of Map Amendment (LOMAs)) that will be affected when the revised FIRM becomes effective on August 1, 2019.

1. LOMCs Incorporated

The modifications effected by the LOMCs listed below will be reflected on the revised FIRM. In addition, these LOMCs will remain in effect until the revised FIRM becomes effective.

LOMC	Case No.	Date Issued	Project Identifier	Original Panel	Current Panel
			NO CASES RECORDED		

2. LOMCs Not Incorporated

The modifications effected by the LOMCs listed below will not be reflected on the revised FIRM panels or will not be reflected on the revised FIRM panels because of scale limitations or because the LOMC issued had determined that the lot(s) or structure(s) involved were outside the Special Flood Hazard Area, as shown on the FIRM. These LOMCs will remain in effect until the revised FIRM becomes effective. These LOMCs will be revalidated free of charge 1 day after the revised FIRM becomes effective through a single revalidation letter that reaffirms the validity of the previous LOMCs.

FINAL SUMMARY OF MAP ACTIONS

Community: SITKA, CITY AND BOROUGH OF

Community No: 020006

2A. LOMCs on Revised Panels

LOMC	Case No.	Date Issued	Project Identifier	Original Panel	Current Panel
LOMA	96-10-045A	03/20/1996	A FRACTIONAL PORTION OF U.S. SURVEY NO. 3557; 108 CEDAR BEACH RD.	0200060962B	02220C0417D
LOMR-F	09-10-0418A	06/30/2009	ETHEL STATON SUBDIV, LOTS 1-15 -- ALICE LOOP	0200060913B	02220C0411D
LOMA	11-10-1135A	06/16/2011	LOT 3, BINGHAM SUBDIVISION -- 1009 HALIBUT POINT ROAD	02220C0411C	02220C0411D
LOMA	11-10-1444A	10/20/2011	Lot 1B, Coon Subdivision Replat Subdivision - 1900 Sawmill Creek Road	02220C0416C	02220C0416D
LOMA	12-10-0494A	01/20/2012	Lot 1, Fin and Feathers Subdivision - 4777 Halibut Point Road	02220C0382C	02220C0382D
LOMA	12-10-0495A	01/30/2012	Lot 2, Cannon Island Subdivision - 1326 Cannon Island Drive	02220C0416C	02220C0416D
LOMA	13-10-0467A	02/28/2013	LOT 10, THE SUBDIVISION OF GALANKIN ISLAND	02220C0412C	02220C0412D
LOMA	13-10-0480A	03/14/2013	LOT 3, U.S. SURVEY NO. 2417 -- 1867 HALIBUT POINT ROAD	02220C0403C	02220C0403D
LOMA	14-10-0249A	01/07/2014	320 HARBOR DRIVE	02220C0412C	02220C0412D
LOMA	14-10-0250A	01/07/2014	330 HARBOR DRIVE	02220C0412C	02220C0412D
LOMA	14-10-1142A	06/03/2014	SHEA SUBDIVISION, LOT 2 -- 803 HALIBUT POINT ROAD	02220C0411C	02220C0411D
LOMR-VZ	15-10-1092A	07/01/2015	ALICE AND CHARCOAL ISLAND SUBDIVISION AND ALICE ISLAND, PHASE 1, LOT 11 -- 500 ALICE LOOP	02220C0411C	02220C0411D
LOMR-F	15-10-1709A	12/18/2015	ETHEL STATION SUBDIVISION, LOT 13 -- 749 ALICE LOOP	02220C0411C	02220C0411D
LOMA	17-10-1383A	08/02/2017	US SURVEY 2187, TRACT A, LOT 2 -- 1506 SAWMILL CREEK ROAD	02220C0416C	02220C0416D
LOMR-VZ	19-10-0091A	12/06/2018	SHELDON JACKSON CAMPUS SUBDIVISION, LOT 7 -- 834 LINCOLN STREET	02220C0412C	02220C0412D

FINAL SUMMARY OF MAP ACTIONS

Community: SITKA, CITY AND BOROUGH OF

Community No: 020006

2B. LOMCs on Unrevised Panels

LOMC	Case No.	Date Issued	Project Identifier	Original Panel	Current Panel
			NO CASES RECORDED		

3. LOMCs Superseded

The modifications effected by the LOMCs listed below have not been reflected on the Final revised FIRM panels because they are being superseded by new or revised flood hazard information or the information available was not sufficient to make a determination. The reason each is being superseded is noted below. These LOMCs will no longer be in effect when the revised FIRM becomes effective.

LOMC	Case No.	Date Issued	Project Identifier	Reason Determination Will be Superseded
LOMR	13-10-0358P	06/26/2013	KETTLESON MEMORIAL LIBRARY RESERVE	4

1. Insufficient information available to make a determination.
2. Lowest Adjacent Grade and Lowest Finished Floor are below the proposed Base Flood Elevation.
3. Lowest Ground Elevation is below the proposed Base Flood Elevation.
4. Revised hydrologic and hydraulic analyses.
5. Revised topographic information.
6. Superseded by another LOMC.

4. LOMCs To Be Redetermined

The LOMCs in Category 2 above will be revalidated through a single revalidation letter that reaffirms the validity of the determination in the previously issued LOMC. For LOMCs issued for multiple lots or structures where the determination for one or more of the lots or structures is no longer valid, the LOMC cannot be revalidated through this administrative process. Therefore, we will review the data previously submitted for the LOMC requests listed below and if appropriate issue a new determination for the affected properties after the effective date of the revised FIRM.

LOMC	Case No.	Date Issued	Project Identifier	Original Panel	Current Panel
			NO CASES RECORDED		



FEMA

APR 29 2019

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

The Honorable Gary Paxton
Mayor, City and Borough of Sitka
100 Lincoln Street
Sitka, Alaska 99835

Dear Mayor Paxton:

I commend you for the efforts that have been put forth in implementing the floodplain management measures for the City and Borough of Sitka, Alaska, to participate in the National Flood Insurance Program (NFIP). As you implement these measures, I want to emphasize the following:

- a Flood Insurance Study (FIS) and Flood Insurance Rate Map (FIRM) have been completed for your community;
- the FIS and FIRM will become effective on August 1, 2019; and
- by the FIS and FIRM effective date, the Department of Homeland Security's Federal Emergency Management Agency (FEMA) Regional Office is required to approve the legally enforceable floodplain management measures your community adopts in accordance with Title 44 Code of Federal Regulations Section 60.3(d) and (e).

As noted in FEMA's letter dated February 1, 2019, no significant changes have been made to the flood hazard data on the Preliminary and/or revised Preliminary copies of the FIRM for the City and Borough of Sitka. Therefore, the City and Borough of Sitka should use the Preliminary and/or revised Preliminary copies of the FIRM as the basis for adopting the required floodplain management measures. Final printed copies of the FIRM for the City and Borough of Sitka will be sent to you within the next few months.

If you encounter difficulties in enacting the measures, I recommend you contact the Alaska Department of Community and Economic Development. You may contact Jimmy C. Smith, the NFIP State Coordinator, by telephone at (907) 269-4132, in writing at 550 West Seventh Avenue, Suite 1640, Anchorage, Alaska 99501, or by electronic mail at Jimmy.Smith@alaska.gov.

The FEMA Regional staff in Bothell, Washington, is also available to provide technical assistance and guidance in the development of floodplain management measures. The adoption of compliant floodplain management measures will provide protection for the City and Borough of Sitka and will ensure its participation in the NFIP. The Regional Office may be contacted by telephone at (425) 487-4600 or in writing. Please send your written inquiries to the Director, Mitigation Division, FEMA Region X, at 130 – 228th Street, Southwest, Bothell, Washington 98021-8627.

The Honorable Gary Paxton

APR 29 2019

Page 2

You may have already contacted the NFIP State Coordinator and/or the FEMA Regional Office, and may be in the final adoption process or recently adopted the appropriate measures. However, in the event your community has not adopted the appropriate measures, this letter is FEMA's official notification that you only have until August 1, 2019, to adopt and/or submit a floodplain management ordinance that meets or exceeds the minimum NFIP requirements, and request approval from the FEMA Regional Office by the effective date. Your community's adopted measures will be reviewed upon receipt and the FEMA Regional Office will notify you when the measures are approved.

I appreciate your cooperation to ensure that your community's floodplain management measures are approved by the FEMA Regional Office by August 1, 2019. Your compliance with these mandatory program requirements will enable your community to avoid suspension from the NFIP.

Sincerely,

A handwritten signature in black ink, appearing to read "Rachel Sears", with a stylized, flowing script.

Rachel Sears, Director
Floodplain Management Division
Mitigation Directorate | FEMA

cc: Mike O'Hare, Regional Administrator, FEMA Region X
Jimmy C. Smith, NFIP State Coordinator, Alaska Department of Community and Economic
Development
Patrick Swedeen, Building Official, City and Borough of Sitka



FEMA

JUN 27 2019

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

The Honorable Gary Paxton
Mayor, City and Borough of Sitka
100 Lincoln Street
Sitka, Alaska 99835

Dear Mayor Paxton:

I am writing this letter as an official reminder that the City and Borough of Sitka, Alaska, has until August 1, 2019, to adopt and have the Department of Homeland Security's Federal Emergency Management Agency (FEMA) Regional Office approve floodplain management measures that satisfy 44 Code of Federal Regulations (CFR) Section 60.3(d) and (e) of the National Flood Insurance Program (NFIP) regulations.

The City and Borough of Sitka must adopt floodplain management measures, such as a floodplain management ordinance, that meet or exceed the minimum NFIP requirements (copy enclosed) by August 1, 2019, to avoid suspension from the NFIP. If suspended, your community becomes ineligible for flood insurance through the NFIP, new insurance policies cannot be sold, and existing policies cannot be renewed.

Under the Flood Disaster Protection Act of 1973, as amended, flood insurance must be purchased by property owners seeking any Federal financial assistance for construction or acquisition of buildings in Special Flood Hazard Areas (SFHAs). This financial assistance includes certain federally guaranteed mortgages and direct loans, federal disaster relief loans and grants, as well as other similarly described assistance from FEMA and other agencies.

In addition, all loans individuals obtain from Federally regulated, supervised, or insured lending institutions that are secured by improved real estate located in SFHAs are also contingent upon the borrower obtaining flood insurance coverage on the building. However, purchasing and maintaining flood insurance coverage on a voluntary basis is frequently recommended for properties located outside SFHAs.

Your NFIP State Coordinator and FEMA would like to assist the City and Borough of Sitka to ensure it remains in good standing with the NFIP and avoids suspension from the Program. If your community is suspended, it may regain its eligibility in the NFIP by enacting the floodplain management measures established in 44 CFR Section 60.3 of the NFIP regulations. As stated in my previous correspondence, I recommend you contact your NFIP State Coordinator or the FEMA Regional Office if the City and Borough of Sitka is encountering difficulties in enacting its measures.

The Honorable Gary Paxton

JUN 27 2019

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I recognize that your community may be in the final adoption process or may have recently adopted the appropriate floodplain management measures. Please submit these measures to the Floodplain Management Program at the Alaska Department of Community and Economic Development. Jimmy C. Smith, the NFIP State Coordinator, is accessible by telephone at (907) 269-4132, in writing at 550 West Seventh Avenue, Suite 1640, Anchorage, Alaska 99501, or by electronic mail at Jimmy.Smith@alaska.gov.

The FEMA Regional staff in Bothell, Washington, is also available to assist you with your floodplain management measures. The FEMA Regional Office may be contacted by telephone at (425) 487-4600 or in writing. Please send your written inquiries to the Director, Mitigation Division, FEMA Region X, at 130 - 228th Street, Southwest, Bothell, Washington 98021-8627.

In the event your community does not adopt and/or submit the necessary floodplain management measures that meet or exceed the minimum NFIP requirements, I must take the necessary steps to suspend your community from the NFIP. This letter is FEMA's final notification before your community is suspended from the Program.

Sincerely,

A handwritten signature in black ink, appearing to read "Rachel Sears", with a long horizontal flourish extending to the right.

Rachel Sears, Chief
Floodplain Management Division
Mitigation Directorate | FEMA

Enclosure

cc: Mike O'Hare, Regional Administrator, FEMA Region X
Jimmy C. Smith, NFIP State Coordinator, Alaska Department of Community and
Economic Development
Patrick Swedeen, Building Official, City and Borough of Sitka

§59.24 Suspension of community eligibility.

(a) A community eligible for the sale of flood insurance shall be subject to suspension from the Program for failing to submit copies of adequate flood plain management regulations meeting the minimum requirements of paragraphs (b), (c), (d), (e) or (f) of §60.3 or paragraph (b) of §60.4 or §60.5, within six months from the date the Federal Insurance Administrator provides the data upon which the flood plain regulations for the applicable paragraph shall be based. Where there has not been any submission by the community, the Federal Insurance Administrator shall notify the community that 90 days remain in the six month period in order to submit adequate flood plain management regulations. Where there has been an inadequate submission, the Federal Insurance Administrator shall notify the community of the specific deficiencies in its submitted flood plain management regulations and inform the community of the amount of time remaining within the six month period. If, subsequently, copies of adequate flood plain management regulations are not received by the Federal Insurance Administrator, no later than 30 days before the expiration of the original six month period the Federal Insurance Administrator shall provide written notice to the community and to the state and assure publication in the Federal Register under part 64 of this subchapter of the community's loss of eligibility for the sale of flood insurance, such suspension to become effective upon the expiration of the six month period. Should the community remedy the defect and the Federal Insurance Administrator receive copies of adequate flood plain management regulations within the notice period, the suspension notice shall be rescinded by the Federal Insurance Administrator. If the Federal Insurance Administrator receives notice from the State that it has enacted adequate flood plain management regulations for the community within the notice period, the suspension notice shall be rescinded by the Federal Insurance Administrator. The community's eligibility shall remain terminated after suspension until copies of adequate flood plain management regulations have been received and approved by the Federal Insurance Administrator.

(b) A community eligible for the sale of flood insurance which fails to adequately enforce flood plain management regulations meeting the minimum requirements set forth in §§60.3, 60.4 and/or 60.5 shall be subject to probation. Probation shall represent formal notification to the community that the Federal Insurance Administrator regards the community's flood plain management program as not compliant with NFIP criteria. Prior to imposing probation, the Federal Insurance Administrator (1) shall inform the community upon 90 days prior written notice of the impending probation and of the specific program deficiencies and violations relative to the failure to enforce, (2) shall, at least 60 days before probation is to begin, issue a press release to local media explaining the reasons for and the effects of probation, and (3) shall, at least 90 days before probation is to begin, advise all policyholders in the community of the impending probation and the additional premium that will be charged, as provided in this paragraph, on policies sold or renewed during the period of probation. During this 90-day period the community shall have the opportunity to avoid probation by demonstrating compliance with Program requirements, or by correcting Program deficiencies and remedying all violations to the maximum extent possible. If, at the end of the 90-day period, the Federal Insurance Administrator determines that the community has failed to do so, the probation shall go into effect. Probation may be continued for up to one year after the community corrects all Program deficiencies and remedies all violations to the maximum extent possible. Flood insurance may be sold or renewed in the community while it is on probation. Where a policy covers property located in a community placed on probation on or after October 1, 1986, but prior to October 1, 1992, an additional premium of \$25.00 shall be charged on each such policy newly issued or renewed during the one-year period beginning on the date the community is placed on probation and during any successive one-year periods that begin prior to October 1, 1992. Where a community's probation begins on or after October 1, 1992, the additional premium described in the preceding sentence shall be \$50.00, which shall also be charged during any successive one-year periods during which the

community remains on probation for any part thereof. This \$50.00 additional premium shall further be charged during any successive one-year periods that begin on or after October 1, 1992, where the preceding one-year probation period began prior to October 1, 1992.

(c) A community eligible for the sale of flood insurance which fails to adequately enforce its flood plain management regulations meeting the minimum requirements set forth in §§60.3, 60.4 and/or 60.5 and does not correct its Program deficiencies and remedy all violations to the maximum extent possible in accordance with compliance deadlines established during a period of probation shall be subject to suspension of its Program eligibility. Under such circumstances, the Federal Insurance Administrator shall grant the community 30 days in which to show cause why it should not be suspended. The Federal Insurance Administrator may conduct a hearing, written or oral, before commencing suspensive action. If a community is to be suspended, the Federal Insurance Administrator shall inform it upon 30 days prior written notice and upon publication in the Federal Register under part 64 of this subchapter of its loss of eligibility for the sale of flood insurance. In the event of impending suspension, the Federal Insurance Administrator shall issue a press release to the local media explaining the reasons and effects of the suspension. The community's eligibility shall only be reinstated by the Federal Insurance Administrator upon his receipt of a local legislative or executive measure reaffirming the community's formal intent to adequately enforce the flood plain management requirements of this subpart, together with evidence of action taken by the community to correct Program deficiencies and remedy to the maximum extent possible those violations which caused the suspension. In certain cases, the Federal Insurance Administrator, in order to evaluate the community's performance under the terms of its submission, may withhold reinstatement for a period not to exceed one year from the date of his receipt of the satisfactory submission or place the community on probation as provided for in paragraph (b) of this section.

(d) A community eligible for the sale of flood insurance which repeals its flood plain management

regulations, allows its regulations to lapse, or amends its regulations so that they no longer meet the minimum requirements set forth in §§60.3, 60.4 and/or 60.5 shall be suspended from the Program. If a community is to be suspended, the Federal Insurance Administrator shall inform it upon 30 days prior written notice and upon publication in the Federal Register under part 64 of this subchapter of its loss of eligibility for the sale of flood insurance. The community eligibility shall remain terminated after suspension until copies of adequate flood plain management regulations have been received and approved by the Federal Insurance Administrator.

(e) A community eligible for the sale of flood insurance may withdraw from the Program by submitting to the Federal Insurance Administrator a copy of a legislative action that explicitly states its desire to withdraw from the National Flood Insurance Program. Upon receipt of a certified copy of a final legislative action, the Federal Insurance Administrator shall withdraw the community from the Program and publish in the Federal Register under part 64 of this subchapter its loss of eligibility for the sale of flood insurance. A community that has withdrawn from the Program may be reinstated if it submits the application materials specified in §59.22(a).

(f) If during a period of ineligibility under paragraphs (a), (d), or (e) of this section, a community has permitted actions to take place that have aggravated existing flood plain, mudslide (i.e., mudflow) and/or flood related erosion hazards, the Federal Insurance Administrator may withhold reinstatement until the community submits evidence that it has taken action to remedy to the maximum extent possible the increased hazards. The Federal Insurance Administrator may also place the reinstated community on probation as provided for in paragraph (b) of this section.

(g) The Federal Insurance Administrator shall promptly notify the servicing company and any insurers issuing flood insurance pursuant to an arrangement with the Federal Insurance Administrator of those communities whose eligibility has been suspended or which have withdrawn from

the program. Flood insurance shall not be sold or renewed in those communities. Policies sold or renewed within a community during a period of ineligibility are deemed to be voidable by the Federal Insurance Administrator whether or not the parties to sale or renewal had actual notice of the ineligibility.

[41 FR 46968, Oct. 26, 1976. Redesignated at 44 FR 31177, May 31, 1979, and amended at 48 FR 44543 and 44552, Sept. 29, 1983; 49 FR 4751, Feb. 8, 1984; 50 FR 36023, Sept. 4, 1985; 57 FR 19540, May 7, 1992; 59 FR 53598, Oct. 25, 1994; 62 FR 55715, Oct. 27, 1997]

§60.1 Purpose of subpart.

(a) The Act provides that flood insurance shall not be sold or renewed under the program within a community, unless the community has adopted adequate flood plain management regulations consistent with Federal criteria. Responsibility for establishing such criteria is delegated to the Federal Insurance Administrator.

(b) This subpart sets forth the criteria developed in accordance with the Act by which the Federal Insurance Administrator will determine the adequacy of a community's flood plain management regulations. These regulations must be legally-enforceable, applied uniformly throughout the community to all privately and publicly owned land within flood-prone, mudslide (i.e., mudflow) or flood-related erosion areas, and the community must provide that the regulations take precedence over any less restrictive conflicting local laws, ordinances or codes. Except as otherwise provided in §60.6, the adequacy of such regulations shall be determined on the basis of the standards set forth in §60.3 for flood-prone areas, §60.4 for mudslide areas and §60.5 for flood-related erosion areas.

(c) Nothing in this subpart shall be construed as modifying or replacing the general requirement that all eligible communities must take into account flood, mudslide (i.e., mudflow) and flood-related erosion hazards, to the extent that they are known, in all official actions relating to land management and use.

(d) The criteria set forth in this subpart are minimum standards for the adoption of flood plain management

regulations by flood-prone, mudslide (i.e., mudflow)-prone and flood-related erosion-prone communities. Any community may exceed the minimum criteria under this part by adopting more comprehensive flood plain management regulations utilizing the standards such as contained in subpart C of this part. In some instances, community officials may have access to information or knowledge of conditions that require, particularly for human safety, higher standards than the minimum criteria set forth in subpart A of this part. Therefore, any flood plain management regulations adopted by a State or a community which are more restrictive than the criteria set forth in this part are encouraged and shall take precedence.

[41 FR 46975, Oct. 26, 1976. Redesignated at 44 FR 31177, May 31, 1979, as amended at 48 FR 44552, Sept. 29, 1983; 49 FR 4751, Feb. 8, 1984]

§60.2 Minimum compliance with flood plain management criteria.

(a) A flood-prone community applying for flood insurance eligibility shall meet the standards of §60.3(a) in order to become eligible if a FHBM has not been issued for the community at the time of application. Thereafter, the community will be given a period of six months from the date the Federal Insurance Administrator provides the data set forth in §60.3 (b), (c), (d), (e) or (f), in which to meet the requirements of the applicable paragraph. If a community has received a FHBM, but has not yet applied for Program eligibility, the community shall apply for eligibility directly under the standards set forth in §60.3(b). Thereafter, the community will be given a period of six months from the date the Federal Insurance Administrator provides the data set forth in §60.3 (c), (d), (e) or (f) in which to meet the requirements of the applicable paragraph.

(b) A mudslide (i.e., mudflow)-prone community applying for flood insurance eligibility shall meet the standards of §60.4(a) to become eligible. Thereafter, the community will be given a period of six months from the date the mudslide (i.e., mudflow) areas having special mudslide hazards are delineated in which to meet the requirements of §60.4(b).

(c) A flood-related erosion-prone community applying for flood insurance eligibility shall meet the standards of §60.5(a) to become eligible. Thereafter, the community will be given a period of six months from the date the flood-related erosion areas having special erosion hazards are delineated in which to meet the requirements of §60.5(b).

(d) Communities identified in part 65 of this subchapter as containing more than one type of hazard (e.g., any combination of special flood, mudslide (i.e., mudflow), and flood-related erosion hazard areas) shall adopt flood plain management regulations for each type of hazard consistent with the requirements of §§60.3, 60.4 and 60.5.

(e) Local flood plain management regulations may be submitted to the State Coordinating Agency designated pursuant to §60.25 for its advice and concurrence. The submission to the State shall clearly describe proposed enforcement procedures.

(f) The community official responsible for submitting annual or biennial reports to the Federal Insurance Administrator pursuant to §59.22(b)(2) of this subchapter shall also submit copies of each annual or biennial report to any State Coordinating Agency.

(g) A community shall assure that its comprehensive plan is consistent with the flood plain management objectives of this part.

(h) The community shall adopt and enforce flood plain management regulations based on data provided by the Federal Insurance Administrator. Without prior approval of the Federal Insurance Administrator, the community shall not adopt and enforce flood plain management regulations based upon modified data reflecting natural or man-made physical changes.

[41 FR 46975, Oct. 26, 1976. Redesignated at 44 FR 31177, May 31, 1979, as amended at 48 FR 29318, June 24, 1983; 48 FR 44552, Sept. 29, 1983; 49 FR 4751, Feb. 8, 1984; 50 FR 36024, Sept. 4, 1985; 59 FR 53598, Oct. 25, 1994; 62 FR 55716, Oct. 27, 1997]

§60.3 Flood plain management criteria for flood-prone areas.

The Federal Insurance Administrator will provide the data upon which flood plain management regulations shall be based. If the Federal Insurance Administrator has not provided sufficient data to furnish a basis for these regulations in a particular community, the community shall obtain, review and reasonably utilize data available from other Federal, State or other sources pending receipt of data from the Federal Insurance Administrator. However, when special flood hazard area designations and water surface elevations have been furnished by the Federal Insurance Administrator, they shall apply. The symbols defining such special flood hazard designations are set forth in §64.3 of this subchapter. In all cases the minimum requirements governing the adequacy of the flood plain management regulations for flood-prone areas adopted by a particular community depend on the amount of technical data formally provided to the community by the Federal Insurance Administrator. Minimum standards for communities are as follows:

(a) When the Federal Insurance Administrator has not defined the special flood hazard areas within a community, has not provided water surface elevation data, and has not provided sufficient data to identify the floodway or coastal high hazard area, but the community has indicated the presence of such hazards by submitting an application to participate in the Program, the community shall:

(1) Require permits for all proposed construction or other development in the community, including the placement of manufactured homes, so that it may determine whether such construction or other development is proposed within flood-prone areas;

(2) Review proposed development to assure that all necessary permits have been received from those governmental agencies from which approval is required by Federal or State law, including section 404 of the Federal Water Pollution Control Act Amendments of 1972, 33 U.S.C. 1334;

(3) Review all permit applications to determine whether proposed building sites will be reasonably safe from flooding. If a proposed building site is in a flood-prone area, all new construction and substantial improvements shall (i) be designed (or modified) and adequately anchored to prevent flotation, collapse, or lateral movement of the structure resulting from hydrodynamic and hydrostatic loads, including the effects of buoyancy, (ii) be constructed with materials resistant to flood damage, (iii) be constructed by methods and practices that minimize flood damages, and (iv) be constructed with electrical, heating, ventilation, plumbing, and air conditioning equipment and other service facilities that are designed and/or located so as to prevent water from entering or accumulating within the components during conditions of flooding.

(4) Review subdivision proposals and other proposed new development, including manufactured home parks or subdivisions, to determine whether such proposals will be reasonably safe from flooding. If a subdivision proposal or other proposed new development is in a flood-prone area, any such proposals shall be reviewed to assure that (i) all such proposals are consistent with the need to minimize flood damage within the flood-prone area, (ii) all public utilities and facilities, such as sewer, gas, electrical, and water systems are located and constructed to minimize or eliminate flood damage, and (iii) adequate drainage is provided to reduce exposure to flood hazards;

(5) Require within flood-prone areas new and replacement water supply systems to be designed to minimize or eliminate infiltration of flood waters into the systems; and

(6) Require within flood-prone areas (i) new and replacement sanitary sewage systems to be designed to minimize or eliminate infiltration of flood waters into the systems

and discharges from the systems into flood waters and (ii) onsite waste disposal systems to be located to avoid impairment to them or contamination from them during flooding.

(b) When the Federal Insurance Administrator has designated areas of special flood hazards (A zones) by the publication of a community's FHBM or FIRM, but has neither produced water surface elevation data nor identified a floodway or coastal high hazard area, the community shall:

(1) Require permits for all proposed construction and other developments including the placement of manufactured homes, within Zone A on the community's FHBM or FIRM;

(2) Require the application of the standards in paragraphs (a) (2), (3), (4), (5) and (6) of this section to development within Zone A on the community's FHBM or FIRM;

(3) Require that all new subdivision proposals and other proposed developments (including proposals for manufactured home parks and subdivisions) greater than 50 lots or 5 acres, whichever is the lesser, include within such proposals base flood elevation data;

(4) Obtain, review and reasonably utilize any base flood elevation and floodway data available from a Federal, State, or other source, including data developed pursuant to paragraph (b)(3) of this section, as criteria for requiring that new construction, substantial improvements, or other development in Zone A on the community's FHBM or FIRM meet the standards in paragraphs (c)(2), (c)(3), (c)(5), (c)(6), (c)(12), (c)(14), (d)(2) and (d)(3) of this section;

(5) Where base flood elevation data are utilized, within Zone A on the community's FHBM or FIRM:

(i) Obtain the elevation (in relation to mean sea level) of the lowest floor (including basement) of all new and

substantially improved structures, and

(ii) Obtain, if the structure has been floodproofed in accordance with paragraph (c)(3)(ii) of this section, the elevation (in relation to mean sea level) to which the structure was floodproofed, and

(iii) Maintain a record of all such information with the official designated by the community under §59.22 (a)(9)(iii);

(6) Notify, in riverine situations, adjacent communities and the State Coordinating Office prior to any alteration or relocation of a watercourse, and submit copies of such notifications to the Federal Insurance Administrator;

(7) Assure that the flood carrying capacity within the altered or relocated portion of any watercourse is maintained;

(8) Require that all manufactured homes to be placed within Zone A on a community's FHBM or FIRM shall be installed using methods and practices which minimize flood damage. For the purposes of this requirement, manufactured homes must be elevated and anchored to resist flotation, collapse, or lateral movement. Methods of anchoring may include, but are not to be limited to, use of over-the-top or frame ties to ground anchors. This requirement is in addition to applicable State and local anchoring requirements for resisting wind forces.

(c) When the Federal Insurance Administrator has provided a notice of final flood elevations for one or more special flood hazard areas on the community's FIRM and, if appropriate, has designated other special flood hazard areas without base flood elevations on the community's FIRM, but has not identified a regulatory floodway or coastal high hazard area, the community shall:

(1) Require the standards of paragraph (b) of this section within all A1-30 zones, AE zones, A zones, AH zones, and AO zones, on the community's FIRM;

(2) Require that all new construction and substantial improvements of residential structures within Zones A1-30, AE and AH zones on the community's FIRM have the lowest floor (including basement) elevated to or above the base flood level, unless the community is granted an exception by the Federal Insurance Administrator for the allowance of basements in accordance with §60.6 (b) or (c);

(3) Require that all new construction and substantial improvements of non-residential structures within Zones A1-30, AE and AH zones on the community's firm (i) have the lowest floor (including basement) elevated to or above the base flood level or, (ii) together with attendant utility and sanitary facilities, be designed so that below the base flood level the structure is watertight with walls substantially impermeable to the passage of water and with structural components having the capability of resisting hydrostatic and hydrodynamic loads and effects of buoyancy;

(4) Provide that where a non-residential structure is intended to be made watertight below the base flood level, (i) a registered professional engineer or architect shall develop and/or review structural design, specifications, and plans for the construction, and shall certify that the design and methods of construction are in accordance with accepted standards of practice for meeting the applicable provisions of paragraph (c)(3)(ii) or (c)(8)(ii) of this section, and (ii) a record of such certificates which includes the specific elevation (in relation to mean sea level) to which such structures are floodproofed shall be maintained with the official designated by the community under §59.22(a)(9)(iii);

(5) Require, for all new construction and substantial improvements, that fully enclosed areas below the lowest floor that are usable solely for parking of vehicles, building access or storage in an area other than a basement and which are subject to flooding shall be designed to automatically equalize hydrostatic flood forces on exterior walls by allowing for the entry and exit of floodwaters. Designs for meeting this requirement must either be certified by a registered professional engineer or architect or meet or exceed the following minimum criteria: A minimum of two openings having a total net area of not less than one square inch for every square foot of enclosed area subject to flooding shall be provided. The bottom of all openings shall be no higher than one foot above grade. Openings may be equipped with screens, louvers, valves, or other coverings or devices provided that they permit the automatic entry and exit of floodwaters.

(6) Require that manufactured homes that are placed or substantially improved within Zones A1-30, AH, and AE on the community's FIRM on sites

- (i) Outside of a manufactured home park or subdivision,
- (ii) In a new manufactured home park or subdivision,
- (iii) In an expansion to an existing manufactured home park or subdivision, or
- (iv) In an existing manufactured home park or subdivision on which a manufactured home has incurred "substantial damage" as the result of a flood, be elevated on a permanent foundation such that the lowest floor of the manufactured home is elevated to or above the base flood elevation and be securely anchored to an adequately anchored foundation

system to resist floatation collapse and lateral movement.

(7) Require within any AO zone on the community's FIRM that all new construction and substantial improvements of residential structures have the lowest floor (including basement) elevated above the highest adjacent grade at least as high as the depth number specified in feet on the community's FIRM (at least two feet if no depth number is specified);

(8) Require within any AO zone on the community's FIRM that all new construction and substantial improvements of nonresidential structures (i) have the lowest floor (including basement) elevated above the highest adjacent grade at least as high as the depth number specified in feet on the community's FIRM (at least two feet if no depth number is specified), or (ii) together with attendant utility and sanitary facilities be completely floodproofed to that level to meet the floodproofing standard specified in §60.3(c)(3)(ii);

(9) Require within any A99 zones on a community's FIRM the standards of paragraphs (a)(1) through (a)(4)(i) and (b)(5) through (b)(9) of this section;

(10) Require until a regulatory floodway is designated, that no new construction, substantial improvements, or other development (including fill) shall be permitted within Zones A1-30 and AE on the community's FIRM, unless it is demonstrated that the cumulative effect of the proposed development, when combined with all other existing and anticipated development, will not increase the water surface elevation of the base flood more than one foot at any point within the community.

(11) Require within Zones AH and AO, adequate drainage paths around structures on slopes, to guide floodwaters around and away from proposed structures.

and receives the approval of the Federal Insurance Administrator.

(e) When the Federal Insurance Administrator has provided a notice of final base flood elevations within Zones A1-30 and/or AE on the community's FIRM and, if appropriate, has designated AH zones, AO zones, A99 zones, and A zones on the community's FIRM, and has identified on the community's FIRM coastal high hazard areas by designating Zones V1-30, VE, and/or V, the community shall:

(1) Meet the requirements of paragraphs (c)(1) through (14) of this section;

(2) Within Zones V1-30, VE, and V on a community's FIRM, (i) obtain the elevation (in relation to mean sea level) of the bottom of the lowest structural member of the lowest floor (excluding pilings and columns) of all new and substantially improved structures, and whether or not such structures contain a basement, and (ii) maintain a record of all such information with the official designated by the community under §59.22(a)(9)(iii);

(3) Provide that all new construction within Zones V1-30, VE, and V on the community's FIRM is located landward of the reach of mean high tide;

(4) Provide that all new construction and substantial improvements in Zones V1-30 and VE, and also Zone V if base flood elevation data is available, on the community's FIRM, are elevated on pilings and columns so that (i) the bottom of the lowest horizontal structural member of the lowest floor (excluding the pilings or columns) is elevated to or above the base flood level; and (ii) the pile or column foundation and structure attached thereto is anchored to resist flotation, collapse and lateral movement due to the effects of wind and water loads acting simultaneously on all building components. Water loading values used shall be those associated with the base flood. Wind loading values used shall be those required by applicable State or local

building standards. A registered professional engineer or architect shall develop or review the structural design, specifications and plans for the construction, and shall certify that the design and methods of construction to be used are in accordance with accepted standards of practice for meeting the provisions of paragraphs (e)(4) (i) and (ii) of this section.

(5) Provide that all new construction and substantial improvements within Zones V1-30, VE, and V on the community's FIRM have the space below the lowest floor either free of obstruction or constructed with non-supporting breakaway walls, open wood lattice-work, or insect screening intended to collapse under wind and water loads without causing collapse, displacement, or other structural damage to the elevated portion of the building or supporting foundation system. For the purposes of this section, a breakaway wall shall have a design safe loading resistance of not less than 10 and no more than 20 pounds per square foot. Use of breakaway walls which exceed a design safe loading resistance of 20 pounds per square foot (either by design or when so required by local or State codes) may be permitted only if a registered professional engineer or architect certifies that the designs proposed meet the following conditions:

(i) Breakaway wall collapse shall result from a water load less than that which would occur during the base flood; and,

(ii) The elevated portion of the building and supporting foundation system shall not be subject to collapse, displacement, or other structural damage due to the effects of wind and water loads acting simultaneously on all building components (structural and non-structural). Water loading values used shall be those associated with

the base flood. Wind loading values used shall be those required by applicable State or local building standards.

Such enclosed space shall be useable solely for parking of vehicles, building access, or storage.

(6) Prohibit the use of fill for structural support of buildings within Zones V1-30, VE, and V on the community's FIRM;

(7) Prohibit man-made alteration of sand dunes and mangrove stands within Zones V1-30, VE, and V on the community's FIRM which would increase potential flood damage.

(8) Require that manufactured homes placed or substantially improved within Zones V1-30, V, and VE on the community's FIRM on sites

(i) Outside of a manufactured home park or subdivision,

(ii) In a new manufactured home park or subdivision,

(iii) In an expansion to an existing manufactured home park or subdivision, or

(iv) In an existing manufactured home park or subdivision on which a manufactured home has incurred "substantial damage" as the result of a flood, meet the standards of paragraphs (e)(2) through (7) of this section and that manufactured homes placed or substantially improved on other sites in an existing manufactured home park or subdivision within Zones V1-30, V, and VE on the community's FIRM meet the requirements of paragraph (c)(12) of this section.

(9) Require that recreational vehicles placed on sites within Zones V1-30, V, and VE on the community's FIRM either

(i) Be on the site for fewer than 180 consecutive days,

(ii) Be fully licensed and ready for highway use, or

(iii) Meet the requirements in paragraphs (b)(1) and (e) (2) through (7) of this section.

A recreational vehicle is ready for highway use if it is on its wheels or jacking system, is attached to the site only by quick disconnect type utilities and security devices, and has no permanently attached additions.

(f) When the Federal Insurance Administrator has provided a notice of final base flood elevations within Zones A1-30 or AE on the community's FIRM, and, if appropriate, has designated AH zones, AO zones, A99 zones, and A zones on the community's FIRM, and has identified flood protection restoration areas by designating Zones AR, AR/A1-30, AR/AE, AR/AH, AR/AO, or AR/A, the community shall:

(1) Meet the requirements of paragraphs (c)(1) through (14) and (d)(1) through (4) of this section.

(2) Adopt the official map or legal description of those areas within Zones AR, AR/A1-30, AR/AE, AR/AH, AR/A, or AR/AO that are designated developed areas as defined in §59.1 in accordance with the eligibility procedures under §65.14.

(3) For all new construction of structures in areas within Zone AR that are designated as developed areas and in other areas within Zone AR where the AR flood depth is 5 feet or less:

(i) Determine the lower of either the AR base flood elevation or the elevation that is 3 feet above highest adjacent grade; and

(ii) Using this elevation, require the standards of paragraphs (c)(1) through (14) of this section.

(4) For all new construction of structures in those areas within Zone AR that are not designated as developed areas where the AR flood depth is greater than 5 feet:

(i) Determine the AR base flood elevation; and

(ii) Using that elevation require the standards of paragraphs (c)(1) through (14) of this section.

(5) For all new construction of structures in areas within Zone AR/A1-30, AR/AE, AR/AH, AR/AO, and AR/A:

(i) Determine the applicable elevation for Zone AR from paragraphs (a)(3) and (4) of this section;

(ii) Determine the base flood elevation or flood depth for the underlying A1-30, AE, AH, AO and A Zone; and

(iii) Using the higher elevation from paragraphs (a)(5)(i) and (ii) of this section require the standards of paragraphs (c)(1) through (14) of this section.

(6) For all substantial improvements to existing construction within Zones AR/A1-30, AR/AE, AR/AH, AR/AO, and AR/A:

(i) Determine the A1-30 or AE, AH, AO, or A Zone base flood elevation; and

(ii) Using this elevation apply the requirements of paragraphs (c)(1) through (14) of this section.

(7) Notify the permit applicant that the area has been designated as an AR, AR/A1-30, AR/AE, AR/AH, AR/AO, or AR/A Zone and whether the structure will be elevated or

protected to or above the AR base flood elevation.

[41 FR 46975, Oct. 26, 1976]

Editorial Note: For Federal Register citations affecting §60.3, see the List of CFR Sections Affected, which appears in the Finding Aids section of the printed volume and at www.govinfo.gov.



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 19-147 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 7/2/2019 In control: City and Borough Assembly

On agenda: 7/9/2019 Final action:

Title: Approve 1) Assembly Action Plans for Cold Storage and Business Friendly CBS, and, 2) Updated Assembly Actions Plans for Lobbying (Secondary Water and Electric Department), No Name Mountain / Granite Creek, and, Seaplane Base

Sponsors:

Indexes:

Code sections:

Attachments:

[Motion Action Plans.pdf](#)
[Cold Storage Action Plan July 2 Draft.pdf](#)
[Business Friendly CBS July 2 Draft.pdf](#)
[Lobbying for Secondary Water and Electrical July 2.pdf](#)
[No Name Granite Creek Master Plan Development July 2.pdf](#)
[Seaplane Action Plan Draft July 1 \(003\).rev.2.pdf](#)

Date	Ver.	Action By	Action	Result
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Possible Steps / Motion

Step 1

Discussion of Action Plans

Step 2

I MOVE TO approve:

- 1) Assembly Action Plans for Cold Storage and Business Friendly CBS, and,
- 2) updated Assembly Action Plans for Lobbying (Secondary Water and Electric Department), No Name Mountain / Granite Creek, and, Seaplane Base.

FINAL DRAFT

Action Plan

Strategy B
Plan No. 3
Date: 7/9/2019

Strategy: We will identify and pursue Economic Development Opportunities.

Specific Result: To determine the highest/best use of the Cold Storage.

#	ACTION STEP (Number each one)	Assigned To:	Start Date:	Due Date:	Completed Date:
1	Develop and release an RFP for a \$2.8 million design/build Refurbishment and Stabilization (not a total replacement) of the Seawall in front of the Cold Storage.	Harmon & White	7/9/19	9/13/19	
2	Receive the responses to the Refurbishment and Stabilization RFP.	Harmon	11/4/19	11/4/19	
3	Report the outcome of Step 1 to the Assembly.	Harmon	11/12/19	11/12/19	
4	If a \$2.8 million refurbishment and stabilization is possible and practical, make the decision about public verses private ownership of the Cold Storage, considering what is in the best interest of the fishing industry and impact on future Economic Development.	Paxton & Assembly	11/12	11/26	
5	If the decision is to maintain CBS ownership, move forward to select the firm to do a design/build for the refurbishment and stabilization of the Seawall.	Harmon, White & Hanson	11/26	12/10	
6	Recommended firm is selected and approved by the Assembly and the refurbishment and stabilization of the Seawall proceeds.	Assembly & Harmon	12/10/19	11/1/2020 (year to complete)	
7	Ports and Harbors will be tasked with identifying potential revenue opportunities for the Seawall, Cold Storage and the adjacent vacant lot. If the Assembly determines that a \$2.8 million refurbishment and stabilization of the Seawall is not practical, continue on with the remainder of this Plan.	Ports & Harbors Commission	11/26/19	7/1/2020	

FINAL DRAFT

8	Meet with interested user individuals, groups or companies to discuss options and accept recommendations from the interested parties.	White	2/12/19	5/1/19	3/25/19
10	Hold a second meeting of interested user individuals, groups or companies to discuss options.	Miller, Harmon & White	1/6/20	1/30/20	
11	Develop an RFP to put the property in private ownership.	B Hanson & Harmon	2/10/20	2/24/20	
	Within the RFP, include stipulations such as: a. Necessary repairs shall be made to stabilize the seawall in front of the Cold Storage. b. Property will continue to be operated as a Cold Storage. CBS shall have the first right of refusal if the property is being sold or otherwise disposed of. c. Guaranteed access to the public. d. Selection criteria will include: The most responsive proposal, considering price, operating plan and history of operating in the best interest of the CBS.	B Hanson Harmon & White	2/10/20	2/24/20	
12	RFP released to the public.	Harmon	2/24/20	3/23/2020	
13	Responses to the RFP will be reviewed by a committee of CBS staff and Assembly members, appointed by the Mayor.	Paxton & Miller	3/23/20	4/7/2020	
14	Recommendations will be made to the Assembly regarding the Responses to the RFP.	Miller & Committee	4/14/20	4/14/20	
15	Assembly will select the most responsive proposal, considering price, operating plan and history of operating in the best interest of the CBS and direct	Paxton and Assembly	4/14/20	4/28/20	
16	Complete the purchase agreement that will go to the Assembly for their approval.	Harmon & B. Hanson	4/28/20	5/4/20	
17	Assembly approves the purchase agreement.	Assembly	5/12/20	5/12/20	
18	Sale is completed.	Hanson & Harmon	5/12/20	6/1/20	
Responsible:			Chief Miller		

FINAL DRAFT

Action Plan

Strategy No. B

Plan 4

Date: 7/9/2019

Strategy: We will identify and pursue Economic Development Opportunities.

Specific Result: To make the City and Borough of Sitka more business friendly.

#	ACTION STEP (Number each one)	Assigned To:	Start Date:	Due Date:	Completed Date:
1	CBS will take a confidential survey of all employees to solicit ideas for maximizing CBS's role in supporting economic development (See Appendix 1).	?	7/9	8/2	
2	Secured collection boxes will be placed in a number of locations for the ease of employee input. A set period of time shall be announced for employees to complete the confidential and anonymous surveys.	?	7/9	8/2	
3	A Survey Committee will be appointed by the Mayor to collect and open the secured survey collection boxes. Committee to include at least one Assembly member.	Mayor Paxton	8/2	8/5	
4	Survey Committee will report in written and oral form to the Assembly and Senior Staff.	Survey Committee	8/13	8/23	
5	SEDA will do a confidential survey of local business owners and ask them what could be done to make their interactions with the CBS more stimulative of economic development and business expansion.	Garry White	Done	Done	
6	SEDA Board President and Executive Director will provide a written and oral report to both the Assembly and CBS Senior Staff regarding the results of the SEDA survey including the health of the business climate and what the CBS can do to improve their level of support for economic development.	President & Garry White	8/13	8/23	
7	Based on the results of the Business Survey, CBS staff will implement a program to engage with customers to work on streamlining processes and to become more business friendly.	Chief Miller & White	8/23	9/27	

FINAL DRAFT

8	<p>Using survey results and engagement meetings, develop Guidelines for the CBS activities that interface with business and/or industrial enterprises.</p> <p>Guidelines will contain the following:</p> <ol style="list-style-type: none"> Mission Statement identifying that the highest priority will be given to working supportively with private industry/business and business non-profits (eg NSRAA, SPC, Sitka Fine Arts Camp, Sitka Sound Science Center, Sitka Summer Music Festival), to bring positive revenue, and job retention/creation. Create a list of maximum turnaround timelines for various requests that are tied to Economic Development (eg Building Permits, Land Development Proposals, Requests for Public Private Partnerships, Legal Reviews of Documents related to Economic Development); Develop sets of guidelines that can be provided to each applicant, giving the applicant a clear guide to what is expected to receive approval. All Departments of the Municipality, including Enterprise Fund Departments, shall be part of these Guidelines; Municipal Attorney will be covered by these Guidelines, but accountable to the Assembly. Guidelines shall not bypass and/or violate local and state regulations 	Chief Miller	10/1	11/5	
9	Assembly will review, critique, revise, and approve these Guidelines.	Mayor Paxton & Assembly	11/12	11/26	
10	Training will be provided to all Senior Staff to assist with the implementation of these Guidelines.	Chief Miller	11/26	12/13	
11	All evaluations of Senior Staff will include their effectiveness in implementing these Guidelines.	Chief Miller	12/13	Ongoing Quarterly	
12	<p>**CBS will investigate “best practices” regarding licensing, permitting and regulations:</p> <ol style="list-style-type: none"> Reduce administrative arrangements that are unnecessarily costly, time-consuming or burdensome—simplifying processes and forms and reducing processing times; Assess the cost and benefit of regulation on the 	Harmon & Planning Director	11/5	5/1/20 (Long & complicated process)	

FINAL DRAFT

	<p>business sector and the economy as a whole before it is introduced so that the relative merits of new regulation can be objectively determined;</p> <p>c. Review the current stock of regulations to determine if these are still necessary and how they may be updated or otherwise improved;</p> <p>d. Consider streamlining city approval and permitting processes.**</p>				
13	Consider deleting one old guideline/code/requirement for each new one proposed.	Chief Miller & Assembly	11/22	Ongoing as needed	
14	Assembly will include ratings of the effectiveness in implementation of these Guidelines in the evaluations of the Municipal Administrator and Municipal Attorney.	Mayor Paxton & Assembly	11/22	Ongoing	
15	<p>CBS will proactively engage the various industry sectors in the community (See Appendix 2)</p> <p>a. The Administrator will meet quarterly with representatives of the fishing, visitor, health care, construction, and retail sectors. SEDA will coordinate these meetings. Various industry sectors should be added dependent on circumstances and issues. Their meetings should become routine calendared events (eg, second Thursday of quarterly months).</p> <p>b. The Assembly may hold periodic work sessions with representatives of the fishing, visitor, health care, and retail sectors if the Assembly deems it necessary to keep Economic Development in the forefront of all CBS activities.</p>	<p>Chief Miller & Garry White</p> <p>Mayor Paxton & Assembly</p>	<p>9/17</p> <p>9/17</p>	<p>Ongoing</p> <p>Ongoing</p>	
<p>**Quoted from the website: https://simonwhite.com.au/2018/02/26/creating-better-local-business-environment-part-3-options-reform/</p>					
Responsible:			Chief Miller		

DRAFT

Appendix 1 Action Plan B1

(Survey Document for use in Employee Survey)

Rating 1 – 5, 1 being the lowest and 5 being the highest rating

In your opinion, is the CBS “business friendly”? That is, in the interactions between Business Clients and the CBS, are CBS Employees helpful to business owners?

1 2 3 4 5

Comments:

In general, when there are interactions between CBS Employees and the Business Clients, and things seem to go wrong, in your opinion, is it the fault of the CBS employee or the Business Client?

_____ % fault of Business Client

_____ % fault of the CBS Employee

Comments:

The Assembly has identified Economic Development as one of its highest priorities. What do you believe can be done by CBS Management, CBS Employees, the Assembly, and the Business Community to improve the prospects of actually growing our economy?

Comments:

Is Economic Growth and Development important to you? 1-not important, 5 very important

1 2 3 4 5

Comments:

DRAFT

Appendix 2 Action Plan B1

The CBS will consider what can be done to leverage each of the following CBS assets for Economic Development:

- a. Harbors and Docks
- b. Airport
- c. Centennial Building
- d. Library
- e. Baseball Field
- f. Performing Arts Center
- g. Gary Paxton Industrial Park

The CBS will ask the following non-profits what can be done to help them to grow and prosper, and contribute to Economic Development;

- a. Fine Arts Camp
- b. Sitka Summer Music Festival
- c. Sitka Science Center
- d. NSRAA
- e. Sitka Tribe of Alaska
- f. National Park

The CBS will ask the following business enterprises what can be done to help them to grow and prosper, and contribute to Economic Development;

- a. Sea Mart
- b. AC Lakeside
- c. Allen Marine
- d. Tribal Enterprises
- e. Shee Atika Inc
- f. Fish Processing Plants (Silver Bay, Sitka Sound, SPC)
- g. Lincoln Street Businesses
- h. Charter Industry
- i. Visitors Industry
- j. AML & Linden Transfer
- k. Sampson Tug & Barge
- l. True Value Hardware
- m. Spenard Building Supply
- n. Building Construction Industry
- o. Heavy Construction Industry
- p. Schmolck Mechanical
- q. Sitka Electric

And many others.

Action Plan

Strategy No. A

Plan No. 1

Date: 7/9/2019

Strategy: We will make every effort toward a Sustainable Infrastructure Plan.

Specific Result: To Lobby to Fund a Secondary Water Source & the Electrical Dept.

#	ACTION STEP (Number each one)	Assigned To:	Start Date:	Due Date:	Completed Date:
1	Write a letter to Murkowski, Sullivan and Young outlining the need to fund a Secondary Water Source for the CBS as well as funding projects, past and future, of the Electrical Department.	Mayor Paxton	10/18	10/18	10/18
2	Produce an RFQ for Federal lobbying services.	Brady & Maegan	11/20	1/15/19	1/15/19
3	Assembly to approve the RFQ for DC Lobby services.	Assembly	1/22	1/22	1/22
4	Assembly hires DC Lobbyist.	Assembly	2/1	2/1	2/1
5	Work the issues with Murkowski, Sullivan and Young, with and through our DC Lobbyist.	Lobbyist, Mayor & Brady	2/1	4/19	
6	Visit DC to meet with our delegation and lobbyist.	Mayor, Brady & Assembly Member	4/19	5/1	
7	Evaluate lobbying efforts to date, and reevaluate strategies and follow-up.	Assembly	5/1	6/24	Ongoing
8	Continue to work with Dana (name), SE Alaska Delegation contact person.	Mayor Paxton	6/10		
9	Work aggressively with EPA, USDA & EDA to further our infrastructure needs.	Markley	Ongoing		
10	Local staff follow-up with EPA, USDA and EDA.	Sweeney	7/1	8/1	
11	Continue to keep lobbying efforts high key.	Mayor Paxton	Ongoing		
Responsible:			Mayor Paxton		

Action Plan

Strategy No. B

Plan No. 2

Date: 7/9/19

Strategy: We will identify and pursue Economic Development Opportunities.

Specific Result: To create a Master Plan for No Name/Granite Creek Development.

#	ACTION STEP (Number each one)	Assigned To:	Start Date:	Due Date:	Completed Date:
1	Hire a Planning Director	Chief Miller	6/25	7/26	
2	With consultant selected, develop a Scope of Work with the assistance of the Planning Commission.	New Planning Director	7/26	9/13	
3	Negotiate the fee, project schedule, and develop the budget with consultant.	Harmon	9/13	10/14	
4	Budget Ordinance Assembly approval and contract award.	Chief Miller	10/22	10/22	
5	Consultant works with CBS Staff and Planning Commission to develop draft Master Plan.	Harmon & Planning Director	10/22	4/24/20	
6	Planning Commission reviews and suggests edits to the Master Plan.	Planning Director	4/24/20	5/15/20	
7	Assembly review and edits of the Master Plan.	Chief Miller	5/15/20	7/28/20	
8	Adoption of the Master Plan by the Assembly.	Chief Miller	8/25/20	8/25/20	
9	Implementation of the Master Plan by the Planning Commission.	Planning Director	8/25/20	Ongoing	
	Master Plan to include, but not limited to: 1. Zoning for Development; 2. Delineation and mitigation of wetlands; 3. Plan for access roads; 4. Rock quarry delineation; 5. Zoning Code changes; 6. Utilities Required and Timeline on Infrastructure Development(Water, Waste water, Electrical and Substation; 7. High Value Land Development (Water-side past Cove Marina; 8. SS Pit Area Recommendations				
		Responsible: Chief Miller			

Action Plan

Strategy No. B

Plan No. 1

Date: 7/9/19

Strategy: We will identify and pursue Economic Development Opportunities.

Specific Result: To build a public use Seaplane Base.

#	ACTION STEP (Number each one)	Assigned To:	Start Date:	Due Date:	Completed Date:
1	Work with the DEED Commissioner and Tim Mearig to complete the final Letter of Intent (LOI) to sell, at market value, DEED Uplands property to the CBS for the Seaplane Base.	Mayor, Cropper & Hanson	6/7/19	7/30/19	Ongoing since 8/18
2	Complete the tidelands conveyance process. Application submitted to DNR 5/1/19.	Cropper	5/1/19	5/1/20	
3	Complete the Fair Market Value Appraisal of the DEED uplands property at a cost of \$4,500.	Cropper	6/18/19	7/30/19	
4	Complete the Consultant selection process for the Environmental Assessment & Aviation Planning Services.	Cropper	5/1/19	7/30/19	
5	Assembly to approve a Resolution authorizing the Mayor to Sign & Accept the LOI and also authorizing the CBS to prepare and submit all future SPB grant applications (typically requires a 6.25% match).	Richter	6/25/19	7/23/19	
6	Prepare and submit the Airport Improvement Project (AIP) Planning Grant request to the Federal Aviation Administration (FAA).	Cropper	5/1/19	8/1/19	
7	Attend the September State Board meeting and present the final LOI for their acceptance and signature.	Richter	9/18/19	9/19/19	
8	Complete EA/Planning phase work and develop preliminary Operational Business Plan.	Cropper	9/25/19	9/15/20	
9	Assembly approval of budget ordinance for all remaining grant match funding required to complete the project – Design, Land Acquisition and	Miller & Assembly	2/15/19	2/15/19	

	Construction. (6.25% of total project cost, approximately \$1 million match)				
10	Complete grant submittal for 2020 AIP grants including Supplemental AIP Design, Construction & Land Acquisition 2020 grants.	Cropper	4/1/20	9/25/21	
11	Assembly to approve grant to enter design and construction phases. FAA grant requires CBS to fully commit to the project or return grant funding.	Miller & Assembly	9/25/20	9/25/20	
12	Award Consultant Design Contract, and prepare Design & Bid documents and bid project.	Cropper	9/25/20	4/1/22	
13	Execute Purchase Agreement for the DEED owned uplands.	Cropper, Sweeney & Hanson	9/25/20	10/25/20	
14	Apply for 2021 AIP Construction Grant.	Cropper	7/10/21	8/30/21	
15	Construct the Seaplane Base.	Cropper	9/25/22	9/25/24	
16	Complete the Operational Plan and Fee Schedule.	Cropper & Harmon	9/25/23	3/25/24	
17	Seaplane Base becomes operational	Cropper	9/25/24		
		Responsible: Michael Harmon			



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 19-148 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 7/2/2019 In control: City and Borough Assembly

On agenda: 7/9/2019 Final action:

Title: Discussion / Direction on proceeding with the Lincoln Street paving project

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Lincoln Street.pdf](#)
[Lincoln Street - Assembly special report 06.11.pdf](#)


Date	Ver.	Action By	Action	Result
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Discussion / Direction

on proceeding with the Lincoln Street paving project.

MEMORANDUM

To: Honorable Mayor Gary Paxton
Members of the Assembly

From: Dave Miller, Interim Municipal Administrator 

Date: July 2, 2019

Subject: Lincoln Street Paving – Discussion and Direction

On Tuesday, June 11, 2019, the Public Works Department presented the upcoming Lincoln Street Paving project to the Assembly. For your reference, the presentation slides are attached to this Memo.

As the Interim Administrator, I feel the need to revisit this with you and be certain we are headed in the right direction together on this project with support from the Assembly. Lincoln Street defines our downtown – it's the face of our central business district – and it will receive maintenance and upgrades of this magnitude no more than once every 20 years. In other words, this is a big deal and I recognize the importance of getting this right.

A brief summary: The total project budget is \$2.16 Million and we're scheduled to go out to bid later this month. Work will include milling and repaving of Lincoln Street from Harbor Way (City Hall) to Harbor Drive (traffic signal), ADA improvements, sidewalk replacement (where needed) and safety improvements in front of St. Michael's Cathedral. Also, storm drain will be replaced and improved only where needed and a new water main is being installed on Cathedral Way, which will be re-paved as well.

I'm in support of the project that is proposed and I recognize the need for doing the work now. With that said, there's no significant down side to delaying the project one year in order to make sure that the project captures the Assembly's vision for Lincoln Street and what is best for Sitka. Before we move forward, I would like to know how the Assembly feels about this project and answer any remaining questions.

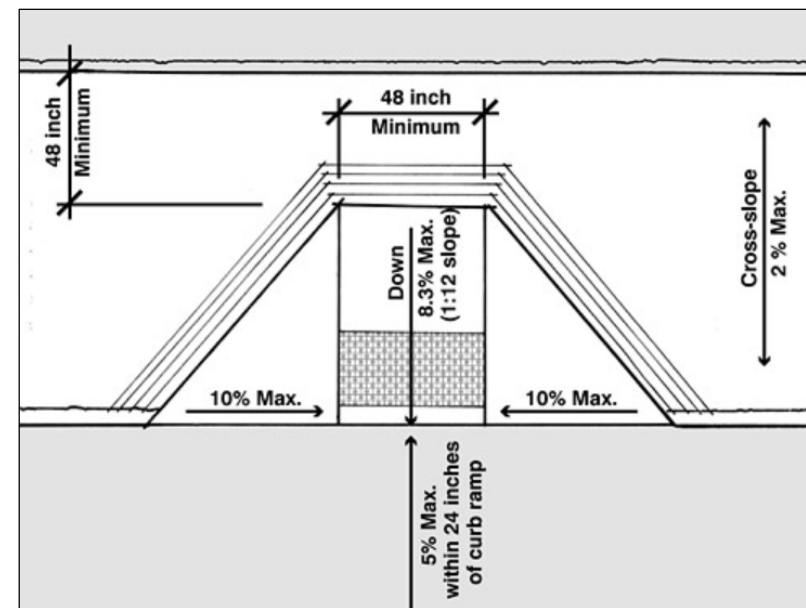
Lincoln Street Paving: Harbor Way to Harbor Drive

Special Report to the Assembly
June 11, 2019



Project Scope

- Paving replacement will extend from City Hall to Stereo North
 - most-recent paving reconstruction: 1985
 - most-recent paving overlay: 2002
- Curb ramps will be re-built to comply with ADA Standards
- Limited, select areas of failing sidewalk will be replaced
- Corroding / failing storm infrastructure will be replaced
- Some drainage will be re-routed to discharge next to Totem Square
- New water main to serve Cathedral Way
- Safety improvements in front of St. Michael's Cathedral



Standard ADA Crosswalk Curb Ramp

Project Budget

project	source	amount
Lincoln Street	General Fund	\$ 1,760,000.00
Lincoln Street	Water Fund	\$ 20,000.00
Lincoln Street	Wastewater Fund	\$ 20,000.00
Lincoln Street	CPET	\$ 105,000.00
Cathedral Way	General Fund	\$ 195,000.00
Cathedral Way	Water Fund	\$ 60,000.00
total		\$ 2,160,000.00

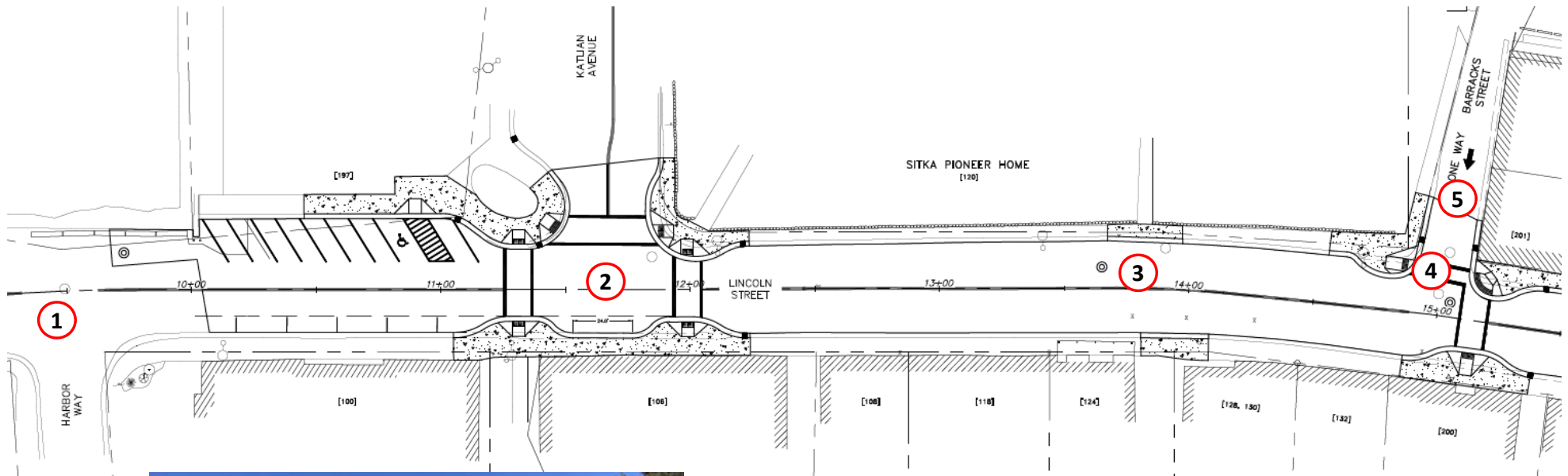
Project Schedule

- Design complete: July 2019
- Bid opening: early August 2019
- Construction notice to proceed: late August 2019
- Construction activity: October 2019 through April 2020
 - winter construction scheduled to minimize business impacts
 - contractor will be limited to one discrete 'zone' at any given time
 - contractor will be required to maintain access to businesses

Project Outreach

- Public Works hosted three public meetings
 - most recently on May 22, 2019
- Met with Police and Fire Commission regarding Barracks/American one-way couplet
- Presented to Historical Preservation Commission
- Validated plans with business owners and other stakeholders

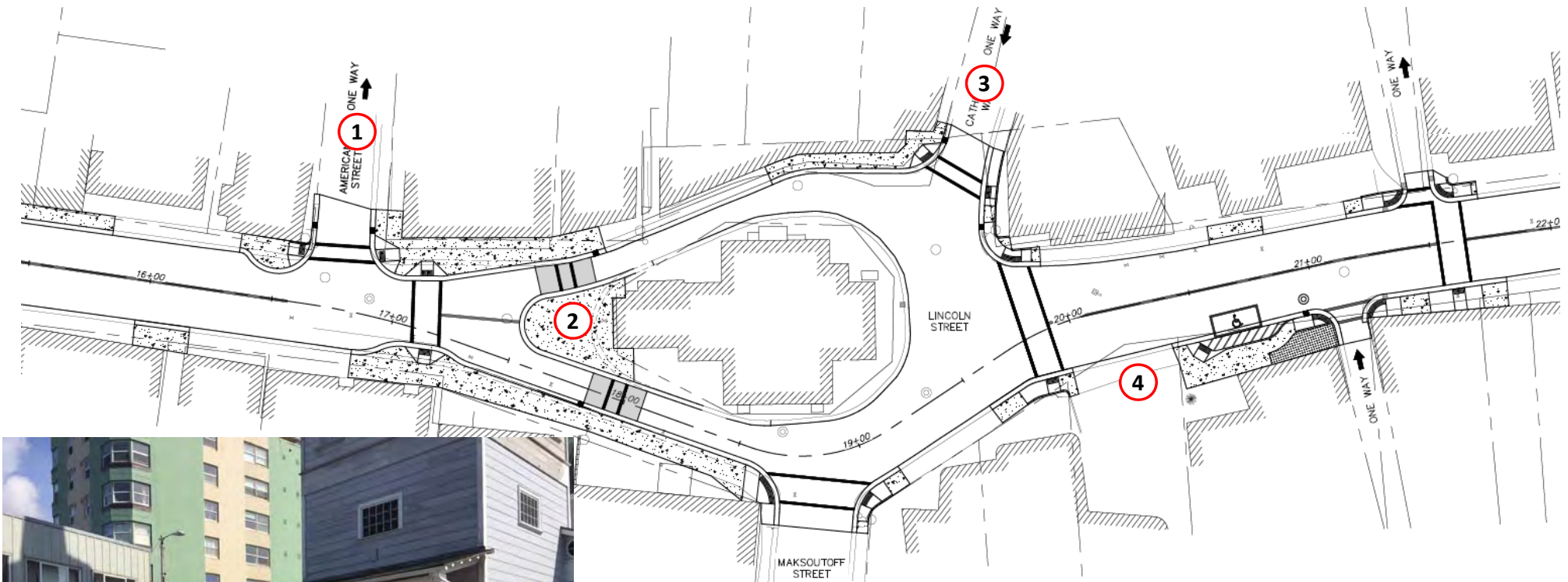
Overview: Katlian and Barracks Intersections



Highlights:

1. Project does not include Harbor Way intersection; will be addressed with upcoming grant-funded Sea Walk Phase 2 project.
2. Detailed drawing of intersection shown on separate slide.
3. Mid-block crosswalk at Sta 13+90 removed to provide additional parking, after consulting with Pioneer Home staff.
4. Barracks Street intersection design verified by test-driving Pioneer Home van and Petro Marine trucks.
5. Barracks to become one-way road, north-to-south.

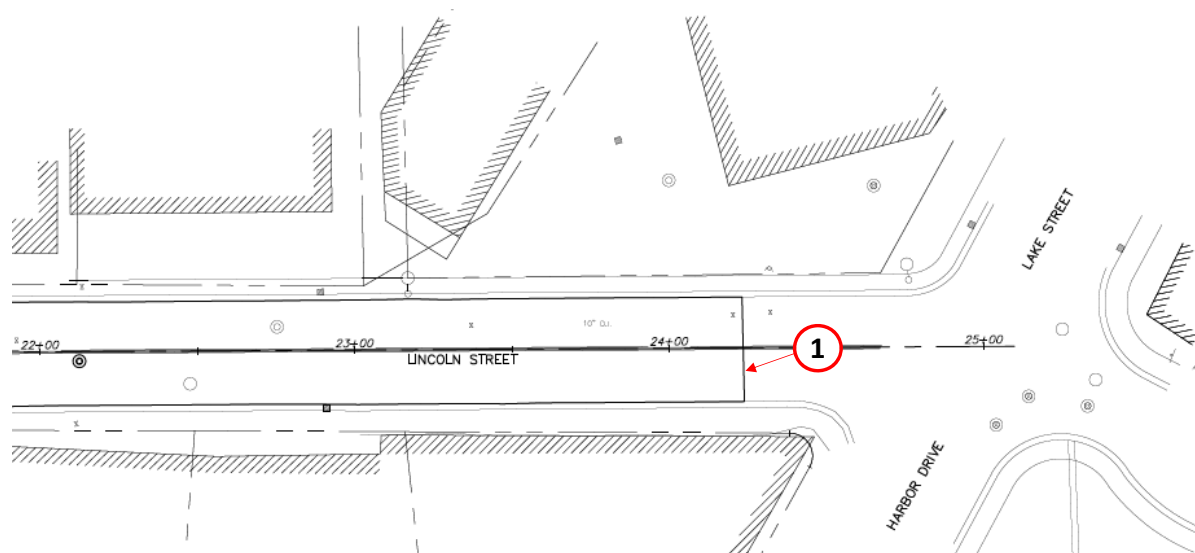
Overview: American, Cathedral Way and Maksoutoff Intersections



Highlights:

1. American to become one-way road, south-to-north.
2. Pedestrian space created in front of St. Michael's Cathedral while maintaining U-Turn and improving safety.
3. Cathedral Way water main to provide water to unserved lot and improve "looped" flow.
4. Engineering to work with private property owners to acquire Public Use Easements where CBS improvements encroach onto private property.

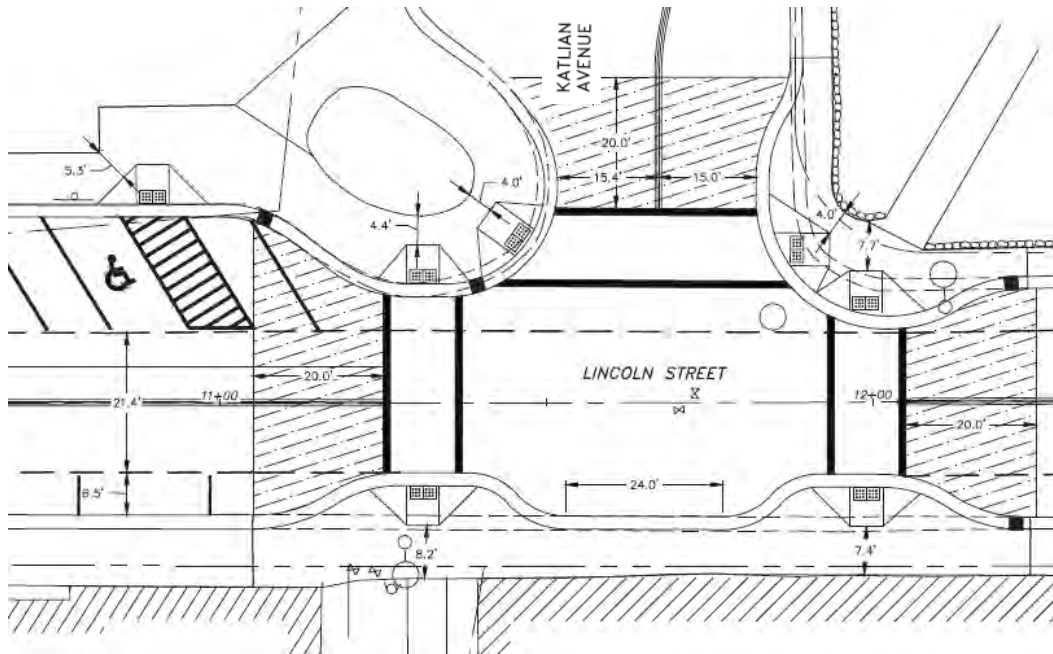
Overview: East of St. Michael's Cathedral



Highlight:

1. End of new pavement. Intersection will be re-paved as part of separate Lincoln Street project that will replace water main from Lake Street to Jeff Davis.

Detail: Katlian Street Intersection



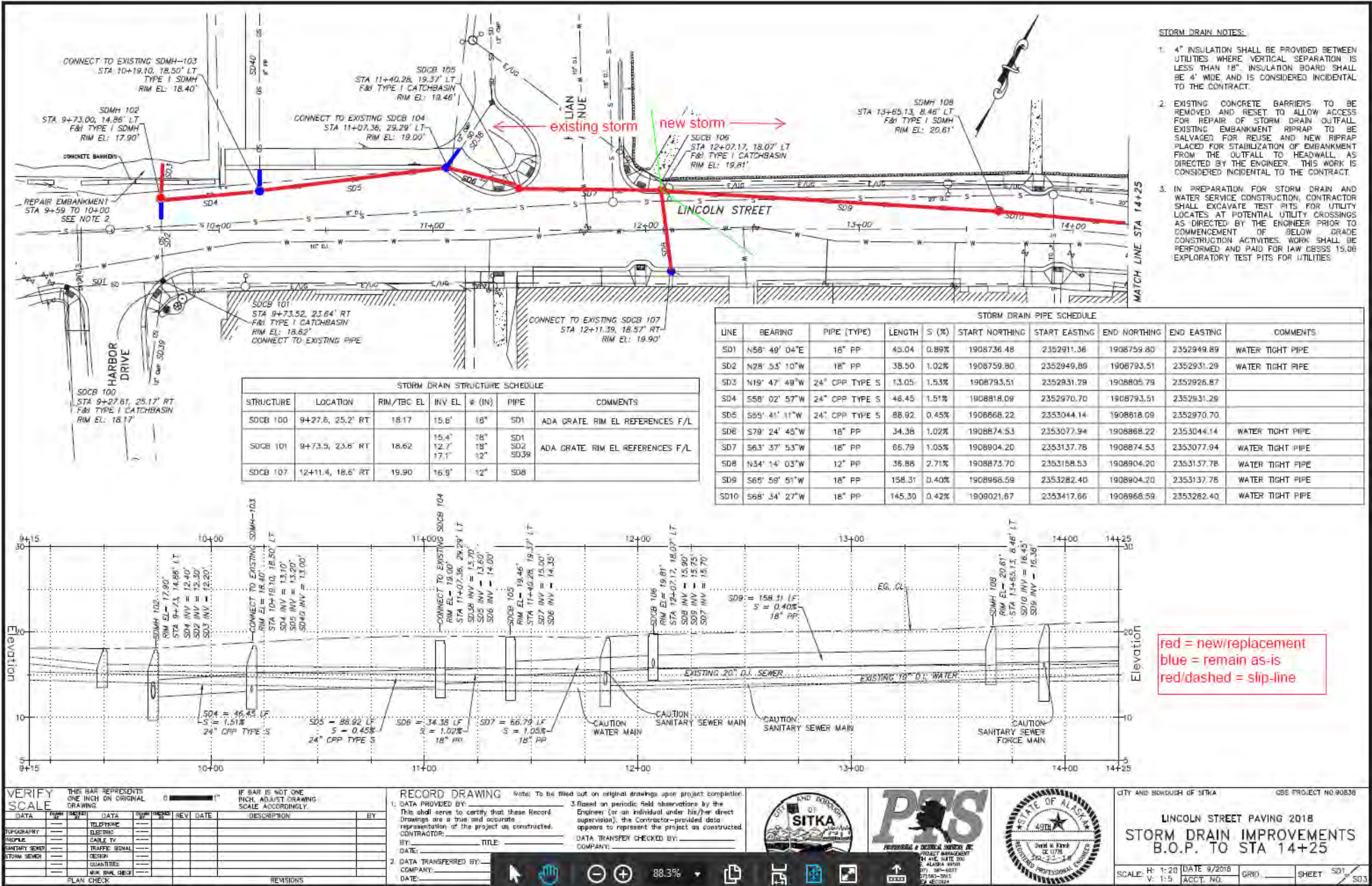
Highlights:

1. Design revised after business owner stated concerns over loss of nearby parking.
2. Revised design verified with AutoTURN analysis of Petro Marine fuel truck and live test of AML tractor-trailer.

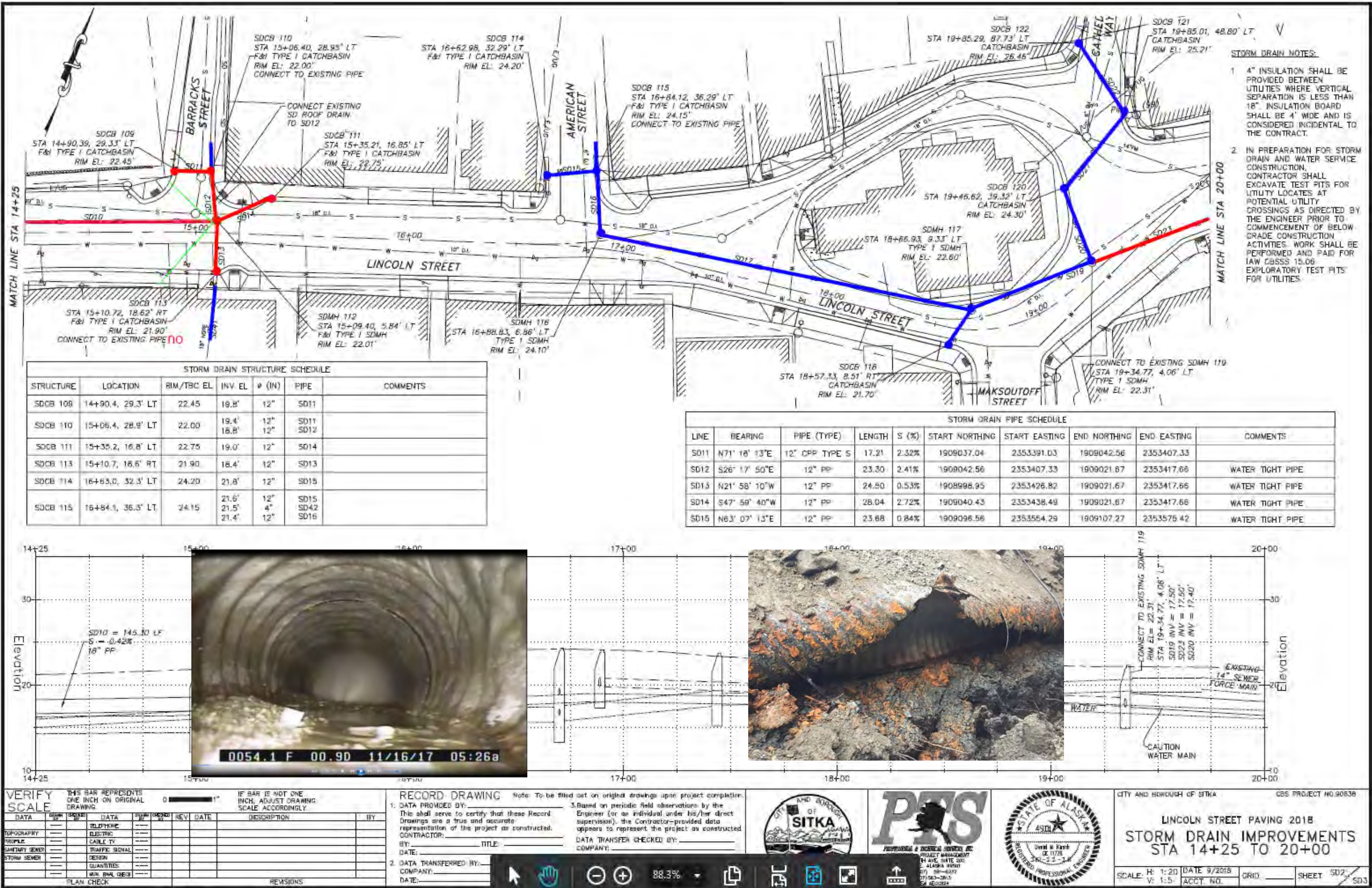
Maintains current parking while improving pedestrian safety, and allows for truck traffic without driving over curbs.



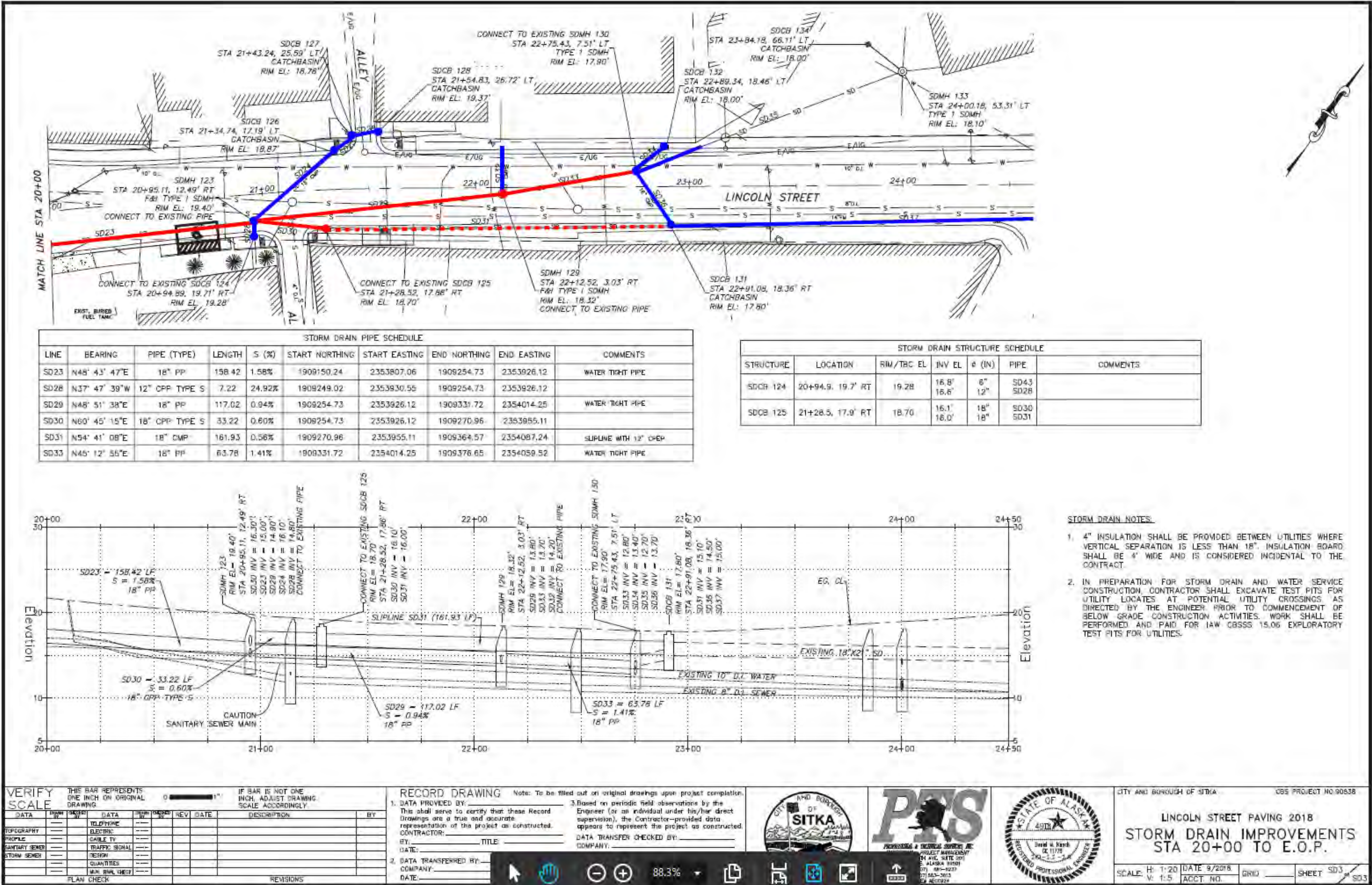
Storm Drainage Improvements



Storm Drainage Improvements



Storm Drainage Improvements



Water Main Installation



Highlights:

1. New 8" HDPE water main will allow for improved service to Cathedral Arms apartments.
2. Will allow water service to un-served lot on Cathedral Way.
3. Will improve water circulation.
4. Will give CBS more flexibility to isolate breaks in the water system, which will minimize the number of customers that are affected.
5. Will result in a re-paved Cathedral Way.



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 19-145 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 7/2/2019 In control: City and Borough Assembly

On agenda: 7/9/2019 Final action:

Title: Adopt the Chief Finance and Administrative Officer's interpretation of Sitka General Code 4.09 "Sales Tax" as it relates to the sale of advertising in conjunction with internet websites

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and memo SGC 4.09.pdf](#)

Date	Ver.	Action By	Action	Result
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Possible Motion

I MOVE TO adopt the Chief Finance and Administrative Officer's interpretation of Sitka General Code 4.09 "Sales Tax" as it relates to the sale of advertising in conjunction with internet websites.

Sale of Advertising in Conjunction with Internet Web Sites

Sales Tax Interpretation

Issue: A citizen has requested a written ruling backed by statutory quotation of why he should continue to collect Sitka sales tax on the advertisement costs paid by his customers in association with his website. The web site is exclusively devoted to advertising and promoting Sitka, its news, history, events, and classified advertisements from Sitka businesses.

Accordingly, does the sale of advertisements to be included on internet websites constitute a taxable sale under Chapter 4.09 of the Sitka General Code, and, must a seller who is engaging in the business of selling advertisements to individuals and businesses to be placed on the web site, collect and remit sales tax (unless exempted by another exemption)?

Technical Issues to be resolved:

1. Where does the sales transaction take place? Or in other words, if the purchaser of the advertising is outside of the City and Borough of Sitka but the order is received within the City and Borough, is the sale considered to be transacted inside or outside City and Borough? Vice versa, if the purchaser of the advertisement is in Sitka but the order is received outside the City and Borough, is the sale considered to be transacted inside or outside City and Borough?
2. Where does the delivery of the tangible product (the advertisement) take place? Or in other words, is delivery considered to be the point wherein the website developer completed the programming required to place the advertisement on the web site, or, is it considered delivered wherever advertisement is read by the customer who placed the order?

Pertinent sections of Sitka General Code applicable to issue:

1. SGC Section 4.09.101 states: "There is levied a consumer's sales tax on sales, rentals, and leases made within 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; 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.
2. SGC Section 4.09.420 M defines tangible personal property as "personal property which can be seen, weighed, measured, felt, touched, or that in any way is perceptible to the senses".
3. SGC Section 4.09.430 states a broad policy on the overall presumption of taxability. SGC 4.09.430 A (1) and (2) state "In order to prevent evasion of the sales tax and to aid in its administration, (1) all sales by a person engaging in business are subject to sales tax, and (2) all property purchased or sold by any person for delivery into the City and Borough of Sitka is purchased or sold for a taxable use in the City and Borough of Sitka.

4. SGC 4.09.100 M states "sales of goods or services received from outside the city by mail telephone or other similar public communication where delivery of the property ordered is made outside the city and borough by mail or common carrier is exempt".

Discussion and Logical Analysis:

1. A key premise set forth in SGC 4.09.030 is that all sales in Sitka are presumed to be subject to sales tax unless specifically exempted from sales tax. This means that unless business transaction does not meet the definition of a sale, or a specific exemption exempts the transaction from taxation (or exempts the purchaser from having to collect tax or the purchaser from having to pay tax), then the transaction is subject to sales tax.
2. Thus, the sale of advertising for inclusion on an internet web site is presumed to be taxable unless (1) it does not meet the definition of a sale, or (2) the sale is determined to not be in Sitka, or (3) some specific exemption exempts the transaction from taxability.
3. SGC 4.09.420 defines a sale as "the transfer of property for consideration". As already stated, SGC 4.09.420 M includes personal property which is visible to the senses as tangible personal property, thus sales of advertising meet the statutory definition of sale of property.
4. The web site lists two methods for contact: an email address, and, a cellular telephone number. No physical address for the web site is provided on the web page. The Alaska business license for the owner indicates a Douglass, Alaska address.
5. In order to meet exemption SGC 4.09.100 M, two things must occur: (1) the order must be placed from outside the City and Borough, and (2) the property must be delivered outside the City and Borough. Any calls or orders from Sitka businesses are placed from inside Sitka, and, thus meet criteria (1). Criteria (2) is more opaque, as it is arguable where (exactly) internet-based advertisements are considered delivered. To answer this question, I revert back to the overall presumption of taxability: *(2) all property purchased or sold by any person for delivery into the City and Borough of Sitka is purchased or sold for a taxable use in the City and Borough of Sitka.* This broad presumption of taxability meets criteria 2.

Interpretative Ruling

In accordance with SGC 4.09.400, I hereby interpret Chapter 4.09 of the Sitka General Code to determine that sales of advertising on internet-based web sites are subject to sales tax if the order is for the advertisement is places from within Sitka, as delivery of the advertisement is presumed to be sold for a taxable use within the City and Borough of Sitka and delivery takes place at the Sitka business location of the advertiser. This interpretation shall be sent to the Sitka Assembly for adoption or rejection and shall be considered to be binding until such time as formally adopted or rejected by the Assembly.

June 18, 2019

John P. Sweeney III
Chief Finance and Administrative Officer



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 19-146 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 7/2/2019 In control: City and Borough Assembly

On agenda: 7/9/2019 Final action:

Title: Approve the Assembly Position Subcommittee recommendations of the June 28 meeting for the following positions: Library Page; Library Assistant; Temporary, Part-Time, On-Call Library Assistants; Intern Engineer; and Office Assistant - Fire/EMS

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and minutes Subcommittee.pdf](#)

Date	Ver.	Action By	Action	Result
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POSSIBLE MOTION

I MOVE TO approve the recommendations of the Assembly Position Committee as outlined in the draft meeting minutes of June 28, 2019 and forward to the Municipal Administrator.

Informational – motions:

Library Page

A motion was made by Nelson to recommend to the Assembly that this position be filled, and the library page positions be exempt from the hiring freeze. The motion PASSED by the following vote:

Yes: 3 – Wein, Nelson and Eisenbeisz

Library Assistant

A motion was made by Nelson to recommend to the Assembly that the FTE's for the Library be increased from 7.37 to 7.4825 to reflect the 4.5 staff hour increase necessary to be open on Sundays. The motion PASSED by the following vote:

Yes: 3 – Wein, Eisenbeisz and Nelson

Temporary, Part-Time, On-Call Library Assistants

A motion was made by Nelson to recommend to the Assembly that the temporary, part-time, on-call library assistant position be exempted from the hiring freeze and the number be capped at 7. The motion PASSED by the following vote:

Yes: 3 – Wein, Eisenbeisz and Nelson

Intern Engineer

A motion was made by Nelson to recommend to the Assembly that this position be filled. The motion PASSED by the following vote:

Yes: 3 – Nelson, Eisenbeisz and Wein

Office Assistant – Fire/EMS

A motion was made by Nelson to recommend to the Assembly that this position be increased from part-time to full-time while the Fire Chief served as Interim Administrator. The motion PASSED by the following vote:

Yes: 3 – Nelson, Eisenbeisz and Wein

Assembly Position Subcommittee Minutes

Friday, June 28, 2019 Noon
Harrigan Centennial Hall

Subcommittee Members: Steven Eisenbeisz, Valorie Nelson,
and Dr. Richard Wein

I. CALL TO ORDER

Chair Eisenbeisz called the meeting to order at noon.

II. ROLL CALL

Subcommittee Members Present: Steven Eisenbeisz, Valorie Nelson, and Dr. Richard Wein
Others in attendance: Interim Administrator Dave Miller and Municipal Clerk Sara Peterson

III. CORRESPONDENCE/AGENDA CHANGES

None.

IV. PERSONS TO BE HEARD

None.

V. APPROVAL OF MINUTES

A. June 7, 2019

A motion was made by Wein to approve the minutes of June 7, 2019. The motion PASSED by the following vote:

Yes: 3 – Eisenbeisz, Wein and Nelson

V. NEW BUSINESS

A. Review of Vacant Positions:

1. Library Page

Library Director, Kathryn Hurtley, stated this was a non-benefited position and typically filled by youth workers. Hurtley indicated three pages were approved and one needed to be filled. To maintain efficiencies at the Library, she requested the position be exempt from the hiring freeze.

A motion was made by Nelson to recommend to the Assembly that this position be filled, and the library page positions be exempt from the hiring freeze. The motion PASSED by the following vote:

Yes: 3 – Wein, Nelson and Eisenbeisz

2. Library Assistant

Library Director, Kathryn Hurtley, noted the previous appropriation the Assembly made of \$15,000 to have the Library open on Sundays went into temporary wages. She relayed the

Library had a policy that in order to be open there must be a permanent part-time or full-time employee in the Library with a temporary employee hence the reason for this request. She added that not each of the temporary employees worked each week.

A motion was made by Nelson to recommend to the Assembly that the FTE's for the Library be increased from 7.37 to 7.4825 to reflect the 4.5 staff hour increase necessary to be open on Sundays. The motion PASSED by the following vote:

Yes: 3 – Wein, Eisenbeisz and Nelson

3. Temporary, Part-Time, On-Call Library Assistants

Library Director, Kathryn Hurtley, explained she wished to have a pool of temporary workers. Currently the Library had 7 part-time, on-call Library Assistants. To maintain efficiencies at the Library she requested the position be exempt from the hiring freeze.

A motion was made by Nelson to recommend to the Assembly that the temporary, part-time, on-call library assistant position be exempted from the hiring freeze and the number be capped at 7. The motion PASSED by the following vote:

Yes: 3 – Wein, Eisenbeisz and Nelson

4. Intern Engineer

Chris Lyon, Electric Department System Engineer, this was the sixth intern with the Department. It was a budgeted, temporary, non-benefited position. The individual was often found by word of mouth and per HR not required to go through an advertising process. Lyon noted the individual would be assisting with the scanning of drawings and other technical projects. Wein wished to see the position go to a Sitkan.

A motion was made by Nelson to recommend to the Assembly that this position be filled. The motion PASSED by the following vote:

Yes: 3 – Nelson, Eisenbeisz and Wein

5. Office Assistant – Fire/EMS

Fire Chief and Interim Administrator Dave Miller stated he was requesting the current part-time Office Assistant position be increased to a full-time position while he was Interim Administrator.

A motion was made by Nelson to recommend to the Assembly that this position be increased from part-time to full-time while the Fire Chief served as Interim Administrator. The motion PASSED by the following vote:

Yes: 3 – Nelson, Eisenbeisz and Wein

VI. ADJOURNMENT

Hearing no objections, the meeting ADJOURNED at 12:29 p.m.

Attest: _____
Sara Peterson, MMC
Municipal Clerk

DRAFT



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 19-138 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 6/19/2019 In control: City and Borough Assembly

On agenda: 7/9/2019 Final action:

Title: Legal Matter - Proposed Assignment of a service contract of Sitka Community Hospital to Southeast Alaska Regional Health Consortium under the Asset Purchase Agreement

Sponsors:

Indexes:

Code sections:

Attachments: [Executive Session Contract Assignment](#)

Date	Ver.	Action By	Action	Result
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Executive Session

POSSIBLE MOTIONS

Step 1:

I MOVE to go into executive session to discuss a legal matter affecting the municipality, as a result of a proposed contract assignment, the immediate knowledge of which would adversely affect the finances of the municipality.

Step 2:

I MOVE to reconvene as the Assembly in regular session.

*Sitka General Code 2.04.020 Meetings

D. All meetings shall be open to the public except that the following may be discussed in closed executive session:

1. Matters, the immediate knowledge of which would adversely affect the finances of the municipality;
2. Subjects that tend to prejudice the reputation and character of any person, provided the person may request a public discussion;
3. Matters which by law, municipal Charter or ordinances are required to be confidential;
4. Communications with the municipal attorney or other legal advisors concerning legal matters affecting the municipality or legal consequences of past, present or future municipal actions.



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 19-149 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 7/2/2019 In control: City and Borough Assembly

On agenda: 7/9/2019 Final action:

Title: Legal Matter: Claim related to 6.4(a) of the Asset Purchase Agreement (Sitka Community Hospital affiliation with Southeast Alaska Regional Health Consortium)

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Executive Session Claim Related to APA.pdf](#)

Date	Ver.	Action By	Action	Result
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Executive Session

POSSIBLE MOTIONS

Step 1:

I MOVE to go into executive session to discuss a claim related to schedule 6.4(a) of the Asset Purchase Agreement (Sitka Community Hospital affiliation with Southeast Alaska Regional Health Consortium), a legal matter affecting the municipality.

Step 2:

I MOVE to reconvene as the Assembly in regular session.

*Sitka General Code 2.04.020 Meetings

D. All meetings shall be open to the public except that the following may be discussed in closed executive session:

1. Matters, the immediate knowledge of which would adversely affect the finances of the municipality;
2. Subjects that tend to prejudice the reputation and character of any person, provided the person may request a public discussion;
3. Matters which by law, municipal Charter or ordinances are required to be confidential;
4. Communications with the municipal attorney or other legal advisors concerning legal matters affecting the municipality or legal consequences of past, present or future municipal actions.



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 19-150 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 7/2/2019 In control: City and Borough Assembly

On agenda: 7/9/2019 Final action:

Title: Legal Matter: Hearing Officer decision in the appeal by Sigurd Rutter of the revocation of his commercial operator permit

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Executive Session Hearing Officer.pdf](#)

Date	Ver.	Action By	Action	Result
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Executive Session

POSSIBLE MOTIONS

Step 1:

I MOVE to go into executive session to discuss the decision of the Hearing Officer in the appeal by Sigurd Rutter of the revocation of his commercial operator permit, a legal matter affecting the municipality.

Step 2:

I MOVE to reconvene as the Assembly in regular session.

*Sitka General Code 2.04.020 Meetings

D. All meetings shall be open to the public except that the following may be discussed in closed executive session:

1. Matters, the immediate knowledge of which would adversely affect the finances of the municipality;
2. Subjects that tend to prejudice the reputation and character of any person, provided the person may request a public discussion;
3. Matters which by law, municipal Charter or ordinances are required to be confidential;
4. Communications with the municipal attorney or other legal advisors concerning legal matters affecting the municipality or legal consequences of past, present or future municipal actions.