



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 Kevin Mosher,
Kevin Knox, Dr. Richard Wein, Valorie Nelson, Thor Christianson*

*Interim Municipal Administrator: Hugh Bevan
Municipal Attorney: Brian Hanson
Municipal Clerk: Sara Peterson*

Tuesday, January 28, 2020

6:00 PM

Assembly Chambers

WORK SESSION 5:00 P.M.

[20-021](#)

Work Session: FY19 Comprehensive Annual Financial Report / Audit

Attachments: [FY19 CAFR reduced file size](#)
[FY19 Federal and State Single Audit Reports](#)

REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

IV. CORRESPONDENCE/AGENDA CHANGES

[20-031](#)

Reminders, Calendars, and General Correspondence

Attachments: [Reminders and Calendars](#)
[Horan and Company letter](#)
[Legislative Priorities](#)

V. CEREMONIAL MATTERS

None.

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

VII. PERSONS TO BE HEARD

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

VIII. 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** [20-022](#) Approve the minutes of the January 14 Assembly meeting

 Attachments: [Consent and Minutes](#)
- B** [20-023](#) Approve a liquor license renewal application for Talon Charters, Inc. dba Talon Lodge at Apple Island

 Attachments: [Motion and Memos](#)
 [01152020 LGB Notice - City of Sitka in Borough](#)
 [4594 Complete Renewal Application](#)
- C** [20-024](#) Approve a liquor license renewal application for JL Sitka, Inc. dba Westmark Sitka Hotel at 330 Seward Street

 Attachments: [Motion and Memos](#)
 [01152020 LGB Notice - City of Sitka Borough of Sitka.](#)
 [1031 Complete Renewal Application](#)

X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS

- D** [20-025](#) Reappoint Jere Christner to a three-year term on the Investment Committee

 Attachments: [Motion Christner](#)
 [Christner application](#)
- E** [20-026](#) Appoint Sandra Fontaine to a three-year term on the Library Commission

 Attachments: [Motion Fontaine](#)
 [Fontaine application](#)

XI. UNFINISHED BUSINESS:

- F [ORD 20-01](#) Making supplemental appropriations for Fiscal Year 2020 (Airport Entry Doors Replacement Project)

Attachments: [Motion Ord 20-01](#)
 [Memo and Ord 20-01](#)

- G [20-027](#) Approve the process to update the City and Borough of Sitka seal

Attachments: [Motion](#)
 [1 - City Seal Update - Proposed Process & Cost](#)
 [2 - Timeline](#)
 [3 - Draft City Seal Contest](#)
 [4 - SE Seals Example Sheet](#)
 [5 - Seal Adoption Minutes 1971](#)
 [6 - SGC Use of City Seal](#)

XII. NEW BUSINESS:

New Business First Reading

- H [ORD 20-02](#) Amending Title 6 “Business Licenses And Regulations”, Title 19 “Building and Construction”, and Title 22 “Zoning” of the Sitka General Code by modifying Chapter 6.12 “Mobile and Manufactured Homes and Mobile and Manufactured Home Parks”, Chapter 19.09 “Residential Code”, Chapter 22.08 “Definitions”, Chapter 22.16 “District Regulations”, Chapter 22.24 “Special Use Permits” and adding Sections 6.12.205 “Construction Requirements For Tiny Houses and Tiny Houses On Chassis”, Section 22.08.798 “Tiny House”, and Section 22.08.799 “Tiny Houses On Chassis”

Attachments: [Motion Ord 20-02](#)
 [01 21Jan20 transmittal memo tiny houses -brylinsky to assembly](#)
 [Ord 20-02](#)
 [02 2030 Comp Plan excerpt](#)
 [03 2030 Technical Plan excerpt](#)
 [04 Assembly Action Plan -Tiny Homes](#)
 [05 SEDA 2016 Strategic Plan excerpt](#)
 [06 Excerpt from minutes of 18Dec19 PandZ meeting](#)
 [07 11Dec19 StaffReport to commission ZA 19-06](#)
 [08 8Jan20 update memo to commission](#)
 [09 2018 IRC Appendix Q-Tiny Houses](#)
 [10 Written Public Comment](#)

- I [ORD 20-03](#) Amending the official Sitka Zoning Map to rezone 4513, 4521, and 4533 Halibut Point Road from Industrial District (I) to General Commercial and Mobile Home District (C-2)

Attachments: [Motion Ord 20-03.](#)
[Memo Ord 20-03](#)
[Ord 20-03](#)
[Appendix A - Zoning Map](#)
[ZA 20-01 Planning Commission Materials](#)
[Written Public Comment](#)

Additional New Business Items

- J [RES 20-01](#) Authorizing a \$535,210 grant application to the Department of Homeland Security and Emergency Management (DHS & EM)

Attachments: [Motion Memo and Res 20-01](#)

- K [20-028](#) Approve a Water Delivery Agreement between the City and Borough of Sitka and Northern Southeast Regional Aquaculture Association

Attachments: [Motion and Memo Water Agreement](#)

- L [20-029](#) Approve a salary increase for the Library Director position from range 30F to range 35A

Attachments: [Motion and Memo Range Increase](#)
[Library Commission Resolution](#)

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 [20-030](#) Legal/Confidential - Sitka Police Department personnel matters

Attachments: [Motion Executive Session](#)

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.

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



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 20-021 **Version:** 1 **Name:**

Type: Item **Status:** AGENDA READY

File created: 1/22/2020 **In control:** City and Borough Assembly

On agenda: 1/28/2020 **Final action:**

Title: Work Session: FY19 Comprehensive Annual Financial Report / Audit

Sponsors:

Indexes:

Code sections:

Attachments: [FY19 CAFR reduced file size](#)
[FY19 Federal and State Single Audit Reports](#)

Date	Ver.	Action By	Action	Result
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City and Borough of Sitka, Alaska



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019

Prepared by:
John P. Sweeney III
Chief Financial and Administrative Officer

Melissa Haley
Controller

City and Borough of Sitka, Alaska

Table of Contents

	<u>Schedule</u>	<u>Page</u>
INTRODUCTORY SECTION		
Table of Contents		i
Letter of Transmittal		iii
Elected Officials		vii
Organization Chart		viii
FINANCIAL SECTION		
Independent Auditor's Report		1-3
Management's Discussion and Analysis		6-16
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Position	A-1	18-19
Statement of Activities	A-2	20-21
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	B-1	22
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	B-2	23
Statement of Revenues, Expenditures and Changes in Fund Balances	B-3	24
Reconciliation of Change in Fund Balances of Governmental Funds to Statement of Activities	B-4	25
Proprietary Funds:		
Statement of Net Position	C-1	26-27
Statement of Revenues, Expenses and Changes in Net Position	C-2	28
Statement of Cash Flows	C-3	29-30
Fiduciary and Agency Funds:		
Statement of Fiduciary Net Position	D-1	31
Statement of Changes in Fiduciary Net Position	D-2	32
Agency Fund - Statement of Agency Net Position	D-3	33
Agency Fund - Statement of Changes in Assets and Liabilities	D-4	34
Notes to Basic Financial Statements		35-75
Required Supplementary Information		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	E-1	78-82
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Major Governmental Funds	E-2	83
Public Employees' Retirement System:		
Schedule of the Borough's Information on the Net Pension Liability	E-3	84
Schedule of the Borough's Contributions (PERS)	E-4	85
Schedule of the Borough's Proportionate Share of Net OPEB Liability-AHRCT	E-5	86
Schedule of the Borough's Contributions ARHCT (OPEB)	E-6	87
Schedule of the Borough's Proportionate Share of Net OPEB Liability-RMP	E-7	88
Schedule of the Borough's Contributions RMP (OPEB)	E-8	89
Schedule of the Borough's Proportionate Share of Net OPEB Liability-ODD	E-9	90
Schedule of the Borough's Contributions ODD (OPEB)	E-10	91
Notes to Required Supplementary Information		92

City and Borough of Sitka, Alaska

Table of Contents

	<u>Schedule</u>	<u>Page</u>
Supplementary Information		
Proprietary Funds:		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Electric Utility	F-1	94
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Solid Waste Disposal	F-2	95
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Wastewater Utility	F-3	96
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Harbor Fund	F-4	97
Nonmajor Governmental Funds:		
Combining Balance Sheet	F-5	98-99
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	F-6	100-101
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Nonmajor Governmental Funds	F-7	102-110
Nonmajor Enterprise Funds:		
Combining Statement of Net Position	F-8	111
Combining Statement of Revenues, Expenses and Changes in Net Position	F-9	112
Combining Statement of Cash Flows	F-10	113
Schedules of Revenues, Expenses and Changes in Net Position - Budget and Actual	F-11	114-117
Internal Service Funds:		
Combining Statement of Net Position	F-12	118
Combining Statement of Revenues, Expenses and Changes in Net Position	F-13	119
Combining Statement of Cash Flows	F-14	120
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Internal Service Funds	F-15	121-123
STATISTICAL SECTION	<u>Table</u>	<u>Page</u>
Net Position by Component	1	126
Fund Balances of Governmental Funds	2	127
Changes in Net Position	3	128
Changes in Fund Balances of Governmental Funds	4	129
Assessed Value and Estimated Actual Value of Taxable Property	5	130
Property Tax Rates	6	131
Governmental Activities Tax Revenues by Source	7	132
Principal Property Taxpayers	8	133
Property Tax Levies and Collections	9	134
Sales Tax Receipts by Industry & Gross Sales by Industry	10	135
Ratios of Outstanding Debt by Type	11	136
Ratios of General Bonded Debt Outstanding	12	137
Direct and Overlapping Governmental Activities Debt	13	138
Pledged Revenue Coverage	14	139
Demographic and Economic Statistics	15	140
Principal Employers	16	141
Full-Time Equivalent City and Borough Employees by Function	17	142
Active Electrical Customers and kWh Sold by Class	18	143



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

December 27, 2019

To the Honorable Mayor,
Assembly Members and
Citizens of the City and Borough of Sitka, Alaska:

The Assembly of the City and Borough of Sitka has elected to issue each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that request, we hereby issue the comprehensive annual financial report of the City and Borough of Sitka, Alaska for the fiscal year ended June 30, 2019.

This report consists of management's representations concerning the financial position and performance of the City and Borough of Sitka. Consequently, management assumes full responsibility for the completeness and reliability of all of the information present in this report. To provide a reasonable basis for making these representations, management of the City and Borough of Sitka has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City and Borough of Sitka's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City and Borough of Sitka's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City and Borough of Sitka's financial statements have been audited by BDO USA, LLP, a global accounting network of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City and Borough of Sitka for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit that they will render an unmodified opinion on the City and Borough of Sitka's financial statements for the fiscal year ended June 30, 2019. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City and Borough of Sitka was part of a broader, state and federally mandated "Single Audit" designed to meet the special needs of state and federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited

government's internal controls and legal requirements involving the administration of state and federal awards. These Single Audit Reports are included at the end of this Comprehensive Annual Financial Report (CAFR).

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City and Borough of Sitka's MD&A can be found immediately following the report of the independent auditors.

Profile of Government

The City and Borough of Sitka, incorporated in 1971, is located on Baranof and Chicagof Islands which are located along the Inside Passage in Southeast Alaska. Sitka is situated on the west coast of Baranof Island, contained within the largest temperate rain forest in the world. Most of this rain forest is part of the Tongass National Forest. The City and Borough of Sitka currently occupies a land area of 2,894 square miles, a water area of 1,816 square miles and serves a population of approximately 8,689. The City and Borough of Sitka is empowered to levy a property tax on both real and personal properties located within its boundaries. The City and Borough of Sitka also levies a sales tax on sales within the City and Borough, a transient room tax, and an excise tax on tobacco product sales within the City and Borough.

The City and Borough of Sitka has operated under the Assembly-Administrator form of government since 1971. Policy-making and legislative authority are vested in a governing assembly consisting of the Mayor and six other members. The Assembly is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the government's Administrator and Attorney. The administrator is responsible for carrying out the policies and ordinances of the Assembly, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The Assembly is elected on a non-partisan basis. Assembly members serve three-year staggered terms, with two Assembly members elected each year. The Mayor is elected to serve a two-year term. The Mayor and Assembly members are elected at large.

The City and Borough of Sitka provides a full range of services, including police and fire protection; ambulance service; the construction and maintenance of streets and other infrastructure; recreational facilities and cultural events. Other services include electricity, water, waste water treatment, solid waste disposal and recycling, moorage within the harbor system, cold storage facility, and leases within the industrial park. These services represent different departments in the City and Borough of Sitka and therefore have been included as an integral part of the City and Borough of Sitka's financial statements. The City and Borough of Sitka also is financially accountable for a legally separate school district and community hospital, both of which are reported separately within the City and Borough of Sitka's financial statements. Additional information on these legally separate entities can be found in Note 1 in the notes to the financial statements.

The annual budget serves as the foundation for the City and Borough of Sitka's financial planning and control. All departments of the City and Borough of Sitka are required to submit requests for appropriation to the Budget Officer on or before the end of each calendar year. The Budget Officer compiles and presents the draft budget to the Administrator on or before the 15th of March. The Administrator then presents this proposed budget to the Assembly for review on or before the 15th of

April. As set forth in the Home Rule Charter of the City and Borough of Sitka for budget performance, the following dates outline the Charter's requirements: (1) not later than 60 days before the end of the current fiscal year, the Administrator shall submit to the Assembly a budget for the following fiscal year, a capital improvements program and an accompanying explanatory message of both; (2) not later than 15 days before the end of the current fiscal year, a public hearing shall be held on the budget and capital improvements program; (3) the Assembly by ordinance shall adopt a budget (for the next fiscal year) not later than 10 days before the end of the current fiscal year. The appropriated budget is prepared by fund and department (e.g., police). The Administrator may make transfers of appropriations within a department, with the exception of line items for salary and benefits, travel and training, and capital assets. Assembly approval is needed for the above three line items within each department's budget. Transfers of appropriations between departments and/or funds, however, require the approval of the Assembly. Budget-to-actual comparisons are provided in this report for all funds for which an appropriated annual budget has been adopted.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City and Borough of Sitka operates.

Local economy. The City and Borough of Sitka's principal economic base is commercial fishing, fish processing, health care, government, tourism, and related businesses.

The estimated population for the City and Borough is 8,689. Sales tax collections have increased by 9% over last fiscal year, transient room taxes have increased by 8%, and excise taxes on tobacco have decreased by 3.2%. Increases in tax receipts have allowed the Municipality to continue to offer the same level of services to its citizens and keep pace with inflation. Of note, this year's increase in sales tax from the prior year is largely a result of a structural change in the tax where the taxable transaction limit was increased.

Long-term financial planning. The City and Borough engages in comprehensive long-range fiscal planning for general governmental activities as well as business-type enterprises. The Municipality annually updates a fiscal plan for each business-type enterprise which models cash flows from operations, working capital, long-term debt, and capital expenditures for a minimum 10-year period. These fiscal plans are the basis for recommendations to the Assembly for user fee increases in the various business-type enterprises.

Cash management policies and practices. The City and Borough of Sitka utilizes a central treasury to aggregate cash from all funds except the component units listed herein, for cash management and investment purposes. Interest income on investments is allocated monthly to participating funds based on their average equity balance.

The City and Borough of Sitka utilizes professional investment management services in the management of its investment portfolios. The external investment manager adheres to a codified investment policy which sets forth authorized investment types, restrictions on investment credit quality, and other standard safeguards in order to achieve a reasonable rate of return with minimal risk of loss. The City and Borough also has an independent Investment Advisory Committee which reviews the investment portfolios and investment return on a quarterly basis.

Risk management. During FY2019, the Municipality continued a limited risk management program for workers' compensation. Various controls techniques, including employee accident prevention training, have been implemented during the year to minimize accident-related losses. Third-party coverage is currently maintained for individual workers' compensation claims and other potential losses.

Pension and other postemployment benefits. The City and Borough of Sitka and the Sitka Community Hospital provide pension benefits for all eligible employees through the State of Alaska Public Employees Retirement System (PERS). The Municipality and Hospital has no obligations in connection with the employee benefits offered through this plan beyond its annual required payment to the pension plan.

The Sitka School District provides pension benefits for all eligible employees through PERS and Teachers Retirement System (TRS). The School District has no obligations in connection with employee benefits offered through this plan beyond its annual required payments to the pension plans.

Additional information on pension arrangements and postemployment benefits can be found in the Required Supplementary Information and in the Notes to the basic financial statements.

Acknowledgments

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the staff of the Finance Department, especially Melissa Haley, Larry Fitzsimmons, Janet Schwartz, Sally Roesel, and Amber Swedeen. My appreciation is extended to all members of the Finance Department who assisted and contributed to the preparation of this report. We also want to thank you, the members of the City and Borough of Sitka's Assembly, for your interest and support in conducting the financial operations of the City and Borough of Sitka in a responsible and progressive manner.

Respectfully submitted,



John P "Jay" Sweeney III
Finance Director

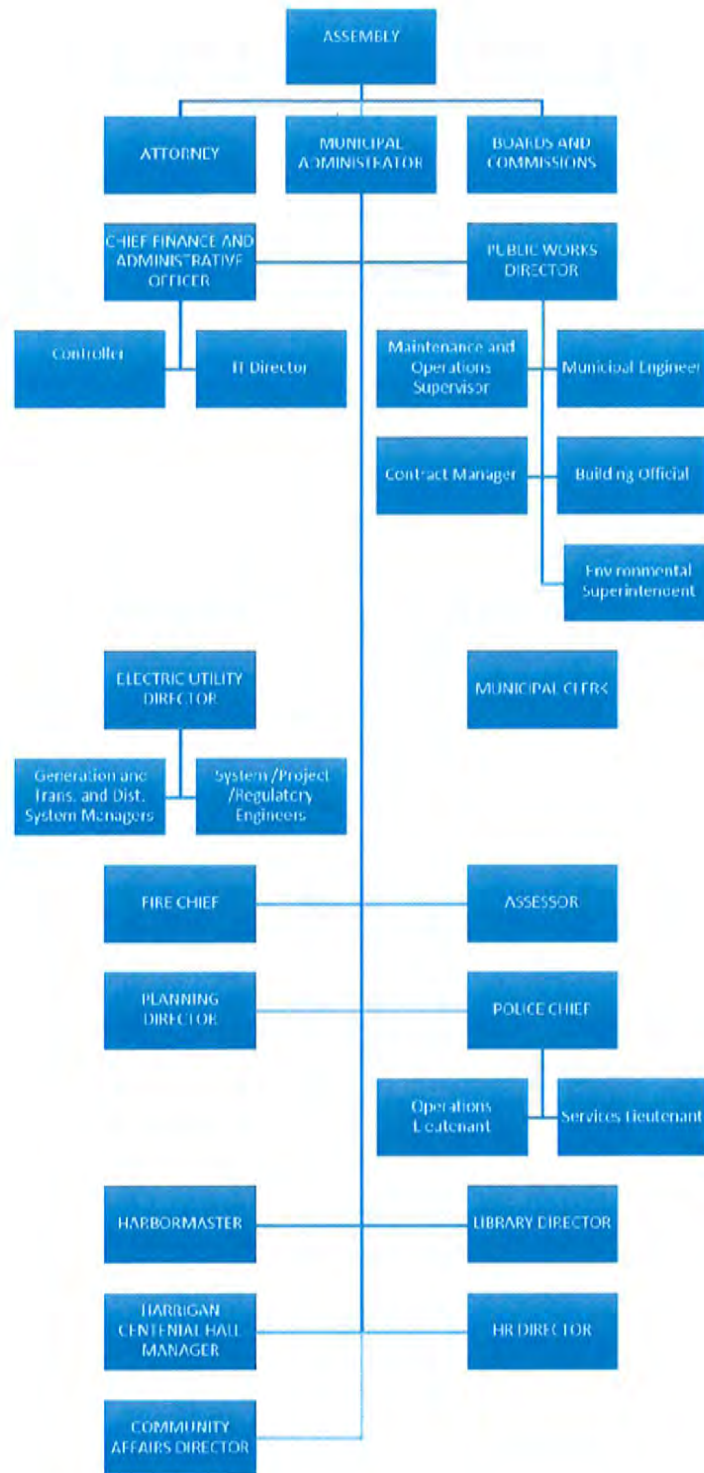
City and Borough of Sitka, Alaska

Elected Officials *June 30, 2019*

Name	Position
Gary Paxton	Mayor
Steven Eisenbeisz	Deputy Mayor
Valorie Nelson	Vice-Deputy Mayor
Aaron Bean	Assembly Member
Kevin Knox	Assembly Member
Kevin Mosher	Assembly Member
Richard Wien, M.D.	Assembly Member
(Vacant)	Municipal Administrator

City and Borough of Sitka, Alaska

Organization Chart June 30, 2019





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3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report

Honorable Mayor and Borough Assembly
City and Borough of Sitka, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City and Borough of Sitka, Alaska, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City and Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Sitka School District and Sitka Community Hospital, which represented 36 percent and 64 percent of the assets and deferred outflows of resources, and 46 percent and 54 percent of revenues of the aggregate discretely presented component units, respectively. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Sitka School District and Sitka Community Hospital, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the International BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City and Borough of Sitka, Alaska as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 6 through 16, the budgetary comparison information on pages 78 through 83, the Schedules of the Borough's information of Net Pension Liability, Net OPEB Liability and Pension Contributions on pages 84 through 92, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City and Borough of Sitka's basic financial statements. The accompanying combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 27, 2019, on our consideration of City and Borough of Sitka's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City and Borough of Sitka's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City and Borough of Sitka's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
December 27, 2019

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Management's Discussion and Analysis

City and Borough of Sitka, Alaska
Management's Discussion and Analysis
June 30, 2019

As management of the City and Borough of Sitka (Municipality), we offer the readers of the Municipality's financial statements this overview and analysis of the Municipality's financial activities for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page II of this report.

Financial Highlights

- The assets and deferred outflows of resources of the Municipality exceeded its liabilities and deferred inflows of resources at the close of the most recent year by **\$366.6** million. Of this amount, **\$66.8** million (unrestricted net position) is legally unreserved and may therefore be used to meet the Municipality's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was **\$5.7** million. Committed funds of **\$9.9** million are also available to meet expenses for the next fiscal year with varying levels of restrictions. The unassigned fund balance for the General Fund represented **22.5%** of General Fund expenditures. This increases to **61.5%** when committed funds are included.

Overview of the Financial Statements

The management discussion and analysis serves as an introduction to the Municipality's basic financial statements, which are the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements

The government-wide financial statements report information about the overall finances of the Municipality similar to the business enterprise. These statements combine and consolidate short-term, spendable resources with capital assets and long-term obligations.

The Statement of Net Position presents information on all of the Municipality's assets and deferred outflows less liabilities and deferred inflows, which results in net position. The statement is designed to display the financial position of the Municipality. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Municipality is improving or deteriorating.

The Statement of Activities provides information which shows how the Municipality's net position changed as a result of the year's activities. The statement uses the accrual basis of accounting, which is similar to the accounting used by private-sector businesses. All of the revenues and expenses are reported regardless of the timing of when cash is received or paid.

The Statement of Net Position and the Statement of Activities distinguish functions of the Municipality that are financed primarily by taxes, intergovernmental revenues, and charges for services (governmental activities) from functions where user fees and charges to customers help to cover all or most of the cost of services (business-type activities). The Municipality's governmental activities include administration, public safety, public works, public services and support. The business-type activities of the Municipality

City and Borough of Sitka, Alaska
Management's Discussion and Analysis
June 30, 2019

include the eight enterprise funds: electric, water, waste water treatment, solid waste disposal, harbor, airport terminal building, marine service center and Gary Paxton Industrial Park.

The government-wide financial statements present not only the Municipality itself, which is the primary government, but also its component units: Sitka School District and Sitka Community Hospital for which the Municipality is financially accountable. Financial information for the Sitka School District and Sitka Community Hospital is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 20 through 23 of this report.

Fund financial statements

A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for the specific activities or objectives. The Municipality, like other state and local governments, uses fund accounting to ensure and demonstrate fiscal accountability. All of the funds of the Municipality can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on the short-term view of the Municipality operations. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Municipality maintains 20 individual governmental funds. Information is presented separately for major governmental funds on the Governmental Fund Balance Sheet and Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Permanent Fund, and Capital Projects Fund. The remaining governmental funds are combined and shown as Nonmajor Governmental Funds on the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances. Individual fund information for the 17 nonmajor funds is presented in the Combining Balance Sheet, Nonmajor Governmental Funds, and Combining Statement of Revenues, Expenditures, and Changes in Fund Balance, Nonmajor Governmental Funds.

Proprietary funds

The Municipality maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Municipality uses enterprise funds to account for the electric, water, waste water treatment, and solid waste disposal utility services provided to the local citizens. The Municipality also uses enterprise funds to account for commercial activity within its harbors, airport terminal building, marine service center (for cold storage), and Gary Paxton Industrial Park. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Municipality's various functions. The Municipality uses internal service funds to account for the activities of its management information

City and Borough of Sitka, Alaska
Management's Discussion and Analysis
June 30, 2019

systems (MIS), central garage, and building maintenance services. Income or loss from these services has been allocated between governmental and business-type functions while assets and liabilities have been included within the governmental activities in the government-wide financial statements. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Proprietary funds financial statements provide separate information for the Electric, Solid Waste Disposal, Wastewater, and Harbor Funds, which are considered to be major funds of the Municipality. The remaining four enterprise funds are combined and shown as Nonmajor Enterprise Funds on the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows for Proprietary Funds. The basic proprietary fund financial statements can be found on pages 26 through 30.

Fiduciary funds

Fiduciary funds are used to account for assets held by the Municipality in a trustee capacity or as an agent for others. Activities from fiduciary funds are not included in the government-wide financial statements because the Municipality cannot use these assets for its operations. The accounting for fiduciary funds is much like that used in proprietary funds. The basic fiduciary aggregated fund financial statements can be found on pages 31 through 34 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35 through 75 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information to provide information on the Municipalities' Nonmajor funds. Supplementary information can be found following the Notes to Financial Statements beginning on page 94. Required supplementary information directly follows the notes to the financial statements and begins on page 78.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Municipality, assets exceeded liabilities by **\$366.6** million at June 30, 2019 compared to **\$364.7** million at June 30, 2018. By far the largest portion of the Municipality's net position of **\$264.5** million reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, etc.) less any related debt used to acquire those assets that is still outstanding. The Municipality uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Municipality's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

City and Borough of Sitka, Alaska
Management's Discussion and Analysis
June 30, 2019

	Net Position June 30, 2019 and 2018 (in millions)					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 63.6	\$ 61.5	\$ 68.0	\$ 51.6	\$ 131.6	\$ 113.1
Capital Assets	130.5	134.8	309.0	315.2	439.5	450.0
Total assets	194.1	196.3	377.0	366.8	571.1	563.1
Deferred outflows	3.0	2.3	2.6	2.4	5.6	4.7
Total assets and deferred outflows	\$ 197.1	\$ 198.6	\$ 379.6	\$ 369.2	\$ 576.7	\$ 567.8
Long-term debt outstanding	\$ 31.6	\$ 33.8	\$ 169.7	\$ 158.3	\$ 201.3	\$ 192.1
Other liabilities	2.2	2.6	4.5	4.3	6.7	6.9
Total liabilities	33.8	36.4	174.2	162.6	208.0	199.0
Deferred inflows	1.3	2.7	0.7	1.5	2.0	4.2
Total liabilities and deferred inflows	\$ 35.1	\$ 39.1	\$ 174.9	\$ 164.1	\$ 210.0	\$ 203.2
Net position:						
Net investment in capital assets	\$ 114.6	\$ 115.9	\$ 149.9	\$ 167.0	\$ 264.5	\$ 282.9
Restricted	23.4	27.7	11.9	10.7	35.3	38.4
Unrestricted	24.0	15.9	42.9	27.4	66.8	43.3
Total net position	\$ 162.0	\$ 159.5	\$ 204.7	\$ 205.1	\$ 366.6	\$ 364.6

Governmental Activities

Governmental activities increased the Municipality's net position by \$2.5 million. Key elements of this increase are listed below:

- The mark-to-market adjustment component of investment income increased by \$1.3 million over FY2018.
- Sales tax revenues increased by \$1.2 million over FY2018.

The net position for the Municipality's governmental activities is \$162.0 million, an increase of \$2.4 million. A substantial portion (73%) of the net position is invested in capital assets – a decrease of \$1.3 million from the prior fiscal year. The Municipality uses these assets to provide services to the citizens. The unrestricted net position of the governmental activities was \$24.0 million as of June 30, 2019. The largest portion of the restricted net position is for the Permanent Fund (\$22.5 million).

City and Borough of Sitka, Alaska
Management's Discussion and Analysis
June 30, 2019

Business-type activities

Business-type activities decreased the Municipality's net position by \$0.5 million. This compares to a decrease of \$1.8 million for the year ended June 30, 2018. Key elements are listed below:

- Net capital assets decreased by \$6.2 million due to depreciation expense exceeding the value of new capital assets placed in service.
- Long-term debt outstanding increased by \$15.1 million due to new revenue bond issuances and new loans from the State of Alaska exceeding the amount of long-term debt principal retired.
- Net pension and OPEB liabilities increased by \$0.5 million, due to an actuarial increase in unfunded pension liability.

The net position for the Municipality's business-type activities is \$204.7 million, a decrease of \$0.4 million. As with government-wide activities, a substantial portion (73%) of the net position is invested in capital assets. The Municipality uses these assets to provide services to the citizens. The unrestricted net position of the business-type activities is \$42.9 million as of June 30, 2019.

Changes in Net Position
For Fiscal Years Ending June 30, 2019 and 2018
(in millions)

	Governmental Activities		Business-type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2.5	\$ 2.5	\$ 31.8	\$ 30.4	\$ 34.3	\$ 32.9
Operating grants and contributions	4.6	5.5	1.0	0.8	5.6	6.3
Capital grants and contributions	0.7	1.7	0.1	4.8	0.8	6.5
General revenues:						
Property tax	6.8	6.6	-	-	6.8	6.6
Sales and other taxes	15.1	13.9	-	-	15.1	13.9
Grants and contributions not restricted to specific programs	-	1.0	1.2	1.3	1.2	2.3
Unrestricted investment Earnings	2.5	1.8	2.5	0.1	5.0	1.9
Other	-	-	(0.1)	-	(0.1)	-
Total revenues	32.2	33.0	36.5	37.4	68.7	70.4

City and Borough of Sitka, Alaska
Management's Discussion and Analysis
June 30, 2019

Changes in Net Position, continued
For Fiscal Years Ending June 30, 2019 and 2018
(in millions)

	Governmental Activities		Business-type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Expenses:						
Administration	\$ 3.4	\$ 2.4	\$ -	\$ -	\$ 3.4	2.4
Public safety	5.8	6.5	-	-	5.8	\$ 6.5
Public works	5.5	5.9	-	-	5.5	5.9
Public services	3.5	3.4	-	-	3.5	3.4
Support	10.9	10.7	-	-	10.9	10.7
Interest on long-term debt	0.6	0.9	-	-	0.6	0.9
Electric	-	-	21.9	22.1	21.9	22.1
Solid waste disposal	-	-	4.6	4.9	4.6	4.9
Wastewater treatment	-	-	3.0	3.2	3.0	3.2
Harbors	-	-	3.5	3.7	3.5	3.7
Nonmajor business-type	-	-	4.1	5.4	4.1	5.4
Total expenses	29.7	29.8	37.1	39.3	66.8	69.1
Increase (decrease) in net position before transfers	2.6	3.2	(0.6)	(1.9)	2.9	1.3
Transfers in (out)	(0.1)	-	0.1	0.1	-	-
Increase (decrease) in net position	2.5	3.2	(0.5)	(1.8)	2.9	1.4
Net position, beginning of Year, as restated	159.5	156.3	205.1	207.0	364.6	363.3
Net position, end of year	162.0	159.5	204.6	205.2	366.6	364.7

Significant year-to-year variances in revenue are a result of:

- Reduction in grants funding, particularly State of Alaska funding for capital projects.
- The increase in sales tax revenue is primarily due to revisions in sales tax code, including an increase to the sales tax cap.

Significant year-to-year variances in expenses are a result of:

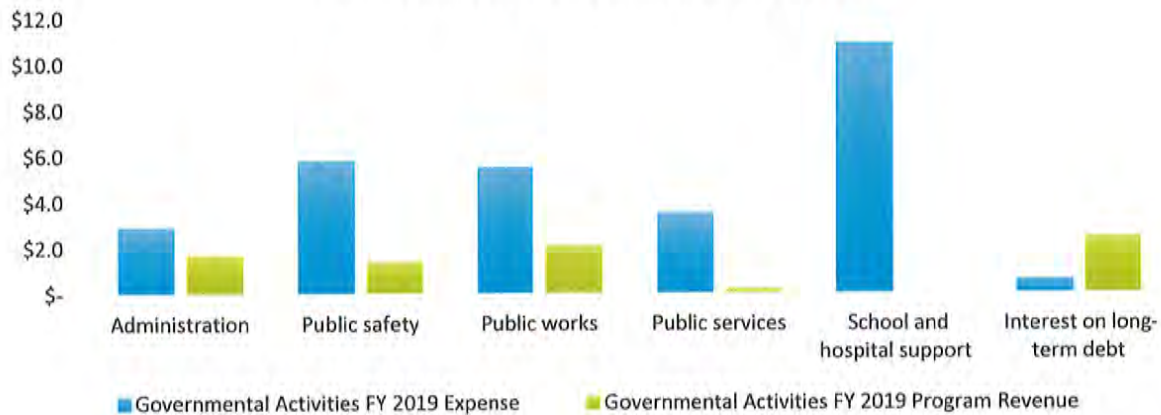
- Personnel related-either being fully staffed in FY2019 compared to prior year (Administration) or having increased vacancies in FY2019 as compared to prior year (Public safety), higher PERS on behalf expense (in all areas, Electric Fund in particular)
- Restructuring of operations resulted in decrease in expense for solid waste disposal (increased personnel, reduced contractual expenses).

City and Borough of Sitka, Alaska
Management's Discussion and Analysis
June 30, 2019

Expenses and Program Revenues – Governmental Activities

The graph shown below compares program expenses with associated revenues. It should be noted that revenue generated through sales, bed, and property taxes are considered general revenues and are therefore not included on this graph.

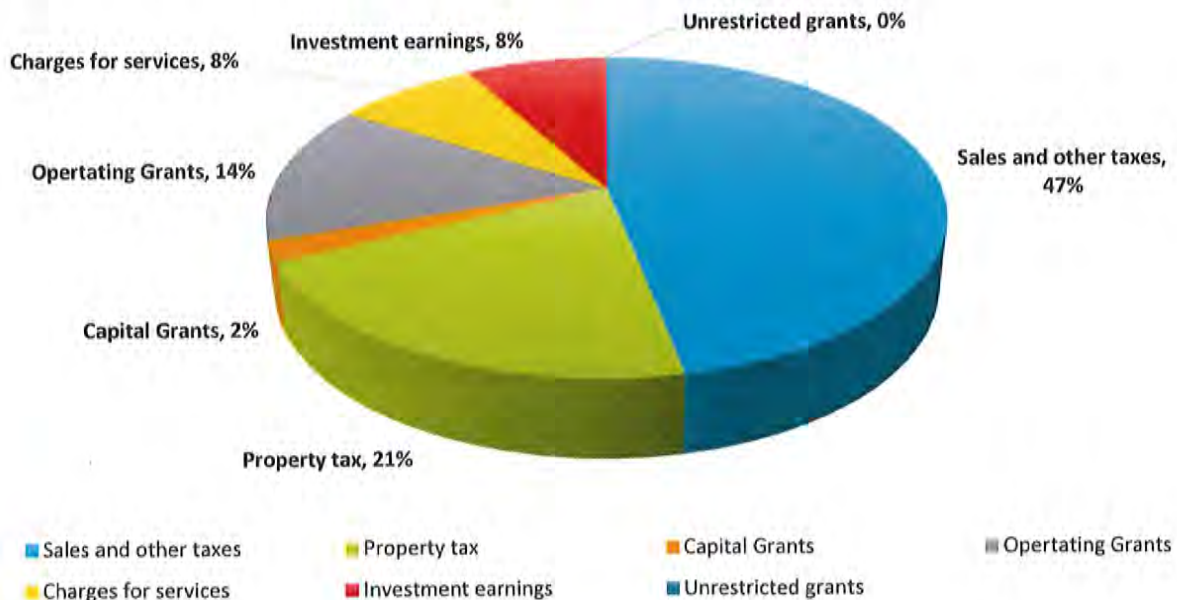
Governmental Activities FY 2019



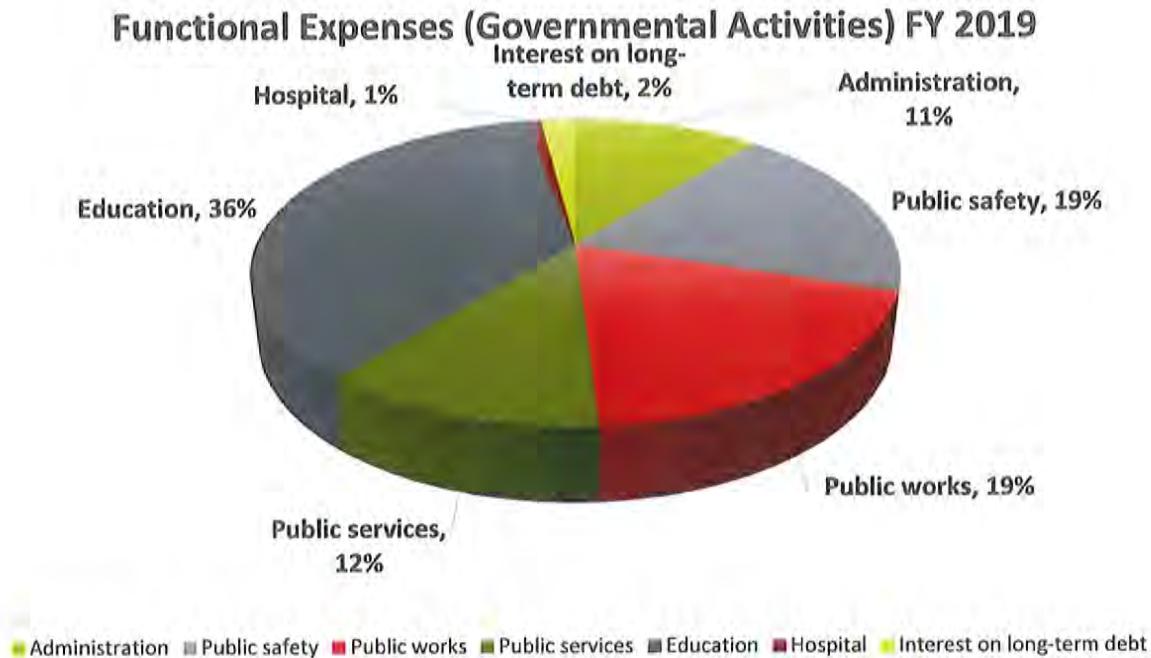
Revenues and Expenses by Source – Governmental Activities

The following graphs depict all sources of revenues shown as a percentage of total governmental revenues and functional expenses, also shown as percentage of total expense.

Governmental Activities Revenue by Source FY 2019



City and Borough of Sitka, Alaska
Management's Discussion and Analysis
June 30, 2019



Financial Analysis of the Government's Funds

As noted earlier, the Municipality uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds

The focus of the Municipality's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Municipality's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available to spend at the end of the fiscal year. Did the Municipality generate enough revenue to pay for current obligations? What is available to spend at the end of the year?

At the end of the current fiscal year, the Municipality's governmental funds reported combined ending fund balances of \$56.4 million, an increase of \$2.2 million compared to the prior year. A portion of this amount is reserved to indicate it is not available to new spending because it is nonspendable, or has been restricted, committed or assigned (\$0.1, \$27.2, \$19.7, and \$3.7 million respectively). The remainder of fund balance is unassigned (\$5.7 million) and is available for spending at the government's discretion.

City and Borough of Sitka, Alaska
Management's Discussion and Analysis
June 30, 2019

The General Fund is the chief operating fund of Municipality. At the end of the current fiscal year, total fund balance was \$15.8 million and unassigned fund balance was \$5.7 million. Total fund balance increased by \$0.7 million from the prior year. Key factors include:

- An increase of \$1.2 million in sales and bed taxes.
- An increase of \$0.6 in investment income.
- A decrease of \$0.9 million in State support.
- A decrease of \$0.9 million in Federal support.

Within the Governmental funds a nonmajor governmental fund, the Capital Project fund, showed the most significant change in fund balance. It increased by \$1.3 million due to new appropriations exceeding outlays. The General Fund fund balance increased by \$.7 million from the prior year.

Proprietary funds

The Municipality's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the eight enterprise funds at the end of the year were \$42.2 million. Other factors concerning the finances of the proprietary funds have already been addressed in the discussion of the Municipality's business-type activities.

In the Municipality's proprietary funds most funds net position changed insignificantly from the prior year. The Electric Fund showed the most significant change with a decrease in net position of \$2.6 million, largely due to depreciation expense exceeding the value of new capital assets placed in service.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget in the General Fund are as follows:

- Per the Sitka Home Rule Charter, encumbered operating appropriations do not lapse at the end of the fiscal year and are added into the following fiscal year's budget through a supplemental budget ordinance. The amount of these encumbered operating appropriations was \$133,988.
- Per the Sitka Home Rule Charter, the Assembly of the City and Borough may make supplemental appropriations by budget ordinance to authorize expenditures of public funds for purposes not anticipated in the original budget, and, may reduce any appropriation except for debt service. During the fiscal year, General Fund appropriations were increased by the net amount of \$1,122,869.
- Variations from budgeted revenue to actual in the in the General Fund show that revenues exceed budget by \$.6 million. Much of this was a result of the mark to market adjustment as well as higher than budgeted sales tax. On the revenue side we see property tax coming in under budget for a second year, a result of increased senior exemptions. Meaning that the Municipality continues to rely very heavily on sales tax revenue.
- Variations from budgeted expense to actual in the General Fund were partially due to vacancies throughout various departments. This, in part resulted in under-spending in other areas of the budget. In many cases budgeted expenses were delayed and will take place in fiscal year 2020.

City and Borough of Sitka, Alaska
Management's Discussion and Analysis
June 30, 2019

Capital Assets and Debt Administration

Capital assets

The Municipality's investment in capital assets for its governmental and business-type activities as of June 30, 2019 amounts to \$439.5 million (net of accumulated depreciation), a decrease of \$1.3 million from the prior year. This investment in capital assets includes land, buildings, machinery and equipment, roads and infrastructure.

Capital Assets						
June 30, 2019 and 2018						
(in millions, net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land and improvements	\$ 17.3	\$ 17.4	\$ 23.4	\$ 23.6	\$ 40.7	\$ 41.0
Buildings	76.7	80.7	11.8	12.5	88.5	93.2
Equipment	3.9	4.3	2.2	2.1	6.1	6.4
Infrastructure	30.5	30.0	-	-	30.5	30.0
Electric plant	-	-	209.0	215.1	209.0	215.1
Water plant	-	-	19.7	20.8	19.7	20.8
Wastewater treatment plant	-	-	16.0	16.7	16.0	16.7
Harbors	-	-	21.4	22.7	21.4	22.7
Construction in progress	2.1	2.4	5.5	1.8	7.6	4.2
Total capital assets	<u>\$ 130.5</u>	<u>\$ 134.8</u>	<u>\$ 309.0</u>	<u>\$ 315.3</u>	<u>\$ 439.5</u>	<u>\$ 450.1</u>

Major additions to capital assets during the current fiscal year included the following:

- Completion of street reconstruction projects including water, wastewater, paving and storm water improvements

Additional information on the Municipality's capital assets can be found in Note 5 beginning on page 48 of this report.

Long-term debt

At the end of the current fiscal year, the Municipality had total debt outstanding of \$166.7 million. Of this amount \$18.0 million was bonded and backed by the full faith and credit of the Municipality. The remaining debt consists of debt secured by equipment, revenue bonds and notes, compensated absences, net pension obligation, and landfill closure costs.

City and Borough of Sitka, Alaska
Management's Discussion and Analysis
June 30, 2019

Outstanding Debt
June 30, 2019 and 2018
(in millions)

	Governmental Activities		Business-type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General obligation bonds	\$ 15.0	\$ 18.0	\$ -	\$ -	\$ 15.0	\$ 18.0
Revenue bonds	-	-	126.1	116.7	126.1	116.7
Revenue notes	-	-	6.4	6.7	6.4	6.7
Net pension liability	12.1	11.7	6.8	6.6	18.9	18.3
Net OPEB liability (as restated)	2.5	1.9	1.5	1.1	4.0	3.0
Other debt	2.0	2.2	28.9	27.1	30.9	29.3
Total outstanding debt	\$ 31.6	\$ 33.8	\$ 169.7	\$ 158.2	\$ 201.3	\$ 192.0

Additional information on the Municipality's long-term debt can be found in Note 7 beginning on page 59 of this report.

Economic Factors and the Next Year's Budget and Rates

In setting the budgets for FY2019, the Municipality considered a number of issues with Municipality wide impact, among them:

- A sufficient level of funding necessary to meet the needs of Municipality residents, visitors and communities.
- A continued reduction in the historical variance between budget and actual revenues and expenditures.
- Maintenance of the Municipality's financial condition.
- The highest level of local education funding Municipality residents can reasonably afford and sustain.
- A high quality capital and operational maintenance program that ensures the continued use and economic value of Municipality assets.

All of these factors were considered in preparing the Municipality's budget for FY2019.

Request for information

This financial report is designed to provide a general overview of the Municipality's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for addition financial information should be addressed to the Finance Director, City and Borough of Sitka, 100 Lincoln Street, Sitka, Alaska 99835

Basic Financial Statements

City and Borough of Sitka, Alaska

Statement of Net Position

June 30, 2019

	Primary Government		Component Units		
	Governmental Activities	Business-Type Activities	Total	Sitka School District	Sitka Community Hospital
Assets and Deferred Outflows of Resources					
Assets					
Equity in central treasury	\$ 33,508,326	\$ 49,646,556	\$ 83,154,882	\$ -	\$ -
Cash and investments	-	-	-	2,837,238	3,464,564
Receivables (net of allowance)	4,357,947	4,562,431	8,920,378	819,409	2,509,872
Internal balances	986,157	(986,157)	-	-	-
Inventories	-	1,755,855	1,755,855	-	264,087
Prepaid items	5	11,203	11,208	-	-
Notes receivable (net of allowance)	742,726	80,634	823,360	-	-
Special assessments receivable	18,614	49,551	68,165	-	-
Water rights	-	46,966	46,966	-	-
Restricted assets:					
Equity in central treasury	-	899,040	899,040	-	-
Bond covenant accounts	-	11,901,160	11,901,160	-	-
Cash and investments	23,882,134	-	23,882,134	-	-
Interest receivable	85,370	-	85,370	-	-
Capital assets not being depreciated	13,365,859	10,169,138	23,534,997	-	-
Capital assets being depreciated, net	117,136,001	298,842,000	415,978,001	166,154	3,172,133
Total Assets	194,083,139	376,978,377	571,061,516	3,822,801	9,410,656
Deferred Outflows of Resources					
Deferred charge on refunding	540,343	1,189,402	1,729,745	-	-
Deferred outflows related to other postemployment benefits	922,221	537,542	1,459,763	1,245,820	1,266,103
Deferred outflows related to pensions	1,536,926	858,486	2,395,412	1,607,805	1,450,092
Total Deferred Outflows of Resources	2,999,490	2,585,430	5,584,920	2,853,625	2,716,195
Total Assets and Deferred Outflows of Resources	\$ 197,082,629	\$ 379,563,807	\$ 576,646,436	\$ 6,676,426	\$ 12,126,851

City and Borough of Sitka, Alaska
Statement of Net Position, continued
June 30, 2019

	Primary Government		Component Units		
	Governmental Activities	Business-Type Activities	Total	Sitka School District	Sitka Community Hospital
Liabilities, Deferred Inflows of Resources and Net Position					
Liabilities					
Accounts payable and accrued liabilities	\$ 2,024,702	\$ 1,770,536	\$ 3,795,238	\$ 564,870	\$ 1,095,065
Unearned revenue	10,760	-	10,760	353,721	-
Accrued interest payable	198,454	2,708,136	2,906,590	-	-
Liabilities payable from restricted assets - deposits	-	142,851	142,851	-	-
Other current liabilities	-	-	-	-	4,372,445
Noncurrent liabilities					
Due within one year:					
Bonds and notes	2,177,310	4,156,367	6,333,677	-	17,381
Capital lease	-	-	-	-	632,601
Compensated absences	616,649	432,270	1,048,919	144,605	451,473
Due in more than one year:					
Bonds, notes, and unamortized bond premium	14,264,011	156,008,362	170,272,373	-	519,931
Compensated absences	32,215	-	32,215	-	-
Net pension liability	12,065,407	6,811,644	18,877,051	14,203,600	16,664,544
Net OPEB liability	2,450,084	1,412,368	3,862,452	2,457,876	3,391,668
Landfill postclosure liability	-	756,189	756,189	-	-
Total Liabilities	33,839,592	174,198,723	208,038,315	17,724,672	27,145,108
Deferred Inflows of Resources					
Deferred inflows related to other postemployment benefits	984,800	562,798	1,547,598	1,041,986	1,483,506
Deferred inflows related to pensions	314,372	159,405	473,777	384,045	764,012
Total Deferred Inflows of Resources	1,299,172	722,203	2,021,375	1,426,031	2,247,518
Net Position					
Net investment in capital assets	114,600,888	149,892,960	264,493,848	166,154	2,019,601
Restricted for:					
Permanent Fund	22,515,927	-	22,515,927	-	-
Debt service	841,898	11,901,160	12,743,058	-	-
Unrestricted (deficit)	23,985,152	42,848,761	66,833,913	(12,640,431)	(19,285,376)
Total Net Position (Deficit)	161,943,865	204,642,881	366,586,746	(12,474,277)	(17,265,775)
Total Liabilities, Deferred Inflows of Resources and Net Position (Deficit)	\$ 197,082,629	\$ 379,563,807	\$ 576,646,436	\$ 6,676,426	\$ 12,126,851

See accompanying notes to financial statements.

City and Borough of Sitka, Alaska

Statement of Activities

Statement of Revenues										
Net Revenue (Expense) and Changes in Net Position										
Component Units										
Primary Government										
Program Revenues										
Sitka Community Hospital										
Sitka School District										
Total										
Business-type Activities										
Governmental Activities										
Capital Grants & Contributions										
Operating Grants & Contributions										
Fees, Fines, & Charges for Services										
Expenses										
June 30, 2019										
Primary Government										
Governmental Activities										
Administration	\$ 3,386,382	\$ 295,686	\$ 1,387,486	\$ -	\$ (1,703,210)	\$ -	\$ (1,703,210)			
Public safety	5,753,966	1,264,663	115,605	-	(4,373,698)	-	(4,373,698)			
Public works	5,501,557	843,019	559,622	653,575	(3,445,341)	-	(3,445,341)			
Public services	3,521,266	123,579	77,321	-	(3,320,366)	-	(3,320,366)			
School and hospital support	10,890,195	-	-	-	(10,890,195)	-	(10,890,195)			
Interest on long-term debt	624,648	-	2,458,721	-	1,834,073	-	1,834,073			
Total Governmental Activities	29,678,014	2,526,947	4,598,755	653,575	(21,898,737)	-	(21,898,737)			
Business-type Activities										
Electric	21,888,517	17,413,785	1,014,331	20,019	-	(3,440,382)	(3,440,382)			
Water	2,654,802	2,870,002	4,633	-	-	219,833	219,833			
Wastewater treatment	2,986,412	3,335,631	14,177	17,139	-	380,535	380,535			
Solid waste disposal	4,564,504	4,534,163	3,084	-	-	(27,257)	(27,257)			
Harbor	3,566,782	2,546,141	11,006	64,947	-	(944,688)	(944,688)			
Airport	580,783	805,441	-	39,043	-	263,701	263,701			
Marine Service Center	182,304	167,224	-	-	-	(15,080)	(15,080)			
Gary Paxton Industrial Park	702,258	136,427	-	-	-	(565,831)	(565,831)			
Total Business-type Activities	37,126,362	31,808,814	1,047,231	141,148	-	(4,129,169)	(4,129,169)			
Total Primary Government	\$ 66,804,376	\$ 34,335,761	\$ 5,645,986	\$ 794,723	\$ (21,898,737)	\$ (4,129,169)	\$ (26,027,906)			

City and Borough of Sitka, Alaska

Statement of Activities, continued

Net Revenue (Expense) and Changes in Net Position									
Program Revenues					Primary Government		Component Units		
	Expenses	Fees, Fines, & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total	Sitka School District	Sitka Community Hospital
June 30, 2019									
Total Primary Government	\$ 66,804,376	\$ 34,335,761	\$ 5,645,986	\$ 794,723	\$ (21,898,737)	\$ (4,129,169)	\$ (26,027,906)		
Component Units									
Sitka School District	\$ 24,022,759	\$ 477,849	\$ 4,789,400	\$ 150,000				\$ (18,605,510)	\$ -
Sitka Community Hospital	31,317,082	25,674,793	2,648,649	-				-	(2,993,640)
Total Component Units	\$ 55,339,841	\$ 26,152,642	\$ 7,438,049	\$ 150,000				(18,605,510)	(2,993,640)
General Revenues									
Taxes:									
Real and personal property					6,777,625	-	6,777,625	-	-
Sales and bed					13,863,118	-	13,863,118	-	-
Commercial passenger excise tax					396,800	-	396,800	-	-
Tobacco tax					836,530	-	836,530	-	-
Contributions from primary government					-	-	-	6,544,533	986,401
Grants and entitlements not restricted to specific purpose					-	1,188,722	1,188,722	13,021,017	29,927
Investment income					2,551,414	2,440,187	4,991,601	-	-
Other					17,897	(110,363)	(92,466)	183,242	-
Transfers					(101,389)	101,389	-	-	-
Total General Revenues and Transfers					24,341,995	3,619,935	27,961,930	19,748,792	1,016,328
Change in Net Position					2,443,258	(509,234)	1,934,024	1,143,282	(1,977,312)
Net Position (Deficit), beginning					159,500,607	205,152,115	364,652,722	(13,617,559)	(15,288,463)
Net Position (Deficit), ending					\$ 161,943,865	\$ 204,642,881	\$ 366,586,746	\$ (12,474,277)	\$ (17,265,775)

See accompanying notes to the financial statements.

City and Borough of Sitka, Alaska

Governmental Funds
Balance Sheet

	Major Funds				Total Governmental Funds
	General Fund	Permanent Fund	School Bond Debt Service Fund	Nonmajor Governmental Funds	
<i>June 30, 2019</i>					
Assets					
Equity in central treasury	\$ 11,669,722	\$ -	\$ 2,399,954	\$ 13,217,912	\$ 27,287,588
Receivables:					
Accounts	1,318,381	-	-	-	1,318,381
Taxes	3,331,218	-	-	277,500	3,608,718
Allowance for uncollectibles	(1,008,244)	-	-	-	(1,008,244)
Interest	302,331	-	-	-	302,331
Special assessments	-	-	-	18,614	18,614
Federal and State of Alaska	70,613	-	24,588	41,560	136,761
Due from other funds	1,532,206	-	-	-	1,532,206
Advances to other funds	100,000	-	-	573,228	673,228
Prepaid items	-	-	-	5	5
Notes receivable	17,381	-	-	1,362,853	1,380,234
Allowance for uncollectible notes	-	-	-	(637,508)	(637,508)
Restricted assets:					
Cash and investments	-	23,882,134	-	-	23,882,134
Interest receivable	-	85,370	-	-	85,370
Total Assets	\$ 17,333,608	\$ 23,967,504	\$ 2,424,542	\$ 14,854,164	\$ 58,579,818
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 593,185	\$ 4,077	\$ -	\$ 522,588	\$ 1,119,850
Accrued payroll	822,648	-	-	-	822,648
Deposits payable	38,770	-	-	-	38,770
Due to other funds	-	-	-	5,772	5,772
Advances from other funds	120,355	-	-	-	120,355
Unearned revenue	760	-	-	10,000	10,760
Total Liabilities	1,575,718	4,077	-	538,360	2,118,155
Deferred Inflows of Resources					
Deferred assessments	-	-	-	18,614	18,614
Property taxes paid in advance	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	18,614	18,614
Fund Balances					
Nonspendable	117,381	-	-	5	117,386
Restricted - expendable	-	1,447,500	-	-	1,447,500
Restricted - nonexpendable	-	22,515,927	2,424,542	841,893	25,782,362
Committed	9,924,505	-	-	9,780,650	19,705,155
Assigned	-	-	-	3,679,829	3,679,829
Unassigned (deficit)	5,716,004	-	-	(5,187)	5,710,817
Total Fund Balances	15,757,890	23,963,427	2,424,542	14,297,190	56,443,049
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 17,333,608	\$ 23,967,504	\$ 2,424,542	\$ 14,854,164	\$ 58,579,818

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position

<i>June 30, 2019</i>	Governmental Funds	
Total fund balances for governmental funds	\$ 56,443,049	
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets, net of accumulated depreciation, consist of:		
Land	\$ 11,230,911	
Construction in progress	1,550,006	
Total capital assets not being depreciated	12,780,917	
Buildings	139,372,330	
Land improvements	8,196,366	
Infrastructure	52,899,137	
Equipment	6,127,519	
Accumulated depreciation	(93,319,100)	
Total depreciable capital assets, net of depreciation	113,276,252	
		126,057,169
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. These assets consist of special assessments receivable.		18,614
Bond refundings may result in deferred charges. These items are treated as expenditures in the funds but deferred in the Statement of Net Position and amortized in the Statement of Activities.		540,343
Long-term liabilities are not due and payable in the current period and therefore are not reported as fund liabilities. These liabilities consist of:		
Bonds and State of Alaska note	(16,441,321)	
Unamortized bond premium	(32,215)	
Net pension liability	(12,065,407)	
Net other postemployment benefits liability	(2,450,084)	
Accrued interest payable	(198,454)	
Compensated absences	(616,649)	
Total long term liabilities	(31,804,130)	
		(31,804,130)
Certain changes in net pension and other postemployment liabilities are deferred rather than recognized immediately. These items are amortized over time.		
Deferred inflows related to pensions	(314,372)	
Deferred inflows related to other postemployment benefits	(984,800)	
Deferred outflows related to pensions	1,536,926	
Deferred outflows related to other postemployment benefits	922,221	
Total deferred pension and other postemployment items	1,159,975	
		1,159,975
Internal service funds are used by the Borough to charge the cost of certain activities, such as information systems, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position. This is the residual equity not reported above.		9,528,845
Total Net Position of Governmental Activities		\$ 161,943,865

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

	Major Funds				
	General Fund	Permanent Fund	School Bond Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
June 30, 2019					
Revenues					
Taxes:					
Commercial passenger excise tax	\$ -	\$ -	\$ -	\$ 396,800	\$ 396,800
Real and personal property	6,777,625	-	-	-	6,777,625
Sales and bed	13,309,207	-	-	553,911	13,863,118
Tobacco	-	-	-	836,530	836,530
State sources	1,018,051	-	2,458,721	579,397	4,056,169
Federal sources	1,302,574	-	-	108,707	1,411,281
Charges for services	1,758,868	-	-	-	1,758,868
Interfund services	2,695,448	-	-	-	2,695,448
Fines, forfeitures and penalties	60,572	-	-	-	60,572
Investment income	869,740	1,120,902	44,446	390,619	2,425,707
Uses of property	335,463	-	-	-	335,463
Licenses and permits	126,809	-	-	-	126,809
Other	260,542	17,897	-	25,028	303,467
Total Revenues	28,514,899	1,138,799	2,503,167	2,890,992	35,047,857
Expenditures					
Current:					
Administration	5,944,263	48,817	-	-	5,993,080
Public safety	6,347,254	-	-	36,187	6,383,441
Public works	3,727,655	-	-	186,222	3,913,877
Public services	1,613,599	-	-	1,300,721	2,914,320
School and Hospital Support	7,524,879	-	-	-	7,524,879
Debt service:					
Principal	22,310	-	2,880,000	-	2,902,310
Interest	9,375	-	750,440	-	759,815
Capital outlay	261,072	-	-	1,938,407	2,199,479
Total Expenditures	25,450,407	48,817	3,630,440	3,461,537	32,591,201
Excess of Revenues Over (Under) Expenditures	3,064,492	1,089,982	(1,127,273)	(570,545)	2,456,656
Other Financing Sources (Uses)					
Transfers in	2,698,374	118,925	1,490,482	3,602,282	7,910,063
Transfers out	(5,065,148)	(1,427,097)	-	(1,689,454)	(8,181,699)
Net Other Financing Sources (Uses)	(2,366,774)	(1,308,172)	1,490,482	1,912,828	(271,636)
Net Change in Fund Balances	697,718	(218,190)	363,209	1,342,283	2,185,020
Fund Balances, beginning	15,060,172	24,181,617	2,061,333	12,954,907	54,258,029
Fund Balances, ending	\$ 15,757,890	\$ 23,963,427	\$ 2,424,542	\$ 14,297,190	\$ 56,443,049

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska
Reconciliation of Change in Fund Balances of Governmental Funds
to Statement of Activities
June 30, 2019

Net change in fund balances - total governmental funds \$ 2,185,020

The change in net position reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over their estimated useful lives.

Capital outlay	\$ 2,199,479	
Miscellaneous capital asset activities (disposals, etc.)	(182,236)	
Depreciation	<u>(6,444,442)</u>	
		(4,427,199)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Decrease in deferred special assessments receivable	(5,129)
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Debt refundings are reported in revenue and expenditures at the time of the transaction in the fund financial statements. Economic gains or losses are deferred and amortized on the Statement of Net Position and the Statement of Activities. This is the decrease in deferred charge on bonds.

(94,571)

The issuance of long-term debt (e.g., bonds, notes payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Repayment of principal	2,902,310	
Decrease in unamortized bond premium	<u>200,035</u>	
		3,102,345

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Decrease in accrued interest payable	29,707	
Increase in compensated absences	(6,330)	
Decrease in net pension liability and related accounts	<u>1,163,903</u>	
		1,187,280

Internal service funds are used by the Borough to charge the cost of certain activities, such as information systems, to individual funds. A portion of the net income of these activities is reported with governmental activities.

495,512

Change in Net Position of Governmental Activities	<u>\$ 2,443,258</u>
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See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska

Proprietary Funds
Statement of Net Position

June 30, 2019	Major Enterprise Funds					Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric Utility	Solid Waste Disposal	Wastewater	Harbors				
Assets and Deferred Outflows of Resources								
Current Assets								
Equity in central treasury	\$ 14,599,988	\$ -	\$ 7,298,448	\$ 16,723,164	\$ 11,024,956	\$ 49,646,556	\$ 6,220,738	
Receivables:								
Accounts	1,018,318	264,390	255,842	406,817	355,925	2,301,292	-	
Allowance for uncollectibles	(143,152)	(39,598)	(39,890)	(269,014)	(29,169)	(520,823)	-	
Federal and State of Alaska	240,952	-	964,664	1,188,722	387,624	2,781,962	-	
Current portion of notes receivable	-	-	-	-	8,649	8,649	-	
Inventories	1,373,991	-	157,967	-	223,897	1,755,855	-	
Prepaid expenses	-	-	-	-	11,203	11,203	-	
Total Current Assets	17,090,097	224,792	8,637,031	18,049,689	11,983,085	55,984,694	6,220,738	
Noncurrent Assets								
Restricted Assets:								
Equity in central treasury:								
Landfill postclosure	-	756,189	-	-	-	756,189	-	
Deposits	135,342	7,509	-	-	-	142,851	-	
Bond covenant accounts	10,648,947	-	-	911,581	340,632	11,901,160	-	
Notes receivable	-	-	44,017	-	27,968	71,985	-	
Special assessments receivable	-	-	49,551	-	-	49,551	-	
Water rights	23,483	-	-	-	23,483	46,966	-	
Capital assets:								
Property, plant and equipment	300,231,560	7,761,917	57,128,935	38,742,594	74,007,402	477,872,408	11,310,515	
Construction in progress	839,516	58,548	2,034,910	872,197	1,753,728	5,558,899	584,942	
Less accumulated depreciation	(87,403,061)	(2,894,687)	(40,554,012)	(16,624,296)	(26,944,113)	(174,420,169)	(7,450,766)	
Total Capital Assets, Net of Accumulated Depreciation	213,668,015	4,925,778	18,609,833	22,990,495	48,817,017	309,011,138	4,444,691	
Total Noncurrent Assets	224,475,787	5,689,476	18,703,401	23,902,076	49,209,100	321,979,840	4,444,691	
Total Assets	241,565,884	5,914,268	27,340,432	41,951,765	61,192,185	377,964,534	10,665,429	
Deferred Outflows of Resources								
Deferred charge on refunding	1,189,402	-	-	-	-	1,189,402	-	
Deferred outflows related to other postemployment benefits	352,665	11,718	82,298	62,465	28,396	537,542	79,107	
Deferred outflows related to pension	550,659	3,386	171,603	95,263	37,575	858,486	104,480	
Total Deferred Outflows of Resources	2,092,726	15,104	253,901	157,728	65,971	2,585,430	183,587	
Total Assets and Deferred Outflows of Resources	\$ 243,658,610	\$ 5,929,372	\$ 27,594,333	\$ 42,109,493	\$ 61,258,156	\$ 380,549,964	\$ 10,849,016	

City and Borough of Sitka, Alaska
Proprietary Funds
Statement of Net Position, continued

June 30, 2019	Major Enterprise Funds					Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric Utility	Solid Waste Disposal	Wastewater	Harbors				
Liabilities, Deferred Inflows of Resources and Net Position								
Current Liabilities								
Accounts payable and accrued liabilities	\$ 417,284	\$ 268,061	\$ 445,072	\$ 594,905	\$ 45,214	\$ 1,770,536	\$ 43,434	
Interest payable	2,266,498	-	102,102	222,875	116,661	2,708,136	-	
Due to other funds	-	1,526,434	-	-	-	1,526,434	-	
Current portion:								
Revenue bonds	2,260,000	-	-	365,000	135,000	2,760,000	-	
Notes payable	467,614	115,798	333,642	45,348	433,965	1,396,367	-	
Compensated absences	305,525	4,023	59,019	36,349	27,354	432,270	43,089	
Total Current Liabilities	5,716,921	1,914,316	939,835	1,264,477	758,194	10,593,743	86,523	
Noncurrent Liabilities								
Advances from other funds	-	-	-	-	99,564	99,564	453,308	
Bonds, notes, and unamortized bond premiums	124,634,773	1,042,177	7,780,731	11,959,364	10,591,317	156,008,362	-	
Payable from restricted assets - deposits	135,342	7,509	-	-	-	142,851	-	
Net other postemployment benefits liability	932,600	11,027	222,668	164,238	81,835	1,412,368	209,974	
Net pension liability	4,438,036	6,500	1,240,129	772,679	354,300	6,811,644	916,767	
Landfill postclosure liability	-	756,189	-	-	-	756,189	-	
Total Noncurrent Liabilities	130,140,751	1,823,402	9,243,528	12,896,281	11,127,016	165,230,978	1,580,049	
Total Liabilities	135,857,672	3,737,718	10,183,363	14,160,758	11,885,210	175,824,721	1,666,572	
Deferred Inflows of Resources								
Deferred inflows of Resources related to other postemployment benefits	373,506	(1,824)	90,752	65,482	34,882	562,798	84,338	
Deferred inflows of Resources related to pensions	112,373	(24,962)	35,346	18,471	18,177	159,405	25,388	
Total Deferred Inflows of Resources	485,879	(26,786)	126,098	83,953	53,059	722,203	109,726	
Net Position								
Net investment in capital assets	87,359,688	3,760,294	10,495,460	10,620,783	37,656,735	149,892,960	4,444,691	
Restricted for debt service	10,648,947	-	-	911,581	340,632	11,901,160	-	
Unrestricted (deficit)	9,306,424	(1,541,854)	6,789,412	16,332,418	11,322,520	42,208,920	4,628,027	
Total Net Position	107,315,059	2,218,440	17,284,872	27,864,782	49,319,887	204,003,040	9,072,718	
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 243,658,610	\$ 5,979,372	\$ 27,594,333	\$ 42,109,493	\$ 61,258,156		\$ 10,849,016	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						639,841		
Net Position of Business-Type Activities							\$ 204,642,881	

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska

Proprietary Funds

Statement of Revenues, Expenses and Changes in Net Position

June 30, 2019	Major Enterprise Funds						
	Electric Utility	Solid Waste Disposal	Wastewater	Harbors	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating Revenues							
Charges for service	\$ 16,976,693	\$ 4,532,317	\$ 3,143,434	\$ 2,423,130	\$ 3,942,233	\$ 31,017,807	\$ 3,854,532
Other operating revenues	437,092	1,846	192,197	123,011	36,861	791,007	13,005
Total Operating Revenues	17,413,785	4,534,163	3,335,631	2,546,141	3,979,094	31,808,814	3,867,537
Operating Expenses							
Wages and benefits	4,173,833	202,160	947,141	811,423	339,948	6,474,505	926,856
Travel and training	23,474	3,837	11,636	4,020	8,633	51,600	6,998
Utilities	149,075	36,892	197,512	497,136	330,327	1,210,942	230,198
Repair and maintenance	213,011	30,348	52,367	48,827	198,316	542,869	215,766
Contracted/purchased services	858,906	3,232,574	57,956	82,214	226,793	4,458,443	614,011
Interdepartmental services	1,458,048	817,069	679,295	395,589	706,538	4,056,539	347,416
Other	1,472,988	118,220	82,188	174,534	263,377	2,111,307	126,388
Depreciation and amortization	7,849,194	168,691	895,228	1,375,771	1,961,728	12,250,612	682,101
Total Operating Expenses	16,198,529	4,609,791	2,923,323	3,389,514	4,035,660	31,156,817	3,149,734
Income (Loss) from Operations	1,215,256	(75,628)	412,308	(843,373)	(56,566)	651,997	717,803
Nonoperating Revenues (Expenses)							
Investment income	1,157,748	13,337	307,759	498,374	347,085	2,324,303	241,592
Interest expense	(5,998,896)	(19,131)	(105,236)	(227,605)	(142,634)	(6,493,502)	(21,632)
Raw fish tax	-	-	-	1,188,722	-	1,188,722	-
State PERS relief	61,867	3,084	14,177	11,006	4,633	94,767	13,836
Other federal sources	578,078	-	-	-	-	578,078	-
Gain on sale of capital assets	-	-	-	-	-	-	13,507
Other state sources	374,386	-	-	-	-	374,386	-
Other	-	-	-	(60,256)	(50,107)	(110,363)	-
Net Nonoperating Revenues (Expenses)	(3,826,817)	(2,710)	216,700	1,410,241	158,977	(2,043,609)	247,303
Income (Loss) Before Contributions and Transfers	(2,611,561)	(78,338)	629,008	566,868	102,411	(1,391,612)	965,106
Capital contributions	20,019	-	17,139	64,947	39,043	141,148	-
Transfers in	39,428	-	-	59,892	13,701	113,021	560,447
Transfers out	-	-	(3,200)	-	(8,432)	(11,632)	(390,200)
Change in Net Position	(2,552,114)	(78,338)	642,947	691,707	146,723	(1,149,075)	1,135,353
Net Position, beginning	109,867,173	2,296,778	16,641,925	27,173,075	49,173,164		7,937,365
Net Position, ending	\$ 107,315,059	\$ 2,218,440	\$ 17,284,872	\$ 27,864,782	\$ 49,319,887	\$	\$ 9,072,718
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds							
Change in Net Position of Business-type Activities					\$	639,841	
					\$	(509,234)	

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska

Proprietary Funds
Statement of Cash Flows

June 30, 2019	Major Enterprise Funds						Internal Service Funds
	Electric Utility	Solid Waste Disposal	Wastewater	Harbors	Nonmajor Enterprise Funds	Total Enterprise Funds	
Cash Flows from (for) Operating Activities							
Receipts from customers and users	\$ 17,413,182	\$ 4,522,673	\$ 2,801,771	\$ 2,670,341	\$ 4,007,500	\$ 31,415,467	\$ 3,867,537
Payments to suppliers	(2,836,934)	(3,804,907)	(285,530)	(218,098)	(994,767)	(8,140,236)	(1,239,068)
Payments for interfund services used	(1,458,048)	(817,069)	(679,295)	(395,589)	(706,538)	(4,056,539)	(347,416)
Payments to employees	(4,185,865)	(195,053)	(926,464)	(802,403)	(362,807)	(6,472,592)	(915,031)
Net cash flows from (for) operating activities	8,932,335	(294,356)	910,482	1,254,251	1,943,388	12,746,100	1,366,022
Cash Flows from (for) Noncapital Financing Activities							
Other federal sources	578,078	-	-	-	-	578,078	-
Raw fish tax received	-	-	-	1,188,722	-	1,188,722	-
Other state sources	374,386	-	-	-	-	374,386	-
Receipts (repayment) of advances	-	520,876	-	-	-	520,876	250,249
Transfers to other funds	-	-	(3,200)	-	(8,432)	(11,632)	-
Transfers from other funds	39,428	-	-	59,892	13,701	113,021	170,247
Notes receivable payments	-	-	(1,968)	-	-	(1,968)	-
Net cash flows from (for) noncapital financing activities	991,892	520,876	(5,168)	1,248,614	5,269	2,761,483	420,496
Cash Flows from Capital and Related Financing Activities							
Capital outlay	(2,568,741)	(97,146)	(1,507,044)	(846,612)	(986,735)	(6,006,278)	(826,174)
Interest paid	(6,021,521)	(19,131)	(105,236)	(288,651)	(158,851)	(6,593,390)	(21,632)
Issuance of long-term debt	-	-	-	8,637,251	4,369,335	13,006,586	-
Increase in bond covenant accounts	-	-	-	(578,566)	(340,632)	(919,198)	-
Payments on bonds and notes payable	(2,626,965)	(115,798)	(332,451)	(436,184)	(433,365)	(3,944,763)	-
Government grants and loans for construction received	20,019	-	1,331,444	64,947	803,775	2,220,185	-
Receipts (repayments) of advances	-	-	-	-	(49,782)	(49,782)	-
Special assessments received	-	-	11,689	-	-	11,689	-
Net cash flows from (for) capital and related financing activities	(11,197,208)	(232,075)	(601,598)	6,552,185	3,203,745	(2,274,951)	(847,806)
Cash Flows From Investing Activities							
Interest received	924,231	13,338	307,761	498,369	347,084	2,090,783	241,594
Net Increase (Decrease) in Cash and Cash Equivalents	(348,750)	7,783	611,477	9,553,419	5,499,486	15,323,415	1,180,306
Cash and Cash Equivalents, beginning	15,455,474	780,278	6,798,951	7,256,680	5,525,470	35,816,853	5,157,659
Cash and Cash Equivalents, ending	\$ 15,106,724	\$ 788,061	\$ 7,410,428	\$ 16,810,099	\$ 11,024,956	\$ 51,140,268	\$ 6,337,965

City and Borough of Sitka, Alaska
Proprietary Funds
Statement of Cash Flows, continued

June 30, 2019	Major Enterprise Funds					Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric Utility	Solid Waste Disposal	Wastewater	Harbors				
Reconciliation of Income (Loss) from Operations to Net Cash Flows from (for) Operating Activities								
Income (Loss) from operations	\$ 1,215,256	\$ (75,628)	\$ 412,308	\$ (843,373)	\$ (56,566)	\$ 651,997	\$ 717,803	
Adjustments to reconcile income (loss) from operations to net cash flows from (for) operating activities:								
Depreciation and amortization	7,849,194	168,691	895,228	1,375,771	1,961,728	12,250,612	682,101	
State PERS relief	61,867	3,084	14,177	11,006	4,633	94,767	13,836	
Other	-	-	-	(60,256)	(50,107)	(110,363)	-	
(Increase) decrease in assets and deferred outflows of resources:								
Accounts receivable (net)	18,834	(7,341)	(533,860)	184,456	78,513	(259,398)	-	
Inventory	16,157	-	(88,172)	-	(5,183)	(77,198)	-	
Prepaid expenses	1,089	-	-	-	(11,203)	(10,114)	-	
Deferred outflows of resources related to OPEB	(235,033)	-	-	-	(17,604)	(252,637)	52,568	
Deferred outflows of resources related to pensions	(67,914)	-	-	-	(5,087)	(73,001)	15,190	
Increase (decrease) in liabilities and deferred inflows of resources:								
Accounts payable and accrued liabilities	(136,726)	(370,605)	204,301	588,633	49,065	334,668	(45,707)	
Compensated absences	43,351	4,023	6,500	(1,986)	9,108	60,996	(9,947)	
Net other postemployment benefit liability	(221,167)	-	-	-	16,566	(204,601)	49,468	
Net pension liability	(130,377)	-	-	-	9,765	(120,612)	(31,220)	
Deferred inflows of resources related to OPEB	36,575	-	-	-	(2,740)	33,835	(5,315)	
Deferred inflows of resources related to pensions	500,666	-	-	-	(37,500)	463,166	(72,755)	
Deposits	(19,437)	(4,149)	-	-	-	(23,586)	-	
Landfill postclosure liability	-	(12,431)	-	-	-	(12,431)	-	
Net Cash Flows from (for) Operating Activities	\$ 8,932,335	\$ (294,356)	\$ 910,482	\$ 1,254,251	\$ 1,943,388	\$ 12,746,100	\$ 1,366,022	
Cash on Statement of Net Position								
Equity in central treasury	\$ 14,599,988	\$ -	\$ 7,298,448	\$ 16,723,164	\$ 11,024,956	\$ 49,646,556	\$ 6,220,738	
Landfill postclosure	-	756,189	-	-	-	756,189	-	
Deposits	135,342	7,509	-	-	-	142,851	-	
Cash and Cash Equivalents, ending	\$ 14,735,330	\$ 763,698	\$ 7,298,448	\$ 16,723,164	\$ 11,024,956	\$ 50,545,596	\$ 6,220,738	
Capital expenditures included in accounts payable	\$ 272,774	\$ 4,778	\$ 436,733	\$ 573,758	\$ 10,069	\$ 1,298,112	\$ -	

City and Borough of Sitka, Alaska
Fiduciary Fund
Statement of Fiduciary Net Position

<i>June 30, 2019</i>	Rowe Trust Fund
Assets	
Restricted equity in central treasury	\$ 218,265
Liabilities and Net Position	
Net Position - held in trust for library acquisitions	218,265
Total Liabilities and Net Position	\$ 218,265

City and Borough of Sitka, Alaska
Fiduciary Fund
Statement of Changes in Fiduciary Net Position

<i>Year Ended June 30, 2019</i>	Rowe Trust Fund
Additions - investment income	\$ 9,424
Net Position, beginning	208,841
Net Position, ending	\$ 218,265

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska

Agency Fund

Statement of Net Position

<i>June 30, 2019</i>	Sitka Cemetery Agency Fund
Assets	
Restricted equity in central treasury	\$ 102,960
Liabilities and Net Position	
Liabilities	
Due to Sitka Cemetery Association	\$ 102,960
Net Position - held in trust for library acquisitions	-
Total Liabilities and Net Position	\$ 102,960

City and Borough of Sitka, Alaska
Agency Fund
Statement of Changes in Assets and Liabilities

	Balance at July 1, 2018	Increase	Decrease	Balance at June 30, 2019
Sitka Cemetery Agency Fund				
Assets				
Restricted equity in central treasury	\$ 100,454	\$ 2,506	\$ -	\$ 102,960
Total assets	<u>\$ 100,454</u>	<u>\$ 2,506</u>	<u>\$ -</u>	<u>\$ 102,960</u>
Liabilities				
Due to Sitka Cemetery Association	\$ 100,454	\$ 2,506	\$ -	\$ 102,960
Total liabilities	<u>\$ 100,454</u>	<u>\$ 2,506</u>	<u>\$ -</u>	<u>\$ 102,960</u>

City and Borough of Sitka, Alaska

Notes to Financial Statements

June 30, 2019

1. Summary of Significant Accounting Policies

Reporting Entity

The City and Borough of Sitka, Alaska (City and Borough) is governed by an elected assembly under a home rule charter. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government. The City and Borough has no blended component units.

Discretely presented component units. The Sitka School District (District) is responsible for elementary and secondary education within the government's jurisdiction. The members of the District's governing board are elected by the voters. However, the District is fiscally dependent upon the City and Borough because the City and Borough's Assembly. The City and Borough provides operating support from real and personal property tax assessments and other sources. The funds are used for the operation of the school system. The City and Borough is also responsible for repayment of all bonds, the proceeds of which were used for school construction.

Sitka Community Hospital (Hospital) is responsible for hospital services within the City and Borough. Its governing board is appointed by the Assembly of the City and Borough. The Assembly approves the Hospital's budget. The City and Borough provides operating and capital support to the Hospital.

Complete financial statements of each of the individual component units may be obtained at the entity's administrative offices.

Sitka School District	Sitka Community Hospital
P.O. Box 179	209 Moller Drive
Sitka, Alaska 99835	Sitka, Alaska 99835

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

City and Borough of Sitka, Alaska

Notes to Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, judgments, and pension and other postemployment benefits are recorded only when payment is due.

Property taxes, sales taxes, charges for services, interest and grant revenue associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when received by the government.

The City and Borough reports the following major governmental funds:

The *General Fund* is the City and Borough's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Permanent Fund* was established by a vote of the people of Sitka. The principal of the fund cannot be used other than by the consent of the voters. The purpose of the fund is to provide operating income to the General Fund through the transfer of investment earnings.

The *School Bond Debt Service Fund* is used to account for debt service payments on school bonds and to accumulate the 1% dedicated sales taxes for these payments.

The City and Borough reports the following major proprietary funds:

The *Electric Utility Enterprise Fund* records the activities of the City and Borough's electric generation and distribution activities.

City and Borough of Sitka, Alaska

Notes to Financial Statements

The *Solid Waste Disposal Enterprise Fund* records the activities of the City and Borough's solid waste collection and disposal activities.

The *Wastewater Enterprise Fund* records the activities of the City and Borough's wastewater collection and treatment activities.

The *Harbor Enterprise Fund* records the activities of the City and Borough's harbor system.

Additionally, the government reports the following fund types:

Internal service funds account for management information systems, central garage and building maintenance services provided to other departments of the government on a cost reimbursement basis.

The *Rowe Trust Fund* is used to account for resources legally held in trust for use by the Library Board to purchase children's books and computer equipment to increase children's enjoyment of reading.

The *Sitka Cemetery Agency Fund* is used to account for resources held for the Sitka Cemetery Association.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the various proprietary funds and the General Fund for administrative services. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City and Borough's enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, Liabilities, Fund Balance, and Net Position

Deposits and Investments - Equity in central treasury represents a fund's equity in cash and investments of the central treasury of the City and Borough. For funds with a negative equity in central treasury, the amount is shown as an interfund payable to the General Fund. Interest income on investments is allocated monthly to participating funds based on their average monthly balance.

For purposes of the statement of cash flows for the proprietary funds, the City and Borough has defined cash and cash equivalents as the equity maintained in the central treasury since the various funds use the central treasury essentially as a demand deposit account.

City and Borough of Sitka, Alaska

Notes to Financial Statements

Sitka General Code 4.28.060 authorizes the City and Borough to invest in the following securities:

1. United States government obligations, United States government agency obligations, and United States government instrumentality obligations, which have a liquid market with a readily determinable market value;
2. Certificates of deposit and other evidences of deposits at financial institutions, bankers' acceptances, and commercial paper, rated in the highest tier by a nationally recognized rating agency;
3. Investment-grade obligations of state and local governments and public authorities;
4. Repurchase agreements whose underlying purchased securities consist of United States Treasury securities;
5. Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities;
6. Local government investment pools, either state-administered or through joint powers statutes and other intergovernmental agreement legislation.

In addition, Sitka General Code 4.28.110 allows the Permanent Fund to invest in mutual funds which are invested in corporate equity securities.

Investments are stated at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. All of the City and Borough's investments have established market values. As a result, fair value and market value are the same.

Receivables and Payables - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

All trade and property tax receivables, including those for the Hospital, are shown net of an allowance for uncollectible accounts in the government-wide statement of net position. Trade accounts receivable of the primary government in excess of 120 days comprise the trade accounts receivable allowance for uncollectible accounts.

Property Tax - is considered an enforceable lien at the January 1 assessment date. Mill levies are set prior to June 30 to finance the period July 1 through June 30 of the following year. Receivables are recognized and revenues are recorded when the taxpayer liability is calculated and billed on July 1. Property tax bills are due 60 days after billing date, which normally makes them due August 30. A limit on property tax of six tenths of one percent (.006) of the assessed valuation of property is currently in effect. Levying of property tax in excess of the limit is allowed only if ratified by a majority of the voters.

Inventory and Prepaid Items - Inventories are valued at cost using the average cost method. Enterprise Fund inventories consist of items used in maintaining and upgrading the electric and water systems. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

City and Borough of Sitka, Alaska

Notes to Financial Statements

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Restricted Assets - Certain resources set aside for the repayment of the Electric, Harbor, and Airport Terminal Funds revenue bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Additionally, unspent bond proceeds are restricted based on the purpose of the bonds.

Certain resources are set aside to cover the postclosure landfill costs in the Solid Waste Fund for the eventual closure and monitoring of the landfill.

Deposits are taken in the Electric, Water, Solid Waste and Harbor Funds. The amount is restricted in use as it is a deposit against an open account are to be returned to a customer after a year when an account is in good standing.

Permanent Fund assets are classified as restricted due to the statutory limitations placed on the fund by the Sitka General Code.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 or in the case of infrastructure, \$10,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated cost if purchased or constructed.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. In FY2019 interest was capitalized in the amounts of \$115,753 in the Harbor Fund and \$60,170 in the Airport Fund.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Utility plant in service	25-65
Buildings	20-50
Equipment	3-20
Land improvements	15-50
Infrastructure	5-40
Harbor	7-40

City and Borough of Sitka, Alaska

Notes to Financial Statements

Compensated Absences - It is the City and Borough's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. It is the government's policy to pay any amounts for unused sick leave when employees separate from service with the City and Borough at \$1 per hour of unused sick leave. All vacation pay and sick leave is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured.

Long-Term Obligations - In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective method. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources - A deferred outflow of resources represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. A deferred inflow of resources represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. Deferred outflows of resources consist of deferred charges on debt refunding as well as certain pension and OPEB related accounts. Deferred inflows of resources consist of long-term payments due (local improvement district, or special assessment districts) as well as certain pension and OPEB related accounts.

Estimates - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Pensions and Other Postemployment Benefits (OPEB) - For purposes of measuring the net pension and net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pension and OPEB pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balance and Fund Balance Flow Assumption - In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balance based on constraints imposed on the use of these resources.

City and Borough of Sitka, Alaska

Notes to Financial Statements

Nonspendable fund balance includes amounts that cannot be spent due to either being (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

Restricted fund balance includes resources with constraints imposed by either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance amounts can only be used for specific purposes pursuant to constraints imposed by formal ordinances of the Assembly on or before the end of the fiscal year. Assembly action taken after the end of the fiscal year results in an assigned (see below) amount. Those committed resources cannot be used for any other purpose unless the Assembly removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance reflects the resources constrained by an "intent" to be used for specific purposes but are neither restricted nor committed. The Assembly or Finance Director has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts - except negative balances - reported in governmental funds, other than the General Fund, that are not classified as nonspendable, restricted or committed. The General Fund assigned resources are constrained by either an Assembly resolution or ordinance adopted after the fiscal year end or by the Finance Director.

Unassigned fund balance resources are the residual classification for resources not classified as nonspendable, restricted, committed or assigned in the General Fund. It is also used to report a negative balance in other governmental funds when the totals of nonspendable, restricted, committed and assigned are greater than the fund balance of the governmental fund.

When both constrained and unconstrained resources are available for use, it is the City and Borough's policy to use funds from the strongest constraint first with the least constrained funds used last. The order of priority in the use of assets is nonspendable, restricted, committed, assigned and then unassigned.

Net Position and Net Position Flow Assumption - Net position (deficit) represents the difference between assets and deferred outflows less liabilities and deferred inflows.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the expended and outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.

Restricted Net Position is net position reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Unrestricted Net Position (Deficit) is all net position (deficit) that does not meet the definition of "net investment in capital assets" or "restricted net position".

City and Borough of Sitka, Alaska

Notes to Financial Statements

2. Stewardship, Compliance, and Accountability

Budgetary Information

The annual budget is adopted on the modified accrual basis plus encumbrances and capital additions for all funds except capital project funds. The Capital Projects Fund adopts individual project-length budgets and many special revenue funds are controlled by grant agreements which may include more than one fiscal year. Appropriations lapse at year-end to the extent they have not been expended or encumbered except for capital items and the Capital Project Funds, which lapse at project completion, or when the capital item is acquired, or if the project is abandoned. Special revenue fund appropriations lapse when the terms of the grant have been met and all authorized expenditures have been made; otherwise, special revenue fund appropriations lapse at the end of the fiscal year.

No later than sixty days before the end of the current fiscal year, the City and Borough Administrator presents to the City and Borough Assembly a proposed operating budget for the next fiscal year. The operating budget includes proposed expenditures and the projected means to finance them. Public hearings are conducted not less than one week before the final adoption of the budget to obtain taxpayer comments. No later than June 20th of the current fiscal year, the budget is legally adopted by ordinance of the City and Borough Assembly.

Annual budgeted expenditures are adopted at the department level within the General Fund and at the fund level for Enterprise and Internal Service Funds. The level at which expenditures cannot legally exceed appropriations is the fund level for the General Fund, the fund level for the Enterprise and Internal Service Funds, and the project level in Capital Projects Fund. The only exception to this rule is amounts appropriated for salaries and benefits, travel and the acquisition of capital assets by a fund. The City and Borough Assembly must approve increases and decreases to these budget line items even if the legal level of budget authority is the fund level. Appropriations for depreciation/amortization are not required. In addition, while budgeted, transfers between funds are not considered legal appropriations, as they are not an obligation external to the municipality. Thus, while a fund may appear to have exceeded legal appropriations, when depreciation and transfers are considered, no major fund exceeded its legal appropriations in FY2019.

The City and Borough Administrator is authorized to transfer budgeted amounts within a department or fund depending on the legal level of control. The City and Borough Assembly is authorized to transfer unencumbered balances between departments and between funds. The annual budget is amended as required by the City and Borough Assembly through the passage of supplemental appropriation ordinances.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as constraints of fund balance only to the extent they meet the criteria as outlined above.

The operating budgets for the District and Hospital are approved by their respective boards. The Hospital budget is then submitted to the Assembly for approval; the District budget is not approved by the Assembly. The Assembly determines the amount of funding to be made available from local sources for school and hospital purposes during its budget approval process.

City and Borough of Sitka, Alaska

Notes to Financial Statements

3. Deposits and Investments

As of June 30, 2019, the City and Borough had the following investments:

<i>Investment Type</i>	<i>Credit Rating</i>	<i>Fair Value</i>
<i>Investments subject to custodial credit risk:</i>		
Corporate securities	AAA to A-	\$ 8,930,747
Municipal securities	AAA to AA-	602,934
Certificates of deposit	Unrated or P1	10,428,860
U.S. Treasury securities	AA+	32,349,765
External investment pool	unrated	19,770,406
Exchange traded funds	unrated	14,440,879
U.S. Agency securities	AA+	18,478,378
Real Estate Investment Trusts	unrated	1,176,281
Money market funds	unrated	6,634,198

Total Fair Value of Investments

Subject to Custodial Credit Risk	\$ 112,812,448
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Interest Rate Risk

The City and Borough does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The pooled investments cannot have a weighted average maturity in excess of five (5) years, while the bonds in the Permanent Fund cannot have a weighted average maturity in excess of ten (10) years. The City and Borough's investment policy mandates that the investment portfolio be structured to minimize the need to sell securities prior to maturity and that operating funds be invested primarily in shorter-term securities, money market mutual funds and similar investment pools.

As of June 30, 2019, investments subject to interest rate risk had the following maturities:

Pooled investments and debt service reserves

<i>Investment type</i>	<i>Less Than 1 Year</i>	<i>1-2 years</i>	<i>2-5 years</i>	<i>>5 years</i>
Corporate securities	\$ 1,000,918	\$ 2,104,714	\$ 2,072,104	\$ 3,843,021
Municipal securities	251,610	-	351,324	-
Certificates of deposit	651,676	6,061,571	3,221,701	-
U.S. Treasury securities	2,310,152	14,770,239	10,199,225	-
U.S. Agency securities	6,032,364	2,009,030	8,490,557	9,780

Total Investments

Subject to Interest

Rate Risk	\$ 10,246,720	\$ 24,855,554	\$ 24,334,911	\$ 3,852,801
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City and Borough of Sitka, Alaska

Notes to Financial Statements

Permanent fund

<i>Investment type</i>	<i>Less Than 1 Year</i>	<i>1-2 years</i>	<i>2-5 years</i>	<i>>5 years</i>
Certificates of deposit	\$ -	\$ 493,912	\$ -	\$ -
U.S. Treasury securities	-	675,525	2,913,072	1,481,551
U.S Agency securities	860,604	252,888	450,316	372,838

Total Investments

Subject to Interest				
Rate Risk	\$ 11,107,324	\$ 26,277,869	\$ 27,698,299	\$ 5,707,190

The City and Borough's investment policy allows the Permanent Fund to invest in mutual funds which are invested in corporate equity securities in addition to all of the investments described above. The investment policy requires that the equity securities within the mutual funds be broadly diversified across all sectors. The investment mix within the Permanent Fund's portfolio has a benchmark percentage of 35% to be invested in fixed income securities and cash, and, must fall within a range of 25% to 45% of the market value of the portfolio. The investment mix also has a benchmark percentage of 65% to be invested in equity securities, and, must fall within a range of 55% to 75% of the market value of the portfolio. At June 30, 2019, the Permanent Fund's portfolio contained 66% equity securities and 34% cash and fixed income securities.

The City and Borough participates in two external investment pools. One pool is registered with the Securities and Exchange Commission, the other is not. All of the participants of the unregistered pool are municipalities within the State of Alaska. The funds in that pool are managed by the trust department of a large bank. A share price of \$1 is maintained for both pools, giving the City and Borough one share for every dollar invested in the pools. As a result, the fair value of the pools is the same as the value of the pool shares.

Credit Risk

The City and Borough's investment policy limits investment in corporate debt securities to those rated AA or better by a nationally recognized statistical rating organization. Debt securities of state and local governmental entities must have a similar rating. Short-term commercial promissory notes must have a rating of A1/P1 or better. The long-term credit rating of the issuing organization must be A- or better. Real Estate Mortgage Investment Conduit securities are limited to the Government National Mortgage Association and the Federal Home Loan Mortgage Association. The investment policy does not require these securities to have any minimum rating. The City and Borough's investments complied with its policy at June 30, 2019.

Concentration of Credit Risk

The City and Borough's investment policy states that one of the general objectives of investing will be to diversify the portfolio so that potential losses on individual securities will be minimized. The policy does not limit the investment in any one security to a percentage of the total portfolio.

City and Borough of Sitka, Alaska

Notes to Financial Statements

As of June 30, 2019, the City and Borough had no concentrations exceeding five percent from any issuer, with the exception of AMLIP which is considered to have no credit risk and securities issued by the US Government.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City and Borough's deposits may not be returned to it. It is the City and Borough's policy to mitigate this risk by requiring that all demand deposits be fully collateralized by securities held in the City and Borough's name by an agent of the financial institution holding the demand deposits. Of the bank balance at June 30, 2019, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC), and \$6,865,639 was subject to a collateral agreement.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of outside parties. All of the City and Borough's investments subject to custodial credit risk are held by the City and Borough's agent in its name.

Fair Value Measurement

The Borough categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Borough has the following recurring fair value measurements as of June 30, 2019:

- U.S. government agency securities of \$18,478,377 are valued using information for market sources, integrated relative credit information, observed market movements, and sector news into the evaluated pricing applications and models (Level 2 inputs)
- U.S. treasury securities of \$32,349,764 are valued using information for market sources, integrated relative credit information, observed market movements, and sector news into the evaluated pricing applications and models (Level 2 inputs)
- Corporate securities of \$8,930,747 are valued using information for market sources, integrated relative credit information, observed market movements, and sector news into the evaluated pricing applications and models (Level 2 inputs)
- Municipal securities of \$602,934 are valued using information for market sources, integrated relative credit information, observed market movements, and sector news into the evaluated pricing applications and models (Level 2 inputs)
- Exchange traded funds of International and U.S. equities of \$15,617,158 are valued using quoted market prices (Level 1 inputs)

The Borough has investments in money market funds and certificates of deposits totaling \$17,063,058 that are not held at fair value, but instead recorded at amortized cost, as of June 30, 2019. The Borough's investment in AMLIP of \$19,770,405 is measured at net asset value, as of June 30, 2019. Management believes that these values approximate fair value.

City and Borough of Sitka, Alaska

Notes to Financial Statements

A reconciliation of cash and investments as shown in the basic financial statements for the primary government follows:

Cash on hand	\$ 2,100
Carrying amount of deposits	7,115,639
Carrying amount of credit card clearing deposits	228,254
Carrying amount of investments	112,812,448
<hr/>	
Total Cash and Investments	\$ 120,158,441
<hr/>	
Reported in the Statement of Net Position	
Equity in central treasury	\$ 83,154,882
Equity in central treasury - restricted	899,040
Bond covenant accounts	11,901,160
Cash and investments - restricted	23,882,134
Reported in the Fiduciary Funds	321,225
<hr/>	
Total Cash and Investments	\$ 120,158,441

At June 30, 2019, the Sitka School District's cash and investments included operating bank accounts and sweep accounts. The carrying amount of deposits was \$2,837,238. Amounts are insured at each financial institution by the Federal Deposit Insurance Corporation up to legal maximum. District policy requires any amount in excess of the U.S. Federal Deposit Insurance Corporation (FDIC) limit be collateralized.

At June 30, 2019, Sitka Community Hospital's cash and cash equivalents include deposits in checking and savings accounts. The Hospital has concentrated its credit risk for cash by maintaining deposits in two financial institutions, which may at times exceed amounts covered by insurance provided by the FDIC. At June 30, 2019, the Hospital had bank deposits of \$4,709,925 in excess of FDIC insurance.

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City and Borough of Sitka, Alaska

Notes to Financial Statements

4. Receivables

Receivables as of year-end for the City and Borough's individual major funds, and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	School Bond Debt Service Fund	Nonmajor Governmental	Total Governmental Funds
Accounts	\$ 1,318,381	\$ -	\$ -	\$ 1,318,381
Taxes	3,331,218	-	277,500	3,608,718
Interest	302,331	-	-	302,331
Special assessments	-	-	18,614	18,614
Federal and State of Alaska	70,613	24,588	41,560	136,761
Notes	17,381	-	1,362,853	1,380,234
Total receivables	5,039,924	24,588	1,700,527	6,765,039
Less allowance for doubtful accounts and notes	(1,008,244)	-	(637,508)	(1,645,752)
Net Total Receivables	\$ 4,031,680	\$ 24,588	\$ 1,063,019	\$ 5,119,287

	Electric Utility	Solid Waste Disposal	Waste- water Utility	Harbors	Nonmajor Enterprise	Total Enterprise Funds
Special assessments	\$ -	\$ -	\$ 49,551	\$ -	\$ -	\$ 49,551
Federal & State	240,952	-	964,664	1,188,722	387,624	2,781,962
Accounts	1,018,318	264,390	255,842	406,817	355,925	2,301,292
Notes	-	-	44,017	-	36,617	80,634
Total receivables	1,259,270	264,390	1,314,074	1,595,539	780,166	5,213,439
Less allowance for doubtful accounts and notes	(143,152)	(39,598)	(39,890)	(269,014)	(29,169)	(520,823)
Net Total Receivables	\$ 1,116,118	\$ 224,792	\$ 1,274,184	\$ 1,326,525	\$ 750,997	\$ 4,692,616

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City and Borough of Sitka, Alaska

Notes to Financial Statements

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds report unearned revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows reported in the governmental funds were as follows:

<i>Description</i>	<i>Deferred Inflows</i>
Special assessments not yet due	\$ 18,614
Totals for Governmental Funds	\$ 18,614

5. Capital Assets

<i>Governmental Activities</i>	<i>Beginning Balance</i>	<i>Additions</i>	<i>Deletions and Adjustments</i>	<i>Ending Balance</i>
<i>Capital assets not being depreciated:</i>				
Land	\$ 11,230,911	\$ -	\$ -	\$ 11,230,911
Construction in progress	2,366,666	2,918,291	(3,150,009)	2,134,948
Total capital assets not being depreciated	13,597,577	2,918,291	(3,150,009)	13,365,859
<i>Capital assets being depreciated:</i>				
Buildings	140,706,603	62,380	(1)	140,768,982
Land improvements	7,948,761	271,880	-	8,220,641
Infrastructure	50,580,363	2,401,472	(50,239)	52,931,596
Equipment	15,581,499	636,285	(233,136)	15,984,648
Total capital assets being depreciated	214,817,226	3,372,017	(283,376)	217,905,867
<i>Less accumulated depreciation for:</i>				
Buildings	(59,967,278)	4,078,494	-	(64,045,772)
Land improvements	(1,819,324)	(380,843)	-	(2,200,167)
Infrastructure	(20,621,272)	(1,800,394)	-	(22,421,666)
Equipment	(11,235,447)	(1,049,050)	182,236	(12,102,261)
Total accumulated depreciation	(93,643,321)	(7,308,781)	182,236	(100,769,866)
Total capital assets being depreciated, net	121,173,905	(3,936,764)	(101,140)	117,136,001
Governmental Activities				
Capital Assets, net	\$ 134,771,482	\$ (1,018,473)	\$ (3,251,149)	\$ 130,501,860

City and Borough of Sitka, Alaska

Notes to Financial Statements

Business-Type Activities	Beginning Balance	Additions	Deletions and Adjustments	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 4,630,239	\$ -	\$ (20,000)	\$ 4,610,239
Construction in progress	1,746,955	5,921,938	(2,109,994)	5,558,899
Total capital assets not being depreciated	6,377,194	5,921,938	(2,129,994)	10,169,138
<i>Capital assets being depreciated:</i>				
Buildings	24,567,808	10,260	(2,945,119)	21,632,949
Land improvements	22,585,977	383,198	-	22,969,175
Equipment	6,675,164	295,268	-	6,970,432
Harbors	36,699,211	-	-	36,699,211
Electric Plant	292,633,838	1,524,715	-	294,158,553
Water Plant	36,217,188	395	-	36,217,583
Wastewater plant	54,613,760	506	-	54,614,266
Total capital assets being depreciated	473,992,946	2,214,342	(2,945,119)	473,262,169
<i>Less accumulated depreciation for:</i>				
Buildings	(10,628,280)	(612,728)	1,452,740	(9,788,268)
Land improvements	(3,600,366)	(551,548)	-	(4,151,914)
Equipment	(4,535,683)	(281,645)	-	(4,817,328)
Harbors	(13,992,339)	(1,339,502)	-	(15,331,841)
Electric plant	(77,515,191)	(7,682,208)	-	(85,197,399)
Water plant	(15,451,816)	(1,024,977)	-	(16,476,793)
Wastewater plant	(37,898,622)	(758,004)	-	(38,656,626)
Total accumulated depreciation	(163,622,297)	(12,250,612)	1,452,740	(174,420,169)
Net book value before impairment	310,370,649	(10,036,270)	(1,492,379)	298,842,000
Less impairment loss - building	(1,492,380)	-	1,492,379	-
Total capital assets being depreciated, net	308,878,270	(10,036,270)	-	298,842,000
Business-type Activities				
Capital Assets, net	\$ 315,255,464	\$ (4,114,332)	\$ (2,129,994)	\$ 309,011,138

City and Borough of Sitka, Alaska

Notes to Financial Statements

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

Administration	\$ 80,630
Public safety	251,798
Public works	2,202,930
Public services	725,999
Support	3,365,317
Capital assets held by internal service funds	682,107

Total Depreciation Expense - Governmental Activities	\$ 7,308,781
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Business-type Activities:

Electric	\$ 7,849,197
Water	1,327,199
Wastewater treatment	895,229
Solid waste disposal	168,692
Harbor	1,375,768
Airport terminal building	170,300
Marine service center	31,560
Gary Paxton Industrial Park	432,666

Total Depreciation Expense - Business-type Activities	\$ 12,250,611
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6. Interfund Receivables, Payables and Transfers

<i>Receivable Fund</i>	<i>Payable Fund</i>	<i>Amount</i>
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Due to/from other funds:

General Fund	Nonmajor governmental funds	\$ 5,772
General Fund	Solid Waste Fund	1,526,434

Total Due To/From Other Funds	\$ 1,532,206
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Advances from/to other funds:

General Fund	Internal service fund	\$ 100,000
Nonmajor governmental fund	Internal service fund	353,308
Nonmajor governmental fund	Nonmajor enterprise funds	99,564
Nonmajor governmental fund	General Fund	120,355

Total Advances From/To Other Funds	\$ 673,227
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City and Borough of Sitka, Alaska

Notes to Financial Statements

Amounts due between the General Fund and nonmajor governmental funds result from negative equity in the central treasury because expenditures are made prior to the receipt of revenue, as in the case of funds that account for the activity of reimbursable grants for both capital and noncapital expenditures. Some grants require cash matches. Transfers are made from the General Fund at the conclusion of the project to meet the match requirements. Until the transfer is made, the fund has a negative equity in the central treasury.

The Southeast Alaska Economic Development Fund, a nonmajor governmental fund, was established with federal monies, to promote economic development. This fund advanced amounts to other funds for expansion projects.

The School Bonds Debt Service Fund, a major governmental fund, receives a portion of taxes collected specifically for school bond debt service from the General Fund, payable after year-end.

Several years ago the Central Garage Internal Service Fund constructed a public service building. Part of the funding for the project was an advance from the General Fund. The advance is being repaid in \$50,000 annual payments.

Interfund Transfers

Transfers are used to move general and other fund revenues for the purchase and construction of capital assets to the nonmajor governmental and internal service funds. Funds are also transferred from the General Fund to the School Bond Debt Service Fund to cover debt payments. In addition, funds are transferred to the General Fund each year from the Permanent Fund for general support.

Transfers From:

Transfers To:	General	Permanent	Nonmajor Governmental	Waste- water	Internal Service	Nonmajor Enterprise	Total
General	\$ -	\$1,427,097	\$ 1,246,277	\$ -	\$ 25,000	\$ -	\$2,698,374
Permanent	118,925	-	-	-	-	-	118,925
School Bond Debt Service	1,490,482	-	-	-	-	-	1,490,482
Nonmajor Governmental	2,908,447	-	322,235	3,200	365,200	3,200	3,602,282
Electric	-	-	39,428	-	-	-	39,428
Harbor	37,227	-	17,433	-	-	5,232	59,892
Nonmajor Enterprise	-	-	13,701	-	-	-	13,701
Internal Service	510,067	-	50,380	-	-	-	560,447
Total							
Transfers Out	\$5,065,148	\$1,427,097	\$ 1,689,454	\$ 3,200	\$390,200	\$ 8,432	\$8,583,531

City and Borough of Sitka, Alaska

Notes to Financial Statements

7. Long-term Debt

General Obligation Bonds

The City and Borough issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued only for governmental activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the City and Borough. All of the bonds outstanding are held by the Alaska Municipal Bond Bank Authority. The State of Alaska agency purchases bonds from municipalities within the State, while simultaneously selling its own bonds to third parties in order to fund the bond purchases.

General obligation bonds currently outstanding are as follows:

Annual debt service requirements to maturity for general obligation bonds are as follows:

Governmental Activities	Interest Rates	Outstanding Amount
School renovation and additions:		
\$5,690,000, 2011 Series Two School bonds, final payment due April 1, 2031	2.000% to 4.33%	\$ 3,820,000
\$12,755,000 2012 Series Two bonds refinancing portion of 2005 Series B School Bonds and refinancing the balance of 2004 Series A School Bonds final payment due September 1, 2024	4.000% to 5.00%	6,940,000
\$6,095,000 2015 Series One refinancing portion of 2005 Series A and 2008 Series Two School bonds, final payment due October 1, 2027	2.000% to 5.00%	4,325,000
Total General Obligation Bonds		\$ 15,085,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30.	Principal	Interest
2020	\$ 2,155,000	\$ 641,115
2021	1,850,000	547,540
2022	1,940,000	462,115
2023	2,025,000	374,315
2024	2,115,000	281,134
2025-2029	4,230,000	593,411
2030-2031	770,000	50,688
	\$ 15,085,000	\$ 2,950,318

City and Borough of Sitka, Alaska

Notes to Financial Statements

In addition, governmental activities reports three State of Alaska, Department of Environmental Conservation Loans for stormwater improvements and sewer replacement projects.

	Interest Rates	Outstanding Amount
\$195,000, note payable for stormwater improvements, #783011	1.50%	\$ 87,750
\$69,622, note payable for stormwater improvements, #783401	1.50%	48,735
\$740,000, note payable for Baranof Street Sewer Replacement, governmental portion of \$183,097, #783091	1.50%	145,260

Annual debt service requirements to maturity are as follows:

<i>Year Ending June 30,</i>	Principal	Outstanding Interest
2020	\$ 22,310	\$ 4,226
2021	22,310	3,892
2022	22,310	3,560
2023	22,310	3,226
2024	22,310	2,888
2025-2029	101,800	9,418
2030-2034	59,316	3,246
2035	9,079	136
	\$ 281,745	\$ 30,592

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City and Borough of Sitka, Alaska

Notes to Financial Statements

Revenue Bonds

The City and Borough issues bonds where it pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds for the Airport Terminal, Electric, and Harbor funds all require cash flow from operating revenue at or above 125% of annual bonded debt service. If cashflow falls below 125% of the debt service, the City and Borough can avoid default by employing a consultant to recommend rate changes that would satisfy the rate covenant. Employment of a consultant and implementation of the recommended rate change within 180 days will ensure default is avoided. All such requirements were met for the year ended June 30, 2019. Revenue bonds outstanding at year end are as follows:

Business-type Activities	Interest Rates	Outstanding Amount
\$3,955,000, 2013 Series One Harbor bonds, final payment due February 1, 2033	2.000% to 5.00%	\$ 3,115,000
\$25,880,000, 2010 Series B Four Refunding Electric Serial bonds, final payment due July 1, 2031	2.000% to 5.00%	10,940,000
\$35,530,000, 2013 Series One Electric bonds, final payment due February 1, 2047	3.800% to 5.00%	35,530,000
\$25,615,000, 2013 Series Three Electric bonds, final payment due August 1, 2048	4.500% to 5.00%	25,615,000
\$22,000,000, 2010 Series B Recovery Zone Economic Development Electric Serial bonds, final payment due July 1, 2031	5.200% to 7.00%	22,000,000
\$820,000, 2010 Series B Four Build America Electric Serial bonds, final payment due July 1, 2031	5.200% to 7.00%	820,000
\$16,325,000, 2014 Series Three Electric bonds, final payment due October 1, 2044	5.00%	16,325,000
\$8,025,000, 2018 Series One Harbor bonds, final payment due February 1, 2038	5.00%	7,795,000
\$4,045,000, 2018 Series One Airport Terminal bonds, final payment due February 1, 2038	5.00%	4,045,000
Total Revenue Bonds		\$126,185,000

City and Borough of Sitka, Alaska

Notes to Financial Statements

Annual debt service requirements to maturity for revenue bonds are as follows:

<i>Year Ending June 30,</i>	Principal	Interest
2020	\$ 2,760,000	\$ 4,689,630
2021	2,895,000	4,666,280
2022	3,010,000	4,622,058
2023	3,135,000	4,576,936
2024	3,260,000	4,534,879
2025-2029	18,245,000	19,992,441
2030-2034	21,270,000	14,643,129
2035-2039	25,085,000	10,128,125
2040-2044	26,495,000	5,408,500
2045-2049	20,030,000	946,000
	\$ 126,185,000	\$ 74,207,978

Revenue Note

The City and Borough issued a note to the State of Alaska - Alaska Energy Authority where it pledges income derived from the acquired or constructed assets to pay debt service. The requirement is that operating revenue must generate cash flow equal 125% of bonded indebtedness or 100% of debt service revenue bonds and notes. The requirement has been met for the year ended June 30, 2019.

The revenue note outstanding at year end is as follows:

	Interest Rate	Outstanding Amount
\$15,000,000, 1982 Alaska Energy Authority note secured by a second lien on the revenues of the electric and water supply system, final payment due January 1, 2033	4%	\$ 6,357,803

Annual debt service requirements to maturity for the revenue note are as follows:

<i>Year Ending June 30, 2019</i>	Principal	Interest
2020	\$ 363,361	\$ 250,715
2021	378,041	236,035
2022	393,314	220,762
2023	409,204	204,872
2024	425,736	188,340
2025-2029	2,401,000	669,379
2030-2033	1,987,147	162,119
	\$ 6,357,803	\$ 1,932,222

City and Borough of Sitka, Alaska

Notes to Financial Statements

State of Alaska, Department of Environmental Conservation Loan Program

The City and Borough borrowed funds from the State of Alaska to upgrade water and wastewater distribution systems.

	Interest Rate	Outstanding Amount
Completed projects:		
\$400,000, note payable - corrosion control of municipal water #783031	1.50%	\$ 20,682
\$565,000, note payable - water system upgrades on Sawmill Creek Road #783061	1.50%	228,422
\$1,000,000, note payable - harbor water distribution system upgrades #783071	1.50%	453,482
\$1,310,000, note payable - wastewater treatment plant upgrades #783051	1.50%	495,950
\$987,157, note payable - I and I #783011	1.50%	443,334
\$2,400,000, note payable - Kimsham landfill closure #783081	1.50%	1,157,975
\$3,170,000, note payable - Whitcomb Heights Subdivision water tank #783211	1.50%	1,584,864
\$1,000,000, note payable - Japonski Island water distribution main #783151	1.50%	392,127
\$1,400,000, note payable - sewer system upgrades #783101	1.50%	623,299
\$483,000, note payable - SMC Road/HPR Intersection water line #783311	1.50%	202,767
\$308,000, note payable - HPR/SMC Rd. Intersection Sewer Replacement #783241	1.50%	176,913
\$617,000, note payable - water tank protection, #783341	1.50%	43,190
\$859,103, note payable - Monastery St. Sewer Main replacement, #783401	1.50%	326,152
\$782,000, note payable - Monastery St. Water Main replacement, #783441	1.50%	467,187
\$1,455,081, note payable - SMC Rd. Sewer Upgrade, Phase III - ARRA Funding #783281	1.50%	111,516
\$740,000, project - Baranof Street Sewer Replacement - #783091	1.50%	247,336
\$685,000, project - Baranof Street Water System replacement - #783501	1.50%	73,240
\$1,740,000, project - Japonski Island Sewer Lift stations - #783391	1.50%	1,093,503
\$1,520,000, project - UV Disinfection Facility - #783431	1.50%	1,280,000
\$297,791 project - Monastery & Baranof water mains - #783301	1.50%	268,011
\$316,211 project - Monastery & Baranof sewer mains - #783411	1.50%	284,589
\$58,362 project - Hollywood Way water main - #783521	1.50%	52,526
\$214,600 project - Hollywood Way sewer main - #783511	1.50%	193,140

City and Borough of Sitka, Alaska

Notes to Financial Statements

\$2,375,092 project - Indian River temporary filtration #783381	1.50%	\$ 2,272,379
\$482,588 project - Crescent Harbor lift station #783161	1.50%	461,718
\$737,690 project - Jeff Davis water main replacement #783371	1.50%	705,788
Total notes payable for completed projects		\$13,660,090

	Interest Rate	Outstanding Amount
Uncompleted projects in draw down phase:		
\$1,352,100 project - DeGroff Water Improvements #783111	1.50%	\$ 1,167,047
\$1,463,700 project - DeGroff Sewer Improvements #783121	1.50%	1,221,696
\$2,154,170, project - Channel, Lake and Monastery Lift Station Upgrades - #783361	1.50%	1,782,435
\$2,154,170, project - UV Disinfection - #783481	1.50%	34,582
\$17,620,000 project - Critical Secondary Water Supply #783531	1.56%	225,240
\$4,657,500 project - Wastewater Treatment Plant Rehab #783221	1.52%	714,283
Total draw on notes yet to be finalized		5,145,283
Total State Department of Environmental Conservation Loans		\$18,805,373

Annual debt service requirements to maturity for notes payable on completed projects are as follows:

<i>Year Ending June 30,</i>	Principal	Interest
2020	\$ 1,033,006	\$ 168,292
2021	1,015,707	154,180
2022	1,019,141	140,042
2023	1,022,630	125,867
2024	1,026,166	111,652
2025-2029	4,866,002	351,564
2030-2034	2,568,836	120,564
2035-2038	1,108,602	18,603
	\$ 13,660,090	\$ 1,190,764

City and Borough of Sitka, Alaska

Notes to Financial Statements

Changes in Long-term Liabilities

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	\$17,965,000	\$ -	\$2,880,000	\$15,085,000	\$2,155,000
Issuance premiums	1,274,611	-	200,035	1,074,576	-
Total bonds payable	19,239,611	-	3,080,035	16,159,576	2,155,000
State of Alaska notes	304,055	-	22,310	281,745	22,310
Compensated absences	652,481	606,084	609,701	648,864	616,649
Net OPEB Liability	1,873,817	576,267	-	2,450,084	-
Net pension liability	11,725,701	339,707	-	12,065,408	-
Governmental Activity Long-term Liabilities	\$33,795,665	\$1,522,058	\$3,712,046	\$31,605,677	\$2,793,959
Business-type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
Revenue bonds	\$116,675,000	\$12,070,000	\$2,560,000	\$126,185,000	\$2,760,000
Issuance premiums	8,283,042	930,750	397,239	8,816,553	-
Total bonds payable	124,958,042	13,000,750	2,957,239	135,001,553	2,760,000
Notes payable:					
Revenue notes	6,707,055	-	349,252	6,357,803	363,361
State of Alaska notes	17,756,012	2,079,036	1,029,675	18,805,373	1,033,006
Total notes payable	24,463,067	2,079,036	1,378,927	25,163,176	1,396,367
Compensated absences	371,272	379,704	318,706	432,270	432,270
Landfill postclosure liability	768,620	-	12,431	756,189	128,431
Net OPEB liability	1,073,577	338,791	-	1,412,368	-
Net pension liability	6,611,928	199,716	-	6,811,644	-
Business-type Activity Long-term Liabilities	\$158,246,506	\$15,997,997	\$4,667,303	\$169,577,200	\$4,717,068
Entity Combined Long-term Liabilities	\$192,042,171	\$17,520,055	\$8,379,349	\$201,182,877	\$7,511,027

For governmental activities, compensated absences, PERS liability, and OPEB liability are generally liquidated by the governmental or internal service fund in which they were incurred.

City and Borough of Sitka, Alaska

Notes to Financial Statements

8. Authorized, Unissued Bonds

As of June 30, 2019, the City and Borough had no authorized but unissued bonds.

9. Restricted Assets

The balance of the restricted assets accounts in the enterprise funds at June 30, 2019 are as follows:

Landfill postclosure	\$ 756,189
Customer deposits:	
Electric utility	135,342
Solid waste disposal	7,509
Investment with bond trustee pursuant to revenue bond covenants	11,901,160
Total Restricted Assets	\$ 12,800,200

10. Fund Balances

Fund balances reported in the City and Borough's individual major funds and nonmajor funds in the aggregate on the governmental funds balance sheet are subject to the following constraints:

	General Fund	Permanent Fund	School Bond Debt Service Fund	Nonmajor Funds	Totals
Nonspendable:					
Prepaid items	\$ -	\$ -	\$ -	\$ 5	\$ 5
Long-term notes receivable	17,381	-	-	-	17,381
Advances receivable	100,000	-	-	-	100,000
Total nonspendable	117,381	-	-	5	117,386
Restricted					
Sitka Library	-	-	-	272,299	272,299
Commercial passenger tax	-	-	-	569,594	569,594
Home rule charter	-	23,963,427	-	-	23,963,427
Debt service	-	-	2,424,542	-	2,424,542
Total restricted	-	23,963,427	2,424,542	841,893	27,229,862

City and Borough of Sitka, Alaska

Notes to Financial Statements

Committed

Working capital reserve	\$ 6,799,059	\$ -	\$ -	\$ -	\$ 6,799,059
Emergency reserve	2,000,000	-	-	-	2,000,000
E911 surcharge	612,783	-	-	-	612,783
SRS Title III	512,663	-	-	-	512,663
SE economic development	-	-	-	3,465,646	3,465,646
Capital projects	-	-	-	6,315,004	6,315,004
Total committed	9,924,505	-	-	9,780,650	19,705,155
Assigned:					
Gary Paxton Park	-	-	-	625,482	625,482
Utility Cost subsidization	-	-	-	370,556	370,556
LID revolving	-	-	-	1,133,912	1,133,912
LID guarantee	-	-	-	278,676	278,676
Raw water sales	-	-	-	839,550	839,550
Visitor enhancement	-	-	-	260,891	260,891
Other small funds	-	-	-	170,762	170,762
Total Assigned	-	-	-	3,679,829	3,679,829
Unassigned (deficit)	5,716,004	-	-	(5,187)	5,710,817
Total Fund Balances	\$ 15,757,890	\$ 23,963,427	\$ 2,424,542	\$ 14,297,190	\$ 56,443,049

11. Risk Management

The City and Borough is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City and Borough carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The City and Borough has not accrued a liability for claims and judgments at June 30, 2019 because the amount of potential claims at year end was determined to be immaterial. The City and Borough made no claim payments during fiscal year 2019.

Effective January 1, 1989, the City and Borough was self-insured with respect to unemployment claims made by former employees. The City and Borough of Sitka accounts for claims on a pay-as-you-go basis as it is immaterial.

City and Borough of Sitka, Alaska

Notes to Financial Statements

12. Retirement Plans

(a) Defined Benefit (DB) Pension Plan

General Information About the Plan

The Borough participates in the Alaska Public Employees' Retirement System (PERS). PERS is a cost-sharing multiple-employer plan which covers eligible State and local government employees, other than teachers. The Plan was established and is administered by the State of Alaska Department of Administration. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

The Plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. That report is available via the internet at <http://doa.alaska.gov/drb/pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

The Plan provides for retirement, death and disability, and postemployment healthcare benefits. There are three tiers of employees, based on entry date. For all tiers within the Defined Benefit (DB) plan, full retirement benefits are generally calculated using a formula comprised of a multiplier times the average monthly salary (AMS) times the number of years of service. The multiplier is increased at longevity milestone markers for most employees. Police/Fire employees accrue benefits at an accelerated rate. The tiers within the Plan establish differing criteria regarding normal retirement age, early retirement age, and the criteria for calculation of AMS, COLA adjustments, and other postemployment benefits (OPEB). A complete benefit comparison chart is available at the website noted above.

The PERS DB Plan was closed to new entrants effective July 1, 2006. New employees hired after that date participate in the PERS Defined Contribution (DC) Plan described later in these notes.

Historical Context and Special Funding Situation

In April 2008, the Alaska Legislature passed legislation converting the previously existing PERS plan from an agent-multiple-employer plan to a cost-sharing plan with an effective date of July 1, 2008. In connection with this conversion, the State of Alaska passed additional legislation which statutorily capped the employer contribution rate, established a state funded "on-behalf" contribution (subject to funding availability), and required that employer contributions be calculated against all PERS eligible wages, including wages paid to participants of the PERS Tier IV defined contribution plan described later in these notes. The Alaska Legislature has the power and authority to change the aforementioned statute through the legislative process.

Alaska Statute 39.35.280 requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan's past service liability contribution rate as adopted by the Alaska Retirement Management Board. As such, the Plan is considered to be in a special funding situation as defined by GASB, and management has recorded all pension related liabilities, deferred inflows/outflows of resources, and disclosures on this basis.

City and Borough of Sitka, Alaska

Notes to Financial Statements

The Borough recorded the related on-behalf contributions as revenue and expense or expenditures as prescribed by GAAP, pursuant to the relevant basis of accounting based on fund type.

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary. Police officers and firefighters are required to contribute 7.50% of their annual covered salary.

Employer and Other Contribution Rates

There are several contribution rates associated with the pension contributions and healthcare contributions and related liabilities. These amounts are calculated on an annual basis.

Employer Effective Rate: This is the contractual employer pay-in rate. Under current legislation, the amount calculated for the statutory employer effective contribution rate is 22% on eligible wages. This 22% rate is calculated on all PERS participating wages, including those wages attributable to employees in the defined contribution plan. Contributions derived from the defined contribution employee payroll are referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25-year term which ends in 2039. This change results in lower ARM Board Rates than previously adopted.

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures. In the proprietary fund and government-wide financial statements, the on-behalf amounts reflect revenue and expense only during the measurement period in which the Plan recognizes the payments, resulting in a significant timing difference between the cash transfers and revenue and expense recognition.

GASB Rate: This is the rate used to determine the long-term pension liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. For 2019, the rate uses an 8% pension discount rate.

The GASB Rate and the ARM Board Adopted Rate differ significantly as a direct result of variances in the actuarial methods and assumptions used.

City and Borough of Sitka, Alaska

Notes to Financial Statements

Contribution rates for the year ended June 30, 2019 were determined in the June 30, 2016 actuarial valuations. The Borough's contribution rates for the 2019 fiscal year were as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	16.17%	23.21%	5.58%
Postemployment healthcare (ARHCT)	5.83%	4.37%	0.00%
Total Contribution Rates	22.00%	27.58%	5.58%

In 2019, the Borough was credited with the following contributions to the pension plan:

	Measurement Period July 1, 2017 to June 30, 2018	Borough Fiscal Year July 1, 2018 to June 30, 2019
Employer contributions (including DBUL)	\$ 1,450,093	\$ 1,433,032
Nonemployer contributions (on-behalf)	363,351	690,780
Total Contributions	\$ 1,813,444	\$ 2,123,812

In addition, employee contributions to the Plan totaled \$345,047 during the Borough's fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At June 30, 2019, the Borough reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total portion of the net pension liability that was associated with the Borough were as follows:

	2019
Borough proportionate share of NPL	\$ 18,877,051
State's proportionate share of NPL associated with the Borough	5,466,809
Total Net Pension Liability	\$ 24,343,860

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 to calculate the net pension liability as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At the June 30, 2018 measurement date, the Borough's proportion was 0.37989 percent, which was an increase of 0.02516 from its proportion measured as of June 30, 2017.

City and Borough of Sitka, Alaska

Notes to Financial Statements

For the year ended June 30, 2019, the Borough recognized pension expense of \$379,988 and on-behalf revenue of \$255,966 for support provided by the State. At June 30, 2019, the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (473,777)
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	416,908	-
Changes in proportion and differences between Borough contributions and proportionate share of contributions	545,472	-
Borough contributions subsequent to the measurement date	1,433,032	-
Total Deferred Outflows and Deferred Inflows of Resources Related to Pensions	\$ 2,395,412	\$ (473,777)

The \$1,433,032 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,

2020	\$ 601,945
2021	227,963
2022	(323,026)
2023	(18,279)
2024	-
Thereafter	-
Total Amortization	\$ 488,603

Actuarial Assumptions

The total pension liability for the measurement period ended June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2018:

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level dollar, closed
Inflation	3.12%

City and Borough of Sitka, Alaska

Notes to Financial Statements

Salary increases	For peace officer/firefighter, increases range from 9.66% to 4.92% based on service. For all others, increases range from 8.55% to 4.34% based on age and service.
Allocation methodology	Amounts for FY 2018 were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the fiscal years 2019 to 2039 to the Plan. The liability is expected to go to zero at 2039.
Investment return / Discount rate	8.00%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Mortality	Pre-termination - Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for others. Post-termination - 96% of all rates of the RP-2000 table, 2000 Base Year projected to 2018 with Projection Scale BB.

The actuarial assumptions used in the June 30, 2017 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013. The assumptions used in the June 30, 2017 actuarial valuation report are the same as those used in the June 30, 2016 actuarial valuation.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table (note that the rates shown below exclude the inflation component):

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	24%	8.90%
Global ex-U.S. equity	22%	7.85%
Fixed income	10%	1.25%
Opportunistic	10%	4.76%
Real assets	17%	6.20%
Absolute return	7%	4.76%
Private equity	9%	12.08%
Cash equivalents	1%	0.66%

City and Borough of Sitka, Alaska

Notes to Financial Statements

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate of 8.00%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Borough's proportionate share of the net pension liability	0.37989%	\$ 24,997,977	\$ 18,877,051	\$ 13,699,485

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

(b) Defined Contribution (DC) Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a defined contribution plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, a retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This Plan is included in the comprehensive annual financial report for PERS, and at the following website, as noted above. <http://doa.alaska.gov/dr/pers>.

Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual remittances to the PERS system require that the Borough contribute at 22%. After deducting the DC plan contributions (and related OPEB contributions), the remaining remittance (the DBUL) is deposited into the DB plan as noted earlier.

City and Borough of Sitka, Alaska

Notes to Financial Statements

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended June 30, 2019 to cover a portion of the Borough's employer match contributions. For the year ended June 30, 2019, forfeitures reduced pension expense by \$108,189.

Employee Contribution Rate

Employees are required to contribute 8% of their annual covered salary. This amount goes directly to the individual's account.

Employer Contribution Rate

For the year ended June 30, 2019, the Borough was required to contribute 5% of covered salary into the Plan.

The Borough and employee contributions to PERS for pensions for the year ended June 30, 2019 were \$329,388 and \$527,020, respectively. The Borough contribution amount was recognized as pension expense/expenditures.

(c) Defined Benefit OPEB Plans

As part of its participation in PERS, the Borough participates in the following cost sharing multiple-employer defined benefit OPEB plans: Alaska Retiree Healthcare Trust (ARHCT), Retiree Medical Plan (RMP) and Occupational Death and Disability Plan (ODD). The ARHCT is a self-insured and self-funded and provides major medical coverage to retirees of the DB Plan. The ARHCT plan was closed to all new entrants effective July 1, 2006. Benefits vary by Tier level. The RMP is self-insured and provides major medical coverage to retirees of the PERS DC Plan (Tier IV). The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS. The Plans are administered by the State of Alaska, Department of Administration. The OPEB plans are included in the comprehensive annual financial report for PERS, at the following website, as noted above. <http://doa.alaska.gov/dr/pers>.

Contribution Rates

Employer contribution rates are actuarially determined and adopted by and may be amended by the Board. Employees do not contribute.

Employer contribution rates for the year ended June 30, 2019 were as follows:

	Other	Police/Fire
Alaska Retiree Healthcare Trust	5.83%	5.83%
Retiree Medical Plan	0.94%	0.94%
Occupational Death and Disability Benefits	0.26%	0.76%
Total Contribution Rates	7.03%	7.53%

City and Borough of Sitka, Alaska

Notes to Financial Statements

In 2019, the Borough was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2017 to June 30, 2018	Borough Fiscal Year July 1, 2018 to June 30, 2019
Employer contributions - ARHCT	\$ 413,336	\$ 516,348
Employer contributions - RMP	63,777	61,925
Employer contributions - ODD	7,852	23,586
Nonemployer contributions (on-behalf) - ARHCT	-	-
Total Contributions	\$ 484,965	\$ 601,859

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans

At June 30, 2019, the Borough reported a liability for its proportionate share of the net OPEB liabilities (NOL) that reflected a reduction for State OPEB support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total were as follows:

	2019
Borough's proportionate share of NOL - ARHCT	\$ 3,899,090
Borough's proportionate share of NOL - RMP	69,617
Borough's proportionate share of NOL (Asset) - ODD	(106,255)
Total Borough's Proportionate Share of NOL (Asset)	\$ 3,862,452
State's proportionate share of the ARHCT NOL associated with the Borough	1,132,039
Total Net OPEB Liabilities	\$ 4,994,491

The total OPEB liabilities for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 to calculate the net OPEB liabilities as of that date. The Borough's proportion of the net OPEB liabilities were based on a projection of the Borough's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

City and Borough of Sitka, Alaska

Notes to Financial Statements

	June 30, 2017 Measurement Date Employer Proportion	June 30, 2018 Measurement Date Employer Proportion	Change
Borough's proportionate share of the net OPEB liabilities (asset):			
ARHCT	0.35470%	0.37992%	0.02522 %
RMP	0.54581%	0.54709%	(0.00128)%
ODD	0.54581%	0.54709%	(0.00128)%

As a result of its requirement to contribute to the plans, the Borough recognized OPEB expense of \$427,445 and on-behalf revenue of \$148,613 for support provided by the State associated with the ARHCT plan.

At June 30, 2019, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (450,346)
Changes in assumptions	623,783	-
Changes in benefits	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(840,143)
Changes in proportion and differences between Borough contributions and proportionate share of contributions	234,121	(257,109)
Borough contributions subsequent to the measurement date	601,859	-
Total Deferred Outflows and Deferred Inflows of Resources Related to OPEB Plans	\$ 1,459,763	\$ (1,547,598)

The \$601,859 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<i>Year Ending June 30,</i>	
2020	\$ (285,784)
2021	(113,092)
2022	(273,828)
2023	(17,885)
2024	193
Thereafter	702
Total Amortization	\$ (689,694)

City and Borough of Sitka, Alaska

Notes to Financial Statements

Actuarial Assumptions

The total OPEB liability for each plan the measurement period ended June 30, 2018 was determined by actuarial valuations as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2018:

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level dollar, closed
Inflation	3.12%
Salary increases	Graded by service, from 9.66% to 4.92% for Peace Officer/ Firefighter. Graded by service from 8.55% to 4.34% for all others
Allocation methodology	Amounts for 2018 were allocated to employers based on the projected present value of contributions for FY2019-FY2039. The liability is expected to go to zero at 2039.
Investment return / Discount rate	8.00%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Healthcare cost trend rates	Pre-65 medical: 8.0% grading down to 4.0% Post-65 medical: 5.5% grading down to 4.0% Prescription drug: 9.0% grading down to 4.0% RDS/EGWP: 6.5% grading down to 4.0%
Mortality	Pre-termination - Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for all others. Post-termination - 96% of all rates of the RP-2000 table, 2000 Base Year projected to 2018 with Projection Scale BB.
Participation (ARHCT)	100% system paid of members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 10% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013. The assumptions used in the June 30, 2017 actuarial valuation are the same as those used in the June 30, 2016 valuation with the following exceptions:

1. The medical trend rate assumption was updated to reflect anticipated increases in costs based on recent survey data.

City and Borough of Sitka, Alaska

Notes to Financial Statements

2. An obligation for the Cadillac Tax was added to the June 30, 2017 valuation because it was no longer deemed immaterial due to the updated trend rates and the change to use chained Consumer Price Index (which was part of the Tax Cut and Jobs Act passed in December 2017) to project the tax thresholds in future years.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic rates of return for each major asset class included in the plans' targeted asset allocation as of June 30, 2018 are summarized in the following table (note that the rates shown below exclude the inflation component):

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-Term Expected Real Rate of Return</i>
Broad domestic equity	24%	8.90%
Global ex-U.S. equity	22%	7.85%
Fixed income	10%	1.25%
Opportunistic	10%	4.76%
Real assets	17%	6.20%
Absolute return	7%	4.76%
Private equity	9%	12.08%
Cash equivalents	1%	0.66%

Discount Rate

The discount rate used to measure the total OPEB liability for each plan was 8.00%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position of each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

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City and Borough of Sitka, Alaska

Notes to Financial Statements

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the Borough's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 8.00%, as well as what the Borough's proportionate share of the respective plan's net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Borough's proportionate share of the net OPEB liability (asset):				
ARHCT	0.37992%	\$ 7,893,703	\$ 3,899,090	\$ 550,788
RMP	0.54709%	\$ 207,893	\$ 69,617	\$ (38,236)
ODD	0.54709%	\$ (99,778)	\$ (106,255)	\$ (111,584)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates

The following presents the Borough's proportionate share of the net OPEB liabilities calculated using the healthcare cost trend rates, as well as what the Borough's proportionate share of the respective plan's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Borough's proportionate share of the net OPEB liability (asset):				
ARHCT	0.37992%	\$ 75,688	\$ 3,899,090	\$ 8,504,750
RMP	0.54709%	\$ (59,189)	\$ 69,617	\$ 241,999
ODD	0.54709%	\$ n/a	\$ n/a	\$ n/a

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued PERS financial report.

(d) Defined Contribution OPEB Plans

PERS defined contribution members also participate in the Health Reimbursement Arrangement Plan (HRA Plan). The HRA Plan allows for medical care expenses to be reimbursed from individual savings accounts established for eligible persons. The HRA Plan became effective July 1, 2006 at which time contributions by employers began.

City and Borough of Sitka, Alaska

Notes to Financial Statements

Contribution Rate

AS 39.30.370 establishes this contribution amount as “three percent of the average annual employee compensation of *all employees of all employers* in the plan”. As of July 1, 2018, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,103 per year for each full-time employee, and \$1.35 per hour for part-time employees. Employees do not contribute to the DC OPEB plans.

Annual Postemployment Healthcare Cost

In 2019, the Borough contributed \$187,534 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

13. Landfill Closure and Postclosure Care Cost

State and federal laws and regulations require the government to place a final cover on its municipal landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure.

Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the government reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each financial statement date.

The City and Borough has recognized a liability for the estimated costs of postclosure care of \$756,189 as of June 30, 2019. The Kimsham landfill was closed during fiscal year 2007 and is now a recreation facility consisting of three ball fields and a soccer/football field. The current postclosure liability as of June 30, 2019 is \$488,189. A new landfill has been permitted by the State of Alaska and is accepting only the sludge from the Wastewater Treatment Plant at this time. The current estimate of closure and postclosure monitoring is \$268,000 and the liability recognized is based on capacity used to date. The landfill is at an estimated 80% of capacity and has an estimated remaining useful life of 4 years. Actual postclosure costs may be higher because of inflation, changes in technology, or changes in regulations. Estimates will be revised as necessary to accurately reflect future outlays.

14. Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State of Alaska. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Municipal Attorney the resolution of these matters will not have an adverse material effect on the financial condition of the government.

City and Borough of Sitka, Alaska

Notes to Financial Statements

The City and Borough's sewage treatment plant provides for primary treatment of waste. The City and Borough was operating under a five-year exemption, which expired in August 1994, from Environmental Protection Agency (EPA) regulations requires secondary treatment for sewage discharged into marine waters. The City and Borough is currently under a temporary EPA permit and anticipates finalizing a permanent five-year exemption permit in the near future. The cost of upgrading the plant to secondary treatment at the expiration of the exemption, if necessary, would be approximately \$10 million. The cost of treating storm water is not presently estimable.

Other Federal and State regulations, compliance with which will require significant expenditures by the City and Borough, including the Americans with Disabilities Act, have a cost of compliance that is not currently known.

15. Subsequent Events

Sale of Sitka Community Hospital Component Unit Business Operations

On April 15, 2019, the Assembly of the City and Borough of Sitka approved an asset purchase agreement (APA) and facility lease agreement (FLA) between the City and Borough of Sitka (CBS) and the Southeast Regional Health Consortium (SEARHC) for the sale of the business operations of Sitka Community Hospital (SCH), effective August 1, 2019. Under the terms of the APA and FLA, ongoing business operations and most tangible personal property were sold to SEARHC and real property was leased to SEARHC for a five-year period.

Terms of the APA require SEARHC to make a payment of \$1,346,000 at closing plus twenty-one annual payments of \$700,000, subject to an early obligation termination clause and a minimum payment floor. The early termination clause would cease the annual payments if the former SCH's liabilities in respect to PERS are settled prior to the twenty-first payment, with a floor requiring a minimum of \$9,464,000 to be paid. Terms of the FLA lease the real property of the former SCH for a flat fee of \$1 for a five-year period.

The APA requires all payments by SEARHC to be placed and held in escrow in accordance with an escrow agreement between the CBS and SEARHC. The escrow agreement specifies conditions for the release of escrow. In addition, the CBS was required to place an additional \$4,000,000 in escrow at closing. The purpose of the escrow accounts is to provide funds for the repayment of liabilities associated with the acquisition of Medicare medical provider agreements in by SEARHC in conjunction with the APA.

All assets and liabilities of the former SCH not purchased or assumed by SEARHC remain with the CBS and will be transferred into the tobacco tax special revenue fund at closing, and, SCH will no longer be a component unit of the City and Borough of Sitka. The tobacco tax special revenue fund will be renamed the Sitka Community Hospital Dedicated Fund.

City and Borough of Sitka, Alaska

Notes to Financial Statements

16. New Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined.

GASB 84 - *Fiduciary Activities* - Effective for year-end June 30, 2020, with earlier application encouraged - This statement addresses criteria for identifying and reporting fiduciary activities.

GASB 87 - *Leases* - Effective for year-end June 30, 2021, with earlier application encouraged - This statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period* - Effective for year-end June 30, 2021, with earlier application encouraged - This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

GASB 90 - *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61* - Effective for year-end June 30, 2020, with earlier application encouraged - This statement addresses accounting and financial reporting for a majority equity interest in a legally separate organization. It provides a definition of a majority equity interest and provides guidance for further presentation as either an investment or a component unit, based on specific criteria.

GASB 91 - *Conduit Debt Obligations* - Effective for year-end June 30, 2022, with earlier application encouraged - This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations, and related note disclosures. This statement clarifies the definition of a conduit debt obligation and establishes standards for related accounting and financial reporting.

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Required Supplementary Information

City and Borough of Sitka, Alaska

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Taxes:				
Property taxes	\$ 6,866,000	\$ 6,866,000	\$ 6,777,625	\$ (88,375)
Sales taxes	12,780,000	12,780,000	13,309,207	529,207
Total taxes	19,646,000	19,646,000	20,086,832	440,832
State sources:				
Community Assistance	500,000	500,000	543,229	43,229
State PERS relief	300,000	656,000	396,644	(259,356)
State grants	45,000	84,222	19,801	(64,421)
Other	64,000	64,000	58,377	(5,623)
Total state sources	909,000	1,304,222	1,018,051	(286,171)
Federal sources:				
National Forest receipts	491,832	491,832	529,232	37,400
Payment in lieu of taxes	566,200	566,200	749,463	183,263
Federal grants	84,000	470,938	59,081	(411,857)
Total federal sources	1,142,032	1,528,970	1,337,776	(191,194)
Charges for services:				
State jail contract	391,000	391,000	391,194	194
Ambulance fees	270,000	270,000	456,247	186,247
E911 surcharges	180,000	180,000	176,236	(3,764)
Jobbing	702,000	702,000	702,881	881
Other	66,000	66,000	32,310	(33,690)
Total charges for services	1,609,000	1,609,000	1,758,868	149,868
Interfund services	2,697,736	2,697,736	2,695,448	(2,288)
Fines, forfeitures and penalties	73,000	73,000	60,572	(12,428)
Investment income	420,000	420,000	869,740	449,740
Uses of Property	344,000	344,000	335,463	(8,537)
Licenses and permits	136,000	136,000	126,809	(9,191)
Other	258,000	258,000	260,542	2,542
Total Revenues	27,234,768	28,016,928	28,550,101	533,173

City and Borough of Sitka, Alaska

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual, continued

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Expenditures				
Administration:				
Administration/Assembly:				
Wages and benefits	\$ 595,779	\$ 616,972	\$ 722,446	\$ (105,474)
Travel and training	38,080	38,080	49,891	(11,811)
Other	332,613	640,943	555,828	85,115
Total administration/assembly	966,472	1,295,995	1,328,165	(32,170)
Legal:				
Wages and benefits	302,035	312,310	313,156	(846)
Travel and training	4,750	4,750	3,358	1,392
Other	51,954	600,830	653,423	(52,593)
Total legal	358,739	917,890	969,937	(52,047)
Municipal clerk:				
Wages and benefits	278,074	286,129	269,524	16,605
Travel and training	10,550	10,550	9,762	788
Other	116,874	116,874	124,997	(8,123)
Total municipal clerk	405,498	413,553	404,283	9,270
Finance:				
Wages and benefits	1,467,263	1,514,559	1,416,739	97,820
Travel and training	15,000	14,300	11,968	2,332
Other	389,169	402,884	370,256	32,628
Total finance	1,871,432	1,931,743	1,798,963	132,780
Assessing:				
Wages and benefits	322,881	333,157	333,852	(695)
Travel and training	7,100	7,100	8,173	(1,073)
Other	89,974	116,709	85,603	31,106
Total assessing	419,955	456,966	427,628	29,338

City and Borough of Sitka, Alaska

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual, continued

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Planning:				
Wages and benefits	\$ 188,352	\$ 195,481	\$ 125,116	\$ 70,365
Travel and training	5,000	5,000	6,139	(1,139)
Other	58,895	58,895	73,666	(14,771)
Total planning	252,247	259,376	204,921	54,455
General office and local grants	775,014	822,236	810,366	11,870
Total administration	5,049,357	6,097,759	5,944,263	153,496
Public safety:				
Police:				
Wages and benefits	3,599,821	3,707,462	3,388,138	319,324
Travel and training	87,300	87,300	77,675	9,625
Other	909,825	886,785	880,958	5,827
Total police	4,596,946	4,681,547	4,346,771	334,776
Fire:				
Wages and benefits	1,066,399	1,100,253	1,077,311	22,942
Travel and training	33,500	33,500	25,414	8,086
Other	606,187	603,802	581,857	21,945
Total fire	1,706,086	1,737,555	1,684,582	52,973
Ambulance:				
Wages and benefits	170,186	182,100	158,660	23,440
Travel and training	23,000	23,000	13,990	9,010
Other	154,078	140,713	116,873	23,840
Total ambulance	347,264	345,813	289,523	56,290
Search and rescue:				
Wages and benefits	5,686	5,686	7,096	(1,410)
Travel and training	6,000	6,278	2,949	3,329
Other	30,098	30,098	16,333	13,765
Total search and rescue	41,784	42,062	26,378	15,684
Total public safety	6,692,080	6,806,977	6,347,254	459,723

City and Borough of Sitka, Alaska

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual, continued

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Public works:				
Administration:				
Wages and benefits	\$ 555,528	\$ 573,389	\$ 543,159	\$ 30,230
Travel and training	6,000	6,000	2,983	3,017
Other	140,269	140,269	130,612	9,657
Total public works administration	701,797	719,658	676,754	42,904
Engineering:				
Wages and benefits	984,284	1,012,011	876,117	135,894
Travel and training	5,000	5,000	3,671	1,329
Other	82,654	112,033	39,640	72,393
Total engineering	1,071,938	1,129,044	919,428	209,616
Streets:				
Wages and benefits	555,674	568,979	476,541	92,438
Travel and training	6,000	6,000	404	5,596
Other	1,130,434	980,153	743,138	237,015
Total streets	1,692,108	1,555,132	1,220,083	335,049
Recreation:				
Wages and benefits	324,322	332,014	382,170	(50,156)
Travel and training	2,142	2,142	860	1,282
Other	329,302	309,924	252,598	57,326
Total recreation	655,766	644,080	635,628	8,452
Building officials:				
Wages and benefits	202,457	209,070	227,787	(18,717)
Travel and training	14,000	17,000	1,660	15,340
Other	33,366	33,366	46,315	(12,949)
Total building officials	249,823	259,436	275,762	(16,326)
Total public works	4,371,432	4,307,350	3,727,655	579,695
Public services:				
Library:				
Wages and benefits	554,660	573,779	555,800	17,979
Travel and training	1,800	6,800	5,562	1,238
Other	352,477	356,056	335,574	20,482
Total library	908,937	936,635	896,936	39,699

City and Borough of Sitka, Alaska

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual, continued

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Harrigan Centennial Hall:				
Wages and benefits	\$ 385,875	\$ 417,500	\$ 427,728	\$ (10,228)
Other	206,692	206,692	193,321	13,371
Total Harrigan Centennial Hall	592,567	624,192	621,049	3,143
Senior Citizen Center - other	97,764	97,764	95,614	2,150
Total public services	1,599,268	1,658,591	1,613,599	44,992
Support:				
Sitka School District	7,374,208	7,374,208	7,374,208	-
Sitka Community Hospital	150,671	150,671	150,671	-
Total support	7,524,879	7,524,879	7,524,879	-
Debt service:				
Principal	67,234	67,234	22,310	44,924
Interest	23,507	23,507	9,375	14,132
Total debt service	90,741	90,741	31,685	59,056
Equipment acquisition	298,000	709,938	261,072	448,866
Total Expenditures	25,625,757	27,196,235	25,450,407	1,570,648
Excess of Revenues Over Expenditures	1,609,011	820,693	3,099,694	2,279,001
Other Financing Sources (Uses)				
Transfers in	2,858,097	2,883,097	2,698,374	(184,723)
Transfers out	(3,960,325)	(5,133,145)	(5,065,148)	67,997
Net Other Financing Uses	(1,102,228)	(2,250,048)	(2,366,774)	(116,726)
Net Change in Fund Balance	\$ 506,783	\$ (1,429,355)	732,920	\$ 2,162,275
Fund Balance, beginning			15,060,172	
Fund Balance, ending			\$ 15,793,092	

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska

Major Governmental Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

School Bond Debt Service Fund

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 2,630,575	\$ 2,630,575	\$ 2,503,167	\$ (127,408)
Expenditures	3,720,350	3,720,350	3,630,440	89,910
Other Financing Sources				
Transfers in	1,482,933	1,482,933	1,490,482	7,549
Change in Fund Balance	\$ 393,158	\$ 393,158	363,209	\$ (29,949)
Fund Balance, beginning			2,061,333	
Fund Balance, ending			\$ 2,424,542	

Permanent Fund

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 581,000	\$ 581,000	\$ 1,138,799	\$ 557,799
Total Revenues	581,000	581,000	1,138,799	557,799
Expenditures	50,400	50,400	48,817	1,583
Total Expenditures	50,400	50,400	48,817	1,583
Other Financing Sources (Uses)				
Transfers in	118,925	118,925	118,925	-
Transfer out	(1,427,097)	(1,427,097)	(1,427,097)	-
Net Other Financing Uses	(1,308,172)	(1,308,172)	(1,308,172)	-
Change in Fund Balance	\$ (777,572)	\$ (777,572)	(218,190)	\$ 559,382
Fund Balance, beginning			24,181,617	
Fund Balance, ending			\$ 23,963,427	

City and Borough of Sitka, Alaska
Public Employees' Retirement System Pension Plan
Schedule of the Borough's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years

Years Ended June 30,	Borough's Proportion of the Net Pension Liability	Borough's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	Borough's Covered Payroll	Borough's		Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
						Proportionate Share of the Net Pension Liability as a Percentage of Payroll	Share of the Net Pension Liability as a Percentage of Payroll	
2019	0.37989%	\$ 18,877,051	\$ 5,466,809	\$ 24,343,860	\$ 11,056,175	170.74%		65.19%
2018	0.35473%	\$ 18,337,623	\$ 6,834,306	\$ 25,171,929	\$ 11,292,193	162.39%		63.37%
2017	0.44663%	\$ 24,965,090	\$ 3,149,104	\$ 28,114,194	\$ 10,552,272	236.58%		59.55%
2016	0.36213%	\$ 17,563,590	\$ 4,706,852	\$ 22,270,442	\$ 12,031,717	145.98%		63.96%
2015	0.26956%	\$ 12,572,647	\$ 10,755,597	\$ 23,328,244	\$ 10,738,358	117.08%		62.37%
2014	*	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*	*

* Data for these years is not available.

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska
Public Employees' Retirement System Pension Plan
Schedule of the Borough's Contributions
Last Ten Fiscal Years

<i>Years Ended June 30,</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Borough's Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	\$ 1,433,032	\$ 1,433,032	\$ -	\$ 11,504,799	12.46%
2018	\$ 1,450,093	\$ 1,450,093	\$ -	\$ 11,056,175	13.12%
2017	\$ 1,274,776	\$ 1,274,776	\$ -	\$ 10,552,272	12.08%
2016	\$ 1,142,815	\$ 1,142,815	\$ -	\$ 10,552,272	10.83%
2015	\$ 1,123,981	\$ 1,123,981	\$ -	\$ 12,031,717	9.34%
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*
2011	*	*	*	*	*
2010	*	*	*	*	*

* Data for these years is not available.

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska

Public Employees' Retirement System OPEB Plan

Schedule of the Borough's Proportionate Share of the Net OPEB Liability - ARHCT Last Ten Fiscal Years

Years Ended June 30,	Borough's Proportion of the Net OPEB Liability	Borough's Proportionate Share of the Net OPEB Liability	State of Alaska Proportionate Share of the Net OPEB Liability	Total Net OPEB Liability	Borough's Covered Payroll	Borough's Proportionate Share of the Net OPEB Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	0.3799%	\$ 3,899,090	\$ 1,132,039	\$ 5,031,129	\$ 11,056,175	35.27%	88.12%
2018	0.3547%	\$ 2,996,375	\$ 1,117,195	\$ 4,113,570	\$ 11,292,193	26.53%	89.68%
2017	*	*	*	*	*	*	*
2016	*	*	*	*	*	*	*
2015	*	*	*	*	*	*	*
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*

* Data for these years is not available.

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska
Public Employees' Retirement System OPEB Plan
Schedule of the Borough's Contributions - ARHCT

Last Ten Fiscal Years

Years Ended June 30,	Contributions		Contribution Deficiency (Excess)	Borough's Covered Payroll	Contributions as a Percentage of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution			
2019	\$ 516,348	\$ 516,348	\$ -	\$ 11,504,799	4.49%
2018	\$ 413,336	\$ 413,336	\$ -	\$ 11,056,175	3.74%
2017	*	*	*	*	*
2016	*	*	*	*	*
2015	*	*	*	*	*
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*
2011	*	*	*	*	*
2010	*	*	*	*	*

* Data for these years is not available.

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska

Public Employees' Retirement System OPEB Plan

Schedule of the Borough's Proportionate Share of the Net OPEB Liability - RMP

Last Ten Fiscal Years

Years Ended June 30,	Borough's Proportion of the Net OPEB Liability	Borough's Proportionate Share of the Net OPEB Liability	State of Alaska Proportionate Share of the Net OPEB Liability	Total Net OPEB Liability	Borough's Covered Payroll	Borough's Proportionate Share of the Net OPEB Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	0.5471%	\$ 69,617	\$ -	\$ 69,617	\$ 11,056,175	0.63%	88.71%
2018	0.5458%	\$ 28,464	\$ -	\$ 28,464	\$ 11,292,193	0.25%	93.98%
2017	*	*	*	*	*	*	*
2016	*	*	*	*	*	*	*
2015	*	*	*	*	*	*	*
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*

* Data for these years is not available.

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska
Public Employees' Retirement System OPEB Plan
Schedule of the Borough's Contributions - RMP

Last Ten Fiscal Years

Years Ended June 30,	Contributions		Contribution Deficiency (Excess)	Borough's Covered Payroll	Contributions as a Percentage of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution			
2019	\$ 61,925	\$ 61,925	\$ -	\$ 11,504,799	0.54%
2018	\$ 63,777	\$ 63,777	\$ -	\$ 11,056,175	0.58%
2017	*	*	*	*	*
2016	*	*	*	*	*
2015	*	*	*	*	*
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*
2011	*	*	*	*	*
2010	*	*	*	*	*

* Data for these years is not available.

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska

Public Employees' Retirement System OPEB Plan

Schedule of the Borough's Proportionate Share of the Net OPEB Liability - ODD
Last Ten Fiscal Years

Years Ended June 30,	Borough's Proportion of the Net OPEB Liability (Asset)	Borough's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	Borough's Covered Payroll	Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
2019	0.5471%	\$ (106,255)	\$ -	\$ (106,255)	\$ 11,056,175	-0.96%	270.62%
2018	0.5458%	\$ (77,445)	\$ -	\$ (77,445)	\$ 11,292,193	-0.69%	212.97%
2017	*	*	*	*	*	*	*
2016	*	*	*	*	*	*	*
2015	*	*	*	*	*	*	*
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*

* Data for these years is not available.

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska
Public Employees' Retirement System OPEB Plan
Schedule of the Borough's Contributions - ODD

Last Ten Fiscal Years

Years Ended June 30,	Contributions		Contribution Deficiency (Excess)	Borough's Covered Payroll	Contributions as a Percentage of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution			
2019	\$ 23,586	\$ 23,586	\$ -	\$ 11,504,799	0.21%
2018	\$ 7,852	\$ 7,852	\$ -	\$ 11,056,175	0.07%
2017	*	*	*	*	*
2016	*	*	*	*	*
2015	*	*	*	*	*
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*
2011	*	*	*	*	*
2010	*	*	*	*	*

* Data for these years is not available.

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska
Notes to Required Supplementary Information
June 30, 2019

1. Public Employees' Retirement System - Schedule of the Borough's Proportionate Share of the Net Pension Liability

This table is presented based on the Plan measurement date. For June 30, 2019, the Plan measurement date is June 30, 2018.

Changes in Assumptions: Amounts reported reflect a change between 2016 and 2017 in the method of allocating the net pension liability from actual contributions to present value of projected future contributions.

There are no other changes in factors that significantly affect trends in the amounts reported in the schedule.

2. Public Employees' Retirement System - Schedule of the Borough's Contributions - Pension Plan

This table is based on the Borough's contributions for each fiscal year presented. These contributions have been reported as a deferred outflow of resources on the Statement of Net Position.

3. Public Employees' Retirement System - Schedule of the Borough's Proportionate Share of the Net OPEB Liability (Asset) - ARHCT, RMP and ODD Plans

These tables are presented based on the Plan measurement date. For June 30, 2019, the Plan measurement dates were June 30, 2018.

Changes in Assumptions: The medical trend rate assumption used for the ARHCT plan was updated to reflect anticipated increases in costs based on recent survey data. An obligation for the Cadillac Tax was added to the June 30, 2017 valuation because it was no longer deemed immaterial due to the updated trend rates and the change to use chained Consumer Price Index (which was part of the Tax Cut and Jobs Act passed in December 2017) to project the tax thresholds in future years.

There are no other changes in factors that significantly affect trends in the amounts reported in the schedule.

4. Public Employees' Retirement System - Schedule of the Borough's Contributions - ARHCT, RMP and ODD Plans

These tables are based on the Borough's contributions for each fiscal year presented. These contributions have been reported as deferred outflow of resources on the Statement of Net Position.

Supplementary Information

City and Borough of Sitka, Alaska
Proprietary Funds - Electric Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Charges for services	\$ 18,724,705	\$ 18,724,705	\$ 17,413,785	\$ (1,310,920)
Nonoperating revenues	1,057,020	1,250,820	2,172,079	921,259
Total Revenues	19,781,725	19,975,525	19,585,864	(389,661)
Expenses				
Operating expenses	9,497,841	9,681,241	8,349,335	1,331,906
Depreciation	-	-	7,849,194	(7,849,194)
Nonoperating expenses	8,677,187	8,677,187	5,998,896	2,678,291
Total Expenses	18,175,028	18,358,428	22,197,425	(3,838,997)
Income (Loss) before Capital Contributions and Transfers	1,606,697	1,617,097	(2,611,561)	(4,228,658)
Capital Contributions	-	-	20,019	20,019
Transfers In	5,000	5,000	39,428	34,428
Change in Net Position	\$ 1,611,697	\$ 1,622,097	(2,552,114)	\$ (4,174,211)
Net Position, beginning			109,867,173	
Net Position, ending			\$ 107,315,059	

Note: Depreciation and Amortization are not budgeted and are included in actual amount.

City and Borough of Sitka, Alaska
Proprietary Funds - Solid Waste Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Operating revenues	\$ 5,085,100	\$ 5,074,800	\$ 4,534,163	\$ (540,637)
Nonoperating revenues	10,300	10,300	16,422	6,122
Total Revenues	5,095,400	5,085,100	4,550,585	(534,515)
Expenses				
Operating expenses	4,585,753	4,596,576	4,441,101	155,475
Depreciation	-	-	168,691	(168,691)
Nonoperating expenses	134,905	134,905	19,131	115,774
Total Expenses	4,720,658	4,731,481	4,628,923	102,558
Change in Net Position	\$ 374,742	\$ 353,619	(78,338)	\$ (431,957)
Net Position, beginning			<u>2,296,778</u>	
Net Position, ending			<u>\$ 2,218,440</u>	

Note: Depreciation and Amortization are not budgeted and are included in actual amount.

City and Borough of Sitka, Alaska
Proprietary Funds - Wastewater Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Operating revenues	\$ 3,403,000	\$ 3,403,000	\$ 3,335,631	\$ (67,369)
Nonoperating revenues	164,200	201,200	321,936	120,736
Total Revenues	3,567,200	3,604,200	3,657,567	53,367
Expenses				
Operating expenses	2,647,345	2,724,593	2,028,095	696,498
Depreciation	-	-	895,228	(895,228)
Nonoperating expenses	478,423	521,946	105,236	416,710
Total Expenses	3,125,768	3,246,539	3,028,559	217,980
Income (Loss) before Capital Contributions and Transfers	441,432	357,661	629,008	271,347
Capital Contributions	-	-	17,139	17,139
Transfers out	-	-	(3,200)	(3,200)
Change in Net Position	\$ 441,432	\$ 357,661	642,947	\$ 285,286
Net Position, beginning			16,641,925	
Net Position, ending			\$ 17,284,872	

Note: Depreciation and Amortization are not budgeted and are included in actual amount.

City and Borough of Sitka, Alaska
Proprietary Funds - Harbor Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Operating revenues	\$ 2,458,849	\$ 2,458,849	\$ 2,546,141	\$ 87,292
Nonoperating revenues	1,308,590	1,215,590	1,698,102	482,512
Total Revenues	3,767,439	3,674,439	4,244,243	569,804
Expenses				
Operating expenses	2,217,554	2,221,623	2,013,743	207,880
Depreciation	-	-	1,375,771	(1,375,771)
Nonoperating expenses	576,807	587,067	287,861	299,206
Total Expenses	2,794,361	2,808,690	3,677,375	(868,685)
Income Before Capital Contributions and Transfers	973,078	865,749	566,868	298,881
Capital Contributions	-	-	64,947	64,947
Transfers in	54,990	72,490	59,892	(12,598)
Change in Net Position	\$ 1,028,068	\$ 938,239	691,707	\$ (246,532)
Net Position, beginning			27,173,075	
Net Position, ending			\$ 27,864,782	

Note: Depreciation and Amortization are not budgeted and are included in actual amount.

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2019	State								
	Police Dept and Forfeitures	Homeland Security Grant	Library Building	Library Donation	SE Economic Development	Gary Paxton Park Sitka Contingency	Tobacco Tax	Commercial Passenger Excise Tax	LID Revolving
Assets									
Equity in central treasury	\$ 9,130	\$ 585	\$ 17,747	\$ 254,552	\$ 2,167,073	\$ 625,482	\$ 7,089	\$ 569,594	\$ 1,133,912
Receivables:									
Taxes	-	-	-	-	-	-	81,199	-	-
Special assessments	-	-	-	-	-	-	-	-	18,614
Federal and State of Alaska	-	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	573,228	-	-	-	-
Prepaid items	5	-	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	1,362,853	-	-	-	-
Allowance uncollectible notes	-	-	-	-	(637,508)	-	-	-	-
Total Assets	\$ 9,135	\$ 585	\$ 17,747	\$ 254,552	\$ 3,465,646	\$ 625,482	\$ 88,288	\$ 569,594	\$ 1,152,526
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	-	-	-	-	-	-
Due to other funds	-	5,772	-	-	-	-	-	-	-
Total Liabilities	-	5,772	-	-	-	-	-	-	-
Deferred Inflows of Resources									
Deferred assessments	-	-	-	-	-	-	-	-	18,614
Fund Balances (Deficit)									
Nonspendable	5	-	-	-	-	-	-	-	-
Restricted	-	-	17,747	254,552	-	-	-	569,594	-
Committed	-	-	-	-	3,465,646	-	-	-	-
Assigned	9,130	-	-	-	-	625,482	88,288	-	1,133,912
Unassigned (deficit)	-	(5,187)	-	-	-	-	-	-	-
Total Fund Balances (Deficit)	9,135	(5,187)	17,747	254,552	3,465,646	625,482	88,288	569,594	1,133,912
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	\$ 9,135	\$ 585	\$ 17,747	\$ 254,552	\$ 3,465,646	\$ 625,482	\$ 88,288	\$ 569,594	\$ 1,152,526

City and Borough of Sitka, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet, continued

June 30, 2019	LID Guaranty	Raw Water Sales	Fisheries Enhance- ment	Pet Adoption	Visitor Enhance- ment	Student Travel	Utility Subsidization	Capital Project	Nonmajor Governmental Funds	Total
Assets										
Equity in central treasury	\$ 278,676	\$ 849,550	\$ 1,441	\$ 64,574	\$ 64,596	\$ 7,329	\$ 370,556	\$ 6,796,026	\$ 13,217,912	
Receivables:										
Taxes	-	-	-	-	196,301	-	-	-	277,500	
Special assessments	-	-	-	-	-	-	-	-	18,614	
Federal and State of Alaska	-	-	-	-	-	-	-	41,560	41,560	
Advances to other funds	-	-	-	-	-	-	-	-	573,228	
Prepaid items	-	-	-	-	-	-	-	-	5	
Notes receivable	-	-	-	-	-	-	-	-	1,362,853	
Allowance uncollectible notes	-	-	-	-	-	-	-	-	(637,508)	
Total Assets	\$ 278,676	\$ 849,550	\$ 1,441	\$ 64,574	\$ 260,897	\$ 7,329	\$ 370,556	\$ 6,837,586	\$ 14,854,164	
Liabilities										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 6	\$ -	\$ -	\$ 522,582	\$ 522,588	
Unearned revenue	-	10,000	-	-	-	-	-	-	10,000	
Due to other funds	-	-	-	-	-	-	-	-	5,772	
Total Liabilities	-	10,000	-	-	6	-	-	522,582	538,360	
Deferred Inflows of Resources										
Deferred assessments	-	-	-	-	-	-	-	-	18,614	
Fund Balances (Deficit)										
Nonspendable	-	-	-	-	-	-	-	-	5	
Restricted	-	-	-	-	-	-	-	-	841,893	
Committed	-	-	-	-	-	-	-	6,315,004	9,780,650	
Assigned	278,676	839,550	1,441	64,574	260,891	7,329	370,556	-	3,679,829	
Unassigned (deficit)	-	-	-	-	-	-	-	-	(5,187)	
Total Fund Balances (Deficit)	278,676	839,550	1,441	64,574	260,891	7,329	370,556	6,315,004	14,297,190	
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	\$ 278,676	\$ 849,550	\$ 1,441	\$ 64,574	\$ 260,897	\$ 7,329	\$ 370,556	\$ 6,837,586	\$ 14,854,164	

City and Borough of Sitka, Alaska
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

	Special Revenue Funds									
	Police Dept and Forfeitures	State Homeland Security Grant	Library Building	Library Donation	Southeast Economic Development	Gary Paxton Park Contingency	Sitka Tobacco Tax	Commercial Passenger Excise Tax	LID Revolving	
<i>June 30, 2019</i>										
Revenues										
Bed taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tobacco taxes	-	-	-	-	-	-	836,530	-	-	-
State sources	1,039	-	-	-	-	-	-	-	-	-
Federal sources	31,090	-	-	-	-	-	-	-	-	-
Commercial passenger excise tax	-	-	-	-	-	-	-	396,800	-	-
Investment income (loss)	148	-	767	10,944	149,105	27,310	1,576	26,969	50,298	-
Other	-	-	-	4,087	-	-	-	-	5,130	-
Total Revenues	32,277	-	767	15,031	149,105	27,310	838,106	423,769	55,428	
Expenditures										
Current:										
Public safety	32,055	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	150,000	214	-
Public services	-	-	-	2,016	-	-	848,163	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Total Expenditures	32,055	-	-	2,016	-	-	848,163	150,000	214	
Excess of Revenues Over (Under) Expenditures	222	-	767	13,015	149,105	27,310	(10,057)	273,769	55,214	
Other Financing Sources (Uses)										
Transfers in	-	-	-	-	-	-	-	14,175	-	-
Transfers out	-	-	-	-	(50,380)	(13,701)	-	(325,493)	(24,919)	-
Net Other Financing Sources (Uses)	-	-	-	-	(50,380)	(13,701)	-	(311,318)	(24,919)	
Net Change in Fund Balances	222	-	767	13,015	98,725	13,609	(10,057)	(37,549)	30,295	
Fund Balances (Deficit), beginning	8,913	(5,187)	16,980	241,537	3,366,921	611,873	98,345	607,143	1,103,617	
Fund Balances (Deficit), ending	\$ 9,135	\$ (5,187)	\$ 17,747	\$ 254,552	\$ 3,465,646	\$ 625,482	\$ 88,288	\$ 569,594	\$ 1,133,912	

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances, continued

June 30, 2019	Special Revenue Funds										Total
	LID Guaranty	Raw Water Sales	Fisheries Enhancement	Pet Adoption	Visitor Enhancement	Student Travel Fund	Utility Subsidization	Capital Projects Fund	Nonmajor Governmental Funds		
Revenues											
Bed taxes	\$ -	\$ -	- \$	- \$	\$ 553,911	\$ -	- \$	- \$	- \$	\$ 553,911	
Tobacco taxes	-	-	-	-	-	-	-	-	-	836,530	
State sources	-	-	-	-	-	2,400	-	575,958	-	579,397	
Federal sources	-	-	-	-	-	-	-	77,617	-	108,707	
Commercial passenger excise tax	-	-	-	-	-	-	-	-	-	396,800	
Investment income (loss)	12,202	36,653	(91)	1,196	3,137	144	14,259	56,002	-	390,619	
Other	-	1,200	-	14,611	-	-	-	-	-	25,028	
Total Revenues	12,202	37,853	(91)	15,807	557,048	2,544	14,259	709,577		2,890,992	
Expenditures											
Current:											
Public safety	-	-	-	4,132	-	-	-	-	-	36,187	
Public works	-	-	36,008	-	-	-	-	-	-	186,222	
Public services	-	-	-	-	450,542	-	-	-	-	1,300,721	
Capital outlay	-	-	-	-	-	-	-	1,938,407	-	1,938,407	
Total Expenditures	-	-	36,008	4,132	450,542	-	-	1,938,407		3,461,537	
Excess of Revenues Over (Under) Expenditures	12,202	37,853	(36,099)	11,675	106,506	2,544	14,259	(1,228,830)		(570,545)	
Other Financing Sources (Uses)											
Transfers in	-	-	37,227	-	-	-	-	3,550,880	-	3,602,282	
Transfers out	(6,139)	-	-	-	(200,000)	-	(39,428)	(1,029,394)	-	(1,689,454)	
Net Other Financing Sources (Uses)	(6,139)	-	37,227	-	(200,000)	-	(39,428)	2,521,486		1,912,828	
Net Change in Fund Balances	6,063	37,853	1,128	11,675	(93,494)	2,544	(25,169)	1,292,656		1,342,283	
Fund Balances (Deficit), beginning	272,613	801,697	313	52,899	354,385	4,785	395,725	5,022,348		12,954,907	
Fund Balances (Deficit), ending	\$ 278,676	\$ 839,550	\$ 1,441	\$ 64,574	\$ 260,891	\$ 7,329	\$ 370,556	\$ 6,315,004		\$ 14,297,190	

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Police Department and Forfeitures Special Revenue Fund

<i>June 30, 2019</i>	Original Budget		Final Budget		Actual	Variance
Revenues	\$	137,000	\$	143,000	\$ 32,277	\$ (110,723)
Expenditures		129,327		135,327	32,055	103,272
Excess of Revenues Over (Under) Expenditures	\$	7,673	\$	7,673	222	\$ (7,451)
Fund Balance, beginning					8,913	
Fund Balance, ending					\$ 9,135	

Homeland Security Grant Special Revenue Fund

<i>June 30, 2019</i>	Original Budget		Final Budget		Actual	Variance
Revenues	\$	100,000	\$	100,000	\$ -	\$ (100,000)
Expenditures		100,000		100,000	-	100,000
Excess of Revenues Over (Under) Expenditures	\$	-	\$	-	-	\$ -
Fund Balance, beginning					(5,187)	
Fund Balance, ending					\$ (5,187)	

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Library Building Special Revenue Fund

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 400	\$ 400	\$ 767	\$ 367
Expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	\$ 400	\$ 400	767	\$ 367
Fund Balance, beginning			16,980	
Fund Balance, ending			\$ 17,747	

Library Donation Special Revenue Fund

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 7,500	\$ 7,500	\$ 15,031	\$ 7,531
Expenditures	5,000	5,000	2,016	2,984
Excess of Revenues Over (Under) Expenditures	\$ 2,500	\$ 2,500	13,015	\$ 10,515
Fund Balance, beginning			241,537	
Fund Balance, ending			\$ 254,552	

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Southeast Alaska Economic Development Special Revenue Fund

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 107,132	\$ 107,132	\$ 149,105	\$ 41,973
Expenditures	-	-	-	-
Other Financing Uses				
Transfers out	(578,210)	(578,210)	(50,380)	527,830
Net Other Financing Uses	(578,210)	(578,210)	(50,380)	527,830
Net Change in Fund Balance	\$ (471,078)	\$ (471,078)	98,725	\$ 569,803
Fund Balance, beginning			3,366,921	
Fund Balance, ending			\$ 3,465,646	

Gary Paxton Industrial Park Contingency Special Revenue Fund

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 17,000	\$ 17,000	\$ 27,310	\$ 10,310
Expenditures	3,000	3,000	-	3,000
Other Financing Uses				
Transfers out	-	(9,559)	(13,701)	(4,142)
Net Other Financing Uses	-	(9,559)	(13,701)	(4,142)
Net Change in Fund Balance	\$ 14,000	\$ 4,441	13,609	\$ 9,168
Fund Balance, beginning			611,873	
Fund Balance, ending			\$ 625,482	

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Sitka Tobacco Tax Special Revenue Fund

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 831,500	\$ 831,500	\$ 838,106	\$ 6,606
Expenditures	831,500	831,500	848,163	(16,663)
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	(10,057)	\$ (10,057)
Fund Balance, beginning			98,345	
Fund Balance, ending			<u>\$ 88,288</u>	

Commercial Passenger Excise Tax Special Revenue Fund

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 380,500	\$ 380,500	\$ 423,769	\$ 43,269
Expenditures	151,200	151,200	150,000	1,200
Other Financing Sources (Uses)				
Transfers in	-	-	14,175	14,175
Transfers out	(323,060)	(323,060)	(325,493)	(2,433)
Net Other Financing Sources (Uses)	(323,060)	(323,060)	(311,318)	11,742
Net Change in Fund Balance	<u>\$ (93,760)</u>	<u>\$ (93,760)</u>	(37,549)	<u>\$ 53,811</u>
Fund Balance, beginning			607,143	
Fund Balance, ending			<u>\$ 569,594</u>	

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Local Improvement District Revolving Special Revenue Fund

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ -	\$ -	\$ 55,428	\$ 55,428
Expenditures	500	500	214	286
Other Financing Sources (Uses)				
Transfers out	(23,000)	(23,000)	(24,919)	(1,919)
Net Other Financing Sources (Uses)	(23,000)	(23,000)	(24,919)	(1,919)
Net Change in Fund Balance	\$ (23,500)	\$ (23,500)	30,295	\$ 53,795
Fund Balance, beginning			1,103,617	
Fund Balance, ending			\$ 1,133,912	

Local Improvement District Guaranty Special Revenue Fund

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 5,500	\$ 5,500	\$ 12,202	\$ 6,702
Expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfers out	(8,000)	(8,000)	(6,139)	1,861
Net Other Financing Sources (Uses)	(8,000)	(8,000)	(6,139)	1,861
Net Change in Fund Balance	\$ (2,500)	\$ (2,500)	6,063	\$ 8,563
Fund Balance, beginning			272,613	
Fund Balance, ending			\$ 278,676	

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Raw Water Sales Special Revenue Fund

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 20,000	\$ 20,000	\$ 37,853	\$ 17,853
Expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfers out	(100,000)	(100,000)	-	100,000
Net Other Financing Sources (Uses)	(100,000)	(100,000)	-	100,000
Net Change in Fund Balance	\$ (80,000)	\$ (80,000)	37,853	\$ 117,853
Fund Balance, beginning			801,697	
Fund Balance, ending			\$ 839,550	

Fisheries Enhancement Special Revenue Fund

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ -	\$ -	\$ (91)	\$ (91)
Expenditures	45,000	45,000	36,008	8,992
Other Financing Sources (Uses)				
Transfers in	45,000	45,000	37,227	(7,773)
Net Other Financing Sources (Uses)	45,000	45,000	37,227	(7,773)
Net Change in Fund Balance	\$ -	\$ -	1,128	\$ 1,128
Fund Balance, beginning			313	
Fund Balance, ending			\$ 1,441	

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Pet Adoption Special Revenue Fund

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 400	\$ 400	\$ 15,807	\$ 15,407
Expenditures	1,000	4,133	4,132	1
Excess of Revenues Over (Under) Expenditures	\$ (600)	\$ (3,733)	11,675	\$ 15,408
Fund Balance, beginning			52,899	
Fund Balance, ending			\$ 64,574	

Bed Tax/Visitor Enhancement Special Revenue Fund

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 577,000	\$ 577,000	\$ 557,048	\$ (19,952)
Expenditures	481,000	468,912	450,542	18,370
Other Financing Sources (Uses)				
Transfers out	(200,000)	(200,000)	(200,000)	-
Net Other Financing Sources (Uses)	(200,000)	(200,000)	(200,000)	-
Net Change in Fund Balance	\$ (104,000)	\$ (91,912)	(93,494)	\$ (1,582)
Fund Balance, beginning			354,385	
Fund Balance, ending			\$ 260,891	

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Student Travel Special Revenue Fund

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 2,500	\$ 2,500	\$ 2,544	\$ 44
Expenditures	2,500	2,500	-	2,500
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	2,544	\$ 2,544
Fund Balance, beginning			4,785	
Fund Balance, ending			\$ 7,329	

Utility Subsidization Special Revenue Fund

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ -	\$ -	\$ 14,259	\$ 14,259
Expenditures	400,000	200,000	-	200,000
Other Financing Sources (Uses)				
Transfers out	(200,000)	(243,800)	(39,428)	204,372
Net Other Financing Sources (Uses)	(200,000)	(243,800)	(39,428)	204,372
Net Change in Fund Balance	\$ (600,000)	\$ (443,800)	(25,169)	\$ 418,631
Fund Balance, beginning			395,725	
Fund Balance, ending			\$ 370,556	

City and Borough of Sitka, Alaska

Capital Projects Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 1,674,713	\$ 1,674,713	\$ 709,577	\$ (965,136)
Expenditures	433,773	5,117,907	1,938,407	3,179,500
Other Financing Sources (Uses)	2,663,060	3,550,880	3,550,880	-
Transfers out	(1,000,000)	(1,000,000)	(1,029,394)	(29,394)
Net Other Financing Sources (Uses)	1,663,060	2,550,880	2,521,486	29,394
Net Change in Fund Balance	\$ 2,904,000	\$ (892,314)	1,292,656	\$ 2,243,758
Fund Balance, beginning			5,022,348	
Fund Balance, ending			\$ 6,315,004	

City and Borough of Sitka, Alaska
Nonmajor Enterprise Funds
Combining Statement of Net Position

<i>June 30, 2019</i>	Water	Gary Paxton Industrial Park	Airport	Marine Service Center	Total Nonmajor Enterprise
Assets					
Current Assets					
Equity in central treasury	\$ 2,911,107	\$ 863,149	\$ 5,262,698	\$ 1,988,002	\$ 11,024,956
Receivables:					
Trade accounts receivable and other	214,602	16,325	48,783	76,215	355,925
Allowance for uncollectibles	(29,169)	-	-	-	(29,169)
Federal and State of Alaska	370,788	-	16,836	-	387,624
Current portion of note receivable	-	8,649	-	-	8,649
Inventories	223,897	-	-	-	223,897
Prepaid expenses	-	-	11,203	-	11,203
Total Current Assets	3,691,225	888,123	5,339,520	2,064,217	11,983,085
Noncurrent Assets					
Equity in central treasury	-	-	340,632	-	340,632
Bond covenant accounts	-	27,968	-	-	27,968
Notes receivable	23,483	-	-	-	23,483
Water rights	-	-	-	-	-
Capital assets:					
Property, plant and equipment	45,320,588	19,973,439	5,206,983	3,506,392	74,007,402
Construction in progress	1,229,746	37,524	470,703	15,755	1,753,728
Less accumulated depreciation	(17,812,101)	(2,646,795)	(3,215,908)	(3,269,309)	(26,944,113)
Total capital assets, net of accumulated depreciation	28,738,233	17,364,168	2,461,778	252,838	48,817,017
Total Noncurrent Assets	28,761,716	17,392,136	2,802,410	252,838	49,209,100
Total Assets	32,452,941	18,280,259	8,141,930	2,317,055	61,192,185
Deferred Outflows of Resources					
Deferred Outflows of Resources related to OPEB	28,396	-	-	-	28,396
Deferred Outflows of Resources related to pensions	37,575	-	-	-	37,575
Total Deferred Outflows of Resources	65,971	-	-	-	65,971
Total Assets and Deferred Outflows of Resources	\$ 32,518,912	\$ 18,280,259	\$ 8,141,930	\$ 2,317,055	\$ 61,258,156
Liabilities and Net Position					
Current Liabilities					
Accounts payable and accrued liabilities	\$ 29,690	\$ 8,875	\$ 6,649	\$ -	\$ 45,214
Interest payable	32,391	-	84,270	-	116,661
Current portion:					
Revenue bonds	-	-	135,000	-	135,000
Notes payable	433,965	-	-	-	433,965
Compensated absences	27,354	-	-	-	27,354
Total Current Liabilities	523,400	8,875	225,919	-	758,194
Noncurrent Liabilities					
Advances from other funds	-	99,564	-	-	99,564
Bonds, notes, and unamortized bond premiums	6,373,199	-	4,218,118	-	10,591,317
Compensated Absences	-	-	-	-	-
Net other postemployment benefits liability	81,835	-	-	-	81,835
Net pension liability	354,300	-	-	-	354,300
Total Noncurrent Liabilities	6,809,334	99,564	4,218,118	-	11,127,016
Total Liabilities	7,332,734	108,439	4,444,037	-	11,885,210
Deferred Inflows of Resources					
Deferred Inflows of Resources related to OPEB	34,882	-	-	-	34,882
Deferred Inflows of Resources related to pensions	18,177	-	-	-	18,177
Net Position					
Net investment in capital assets	21,931,069	17,364,168	(1,891,340)	252,838	37,656,735
Restricted for debt service	-	-	340,632	-	340,632
Unrestricted	3,202,050	807,652	5,248,601	2,064,217	11,322,520
Total Net Position	25,133,119	18,171,820	3,697,893	2,317,055	49,319,887
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 32,518,912	\$ 18,280,259	\$ 8,141,930	\$ 2,317,055	\$ 61,258,156

City and Borough of Sitka, Alaska

Nonmajor Enterprise Funds

Combining Statement of Revenues, Expenses and Changes in Net Position

<i>June 30, 2019</i>	Water	Gary Paxton Industrial Park	Airport	Marine Service Center	Total Nonmajor Enterprise Funds
Operating Revenues					
Charges for service	\$ 2,833,141	\$ 136,427	\$ 805,441	\$ 167,224	\$ 3,942,233
Other operating revenues	36,861	-	-	-	36,861
Total Operating Revenues	2,870,002	136,427	805,441	167,224	3,979,094
Operating Expenses					
Wages and benefits	339,948	-	-	-	339,948
Travel and training	8,633	-	-	-	8,633
Utilities	94,997	38,808	106,532	89,990	330,327
Repair and maintenance	80,162	4,061	64,759	49,334	198,316
Contracted/purchased services	50,421	95,444	80,024	904	226,793
Interdepartmental services	512,436	73,191	112,617	8,294	706,538
Other	184,530	63,145	10,908	4,794	263,377
Depreciation and amortization	1,327,201	432,666	170,300	31,561	1,961,728
Total Operating Expenses	2,598,328	707,315	545,140	184,877	4,035,660
Income (Loss) from Operations	271,674	(570,888)	260,301	(17,653)	(56,566)
Nonoperating Revenues (Expenses)					
Investment income	109,030	56,867	93,759	87,429	347,085
Interest expense	(93,941)	(4,854)	(43,839)	-	(142,634)
State PERS relief	4,633	-	-	-	4,633
Other	-	(20,000)	(30,107)	-	(50,107)
Net Nonoperating Revenues (Expenses)	19,722	32,013	19,813	87,429	158,977
Income (Loss) Before Contributions and Transfers	291,396	(538,875)	280,114	69,776	102,411
Capital contributions	-	-	39,043	-	39,043
Transfers in	-	13,701	-	-	13,701
Transfers out	(3,200)	(5,232)	-	-	(8,432)
Change in Net Position	288,196	(530,406)	319,157	69,776	146,723
Net Position, beginning	24,844,923	18,702,226	3,378,736	2,247,279	49,173,164
Net Position, ending	\$ 25,133,119	\$ 18,171,820	\$ 3,697,893	\$ 2,317,055	\$ 49,319,887

City and Borough of Sitka, Alaska

Nonmajor Enterprise Funds
Combining Statement of Cash Flows

	Water	Gary Paxton Industrial Park	Airport	Marine Service Center	Total Nonmajor Enterprise Funds
<i>June 30, 2019</i>					
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 2,903,204	\$ 210,063	\$ 778,828	\$ 115,405	\$ 4,007,500
Payments to suppliers	(441,255)	(206,118)	(202,372)	(145,022)	(994,767)
Payments for interfund services used	(512,436)	(73,191)	(112,617)	(8,294)	(706,538)
Payments to employees	(362,807)	-	-	-	(362,807)
Net cash flows from (for) operating activities	1,586,706	(69,246)	463,839	(37,911)	1,943,388
Cash Flows for Capital and Related Financing Activities					
Capital outlay	(778,659)	(9,393)	(182,928)	(15,755)	(986,735)
Interest paid	(93,941)	(4,854)	(60,056)	-	(158,851)
Issuance of long-term debt	-	-	4,369,335	-	4,369,335
Decrease in bond covenant accounts	-	-	(340,632)	-	(340,632)
Payments on bonds and notes payable	(433,365)	-	-	-	(433,365)
Government grants and loans for construction received	764,732	-	39,043	-	803,775
Repayment of advances	-	(49,782)	-	-	(49,782)
Transfers in from other funds	-	13,701	-	-	13,701
Transfers to other funds	(3,200)	(5,232)	-	-	(8,432)
Net cash flows from (for) capital and related financing activities	(544,433)	(55,560)	3,824,762	(15,755)	3,209,014
Cash Flows from Investing Activities - Interest received	109,031	56,866	93,758	87,429	347,084
Net Increase (Decrease) in Cash and Cash Equivalents	1,151,304	(67,940)	4,382,359	33,763	5,499,486
Cash and Cash Equivalents, beginning	1,759,803	931,089	880,339	1,954,239	5,525,470
Cash and Cash Equivalents, ending	\$ 2,911,107	\$ 863,149	\$ 5,262,698	\$ 1,988,002	\$ 11,024,956
Reconciliation of Income (Loss) from Operations to Net Cash Flows from Operating Activities					
Income (loss) from operations	\$ 271,674	\$ (570,888)	\$ 260,301	\$ (17,653)	\$ (56,566)
Adjustments to reconcile income (loss) from operations to net cash flows from (for) operating activities:					
Depreciation and amortization	1,327,201	432,666	170,300	31,561	1,961,728
State PERS relief	4,633	-	-	-	4,633
Other	-	(20,000)	(30,107)	-	(50,107)
(Increase) decrease in assets and deferred outflows of resources:					
Accounts receivable (net)	33,202	93,636	3,494	(51,819)	78,513
Inventory	(5,183)	-	-	-	(5,183)
Prepaid expenses	-	-	(11,203)	-	(11,203)
Deferred outflow of resources related to OPEB	(17,604)	-	-	-	(17,604)
Deferred outflow of resources related to pensions	(5,087)	-	-	-	(5,087)
Increase (decrease) in liabilities and deferred inflows of resources:					
Accounts payable and accrued liabilities	(17,329)	(4,660)	71,054	-	49,065
Compensated absences	9,108	-	-	-	9,108
Net other postemployment benefit liability	16,566	-	-	-	16,566
Net pension liability	9,765	-	-	-	9,765
Deferred inflows of resources related to OPEB	(2,740)	-	-	-	(2,740)
Deferred inflows of resources related to pensions	(37,500)	-	-	-	(37,500)
Net Cash Flows from (for) Operating Activities	\$ 1,586,706	\$ (69,246)	\$ 463,839	\$ (37,911)	\$ 1,943,388

City and Borough of Sitka, Alaska
Water Enterprise Fund
Schedule of Revenues, Expenses and Changes in Net Position -
Budget and Actual

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Operating revenues	\$ 3,355,700	\$ 3,355,700	\$ 2,870,002	\$ (485,698)
Nonoperating revenues	74,400	88,400	113,663	25,263
Total Revenues	3,430,100	3,444,100	2,983,665	(460,435)
Expenses				
Operating expenses	1,547,090	1,519,410	1,271,127	248,283
Depreciation	-	-	1,327,201	(1,327,201)
Nonoperating expenses	563,321	859,425	93,941	765,484
Total Expenses	2,110,411	2,378,835	2,692,269	(313,434)
Income Before Transfers	1,319,689	1,065,265	291,396	773,869
Transfers in	50,000	50,000	-	(50,000)
Transfers out	-	-	(3,200)	(3,200)
Change in Net Position	\$ 1,319,689	\$ 1,065,265	288,196	\$ (777,069)
Net Position, beginning			24,844,923	
Net Position, ending			\$ 25,133,119	

Note: Depreciation and amortization are not budgeted but are included in at actual amount.

City and Borough of Sitka, Alaska
Gary Paxton Industrial Park Enterprise Fund
Schedule of Revenues, Expenses and Changes in Net Position -
Budget and Actual

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Operating revenues	\$ -	\$ 40,500	\$ 136,427	\$ 95,927
Nonoperating revenues	182,000	182,000	56,867	(125,133)
Total Revenues	182,000	222,500	193,294	(29,206)
Expenses				
Operating expenses	265,052	285,052	274,649	10,403
Depreciation	-	-	432,666	(432,666)
Nonoperating expenses	54,637	54,637	24,854	29,783
Total Expenses	319,689	339,689	732,169	(392,480)
Loss Before Transfers	(137,689)	(117,189)	(538,875)	421,686
Transfers in	50,000	50,000	13,701	(36,299)
Transfers out	(20,000)	(20,000)	(5,232)	14,768
Change in Net Position	\$ (107,689)	\$ (87,189)	(530,406)	\$ (443,217)
Net Position, beginning			18,702,226	
Net Position, ending			\$ 18,171,820	

Note: Depreciation and amortization are not budgeted and are included at actual amounts.

City and Borough of Sitka, Alaska
Airport Terminal Fund Enterprise Fund
Schedule of Revenues, Expenses and Changes in Net Position -
Budget and Actual

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Operating revenues	\$ 424,000	\$ 424,000	\$ 805,441	\$ 381,441
Nonoperating revenues	331,000	331,000	93,759	(237,241)
Total Revenues	755,000	755,000	899,200	144,200
Expenses				
Operating expenses	383,684	393,684	374,840	18,844
Depreciation	-	-	170,300	(170,300)
Nonoperating expenses	124,000	151,170	73,946	77,224
Total Expenses	507,684	544,854	619,086	(74,232)
Income Before Capital Contributions	247,316	210,146	280,114	69,968
Capital contributions	-	-	39,043	39,043
Change in Net Position	\$ 247,316	\$ 210,146	319,157	\$ 109,011
Net Position, beginning			3,378,736	
Net Position, ending			\$ 3,697,893	

Note: Depreciation and Amortization are not budgeted and are included in actual amount.

City and Borough of Sitka, Alaska
Marine Service Center Enterprise Fund
Schedule of Revenues, Expenses and Changes in Net Position -
Budget and Actual

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Operating revenues	\$ 124,632	\$ 124,632	\$ 167,224	\$ 42,592
Nonoperating revenues	35,000	35,000	87,429	52,429
Total Revenues	159,632	159,632	254,653	95,021
Expenses				
Operating expenses	171,306	175,506	153,316	22,190
Depreciation	-	-	31,561	(31,561)
Total Expenses	171,306	175,506	184,877	(9,371)
Change in Net Position	\$ (11,674)	\$ (15,874)	69,776	\$ 85,650
Net Position, beginning			2,247,279	
Net Position, ending			\$ 2,317,055	

Note: Depreciation and Amortization are not budgeted and are included in actual amount.

City and Borough of Sitka, Alaska

Internal Service Funds
Combining Statement of Net Position

June 30, 2019	Information Technology	Central Garage	Building Maintenance	Total Internal Service Funds
Assets and Deferred Outflows of Resources				
Current Assets				
Equity in central treasury	\$ 492,028	\$ 4,332,374	\$ 1,396,336	\$ 6,220,738
Total Current Assets	492,028	4,332,374	1,396,336	6,220,738
Noncurrent Assets				
Capital assets:				
Property, plant and equipment	2,482,368	8,795,688	32,459	11,310,515
Construction in progress	190,000	394,942	-	584,942
Less accumulated depreciation	(1,973,666)	(5,450,362)	(26,738)	(7,450,766)
Total capital assets, net of Accumulated depreciation	698,702	3,740,268	5,721	4,444,691
Total Noncurrent Assets	698,702	3,740,268	5,721	4,444,691
Total Assets	1,190,730	8,072,642	1,402,057	10,665,429
Deferred Outflows of Resources				
Deferred Outflows of resources related to other postemployment benefits	34,504	16,952	27,651	79,107
Deferred Outflows of resources related to pensions	57,095	16,565	30,820	104,480
Total Assets and Deferred Outflows of Resources	\$ 1,282,329	8,106,159	\$ 1,460,528	\$ 10,849,016
Liabilities, Deferred Inflows of Resources and Net Position				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 8,245	\$ 19,149	\$ 16,040	\$ 43,434
Compensated absences	15,154	10,006	17,929	43,089
Total Current Liabilities	23,399	29,155	33,969	86,523
Noncurrent Liabilities				
Advances from other funds	353,308	100,000	-	453,308
Net other postemployment benefits liability	93,831	42,949	73,194	209,974
Net pension liability	458,002	163,563	295,202	916,767
Total Noncurrent Liabilities	905,141	306,512	368,396	1,580,049
Total Liabilities	928,540	335,667	402,365	1,666,572
Deferred Inflows of Resources				
Deferred inflows of resources related to other postemployment benefits	38,387	16,614	29,337	84,338
Deferred inflows of resources related to pensions	14,774	2,294	8,320	25,388
Net Position				
Net investment in capital assets	698,702	3,740,268	5,721	4,444,691
Unrestricted (deficit)	(398,074)	4,011,316	1,014,785	4,628,027
Total Net Position	300,628	7,751,584	1,020,506	9,072,718
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 1,282,329	\$ 8,106,159	\$ 1,460,528	\$ 10,849,016

City and Borough of Sitka, Alaska

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Net Position

<i>June 30, 2019</i>	Information Technology	Central Garage	Building Maintenance	Total Internal Service Funds
Operating Revenues				
Charges for service	\$ 1,556,140	\$ 1,795,193	\$ 503,199	\$ 3,854,532
Other operating revenues	895	12,110	-	13,005
Total Operating Revenues	1,557,035	1,807,303	503,199	3,867,537
Operating Expenses				
Wages and benefits	389,458	209,702	327,696	926,856
Travel and training	6,857	141	-	6,998
Utilities	187,358	40,860	1,980	230,198
Repair and maintenance	139,769	66,230	9,767	215,766
Contracted/purchased services	134,251	296,386	183,374	614,011
Interdepartmental services	95,000	136,426	115,990	347,416
Other	79,796	2,178	44,414	126,388
Depreciation and amortization	195,144	486,079	878	682,101
Total Operating Expenses	1,227,633	1,238,002	684,099	3,149,734
Income (Loss) from Operations	329,402	569,301	(180,900)	717,803
Nonoperating Revenues (Expenses)				
Investment income	8,196	170,755	62,641	241,592
Interest expense	(14,132)	(7,500)	-	(21,632)
State PERS relief	5,919	3,070	4,847	13,836
Gain on sale of capital assets	-	13,507	-	13,507
Net Nonoperating Revenues (Expenses)	(17)	179,832	67,488	247,303
Income (Loss) Before Transfers	329,385	749,133	(113,412)	965,106
Transfers in	285,000	225,067	50,380	560,447
Transfers out	(360,000)	-	(30,200)	(390,200)
Change in Net Position	254,385	974,200	(93,232)	1,135,353
Net Position, beginning	46,243	6,777,384	1,113,738	7,937,365
Net Position, ending	\$ 300,628	\$ 7,751,584	\$ 1,020,506	\$ 9,072,718

City and Borough of Sitka, Alaska

Internal Service Funds
Combining Statement of Cash Flows

June 30, 2019	Information Technology	Central Garage	Building Maintenance	Total Internal Service Funds
Cash Flows from (for) Operating Activities				
Receipts from customers and users	\$ 1,557,035	\$ 1,807,303	\$ 503,199	\$ 3,867,537
Payments to suppliers	(541,230)	(462,770)	(235,068)	(1,239,068)
Payments for interfund services used	(95,000)	(136,426)	(115,990)	(347,416)
Payments to employees	(433,269)	(205,630)	(276,132)	(915,031)
Net cash flows from (for) operating activities	487,536	1,002,477	(123,991)	1,366,022
Cash Flows from (for) Noncapital Financing Activities				
Advances (repayments of advances)	300,249	(50,000)	-	250,249
Transfers from other funds	(75,000)	225,067	20,180	170,247
Net cash flows from noncapital financing activities	225,249	175,067	20,180	420,496
Cash Flows for Capital and Related Financing Activities				
Capital outlay	(217,228)	(608,946)	-	(826,174)
Interest paid	(14,132)	(7,500)	-	(21,632)
Net cash flows for capital and related financing activities	(231,360)	(616,446)	-	(847,806)
Cash Flows from Investing Activities				
Interest received	8,196	170,756	62,642	241,594
Net Increase (Decrease) in Cash and Cash Equivalents	489,621	731,854	(41,169)	1,180,306
Cash and Cash Equivalents, beginning	-	3,630,592	1,527,067	5,157,659
Cash and Cash Equivalents, ending	\$ 489,621	\$ 4,362,446	\$ 1,485,898	\$ 6,337,965
Reconciliation of Income (Loss) from Operations to Net				
Cash Flows from (for) Operating Activities				
Income (loss) from operations	\$ 329,402	\$ 569,301	\$ (180,900)	\$ 717,803
Adjustments to reconcile income (loss) from operations to net cash flows from (for) operating activities:				
Depreciation and amortization	195,144	486,079	878	682,101
State PERS relief	5,919	3,070	4,847	13,836
(Increase) decrease in assets and deferred outflows of resources:				
Deferred outflows of resources related to other postemployment benefits	22,489	11,665	18,414	52,568
Deferred outflows of resources related to pensions	6,498	3,371	5,321	15,190
Increase (decrease) in liabilities and deferred inflows of resources:				
Accounts payable and accrued liabilities	6,801	(56,975)	4,467	(45,707)
Compensated absences	(568)	(4,818)	(4,561)	(9,947)
Net other postemployment liability	21,163	10,977	17,328	49,468
Net pension liability	(47,906)	6,471	10,215	(31,220)
Deferred inflows of resources related to other postemployment liabilities	(3,500)	(1,815)	-	(5,315)
Deferred inflows of resources related to pensions	(47,906)	(24,849)	-	(72,755)
Net Cash Flows from (for) Operating Activities	\$ 487,536	\$ 1,002,477	\$ (123,991)	\$ 1,366,022

City and Borough of Sitka, Alaska
Information Technology Internal Service Fund
Schedule of Revenues, Expenses and Changes in Net Position -
Budget and Actual

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Operating revenues	\$ 1,554,373	\$ 1,554,373	\$ 1,557,035	\$ 2,662
Nonoperating revenues	13,400	29,400	14,115	(15,285)
Total Revenues	1,567,773	1,583,773	1,571,150	(12,623)
Expenses				
Operating expenses	1,108,091	1,052,113	1,032,489	19,624
Depreciation	-	-	195,144	(195,144)
Nonoperating expenses	200,000	389,999	14,132	375,867
Total Expenses	1,308,091	1,442,112	1,241,765	200,347
Other Financing Sources (Uses)				
Transfers in	471,078	756,078	285,000	(471,078)
Transfers out	(477,769)	(477,769)	(360,000)	117,769
Net Other Financing Sources (Uses)	(6,691)	278,309	(75,000)	(353,309)
Change in Net Position	\$ 252,991	\$ 419,970	254,385	\$ (165,585)
Net Position, beginning			46,243	
Net Position, ending			\$ 300,628	

Note: Depreciation and Amortization are not budgeted and are included in actual amount.

City and Borough of Sitka, Alaska
Central Garage Internal Service Fund
Schedule of Revenues, Expenses and Changes Net Position -
Budget and Actual, continued

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Operating revenues	\$ 1,929,731	\$ 1,929,731	\$ 1,807,303	\$ (122,428)
Nonoperating revenues	88,588	96,588	187,332	90,744
Total Revenues	2,018,319	2,026,319	1,994,635	(31,684)
Expenses				
Operating expenses	842,319	845,859	751,923	93,936
Depreciation	-	-	486,079	(486,079)
Nonoperating expenses	940,500	726,226	7,500	718,726
Total Expenses	1,782,819	1,572,085	1,245,502	326,583
Other Financing Sources				
Transfers in	230,067	230,067	225,067	(5,000)
Net Other Financing Sources	230,067	230,067	225,067	(5,000)
Change in Net Position	\$ 465,567	\$ 684,301	974,200	\$ 289,899
Net Position, beginning			6,777,384	
Net Position, ending			\$ 7,751,584	

Note: Depreciation and Amortization are not budgeted and are included in actual amount.

City and Borough of Sitka, Alaska
Building Maintenance Internal Service Fund
Schedule of Revenues, Expenses and Changes Net Position -
Budget and Actual

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Operating revenues	\$ 639,920	\$ 639,920	\$ 503,199	\$ (136,721)
Nonoperating revenues	104,500	116,500	67,488	(49,012)
Total Revenues	744,420	756,420	570,687	(185,733)
Expenses				
Operating expenses	805,112	828,590	684,099	144,491
Total Expenses	805,112	828,590	684,099	144,491
Other Financing Sources (Uses)				
Transfers in	107,132	107,132	50,380	(56,752)
Transfers out	(5,200)	(30,200)	(30,200)	-
Net Other Financing Sources	101,932	76,932	20,180	(56,752)
Change in Net Position	\$ 41,240	\$ 4,762	(93,232)	\$ (97,994)
Net Position, beginning			<u>1,113,738</u>	
Net Position, ending			<u>\$ 1,020,506</u>	

Note: Depreciation and Amortization are not budgeted and are included in actual amount.

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Statistical Section

Financial Trend Data

These schedules contain trend information that describe how the City and Borough's financial performance has changed over time. Tables 1-4

Revenue Capacity Data

These schedules contain information about the City and Borough's most significant sources of local revenue—property and sales tax. Tables 5-10

Debt Capacity

These schedules provide information on the of the current levels of outstanding debt, its affordability, and the City and Borough's ability to issue additional debt in the future. Tables 11-14

Economic and Demographic Information

These schedules provide economic and demographic indicators to help the reader understand the environment within which the City and Borough's financial activities take place. Tables 15-16

Operating Information

These schedules contain service and infrastructure indicators that describe how the information in the city's financial report relates to the services the city provides and the activities it performs. Tables 17-18

Source:

Unless otherwise noted, information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year.

Table 1

City and Borough of Sitka, Alaska

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year				
	2015	2016	2017	2018	2019
Governmental activities:					
Invested in capital assets, net of related debt	\$ 94,765,479	\$ 111,067,134	\$ 115,405,541	\$ 115,862,733	\$ 114,600,888
Restricted	32,149,739	27,567,141	27,067,460	27,776,873	23,357,825
Unrestricted	22,669,294	21,354,757	16,597,067	15,861,001	23,985,152
Total governmental activities net assets	149,584,512	159,989,032	159,070,068	159,500,607	161,943,865
Business-type activities:					
Invested in capital assets, net of related debt	164,836,448	171,259,337	170,051,853	167,321,108	149,892,960
Restricted	10,445,096	10,470,409	10,583,555	10,748,446	11,901,160
Unrestricted	33,109,400	28,987,128	27,954,746	27,082,561	42,848,761
Total business-type activities net assets	208,390,944	210,716,874	208,590,154	205,152,115	204,642,881
Primary government:					
Invested in capital assets, net of related debt	259,601,927	285,457,394	285,457,394	283,183,841	264,493,848
Restricted	42,594,835	37,651,015	37,651,015	38,525,319	35,258,985
Unrestricted	55,778,694	44,551,813	44,551,813	42,943,562	66,833,913
Total Primary Government Net Assets	\$ 357,975,456	\$ 370,705,906	\$ 367,660,222	\$ 364,652,722	\$ 366,586,746

	Fiscal Year				
	2010	2011	2012	2013	2014
Governmental activities:					
Invested in capital assets, net of related debt	\$ 77,625,556	\$ 84,221,307	\$ 69,758,706	\$ 81,140,841	\$ 86,125,410
Restricted	24,564,026	33,185,178	28,065,049	28,969,693	25,924,835
Unrestricted	25,166,380	31,105,881	31,751,885	28,940,773	37,352,229
Total governmental activities net assets	127,355,962	148,512,366	129,575,640	139,051,307	149,402,474
Business-type activities:					
Invested in capital assets, net of related debt	96,906,077	89,514,065	89,725,575	103,467,052	156,196,702
Restricted	7,047,685	7,917,319	3,495,431	7,359,839	8,992,528
Unrestricted	22,938,329	47,488,067	48,724,671	50,906,747	25,943,451
Total business-type activities net assets	126,892,091	144,919,451	141,945,677	161,733,638	191,132,681
Primary government:					
Invested in capital assets, net of related debt	174,531,633	173,735,372	159,484,281	184,607,893	242,322,112
Restricted	31,611,711	41,102,497	31,560,480	36,329,532	34,917,363
Unrestricted	48,104,709	78,593,948	80,476,556	79,847,520	63,295,680
Total Primary Government Net Assets	\$ 254,248,053	\$ 293,431,817	\$ 271,521,317	\$ 300,784,945	\$ 340,535,155

Table 2

City and Borough of Sitka, Alaska
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2015	2016	2017	2018	2019
General Fund:					
Nonspendable	\$ 1,825,359	\$ 1,657,883	\$ 988,403	\$ 625,913	\$ 117,381
Restricted	-	-	-	-	-
Committed	8,295,203	8,460,152	9,206,808	10,262,266	9,924,505
Assigned	-	-	-	-	-
Unassigned	4,889,171	4,420,827	3,977,938	4,171,993	5,716,004
Total General Fund	\$ 15,009,733	\$ 14,538,862	\$ 14,173,149	\$ 15,060,172	\$ 15,757,890
All other governmental funds:					
Nonspendable	56,681	69,015	5	5	5
Restricted	26,207,854	24,863,608	25,141,562	25,681,513	27,229,862
Committed	15,111,535	11,404,858	9,249,985	9,816,366	9,780,650
Assigned	2,387,729	3,580,527	3,344,825	3,705,160	3,679,829
Unassigned	(4,785)	(5,167)	(5,187)	(5,187)	(5,187)
Total all other governmental funds	\$ 43,759,014	\$ 39,912,841	\$ 37,731,190	\$ 39,197,857	\$ 40,685,159
	Fiscal Year				
	2010	2011	2012	2013	2014
General Fund:					
Nonspendable	\$ 4,288,190	\$ 3,935,798	\$ 225	\$ 49,486	\$ 394,229
Restricted	2,760,462	2,087,478	522,444	520,742	-
Committed	229,579	1,205,833	9,987,028	7,904,460	7,762,442
Assigned	-	-	-	-	-
Unassigned	3,229,470	4,332,784	3,075,401	5,843,192	8,234,138
Total General Fund	\$ 10,507,701	\$ 11,561,893	\$ 13,585,098	\$ 14,317,880	\$ 16,390,809
All other governmental funds:					
Nonspendable	2,721,071	1,758,633	1,855,781	2,743,313	2,883,234
Restricted	24,561,265	43,700,167	29,036,455	28,343,985	25,924,835
Committed	784	312,039	8,933,726	6,727,368	11,544,459
Assigned	13,734,819	2,584,104	3,016,000	2,391,820	2,434,379
Unassigned	-	(52,986)	(35,725)	(8,870)	(4,686)
Total all other governmental funds	\$ 41,017,939	\$ 48,301,957	\$ 42,806,237	\$ 40,197,616	\$ 42,782,221

Table 3

City and Borough of Sitka, Alaska

Changes in Net Position
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities										
Administration	\$ 1,709,428	\$ 1,762,495	\$ 1,620,189	\$ 1,724,076	\$ 2,258,018	\$ 2,078,240	\$ 2,388,505	\$ 2,715,896	\$ 2,461,842	\$ 3,386,382
Public safety	6,345,657	6,625,688	6,655,486	6,827,712	7,044,883	6,958,306	7,788,950	8,094,841	6,463,189	5,753,966
Public works	4,692,515	4,479,567	5,101,445	5,450,632	4,112,134	4,661,945	6,341,667	6,722,139	5,872,594	5,501,557
Public services	2,126,670	2,210,011	2,340,805	2,007,427	2,405,686	3,727,612	3,222,086	3,996,515	3,453,341	3,521,266
School and Hospital Support	9,830,856	9,070,397	9,141,153	9,054,114	9,123,989	9,384,188	10,783,487	10,392,966	10,680,672	10,890,195
Interest on long-term debt	1,475,884	1,420,066	1,329,359	1,376,917	1,268,837	1,082,227	1,054,818	809,906	882,935	624,648
Total governmental activities	26,181,010	25,568,224	26,188,437	26,440,878	26,213,547	27,892,518	31,579,513	32,732,263	29,614,573	29,678,014
Business-type Activities										
Electric Utility	11,872,652	15,810,783	12,990,060	10,981,793	10,110,246	11,144,214	19,484,534	24,097,768	22,087,589	21,888,517
Water Utility	*	*	1,873,635	2,204,600	2,182,462	2,370,055	2,274,676	2,577,678	2,760,171	2,654,802
Waste water treatment	3,354,495	3,679,257	3,495,140	3,563,643	3,793,239	3,629,915	3,809,005	3,754,464	3,216,644	2,986,412
Solid waste disposal	3,114,822	3,077,032	3,131,311	3,319,109	3,464,859	3,344,737	3,882,003	4,519,678	4,881,503	4,564,504
Harbor	2,325,372	2,512,984	2,569,234	2,444,728	3,123,702	2,682,945	3,318,718	3,829,041	3,682,860	3,566,782
Other nonmajor business-type activities	1,400,040	3,156,084	1,624,293	1,270,621	1,404,174	1,693,904	1,467,365	1,221,382	2,650,641	1,465,345
Total business-type Activities	22,067,381	28,236,140	25,683,673	23,784,494	24,078,682	24,865,770	34,236,301	40,000,011	39,279,408	37,126,362
Total Primary Government Expenses	\$ 48,248,391	\$ 53,804,364	\$ 51,872,110	\$ 50,225,372	\$ 50,292,229	\$ 52,758,288	\$ 65,815,814	\$ 72,732,274	\$ 69,093,981	\$ 66,804,376
Program Revenues										
Governmental activities										
Charges for services:										
Administration	\$ 505,174	\$ 420,194	\$ 713,129	\$ 290,450	\$ 302,118	\$ 377,681	\$ 330,066	\$ 595,703	\$ 318,388	\$ 295,686
Public safety	745,265	737,414	763,278	729,406	1,343,299	1,409,605	1,112,805	1,052,231	1,138,956	1,264,663
Public works	925,240	730,766	855,816	988,231	842,466	1,052,273	1,928,131	908,526	927,505	843,019
Public services	108,340	178,638	248,229	502,571	213,219	252,980	161,542	107,807	137,626	123,579
Operating grants and contributions	5,503,356	4,962,723	6,012,861	5,979,832	6,940,816	5,673,970	5,583,311	3,853,366	5,475,108	4,598,755
Capital grants and contributions	3,667,956	2,794,677	856,161	8,177,359	5,043,268	9,807,793	14,352,444	6,216,233	1,706,983	653,575
Total Governmental Activities	11,455,331	9,824,412	9,449,474	16,667,849	14,685,686	18,574,352	23,468,299	12,713,866	9,704,566	7,779,277
Business-type Activities										
Charges for services:										
Electric Utility	11,947,812	12,973,046	11,611,319	12,077,554	14,375,992	14,623,321	14,251,478	15,846,375	17,538,304	17,413,785
Water Utility	*	*	1,383,411	1,561,830	1,890,385	2,093,200	2,237,501	2,279,025	2,379,826	2,870,002
Wastewater treatment	1,895,122	2,070,832	2,296,085	2,434,969	2,874,795	2,906,839	3,069,962	3,093,130	3,201,110	3,335,631
Solid waste disposal	2,997,497	3,291,086	3,101,682	2,988,758	3,088,777	3,067,855	3,252,472	4,013,653	4,060,430	4,534,163
Harbor	1,598,502	2,003,013	1,529,481	1,912,463	2,696,840	2,256,944	2,376,000	2,474,704	2,419,711	2,546,141
Other nonmajor business-type	958,986	973,501	934,857	1,264,837	1,389,265	973,890	879,756	830,846	756,068	1,109,092
Operating grants and contributions	2,453,350	1,490,571	2,322,441	2,411,944	1,157,936	881,120	901,570	727,495	773,249	1,047,231
Capital grants and contributions	5,874,475	24,470,807	5,237,360	17,934,438	24,285,814	15,250,445	6,844,390	5,184,520	4,777,742	141,148
Total Business-type Activities	26,473,744	47,272,856	28,416,636	42,586,793	51,759,824	42,053,614	33,813,129	34,449,748	35,906,440	32,997,193
Total Primary Government Program Revenues	37,929,075	57,097,268	37,866,110	59,254,642	66,445,510	60,627,966	57,281,428	47,183,614	45,611,006	40,776,470
Net Revenue (Expense)										
Governmental activities	(14,725,679)	(15,743,802)	(16,738,963)	(9,773,029)	(11,527,861)	(9,318,166)	(8,111,214)	(19,998,397)	(20,110,007)	(21,898,737)
Business-type activities	4,406,363	19,036,716	2,732,963	18,802,299	27,681,142	17,187,844	(423,172)	(5,550,263)	(3,372,968)	(4,129,169)
Total Primary Government Net Expense	\$ (10,319,316)	\$ 3,292,914	\$ (14,006,000)	\$ 6,855,980	\$ 16,153,281	\$ 7,869,678	\$ (8,534,386)	\$ (25,548,660)	\$ (23,482,975)	\$ (26,027,906)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property taxes	\$ 5,926,046	\$ 6,003,008	\$ 6,069,078	\$ 6,095,958	\$ 6,187,719	\$ 6,245,146	\$ 6,202,972	\$ 6,454,150	\$ 6,647,375	\$ 6,777,625
Sales and other taxes	8,950,243	9,722,879	9,544,100	9,583,108	10,466,361	10,983,577	11,712,840	12,779,601	13,887,701	15,096,448
Unrestricted grants and contributions	427,908	443,682	470,436	470,415	499,792	-	-	-	1,016,787	-
Investment earnings	3,649,352	4,348,650	2,266,133	2,243,289	4,705,061	1,368,824	1,098,031	2,186,968	1,838,439	2,667,299
Other	1,078,480	1,269,274	1,252,000	1,252,000	15,796	1,557,740	113,329	14	-	17,897
Transfers	(143,969)	(2,998,672)	(1,316,642)	(395,675)	14,299	(2,727,192)	(611,438)	(2,260,336)	(34,841)	(101,389)
Total Governmental Activities	19,886,060	18,788,821	18,285,105	19,248,695	21,879,028	17,428,095	18,515,734	19,160,397	23,355,461	24,457,880
Business-type Activities										
Unrestricted grants and contributions	-	-	-	-	1,227,772	1,009,033	879,793	953,324	1,279,885	1,188,722
Investment earnings	1,139,012	799,620	1,413,015	494,317	504,428	559,400	1,115,858	(120,678)	110,307	2,440,187
Other	94,457	(169,100)	95,671	-	-	43,664	142,013	330,561	62,659	(110,363)
Transfers	143,969	2,998,672	1,316,642	395,675	(14,299)	2,727,192	611,438	2,260,336	94,844	101,389
Total Business-type Activities	1,377,438	3,629,192	2,729,657	985,663	1,717,901	4,339,289	2,749,102	3,423,543	1,547,695	3,619,935
Total Primary Government	21,265,498	22,418,013	21,014,762	20,234,358	23,596,929	21,767,384	21,264,836	22,583,940	24,903,156	28,077,815
Change in Net Position										
Governmental activities	5,162,381	3,045,019	1,546,142	9,475,666	10,351,167	8,109,929	10,404,520	(838,000)	3,245,454	2,559,143
Business-type activities	5,783,801	22,665,908	5,462,620	19,787,962	29,399,043	21,527,133	2,325,930	(2,126,720)	(1,625,273)	(509,234)
Total Primary Government	\$ 10,946,182	\$ 25,710,927	\$ 7,008,762	\$ 29,263,628	\$ 39,750,210	\$ 29,637,062	\$ 12,730,450	\$ (2,964,720)	\$ 1,420,181	\$ 2,049,909

* Electric and Water Utilities reported as one entity until split apart in FY2012

Table 4

City and Borough of Sitka, Alaska
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 14,876,289	\$ 15,019,382	\$ 15,199,048	\$ 15,543,311	\$ 16,351,095	\$ 17,071,383	\$ 17,697,462	\$ 18,924,241	\$ 20,129,961	\$ 21,874,073
State sources	6,700,449	5,095,182	5,807,654	9,207,616	9,384,209	15,088,635	17,218,068	8,810,809	4,952,257	4,056,169
Federal sources	4,313,422	2,505,769	2,251,970	2,132,222	2,560,281	3,057,734	2,813,097	1,525,182	2,330,840	1,446,483
Charges for services	1,682,329	1,633,186	1,711,974	1,839,516	2,029,484	2,150,939	2,748,192	1,643,371	1,751,934	1,758,868
Interfund services	2,219,501	2,380,298	2,659,323	2,693,860	3,584,990	2,807,749	2,870,628	2,750,429	2,855,203	2,695,448
Fines and forfeitures	122,422	138,697	125,112	103,541	97,102	118,679	85,245	71,293	46,773	60,572
Investment income	3,507,550	4,624,136	2,166,885	2,262,808	4,630,602	1,291,529	953,584	2,208,869	1,832,552	2,425,707
Uses of property	600,545	579,670	834,309	788,961	408,565	329,537	226,643	265,557	335,686	335,463
Licenses and permits	131,963	140,371	223,422	177,221	130,901	195,824	203,736	268,025	159,153	126,809
Other	691,865	514,866	645,879	1,023,994	971,084	827,062	387,895	419,254	441,192	268,265
Total Revenues	34,846,335	32,631,557	31,625,576	35,773,050	40,148,313	42,939,071	45,204,550	36,887,030	34,835,551	35,047,857
Expenditures										
Administration	3,771,014	3,871,834	4,082,610	4,632,192	5,202,321	5,439,736	4,750,036	4,863,965	4,906,870	5,993,080
Public safety	6,412,581	6,427,515	6,402,097	6,552,240	6,688,198	7,773,703	6,969,696	6,515,650	6,271,068	6,383,441
Public works	3,891,905	3,835,904	4,194,363	3,746,518	3,635,207	4,259,577	4,605,859	4,322,411	3,734,414	3,913,877
Public services	1,854,978	1,876,970	2,026,506	1,792,692	1,890,050	2,391,723	2,219,095	3,291,844	2,770,419	2,914,320
Support	7,809,145	7,121,245	6,893,481	6,402,944	7,067,034	6,896,830	7,650,465	7,177,703	7,294,014	7,524,879
Capital outlay	5,807,256	2,845,124	7,710,853	10,112,520	7,086,919	11,168,536	19,139,373	7,287,549	3,571,051	2,199,479
Debt service:										
Principal	1,921,186	1,949,750	2,269,750	2,449,860	2,398,231	2,483,231	2,578,831	2,717,310	2,802,310	2,902,310
Interest and fiscal charges	1,530,218	1,450,183	1,375,318	1,317,335	1,353,487	1,209,446	1,126,007	979,104	882,671	759,815
Total Expenditures	32,998,283	29,378,525	34,954,978	37,006,301	35,321,447	41,622,782	49,039,362	37,155,536	32,232,817	32,591,201
Excess (Deficit) of Revenues Over (Under)	1,848,052	3,253,032	(3,329,402)	(1,233,251)	4,826,866	1,316,289	(3,834,812)	(268,506)	2,602,734	2,456,656
Other Financing Sources (Uses)										
Proceeds from sale of assets	-	-	-	-	-	1,052,256	22,334	-	-	-
Issuance of bonds - par	-	5,690,000	12,755,000	-	-	6,095,000	-	1,630,000	-	-
Issuance of bonds - premium	-	30,239	2,074,582	-	-	836,234	-	52,463	-	-
Payment to refund bonds	-	-	(14,829,582)	-	-	(6,876,762)	-	(1,662,944)	-	-
Transfers in	3,083,574	4,232,927	4,037,358	6,021,580	3,165,070	8,509,199	7,685,336	7,690,538	5,955,584	7,910,063
Transfers out	(3,418,790)	(4,867,988)	(4,180,470)	(6,184,461)	(3,333,862)	(11,336,499)	(8,189,902)	(9,988,915)	(6,204,628)	(8,181,699)
Net Other Financing Sources (Uses)	(335,216)	5,085,178	(143,112)	(162,881)	(168,792)	(1,720,572)	(482,232)	(2,278,858)	(249,044)	(271,636)
Net change in fund balances	\$ 1,512,836	\$ 8,338,210	\$ (3,472,514)	\$ (1,396,132)	\$ 4,658,074	\$ (404,283)	\$ (4,317,044)	\$ (2,547,364)	\$ 2,353,690	\$ 2,185,020
Debt service as a percentage of noncapital expenditures	12.7%	12.8%	13.4%	14.0%	13.3%	12.1%	12.4%	12.4%	12.9%	12.0%

Table 5

City and Borough of Sitka, Alaska
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Residential Property	Commercial Property	Personal Property	Less Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2010	\$ 729,201,100	\$ 239,476,200	\$ 52,244,615	\$ 67,347,130	\$ 953,574,785	0.006%	\$ 1,122,803,600	84.93%
2011	671,727,505	305,317,150	77,029,224	69,000,750	985,073,129	0.006%	1,152,462,400	85.48%
2012	760,785,518	175,868,354	141,113,024	86,836,658	990,930,238	0.006%	1,151,376,900	86.06%
2013	772,425,015	189,487,200	146,333,667	107,179,098	1,001,066,784	0.006%	1,162,987,200	86.08%
2014	785,165,365	205,160,659	153,247,454	112,286,978	1,031,286,500	0.006%	1,195,055,878	86.30%
2015	761,395,448	189,935,700	148,629,600	14,587,081	1,085,373,667	0.006%	1,195,498,800	90.79%
2016	682,904,400	292,673,300	60,709,500	77,348,300	958,938,900	0.006%	1,245,005,400	77.02%
2017	751,808,201	322,203,499	57,307,441	81,338,900	1,049,980,241	0.006%	1,318,435,400	79.64%
2018	869,636,600	262,276,100	56,307,441	103,355,100	1,084,865,041	0.006%	1,284,593,700	84.45%
2019	896,558,900	251,270,800	57,532,700	97,144,300	1,108,218,100	0.006%	1,222,215,256	90.67%

Property values are assessed at full and true value as of January 1st of the assessment year. On average (excluding tax exemptions), the City and Borough of Sitka assesses property at about 90% of its estimated full and true value, as demonstrated by the use of standardized ratio study results.

Table 6

City and Borough of Sitka, Alaska

Property Tax Rates Direct and Overlapping Governments Last Ten Fiscal Years

Fiscal Year	Property Tax Mill Levies (per \$1,000 Assessed Valuation)
2010	6.00
2011	6.00
2012	6.00
2013	6.00
2014	6.00
2015	6.00
2016	6.00
2017	6.00
2018	6.00
2019	6.00

Property tax rates are set in the charter and may not be changed except by affirmative vote of a majority of voters.

There are no overlapping property tax rates.

Table 7

City and Borough of Sitka, Alaska
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year		Property Tax		Sales Tax		Bed Tax		Total
2010	\$	5,926,046	\$	8,646,598	\$	303,655	\$	14,876,299
2011		6,003,008		8,708,484		307,890		15,019,382
2012		6,069,078		8,804,619		325,351		15,199,048
2013		6,095,558		9,093,595		354,158		15,543,311
2014		6,187,719		9,785,829		377,547		16,351,095
2015		6,245,146		9,678,727		411,916		16,335,789
2016		6,202,972		10,531,237		472,900		17,207,109
2017		6,454,150		11,087,495		503,439		18,045,084
2018		6,647,375		12,631,709		543,697		19,822,781
2019		6,777,625		13,309,207		553,911		20,640,743

Table 8

City and Borough of Sitka, Alaska

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2019			2010		
	Taxable	Rank	Percentage of	Taxable	Rank	Percentage of
	Assessed Value		Total Taxable Assessed Value	Assessed Value		Total Taxable Assessed Value
Silver Bay Seafoods	\$ 16,981,000	1	1.53%			
SCOJO, LLC	10,270,300	2	0.93%	\$ 7,623,316	4	0.81%
Seafood Producers Cooperative	9,794,800	3	0.88%	8,356,733	3	0.89%
Harbor Enterprises Inc. (dba Petro Marine)	8,083,500	4	0.73%	5,460,294	7	0.58%
The North West Company (INTL), Inc	7,359,800	5	0.66%	7,156,556	6	0.76%
AK Preservation Sawmill Ltd	6,441,500	6	0.58%	9,548,369	2	1.01%
Halibut Point Marine Services, LLC	6,385,400	7	0.58%	7,482,100	5	0.79%
North Pacific Seafoods	5,872,900	8	0.53%			
Hames Corporation	5,762,200	9	0.52%			
Martin Revocable Trust	4,172,700	10	0.38%	4,528,500	9	0.48%
Sheldon Jackson College				18,625,000	1	1.98%
EMMI				5,140,000	8	0.55%
Shee Atika Holdings				4,329,000	10	0.46%
Totals	<u>\$ 81,124,100</u>		<u>7.32%</u>	<u>\$ 78,249,868</u>		<u>8.31%</u>

Table 9

City and Borough of Sitka, Alaska

Property Tax Levies and Collection Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Amount	Percentage of Levy
		Amount Collected	Percentage of Levy			
2010	\$ 5,768,331	\$ 5,735,962	99%	\$ 28,133	\$ 5,764,095	99.93%
2011	5,799,400	5,753,039	99%	45,970	5,799,009	99.99%
2012	5,904,617	5,874,918	99%	26,361	5,901,279	99.94%
2013	5,957,735	5,893,452	99%	28,682	5,922,134	99.40%
2014	5,901,738	5,842,721	99%	58,017	5,900,738	99.98%
2015	6,283,300	6,146,746	98%	38,488	6,185,234	98.44%
2016	6,194,742	6,145,132	99%	29,616	6,174,748	99.68%
2017	6,337,187	6,300,105	99%	32,806	6,332,911	99.93%
2018	6,440,090	6,300,105	98%	110,484	6,410,589	99.54%
2019	6,639,822	6,431,978	97%	17,017	6,448,995	97.13%

City and Borough of Sitka, Alaska

Sales Tax Receipts by Industry
Last Ten Fiscal Years

Industry	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Agriculture, Forestry and Fishing	\$ 28,445	\$ 23,758	\$ 23,626	\$ 23,634	\$ 20,094	\$ 18,137	\$ 19,297	\$ 17,100	\$ 27,629	\$ 18,032
Construction	109,913	112,806	130,943	166,960	221,446	201,145	205,887	234,360	301,566	324,984
Manufacturing	264,131	332,598	318,827	346,702	213,104	233,094	249,378	267,635	290,841	357,453
Transportation & Public Utilities	773,276	747,953	681,166	692,582	675,327	680,790	657,369	625,344	646,408	705,416
Wholesale Trade	62,336	68,586	61,743	57,666	53,877	54,145	70,273	80,346	90,818	101,752
Retail Trade	4,991,535	4,989,084	5,138,245	5,141,931	5,617,392	5,510,674	5,539,053	5,656,974	6,033,590	6,693,040
Finance, Insurance & Real Estate	318,426	247,223	252,158	297,556	307,149	325,567	378,274	420,778	519,460	550,615
Services	1,350,528	1,438,445	1,475,440	1,604,007	1,782,447	1,865,545	2,173,224	2,623,270	2,954,957	3,338,532
Government - Local	595,154	543,385	722,471	762,558	895,003	789,630	930,599	892,001	1,222,743	1,067,592
Total Sales Tax Receipts	\$ 9,290,756	\$ 8,493,744	\$ 8,503,838	\$ 8,804,619	\$ 9,093,596	\$ 9,678,727	\$ 10,223,354	\$ 10,817,807	\$ 12,088,012	\$ 13,157,418

Sales tax rate during months of April through September at 6%, remainder of the year at 5%

Gross Sales by Industry
Last Ten Fiscal Years

Industry	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Agriculture, Forestry and Fishing	\$ 2,205,318	\$ 1,886,260	\$ 5,933,107	\$ 3,676,800	\$ 4,354,707	\$ 3,601,207	\$ 3,535,452	\$ 2,324,843	\$ 6,609,809	\$ 4,949,809
Construction	71,402,438	86,964,824	86,689,548	91,354,782	157,611,922	141,721,383	100,767,547	75,389,002	63,216,057	53,360,114
Manufacturing	13,350,424	17,266,204	14,436,992	13,495,858	11,721,581	12,173,509	11,546,457	14,185,850	12,954,934	11,942,032
Transportation & Public Utilities	20,330,171	20,799,846	19,040,347	18,653,208	18,475,455	18,932,722	17,792,868	17,803,360	20,127,273	24,630,228
Wholesale Trade	15,518,232	15,832,946	21,443,717	18,266,103	20,061,339	21,112,181	20,867,486	21,127,561	20,800,885	20,116,767
Retail Trade	137,774,562	127,078,920	138,148,838	137,469,327	147,432,458	147,117,219	137,741,065	147,468,118	161,438,725	160,689,354
Finance, Insurance & Real Estate	31,606,652	21,265,902	21,992,145	22,787,879	24,564,111	22,925,923	17,877,973	17,511,353	4,419,534	17,746,257
Services	51,406,551	55,370,501	56,793,564	62,679,023	71,868,610	76,340,561	78,410,397	75,071,067	67,371,555	79,005,868
Government - Local	20,201,990	19,993,792	25,899,020	26,735,836	30,718,246	33,554,572	39,544,915	31,186,998	53,764,615	34,335,761
Total Gross Sales	\$ 363,796,338	\$ 363,796,338	\$ 366,459,195	\$ 390,377,278	\$ 395,118,816	\$ 477,479,277	\$ 428,084,160	\$ 402,068,152	\$ 410,703,387	\$ 406,776,189

Table 11

City and Borough of Sitka, Alaska

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	GO Bonds and Unamortized Bond Premiums	Notes Payable	Revenue Bonds and Unamortized Bond Premiums	Notes Payable			
2010	\$ 32,550,000	\$ 175,500	\$ 28,090,000	\$ 20,377,078	\$ 81,192,578	22.06%	\$ 9,249
2011	36,300,000	165,750	48,700,000	20,117,401	105,283,151	25.89%	9,142
2012	32,290,000	156,000	47,570,000	21,023,413	101,039,413	37.46%	12,000
2013	31,020,000	146,250	85,285,000	20,860,822	137,312,072	35.85%	11,287
2014	28,635,000	202,641	108,940,000	20,625,388	158,403,029	47.80%	15,116
2015	25,990,000	189,410	123,215,000	25,812,083	175,206,493	54.24%	17,411
2016	23,435,000	347,676	121,120,000	23,846,352	168,749,028	28.97%	19,081
2017	20,745,000	326,365	118,940,000	24,451,388	164,462,753	29.78%	18,625
2018	19,239,611	304,055	124,958,042	24,463,067	168,964,775	30.60%	19,135
2019	16,159,576	281,745	135,001,553	25,163,176	176,606,050	30.92%	20,325

Table 12

City and Borough of Sitka, Alaska
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amount Available in Debt Service Fund	Total	Percentage of Estimated Actual Value of Property	Per Capita
2010	\$ 32,550,000	\$ 3,397,347	\$ 29,152,653	2.93%	\$ 3,624
2011	36,300,000	2,703,304	33,596,696	2.70%	3,283
2012	32,290,000	2,990,924	29,299,076	2.44%	3,830
2013	31,020,000	2,028,544	28,991,456	2.54%	3,273
2014	28,635,000	1,958,072	26,676,928	2.49%	3,191
2015	25,990,000	2,527,635	23,462,365	2.23%	2,932
2016	23,435,000	2,448,740	20,986,260	1.96%	2,373
2017	17,965,000	1,921,775	16,043,225	1.88%	2,353
2018	17,965,000	2,061,333	15,903,668	1.30%	1,830
2019	16,159,576	2,424,542	13,735,034	1.12%	1,581

Table 13

City and Borough of Sitka, Alaska
Direct and Overlapping Governmental Activities Debt
Legal Debt Margin Information
As of June 30, 2019

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping debt	\$ -	0%	\$ -
City and Borough of Sitka, Alaska	16,159,576	100%	16,159,576
Total direct and overlapping debt	\$ 16,159,576		\$ 16,159,576

Legal Debt Margin

The City and Borough of Sitka, Alaska has had no legal debt margin requirements for any of the last ten fiscal years.

Table 14

City and Borough of Sitka, Alaska

Pledged Revenue Coverage

Last Ten Fiscal Years

Electric and Water Revenue Bonds and Revenue Notes									
Fiscal Year	Electric and Water Revenue	Electric Revenue	Transfers	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Interest Paid	Interest Subsidies	Total Coverage
			From Rate Stabilization Fund						
2010	\$ 12,717,974	\$ -	\$ -	\$ 6,938,167	\$ 5,779,807	\$ 2,764,199	\$ 2,418,756	\$ -	\$ 5,182,955 1.32%
2011	-	13,688,856	-	7,967,421	5,721,435	2,709,411	1,738,453	-	4,447,864 1.12%
2012	-	12,253,636	-	7,919,275	4,334,361	1,394,689	2,337,567	(615,829)	3,116,427 1.29%
2013	-	12,569,950	-	6,739,139	5,830,811	1,770,000	2,296,332	(616,507)	3,449,825 1.37%
2014	-	15,283,017	-	8,538,616	6,744,401	1,845,000	3,781,252	(581,094)	5,045,158 1.55%
2015	-	16,078,019	2,006,696	9,028,272	9,056,443	1,915,000	5,815,392	(571,533)	7,158,859 1.10%
2016	-	14,868,306	2,881,000	8,287,025	9,462,281	1,955,000	5,958,317	(574,328)	7,338,989 1.29%
2017	-	16,336,780	1,582,681	8,747,944	9,171,517	2,035,000	5,878,517	(574,020)	7,339,497 1.25%
2018	-	17,790,420	-	8,659,112	9,131,308	2,115,000	5,762,377	(575,663)	7,301,714 1.25%
2019	-	18,945,919	-	8,349,335	10,596,584	2,175,000	5,729,072	(578,078)	7,325,994 1.45%

Harbor Revenue Bonds									
Fiscal Year	Harbor Revenue		Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Interest Paid	Interest Subsidies	Total Coverage	
2014	\$ 3,860,198		\$ 2,454,160	\$ 1,406,038	\$ 115,000	\$ 157,728	\$ -	\$ 272,728	5.16%
2015	3,819,584		2,170,161	1,649,423	135,000	175,700	-	310,700	5.31%
2016	3,538,828		1,994,660	1,544,168	140,000	170,300	-	310,300	4.98%
2017	3,780,767		2,257,502	1,523,265	145,000	164,700	-	309,700	4.92%
2018	3,560,392		2,265,140	1,295,252	150,000	115,571	-	265,571	4.88%
2019	3,236,489		2,013,743	1,222,746	390,836	219,623	-	610,459	2.00%

Airport Terminal Revenue Bonds									
Fiscal Year	Airport Revenue		Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Interest Paid	Interest Subsidies	Total Coverage	
2019	\$ 899,200		\$ 374,840	\$ 524,360	\$ -	\$ 43,839	\$ -	\$ 43,839	11.96%

Coverage ratios are computed according to formulas in revenue bond ordinances.

Revenue includes all operating and nonoperating revenues.

Expenses includes all operating expenses excluding depreciation.

Interest paid is actual interest paid, not interest expense.

All outstanding electric and water revenue bonds were refinanced in 2011, and refinanced bonds no longer include water revenues as pledged revenues.

Table 15

City and Borough of Sitka, Alaska
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (1,000s)	Per Capita Personal Income	School Enrollment	Unemployment Rate
2010	8,844	\$ 423,051	\$ 47,835	1,315	6.5%
2011	8,898	461,009	51,810	1,299	6.6%
2012	8,907	513,521	57,654	1,312	6.6%
2013	9,048	544,138	60,139	1,313	6.2%
2014	9,001	562,568	62,501	1,338	6.2%
2015	8,883	569,807	64,146	1,342	6.2%
2016	8,844	582,407	65,853	1,276	5.5%
2017	8,830	552,206	62,537	1,315	3.9%
2018	8,689	571,261	65,745	1,256	4.6%
2019	8,647	622,344	71,972	1,244	4.1%

Source: BEA.gov; Sitka Trends; data for prior calendar year

Table 16

City and Borough of Sitka, Alaska

Principal Employers

Current Year* and Seven Years Ago

Industry*	2017 (most current data available)			2011		
	Employees	Rank	Percentage of total City Employment	Employees	Rank	Percentage of total City Employment
Educational services, healthcare, & social assistance	1,297	1	28%	1,621	1	33.5%
Retail trade	546	2	11.6%	481	2	9.9%
Agriculture, forestry, fishing, hunting, & mining	504	3	10.7%	395	3	8.2%
Public administration	467	4	9.9%	375	4	7.8%
Transportation, warehousing, & utilities	431	5	9.2%	354	6	7.3%
Arts, entertainment, recreation, accommodation, & food services	404	6	8.6%	301	8	6.2%
Professional, scientific, management, administrative, & waste management services	256	7	5.4%	369	5	7.6%
Construction	255	8	5.4%	329	7	6.8%
Manufacturing	208	9	4.4%	217	9	4.5%
Finance, insurance, real estate, & rental/leasing	134	10	2.8%	95	11	2.0%
Other services, except public administration	114	11	2.4%	181	10	3.7%
Information	71	12	1.5%	52	13	1.1%
Wholesale trade	15	13	0.3%	66	12	1.4%

*Data is no longer available for individual employers for the City and Borough of Sitka, for this reason employment by industry is shown using the most recent data available. Comparable data is available from 2011 forward.

Data is derived from U.S. Census Bureau.

Table 17

City and Borough of Sitka, Alaska

Full-Time Equivalent City and Borough Government Employees By Function Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	43	29	29	28	42	37	36	37	37	32
Public Safety:										
Police	32	33	33	33	28	33	32	31	31	30
Fire and Ambulance	10	10	10	10	10	10	10	9	9	9
Public Works	13	25	25	25	19	20	20	20	20	23
Public Services:										
Library	7	7	7	7	12	7	7	7	7	7
Centennial Building	4	4	4	4	4	4	4	4	4	5
Electric	24	25	25	27	28	26	26	25	25	25
Water	4	5	5	5	3	3	3	3	3	3
Waste Water Treatment	7	6	6	6	8	10	10	10	10	8
Solid Waste Disposal	2	2	2	2	2	2	-	-	-	3
Harbor	9	9	9	9	10	9	9	8	8	8
Sawmill Cove Industrial Park	-	1	1	-	1	-	-	-	-	-
Totals	155	156	156	156	167	161	157	154	154	152

Table 18

City and Borough of Sitka, Alaska


Active Electrical Customers Last Ten Fiscal Years

Fiscal Year	Residential	Commercial	Harbor	Public Authority	Other	Total
2010	1,671	403	235	186	12	2,507
2011	1,757	430	261	190	12	2,650
2012	1,893	448	284	191	12	2,828
2013	2,060	473	314	199	12	3,058
2014	2,258	504	377	204	12	3,355
2015	2,479	560	441	212	14	3,706
2016	2,795	609	546	216	14	4,180
2017	3,242	702	693	219	15	4,871
2018	3,393	729	697	224	12	5,055
2019	3,383	716	611	221	12	4,943

KwH Sold by Class Last Ten Fiscal Years

Fiscal Year	Residential	Commercial	Harbor	Public Authority	Other	Total
2010	46,775,688	30,932,153	3,446,996	22,554,209	N/A	103,709,046
2011	47,901,502	30,486,914	3,619,949	24,636,619	5,150,360	111,795,344
2012	47,583,037	32,013,255	3,214,648	22,778,544	5,460,139	111,049,623
2013	47,628,760	32,043,016	3,217,737	22,800,432	5,465,385	111,155,330
2014	45,078,244	35,544,622	2,543,603	24,265,723	307,163	107,739,355
2015	44,212,841	34,167,788	2,763,428	24,607,071	316,260	106,067,388
2016	42,197,620	33,626,191	2,539,114	25,004,771	305,889	103,673,585
2017	43,416,551	33,732,672	3,051,624	25,059,205	299,759	105,260,052
2018	43,233,448	35,709,803	2,883,829	25,241,700	-	107,068,781
2019	40,426,853	33,377,855	2,496,564	27,116,718	-	103,417,990

Source: City and Borough of Sitka's Finance Department and Electric Utilities Fund



City and Borough of Sitka, Alaska

Federal and State Single Audit Reports
Year Ended June 30, 2019

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.



City and Borough of Sitka, Alaska

Federal and State Single Audit Reports
Year Ended June 30, 2019

City and Borough of Sitka, Alaska

Contents

	Page
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1-2
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3-5
Independent Auditor's Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on the Schedule of State Financial Assistance Required by the <i>State of Alaska Audit Guide and Compliance Supplement for State Single Audits</i>	6-8
Schedule of Expenditures of Federal Awards	9-10
Schedule of State Financial Assistance	11
Notes to the Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance	12
Schedule of Findings and Questioned Costs	13-14



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3601 C Street, Suite 600
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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and Borough Assembly
City and Borough of Sitka, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City and Borough of Sitka, Alaska, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise City and Borough of Sitka's basic financial statements and have issued our report thereon dated December 27, 2019. Our report includes a reference to other auditors who audited the financial statements of Sitka Community Hospital and Sitka School District, as described in our report on City and Borough of Sitka's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City and Borough of Sitka's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of City and Borough of Sitka's internal control. Accordingly, we do not express an opinion on the effectiveness of City and Borough of Sitka's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether City and Borough of Sitka's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City and Borough of Sitka's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City and Borough of Sitka's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
December 27, 2019



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Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Honorable Mayor and Borough Assembly
City and Borough of Sitka, Alaska

Report on Compliance for Each Major Federal Program

We have audited City and Borough of Sitka's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City and Borough of Sitka's major federal programs for the year ended June 30, 2019. City and Borough of Sitka's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

City and Borough of Sitka's basic financial statements include the operations of its component unit, the Sitka School District which received \$2,498,922 of federal awards which is not included in the Schedule of Expenditures of Federal Awards for the year ended June 30, 2019. Our audit, described below, did not include the operations of Sitka School District because it was subjected to a separate audit in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City and Borough of Sitka's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City and Borough of Sitka's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City and Borough of Sitka's compliance.

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Opinion on Each Major Federal Program

In our opinion, City and Borough of Sitka complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of City and Borough of Sitka is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City and Borough of Sitka's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City and Borough of Sitka's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City and Borough of Sitka as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise City and Borough of Sitka's basic financial statements. We issued our report thereon dated December 27, 2019 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BDO USA, LLP

Anchorage, Alaska
December 27, 2019



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Independent Auditor's Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on the Schedule of State Financial Assistance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

Honorable Mayor and Borough Assembly
City and Borough of Sitka, Alaska

Report on Compliance for Each Major State Program

We have audited City and Borough of Sitka's compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of City and Borough of Sitka's major state programs for the year ended June 30, 2019. City and Borough of Sitka's major state programs are identified in the accompanying Schedule of State Financial Assistance.

City and Borough of Sitka's basic financial statements include the operations of its component unit, the Sitka School District which received \$15,297,092 of state awards which is not included in the Schedule of State Financial Assistance for the year ended June 30, 2019. Our audit, described below, did not include the operations of Sitka School District because it was subjected to a separate audit in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City and Borough of Sitka's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about City and Borough of Sitka's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of City and Borough of Sitka's compliance.

Opinion on Each Major State Program

In our opinion, City and Borough of Sitka complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of City and Borough of Sitka is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City and Borough of Sitka's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City and Borough of Sitka's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of State Financial Assistance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City and Borough of Sitka as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise City and Borough of Sitka's basic financial statements. We issued our report thereon dated December 27, 2019 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of State Financial Assistance is presented for purposes of additional analysis as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of State Financial Assistance is fairly stated in all material respects, in relation to the basic financial statements as a whole.

BDO USA, LLP

Anchorage, Alaska
December 27, 2019

City and Borough of Sitka, Alaska
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Agriculture				
Forest Service Schools and Roads Cluster:				
Schools and Roads - Grants to States	10.665		\$ -	\$ 529,232
Passed through the State of Alaska Division of Forestry:				
Cooperative Forest Assistance	10.664	16DG11100106810	-	3,285
Total Department of Agriculture			-	532,517
Department of the Homeland Security				
Passed through the State of Alaska Department of Military and Veterans Affairs:				
Hazard Mitigation Grant	97.039	4244.0001	-	9,750
Electronic Baggage Screening Program	97.117		-	39,043
Total Department of Homeland Security			-	48,793
Department of the Interior				
Payments in Lieu of Taxes	15.226		-	714,261
Passed through the State of Alaska Department of Natural Resources:				
Historic Preservation Fund Grants-In-Aid	15.904	17004	21,536	21,562
Historic Preservation Fund Grants-In-Aid	15.904	18002	-	21,736
Historic Preservation Fund Grants-In-Aid	15.904	18003	18,196	39,932
Total passed through the State of Alaska Department of Natural Resources			39,732	83,230
Passed through the U.S. Fish and Wildlife Service				
Fish and Wildlife Management Assistance	15.608	F18AC00848	-	31,087
Total Department of the Interior			39,732	828,578
Department of Justice				
Bullet Proof Vest Partnership Program	16.607		-	879
Bullet Proof Vest Partnership Program	16.607		-	443
Total CFDA 16.607			-	1,322
Passed through the State of Alaska Department of Public Safety				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	19-JAG3	-	31,090
Total Department of Justice			-	32,412

See accompanying notes to the schedule.

City and Borough of Sitka, Alaska
Schedule of Expenditures of Federal Awards, continued
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Environmental Protection Agency				
Passed through State of Alaska Department of Environmental Conservation:				
Drinking Water State Revolving Fund Cluster:				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	783111	\$ -	\$ 184,524
Capitalization Grants for Drinking Water State Revolving Funds	66.468	783531	-	173,164
Total Drinking Water State Revolving Fund Cluster			-	357,688
Department of Transportation				
Passed through the Western Federal Lands Highway Division:				
Highway Planning and Construction Cluster	20.205	DTFH70-16-E-00028	-	46,529
Department of Education				
Grants to States	45.310		-	1,226
Total Expenditures of Federal Awards			\$ 39,732	\$ 1,847,743

See accompanying notes to the schedule.

City and Borough of Sitka, Alaska
Schedule of State Financial Assistance
Year Ended June 30, 2019

State Grant Title	Grant Number	Total Grant Award	Passed Through to Subrecipients	State Share of Expenditures
Department of Military & Veteran Affairs				
Passed through the Alaska State Library Association - Alaska Public Library Assistance Grant	PLA-19-751-01	\$ 7,000	\$ -	\$ 7,000
Local Hazard Mitigation Plan Update	4244.0001	23250	-	3,250
Local Emergency Planning Committee Grant	20LEPC-GY19	16,551	-	16,551
Total Department of Military & Veteran Affairs			-	26,801
Department of Commerce, Community and Economic Development				
Eagle Way and Old Harbor Mountain Road Upgrades	13-DC-481	1,500,000	-	17,139
Baranof Warm Spring Dock Improvement & Ownership Transfer	13-DC-497	1,900,000	-	11,330
* Nelson Logging Road Upgrade and Ownership Transfer	13-DC-517	2,343,000	-	575,958
Marijuana License Fees	2019	2,400	-	2,400
Shared Fisheries Business Tax	2019	26,537	-	26,537
* Community Assistance Program	2019	543,229	-	543,229
Total Department of Commerce, Community and Economic Development			-	1,176,593
Alaska Energy Authority				
* Blue Lake Hydroelectric Expansion Project	7910013	28,450,000	-	394,405
Department of Education and Early Development				
* Debt Reimbursement Program	FY19	2,458,721	-	2,458,721
Department of Administration				
* State PERS Relief	2019	690,780	-	690,780
Auto Tax	2019	84,188	-	84,188
Total Department of Administration			-	774,968
Department of Revenue				
Liquor License Revenue Sharing	2019	24,700	-	24,700
* Commercial Passenger Vessel	2019	396,800	-	396,800
* Fisheries Raw Fish Tax	2019	1,188,722	-	1,188,722
Total Department of Revenue			-	1,610,222
Department of Transportation and Public Facilities				
Sitka Transient Float Replacement Program	15-HG-002	2,576,118	-	64,947
Total State Financial Assistance			\$ -	\$ 6,506,657

See accompanying notes to the schedule.

* Indicates a State Major Program

City and Borough of Sitka, Alaska

Notes to the Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance Year Ended June 30, 2019

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and Schedule of State Financial Assistance (the "Schedules") includes the federal and state grant activity of City and Borough of Sitka, Alaska under programs of the federal and state government for the year ended June 30, 2019. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedules present only a selected portion of the operations of the City and Borough of Sitka, they are not intended to and do not present the financial position, changes in net position or cash flows of City and Borough of Sitka.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

3. Indirect Cost Rate

The City and Borough of Sitka has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. PERS On-Behalf

The City and Borough of Sitka has recorded \$690,780 in PERS On-Behalf payments in the Schedule of State Financial Assistance. This represents the PERS relief payment appropriated and transferred into the plan during FY2019.

In the governmental fund financial statements, on-behalf revenue and expenditures have been recognized in the year appropriated and transferred to the plan. However, in the full accrual financial statements, GASB 68 provisions prescribe that on-behalf pension contributions in a special funding situation may only be recognized during the measurement period in which the plan recognizes the contributions, effectively creating a one-year timing difference between the cash contribution and revenue and expense recognition by the City and Borough.

As a result of these perspective and timing differences, amounts reported in the financial statements do not agree to the amounts reported on the Schedule of State Financial Assistance.

City and Borough of Sitka, Alaska
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	___ yes	<u>X</u> no
Significant deficiency(ies) identified?	___ yes	<u>X</u> none reported

Noncompliance material to financial statements noted?	___ yes	<u>X</u> no
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Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	___ yes	<u>X</u> no
Significant deficiency(ies) identified?	___ yes	<u>X</u> none reported

Type of auditor's report issued on compliance for major federal programs:	Unmodified
---	------------

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ yes	<u>X</u> no
--	---------	-------------

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster	Agency
15.226	Payment in Lieu of Taxes	U.S Department of the Interior

Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
--	------------

Auditee qualified as low-risk auditee?	<u>X</u> yes	___ no
--	--------------	--------

State Financial Assistance

Type of auditor's report issued on compliance for major state programs:	Unmodified
---	------------

Internal control over major state programs:

Material weakness(es) identified?	___ yes	<u>X</u> no
Significant deficiency(ies) identified?	___ yes	<u>X</u> (none reported)

Dollar threshold used to determine a state major program:	\$ 150,000
---	------------

City and Borough of Sitka, Alaska

Schedule of Findings and Questioned Costs, continued

Section II - Financial Statement Findings Required to be Reported in Accordance with <i>Government Auditing Standards</i>
--

There were no findings required to be reported in accordance with *Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs
--

There were no findings and questioned costs for federal awards (as defined in section 2 CFR 200.516(a)) that are required to be reported.

Section IV - State Award Findings and Questioned Costs

There were no findings and questioned costs for State of Alaska awards (as defined in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*) that are required to be reported.



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 20-031 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 1/22/2020 In control: City and Borough Assembly

On agenda: 1/28/2020 Final action:

Title: Reminders, Calendars, and General Correspondence

Sponsors:

Indexes:

Code sections:

Attachments: [Reminders and Calendars](#)
[Horan and Company letter](#)
[Legislative Priorities](#)

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

REMINDERS

<u>DATE</u>	<u>EVENT</u>	<u>TIME</u>
Tuesday, January 28	Work Session <i>CAFR/Audit</i>	5:00 PM
Tuesday, January 28	Regular Meeting	6:00 PM
Thursday, January 30	Joint Work Session <i>with GPIP Board re: Marine Haul Out</i>	6:00 PM
Thursday, February 6	Special Meeting <i>FY21 Budget</i>	6:00 PM
Tuesday, February 11	Work Session <i>Alaska Remote Sellers Sales Tax Commission</i>	5:00 PM
Tuesday, February 11	Regular Meeting	6:00 PM



Assembly Calendar

2019 Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2021

January 2020

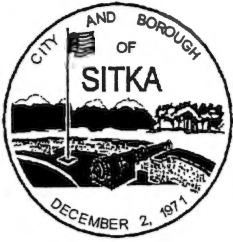
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
29 Dec	30	31	1 Jan	2	3	4
Eisenbeisz	Eisenbeisz	Eisenbeisz	Eisenbeisz HOLIDAY	Eisenbeisz	Eisenbeisz	Eisenbeisz
5	6	7	8	9	10	11
Eisenbeisz	Eisenbeisz Paxton	Eisenbeisz Paxton	Eisenbeisz Paxton 6:00pm Library Commission - Liaison Christianson 6:00pm Port & Harbors Commission - Liaison Knox 6:00pm School Board - Liaison Mosher	Eisenbeisz Paxton 12:00pm LEPC - Liaison Nelson 1:30pm Health Needs & Human Services - Liaison Wein 6:00pm Work Session: 17 acres of land at 4951 Halibut Point Road	Eisenbeisz Paxton	Paxton
12	13	14	15	16	17	18
Paxton	Paxton	Paxton 12:00pm Parks & Rec - Liaison Knox 5:00pm Work Session: Marine Service Center 6:00pm Regular Assembly Mtg	Paxton Nelson 7:00pm Planning Commission - Liaison Mosher	Paxton Nelson	Paxton Nelson	Paxton Nelson
19	20	21	22	23	24	25
Paxton Nelson	Paxton Nelson	Paxton 12:00pm Tree & Landscape - Liaison Wein	6:00pm Police and Fire - Liaison Nelson 6:00pm Library Commission Work Session - Liaison Christianson 6:00pm Planning Commission - Liaison Mosher 6:00pm School Board - Liaison Mosher	Knox 6:00pm Special Budget Meeting	Knox	Knox Eisenbeisz
26	27	28	29	30	31	1 Feb
Knox Eisenbeisz	Knox Eisenbeisz	Eisenbeisz 5:00pm Work Session: CAFR / Audit 6:00pm Regular Assembly Mtg	Eisenbeisz	Eisenbeisz 6:00pm Joint Work Session with GPIP Board: Marine Haulout	Eisenbeisz	

Assembly Calendar

2019 Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2021

February 2020

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
26 Jan	27	28	29	30	31	1 Feb
Knox Eisenbeisz	Knox Eisenbeisz	Eisenbeisz 5:00pm Work Session: CAFR / Audit 6:00pm Regular Assembly Mtg	Eisenbeisz	Eisenbeisz 6:00pm Joint Work Session with GPIB Board: Marine Haulout	Eisenbeisz	
2	3	4	5	6	7	8
			6:00pm Library Commission - Liaison Christianson 6:00pm School Board - Liaison Mosher 7:00pm Planning Commission - Liaison Mosher	6:00pm Special Budget Meeting		
9	10	11	12	13	14	15
		12:00pm Parks & Rec - Liaison Knox 5:00pm Work Session: Alaska Remote Sellers Sales Tax Commission 6:00pm Regular Assembly Mtg	6:00pm Historic Preservation - Liaison Mosher 6:00pm Port & Harbors Commission - Liaison Knox	Knox 12:00pm LEPC - Liaison Nelson 1:30pm Health Needs & Human Services - Liaison Wein	Knox	Knox
16	17	18	19	20	21	22
Knox	Knox Paxton	Paxton 12:00pm Tree & Landscape - Liaison Wein	Paxton 7:00pm Planning Commission - Liaison Mosher	Paxton 6:00pm Special Budget Meeting	Paxton	Paxton 9:00am - 11:00am Training: Parliamentary Procedure (Harrigan Centennial Hall)
23	24	25	26	27	28	29 Mar
Paxton		5:00pm Work Session: Chamber / Visit Sitka 6:00pm Regular Assembly Mtg	6:00pm Police and Fire - Liaison Nelson			



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

January 20, 2020

Charles Horan
Horan and Company, LLC
403 Lincoln Street
Sitka, AK 99835

RE: Request for Assessing Consulting Services

Dear Charles,

Pursuant to our telephone conversation of last week the City of Sitka requests the following services from Horan and Company:

1. Beginning January 29, 2020 provide on site job coaching for our new Assessor, Lawrence Reeder. Of specific interest are the topics of Alaska Property Tax Law and the operation of our proprietary assessing software that is written and supported by Horan and Company.
2. Evaluate the progress made to date by our former Assessor on the re-valuation of Sitka's approximately 4,000 properties and help Mr. Reeder develop a work plan to complete the re-valuation effort.
3. Evaluate the progress made to date by our former Assessor on the 39 non-profit entities that have applied to the City for renewal of their non-profit tax-exempt status.

The initial budget for this work is \$10,000. Please mail invoices to me at 100 Lincoln Street, Sitka, AK 99835 or email renee.wheat@cityofsitka.org.

I greatly appreciate the professional assistance of Horan and Company as we work through these challenging times with Sitka's property tax and Assessing departments.

Sincerely,

Hugh R. Bevan
Interim Municipal Administrator

cc: John Leach, Administrator
Lawrence Reeder, Assessor
Kasi Heim, Appraisal Tech
Marty McGee, State of Alaska Assessor



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

January 20, 2020

U.S. Senator Lisa Murkowski
522 Hart Senate Office Building
Washington, DC 20510

RE: City and Borough of Sitka 2020/2021 Legislative Priorities

Dear Senator Murkowski,

At their January 14, 2020 meeting the elected Assembly of the City and Borough of Sitka, Alaska established the following items as their Legislative Priorities for 2020/2021:

1. Federal funding for Green Lake hydro generation plant renovation.
2. Request that the State Legislature expedite the transfer of State tidelands and uplands to the City of Sitka that are necessary for the construction of the Sitka Sea Plane Base.
3. Federal funding to support Sitka's Working Waterfront, a project that consists of a new marine haul out and renovation of the City cold storage sea wall. Both projects are vital for our commercial fishing fleet.
4. Federal and State support for a right-sized and sustainable Alaska Marine Highway system because it is a critical component of the statewide intermodal transportation system and of Sitka's economy.
5. Continued State funding of school bond reimbursement and the original 70% as originally agreed between the State and the Cities of Alaska.
6. State financial support for stable and predictable funding of school systems.

Feel free to contact me if you would like additional information. Thank you for your continued support of the City and Borough of Sitka. We look forward to working with you and staff on these issues.

Sincerely,

Hugh Bevan
Interim Municipal Administrator
hugh.bevan@cityofsitka.org



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

January 20, 2020

U.S. Senator Dan Sullivan
702 Hart Senate Office Building
Washington, DC 20510

RE: City and Borough of Sitka 2020/2021 Legislative Priorities

Dear Senator Sullivan,

At their January 14, 2020 meeting the elected Assembly of the City and Borough of Sitka, Alaska established the following items as their Legislative Priorities for 2020/2021:

1. Federal funding for Green Lake hydro generation plant renovation.
2. Request that the State Legislature expedite the transfer of State tidelands and uplands to the City of Sitka that are necessary for the construction of the Sitka Sea Plane Base.
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5. Continued State funding of school bond reimbursement and the original 70% as originally agreed between the State and the Cities of Alaska.
6. State financial support for stable and predictable funding of school systems.

Feel free to contact me if you would like additional information. Thank you for your continued support of the City and Borough of Sitka. We look forward to working with you and staff on these issues.

Sincerely,

Hugh Bevan
Interim Municipal Administrator
hugh.bevan@cityofsitka.org



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

January 20, 2020

Congressman Don Young
2314 Rayburn House Office Building
Washington, DC 20510

RE: City and Borough of Sitka 2020/2021 Legislative Priorities

Dear Congressman Young,

At their January 14, 2020 meeting the elected Assembly of the City and Borough of Sitka, Alaska established the following items as their Legislative Priorities for 2020/2021:

1. Federal funding for Green Lake hydro generation plant renovation.
2. Request that the State Legislature expedite the transfer of State tidelands and uplands to the City of Sitka that are necessary for the construction of the Sitka Sea Plane Base.
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6. State financial support for stable and predictable funding of school systems.

Feel free to contact me if you would like additional information. Thank you for your continued support of the City and Borough of Sitka. We look forward to working with you and staff on these issues.

Sincerely,

Hugh Bevan
Interim Municipal Administrator
hugh.bevan@cityofsitka.org



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

January 20, 2020

The Honorable Bert Stedman
Alaska State Senate
By email

RE: City and Borough of Sitka 2020/2021 Legislative Priorities

Dear Senator Stedman,

At their January 14, 2020 meeting the elected Assembly of the City and Borough of Sitka, Alaska established the following items as their Legislative Priorities for 2020/2021:

1. Funding for Green Lake hydro generation plant renovation.
2. Request that the State Legislature expedite the transfer of State tidelands and uplands to the City of Sitka that are necessary for the construction of the Sitka Sea Plane Base.
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Feel free to contact me if you would like additional information. Thank you for your continued support of the City and Borough of Sitka. We look forward to working with you and staff on these issues.

Sincerely,

Hugh Bevan
Interim Municipal Administrator
hugh.bevan@cityofsitka.org



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

January 20, 2020

The Honorable Jonathan Kreiss-Tomkins
Alaska State House of Representatives
By email

RE: City and Borough of Sitka 2020/2021 Legislative Priorities

Dear Representative Kreiss-Tomkins,

At their January 14, 2020 meeting the elected Assembly of the City and Borough of Sitka, Alaska established the following items as their Legislative Priorities for 2020/2021:

1. Funding for Green Lake hydro generation plant renovation.
2. Request that the State Legislature expedite the transfer of State tidelands and uplands to the City of Sitka that are necessary for the construction of the Sitka Sea Plane Base.
3. Funding to support Sitka's Working Waterfront, a project that consists of a new marine haul out and renovation of the City cold storage sea wall. Both projects are vital for our commercial fishing fleet.
4. State support for a right-sized and sustainable Alaska Marine Highway system because it is a critical component of the statewide intermodal transportation system and of Sitka's economy.
5. Continued State funding of school bond reimbursement and the original 70% as originally agreed between the State and the Cities of Alaska.
6. State financial support for stable and predictable funding of school systems.

Feel free to contact me if you would like additional information. Thank you for your continued support of the City and Borough of Sitka. We look forward to working with you and staff on these issues.

Sincerely,

Hugh Bevan
Interim Municipal Administrator
hugh.bevan@cityofsitka.org



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 20-022 Version: 1 Name:
Type: Item Status: AGENDA READY
File created: 1/22/2020 In control: City and Borough Assembly
On agenda: 1/28/2020 Final action:
Title: Approve the minutes of the January 14 Assembly meeting
Sponsors:
Indexes:
Code sections:
Attachments: [Consent and Minutes](#)

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
January 14 Assembly meeting.



CITY AND BOROUGH OF SITKA

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

Minutes - Draft

City and Borough Assembly

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

*Interim Municipal Administrator: Hugh Bevan
Municipal Attorney: Brian Hanson
Municipal Clerk: Sara Peterson*

Tuesday, January 14, 2020

6:00 PM

Assembly Chambers

WORK SESSION - 5:00 PM

20-007 Work Session: Marine Service Center

Interim Administrator Hugh Bevan provided an overview of the Marine Service Center and discussed options related to retaining or selling the facility.

REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Present: 6 - Christianson, Eisenbeisz, Knox, Wein, Mosher, and Nelson

Absent: 1 - Paxton

IV. CORRESPONDENCE/AGENDA CHANGES

Deputy Mayor Eisenbeisz announced Item K had been pulled from the agenda.

20-013 Reminders, Calendars, and General Correspondence

Wein asked questions related to the employee survey and Wastewater Treatment Plant project included in correspondence.

V. CEREMONIAL MATTERS

None.

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

School Board President Elias Erickson and Vice President Amy Morrison provided an update on Board goals, budget process, and strategic planning process.

VII. PERSONS TO BE HEARD

Rachel Roy, Executive Director of the Chamber of Commerce, invited citizens to a Visit Sitka event January 16. The purpose being to learn more about Visit Sitka, thoughts for moving forward, and possible collaboration.

David Nelson, chapter President for the Public Safety Employees Association, noted the Association was working on solutions for recruitment, retention, and wage increases. Nelson noted a town hall meeting would be held in the near future to provide information to citizens, dispell myths, and gain community support.

VIII. REPORTS

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

Interim Administrator - Bevan spoke to the survey results included in correspondence and told of a recent meeting with Senator Stedman and staff.

Attorney - Hanson stated he was working on a multitude of matters for various departments.

Liaison Representatives - Knox reported on the Port and Harbors Commission meeting and Parks and Recreation Committee meeting.

Clerk - Peterson read a list of Board/Commission vacancies, told of upcoming meetings, and alerted citizens to be on the lookout for a notice from the Census with participation instructions for the 2020 Census.

IX. CONSENT AGENDA

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

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

Absent: 1 - Paxton

A 20-003 Approve the minutes of the December 19 and December 23 Assembly meetings

This item was APPROVED ON THE CONSENT AGENDA.

B 20-004 Approve a liquor license renewal application for Sitka Golf Association, Inc. dba Sea Mountain Restaurant & 19th Hole

This item was APPROVED ON THE CONSENT AGENDA.

X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS

- C 20-005** Reappoint Scott Wagner to a three-year term on the Local Emergency Planning Committee in Category 5 (Owners/Operators of Facilities)
Wein thanked Wagner for his willingness to serve another term.

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

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

Absent: 1 - Paxton

- D 20-006** Reappoint Chris Spivey to a three-year term on the Planning Commission
Wein and Knox thanked Spivey for reapplying.

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

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

Absent: 1 - Paxton

XI. UNFINISHED BUSINESS:

- E ORD 19-43** Making supplemental appropriations for Fiscal Year 2020 (Cross Trail Project Phase 6)

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

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

Absent: 1 - Paxton

XII. NEW BUSINESS:

New Business First Reading

- F ORD 20-01** Making supplemental appropriations for Fiscal Year 2020 (Airport Entry Doors Replacement Project)
Michael Harmon, Public Works Director, reminded the front of the building, where the doors are located, wasn't included in the project funding for the airport expansion project. While the scope of the project had not yet been defined, the heavy focus areas were TSA and baggage. The hope would be to relocate the new doors when the time came. He added the probability of keeping the current doors in operating condition for a couple more years was unlikely and said the work would be done by staff.

A motion was made by Mosher that this Ordinance by APPROVED on FIRST

READING. The motion PASSED by the following vote.

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

No: 1 - Wein

Absent: 1 - Paxton

Additional New Business Items

- G 20-002** Discussion / Direction on a process to update the City and Borough of Sitka seal
- Cosponsors Knox and Eisenbeisz shared reasons for bringing the update forward. Knox noted there had been discussion on this topic for quite some time in the community and from Tribal Council and Sitka Tribe of Alaska. He stated while the dialogue in the community around historic trauma and reconciliation was not new and it was gaining momentum. The current city seal, a cannon pointed towards an old historic fort, represented some of that trauma. He added a change in the seal represented a way of recognizing the reconciliation process. Eisenbeisz agreed and noted that while the seal had served the City well, there was an opportunity to do better.
- Christianson stated the project had the possibility of offering healing for the community. Wein read an article from the December 8, 1971 Daily Sitka Sentinel explaining the current seal was developed from a Franklin mint commemorative medallion as one of a series on U.S. historical sites. He wondered of costs, where the contest would be advertised, and what criteria the design review committee would use for quality assurance. Mosher spoke in support of the seal update. Nelson was not in favor of making a decision until costs were provided.
- Cosponsors Knox and Eisenbeisz agreed to do further work on the project and bring back information to the Assembly at a future meeting.
-
- H 20-008** Discussion / Direction / Decision on a list of priority requests to be submitted to the Alaska State Legislature
- The Assembly discussed suggestions provided: funding for Green Lake powerhouse renovation, transfer of State uplands and tidelands necessary for Sitka to build the Sea Plane base, increased staffing levels at DMV, improve Lake / Lincoln Street intersection to include traffic left turn lanes, and creation of a functional parking situation for the Sitka Airport Terminal including a convenient area for long term parking.
- After discussion, the Assembly directed Interim Administrator Hugh Bevan to include the following items as Legislative Priorities for 2020/2021:
1. Federal funding for Green Lake hydro generation plant renovation.
 2. Request that the State Legislature expedite the transfer of State tidelands and uplands to the City of Sitka that are necessary for the construction of the Sitka Sea Plane Base.
 3. Federal funding to support Sitka's Working Waterfront, a project that consists of a new marine haul out and renovation of the City cold storage sea wall.

4. Federal and State support for a right-sized and sustainable Alaska Marine Highway System.
5. Continued State funding of school bond reimbursement and the original 70% as originally agreed between the State and the Cities of Alaska.
6. State financial support for stable and predictable funding of school systems.

I 20-009

Adopt the Chief Finance and Administrative Officer's interpretation of Sitka General Code 4.09 "Sales Tax" as it relates to gift cards

Chief Finance and Administrative Officer Jay Sweeney explained it was his responsibility to bring forward interpretations regarding the sales tax code to the Assembly to be adopted or rejected per Sitka General Code 4.09.400. This particular interpretation pertained to the sale of gift cards for remote sellers - e.g. Amazon, Target. Sweeney reviewed his analysis and said that any gift cards or gift certificates purchased in Sitka were nontaxable so as to avoid double taxation. Some members asked questions about the Remote Sellers Sales Tax Commission and what the effects would be on Sitka. Sweeney and Knox reminded the work of that Commission was still under development.

Bonnie Richards spoke in support of the interpretation.

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

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

Absent: 1 - Paxton

J 20-010

Adopt the Chief Finance and Administrative Officer's interpretation of Sitka General Code 4.09 "Sales Tax" as it relates to the sales of food containers and condiments

Knox left the meeting at 8:20 p.m.

Chief Finance and Administrative Officer Jay Sweeney explained the interpretation before the Assembly related to food packaging materials and condiments. He relayed that sales of food packaging materials were not considered sales for further resale and not considered to be tax exempt, unless the final retail customer was charged for such materials. An example used was whether items such as cups and napkins purchased by a restaurant for customer use without charge were subject to sales tax or not. Consensus of the members was that the items were part of resale, and therefore not subject to sales tax.

A motion was made by Christianson that this Item be APPROVED. The motion FAILED by the following vote.

No: 5 - Christianson, Eisenbeisz, Wein, Mosher, and Nelson

Absent: 1 - Paxton

Non-voting: 1 - Knox

K 20-011

~~Adopt the Chief Finance and Administrative Officer's interpretation of Sitka General Code 4.09 "Sales Tax" as it relates to the application of the taxable transaction limit to long term service and construction contracts~~ PULLED

The item was PULLED at the start of the meeting. No action was taken.

- L 20-012** Adopt the Chief Finance and Administrative Officer's interpretation of Sitka General Code 4.09 "Sales Tax" as it relates to the definition of the term
- A motion was made by Christianson that this Item be APPROVED. The motion DIED FOR LACK OF A SECOND.

XIII. PERSONS TO BE HEARD:

None.

XIV. EXECUTIVE SESSION

None.

XV. ADJOURNMENT

A motion was made by Mosher to ADJOURN. Hearing no objections, the meeting ADJOURNED at 8:38 p.m.

ATTEST: _____
Sara Peterson, MMC
Municipal Clerk



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 20-023 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 1/22/2020 In control: City and Borough Assembly

On agenda: 1/28/2020 Final action:

Title: Approve a liquor license renewal application for Talon Charters, Inc. dba Talon Lodge at Apple Island

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and Memos](#)
[01152020 LGB Notice - City of Sitka in Borough](#)
[4594 Complete Renewal Application](#)

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 a liquor license renewal application for Talon Charters, Inc. dba Talon Lodge at Apple Island and forward this approval to the Alcoholic Beverage Control Board without objection.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Paxton and Assembly Members
Hugh Bevan, Interim Municipal Administrator

From: Sara Peterson, Municipal Clerk

Date: January 22, 2020

Subject: Approve a liquor license renewal application for Talon Lodge

Our office has received notification of the following liquor license renewal application:

Lic #: 4594
DBA: Talon Lodge
License Type: Outdoor Recreation Lodge - Seasonal
Licensee: Talon Charters, Inc.
Premises Address: Apple Island

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

Recommendation:

Approve the liquor license renewal application for Talon Charters, Inc. dba Talon Lodge and forward this approval to the Alcoholic Beverage Control Board without objection.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Utility Billing Clerk – Diana
Collections - Carolyn
Municipal Billings – Lindsey
Sales Tax/Property Tax - Justin
Fire Department
Police Department
Building Official(s)

From: Sara Peterson, Municipal Clerk

Date: January 15, 2020

Subject: Liquor License Renewal Application – Talon Loge

The Municipal Clerk's Office has been notified by the Alcohol and Marijuana Control Office of the following liquor license renewal application submitted by:

Lic #: 4594
DBA: Talon Lodge
License Type: Outdoor Recreation Lodge - Seasonal
Licensee: Talon Charters, Inc.
Premises Address: Apple Island

Please notify no later than **noon on Tuesday, January 21** of any reason to protest this renewal request. This request is scheduled to go before the Assembly on January 28.

Thank you.



THE STATE
of **ALASKA**
GOVERNOR MIKE 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

January 15, 2020

City and Borough of Sitka

Via Email: sara.peterson@cityofsitka.org ; melissa.henshaw@cityofsitka.org

Re: Notice of 2020/2021 Liquor License Renewal Application

License Type:	Outdoor Recreation Lodge - Seasonal	License Number:	4594
Licensee:	Talon Charters, Inc		
Doing Business As:	Talon Lodge		

We have received a completed renewal application for the above listed license (see attached application documents) within your jurisdiction. This is the notice required under AS 04.11.480.

A local governing body may protest the approval of an application(s) pursuant to AS 04.11.480 by furnishing the director **and** the applicant with a clear and concise written statement of reasons for the protest within 60 days of receipt of this notice, and by allowing the applicant a reasonable opportunity to defend the application before a meeting of the local governing body, as required by 3 AAC 304.145(d). If a protest is filed, the board will deny the application unless the board finds that the protest is arbitrary, capricious, and unreasonable.

To protest the application referenced above, please submit your written protest within 60 days, and show proof of service upon the applicant and proof that the applicant has had a reasonable opportunity to defend the application before a meeting of the local governing body.

Sincerely,

A handwritten signature in black ink, appearing to read "Glen Klinkhart".

Glen Klinkhart, Director

amco.localgovernmentonly@alaska.gov



Alaska Alcoholic Beverage Control Board

Form AB-17: 2020/2021 Renewal License Application**What is this form?**

This renewal license application form is required for all individuals or entities seeking to apply for renewal of an existing liquor license that are due to renew by December 31, 2019. All fields of this form must be complete and correct, or the application will be returned to you in the manner in which it was received, per AS 04.11.270 and 3 AAC 304.105. The Community Council field only should be verified/completed by licensees whose establishments are located within the Municipality of Anchorage or outside of city limits within the Matanuska-Susitna Borough.

This form must be completed and submitted to AMCO's main office before any license renewal application will be reviewed. Receipt and/or processing of renewal payments by AMCO staff neither indicates nor guarantees that an application will be considered complete, or that a license will be renewed.

Section 1 – Establishment and Contact Information

Enter information for the business seeking to have its license renewed. If any populated information is incorrect, please contact AMCO.

Licensee:	Talon Charters, Inc.	License #:	4594
License Type:	Outdoor Recreation Lodge - Seasonal		
Doing Business As:	Talon Lodge		
Premises Address:	Apple Island		
Local Governing Body:	City & Borough of Sitka		
Community Council:	None		
Mailing Address:	PO Box 6506		
City:	Sitka	State:	AK
		ZIP:	99835

Enter information for the individual who will be designated as the primary point of contact regarding this application. This individual **must be a licensee** who is required to be listed in and authorized to sign this application.

Contact Licensee:	Gwen Younger	Contact Phone:	800-536-1864
Contact Email:	gyounger@talonlodge.com		

Optional: If you wish for AMCO staff to communicate with an individual who is not a licensee named on this form (eg: legal counsel) about this application and other matters pertaining to the license, please provide that person's contact information in the fields below.

Name of Contact:	Philip Younger	Contact Phone:	same
Contact Email:	phil@talonlodge.com		

**Form AB-17: 2020/2021 Renewal License Application****Section 2 – Entity or Community Ownership Information**

Licensees who directly hold a license as an individual or individuals should skip to Section 3. General partnerships and local governments should skip to the second half of this page. All licensees that are corporations or LLCs must complete this section. Corporations and LLCs are required to be in good standing with the Alaska Division of Corporations, Business & Professional Licensing (CBPL). The CBPL Entity # below is **neither** your EIN/tax ID number, **nor** your business license number. **You may view your entity's status or find your CBPL entity number by visiting the following site:** <https://www.commerce.alaska.gov/cbp/main/search/entities>

Alaska CBPL Entity #:	93353
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You must ensure that you are able to certify the following statement before signing your initials in the box to the right: Initials

I certify that this entity is in good standing with CBPL and that all current entity officials and stakeholders (listed below) are also currently and accurately listed with CBPL.

This subsection must be completed by any community or entity, including a corporation, limited liability company, partnership, or limited partnership, that is applying for renewal. If more space is needed, please attach additional completed copies of this page.

- If the applicant is a corporation, the following information must be completed for each shareholder who owns 10% or more of the stock in the corporation, and for each president, vice-president, secretary, and managing officer.
- If the applicant is a limited liability organization, the following information must be completed for each member with an ownership interest of 10% or more, and for each manager.
- If the applicant is a partnership, including a limited partnership, the following information must be completed for each partner with an interest of 10% or more, and for each general partner.

Important Note: The information provided in the below fields (including spelling of names, specific titles, and percentages held) must match that which is listed with CBPL. If one individual holds multiple titles mentioned in the bullets above, all titles must be listed for that individual on this application and with CBPL. Failure to list all required titles constitutes an incomplete application. **You must list ALL of your qualifying officials, additional copies of this page or a separate sheet of paper may be submitted if necessary.**

Name of Official:	PHILIP D. YOUNGER			
Title(s):	PRES	Phone:	602-515-8078	% Owned: 50
Mailing Address:	11657 E BELLA VISTA DR			
City:	SCOTTSDALE	State:	AZ	ZIP: 85259

Name of Official:	GWEN L. YOUNGER			
Title(s):	SEC / TREAS	Phone:	480-619-3544	% Owned: 50
Mailing Address:	11657 E BELLA VISTA DR			
City:	SCOTTSDALE	State:	AZ	ZIP: 85259

Name of Official:				
Title(s):		Phone:		% Owned:
Mailing Address:				
City:		State:		ZIP:

**Form AB-17: 2020/2021 Renewal License Application****Section 3 – Sole Proprietor Ownership Information**

Entities, such as corporations or LLCs, should skip this section. This section must be completed by any licensee who directly holds the license as an **individual or multiple individuals** and is applying for license renewal. If more space is needed, please attach a separate sheet that includes all of the required information.

The following information must be completed for each licensee and each affiliate.

This individual is an: ☐ applicant ☐ affiliate

Name:		Contact Phone:	
Mailing Address:			
City:		State:	
Email:		ZIP:	

This individual is an: ☐ applicant ☐ affiliate

Name:		Contact Phone:	
Mailing Address:			
City:		State:	
Email:		ZIP:	

Section 4 – Alcohol Server Education

This section must be completed only by the holder of a beverage dispensary, club, or pub license or conditional contractor's permit. The holders of all other license types should skip to Section 5.

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

Initials

I certify that all licensees, agents, and employees who sell or serve alcoholic beverages or check identification of a patron have completed an alcohol server education course approved by the ABC Board and keep current, valid copies of their course completion cards on the licensed premises during all working hours, as set forth in AS 04.21.025 and 3 AAC 304.465.

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Section 5 – License Operation

Check a **single box** for each calendar year that best describes how this liquor license was operated:

2018 2019

The license was regularly operated continuously throughout each year.

<input type="checkbox"/>	<input type="checkbox"/>
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The license was regularly operated during a specific season each year.

<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
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The license was only operated to meet the minimum requirement of 240 total hours each calendar year.

If this box is checked, a complete copy of Form AB-30: Proof of Minimum Operation Checklist, and all necessary documentation must be provided with this application.

<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------

The license was not operated at all or was not operated for at least the minimum requirement of 240 total hours each year, during one or both of the calendar years.

<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------

If this box is checked, a complete copy of Form AB-29: Waiver of Operation Application and corresponding fees must be submitted with this application for each calendar year during which the license was not operated for at least the minimum requirement, unless a complete copy of the form (including fees) has already been submitted for that year.

AMCO
DEC 8 0 2019

**Form AB-17: 2020/2021 Renewal License Application****Section 6 – Violations and Convictions****Applicant violations and convictions in calendar years 2018 and 2019:**

Yes No

Have any notices of violation (NOVs) been issued for this license in the calendar years 2018 or 2019?☐ ☒

Has any person or entity named in this application been convicted of a violation of Title 04, of 3 AAC 304, or a local ordinance adopted under AS 04.21.010 in the calendar years 2018 or 2019?

☐ ☒

If "Yes" to either of the previous two questions, attach a separate page to this application listing all NOVs and/or convictions.

Section 7 – Certifications**Read each line below, and then sign your initials in the box to the right of each statement:**

Initials

I certify that all current licensees (as defined in AS 04.11.260) and affiliates have been listed on this application, and that in accordance with AS 04.11.450, no one other than the licensee(s) has a direct or indirect financial interest in the licensed business.

☐ ☒

I certify that I have not altered the functional floor plan or reduced or expanded the area of the licensed premises, and I have not changed the business name or the ownership (including officers, managers, general partners, or stakeholders) from what is currently approved and on file with the Alcoholic Beverage Control Board.

☐ ☒

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

☐ ☒

As an applicant for a liquor license renewal, I declare under penalty of perjury that I have read and am familiar with AS 04 and 3 AAC 304, and that this application, including all accompanying schedules and statements, is true, correct, and complete. I agree to provide all information required by the Alcoholic Beverage Control Board or AMCO staff in support of this application and understand that failure to do so by any deadline given to me by AMCO staff will result in this application being returned to me as incomplete.

Signature of licensee

Signature of Notary Public

GWEN L. YOUNGER

Printed name of licensee

Notary Public in and for the State of ARIZONAMy commission expires: 01/16/2022Subscribed and sworn to before me this 27 day of December, 2019.Seasonal License? Yes ☒ No ☐If "Yes", write your six-month operating period: APRIL - SEPTEMBER

License Fee:	\$ 625.00	Application Fee:	\$ 300.00	TOTAL:	\$ 925.00
Miscellaneous Fees:					
GRAND TOTAL (if different than TOTAL):					



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 20-024 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 1/22/2020 In control: City and Borough Assembly

On agenda: 1/28/2020 Final action:

Title: Approve a liquor license renewal application for JL Sitka, Inc. dba Westmark Sitka Hotel at 330 Seward Street

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and Memos](#)
[01152020 LGB Notice - City of Sitka Borough of Sitka.](#)
[1031 Complete Renewal Application](#)

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 a liquor license renewal application for JL Sitka, Inc. dba Westmark Sitka Hotel at 330 Seward Street and forward this approval to the Alcoholic Beverage Control Board without objection.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Paxton and Assembly Members
Hugh Bevan, Interim Municipal Administrator

From: Sara Peterson, Municipal Clerk

Date: January 22, 2020

Subject: Approve a liquor license renewal application for Westmark

Our office has received notification of the following liquor license renewal application:

Lic #: 1031
DBA: Westmark Sitka Hotel
License Type: Beverage Dispensary - Tourism
Licensee: JL Sitka, Inc.
Premises Address: 330 Seward Street

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

Recommendation:

Approve the liquor license renewal application for JL Sitka, Inc. dba Westmark Sitka Hotel and forward this approval to the Alcoholic Beverage Control Board without objection.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Utility Billing Clerk – Diana
Collections - Carolyn
Municipal Billings – Lindsey
Sales Tax/Property Tax - Justin
Fire Department
Police Department
Building Official(s)

From: Sara Peterson, Municipal Clerk

Date: January 15, 2020

Subject: Liquor License Renewal Application – Westmark

The Municipal Clerk's Office has been notified by the Alcohol and Marijuana Control Office of the following liquor license renewal application submitted by:

Lic #: **1031**
DBA: Westmark Sitka Hotel
License Type: Beverage Dispensary - Tourism
Licensee: JL Sitka, Inc.
Premises Address: 330 Seward Street

Please notify no later than **noon on Tuesday, January 21** of any reason to protest this renewal request. This request is scheduled to go before the Assembly on January 28.

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

January 15, 2020

Sitka, City and Borough

Via Email: sara.peterson@cityofsitka.org ; melissa.henshaw@cityofsitka.org

Re: Notice of 2020/2021 Liquor License Renewal Application

1031	Westmark Sitka Hotel	Beverage Dispensary - Tourism
5126	Dove Island Lodge	Outdoor Recreation Lodge

We have received a completed renewal application for the above listed license (see attached application documents) within your jurisdiction. This is the notice required under AS 04.11.480.

A local governing body may protest the approval of an application(s) pursuant to AS 04.11.480 by furnishing the director **and** the applicant with a clear and concise written statement of reasons for the protest within 60 days of receipt of this notice, and by allowing the applicant a reasonable opportunity to defend the application before a meeting of the local governing body, as required by 3 AAC 304.145(d). If a protest is filed, the board will deny the application unless the board finds that the protest is arbitrary, capricious, and unreasonable.

To protest the application referenced above, please submit your written protest within 60 days, and show proof of service upon the applicant and proof that the applicant has had a reasonable opportunity to defend the application before a meeting of the local governing body.

Sincerely,

A handwritten signature in black ink, appearing to read "Glen Klinkhart", on a light-colored rectangular background.

Glen Klinkhart, Director

amco.localgovernmentonly@alaska.gov



Alaska Alcoholic Beverage Control Board

Beverage Dispensary – Tourism License

Form AB-17d: 2020/2021 Renewal License Application

What is this form?

This renewal license application form is required for all individuals or entities seeking to apply for renewal of an existing beverage dispensary-tourism liquor license that is due to renew by December 31, 2019. All fields of this form must be complete and correct, or the application will be returned to you in the manner in which it was received, per AS 04.11.270 and 3 AAC 304.105. The Community Council field only should be verified/completed by licensees whose establishments are located within the Municipality of Anchorage or outside of city limits within the Matanuska-Susitna Borough.

This form must be completed and submitted to AMCO's main office before any license renewal application will be reviewed. Receipt and/or processing of renewal payments by AMCO staff neither indicates nor guarantees that an application will be considered complete, or that a license will be renewed.

Section 1 – Establishment and Contact Information

Enter information for the business seeking to have its license renewed. If any populated information is incorrect, please contact AMCO.

Licensee:	JL Sitka, Inc.	License #:	1031
License Type:	Beverage Dispensary - Tourism		
Doing Business As:	Westmark Sitka Hotel		
Premises Address:	330 Seward Street		
Local Governing Body:	City & Borough of Sitka		
Community Council:	None		

Mailing Address:	330 Seward Street				
City:	Sitka	State:	Alaska	ZIP:	99835

Enter information for the individual who will be designated as the primary point of contact regarding this application. This individual **must be a licensee** who is required to be listed in and authorized to sign this application.

Contact Licensee:	Lisa J. Laudon	Contact Phone:	907-230-4095
Contact Email:	lisa.laudon@gmail.com		

Optional: If you wish for AMCO staff to communicate with an individual who is not a licensee named on this form (eg: legal counsel) about this application and other matters pertaining to the license, please provide that person's contact information in the fields below.

Name of Contact:	N/A	Contact Phone:	
Contact Email:			

**Form AB-17d: 2020/2021 Tourism Renewal License Application****Section 2 – Entity or Community Ownership Information**

Licensees who directly hold a license as an individual or individuals should skip to Section 3. General partnerships and local governments should skip to the second half of this page. All licensees that are **corporations** or **LLCs** must complete this section. Corporations and LLCs are required to be in good standing with the Alaska Division of Corporations, Business & Professional Licensing (CBPL). The CBPL Entity # below is **neither** your EIN/tax ID number, **nor** your business license number. **You may view your entity's status or find your CBPL entity number by using the following site:** <https://www.commerce.alaska.gov/cbp/main/search/entities>

Alaska CBPL Entity #:	1011 114445
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You must ensure that you are able to certify the following statement before signing your initials in the box to the right: Initials

I certify that this entity is in good standing with CBPL and that all current entity officials and stakeholders (listed below) are also currently and accurately listed with CBPL.

Initials
Jov

This subsection must be completed by any **community** or **entity**, including a corporation, limited liability company, partnership, or limited partnership, that is applying for renewal. If more space is needed, please attach additional completed copies of this page.

- If the applicant is a **corporation**, the following information must be completed for each **shareholder who owns 10% or more** of the stock in the corporation, and for each **president, vice-president, secretary, and managing officer**.
- If the applicant is a **limited liability organization**, the following information must be completed for each **member with an ownership interest of 10% or more**, and for each **manager**.
- If the applicant is a **partnership**, including a limited partnership, the following information must be completed for each **partner with an interest of 10% or more**, and for each **general partner**.

Important Note: The information provided in the below fields (including spelling of names, specific titles, and percentages held) must match that which is listed with CBPL. If one individual holds multiple titles mentioned in the bullets above, all titles must be listed for that individual on this application and with CBPL. Failure to list all required titles constitutes an incomplete application. **You must list ALL of your qualifying officials, additional copies of this page or a separate sheet of paper may be submitted if necessary.**

Name of Official:	N/A			
Title(s):	Phone:	% Owned:		
Mailing Address:				
City:	State:	ZIP:		

Name of Official:	Lisa Laudon				
Title(s):	President, Treasurer	Phone:	907-230-4095	% Owned:	50
Mailing Address:	3205 Lakeside Drive				
City:	Anchorage	State:	AK	ZIP:	99515

Name of Official:	John E. Emmi				
Title(s):	President V.P., Secretary	Phone:	907-229-7135	% Owned:	50
Mailing Address:	P.O. Box 672049				
City:	Chugiak	State:	AK	ZIP:	99567

**Form AB-17d: 2020/2021 Tourism Renewal License Application****Section 3 – Sole Proprietor Ownership Information**

Entities, such as corporations or LLCs, should skip this section. This section must be completed by any licensee who directly holds the license as an **individual or multiple individuals** and is applying for license renewal. If more space is needed, please attach a separate sheet that includes all of the required information.

The following information must be completed for each licensee and each affiliate.

This individual is an: ☐ applicant ☐ affiliate (spouse)

Name:			Contact Phone:		
Mailing Address:					
City:		State:		ZIP:	
Email:					

This individual is an: ☐ applicant ☐ affiliate (spouse)

Name:			Contact Phone:		
Mailing Address:					
City:		State:		ZIP:	
Email:					

Section 4 – Alcohol Server Education

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

Initials

I certify that all licensees, agents, and employees who sell or serve alcoholic beverages or check identification of a patron have completed an alcohol server education course approved by the ABC Board and keep current, valid copies of their course completion cards on the licensed premises during all working hours, as set forth in AS 04.21.025 and 3 AAC 304.465.

Section 5 – License Operation

Check a **single box** for each calendar year that best describes how this liquor license was operated:

2018 2019

The license was regularly operated continuously throughout each year.

☒ ☒

The license was regularly operated during a specific season each year.

☐ ☐

The license was only operated to meet the minimum requirement of 240 total hours each calendar year.

If this box is checked, a complete copy of Form AB-30: Proof of Minimum Operation Checklist, and all necessary documentation must be provided with this application.

☐ ☐

The license was not operated at all or was not operated for at least the minimum requirement of 240 total hours each year, during one or both of the calendar years.

☐ ☐

If this box is checked, a complete copy of Form AB-29: Waiver of Operation Application and corresponding fees must be submitted with this application for each calendar year during which the license was not operated for at least the minimum requirement, unless a complete copy of the form (including fees) has already been submitted for that year.

**Form AB-17d: 2020/2021 Tourism Renewal License Application****Section 6 – Violations and Convictions****Applicant violations and convictions in calendar years 2018 and 2019:**

Yes No

Have any notices of violation (NOVs) been issued for this license in the calendar years 2018 or 2019?☐ ☒

Has any person or entity named in this application been convicted of a violation of Title 04, of 3 AAC 304, or a local ordinance adopted under AS 04.21.010 in the calendar years 2018 or 2019?

☐ ☒

If "Yes" to either of the previous two questions, attach a separate page to this application listing all NOVs and/or convictions.

Section 7 – Certifications**Read each line below, and then sign your initials in the box to the right of each statement:**

Initials

I certify that all current licensees (as defined in AS 04.11.260) and affiliates have been listed on this application, and that in accordance with AS 04.11.450, no one other than the licensee(s) has a direct or indirect financial interest in the licensed business.

I certify that I have not altered the functional floor plan or reduced or expanded the area of the licensed premises, and I have not changed the business name or the ownership (including officers, managers, general partners, or stakeholders) from what is currently approved and on file with the Alcoholic Beverage Control (ABC) Board.

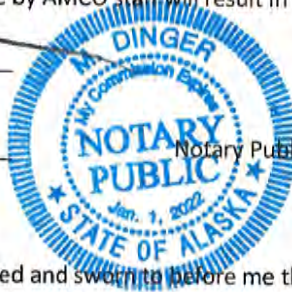
I certify on behalf of myself or of the organized entity that I understand that providing a false statement on this form or any other form provided by AMCO is grounds for rejection or denial of this application or revocation of any license issued.

I am submitting as part of this application a completed copy of the attached Tourism Statement form, for review by the Alcoholic Beverage Control Board.

As an applicant for a liquor license renewal, I declare under penalty of perjury that I have read and am familiar with AS 04 and 3 AAC 304, and that this application, including all accompanying schedules and statements, is true, correct, and complete. I agree to provide all information required by the Alcoholic Beverage Control Board or AMCO staff in support of this application and understand that failure to do so by any deadline given to me by AMCO staff will result in this application being returned to me as incomplete.

Signature of licensee

Printed name of licensee



Signature of Notary Public

Notary Public in and for the State of Alaska

My commission expires:

11/2022

Subscribed and sworn to before me this

30 day of December, 2019.

Seasonal License?

Yes

☐

No

☒

If "Yes", write your six-month operating period: _____

License Fee:	\$ 2500.00	Application Fee:	\$ 300.00	TOTAL:	\$ 2800.00
Miscellaneous Fees:					
GRAND TOTAL (if different than TOTAL):					



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 20-025 Version: 1 Name:
Type: Item Status: AGENDA READY
File created: 1/22/2020 In control: City and Borough Assembly
On agenda: 1/28/2020 Final action:
Title: Reappoint Jere Christner to a three-year term on the Investment Committee
Sponsors:
Indexes:
Code sections:
Attachments: [Motion Christner](#)
[Christner application](#)

Date	Ver.	Action By	Action	Result
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POSSIBLE MOTION

I MOVE TO reappoint Jere Christner to a three-year term on the Investment Committee.



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

Board/Commission/Committee: Sitka Investment Committee
Name: Steve Christner Preferred Phone: [REDACTED]
Address: [REDACTED] Alternate Phone: [REDACTED]
Email Address: [REDACTED] Fax Number: N/A
Length of Residence in Sitka: 34 yrs Registered to vote in Sitka? ☒ Yes ☐ No
Employer: retired

Organizations you belong to or participate in:

Grace Harbor

Explain your main reason for applying:

see attached

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

see attached

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

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

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

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

Date: 14 Jan 2020 Signature: Steve Christner

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

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

Return to:

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

Jere Christner



January 13, 2020

Sitka Assembly
City and Borough of Sitka
100 Lincoln St.
Sitka, AK 999835

Dear Assembly Members:

I wish to reapply for another term on the Sitka Investment Committee.

During my career with the US Forest Service I spent a considerable amount of time in planning and budgeting to assure that work was accomplished in fiscally sound ways. After my retirement from the Forest Service, my wife and I operated a small business related to education and hospitality. That involved both catering in Sitka for groups and individuals, as well as educational activities mainly for visitors to Alaska.

During my terms serving on the Investment Committee the City and Borough has transitioned to arranging for professional management for investing of the Permanent Fund and some operating funds. The purpose was to free up key City staff and have a professional firm handle the day to day details.

Over the past several months there has been discussions with City Staff and the Assembly Liaison about setting up Fiscal Policies for the City. The Assembly has shown an interest in having the Investment Committee take on a role in assisting in the effort.

A sheet which summarizes my involvement with committees and groups is enclosed.

I am willing to volunteer again to help the City and Borough and our citizens by being on the Investment Committee. Thank you for considering me.

Sincerely,

A handwritten signature in cursive script that reads "Jere Christner".

Jere Christner

Encl:

January 13, 2020

Current involvement in Sitka:

Member of Grace Harbor Church / Serving as a Deacon

Working with Elderhostel/Road Scholar groups

Previous involvement in Sitka:

C&B of Sitka - member of citizen committee related to renovation of Centennial Hall

1985-2019 Member Sitka Rotary Club

1985-1986 C&B of Sitka- member of Air and Water Quality Committee

Late 1980-early 1990s - Sitka Convention & Visitor's Bureau- board member

Port and Harbors Commission – board member 1990s- 2 years

Sitka Historical Society- board member – 10+ years

ALPS Federal Credit Union – board member 2001-2013



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 20-026 Version: 1 Name:
Type: Item Status: AGENDA READY
File created: 1/22/2020 In control: City and Borough Assembly
On agenda: 1/28/2020 Final action:
Title: Appoint Sandra Fontaine to a three-year term on the Library Commission
Sponsors:
Indexes:
Code sections:
Attachments: [Motion Fontaine](#)
[Fontaine application](#)

Date	Ver.	Action By	Action	Result
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POSSIBLE MOTION

I MOVE TO appoint Sandra Fontaine to a three-year term on the Library Commission.



Application for Appointment to Boards, Committees, and Commissions

City and Borough of Sitka

SITKA PUBLIC
LIBRARY BOARD

Board/Commission/Committee:

Name: SANDRA FONTAINE

Preferred Phone:

Address:

Alternate Phone:

Email Address:

Fax Number:

Length of Residence in Sitka: 45+ YEARS

Registered to vote in Sitka? ☒ Yes ☐ No

Employer: SITKA SCHOOL DISTRICT

SUBTEACHER

Organizations you belong to or participate in:

① DELTA KAPPA GAMMA (teacher organization)
② Sitka Historical Society

Explain your main reason for applying:

I am a longtime Sitkan who loves Sitka, loves to read, am a retired educator, and ~~has~~ who has a deep appreciation for the library.

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

• 30+ years elementary & middle school teacher
• a reader!!!
• parent of 7 children
• love Sitka

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

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

no...

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

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

Date: Jan 20, 2020

Signature: Sandra Fontaine

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

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

Return to:

Melissa Henshaw, Deputy Clerk/Records Specialist, 100 Lincoln Street

Fax: 907-747-7403 Email: melissa.henshaw@cityofsitka.org

January 20, 2020

City and Borough of Sitka:

Letter of Interest: Sitka Public Library Board

To Whom It May Concern:

I am very interested in serving on the Sitka Public Library Board. I love Sitka! My family has lived in Sitka for over fifty-five years (I was gone for ten to pursue my education but came back frequently during the summers). I am a retired elementary teacher who taught for twenty-one plus years in the Sitka School District. I love to read, and am very interested in our library....

Many years ago, when I was in my twenties, I served on the Library Board for several years, in the days when Louise Brightman was the librarian. In fact, even earlier, as a teenager moving to Sitka in 1962, one of my fondest memories is of visiting the Sitka library, then housed in the basement of a Pioneer Home building, stacks of books covering the floor, two friendly dogs lying about, and Louise working away on her library duties....So I have a history with, and a love for, our library.

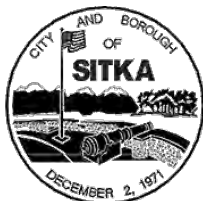
Anyway, I would love to serve on the Board again, now that I am older and wiser, of course, and I hope to hear from you.



Sandra Fontaine

Phone: [REDACTED]

Email: [REDACTED]



LIBRARY COMMISSION

NAME	CONTACT NUMBERS	TERM STARTS	EXPIRES	CATEGORY
NICOLE FILIPEK PO Box 251	206-769-3685 nicolefilipek@gmail.com	2/14/17	2/14/20	Chair
DARRYL REHKOPF 210 Observatory Street	738-5629 darrylrehkopf@hotmail.com	8/22/17 5/14/19	4/12/19 5/14/22	Vice Chair
DANIEL GUNN 204 Marine Street	738-0738 danielforestgunn@gmail.com	1/23/18 1/8/19	1/12/19 1/8/22	Secretary
PAUL BAHNA 3001 Barker Street	747-7749 623-0945 bnbahna@alaska.edu	7/24/18	6/13/20	Eidler/Litman's term
STEPHEN MORSE 314 Tilson Street	509-607-7327 stephen_morse@hotmail.com	4/24/18 2/26/19	1/26/19 2/26/22	
<i>JOSHUA THOMAS PO Box 473</i>	<i>817-471-6054 Josh0417@att.net</i>	<i>9/13/16 8/27/19</i>	<i>9/13/19 8/27/22</i>	<i>Resigned 12/4/19</i>
<i>ALICE JOHNSTONE 213 Shotgun Alley</i>	<i>747-3931 johnstone@ak.net</i>	<i>7/22/03 7/11/06 7/14/09 7/24/12 7/14/15</i>	<i>7/22/06 7/11/09 7/14/12 7/24/15 7/14/18</i>	<i>Resigned 8/8/19</i>
Thor Christianson 500 Lincoln Street A9	738-2491 assemblychristianson@cityofsitka.org			Assembly Liaison
Elizabeth O'Donnell				Emeritus Member
Alice Johnstone				Emeritus Member

7 Members from Public 3-year terms

Established by Ordinance 72-50, Ord. 03-1730 added 2 more members

First Wednesday of the Month, 6:00 p.m. at Harrigan Centennial Hall, 330 Harbor Drive

OATH OF OFFICE REQUIRED

Revised: January 6, 2020



CITY AND BOROUGH OF SITKA

Legislation Details

File #: ORD 20-01 Version: 1 Name:

Type: Ordinance Status: AGENDA READY

File created: 1/7/2020 In control: City and Borough Assembly

On agenda: 1/28/2020 Final action:

Title: Making supplemental appropriations for Fiscal Year 2020 (Airport Entry Doors Replacement Project)

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Ord 20-01](#)
[Memo and Ord 20-01](#)

Date	Ver.	Action By	Action	Result
1/14/2020	1	City and Borough Assembly		

POSSIBLE MOTION

I MOVE TO approve Ordinance 2020-01 on second and final reading making supplemental appropriations for Fiscal Year 2020 (Airport Entry Doors Replacement Project).



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Gary Paxton and Assembly Members

From: Hugh Bevan, Interim Municipal Administrator

Date: January 8, 2020

Subject: Airport Entry Doors - Replacement

Background

The four automatic doors at the main entrance of the Airport Terminal were installed in 2003. These doors are worked very heavily, and we are experiencing more equipment failures with them and parts are hard to find.

The double door entry at the Nugget Restaurant was installed in 1987 and it is also becoming unreliable.

I recommend that we replace both sets of entry way doors before the intense visitor season is fully underway.

Normally I would wait and present such a capital request during the budget process, but I don't want these doors to become a problem for the airlines and building security this summer.

Fiscal Note

The proposed budget is:

Main entry way, automatic doors	\$ 88,000
Nugget entry, manual doors	<u>\$ 12,000</u>
Total	\$100,000

The Airport Enterprise Fund working capital balance as of June 30, 2019 was \$814,942.

Recommendation

Approve the replacement of certain doors at the Sitka Airport Terminal at the budgeted amount of \$100,000.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2020-01

**AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA MAKING SUPPLEMENTAL
APPROPRIATIONS FOR FISCAL YEAR 2020
(Airport Entry Doors Replacement Project)**

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

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

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

3. **PURPOSE.** The purpose of this ordinance is to make a supplemental capital appropriation for FY2020.

4. **ENACTMENT.** In accordance with Section 11.10(a) of the Charter of the City and Borough of Sitka, Alaska, the Assembly hereby makes the following supplemental appropriation for the budget period beginning July 1, 2019 and ending June 30, 2020.

<u>FISCAL YEAR 2020 EXPENDITURE BUDGETS</u>
CAPITAL PROJECTS
Fund 760 - Airport Entry Doors Replacement Project: Increase appropriations in the amount of \$100,000 for the replacement of the Airport Terminal Entry Doors. The funds will come from the Airport Terminal Fund working capital.

EXPLANATION

The purpose of this supplemental appropriation is to replace the entry doors at the Airport Terminal. The Automatic doors along with the doors by the Nugget entry have been failing since the beginning of the Fiscal Year and replacement parts are hard to acquire.

There haven't been any supplemental appropriations to date for the Airport Terminal Fund in FY2020.

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 28th Day of January, 2020.

ATTEST:

Gary L. Paxton, Mayor

Sara Peterson, MMC
Municipal Clerk

1st reading 1/14/2020
2nd and final reading 1/28/2020



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 20-027 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 1/22/2020 In control: City and Borough Assembly

On agenda: 1/28/2020 Final action:

Title: Approve the process to update the City and Borough of Sitka seal

Sponsors:

Indexes:

Code sections:

Attachments: [Motion](#)

- [1 - City Seal Update - Proposed Process & Cost](#)
- [2 - Timeline](#)
- [3 - Draft City Seal Contest](#)
- [4 - SE Seals Example Sheet](#)
- [5 - Seal Adoption Minutes 1971](#)
- [6 - SGC Use of City Seal](#)

Date	Ver.	Action By	Action	Result
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Sponsors: Knox and Eisenbeisz

POSSIBLE MOTION

I MOVE TO approve the process to update the City and Borough of Sitka seal.



City Seal Update – Proposed Process

1. Discussion/Direction item to the Assembly for motion of support to start a public process to create a new city seal and city seal design review committee (Eisenbeisz, Knox, Bevan/Leach, Peterson, Ainslie, STA Representative).
2. Budget for \$1,000 award to winner of design contest to come from mayoral contingency fund.
3. 45 day call for submittals for city seal design.
4. Quality assurance check from design review committee to create finalist list.
5. Roadshow with: Historic Preservation Commission, Health Needs & Human Services Commission, Parks & Recreation, Planning Commission, Library Commission, Police & Fire Commission, Ports & Harbors Commission, Tree & Landscape, Local Emergency Planning Commission, Government to Government meeting, and STA council & sub-committees.
6. Open public forum to be hosted by Doug Osborne.
7. Design review committee will compile feedback/results of roadshow and public forum for Assembly review.
8. Final selection by Assembly – resolution for adoption of new city seal.

FY21 administration budget should include funding for adoption of the seal – envelopes, letterhead, business cards, etc.

Costs associated with a new City and Borough of Sitka Seal

- Letterhead
 - \$60 per 500 sheets – of note, a large portion of staff uses electronic letterhead.
Estimate replacement cost = **\$240.00**
- Business cards
 - 68 employees, including the Assembly = **\$1,170.00**
- Decals for CBS vehicles – 5 year phase-in
 - \$19 each (14” decal) x 33 vehicles (2 decals per vehicle) = **\$1,254.00**
 - Employee cost for removal / installation of decal = **\$3,634.00**
 - 2 hours per vehicle
- Flags
 - 6 flags = **\$1,086.00** (4 flags at HCH)
- Embossers
 - 2 embossers x \$40 each = **\$80**
- Assembly nameplates = **no charge**
- Stamp for Mylar plats = **\$50**

Estimated expenditures: \$3,880.00


Estimated labor cost: \$3,634.00

Total estimated cost: \$7,514.00



Kick-Off

- Assembly approval to move forward with seal update 1/28/20, designate Design Review Committee (DRC)
- Contest opened 2/14/20



Roadshow & Public Engagement

- Contested closed 3/31/20
- QA check completed by DRC to create finalist list, Board/Commission survey sent by 4/2/20
- Reviewed by Boards & Commissions throughout months of April and May
- Reviewed at tribal council in April/May
- Open public forum hosted late April/early May



Selection

- DRC to compile survey results and overall feedback in a report to Assembly 5/26/20, discussion and public testimony
- Assembly makes final selection and, by resolution, adopts new city seal 6/9/20.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

Coast Guard City, USA

Announcement of Contest to Design the Official Seal of the City and Borough of Sitka

We invite individuals to design a new official seal of the City and Borough of Sitka (CBS).

The City and Borough of Sitka was incorporated on December 2, 1971. The first (and only) official seal of the City and Borough of Sitka consists of depiction of a cannon on Castle Hill facing Sitka Sound, the U.S. flag, and oceans, mountains, and foliage. “CITY AND BOROUGH OF SITKA” appear across the top, and the incorporation date of December 2, 1971 appears on the bottom.

The current official seal of the City and Borough of Sitka does not reflect the rich history, society, culture, geography, flora, fauna, economy, or other important characteristics of the area and people within the boundaries of CBS.

In contrast, for more than a century, the official Seal of Alaska (District, Territory, and State) has depicted Alaska's industrial and natural wealth. The rays above the mountains represent the famous Alaskan northern lights. The smelter symbolizes mining, the train stands for Alaska's rail transportation, and ships denote marine transportation. The trees symbolize Alaska's wealth of timber and other forest products, and the farmer, his horse, and the three shocks of wheat portray Alaska's agriculture. The fish and seals signify the importance of seafood to Alaska's economy.

The contest to design a new official seal for the City and Borough of Sitka offers an opportunity for citizens to learn more about CBS government and the area within its boundaries, contribute artistically to the community, and celebrate the diversity of our city.

The winner(s) will be invited to an Assembly meeting to be honored by the Assembly. A total cash award of \$1,000 is available for the winning design(s). If multiple designs are selected, the award will be split in equal parts between the selected entrants.

The winning design will be the sole property of CBS. CBS reserves the right to make modifications and enhancements before adopting the design for use as the official seal.

CONTEST PROCEDURE:

- Contestants must submit designs to the Clerk's Office at City Hall (100 Lincoln Street) on or before 4:00 p.m., March 31, 2020. Entries will be numbered so that the contestants remain anonymous throughout the process;
- The Assembly will designate a Design Review Committee, comprised of elected officials (Assembly members Eisenbeisz and Knox), city staff (the Municipal Administrator, Municipal Clerk, and Planning Director), and representation from tribal council. The Design Review Committee will prepare a list of "finalists" for public consideration. The Selection Committee reserves the right to reject any and all submissions without disclosure. All entrants will be notified of the results;
- Local boards and commissions will review the designs and select their top 3 favorites. There will also be review with the tribal government, and an open public forum to give thoughts and feedback;
- The Design Review Committee will compile feedback from the board/commission reviews and the public forum. A report will be presented to the Assembly for selection by the Assembly at the second regular Assembly meeting in May.

ENTRY QUALIFICATIONS:

- Submissions are encouraged from current and former City and Borough of Sitka residents;
- The design must reflect the rich history, society, culture, geography, flora, fauna, economy, or other important characteristics of the area and people within the City and Borough of Sitka;
- The design must contain the name "City and Borough of Sitka"; and incorporation date of December 2, 1971
- All submissions must be entrant's original work. No copyrighted characters, images, or clip art are permitted;
- The original design must be submitted in both color and in black and white. Each rendering must be submitted on 8 1/2" x 11" paper. Electronic entries will be accepted; however, the applicant must be willing to provide a printed hardcopy if requested by CBS;
- An individual may submit only one entry in the contest;
- Each entry must be accompanied by a completed Official Entry Form; and
- The original entry and entry form must be received by the Clerk's Office located at City Hall, 100 Lincoln Street, Sitka, AK 99835, or by email, by 4 p.m. on March 31, 2020. LATE ENTRIES WILL NOT BE ACCEPTED.

The winning design(s) become the property of the City and Borough of Sitka and will not be returned. The design(s) may be refined or modified by CBS at its discretion

Entry forms can be found on the CBS website www.cityofsitka.com or by contacting Sara Peterson, Municipal Clerk, at 747-1811 or sara.peterson@cityofsitka.org

**OFFICIAL ENTRY FORM
CITY AND BOROUGH OF SITKA SEAL CONTEST**

DEALINE to submit designs with entry form: **4:00 PM AKST on March 31, 2020**

LATE ENTRIES WILL NOT BE ACCEPTED.

SUBMIT entries in a SEALED envelope addressed to:

City and Borough of Sitka
c/o Municipal Clerk
100 Lincoln Street
Sitka, AK 9985

Contact Sara Peterson at (907) 747-1811 or via email at sara.peterson@cityofsitka.org for details.

ONE ENTRY PER PERSON: Please print and fill in blanks.

Name: _____

Residence Address: _____

Phone Number: _____

Email Address: _____

Description and explanation of design:

Certification:

I, _____, hereby certify that the submitted design is entirely my own original work. I agree to donate my work and allow the seal to become the sole property of the City and Borough of Sitka, which will then have the right to modify, promote, and publish the seal in any format without permission, notice, or additional compensation beyond the \$1,000 allotted for the winner. I understand that two or more entries may be chosen, and key elements of each design may be combined. I understand that if two or more designs are chosen, the \$1,000 award shall be divided equally amongst the winning entrants. I also understand and agree to make requested design changes if chosen. Should my design be selected, I agree to the release of my name, photo, and posting of that information on the City and Borough of Sitka's website. I understand that all decisions made by the Design Review Committee and Assembly are final. All personal information will be kept strictly confidential.

Signature: _____

Date: _____

(For official use only)

Date Received: _____

Entry No.: _____

Received by: _____

Seal Examples – State of Alaska and Southeast Alaska Communities



Seal Examples – State of Alaska and Southeast Alaska Communities



Page Four
City and Borough of Sitka
December 7, 1971

Uniform Closing Hours, Bars Mr. Gregg said that one of his partners, Mr. Fraties had called after researching the Assembly's question in regard to uniform closing hours. Mr. Fraties cited the Alaska statutes section 04.15.010 Hours of Sale. "Under the law, the closing hours need not be uniform throughout the municipality." He advised that uniform hours need not apply to all sections of the municipality, but that the hours should be governed by the circumstances of the different areas; the basis must be governed by sound consideration of health protection, safety and moral factors. He suggested that in consideration of closing hours that a check be made with the police, traffic violation records, etc., taking all factors into consideration.

Mr. Dapceovich said that, with no objection, the matter of uniform closing hours will be referred to a Work Session.

NEW BUSINESS:

Official Seal Mr. Dapceovich had a commemorative coin circulated depicting the transfer of Alaska from Russia saying that it is the Assembly's recommendation that this be adopted as the official seal of the City and Borough of Sitka.

Mr. Marvin, seconded by Mr. Whitcomb, moved that the design on the commemorative coin be adopted as official seal of the new unified government. Motion carried by voice vote.

Official Photo Mr. Marvin, seconded by Mr. MacDonald, made a motion that a photograph of the members of the unified government be taken as part of historical files. Motion carried by voice vote and the meeting adjourned briefly while the photograph was taken by Martin Strand, local photographer.

The meeting reconvened at 9:25 p.m.

Hospital Board Appointments In accordance with the Hospital Ordinance, a notice has been published in the local newspaper stating that there will be two vacancies effective December 31, 1971/

Mr. Dapceovich said that he would like to recommend the reappointment of Lawrence Porter. Mr. Fredrick, seconded by Mr. MacDonald made a motion that the Mayor's recommendation be approved. Motion carried unanimously by voice vote.

Centennial Building Commission Mr. Dapceovich recommended Ray Nielsen to fill the vacancy on the Centennial Building Commission replacing Ed Flynn, resigned.

Mr. MacDonald, seconded by Mr. Grussendorf, made a motion that Ray Nielsen be appointed to the Centennial Building Commission; motion carried unanimously by voice vote.

Police and Fire Commission Mr. Dapceovich recommended the appointment of Russell Wright to the Police and Fire Commission. Mr. Richards, seconded by Mr. MacDonald, moved for acceptance of Mr. Wright and motion carried unanimously by voice vote.

Planning & Zoning Ordinance Mr. Gutierrez suggested that this ordinance be studied by the Assembly at a work session so the corrections from 'Borough' and 'City' are changed and the changes of the Alaska State Housing Authority can be noted.

Attorney Services The scheduled trips of the attorney to Sitka was referred to a Work Session.

Economic Development Board Discussion on how the Economic Development Board should function was referred to the next meeting for attention.

Sitka General Code

1.04.090 Use of city seal.

- A. The official seal of the city and borough of Sitka is a symbol of authority and jurisdiction of the city. As a valuable asset of the city and its citizens, the assembly seeks to insure that it is used only for appropriate purposes.
- B. The municipal clerk shall have charge of the seal of the city and borough of Sitka and shall affix the city seal to all certificates required by law, by this code, or by ordinance of the city. The municipal clerk may issue written permission for ceremonial or other permitted purposes as deemed appropriate by the clerk or assembly.
- C. Municipal officers, employees, members of the assembly, and members of municipal boards and commissions may use stationery and printed materials with the city seal, or facsimile thereof, while acting within the scope of their office or employment.
- D. Except as provided for in this section, no person, other than the city and borough of Sitka, shall reproduce, use, give away, sell, or distribute any seal or facsimile thereof purporting to be or represented to be the city seal.
- E. A person may not use or make a die or impression of the city seal for any advertising or commercial purpose.
- F. Violation of this section is a misdemeanor, and upon conviction is punishable by a fine of not more than five hundred dollars, or by imprisonment for not more than six months, or by both.



CITY AND BOROUGH OF SITKA

Legislation Details

File #: ORD 20-02 Version: 1 Name:

Type: Ordinance Status: AGENDA READY

File created: 1/22/2020 In control: City and Borough Assembly

On agenda: 1/28/2020 Final action:

Title: Amending Title 6 "Business Licenses And Regulations", Title 19 "Building and Construction", and Title 22 "Zoning" of the Sitka General Code by modifying Chapter 6.12 "Mobile and Manufactured Homes and Mobile and Manufactured Home Parks", Chapter 19.09 "Residential Code", Chapter 22.08 "Definitions", Chapter 22.16 "District Regulations", Chapter 22.24 "Special Use Permits" and adding Sections 6.12.205 "Construction Requirements For Tiny Houses and Tiny Houses On Chassis", Section 22.08.798 "Tiny House", and Section 22.08.799 "Tiny Houses On Chassis"

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Ord 20-02](#)
[01 21Jan20 transmittal memo tiny houses -brylinsky to assembly](#)
[Ord 20-02](#)
[02 2030 Comp Plan excerpt](#)
[03 2030 Technical Plan excerpt](#)
[04 Assembly Action Plan -Tiny Homes](#)
[05 SEDA 2016 Strategic Plan excerpt](#)
[06 Excerpt from minutes of 18Dec19 PandZ meeting](#)
[07 11Dec19 StaffReport to commission ZA 19-06](#)
[08 8Jan20 update memo to commission](#)
[09 2018 IRC Appendix Q-Tiny Houses](#)
[10 Written Public Comment](#)

Date	Ver.	Action By	Action	Result
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POSSIBLE MOTION

I MOVE TO approve Ordinance 2020-02 on first reading amending Title 6 “Business Licenses And Regulations”, Title 19 “Building and Construction”, and Title 22 “Zoning” of the Sitka General Code by modifying Chapter 6.12 “Mobile and Manufactured Homes and Mobile and Manufactured Home Parks”, Chapter 19.09 “Residential Code”, Chapter 22.08 “Definitions”, Chapter 22.16 “District Regulations”, Chapter 22.24 “Special Use Permits” and adding Sections 6.12.205 “Construction Requirements For Tiny Houses and Tiny Houses On Chassis”, Section 22.08.798 “Tiny House”, and Section 22.08.799 “Tiny Houses On Chassis”.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

Coast Guard City, USA

MEMORANDUM

To: Mayor Paxton and Members of the Assembly
Hugh Bevan, Interim Municipal Administrator

Through: Amy Ainslie, Director, Department of Planning and Community Development *AA*

From: Scott Brylinsky, Special Projects Manager *AB*

Subject: **Code amendments to create a legal status for tiny houses and tiny houses on chassis, provide safety standards, and options for placement**

Date: January 21, 2020

Background

The request is to amend the building and zoning codes, and the code for mobile/manufactured home parks to:

- create a definition for tiny houses on permanent foundations;
- create a definition for tiny houses on chassis;
- establish safety requirements for tiny houses on permanent foundations and for tiny houses on chassis; and
- provide options for their placement in existing mobile/manufactured home parks and on individual lots.

Affordable housing is among the most challenging policy issues the community has faced in the last twenty years. Providing more options for affordable housing is a long-standing policy goal of the Assembly and various interested community groups.

This goal has been formally stated in the 2030 Comprehensive Plan and its supporting document, the Technical Plan (relevant excerpts attached). It was formally put forward as a component of the Assembly's economic development strategy (attached), to "pursue options regarding tiny homes and/or smaller dwellings."

And notably, the 2016 strategic plan of the Sitka Economic Development Association lists housing costs as the single greatest barrier to doing business in Sitka. (attached)

The policy intent is to promote economic development by providing a greater range of affordable housing options.

The topic appeared before the Planning Commission as a discussion/direction item at its November 20, 2019 meeting. There was no specific direction given or formal action taken. The draft ordinance was put before the Planning Commission at its next meeting on December 18, 2019. Action was postponed due to having only three commissioners present. It went before the Planning Commission at their next meeting on January 15, 2020. The Commission voted 3-2 in favor of recommending approval to the Assembly.¹ One of those ‘nay’ votes was from a Commissioner who was in strong support of the overall proposal, but did not support the particular motion to approve because it included an amendment to make it a conditional use, rather than allowed use, to install a tiny-home-on-chassis on a private lot in some zones.

Over a dozen members of the public testified on the measure. All but one were in support of the proposal. We would note that supporters included owners or managers of at least three mobile/manufactured home parks. The Planning Department also received numerous written comments, all in support, except for two which were generally supportive but did express concern about the installation of tiny houses on chassis on private lots. (attached)

Staff analysis

Tiny houses have generated considerable interest in recent years, not just in Sitka but nationally. They are embraced by many who see them as part of the solution to addressing ever higher housing costs. However, national norms have been slow to evolve as to how tiny houses fit into building and zoning codes. But some change is occurring. The 2018 International Residential Code² includes a new Appendix Q, which for the first time provides a definition for tiny houses, and sets certain code requirements specific to tiny houses. The two most significant provisions are 1) defining a tiny home as less than 400 square feet exclusive of sleeping lofts, and 2) allowing for ladders and modified stairs as means of accessing sleeping lofts.

Tiny-houses-on-chassis (with or without wheels) have yet to be addressed in a nationally accepted platform. They are neither manufactured home nor recreational vehicle. The proposed ordinance amendments before the Assembly take the innovative step of creating a legal status for tiny homes on chassis, provided they meet basic fire/life safety, and health/sanitation standards. They must:

- Be constructed under a building permit and be constructed in accordance with the International Residential Code.
- Be inspected by the Building Department during construction.

¹ M-Windsor/S-Weaver moved to recommend approval of the proposed ordinance changes with the exception that tiny houses on chassis to be placed in zones that allow a single manufactured home on a lot be a conditional rather than allowed use, recognizing that final housekeeping edits and formatting changes may be made during formal ordinance preparation. (minutes not yet final)

² The 2012 International Residential Code is the current code in effect. The 2018 IRC Appendix Q would be adopted as an “add-on” to existing code.

- Be anchored to resist wind and seismic loads, much like a manufactured home.
- Be skirted.
- Have frost-free connections to utilities.

In the interest of promoting durable affordable housing, the amendments also specify certain prohibited building materials in the construction of tiny-houses-on-chassis. These requirements are based on local experience that certain materials and methods normally allowed by code, such as oriented strand board and flat roofs, although cheaper in the short run, simply don't perform well over the long term in our region's climate.

Summary

Overall, the proposed amendments do two things:

1. Create a code framework for the construction of tiny houses and tiny houses on chassis.
2. Provide new options for their placement, as follows:
 - a. Tiny houses can be constructed on a permanent foundation in mobile/manufactured home parks.
 - b. Tiny houses on chassis can be placed in mobile/manufactured home parks much like manufactured homes.
 - c. Tiny houses on chassis can be placed on an individual lot in zones which allow a single manufactured home, under the conditional use permit process.

Note that tiny houses on permanent foundations are allowed under current code to be placed in any zone that allows a single family dwelling.

Although outside the scope of this proposed action, future work in this area will focus on exploring additional options for placement of tiny houses and tiny houses on chassis.

Recommendation

Motion to approve the ordinance.

Attachments

- Comprehensive plan excerpt
- Technical plan excerpt
- Assembly action plan
- SEDA Strategic Plan excerpt
- Excerpt from minutes of December 18, 2019 P&Z meeting
- 11Dec19 Staff report to Planning Commission, and 8Jan20 update memo
- 2018 International Residential Code Appendix Q
- Written public comments

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2020-02

**AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING TITLE 6
“BUSINESS LICENSES AND REGULATIONS”, TITLE 19 “BUILDING AND
CONSTRUCTION”, AND TITLE 22 “ZONING” OF THE SITKA GENERAL CODE BY
MODIFYING CHAPTER 6.12 “MOBILE AND MANUFACTURED HOMES AND MOBILE
AND MANUFACTURED HOME PARKS”, CHAPTER 19.09 “RESIDENTIAL CODE”,
CHAPTER 22.08 “DEFINITIONS”, CHAPTER 22.16 “DISTRICT REGULATIONS”,
CHAPTER 22.24 “SPECIAL USE PERMITS” AND ADDING SECTIONS 6.12.205
“CONSTRUCTION REQUIREMENTS FOR TINY HOUSES AND TINY HOUSES ON
CHASSIS”, SECTION 22.08.798 “TINY HOUSE”, AND SECTION 22.08.799 “TINY
HOUSES ON CHASSIS”**

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 create a definition of, and safety requirements for, tiny houses both on permanent foundations and on chassis; and to provide options for their placement in existing mobile/manufactured home parks and on individual lots.

4. ENACTMENT. NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that the Sitka General Code Title 6, entitled “Business Licenses and Regulations”, be amended by modifying Chapter 6, entitled “Mobile and Manufactured Homes and Mobile and Manufactured Home Parks” and adding Section 6.12.205, entitled “Construction Requirements For Tiny Houses And Tiny Houses On Chassis”, Title 19, entitled “Building and Construction”, be amended by modifying Chapter 19.09, entitled “Residential Code”, and Title 22, entitled “Zoning”, be amended by modifying Chapter 22.08, entitled “Definitions”, and adding Sections 22.08.798, entitled “Tiny House” and Section 22.08.799, entitled “Tiny House on Chassis”, and Chapter 22.16, entitled “District Regulations” and Chapter 22.24, entitled “Special Use Permits”, to read as follows (deleted language stricken, new language underlined):

**Title 6
BUSINESS LICENSES AND REGULATIONS**

Chapters:

*** * ***

6.12 Mobile and Manufactured Homes and Manufactured Home Parks

*** * ***

**Chapter 6.12
MOBILE AND MANUFACTURED HOMES AND MANUFACTURED HOME PARKS**

Sections:

- 6.12.010 Definitions.
- 6.12.020 Enforcement.
- 6.12.030 Permits required.
- 6.12.040 Mobile and manufactured home park permit—Application material required.
- 6.12.050 Existing mobile and manufactured home parks permitted before August 1, 2010—Design requirements.
- 6.12.055 New mobile and manufactured home parks permitted on or after August 1, 2010—Design requirements.
- 6.12.058 New and existing mobile and manufactured home parks—Design requirements.
- 6.12.060 Recreational vehicle parks— Design requirements.
- 6.12.070 Granting or rejection of permits.
- 6.12.080 Appeals.
- 6.12.100 Permit—Revocation.
- 6.12.110 Sanitary and health regulations.
- 6.12.130 Mobile and manufactured home park—Register of occupants.
- 6.12.135 Mobile and manufactured home park—Registered owner's agent required.
- 6.12.140 Mobile home/manufactured home—Uses—Permit.
- 6.12.160 Mobile and manufactured home park—Numbering spaces required.
- 6.12.180 Reserved.
- 6.12.190 Use as residence or sleeping quarters.
- 6.12.200 Construction requirements.
- 6.12.205 Construction requirements for tiny houses and tiny houses on chassis.
- 6.12.210 Existing structures.

* * *

6.12.010 Definitions.

For the purpose of this chapter, the following terms have the meanings respectively ascribed to them in this section, unless from the particular context it clearly appears that some other meaning is intended:

A. "Access road" means a private road which does not extend beyond the boundaries of a mobile and manufactured home park and which provides the principal means of access to abutting individual spaces and auxiliary buildings;

B. "Certificate of approval" means a document issued by the building official certifying a tiny house on chassis' compliance with applicable building codes and other laws and indicating it to be in a condition suitable for occupancy;

C. "Certificate of occupancy" means a document issued by the building official certifying a building's compliance with applicable building codes and other laws and indicating it to be in a condition suitable for occupancy;

DB. "Manufactured home" means a structure constructed on or after June 15, 1976, according to United States Department of Housing and Urban Development ("HUD") standards, transportable in one or more sections which, in the traveling mode, is eight feet (two thousand four hundred thirty-eight millimeters) or more in width or forty feet (twelve thousand one hundred ninety-two millimeters) or more in length or, when erected on site, is three hundred twenty

square feet (thirty square meters) or more, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes plumbing, heating and electrical systems. "Manufactured home" shall also include any structure which meets all the requirements of this definition listed above, except the size requirements, and has a manufacturer certificate required by HUD that complies with HUD standards for a manufactured home;

EC. "Mobile home" means a structure that was constructed before June 15, 1976, transportable in one or more sections, which, in the traveling mode, is eight feet (two thousand four hundred thirty-eight millimeters) or more in width or forty feet (twelve thousand one hundred ninety-two millimeters) or more in length or, when erected on site, is three hundred twenty square feet (thirty square meters) or more, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities and includes plumbing, heating, and electrical systems;

ED. "Mobile and manufactured home park" 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 two or more~~ units that includes mobile homes and/or manufactured homes, tiny houses, and/or tiny houses on chassis 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. A mobile and manufactured home park does not include lots on which unoccupied mobile or manufactured homes are parked for the purpose of inspection and sale;

EE. "Person" includes an individual, partnership, firm, company, corporation; whether tenant, owner, lessee, or licensee, or their heir or assign;

EF. "Play yard" means an area specifically set aside for the use of children, which area shall not be included within any mobile or manufactured home spaces;

EG. "Public street" means any street, road or highway of which the general public has the right of common enjoyment or which is publicly maintained;

EH. "Recreational vehicle" means a vehicle built on a single chassis that is four hundred square feet or less when measured at the largest horizontal projection, is designed to be self-propelled or permanently towable by a light-duty truck, and is designed not for use as a permanent dwelling but as temporary living quarters for recreational, camping, travel, or seasonal use;

EL. "Recreational vehicle park" means any park, court, parcel or tract of land designed, maintained, intended or used for the purpose of supplying a location or accommodation for recreational vehicles-;

EJ. "Space" means a plot of ground in a mobile and manufactured home park permitted on or after August 1, 2010, of not less than three thousand square feet of space designed for the location of at least two automobiles and only one unit. "Space" means a plot of ground of a mobile and manufactured home park permitted prior to August 1, 2010, of not less than one thousand eight hundred square feet designed for the location of at least one automobile and only one unit;

M. "Tiny house" means a dwelling that is 400 square feet or less in floor area excluding lofts and placed on a permanent foundation;

N. "Tiny house on chassis" means a dwelling that is 400 square feet or less in floor area excluding lofts and is on a chassis with or without wheels;

~~OK.~~ "Unit" means a mobile home or a manufactured home, or a tiny house or tiny house on chassis.

6.12.020 Enforcement.

The provisions of this chapter shall be enforced by the municipal building official, who shall be appointed by the municipal administrator for such term and subject to such conditions and such rates of compensation as the municipal administrator directs. No permit or certificate of occupancy or certificate of approval shall be issued for a mobile and manufactured home park or mobile or manufactured home or tiny house or tiny house on chassis unless the plans and facilities comply with the provisions of this chapter.

6.12.030 Permits required.

No land shall be used for a mobile or manufactured home park or recreational vehicle park unless a permit is issued by the municipal building official under the terms of this chapter.

It is unlawful for any person, firm or corporation to operate, manage or maintain any mobile or manufactured home park or recreational vehicle park within the city and borough without a permit authorizing the operation of such park.

It is unlawful for any person, firm, or corporation to place or add onto a mobile or manufactured home, tiny house, or tiny house on a chassis without a permit authorizing the placement of, or addition to, such unit.

6.12.040 Mobile and manufactured home part permit —Application material required.

A complete plot plan and the following supplementary material shall be submitted to the municipal building official and the planning department, as well as the planning commission, when appropriate, for review and approval prior to the issuance of a mobile and manufactured home park permit:

- A. Applicant's name, address and legal interest in the property;
- B. Area and dimensions of the tract of land and land uses within one hundred feet;
- C. Legal description of perimeter;
- D. Engineering plans and specifications for the proposed mobile and manufactured home park. These shall include:
 1. Number, location and size of all spaces;
 2. Location, width and surfacing of roadways, off-street parking and walkways;

3. Location and size of any existing or proposed buildings and structures within the mobile and manufactured home park;

4. Methods and plans of domestic and fire protection water supply, surface drainage and erosion control, sewage disposal, electrical supply and garbage disposal;

5. Location of the permanent monuments required in Section 6.12.050; and

6. Location and mapping of any portion of the property located within a federal flood hazard area according to the Flood Insurance Rate Map.

6.12.050 Existing mobile and manufactured home parks permitted before August 1, 2010—Design requirements.

A. There shall be at least one permanent monument located within the boundaries of each mobile and manufactured home park, preferably at one of the property corners. Such monument shall be of the same nature as the monuments required by other sections of this code related to platting, as defined in the presently existing sections or as defined in any future sections. Such monument shall be shown on the plot plan required by Section 6.12.040.

B. ~~Mobile and manufactured homes~~ Units shall be parked or constructed in spaces so that a fifteen-foot front yard and ten-foot rear yard setback are observed. The side yard setback shall be no less than five feet. No mobile or manufactured home, tiny house, or tiny house on chassis shall be placed nearer than twenty-five feet to any highway or arterial street.

C. Play yards shall be at least one hundred square feet per unit. The play yards shall be located so that no mobile or manufactured home is more than five hundred feet from a play yard.

6.12.055 New mobile and manufactured home parks permitted on or after August 1, 2010—Design requirements.

A. There shall be one permanent monument located at each of the property corners. Such monument shall be of the same nature as the monuments required by other sections of this code related to platting, as defined in the presently existing sections or as defined in any future sections. Such monument shall be shown on the plot plan required by Section 6.12.040.

B. Units shall be parked in spaces so that an eighteen-foot front yard and ten-foot rear yard setback are observed. The side yard setback shall be no less than five feet. No unit shall be placed nearer than twenty feet to any highway or arterial street, unless the adjacent highway or arterial street is greater than eighty feet in width, in which case no unit shall be placed nearer than ten feet. The park owner or agent shall be responsible for the proper location of each unit and shall be signatory to the required permit application.

C. A mobile and manufactured home park shall have at least one play yard that shall contain a minimum of two thousand square feet, or two hundred square feet per unit, whichever is greater. The play yards shall be located so that no unit is more than five hundred feet from a play yard.

6.12.058 New and existing mobile and manufactured home parks—Design requirements.

A. Access roads for each unit shall have a minimum width of twenty feet to which every unit shall have direct access. Such roads shall be well maintained all-weather roads. Direct access from any public street or right-of-way to any unit within a mobile and manufactured home park shall not be permitted. Not more than two driveway entrances spaced not less than one hundred feet apart shall be permitted.

B. No major changes or alterations shall be made to any part of the mobile and manufactured home park as outlined in an approved plan without approval by the municipal building official.

C. Mobile and manufactured homes spaces, tiny house spaces, or tiny house on chassis spaces to be located within any portion of a flood hazard area shall comply with National Flood Insurance Program requirements. The fact that the space is located within a flood hazard area shall be disclosed to the occupant along with any information such as alternate access.

6.12.060 Recreational vehicle parks— Design requirements.

A permit shall be issued for a recreational vehicle park upon a showing by the applicant that the design requirements established by the city administrator have been fully complied with.

6.12.070 Granting or rejection of permits.

Whenever the application shows that the proposed mobile and manufactured home park or installation is in conformity with the provisions of this chapter and any applicable zoning and health regulations, the municipal building official shall issue a permit; otherwise the application shall be rejected, and the municipal building official shall state in writing the reason for such rejection.

6.12.080 Appeals.

Any person feeling aggrieved by a rejection of an application for a permit or certificate of occupancy may file an appeal in the manner provided in Section 6.12.100.

6.12.100 Permit—Revocation.

Any violation of the conditions of the permit or certificate of occupancy will be grounds for revocation of the permit and/or certificate of occupancy, by administrative action of the city and borough building official. Any such revocation may be appealed to the planning commission of the city and borough, who shall hold a hearing on such appeal and make recommendations as to the disposition thereof to the city and borough assembly. The city and borough assembly shall make final disposition of any such appeal.

6.12.110 Sanitary and health regulations.

All sanitary, health, and fire regulations, state and local, shall be met, and violations thereof shall be grounds for revocation of the permit and certificate of occupancy, or certificate of approval subject to the same appeal procedure as provided in Section 6.12.080.

6.12.130 Mobile and manufactured home park—Register of occupants.

Mobile and manufactured home park operators shall keep a register of the occupants of mobile and manufactured home park spaces. This register shall be given to the planning department.

6.12.135 Mobile and manufactured home park—Registered owner's agent required.

Each mobile and manufactured home park owner shall designate a Sitka resident as the

owner's agent. The agent shall be empowered to act on the owner's behalf on matters pertaining to park management and maintenance. Contact information for the designated agent shall be given to the planning department.

6.12.140 Mobile and manufactured home—Uses—Permit.

Except where a unit is located on a residential lot and lawfully used as a single-family dwelling, no unit shall be used as a place of business or as a place of habitation or stand in the open on any land more than thirty days without first obtaining the permit required in Section 6.12.070.

6.12.160 Mobile and manufactured home park—Numbering spaces required.

Owners of mobile and manufactured home parks shall clearly number each space serially. The space numbers shall be a minimum of six inches high and clearly visible from the access road.

6.12.180 Reserved.

Reserved.

6.12.190 Use as residence or sleeping quarters.

A. No mobile home, manufactured home, recreational vehicle, ~~or~~ other motor vehicle, tiny house, or tiny house on chassis shall be used as a residence or sleeping quarters unless:

1. Such unit or vehicle has a designated spot within a mobile and manufactured home park, recreational vehicle park or other area specifically designated by the chief of police; or

2. Such unit or vehicle has a permanent spot on other private property, its placement on such property as a residence meets all zoning requirements, and such unit or vehicle meets the standard size requirements and sanitation requirements of a residence under the Sitka General Code.

3. In the case of a tiny house, the unit has been constructed in accordance with the International Residential Code as locally adopted and amended, has been inspected as required by the International Residential Code, and has been issued a certificate of occupancy by the building official.

4. In the case of a tiny house on chassis, the unit has been constructed in accordance with the International Residential Code as locally adopted and amended, has been inspected as required by the International Residential Code, and has been issued a certificate of approval by the building official. A certificate of approval is valid only for the specific location at which the unit has been installed and inspected.

B. Except as provided in Section 6.12.210, a recreational vehicle may be used as a temporary but not as a permanent residence, and shall not be occupied for a period of more than one hundred eighty days within a twelve-month period on a single property.

6.12.200 Construction requirements.

The following provisions shall apply as of August 1, 2010, to all mobile or manufactured homes, regardless of whether they are located in a mobile and manufactured home park, unless otherwise provided:

A. ~~Prior to August 1, 2010, a~~ Additions to units in mobile and manufactured home parks shall be limited to sixteen feet in height. ~~On or after August 1, 2010, additions to any units, regardless if in a mobile and manufactured home park, shall be limited to fourteen feet and one story in height.~~ Height shall be measured as defined in Title 22.

B. Foundation systems shall be approved by the municipal building official. When available, the installation instructions provided by the manufacturer shall be used to determine permissible points of support for vertical loads and points of attachment for anchorage systems used to resist horizontal and uplift forces.

C. All units shall be anchored to resist horizontal and uplift forces in an approved manner. The anchoring system shall be inspected and approved prior to connection of water and sewer utilities.

D. Skirting shall be required around the complete perimeter of all installations. Skirting shall be of pressure-treated plywood with a minimum of three-eighths-inch thickness, rated siding, metal panels or other approved, weather-resistant material. Skirting shall be provided with an access door and foundation ventilation in accordance with the requirements of the International Residential Code. A minimum six-mil vapor retarder shall be installed on the ground within the skirted area.

E. All additions and interior renovations shall be subject to the provisions of the International Residential Code. Additions to units within a mobile and manufactured home park shall only be permitted with the written approval of the mobile and manufactured home park owner or agent.

F. Accessory buildings in excess of one hundred twenty square feet shall require a building permit and must be located in compliance with the setback requirements of Section 6.12.050(B).

G. The number of required automobile parking spots shall be in compliance with Section 6.12.010(J).

6.12.205 Construction requirements for tiny houses and tiny houses on chassis.

The following provisions shall apply as construction requirements for tiny houses and tiny houses on chassis regardless of whether they are located in a mobile and manufactured home park, unless otherwise provided:

A. Tiny houses and tiny houses on chassis in a mobile and manufactured home park shall be limited to 16 feet in height. Height shall be measured as defined in Title 22.

B. All units shall be anchored to resist horizontal and uplift forces in an approved manner. The anchoring system shall be inspected and approved prior to connection of water and sewer utilities.

C. Skirting shall be required around the complete perimeter of all installations of tiny houses on chassis. Skirting shall be of pressure-treated plywood with a minimum of three-eighths-inch thickness, rated siding, metal panels or other approved, weather-resistant material. Skirting shall be provided with an access door and foundation ventilation in accordance with the

requirements of the International Residential Code. A minimum six-mil vapor retarder shall be installed on the ground within the skirted area.

D. All additions and interior renovations shall be subject to the provisions of the International Residential Code. Installation of, or additions to, units within a mobile and manufactured home park shall only be permitted with the written approval of the mobile and manufactured home park owner or agent.

E. Tiny houses and tiny houses on chassis shall be constructed in Sitka under a building permit and be subject to inspection during construction.

Exception: a tiny house on chassis constructed outside of Sitka may be used as a residence or sleeping quarters if the applicant can demonstrate to the satisfaction of the building official that it has been constructed in accordance with the International Residential Code.

F. In the interest of providing durable affordable housing, tiny houses on chassis shall:

1. Not employ oriented strand board or similar resin/woodshard or wood particle sheeting materials in any structural building component; and

2. Have roofs a minimum 2 in 12 pitch and employ as roofing materials shingles or metal roofing (no rolled roofing); and,

3. Employ wood, cement board, or metal siding (no vinyl or plastic siding).

G. A tiny house or a tiny house on chassis is limited to a maximum size of 400 square feet floor area including all additions and appurtenances, and not including lofts.

H. Any loft in a tiny house or tiny house on chassis will be considered to be a sleeping loft, and shall have emergency escape openings as required by 2018 International Residential Code Appendix Q.

6.12.210 Existing structures.

A. Any mobile and manufactured homes located in Sitka prior to August 1, 2010, shall be allowed to remain in Sitka, and any legal use or occupancy of that structure as of August 1, 2010, shall be allowed to continue, unless such continued use or occupancy is dangerous to life, health and safety.

B. No mobile home located in Sitka prior to August 1, 2010, shall be allowed to be relocated to a mobile and manufactured home park permitted on or after August 1, 2010.

C. The following structures shall not be allowed in Sitka on or after August 1, 2010:

1. Any mobile home manufactured before June 15, 1976, and not located in Sitka prior to August 1, 2010; and

2. Any structure similar to a mobile home that is not a HUD-compliant structure, and not located in Sitka prior to August 1, 2010, except as otherwise allowed in this chapter.

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Title 19

BUILDING AND CONSTRUCTION

Chapters:

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19.09 Residential Code

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Chapter 19.09 RESIDENTIAL CODE

Sections:

19.09.010 International Residential Code (IRC) adoption by reference.

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19.09.010 International Residential Code (IRC) adoption by reference.

The 2012 International Residential Code for One- and Two-Family Dwellings by the International Code Council, Chapters 1 through 10, 12 through 19, and 34 through 43, and the 2018 International Residential Code Appendix Q- tiny houses is adopted and included by reference.

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Title 22 ZONING

Chapters:

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22.08 Definitions

* * *

22.16 District Regulations

* * *

22.24 Special Use Permits

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Chapter 22.08 DEFINITIONS

Sections:

* * *

22.08.600 Mobile/manufactured home parks.

22.08.610 Mobile/manufactured home subdivision.

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22.08.798 Tiny house.

22.08.799 Tiny house on chassis.

* * *

22.08.600 Mobile/manufactured home parks.

“Mobile/manufactured home parks” means any area, lot or portion of a lot where space for two or more mobile homes or tiny houses, and/or tiny houses on chassis is leased, rented or held out for rent for occupancy and having separate attachments for normal public utilities.

22.08.610 Mobile/manufactured home subdivision.

"Mobile/manufactured home subdivision" means two or more mobile or manufactured homes or tiny houses or tiny houses on chassis on separate lots developed under the subdivision regulations and the conditional use procedures of this title, where mobile homes, manufactured homes, or tiny houses, or tiny houses on chassis are permanently installed for residential use on individually owned parcels of property.

* * *

22.08.798 Tiny house.

"Tiny house" means a dwelling that is 400 square feet or less in floor area excluding lofts and placed on a permanent foundation.

22.08.799 Tiny house on chassis.

"Tiny house on chassis" means a dwelling that is 400 square feet or less in floor area excluding lofts and is on a chassis with or without wheels.

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Chapter 22.16 DISTRICT REGULATIONS

Sections:

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22.16.015 Permitted, conditional and prohibited uses.

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22.16.045 R-1 MH single-family, duplex and manufactured home zoning district.

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22.16.180 C cemetery district.

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22.16.015 Permitted, conditional and prohibited uses.

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Table 22.16.015-1

Residential Land Uses

Zones	P(1)	SF	SFLD	R-1	R-1 MH	R-1 LDMH	R-2	R-2 MHP	CBD (11, 12)	C-1 (11)	C-2 (11)	WD (2, 11)	I	GI (3, 10)	LI (3)	R	OS	GP (13)	C (16)
RESIDENTIAL																			
• Single-family detached		P	P	P(4)	P(4)	P(4)	P(4)	P(4)		P	P	P		P	P	P	P		
• Townhouse				C(5)	C(5)	C(5)	C(5)	C(5)	C	P	P	P		C	C				
• Duplex				P	P		P	P		P	P	P		P	P				

Table 22.16.015-1
Residential Land Uses

[illegible]

Table 22.16.015-1
Residential Land Uses

Zones	P(1)	SF	SFLD	R-1	R-1 MH	R-1 LDMH	R-2	R-2 MHP	CBD (11, 12)	C-1 (11)	C-2 (11)	WD (2, 11)	I	GI (3, 10)	LI (3)	R	OS	GP (13)	C (16)
• Quasi-institutional	C			C	C	C	C	C						C	C				
TEMPORARY LODGING																			
• Hostel							C	C		P	P	P							
• Hotel/motel									P	P	P	P		PU/CS	C	C			
• Bed and breakfast				C(7)	C(7)	C(7)	C(8)	C(8)	P	P	P	P		P	C				
• Short-term rental	C(15)			C	C	C	C	C	P	P(9)	P(9)	P(9)		P	C	P(9)			
• Rooming house							C	C	C	P	P	P		C	C				
• Lodge										P	P	P		PU/CS	C				
• Limited storage				C(6)	C(6)	C(6)	C(6)	C(6)						P	C				

P: Public Lands District

SF: Single-Family District

SFLD: Single-Family Low Density District

R-1: Single-Family/Duplex District

R-1 MH: Single-Family/Duplex/Manufactured Home District

R-1 LDMH: Single-Family/Duplex and Single-Family/Manufactured Home Low Density Districts

R-2: Multifamily District

R-2 MHP: Multifamily/Mobile Home District

C-1/C-2: General Commercial and General Commercial/ Mobile Home Districts

WD: Waterfront District

I: Industrial District

GI: General Island District

LI: Large Island District

R: Recreational District

OS: Open Space District

GP: Gary Paxton Special District

CBD: Central Business District

C: Cemetery District

P—Permitted

C—Conditional Use Permit Required

PU/CS—Permitted on Unsubdivided Islands and Conditional Use on Subdivided Islands

C. Residential Uses Table 22.16.015-1 Footnotes.

1. Public facilities not otherwise identified may be permitted in the public zone subject to planning commission recommendation and assembly approval subject to findings of fact that show the use is in the public interest; all reasonable safeguards are to be employed to protect the surrounding area; and that there are no reasonable alternative locations for the use.

2. All uses in the waterfront district are intended to be water-related or water-dependent except that upland uses may be non-water-related.

3. Uses listed as conditional uses in the GI and LI zones may be considered, but not necessarily approved, on a case-by-case basis.

4. Including zero lot developments.

5. Townhouse, cluster housing developments and planned unit developments are conditional uses subject to this title and Title 21 of this code, Subdivisions.

6. On-site storage of commercial fishing vessels, fishing equipment and other small business equipment is a permitted conditional use so long as such storage does not occupy more than four hundred square feet.

7. Bed and breakfast establishments are limited to three guest rooms in the R-1, R-1 MH, and R-1 LD districts as conditional uses only when no other rental such as apartments is in operation on the same lot.

8. Bed and breakfast establishments are limited to five guest rooms in the R-2, R-2 MHP districts as conditional uses only when no other rental such as apartments is in operation on the same lot.

9. Short-term rentals including legal nonconforming uses shall provide two off-street parking spaces per unit, comply with the municipal fire code, and comply with the requirements of the building department based on a life safety inspection.

10. Hotels, motels, lodges, boarding houses and bed and breakfasts capable of accommodating a maximum of six guests plus one guest for each one-half acre or fraction thereof above one acre on unsubdivided islands are permitted principal uses. Hotels, motels, lodges, boarding houses and bed and breakfasts, on unsubdivided islands that exceed this maximum, are conditional uses.

Bed and breakfast establishments, boarding houses, hotels, motels and lodges are conditional uses on subdivided islands.

11. Many of the permitted and conditional uses in the CBD, C-1, C-2, and WD zones generate traffic, noise, odor, and general impacts to a higher level and greater degree than permitted and conditional uses in residential districts. Owners of residential uses in the CBD, C-1, C-2 and WD districts must be aware of and accepting of all the permitted uses in these districts.

12. Single or multiple apartments shall only be permitted on the first floor of structures in the CBD district if approved through the conditional use process. Single and multiple apartments are permitted uses on upper floors of structures in the CBD district.

13. Any uses, except retail and business uses, and natural resource extraction and mining support facilities uses may be approved in accordance with Section 2.38.080.

14. Accessory dwelling units shall be constructed in conformance with the standards outlined in Chapter 22.20, Supplemental District Regulations and Development Standards.

15. Conditional use limited to allow boats to be used as short-term rentals in harbors and slips within the public lands zoning district.

16. All uses in the cemetery district are intended to be cemetery-related and conducted with reverence and respect for those interred.

* * *

22.16.045 R-1 MH single-family, duplex and manufactured home zoning district.

A. Intent. See the intent statement for the R-1 district. The R-1 MH district is intended primarily for single-family, single-family manufactured homes or duplex dwellings, tiny houses or tiny houses on chassis at moderate densities, but structures and uses required to serve recreational and other public needs of residential areas are allowed as conditional uses subject to restrictions intended to preserve the residential character of the R-1 MH district.

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22.16.080 C-1 general commercial district or C-2 general commercial mobile home district.

A. Intent. The general commercial district is intended to be served by major essential utilities and to include those areas which are heavily dependent upon vehicular access. The district is intended for those areas surrounding major intersections where personal services, convenience goods and auto-related service facilities are desirable and appropriate land uses. The extension of the general commercial district along the roads in a strip fashion is to be discouraged.

B. All provisions of the C-1 district apply in the C-2 district, except that permitted uses also include manufactured homes and tiny houses and tiny houses on chassis on single lots and manufactured home parks.

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**Chapter 22.24
SPECIAL USE PERMITS**

Sections:

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22.24.010 Conditional uses.

* * *

22.24.010 Conditional uses.

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D. Conditional Use Permit Provisions for Mobile Homes on an Interim Basis in the R-1, R-2 and Related Zones.

1. The city and borough of Sitka, through the conditional use permit process, may issue a permit for a single-family mobile home or travel trailer or tiny house on chassis on a residential lot in an area not otherwise allowing mobile homes on an interim basis for the purposes of facilitating home construction.

2. The maximum term of the permit is twelve months with a possible six-month extension.

3. Full utilities must be installed for the mobile home or travel trailer or tiny house on chassis.

4. Conditions attached to the approval shall include but are not limited to (a) a pledge of the travel trailer, mobile home, tiny house on chassis, or cash of equivalent value as collateral, and (b) in the event a travel trailer or mobile home or tiny house on chassis is pledged as collateral, funds sufficient to cover the cost of removal and disposal of the unit, and (c) the trailer is for the sole occupancy of the lot owner and neither unit shall be occupied by any other party. Other conditions may include requirements of fencing or landscaping.

* * *

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 11th day of February, 2020.

Gary L. Paxton, Mayor

ATTEST:

Sara Peterson, MMC
Municipal Clerk

1st reading 1/28/2020

2nd and final reading 2/11/2020

Sponsor: Interim Administrator

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HOUSING

CHAPTER OBJECTIVES



Increase Range of
Housing and
Affordability















Promote
Housing Quality





Share Ho
Informa

2030 Comprehensive Plan

HOUSING ACTION		Responsible Agency	Time Frame	Funds Needed	Completed
H 1.1a	Allow, encourage, and promote Accessory Dwelling Units (ADUs) by right in more zones.		ST	L	
H 1.1b	Minimize prevalence of variances by amending development standards, such as setbacks.		ST	L	
H 1.1c	Reduce minimum lot sizes. <i>Cross reference with LU B.2</i>		ST	L	
H 1.1e	Encourage higher density development.		ST	L	
H 1.1f	Reduce aesthetic and design standards in float home regulations.		ST	L	
H 1.1i	Create clear development standards for Planned Unit Developments (PUD) and Cluster Home Subdivisions.		MT	L	
H 1.2e	Create an affordable housing fund to offer development incentives.		ST	L	
H 1.2g	Increase tax on short-term rentals.		ST	L	
H 1.2h	Seek grant funding to support affordable housing development.		ST	L	
H 1.2i	Create housing for the homeless through public-private partnerships.		OG	L	
H 2.1	Collaborate with mobile home owners and park owners to encourage/require park upkeep in a manner that does not cause undue hardship to homeowners.		MT	L	
H 2.4	Encourage housing stock rehabilitation.		OG	L	

Responsible Agency

 City and Borough of Sitka

 Collaboration

T

ST Short-term

MT Mid-term

LT Long-term

OG Ongoing

PRIORITIES

2030 Comprehensive Plan

5.3 Housing Goals, Objectives, and Actions

Goals set overall direction.

Objectives are the policies the City and Borough of Sitka intends to achieve over time.

Actions chart a path to achieve the goals and objectives.

Number	Action	Responsible Agency	Time Frame	Capital Funds Needed
H 1	Objective 1 - Increase Range of Housing and Affordability.			
H 1.1	Revise zoning codes to:			
H 1.1.a	Allow Accessory Dwelling Units (ADUs) by right in more zones. Promote through advertising campaigns. <i>Cross reference LU 8.2</i>	CBS	ST-MT	L
H 1.1.b	Minimize prevalence of variances by amending development standards, such as setbacks. <i>Cross reference LU 8.2</i>	CBS	ST-MT	L
H 1.1.c	Reduce minimum lot sizes. <i>Cross reference LU 8.2</i>	CBS	ST-MT	L
H 1.1.d	Reduce residential parking requirements. <i>Cross reference LU 8.2</i>	CBS	ST-MT	L
H 1.1.e	Encourage higher density development. <i>Cross reference LU 8.2</i>	CBS	ST-MT	L
H 1.1.f	Reduce aesthetic and design standards in float home regulations.	CBS	ST-MT	L
H 1.1.g	Develop task force to consider pilot project.	CBS	ST-MT	L
H 1.1.h	Allow hostels, boardinghouses, bunkhouses, and co-housing developments as a permitted use with standard conditions in residential zones.	CBS	ST-MT	L
H 1.1.i	Create clear development standards for Planned Unit Developments and Cluster Home Subdivisions, to include density bonuses in exchange for such features as open space and inclusionary zoning.	CBS	ST-MT	L
H.1.2	Encourage and incentivize the development of permanently affordable housing.	CBS, AC	OG	U, Range
H.1.2.a	Define terms to qualify for incentives.	CBS	MT	L
H.1.2.b	Support mechanisms to increase permanently affordable homes, such as deed restrictions, targeted financing programs, and community land trusts.	AC	OG	U
H.1.2.c	Seek or initiate sweat equity housing development programs, such as homesteading and Habitat for Humanity.	AC	MT	U
H.1.2.d	Create an affordable housing advisory group through the Planning Commission.	CBS	ST	L
H.1.2.e	Create an affordable housing fund to offer development incentives.	CBS	ST	L
H.1.2.f	Consider requiring a range of housing options to be provided when disposing of municipal land for development.	CBS	OG	L
H.1.2.g	Increase sales tax on short-term rentals.	CBS	ST	L

TECHNICAL PLAN

Number	Action	Responsible Agency	Time Frame	Capital Funds Needed
H 1.2.h	Seek grant funding to support affordable housing development.	CBS	ST	L
H 1.2.i	Create housing for the homeless through public-private partnerships.	AC	OG	L
H 1.3	Participate in public-private collaborations to design and build developments that include a mix of housing types and target markets.	ALL	OG	H
H 1.4	Increase the number of long-term rentals.	CBS, PR, AC	OG	L
H 1.4.a	Establish an annual baseline count of the number of short-term and long-term rentals in Sitka so change can be measured.	CBS, PR, AC	OG	L
H 1.4.b	Identify a desired target number of additional long term rentals.	CBS, PR, AC	OG	L
H 1.4.c	Support housing development to meet the needs of Sitka's growing senior population.	CBS, PR, AC	OG	L
H 1.4.d	Support change to state regulations and funding that is preventing full occupancy at the Pioneer Home, a public assisted-living facility.	CBS, PR, AC	OG	L
H 1.4.e	Identify possible locations for new apartment buildings.	CBS, PR, AC	OG	L
H 1.4.f	Identify barriers to apartment building development and determine if city action can reduce or eliminate any obstacles.	CBS, PR, AC	OG	L
H 2	Objective 2 – Promote Housing Quality.			
H 2.1	Collaborate with mobile home owners and park owners to find options and incentives to encourage park upkeep in a manner that does not cause undue hardship to homeowners.	CBS, PR	MT	L
H 2.2	Encourage use of LEED or similar design standards by the public and private sectors. <i>Cross reference LU 5.2</i>	CBS	OG	L
H 2.3	Create programs and partnerships to rehabilitate or replace substandard or unsafe housing units (e.g., small or tiny homes on wheels for certain residential areas, manufactured home parks, etc.).	CBS	MT	M-H
H 2.4	Encourage housing stock rehabilitation.	CBS	OG	U
H 3	Objective 3 – Share Housing Information.			
H 3.1	Use website and Facebook pages to host rental and home sales information. Delete or qualify	ALL	OG	L
H 3.2	Sponsor or co-sponsor annual housing fairs.	ALL	OG	L

Legend		
Responsible Agency: CBS – City and Borough of Sitka AK – State of Alaska US – Federal Government AC – Agency Collaboration PR – Private	Time Frame: ST – Short Term MT – Mid Term LT – Long Term OG – Ongoing	Capital Funds Needed: U – Unknown L – Low – \$0 - \$100,000 M – Mid - \$100,000 - \$1,000,000 H – High - \$1,000,000+ GF – Grant Funded

TECHNICAL PLAN

DRAFT

Action Plan

Strategy No. B

Plan No.

Date:

Strategy: We will identify and pursue Economic Development Opportunities.

Specific Result: To pursue options regarding “tiny homes” and/or smaller dwellings (TH/SD’s).

#	ACTION STEP (Number each one)	Assigned To:	Start Date:	Due Date:	Completed Date:
1	Assembly will hold a work session to sort through the many housing options and provide direction for the Planning Commission and additional steps to be added to this Action Plan. This is the kickoff of this Action Plan.	Assembly Kevin Knox	2/12	2/12	
2	Planning Commission will review the following current zoning codes with consideration for which codes could/would to be changed to enable TH/SD’s to be a potential affordable housing option. a. Zoning code residential lot sizes (in works per Sitka Comprehensive Plan 2030; b. Adoption of IRC 2018 Building Codes, specifically TH/SD specifications appendix; c. Chapter 6 Mobile and Manufactured homes to allow TH/SD placement on semi/permanent foundation within mobile/manufactured home parks.	Scott Brylinsky	2/19	3/6	
3	Commission will develop definitions to be used within the zoning codes and regulations that designate what is a Tiny Home and what is a Small Dwelling (transitional size between Tiny Homes and full-size residential homes.	Scott Brylinsky	3/6	4/3	
4	Commission will forward their work in report form to the Assembly, including any recommendations they may have.	Scott Brylinsky	4/3	4/17	
5	Assembly will hold a public hearing(s) regarding code changes to accommodate TH/SD’s, and act upon changes they deem appropriate.	Mayor Paxton & Assembly	4/23	5/14	

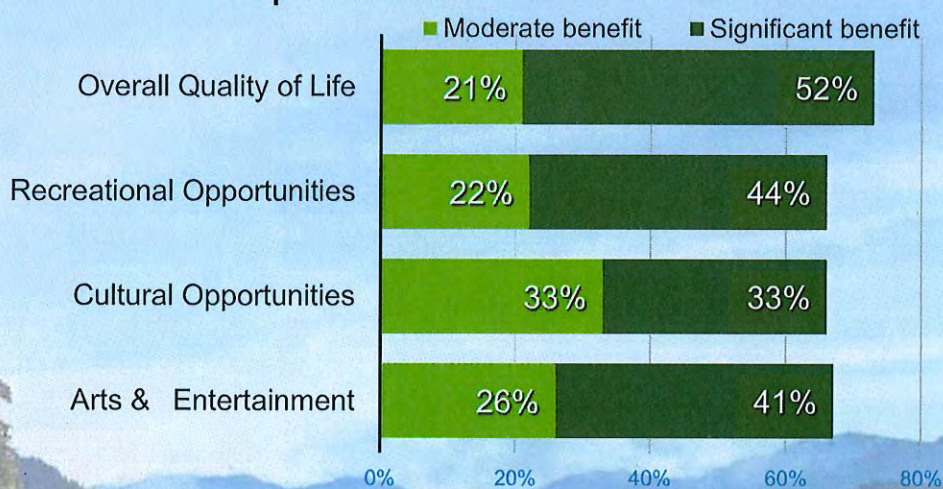
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6	Building Inspection Department will work with local builders of TH/SD's to set guidelines for the construction of TH/SD's that will allow for a Certificate of Occupancy to be issued upon completion. The builders will include Building Trade classes at Sitka High School and UAS-Sitka Campus, and private businesses that contemplate construction of TH/SD's for sale in Sitka as well as other locations in Southeast Alaska.	Pat Sweeden	2/19	4/23 & Ongoing	
7	CBS will make known to residents and potential developers that TH/SD's are allowed by the current building codes, and that additional code modifications regarding TH/SD's may be considered in the near future.	Maegan Bosak	2/19	3/1 & Ongoing	
8	CBS will invite developers and/or owners of land parcels to a public meeting to discuss the potential opportunities regarding land development focusing on TH/SD's as well as building codes governing them.	Bosak & Brylinsky	3/1	4/1	
9	CBS shall work with individuals, non-profits, and/or public-private partnerships that could expand the options available, including but not limited to assisting with land designation and/or acquisition of privately owned or CBS owned land.	Brylinsky & Bosak	3/1	Ongoing	
10	This work by the CBS would include zoning designations that would allow and encourage development of both privately owned lots and lots available as rentals to site TH/SD's.	Brylinsky, Sweeden & Bosak	2/19	5/1	
		Responsible: Scott Brylinsky			

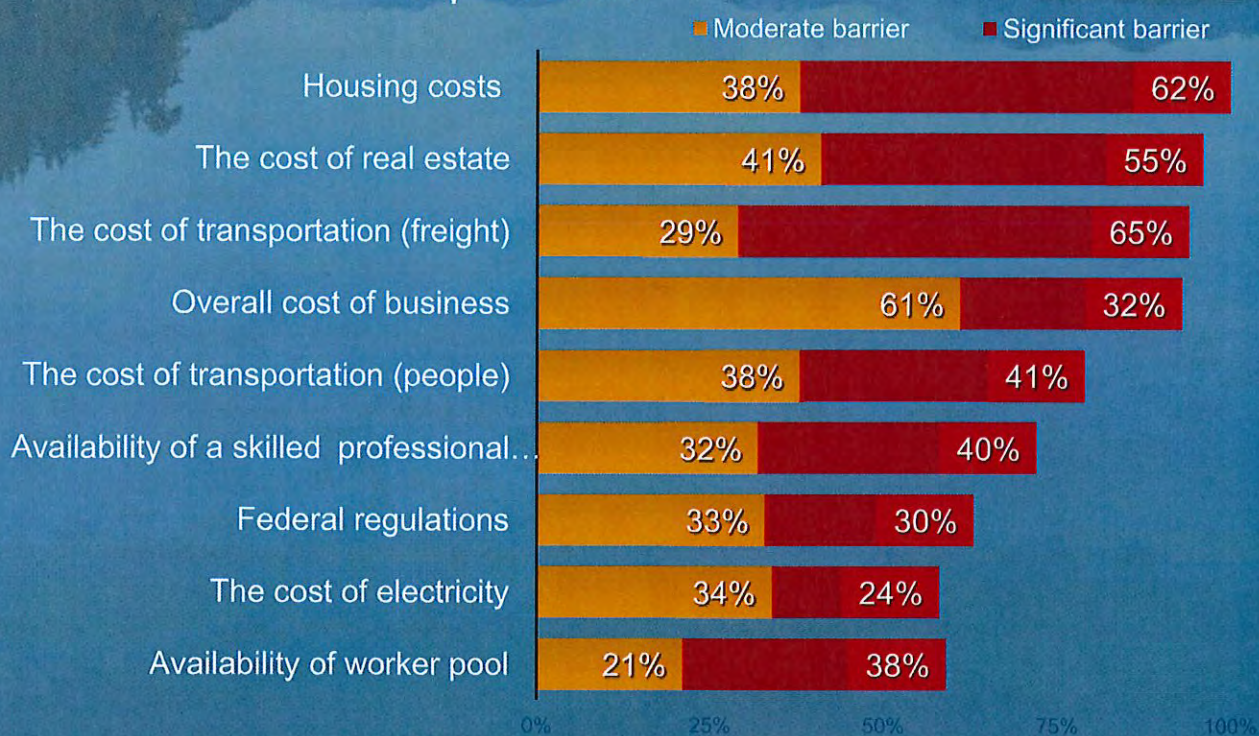
How Significant are These Elements to Operating Your Business in Sitka?

We also asked business owners and operators about the top barriers and benefits to having their businesses in Southeast Alaska. The overall quality of life and recreational opportunities stood out as elements that provided overall advantages. The top categories of barriers centered around housing & real estate costs, transportation costs, the lack of qualified candidates available for hire.

Top Benefits



Top Barriers



filed by Howard Merkel. The owner of record was Howard Merkel. Motion passed 3-0 by voice vote.

M-Mudry/S-Weaver moved to adopt the required findings for conditional use permits. Motion passed 3-0 by voice vote.

H [ZA 19-06](#)

Public hearing and consideration of a zoning text change to amend Titles 6, 19, and 22 of the Sitka General Code to define Tiny Houses and Tiny Houses on Chassis and allow them in Mobile/Manufactured Home Parks. The request is filed by the Planning and Community Development Department.

Attachments: [memo- update to commission 8Jan20](#)
[StaffReport ZA 19-06- 11Dec19](#)
[Action Plan -Tiny Homes, sm dwellings - Draft](#)
[IRC Appendix Q-Tiny Houses](#)
[amending Title 6 ver2 11Dec19](#)
[amending title 19 adopting appendix Q 11Dec19](#)
[amending title 22 - ver2 11Dec19](#)
[Application](#)

Windsor stated he did not want to take any action on the following item given that two Commissioners were absent. Brylinsky was agreeable and felt there was enough substance in the next three items that it warranted discussion and direction.

Brylinsky reviewed the Assembly's action plan on tiny houses and noted that the following proposal directly addressed actions 2b and 2c of the plan. Brylinsky described the overall needed changes for tiny houses to become feasible housing options was to first create a designation in our codes for tiny houses to be built and used, and secondly to find more placement options for such structures. Brylinsky covered details in Appendix Q of the International Residential Code that made new provisions for tiny houses, which were classified as dwelling units less than 400 square feet in size. Brylinsky highlighted the code changes in stair requirements, and provisions for egress for lofts. Overall, the zoning text change accomplished the following: defined tiny houses and established building code requirements for tiny houses, allowed tiny houses on chassis to be placed in mobile/manufactured home parks, allowed tiny houses on permanent foundations to be built in mobile/manufactured home parks, changed the maximum structure height in mobile/manufactured home parks to be increased from 14 feet to 16 feet, and established installation and construction material requirements for tiny houses.

Mudry stated some concern about the total height of a tiny house on chassis exceeding 14 feet due to possible electric line interference. Windsor asked about anchoring and wind resistance for tiny houses on chassis. Brylinsky answered that tiny houses on chassis would require similar anchoring to manufactured homes.

Commissioners and Staff had a broad discussion about tiny houses - particularly on chassis. Windsor recalled that the Commission had considered similar proposal a few years prior, and wondered if it was productive to rehash that conversation. Ainslie stated that she felt a few critical factors had changed since the last consideration of tiny houses. First, at the time of previous discussions, it was not known whether tiny houses would continue to be a growing trend and therefore whether or not there was truly a community need for code revisions. Ainslie affirmed that the tiny house trend

had continued to grow locally and nationally as well. Secondly, when last considered, there was no building code framework for which tiny houses could be evaluated for their safety and soundness of construction. Now that the IRC had created Appendix Q, there was now a framework for the building department to use in evaluating tiny houses. Windsor asked why the chassis was a necessary/attractive option. Ainslie and Brylinsky described the versatility of a movable structure and the temporary/transient need tiny houses on chassis could fill.

Building Official, Pat Swedeen spoke on some of the building code aspects. Swedeen stated that tiny houses have long been allowable under the building code; the major change in this proposal was the chassis. Swedeen felt comfortable administering Appendix Q; a bigger challenge would be inspecting tiny houses built out of town. Some tiny houses built out of state were not built to any code requirement. Swedeen also wanted to make clear the need for egress out of loft areas which would be required for Sitka tiny houses. His main concern and focus for tiny houses was ensuring life/safety.

Richard Wein discussed a few ideas and concerns. First, Wein stated that a major difference between a tiny house on a permanent foundation versus being on a chassis would be the property tax value. Wein wondered how different a tiny house truly is from a recreational vehicle. Placement in landslide zones could be dangerous, as Wein thought a non-anchored structure such as a tiny house on chassis could act as a projectile in a landslide event. Wein noted these structures could be good for seasonal and transient populations, both of which were growing demographics in Sitka. There would be a need to educate the public on what they could or could not buy to then place in Sitka. Wein also stated that some tiny houses had a challenged ability to dissipate odor.

M-Mudry/S-Weaver moved to recommend that staff continue to research and work through the issues and concerns raised in the evening's deliberations and return with a revised proposal. Motion passed 3-0 by voice vote.

I MISC 19-20

Discussion/Direction on allowing Tiny Houses on Chassis as Accessory Dwelling Units.

Attachments: [discuss-direct tinyhome on chassis as ADU's-memo to PC 11Dec19](#)

Brylinsky noted that the objective of the next two items was to expand options for placement of tiny houses. At the previous meeting, there was some support for the idea of allowing tiny houses, particularly on chassis, as ADUs. The code currently does not allow RV's or tiny houses on chassis to be used. While staff did not feel there should be changes to the prohibition on RV's as ADUs, perhaps given the proposed building and aesthetic code changes, as well as requirements for freeze-protected utility connections, tiny houses on chassis could be reconsidered for ADU use.

Windsor asked for clarification on whether or not ADUs were a conditional use, Ainslie and Brylinsky discussed some of the requirements for ADUs, and when it was a permitted or conditional use. Weaver stated that his preference to not have tiny houses on chassis as they were not as durable. Windsor echoed the preference for ADUs to be on a permanent foundation.

Richard Wein thought that between the reduction in lot sizes, the adoption of ADUs, and the use of tiny houses, some headway on affordable housing could be made. Wein wished to see this idea more fleshed out before ruling it out. Wein pointed to other stabilization methods used for manufactured homes that could be employed for tiny homes as well to increase their stability and durability.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

Coast Guard City, USA

Planning and Community Development Department

AGENDA ITEM

Case No: ZA 19-06
Proposal: Amend Titles 6, 19, and 22 to define Tiny Houses and Tiny Houses on Chassis and allow them in Mobile/Manufactured Home Parks
Applicant: Staff
Owner: various
Location: various
Legal: NA
Zone: Primarily, but not limited to, R-2MHP, C-2, and WD

PROJECT DESCRIPTION

Amendments to three sections of the Sitka General Code are proposed. The policy intent of the combined changes is to promote the use of tiny houses as an affordable housing option.

KEY POINTS AND CONCERNS

- Defines tiny houses and relaxes certain building code requirements for tiny houses.
- Allows tiny houses on chassis¹ to be placed in mobile/manufactured home parks
- Allows tiny houses on permanent foundations to be constructed in mobile/manufactured home parks
- Changes height maximum in mobile/manufactured home parks from 14' to 16'
- The biggest impact of these proposed changes will be in the R-2MHP, C-2, and WD zoning districts. But tiny houses can be built in any zoning district allowing single family dwellings. Tiny houses on chassis may be placed in any zoning district allowing manufactured homes.

BACKGROUND

Tiny houses have generated interest locally and nationally as an affordable housing option. However, real and perceived zoning and building code barriers have limited widespread use.

The proposed ordinance changes bullet-pointed in the previous section work together to alleviate some of these barriers.

¹ A tiny house on chassis includes tiny houses on wheels, or on a supporting structure with wheels removed, and the chassis remains.

The Building Official administers both the Building Code, adopted in Title 19, and the requirements for mobile/manufactured home parks in Title 6 Chapter 6.12. Planning staff has worked closely with Pat Swedeen, Building Official, in preparing these recommended code changes.

ANALYSIS

Tiny houses are obviously not a good housing fit for everyone, no one housing option is. But there is a need for a housing option for young adults who are starting their careers, who may be new in Sitka with few household goods, who may have come here for a summer job or an internship, and would like to stay. Often they are hindered in finding a toehold in the community by the cost of year-round housing. It is this group, or demographic, that we expect is the primary market for tiny houses.

Title 19

The starting point is to define a “tiny house.” The 2018 International Building Code Appendix Q provides a definition: *a dwelling that is 400 square feet or less in floor area excluding lofts*. Appendix Q also recognizes lofts, but most importantly, relaxes code requirements for loft access, allowing steep stairs or ladders as a means of loft access. But importantly, those relaxed code requirements will no longer apply if the structure exceeds 400 square feet, such as if an addition is constructed.

Possible safety issues: the Building Codes are generally strict and unyielding when it comes to stairways. Stairway and ladder falls can be serious. By allowing steeper stairways and ladders, the code is anticipating that tiny house occupants who choose to use a loft have the physical capacity to use the stairs or ladders safely. This is consistent with staff’s opinion that the primary market for tiny homes will be younger adults. Although it is beyond the scope of this report, if this proposal is enacted we would suggest as a practical safety matter that staff actively discourage those with limited physical capacity from using a ladder as a means of access to a sleeping loft.

Title 6

The most significant changes to community housing policy are here. The proposed changes:

- Create for tiny houses on chassis, with or without wheels, a legal status provided they are built to the International Residential Code and inspected by the Building Official prior to use. This requirement has been drafted to hopefully encourage local construction of these units, by requiring building permits and inspections during construction. (The draft ordinance does provide a path for units constructed outside Sitka to be used here.)
- Allow tiny houses on chassis to be placed in mobile/manufactured home parks.

- Allow tiny houses to be built on permanent foundations in mobile/manufactured home parks. This opens the door, hypothetically, to the creation of tiny house park(s). Staff believes this proposed code section also provides a path for rehabilitation of dilapidated housing stock in mobile/manufactured home parks.

In the interest of promoting durable affordable housing, the amendments also specify certain prohibited building materials in the construction of tiny houses. These requirements are based on local experience that certain materials and methods normally allowed by code, such as oriented strand board and flat roofs, although cheaper in the short run, simply don't perform well over the long term in our region's climate.

During informal conversations with a few park owners, there was strong support for the proposed code amendments.

Title 22

The proposed changes to the Zoning Code Title 22 parallel and complement those in Title 6 Chapter 6.12. The proposed amendments add parallel definitions of tiny houses and tiny houses on chassis and amend zoning districts as needed to accommodate the changes described under Title 6.

RECOMMENDATION

The Planning Department recommends that the Planning Commission approve the proposed ordinance changes.

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ATTACHMENTS

Attachment A: Assembly Action Plan²

Attachment B: 2018 International Building Code Appendix Q

Attachment C: Proposed ordinance changes to Sitka General Code 6.12

Attachment D: Proposed ordinance changes to SGC Title 19

Attachment E: Proposed ordinance changes to SGC Title 22

RECOMMENDED MOTION

I move to approve the proposed ordinance changes in principal, recognizing that final housekeeping edits and formatting changes may be made during formal ordinance preparation.

OR

I move to request staff to further develop the proposed ordinances, incorporating suggestions and addressing concerns raised during tonight's deliberations.

² The Action Plan was developed, but not formally approved, by the Assembly



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

Coast Guard City, USA

Memorandum

To: Chair Spivey and Planning Commission
Through: Amy Ainslie, Director, Department of Planning and Community Development *AA*
From: Scott Brylinsky, Special Projects Manager *SB*
Subject: ZA 19-06 – Tiny Houses: Addendum to Staff Report
Date: January 8, 2020

ZA 19-06 was first presented and discussed at the December 18, 2019 Planning Commission meeting. This meeting is the second time it is before the Planning Commission.

The item consists of proposed amendments to the Sitka General Code that create a legal status for tiny houses provided they are built to the International Residential Code and inspected by the Building Official prior to use. This includes tiny houses on permanent foundations as well as tiny houses on chassis, with or without wheels.

During discussion at the December 18, 2019 Planning Commission meeting, some questions and considerations were brought forward. This memo addresses those items.

1. How will a tiny house be safely moved over the streets if it is built to the maximum proposed height of 16-feet, considering possible interference with electric lines?

Before moving a tall unit the Electric Department can be contacted and they will advise on the most advantageous route to minimize interference. Where interference with lines may occur, Electric Department personnel will use push sticks to elevate the lines to provide clearance.

2. What is the legal status of a tiny house built on a chassis? Is it a vehicle or a building?

The chassis with wheels may be licensed with DMV as a trailer. Then the tiny house, constructed under a building permit, can be transported on that trailer.

OR

The tiny house on chassis with wheels could be licensed with DMV as a recreational vehicle. For the tiny house to fit under the parameters outlined in the proposed code amendments, it would still need to be constructed under a building permit and issued a certificate of approval by the Building Official prior to occupancy as a long-term dwelling unit.

3. For a tiny house on chassis to be placed long-term, how would structural adequacy of the ground to support the tiny house's chassis be assured?

The Building Department routinely oversees adequacy of soils and fill for supporting loads to be placed. Placement of a tiny house on chassis would be no different.

APPENDIX Q

TINY HOUSES

This provisions contained in this appendix are not mandatory unless specifically referenced in the adopting ordinance.

User note:

About this appendix: Appendix Q relaxes various requirements in the body of the code as they apply to houses that are 400 square feet in area or less. Attention is specifically paid to features such as compact stairs, including stair handrails and headroom, ladders, reduced ceiling heights in lofts and guard and emergency escape and rescue opening requirements at lofts.

SECTION AQ101 GENERAL

AQ101.1 Scope. This appendix shall be applicable to *tiny houses* used as single dwelling units. *Tiny houses* shall comply with this code except as otherwise stated in this appendix.

SECTION AQ102 DEFINITIONS

AQ102.1 General. The following words and terms shall, for the purposes of this appendix, have the meanings shown herein. Refer to Chapter 2 of this code for general definitions.

EGRESS ROOF ACCESS WINDOW. A *skylight* or roof window designed and installed to satisfy the emergency escape and rescue opening requirements of Section R310.2.

LANDING PLATFORM. A landing provided as the top step of a stairway accessing a *loft*.

LOFT. A floor level located more than 30 inches (762 mm) above the main floor, open to the main floor on one or more sides with a ceiling height of less than 6 feet 8 inches (2032 mm) and used as a living or sleeping space.

TINY HOUSE. A *dwelling* that is 400 square feet (37 m²) or less in floor area excluding *lofts*.

SECTION AQ103 CEILING HEIGHT

AQ103.1 Minimum ceiling height. *Habitable space* and hallways in *tiny houses* shall have a ceiling height of not less than 6 feet 8 inches (2032 mm). Bathrooms, toilet rooms and kitchens shall have a ceiling height of not less than 6 feet 4 inches (1930 mm). Obstructions including, but not limited to, beams, girders, ducts and lighting, shall not extend below these minimum ceiling heights.

Exception: Ceiling heights in *lofts* are permitted to be less than 6 feet 8 inches (2032 mm).

SECTION AQ104 LOFTS

AQ104.1 Minimum loft area and dimensions. *Lofts* used as a sleeping or living space shall meet the minimum area and dimension requirements of Sections AQ104.1.1 through AQ104.1.3.

AQ104.1.1 Minimum area. *Lofts* shall have a floor area of not less than 35 square feet (3.25 m²).

AQ104.1.2 Minimum dimensions. *Lofts* shall be not less than 5 feet (1524 mm) in any horizontal dimension.

AQ104.1.3 Height effect on loft area. Portions of a *loft* with a sloped ceiling measuring less than 3 feet (914 mm) from the finished floor to the finished ceiling shall not be considered as contributing to the minimum required area for the *loft*.

Exception: Under gable roofs with a minimum slope of 6 units vertical in 12 units horizontal (50-percent slope), portions of a *loft* with a sloped ceiling measuring less than 16 inches (406 mm) from the finished floor to the finished ceiling shall not be considered as contributing to the minimum required area for the *loft*.

AQ104.2 Loft access. The access to and primary egress from *lofts* shall be of any type described in Sections AQ104.2.1 through AQ104.2.4.

AQ104.2.1 Stairways. Stairways accessing *lofts* shall comply with this code or with Sections AQ104.2.1.1 through AQ104.2.1.5.

AQ104.2.1.1 Width. Stairways accessing a *loft* shall not be less than 17 inches (432 mm) in clear width at or above the handrail. The width below the handrail shall be not less than 20 inches (508 mm).

AQ104.2.1.2 Headroom. The headroom in stairways accessing a *loft* shall be not less than 6 feet 2 inches (1880 mm), as measured vertically, from a sloped line connecting the tread or landing platform nosings in the middle of their width.

AQ104.2.1.3 Treads and risers. Risers for stairs accessing a *loft* shall be not less than 7 inches (178 mm) and not more than 12 inches (305 mm) in height. Tread depth and riser height shall be calculated in accordance with one of the following formulas:

1. The tread depth shall be 20 inches (508 mm) minus four-thirds of the riser height.
2. The riser height shall be 15 inches (381 mm) minus three-fourths of the tread depth.

AQ104.2.1.4 Landing platforms. The top tread and riser of stairways accessing *lofts* shall be constructed as a *landing platform* where the *loft* ceiling height is less

than 6 feet 2 inches (1880 mm) where the stairway meets the *loft*. The *landing platform* shall be 18 inches to 22 inches (457 to 559 mm) in depth measured from the nosing of the landing platform to the edge of the *loft*, and 16 to 18 inches (406 to 457 mm) in height measured from the *landing platform* to the *loft* floor.

AQ104.2.1.5 Handrails. Handrails shall comply with Section R311.7.8.

AQ104.2.1.6 Stairway guards. Guards at open sides of stairways shall comply with Section R312.1.

AQ104.2.2 Ladders. Ladders accessing *lofts* shall comply with Sections AQ104.2.1 and AQ104.2.2.

AQ104.2.2.1 Size and capacity. Ladders accessing *lofts* shall have a rung width of not less than 12 inches (305 mm), and 10-inch (254 mm) to 14-inch (356 mm) spacing between rungs. Ladders shall be capable of supporting a 200-pound (75 kg) load on any rung. Rung spacing shall be uniform within $\frac{3}{8}$ inch (9.5 mm).

AQ104.2.2.2 Incline. Ladders shall be installed at 70 to 80 degrees from horizontal.

AQ104.2.3 Alternating tread devices. Alternating tread devices accessing *lofts* shall comply with Sections R311.7.11.1 and R311.7.11.2. The clear width at and below the handrails shall be not less than 20 inches (508 mm).

AQ104.2.4 Ships ladders. Ships ladders accessing *lofts* shall comply with Sections R311.7.12.1 and R311.7.12.2. The clear width at and below handrails shall be not less than 20 inches (508 mm).

AQ104.2.5 Loft Guards. *Loft* guards shall be located along the open side of *lofts*. *Loft* guards shall be not less than 36 inches (914 mm) in height or one-half of the clear height to the ceiling, whichever is less.

SECTION AQ105

EMERGENCY ESCAPE AND RESCUE OPENINGS

AQ105.1 General. *Tiny houses* shall meet the requirements of Section R310 for emergency escape and rescue openings.

Exception: *Egress roof access windows* in *lofts* used as sleeping rooms shall be deemed to meet the requirements of Section R310 where installed such that the bottom of the opening is not more than 44 inches (1118 mm) above the *loft* floor, provided the egress roof access window complies with the minimum opening area requirements of Section R310.2.1.

Amy Ainslie

From: sitkacheryl@gmail.com
Sent: Wednesday, January 15, 2020 3:18 PM
To: Planning Department
Subject: Tiny Home code changes

I, for one, would love to see clusters of tiny homes on city lots. They're attractive, innovative and affordable, so why not? Cheryl Call

Sent from my iPad

Andy Corak

From: Scott Brylinsky
Sent: Thursday, January 16, 2020 9:52 AM
To: Andy Corak
Subject: FW: tiny houses

Andy,
This is to keep with the other email comments for the file on tiny houses.
Thanks,
Scott

From: Jason Condon <jasoncondon60@gmail.com>
Sent: Wednesday, January 15, 2020 3:50 PM
To: Scott Brylinsky <scott.brylinsky@cityofsitka.org>; Jonathan Kreiss-Tomkins <jonathan.s.kt@gmail.com>
Subject: Re: tiny houses

Scott,
Sorry this is 45min late, but I hope you still get an opportunity to read at the meeting.

Here is my statement, please let me know if you have any questions.

Good evening, my name is Jason Condon. My wife and I moved to Sitka in July of 2014 and lived there until July of 2019. Before moving to Sitka, we decided to build and live in a tiny, 144sq ft house. Our decision to live in a small house arose from an attempt to align some of our life priorities with our actions. We did not want to spend our time and energy maintaining a larger house that was above our needs or had unusable space. We wanted a house that met all of our domestic needs and enabled us to focus our energy on other things. These things included being involved with the community, maximizing time outdoors, and spending time with friends. To us, a house is a place to comfortably cook, relax, and sleep. Our tiny house was an experiment to see if a 144sq ft house was sufficient. After 4 years of living in it, we can confidently say it was. There were challenges that forced us to be creative, but our quality of life was not compromised. In fact, after recently moving into a 2000 sq ft rental house in North Carolina, we miss our tiny house lifestyle in Sitka. It was simple, well-designed, and comfortable.

I understand that tiny houses are not normal, but they could be viable options for a younger generation with priorities that don't include a 2000' sq ft house with 3 bedrooms and 2 baths. Motivated young people want to spend their time outside of the house. Houses serve different purposes for different stages in our lives.

There is a plethora of reasons for choosing to live in a 'tiny', but adequate space. Some that come to mind are environmental positives, financial benefits, and community sustainability. I have difficulty understanding the consequences of changing zoning and building codes to make smaller living structures available for people. Sitka only stands to benefit from updating zoning requirements that will attract young motivated people to start growing roots in the community.

Respectfully,
Jason Condon

On Tue, Jan 14, 2020 at 3:47 PM Scott Brylinsky <scott.brylinsky@cityofsitka.org> wrote:

Hi Jason,

Good talking to you yesterday. And thanks for your support on local tiny house efforts.

Turns out I was mistaken in suggesting that you could call in to our conference line to offer testimony. That system is, evidently, cumbersome and expensive, and the Commission generally reserves it for applicants only.

You can, however, provide email comments which we will be read into the record at the meeting. Not the same as a spoken statement, but can be quite effective nonetheless.

If you send something by about 3:00pm tomorrow I can see that the commission sees it and hears it.

Thanks again,

Scott

From: Jason Condon <jasoncondon60@gmail.com>

Sent: Monday, January 13, 2020 7:08 AM

To: Jonathan Kreiss-Tomkins <jonathan.s.kt@gmail.com>; Scott Brylinsky <scott.brylinsky@cityofsitka.org>

Cc: meredith.r.condon <meredis@gmail.com>

Subject: Re: tiny houses

Scott and Jonathan,

I would be happy to call in and present testimony if that would be helpful.

Scott,

I would prefer to discuss with you prior to the meeting.

What time is the meeting Wednesday?

My cell is+14258706480.

Call when you can,

Jason Condon

On Sat, Jan 11, 2020 at 4:23 PM Jonathan Kreiss-Tomkins <jonathan.s.kt@gmail.com> wrote

Don't want to overask, but if one of you were able to call in as a former tiny home owner I think that could be really helpful/powerful!

I can liaise the call-in info if helpful.

----- Forwarded message -----

From: **Scott Brylinsky** <scott.brylinsky@cityofsitka.org>

Date: Thu, Jan 2, 2020 at 4:48 PM

Subject: tiny houses

To: Jonathan Kreiss-Tomkins <jonathan.s.kt@gmail.com>

Hi Jonathan,

Am writing to let you know that when we went before the Planning Commission and presented the draft ordinances to incorporate tiny houses into the code, and create more options for their placement, the Planning Commission did not view those proposals favorably. Only three Commissioners were present. No members of the public were present or gave written comments. The Commission voted to postpone formal action.

We will be presenting again at the January 15 meeting. If you, and/or fellow tiny house advocates, could be present, call in, or present testimony, I believe it could make a difference.

Naturally, feel free to call to discuss ahead of time if any questions.

Thanks,

Scott

Scott Brylinsky

Special Projects Manager

Department of Planning and Community Development

City and Borough of Sitka

907-738-8181

--

jaykaytee.com

Amy Ainslie

From: Justin Olbrych <justin.olbrych@yahoo.com>
Sent: Wednesday, January 15, 2020 4:32 PM
To: Planning Department
Subject: Tiny homes

Hello. Out of town presently and can not make the meeting but I wanted to show my support for tiny homes. As a land owner and home builder, it just makes sense. Building smaller homes is less expensive, uses less resources and they take up less space. They obviously won't replace a typical family house, but they do provide a much needed alternative for those that seek a small, more efficient living space. The city of sitka clearly promotes accessory dwelling units, tiny homes is just an extension of this concept. And if the city was able to wave parking conditions, this might even provide more homes in town, not everyone owns or drives a car. And one last thing, why not have tiny lots or the opportunity to subdivide a residential lot into two lots. A home owner could figure out a spot for a tiny home. Have one built, tied to the city services and then divide the property say 70/30. Someone gets land and a tiny home for \$100,000. The home owner gets \$100,000. The city gets another home online. Thanks. Justin olbrych

Amy Ainslie

From: Kathy Kyle <kathypkyle@yahoo.com>
Sent: Tuesday, January 14, 2020 9:25 AM
To: Planning Department
Subject: Tiny houses

Sitka is in desperate need of affordable housing. I know people who may move away if they cannot find alternative housing to what is currently available. Tiny houses are an attractive and affordable alternative to the ramshackle trailers that many people are forced to live in simply because they are already in place. Please modify Sitka's Code to expedite the use of tiny houses.

Sincerely,
Kathy Kyle

Amy Ainslie

From: Marian Allen <marianallen@gmail.com>
Sent: Wednesday, January 15, 2020 5:27 PM
To: Planning Department
Subject: Tiny Homes

I want to support making changes to allow tiny homes in Sitka. We have a major problem with a lack of affordable housing in this town and allowing tiny homes is one way we can start to address this problem.

--

Marian Allen
829 Pherson St
Sitka, AK 99835

Andy Corak

From: Scott Brylinsky
Sent: Thursday, January 16, 2020 10:24 AM
To: Andy Corak
Subject: FW: tiny houses

Please add to case file under public comment.

From: Planning Department <planning@cityofsitka.org>
Sent: Thursday, January 16, 2020 10:14 AM
To: Scott Brylinsky <scott.brylinsky@cityofsitka.org>
Subject: FW: tiny houses

Amy Ainslie

Planning Director
City and Borough of Sitka
100 Lincoln Street
Sitka, AK 99835
(907) 747-1815
amy.ainslie@cityofsitka.org

From: Nan Metashvili <ferenjinan@gmail.com>
Sent: Wednesday, January 15, 2020 8:03 PM
To: Planning Department <planning@cityofsitka.org>
Subject: tiny houses

Here is a little piece I wrote for the Sitka Soup- not sure when there will be room to run it, but it's my 2 cents. I'm passionate about housing, because I am unable to afford to live in Sitka anymore, and would love a tiny house. I'm a retired librarian (remember Kettleton Library?) and the State of Alaska pension is ludicrous.

It was a typical day in Sitka. Rain drizzled down, fog drifted around the forests like old spirits, and cold waves sloshed resolutely against the shore.

The Soupster was heading towards one of his favourite haunts, the library.

Though not as cozy as the old library, the new one still filled his needs. It was warm and dry, and its services were freely available to all. He would spend time reading the papers, and check out a few books to feed his insatiable appetite for reading. With some amusement and no little sadness, he noted that 9.5 out of 10 people scattered around were reading, writing or playing on some sort of electronic device. Not many books to be seen, the old fashioned kind made of paper.

The smell of a brand new volume to him was indescribable. He positively enjoyed the tactile sensation of turning pages, and the ease of flipping back to reread some passage. Many a time did he find it necessary to refresh his memory about some point mentioned 6 chapters ago. The Soupster was not shy about admitting he was getting on a bit and his little grey cells weren't what they used to be. And he loved the elegance of choosing just the right bookmark to insert to keep his place. He had a whole collection of them.

And as much as he loved reading books, there was also the social side of the library. No cold city institution, Sitka's library was a lively place where friendships were formed and nurtured, a place where lonely after-school kids could safely hang out, and even a few romances had happened. He could always count on finding a pal there to have a chat with.

As the Soupster picked up a latest nonfiction bestseller to sit and browse through, he noticed the person next to him in another chair. The two men both could sit there and gaze out at the unparalleled view of the ocean and the small islands, the skiffs and trollers and sailboats going past. They could stay until closing time. They could use the bathroom.

But at closing time, the Soupster could go home to a comfortable and welcoming home, and the other chap obviously could not. Homeless was written all over him, from the shabby clothes, unwashed odor, and the look of sadness and fear in his eyes. Where will he go when the library closes? Out into the rain, and then?

The Soupster started to wonder why the town had to be so difficult for low income folks. Why could they not follow the example of some other communities around the country and take care of all its citizens?

Tiny houses, for example. He had lately been reading in magazines about places building tiny houses. Why do people crave McMansions anyway, when a smaller and adequate abode would do? Wouldn't it be grand if Sitka could commit in a significant way to small and available homes?

The Soupster smiled sadly at the homeless man as the closing time lights flickered.

Then they both left the library.

Andy Corak

From: Planning Department
Sent: Thursday, January 16, 2020 2:12 PM
To: Scott Brylinsky; Andy Corak
Subject: FW: Tiny homes

Amy Ainslie
Planning Director
City and Borough of Sitka
100 Lincoln Street
Sitka, AK 99835
(907) 747-1815
amy.ainslie@cityofsitka.org

-----Original Message-----

From: Phyllis Hackett <hackett.phyllis@gmail.com>
Sent: Thursday, January 16, 2020 12:54 PM
To: Planning Department <planning@cityofsitka.org>
Subject: Tiny homes

Hello Commissioners

Sitka has been discussing affordable housing for decades. The most reasonable way I see to help our housing and affordable living challenges is through higher density in residential areas.

Tiny homes is a wonderful option for many people and we would be smart to approve code changes allowing for that. It is time to step out of our box and stretch, for the good of our entire community today and into the future.

Please vote in favor of the necessary code changes to make Tiny homes not only allowable but also reasonable.

Thank you for your service. It is greatly appreciated

Phyllis Hackett

Sent from my iPhone

Amy Ainslie

From: Victoria OConnell <victoria.oconnell@gmail.com>
Sent: Wednesday, January 15, 2020 4:45 PM
To: Planning Department
Subject: I support Tiny Houses

Hello,
I support code changes to allow tiny houses, like the one Sitka Conservation Society had the high school build, Please support these changes
thank you
Tory Curran
608 Etolin St
Sitka

Amy Ainslie

From: Karen Hegyi <alaskaperegrina@gmail.com>
Sent: Tuesday, January 14, 2020 9:02 AM
To: Planning Department
Subject: comments for planning commission January 15, 2020 consideration of Tiny Houses changes to zoning code

I apologize if this is not the correct email for commenting on the proposed zoning code changes up for consideration this Wednesday, January 15, 2020.

Please forward this message to the Planning Commission.

Dear Planning Commission Members:

I apologize for not appearing in person. Unfortunately your meeting conflicts with travel plans I had already made.

I have had an opportunity to review ZA 19-06 Staff Report for December 18, 2019.

I believe this is a good step for Sitka.

I have been a fan of Tiny Houses ever since I found a book about them at Old Harbor in 2011. I recognize that they are too small for me and my knees are too old for climbing in and out of a Tiny House loft. As the Analysis paragraph points out Tiny Houses "are not a good housing fit for everyone." But they will fill a niche.

Amending the Zoning Code to allow for their existence and for their placement in mobile/manufactured home parks makes sense.

I do have separate concerns for any future expansion of their placement in other zoning areas. Not because I oppose their use. Rather my concern is that something intended for use by "young adults with few possessions" can easily morph into expansions and sheds and the need for parking for vehicles and boats as more possessions and vehicles are acquired.

It is important therefore that any future expansion of allowable placement of Tiny Houses understand that a user is going to want to expand the footprint. And, while the first occupants might only have bicycles at some point in the near future they are going to want a car/SUV/truck and a boat. And even if the first occupant only has a bicycle they will have guests who arrive in cars/SUVs/trucks.

For any expansion of permitted use the lot size and setbacks need to take parking, footprint expansion and out buildings into consideration. Otherwise the public street and sidewalk will become their permanent parking places.

Thank-you for your consideration.

Karen R. Hegyi

PO Box 671

Sitka, AK 99835

Andy Corak

From: Scott Brylinsky
Sent: Thursday, January 16, 2020 10:25 AM
To: Andy Corak
Subject: FW: Tiny Homes

Please add to case file.

-----Original Message-----

From: Planning Department <planning@cityofsitka.org>
Sent: Thursday, January 16, 2020 10:14 AM
To: Scott Brylinsky <scott.brylinsky@cityofsitka.org>
Subject: FW: Tiny Homes

Amy Ainslie
Planning Director
City and Borough of Sitka
100 Lincoln Street
Sitka, AK 99835
(907) 747-1815
amy.ainslie@cityofsitka.org

-----Original Message-----

From: K L <stormysea@rocketmail.com>
Sent: Wednesday, January 15, 2020 7:06 PM
To: Planning Department <planning@cityofsitka.org>
Subject: Tiny Homes

Dear Planning Commission Members,

We're writing about the idea of Tiny Homes to provide more affordable living for Sitkans. While we agree that the concept is a great one, we are also very concerned about the impact on current properties and homeowners. If you can create zones in new areas for tiny homes that would be amazing. What would be a huge challenge is if you dilute the meaning of R1, R2, and other established zones by adding in Tiny Homes. Sitka already is often breaking our own zoning rules by granting so many variances. Please don't choose the variance method of allowing Tiny Homes into our community. That will pit neighbors against each other and remove a part of what makes Sitka a wonderful place to live. Most of us buy property with the expectation that the zone means something. When the zoning gets mixed up so much, and there's very little notice for variances, it means that people have to attend meetings and argue on their own behalf to keep the property density which they originally bought. We're trusting that your wish to add more affordable housing will not disregard this very important issue for current homeowners. Thanks for all your time and effort as you traverse this potentially controversial issue.

Sincerely,
Klaudia and Michael Leccese

Sent from my iPhone



Sitka Conservation Society
(907) 747-7509
info@sitkawild.org
PO Box 6533, Sitka, AK, 99835
www.sitkawild.org

January 15, 2020

Dear Planning Commission,

The Sitka Conservation Society (SCS) supports the proposed changes to the Sitka General Code to give tiny homes a clear legal status, and to update the zoning code and mobile home park code to provide more options for placement of tiny homes in our community.

For the past five years, SCS has partnered with the Sitka School District, community members and local businesses on a workforce development project, through which high school students have gained construction and professional skills by building a tiny home. In addition to being a learning tool for youth, the Tongass Tiny Home has allowed us to engage in community dialogue about the potential role of tiny homes in Sitka.

Tiny homes are a specialized solution for people concerned about minimizing their monthly expenses, downsizing and avoiding consumption, minimizing their carbon footprint, and/or maintaining flexibility, such as having the ability to move with home in tow or limit debt. By updating Sitka's codes, you will remove real and perceived barriers allowing people to invest in this solution, thereby adding another option for Sitka's housing market (reducing competition for apartments, seasonal residences), and creating opportunities for community members interested in thoughtfully increasing housing density.

Access to safe and affordable housing is critical to the social, economic and ecological well being of our community. Allowing a broader range of housing options will help meet the diverse needs and desires of Sitka residents and visitors. Please note that we do not advocate for tiny homes as a replacement for existing mobile or manufactured homes, except for as desired by current residents of Sitka's parks. Tiny homes should be additive to our housing landscape, providing weather-appropriate, small options, without displacing in-demand larger housing units.

Since the Commission last considered this issue, two notable things have happened that make the proposed code changes appropriate and timely:

- The International Residential Code adopted Appendix Q to provide regulations and standards for tiny homes. Sitka code has historically closely followed the International Residential Code.
- The 2030 Sitka Comprehensive Plan was adopted with the goal of "Expand(ing) the range, affordability, and quality of housing in Sitka while maintaining attractive, livable neighborhoods," including by encouraging higher density development, promoting Accessory Dwelling Units, and considering tiny homes on wheels for certain residential areas &

manufactured home parks. This plan was based on community feedback gathered from December 2015 through May 2018

Thank you for your service to the community of Sitka. We hope that you will take action tonight to thoughtfully welcome tiny homes to Sitka.

Sincerely,

Chandler O'Connell
Sitka Sustainable Community Catalyst
Sitka Conservation Society



CITY AND BOROUGH OF SITKA

Legislation Details

File #: ORD 20-03 Version: 1 Name:

Type: Ordinance Status: AGENDA READY

File created: 1/22/2020 In control: City and Borough Assembly

On agenda: 1/28/2020 Final action:

Title: Amending the official Sitka Zoning Map to rezone 4513, 4521, and 4533 Halibut Point Road from Industrial District (I) to General Commercial and Mobile Home District (C-2)

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Ord 20-03.](#)
[Memo Ord 20-03](#)
[Ord 20-03](#)
[Appendix A - Zoning Map](#)
[ZA 20-01 Planning Commission Materials](#)
[Written Public Comment](#)

Date	Ver.	Action By	Action	Result
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POSSIBLE MOTION

I MOVE TO approve Ordinance 2020-03 on first reading amending the official Sitka Zoning Map to rezone 4513, 4521, and 4533 Halibut Point Road from Industrial District (I) to General Commercial and Mobile Home District (C2).



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

Coast Guard City, USA

Memorandum

To: Mayor Paxton and Members of the Assembly
From: Amy Ainslie, Director, Planning and Community Development
Thru: Hugh Bevan, Interim Municipal Administrator *HB*
Subject: Zoning Map Amendment at 4513, 4521, and 4533 Halibut Point Road
Date: January 17, 2020

The request is for a Zoning Map Amendment to rezone 4513, 4521, and 4533 Halibut Point Road from Industrial Zoning to C-2 general commercial and mobile home district zoning. The owners of record for this property are Halibut Point Marine Services, LLC and Charles McGraw. This rezoning request was filed by Chris McGraw and Charles McGraw. The legal descriptions for the properties are as follows: Lot A, HPM Subdivision, Lot 55, U.S. Survey 3475, and a portion of Lot Fifty-one (51), U.S. Survey 3475.

The intent of the C-2 general commercial and mobile home zoning district as stated in SGC 22.16.080 is *"the general commercial district is intended to be served by major essential utilities and to include those areas which are heavily dependent upon vehicular access. The district is intended for those areas surrounding major intersections where personal services, convenience goods, and auto-related service facilities are desirable and appropriate land uses. The extension of the general commercial district along the roads in a strip fashion is to be discouraged. All provisions of the C-1 district apply in the C-2 district, except that permitted uses also include manufactured homes on single lots and manufactured home parks."* If rezoning is successful, the applicant intends to expand services and facilities needed for the increase in forecasted cruise ship visitors. These amenities include a restaurant, a brewery/taproom, tour sales space, and staging areas.

The properties in question border C-2 zoning on the south side of the lots, therefore the rezoning action will not result in spot zoning. Further, the existing uses on the lot under its current Industrial zoning that include a commercial use dock, passenger staging areas, and marine/fuel services, are all uses that would also be allowed under C-2 zoning.

The Planning Commission held a public hearing and consideration on this item on January 15, 2020. The Commission voted 5-0 to recommend approval of the rezoning. A copy of the staff report and the applicant documents are provided for the Assembly's review.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2020-03

**AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING THE OFFICIAL
SITKA ZONING MAP TO REZONE 4513, 4521, AND 4533 HALIBUT POINT ROAD FROM
INDUSTRIAL DISTRICT (I) TO GENERAL COMMERCIAL AND MOBILE HOME DISTRICT
(C-2)**

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

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

3. PURPOSE. The purpose of this ordinance is to rezone 4513, 4521, and 4533 Halibut Point Road from Industrial District to General Commercial and Mobile Home District. The properties are also known as Lot A, HPM Subdivision, Lot 55, U.S. Survey 3475, and a portion of Lot Fifty-one (51), U.S. Survey 3475. The boundaries of the zoning change shall be to the property lines where abutting other defined properties, the centerline of adjacent rights-of-way, and extending seaward to abutting tidelands. The zoning is consistent with the goals and policies of the 2030 Sitka Comprehensive Plan, specifically Economic Development Action ED 6.5.

4. ENACTMENT. NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that the official zoning map is amended to rezone 4513, 4521, and 4533 Halibut Point Road from Industrial District to General Commercial and Mobile Home District.

Appendix A is attached showcasing zoning map amendment.

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 11th day of February, 2020.

Gary L. Paxton, Mayor

ATTEST:

Sara Peterson, MMC
Municipal Clerk

1st reading 1/28/2020

2nd reading 2/11/2020

Sponsor: Interim Administrator



Appendix A



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

Coast Guard City, USA

Planning and Community Development Department

Case No: ZA 20-01
Proposal: Zoning Map Amendment: Industrial to C-2
Applicant: Chris McGraw and Charles McGraw
Owner: Halibut Point Marine Services, LLC and Charles McGraw
Location: 4513, 4521, and 4533 Halibut Point Road
Legal Desc.: Lot A, HPM Subdivision, Lot 55, U.S. Survey 3475, and a portion of Lot Fifty-one (51), U.S. Survey 3475
Zone: Industrial zoning district
Size: 4513 HPR: 100,789 sf
4521 HPR: 49,149
4533 HPR: 27,294
Parcel ID: 4513 HPR: 2-5860-000
4521 HPR: 2-5870-000
4533 HPR: 2-5852-000
Existing Use: Commercial deep-water dock, visitor staging, fuel & marine services
Adjacent Use: Commercial, residential, quarrying, private marina
Utilities: Halibut Point Road
Access: Halibut Point Road

KEY POINTS AND CONCERNS:

- Lots have been historically zoned as Industrial
- Property borders C-2 zoning district to the south on the waterfront side of Halibut Point Road and properties across Halibut Point Road
- Current use of property including commercial dock, boat storage, and fuel dealers are also permitted uses in C-2 zoning.
- New proposed uses for property include brewery, food service, and expanded retail. General retail and eating/drinking places are allowed by right in the C-2 zone. Breweries and wineries are conditional uses in the C-2 zone.
- Given the use of the dock and shore facilities for cruise ship passengers, as well as the scarcity of Industrial land, there may be community interest in changing allowable uses of the property.

ATTACHMENTS

Attachment A: Aerial
Attachment B: Zoning Map
Attachment C: Sitka Industrial Zones
Attachment D: Photos
Attachment E: Applicant Materials

PROJECT DESCRIPTION

The applicants are requesting a zoning map amendment from Industrial zoning to C-2 commercial zoning for their lots at 4513, 4521, and 4533 Halibut Point Road.

No public comments have been received at the time of writing this staff report.

In deliberations, commissioners need to keep in mind all C-2 permitted uses as the owner(s) could sell, and the current (or proposed) uses could change. Further, this location houses cruise ship infrastructure; there may be community-wide impacts for changes in use at this location. Relevant consideration also includes the limited Industrial zones in town; a map of all Industrial zones is attached.

BACKGROUND

The lots have been zoned Industrial historically. This is a cluster of 3 lots within an Industrial zone which borders a C-2 zone. Adjacent industrial uses include shipping and storage for Alaska Marine Lines, as well as a rock quarry across the street. Given the broad allowable uses of the C-2 zone, surrounding uses in the neighboring C-2 zone include single-family residential, multifamily residential, commercial storage/warehousing, food manufacturing, and a tannery.

The applicant is motivated to pursue this zone change because they would like expand infrastructure and services to cruise ship passengers (whose numbers are forecasted to grow substantially in the coming years). Proposed development of the area includes more covered space, restrooms, tour departure staging, a restaurant, a brewery and taproom, and retail services. The applicant has included a narrative in their application to more fully outline their proposed use of the property if the zoning map amendment is successful.

Descriptions of each zoning district:

SGC 22.16.110 – I industrial district.

- A. *Intent. The industrial district is intended for industrial or heavier commercial uses including warehousing, wholesale, and distribution operations, manufacturing, natural resource extraction, contractors' yards and other such uses that require larger property or larger water and sewer services.*

SGC 22.16.080 – C-1 general commercial district or C-2 general commercial mobile home district.

- A. *Intent. The general commercial district is intended to be served by major essential utilities and to include those areas which are heavily dependent on vehicular access. The district is intended for those areas surrounding major intersections where personal services, convenience goods, and auto-related service facilities are desirable and appropriate land uses. The extension of the general commercial district long the roads in a strip fashion is to be discouraged.*
- B. *All provisions of the C-1 district apply in the C-2 district, except that permitted uses also include manufactured homes on single lots and manufactured home parks.*

ANALYSIS

Project / Site: Main lots to be rezoned are 100,789 square feet (4513 HPR) and 49,149 square feet (4521 HPR). Lots currently have open space for parking and storage, and the haul out space/equipment/infrastructure. Towards the road on 4513 HPR, there is an approximately 5,000 square foot passenger terminal currently used for passenger staging.

Proposed usages if the ZMA is successful include new buildings for a restaurant, restrooms, a brewery and taproom, tour sales, staging, and retail. The property owners have made public their plans to no longer operate a boat haul out at this location.

Traffic: Staff anticipates that this ZMA would ultimately create additional traffic to the parcels as compared to what is currently happening; more traffic should be expected in commercial zones. Halibut Point Road is a major arterial highway that can be expected to carry high traffic loads. Further, if cruise ship passenger numbers are to increase, much of the increased traffic over the next five years will occur regardless of this ZMA.

Parking: The lots all have adequate space to accommodate off street parking as may be required for future uses.

Noise: Industrial use generally generates more noise than general commercial. Increased noise disturbance may occur with increased cruise passengers regardless of zoning change. Would be generally limited to day/business hours on a seasonal basis.

Public Health or Safety: No impacts to public health or safety anticipated.

Habitat: No concerns for habitat.

Property Value or Neighborhood Harmony: Industrial property is generally valued higher as there are fewer usage restrictions. However, the value of added allowable uses involving the sales of goods and services may be higher. The expansion of cruise passengers and facilities is an economic gain for Sitka. Concentration of visitors in the area may detract from neighborhood harmony, particularly for residential neighbors. However, this should be measured as an incremental impact, as the existing infrastructure and allowable uses under current Industrial zoning will already bring visitor traffic to the area.

Comprehensive Plan: The proposal directly correlates to ED 6.5: *Support growth of Sitka's independent cruise related and heritage tourism work and enterprises* by expanding cruise ship related facilities and services. However, the proposal could contribute to issues identified in LU 6.2: *Prevent future incompatible land use between residential, light commercial, heavy commercial, and industrial uses* as the C-2 zoning has already contributed to (what some may consider) non-complementary uses in the area; the mix of residential, commercial, and industrial uses within a condensed area. Whether or not this zoning change would alleviate, or exacerbate, incompatible land use is likely dependent on the overall view of the neighborhood and the community.

STAFF RECOMMENDATION/CONCLUSION

From a zoning code perspective, the request avoids two major zoning conflicts. First, the request does not result in spot zoning. There is adjacent C-2 zoning; this ZMA would extend the C-2 zone. Secondly, the current infrastructure and uses of the lot are compatible and consistent with C-2 district regulations. Therefore, from a code administration standpoint, staff recommends approval.

There are two community-driven, policy considerations to be made; the presence of a cruise ship dock on the property, and the scarcity of Industrial land in Sitka. The cruise ship dock operation is an important driver of the tourism industry and serves as a gateway of visitors into the community. The surrounding uses, facilities, and services of the area will influence the visitor dispersion throughout town.

Industrial zoned land in Sitka is scarce; maps of the Industrial land are provided in the packet. The Commission should consider the ramifications of removing these properties from the “inventory” of Industrial land. There may be opportunities to open more industrial land; however, Industrial land can be difficult to establish as it is generally the highest impact use.

The goal of the Planning Department is to “facilitate citizen directed, community growth.” The community-driven, policy questions this ZMA raises must be heard by, commented on, and ultimately decided by the community. Staff maintains a neutral position on these issues.

RECOMMENDED MOTIONS

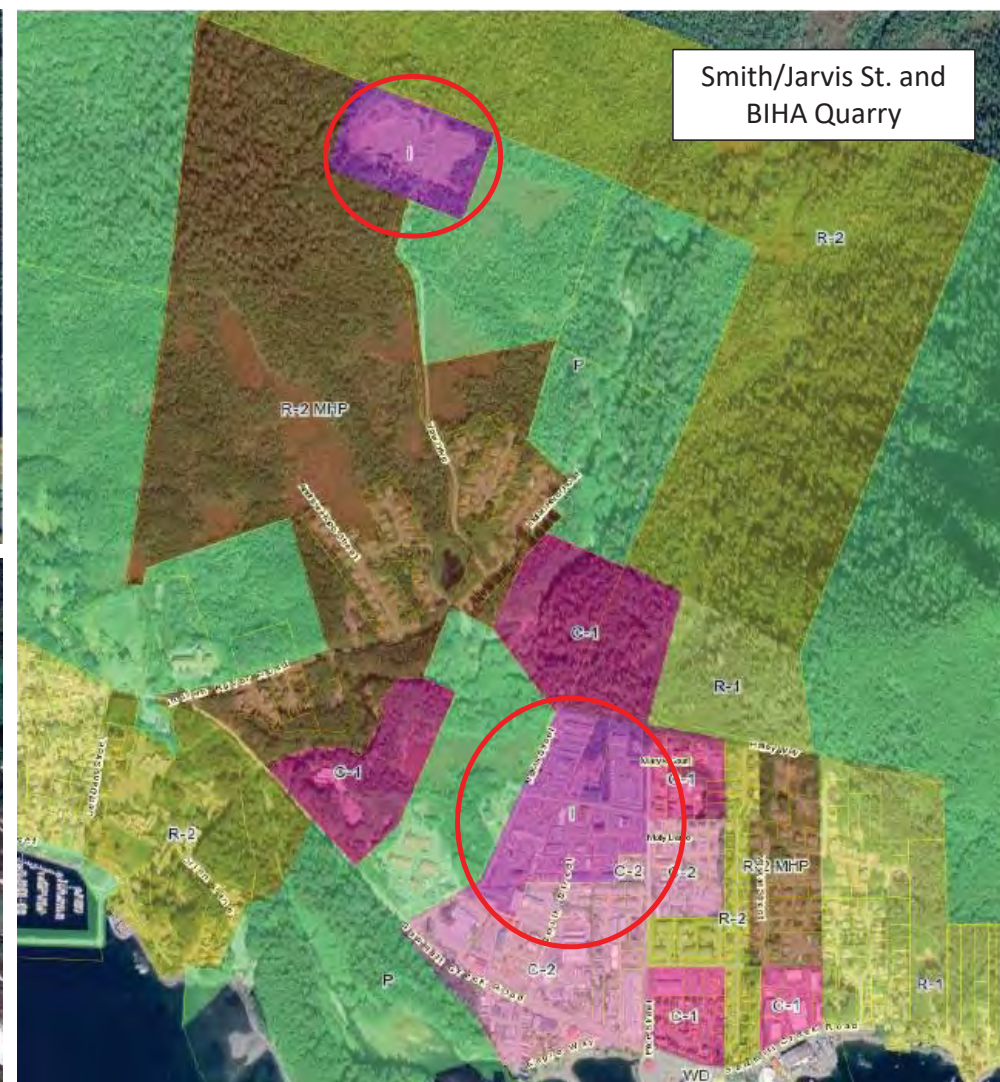
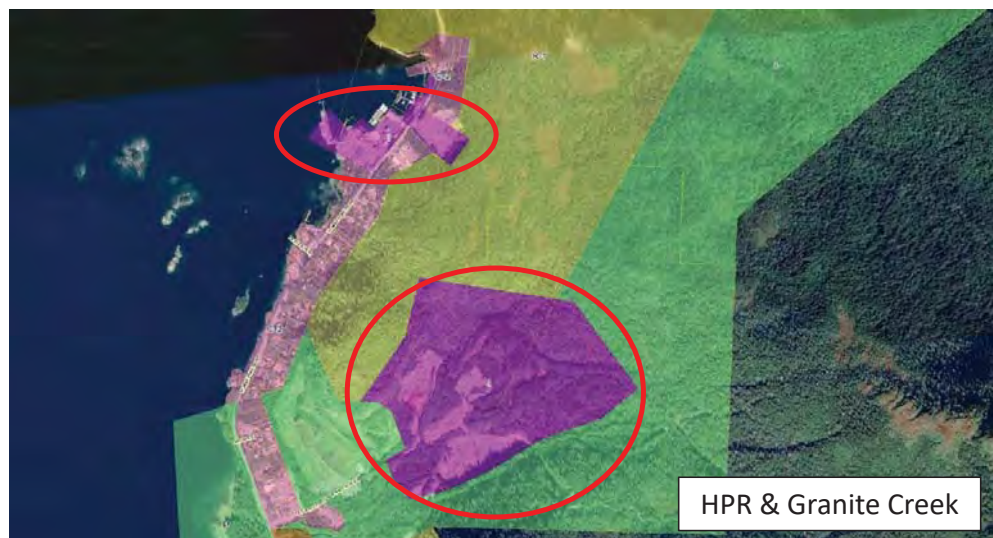
- 1) **“I move to recommend approval of the zoning map amendment to rezone 4513, 4521, and 4533 Halibut Point Road from the Industrial district to the C-2 general commercial and mobile home district. The properties are also known as Lot A, HPM Subdivision, Lot 55, U.S. Survey 3475, and a portion of Lot Fifty-one (51), U.S. Survey 3475. The request is filed by Chris McGraw and Charles McGraw. The owners of record are Halibut Marine Services, LLC and Charles McGraw.”**
- 2) **“I move to adopt the findings as listed in the staff report.”**

The commission finds that:

- a. The zoning map amendment does not negatively impact the public health, safety, and welfare,
- b. The zoning map amendment has followed all code regarding amending the official zoning map with regards to public process;
- c. The zoning map amendment will not result in adverse effects on surrounding neighbors.
- d. The zoning map change is consistent with the public purpose of increasing commercial opportunities.
- e. The zoning map amendment comports with the Comprehensive Plan by aligning with goal ED 6.5: *Support growth of Sitka’s independent cruise related and heritage tourism work and enterprises.*











Need/Hardship/Justification:

Cruise passenger traffic at the Halibut Point Cruise terminal has increased from approximately 15,000 passengers in 2013 to an estimated 300,000+ in the coming years. This growth has resulted in a change in focus for the facility from a multi-use site that included both industrial and commercial activities to a site that host primarily commercial related activities. In addition, this increase will result in the need for additional structures to be constructed to allow for more covered space including restrooms, tour departure staging, and expansion of the existing temporary restaurant into a fixed building to accommodate the additional passenger demand. A fixed structure for food and beverage is not a permitted use in the Industrial Zone. The change to C-2 will allow for the construction and operation of the expanded restaurant. In addition, Baranof Investments which is the company that is taking over Baranof Island Brewing is wanting to have a tap room at the cruise terminal to allow for increased sales and support the year-round operation of a local brewery.

Public Benefit of Proposal

Cruise ships worldwide and in Alaska are getting larger. Ports are needing to upgrade their infrastructure in order to be able to accommodate these ships. Juneau, Icy Strait Point, Ketchikan, and Skagway have all either upgraded their facilities or are in the process of doing so. In order for Sitka to remaining competitive and be a viable port for new ship deployments, Halibut Point is expanding its dock facilities next winter. This upgraded dock facility will allow for larger number of passengers to visit Sitka. With the increased dock infrastructure, Halibut Point needs to improve its uplands infrastructure to accommodate the additional number of passengers to ensure that the passengers have a pleasurable experience and that they can efficiency be dispatched on to tours, and on the shuttle to downtown Sitka.

The increase in cruise visitors will have a direct impact on local sales. Cruise passengers purchase retails goods, tours, eat at local restaurants, and visit local historical sites and attractions. These purchases add money to the local economy and directly increase sales tax revenues to the City and Borough of Sitka which effect every Sitkan by providing additional funding for local services, schools, road maintenance, and facilities.

Consistency with Comprehensive Plan

ED 6.5 of the comprehensive plan is an Economic Development Action to “Support growth of Sitka’s independent, cruise-related, and heritage tourism work and enterprises.

Changing the zoning of these lots from I to C-2 allows for the expansion of the Halibut Point Cruise Terminal to allow the facility to accommodate additional cruise traffic. The only way Sitka is going to grow its cruise related traffic is through increasing the ships that visit Sitka. In order to attract additional ships to Sitka, we need to have adequate facilities that can accommodate the new ships and compete with new facilities that are being constructed in other ports in Alaska.

By growing cruise traffic, it will also help to grow both the independent and heritage tourism enterprises. Increased number of cruise visitors will directly increase the number of visitors that heritage-based tourism business host. In addition, studies have shown that a percentage of cruise passengers that visit a port come back to that port in later years as independent travelers. Therefore, by increasing the number of cruise visits to Sitka, it helps to grow the independent traveler market for the future.



CITY AND BOROUGH OF SITKA

PLANNING AND COMMUNITY DEVELOPMENT DEPARTMENT GENERAL APPLICATION FORM

- Applications must be deemed complete at least **TWENTY-ONE (21)** days in advance of next meeting date.
- Review guidelines and procedural information.
- Fill form out completely. No request will be considered without a completed form.
- Submit all supporting documents and proof of payment.

APPLICATION FOR:

☐

VARIANCE

☐

CONDITIONAL USE

☒

ZONING AMENDMENT

☐

PLAT/SUBDIVISION

BRIEF DESCRIPTION OF REQUEST: Rezone Lot A HPM Subdivision and Lot 55 US Survey 3475 and Prn Lot 51 US Survey 3475 to C-2 Zoning District from I Zoning District

PROPERTY INFORMATION:

CURRENT ZONING: Industrial PROPOSED ZONING (if applicable): C-2
Boat Yard, Freight Yard, Cruise Ship Port
CURRENT LAND USE(S): PROPOSED LAND USES (if changing): Cruise Ship Port

APPLICANT INFORMATION:

PROPERTY OWNER: Halibut Point Marine Services LLC
PROPERTY OWNER ADDRESS: P.O. Box 718 Sitka, AK 99835
STREET ADDRESS OF PROPERTY: 4513 Halibut Point Road
APPLICANT'S NAME: Halibut Point Marine Services LLC
MAILING ADDRESS: P.O. Box 718 Sitka, AK 99835
EMAIL ADDRESS: chris@halibutpointmarine.com DAYTIME PHONE: 907-738-9011

PROPERTY LEGAL DESCRIPTION:

TAX ID: 2586000, 2587000, 25852000 LOT: A, 55, Prn 51 BLOCK: TRACT:
SUBDIVISION: HPM US SURVEY: 3475

McGraw

12-24-19

4513 Halibut Point

Last Name

Date Submitted

Project Address

REQUIRED INFORMATION:

For All Applications:

- ☒ Completed General Application form
- ☒ Supplemental Application (Variance, CUP, Plat, Zoning Amendment)
- ☒ Site Plan showing all existing and proposed structures with dimensions and location of utilities
- ☒ Floor Plan for all structures and showing use of those structures
- ☒ Copy of Deed (find in purchase documents or at Alaska Recorder's Office website)
- ☒ Copy of current plat (find in purchase documents or at Alaska Recorder's Office website)
- ☒ Site photos showing all angles of structures, property lines, street access, and parking – emailed to planning@cityofsitka.org or printed in color on 8.5" x 11" paper
- ☒ Proof of filing fee payment

For Marijuana Enterprise Conditional Use Permits Only:

- ☐ AMCO Application

For Short-Term Rentals and B&Bs:

- ☐ Renter Informational Handout (directions to rental, garbage instructions, etc.)

CERTIFICATION:

I hereby certify that I am the owner of the property described above and that I desire a planning action in conformance with Sitka General Code and hereby state that all of the above statements are true. I certify that this application meets SCG requirements to the best of my knowledge, belief, and professional ability. I acknowledge that payment of the review fee is non-refundable, is to cover costs associated with the processing of this application, and does not ensure approval of the request. I understand that public notice will be mailed to neighboring property owners and published in the Daily Sitka Sentinel. I understand that attendance at the Planning Commission meeting is required for the application to be considered for approval. I further authorize municipal staff to access the property to conduct site visits as necessary. I authorize the applicant listed on this application to conduct business on my behalf.



Owner

~~12-24-19~~ 12-27-19

Date

Owner

Date

I certify that I desire a planning action in conformance with Sitka General Code and hereby state that all of the above statements are true. I certify that this application meets SCG requirements to the best of my knowledge, belief, and professional ability. I acknowledge that payment of the review fee is non-refundable, is to cover costs associated with the processing of this application, and does not ensure approval of the request.

Applicant (If different than owner)

Date

McGraw	12-24-19	4513 Halibut Point
_____ Last Name	_____ Date Submitted	_____ Project Address



CITY AND BOROUGH OF SITKA

PLANNING AND COMMUNITY DEVELOPMENT DEPARTMENT
SUPPLEMENTAL APPLICATION FORM
ZONING AMENDMENT APPLICATION

APPLICATION FOR



ZONING MAP AMENDMENT



ZONING TEXT AMENDMENT

ANALYSIS: (Please address each item in regard to your proposal)

- NEED/HARDSHIP/JUSTIFICATION FOR PROPOSAL: See Attached

- PUBLIC BENEFIT OF PROPOSAL: See Attached

- CONSISTENCY WITH COMPREHENSIVE PLAN (Cite Section and Explain): ED 6.5
See Attached Explanation

- CONSISTENCY WITH PHYSICAL BOUNDARIES (Streets, Major Creeks, etc.): _____
NA- Change will be consistent adjacent zoning.

- DOES NOT RESULT IN SPOT ZONING BECAUSE: _____
All adjacent property other than the parcel to the north is zoned C-2 .

- PUBLIC HEALTH, SAFETY, AND WELFARE: A zoning change from I to C-2 does not result in
increased noise or traffic to the site and does not effect public health, safety or welfare.

Applicant

12-27-19

Date

McGraw

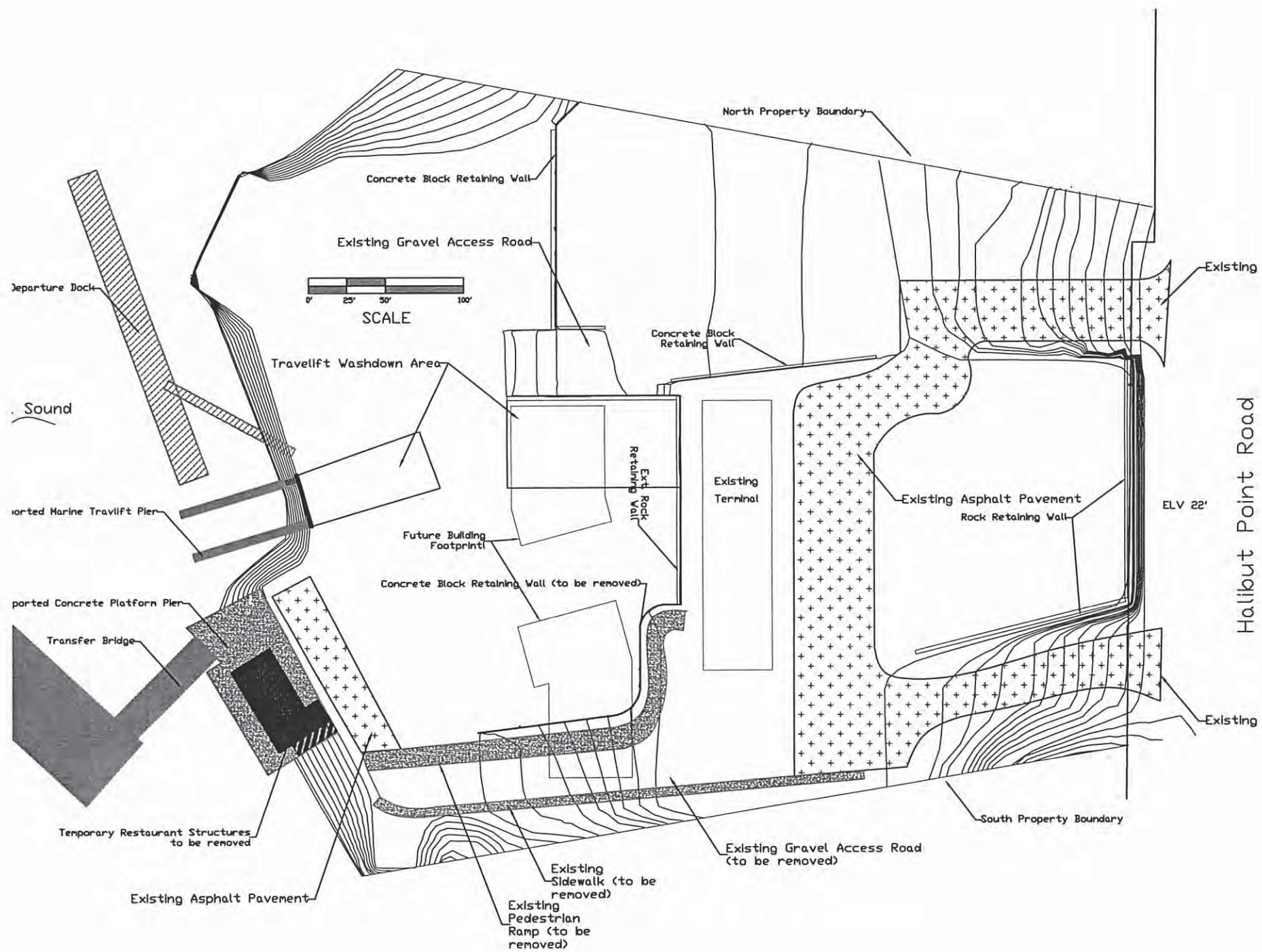
Last Name

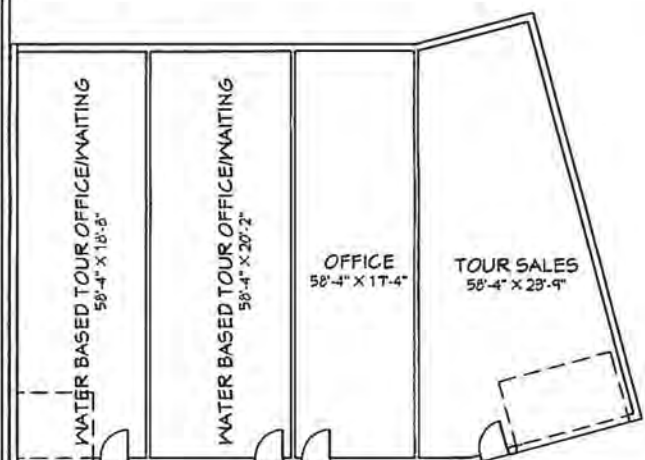
12-27-19

Date Submitted

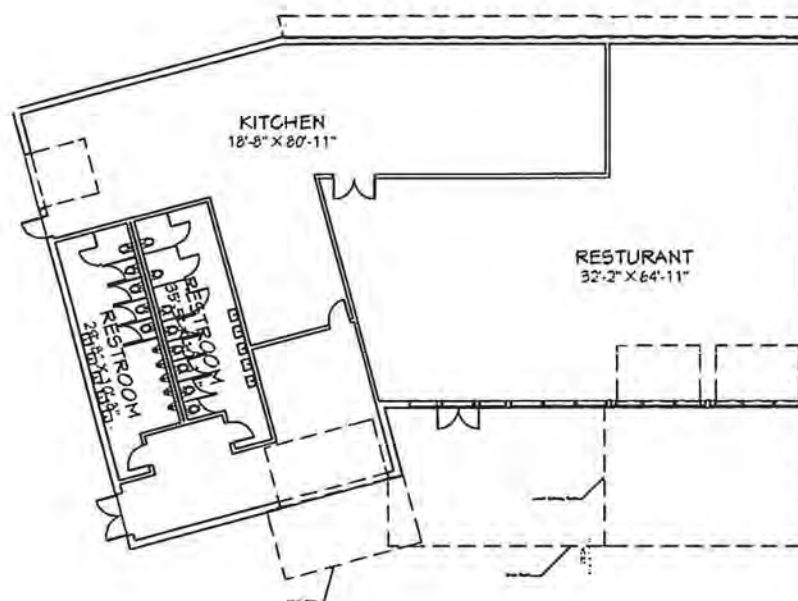
4513 Halibut Point Road

Project Address





New Buildings 1st Floor

[illegible]

HALIBUT POINT UPLANDS

4513 Halibut Point Road

ALL INFORMATION CONTAINED

DATE:

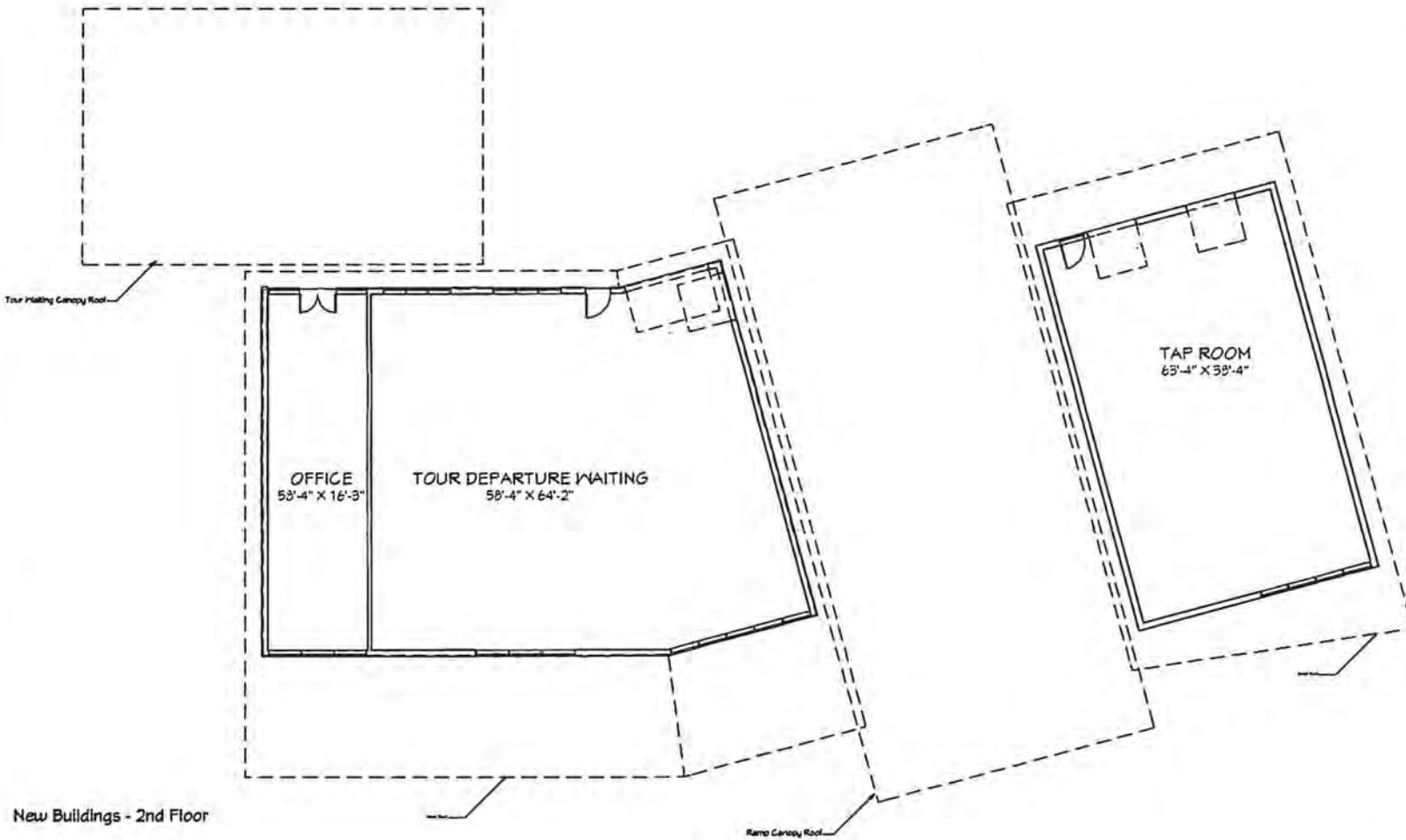
12/26/19

SCALE:

75/128 in

SHEET:

A-3



REVISION	DATE	DESCRIPTION

HALIBUT POINT UPLANDS

4513 Halibut Point Road

DRAWINGS PROVIDED BY:

DATE:

12/26/19

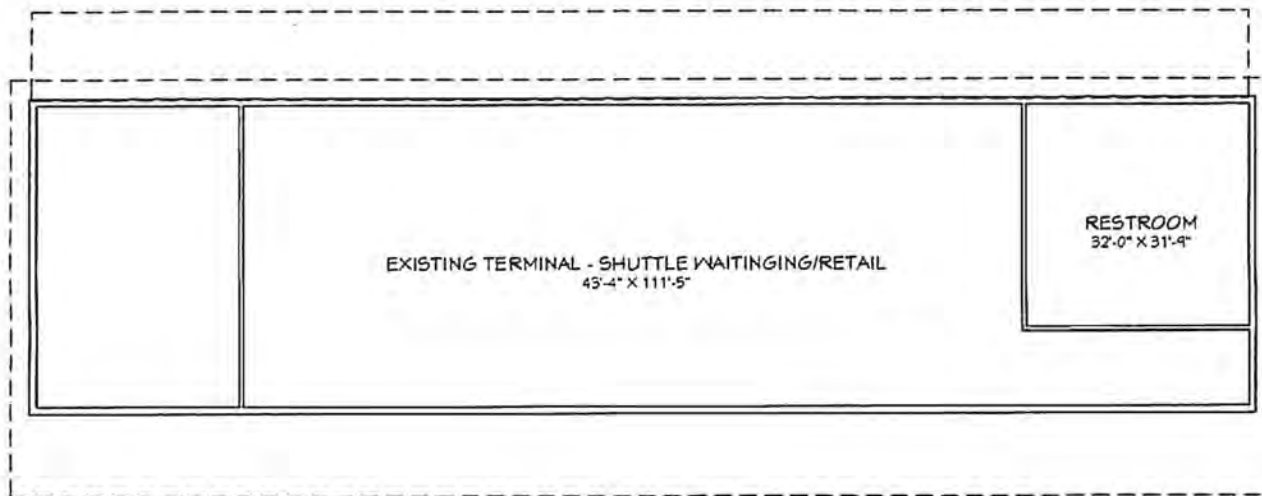
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75/128 In

1 in

SHEET:

A-1



Existing Terminal

DATE	12/26/19
BY	12/26/19
CHECKED BY	12/26/19
APPROVED BY	12/26/19
DESIGNED BY	12/26/19
DRAWN BY	12/26/19
IN CHARGE	12/26/19
PROJECT NO.	12/26/19
SHEET NO.	12/26/19

HALIBUT POINT UPLANDS
4513 Halibut Point Road

DATE: 12/26/19
SCALE: 1/8" = 1'-0"
SHEET: A-2

DATE: 12/26/19
SCALE: 1/8" = 1'-0"
SHEET: A-2

Amy Ainslie

From: Chris McGraw <chris@halibutpointmarine.com>
Sent: Wednesday, January 15, 2020 10:23 AM
To: spi3050@yahoo.com; dwindsor@gci.net; randywhughey@gmail.com; alaskanengineer@gmail.com; stacym@sitkareadymix.com
Cc: Chuck McGraw; Amy Ainslie; Hugh Bevan
Subject: Halibut Point Marine Services Zoning Change Request
Attachments: Halibut Point Master Plan.pdf

Hello Planning Commission Members,

On tonight's meeting agenda, Halibut Point Marine Services is requesting a zoning map change for its property located uplands from its Cruise Ship dock on Halibut Point Road. The property is currently zoned Industrial and the request is to change the zoning to C-2. Halibut Point Marine constructed its dock facility in 2011 along with a terminal building in 2013. In 2011 when the facility was opened Sitka had a total of around 80,000 cruise ship passenger visits with the majority of these ships anchoring and utilizing the tender facilities. Since 2011 HPM has done extensive marketing to the various cruise lines and has been able to attract additional ships to visit Sitka. In 2019 Sitka had around 210,000 passengers with 190,000 of these calling at the dock facility.

Currently HPM has some retail sales that take place in its existing terminal building. These sales are targeted at the cruise ship passengers and have been allowed in the Industrial zone under accessory use portion of the code that allows uses that are "incidental and supportive of the printable use". In addition a season restaurant utilizing a temporary tent and kitchens located in shipping containers has been offering local seafood to passengers since 2016.

Passenger traffic is expected to increase considerably over the next two years and HPM plans to expand its facility to meet the needs of this expansion. By 2021 it is anticipated that HPM will see individual days that exceed 6,000 passenger. To meet this demand, our plan is to construct additional buildings that provide restrooms, areas for tour sales, areas for tour staging, a fixed restaurant structure along with a space for a tap room for the local brewery that will be taking over for BIBCO. In addition, we have plans in the future for an outdoor amphitheater and other onsite tour attractions. A copy of our proposed master plan is attached.

The change to C-2 is required for the fixed restaurant along with the tap room. In addition, the outdoor amphitheater and other planned onsite attractions require a C-2 zoning.

We do not have plans to expand any of the gift shop related retail. Three executives from a cruise company were in town last week from Miami. We have presented them with our development plan and they are seriously considering additional deployment to Sitka in 2021 with ships that carry over 4000 passengers. It was very important to them that the dock facilities be able to handle the passenger load and provide a pleasurable welcoming experience. They felt that the restaurant serving local seafood, local beer, and a few onsite attractions would be a major plus for their passenger to experience before or after they explore Sitka.

If this company decides to increase deployment to Sitka, the total passenger count would increase by 80,000 passenger to a total of over 300,000 passengers. Recent economic studies in Juneau and Ketchikan show that cruise passengers spend on average \$160 while they are in an Alaskan port. This single deployment decision could result in at least \$12.8 million to Sitka's local economy and \$768,000 in Sales Tax Revenue to the City and Borough of Sitka which benefits everything from Schools, Roads, Non Profits, and City Services.

I hope you consider approving this zoning map change. This zoning designation coincides with adjacent properties, and will could allow for a significant economic impact to Sitka's economy.

Chris McGraw

Halibut Point Marine Services

Cell: 907-738-9011

chris@halibutpointmarine.com

SITE PLAN
MASTER PLAN



Sara Peterson

From: Hugh Bevan
Sent: Friday, January 17, 2020 12:32 PM
To: Amy Ainslie; Sara Peterson
Subject: FW: FW: Zoning map amendment for 1/28 Assembly

Sara,

Please include Chris' comments with the Ordinance backup materials.

HB

From: Chris McGraw <chris@halibutpointmarine.com>
Sent: Friday, January 17, 2020 12:27 PM
To: Hugh Bevan <hugh.bevan@cityofsitka.org>
Subject: Re: FW: Zoning map amendment for 1/28 Assembly

Hugh,

I think it would be helpful to note that the planned restaurant is an existing operation that will be moving from a temporary tent to a fixed building to better accommodate cruise guest and locals that dine at the restaurant. Also, we are not planning any expansion of the existing gift related retail. Retail expansion would include tour/ attraction sales, and a tap room for the new owners of BIBCO to help supplement and support their other locations in Sitka.

Chris McGraw

Halibut Point Marine Services
Cell: 907-738-9011
chris@halibutpointmarine.com

On Jan 17, 2020, 11:20 AM -0900, Hugh Bevan <hugh.bevan@cityofsitka.org>, wrote:



CITY AND BOROUGH OF SITKA

Legislation Details

File #: RES 20-01 Version: 1 Name:

Type: Resolution Status: AGENDA READY

File created: 1/22/2020 In control: City and Borough Assembly

On agenda: 1/28/2020 Final action:

Title: Authorizing a \$535,210 grant application to the Department of Homeland Security and Emergency Management (DHS & EM)

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Memo and Res 20-01](#)

Date	Ver.	Action By	Action	Result
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POSSIBLE MOTION

I MOVE TO approve Resolution 2020-01 on first and final reading authorizing a \$535,210 grant application to the Department of Homeland Security and Emergency Management (DHS & EM).



City & Borough of Sitka

Police Department

304 Lake Street, Sitka, AK 99835

907-747-3245



Memorandum

January 23, 2020

To: Mayor Paxton and Assembly Members
Hugh Bevan, Municipal Administrator

From: Chief Baty

Subject: Grant Application to the Department of Homeland Security and Emergency Management

The Sitka Police Department is applying for a non-matching Department of Homeland Security and Emergency Management Grant (DHS&EMG) for the amount of \$535,210. This grant is used for helping fund our community's preparation for emergencies.

Part of the grant (\$485,210) would be for Voting and Simulcast LMR radio system for the City and Borough of Sitka with installation on current communication site owned by Alaska Communications Services. Currently there are a number of communication holes in the radio coverage of Sitka due to the large mountains surrounding the town, and now the road system is being extended 9 miles into Katlian Bay, where there is close to zero radio coverage because of a large mountain. This project will allow multiple radio sites to vote on which site will receive the radio call, and transmit from multiple high sites without the radio user having to manually change talk groups or channels. This system will cover all of the emergency response agencies in Sitka (Police, Fire and EMS, and Search and Rescue).

There will be a monthly rental fee for using the ACS site which is estimated to be \$750 which would be paid from the 911 surcharge that is restricted for such uses.

The rest of the grant funding (\$50,000) would be used to replace and upgrade the current secure door access system for the Police Department. The current Kantech System is over 10 years old and runs on an operating system that is no longer supported, making it difficult to repair or buy supplies for.

The Police Department has annually applied for this grant from the Department of Homeland Security and Emergency Management since 2003. Items purchased with these grants greatly help improved the safety and security of Sitka and its residents. Some of the equipment purchased includes the Emergency Response Vessel (ERV), the repowering of the ERV, replacing the floatation on the ERV, the tsunami warning system towers, Life Scan Fingerprint System, upgraded camera security for the PD, Harbors and City Hall, new radio consoles for the PD, new portable radios for the PD & FD, Active Shooter Training, Forward Looking Infrared Radiation System for the ERV, alarm package for the hilltop joint communication site (ALMR), and

emergency communications for the EOC. Please note that any equipment purchased with these funds must receive DHS approval prior to disposal or sale.

Fiscal Note:

If approved, a supplemental appropriation for fixed assets in the amount of \$535,210 will come before the Assembly.

CITY AND BOROUGH OF SITKA

RESOLUTION NO. 2020-01

**A RESOLUTION OF THE CITY AND BOROUGH OF SITKA AUTHORIZING A \$535,210
GRANT APPLICATION TO THE DEPARTMENT OF HOMELAND SECURITY AND
EMERGENCY MANAGEMENT (DHS&EM)**

WHEREAS, the City and Borough of Sitka Police Department seeks to obtain a grant to cover the cost of a purchasing and installing a Voting and Simulcast LMR radio system for the City and Borough of Sitka with installation on current communication site owned by Alaska Communications Services, as well as replace and upgrade the current secure door access system for the Police Department; and

WHEREAS, the DHS&EM has a grant program available to cover the cost; and

WHEREAS, there will be a monthly communications site rental fee to be covered by 911 surcharge; and

WHEREAS, the grant will have no other costs associated with it.

NOW, THEREFORE, BE IT RESOLVED by the Assembly of the City and Borough of Sitka that the Interim Administrator is authorized to apply for the grant and to execute the grant if received.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska on this 28th day of January, 2020.

Gary L. Paxton, Mayor

ATTEST:

Sara Peterson, MMC
Municipal Clerk

1st and final reading 01/28/2020

Sponsor: Interim Administrator



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 20-028 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 1/22/2020 In control: City and Borough Assembly

On agenda: 1/28/2020 Final action:

Title: Approve a Water Delivery Agreement between the City and Borough of Sitka and Northern Southeast Regional Aquaculture Association

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and Memo Water Agreement](#)

Date	Ver.	Action By	Action	Result
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POSSIBLE MOTION

I MOVE to approve the Water Delivery Agreement between the City and Borough of Sitka and Northern Southeast Regional Aquaculture Association and authorize the Interim Administrator to execute the document.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Gary Paxton and Assembly Members

From: Hugh Bevan, Interim Municipal Administrator *HB*

Date: January 15, 2020

Subject: NSRAA Agreement for Water Withdrawal at Sawmill Cove

Background

Northern Southeast Regional Aquaculture Association (NSRAA) operates a salmon hatchery at the Gary Paxton Industrial Park. The facility annually produces about 1.8 million coho and 45 million chum salmon. These fish are raised and released for the benefit of commercial, sport and subsistence fishermen.

The ex-vessel value to commercial fisheries in 2019 from the GPIF facility was over \$7 million dollars. This was comprised of \$7.5 million in chum value from Crawfish Inlet and approximately \$300 thousand dollars in coho value from the Deep Inlet coho program. Over 200 thousand coho have been harvested in the Sitka area to the benefit of commercial and sport fishermen since the GPIF facility began production in 2013.

Since 2006 NSRAA has leased land from the Industrial Park for the hatchery. They have also operated under an agreement with CBS to withdraw up to 10 cfs of untreated Blue Lake water as the supply for the hatchery.

Recently NSRAA began planning for an expansion of the GPIF hatchery that will add the production of 2 million Chinook salmon to the facility. They have leased the GPIF lot that is adjacent to the hatchery and they have requested an increase to their allotted Blue Lake water from 10 cfs to an annual average of 14cfs with a maximum flow rate of 20 cfs. (1 cfs = 449 gallons per minute)

20 cfs is about 4.5% of the average inflow rate into Blue Lake.

For the past few years CBS and NSRAA have been trying to reach a new agreement for Blue Lake water use. This fall our Electric Department Working Group worked with NSRAA to reach an agreement satisfactory to both parties.

Analysis

The attached schematic of the Blue Lake water supply arrangement is also an attachment to the proposed Water Delivery Agreement.

It depicts the three specific locations for withdrawal of water under the new agreement.

The existing, primary source for NSRAA will continue and is labeled Withdrawal Point 1. This access is taken directly from the penstock, the same access point as the Bulk Water pipeline. Water taken from Withdrawal Point 1 is removed above the Blue Lake powerhouse, thus it not available to generate electric power.

Withdrawal Point 1 is important to NSRAA because it feeds the hatchery with gravity water pressure, thus eliminating the need for expensive pumping systems.

Withdrawal Point 2 will be used in the future by NSRAA when Sitka needs all of the water in the penstock to produce power. Water taken from Point 2 has passed through the power house turbines and has produced electric energy. Point 2 requires NSRAA to maintain and operate a pumping system.

Withdrawal Point 3 is directly from Sawmill Creek. Point 3 will be used whenever the Blue Lake power plant and/or the penstock are taken out of service for emergencies, for maintenance or for mandatory FERC inspections.

CBS is also installing a withdrawal system at Point 3 to feed the new water filter plant.

The recent analysis of Sitka's remaining hydroelectric capacity assumed 20 cfs of water will continue to be taken from the penstock above the Blue Lake power plant, so the NSRAA agreement does not reduce our projections for the remaining generation capacity.

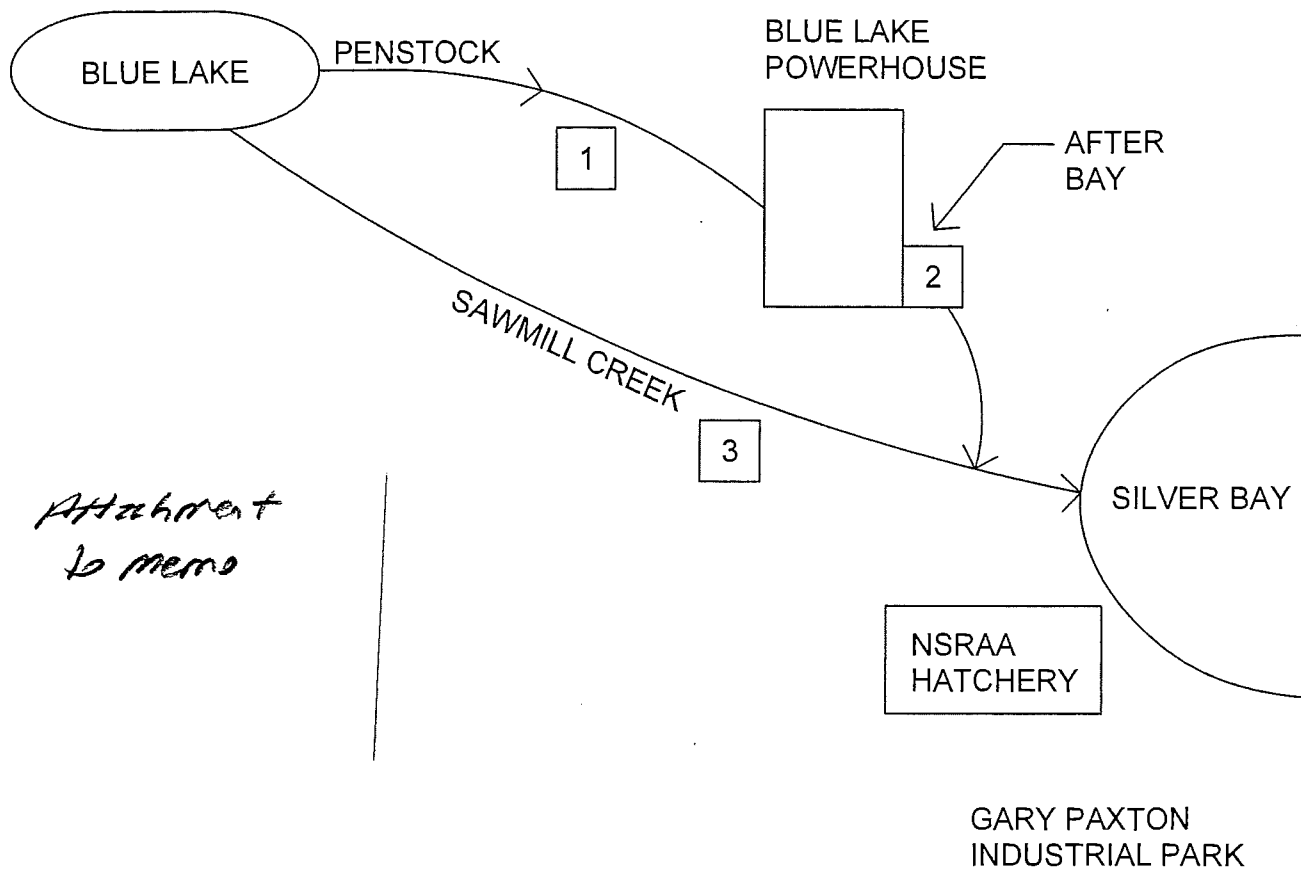
The agreement is subject to review and renegotiation in ten years.

Fiscal Note

There are no increased costs to CBS as a result of this agreement.

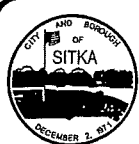
Recommendation

Approve the Water Delivery Agreement between the City and Borough of Sitka and Northern Regional Aquaculture Association.



LEGEND

- 1 PENSTOCK WITHDRAWAL POINT, GRAVITY FED WATER
- 2 AFTER BAY WITHDRAWAL POINT
- 3 SAWMILL CREEK WITHDRAWAL POINT



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

APPENDIX A TO CBS/NSRAA WATER DELIVERY AGREEMENT

DRAWN: JJH	SCALE: N.T.S.
CHECKED: H.BEVAN	DATE: Dec 2019
DRAWING NAME: AppendixA.dwg	
SHEET NO. 1 / 1	

Water Delivery Agreement
Between the City and Borough of
Sitka, Alaska (CBS)
and
Northern Southeast Regional Aquaculture Association (NSRAA)

Definitions

cfs – means cubic feet per second, a measure of the volume of water.
1 cfs is equal to approximately 448 gallons per minute

Penstock – The large diameter pipe and rock tunnel system that transports water from Blue Lake reservoir to the Blue Lake powerhouse for the purpose of generating electricity.

Afterbay – the concrete plunge basin located at the Blue Lake powerhouse where water emerges from the powerhouse after generating electricity. From the afterbay the water flows into Sawmill Creek and eventually into Silver Bay.

Purpose of Agreement

NSRAA operates a fish hatchery within the Gary Paxton Industrial Park which is owned by CBS. NSRAA has a land lease with CBS for the purpose of operating the hatchery. A reliable source of fresh water is essential to the success of the hatchery venture. It is the desire of NSRAA to acquire their water supply from the CBS industrial water certificate No. ADL 43826, as issued by the State of Alaska to CBS.

CBS is sympathetic to the water supply needs of NSRAA an organization CBS believes to be an important element of the overall Sitka economy. CBS currently has a surplus volume of industrial water available on an annual basis and wishes to make this available for economic development in the GPIIP. CBS currently lacks the ability or controls to reliably supply Industrial Water to the GPIIP through the penstock or via the powerhouse afterbay pumps. This agreement allows NSRAA to manage the Bulk Water Line supply until a point in time when the city may be able to reliably supply water via these methods.

This agreement establishes the technical and economic relationship between CBS and NSRAA for the purpose of providing a long term, reliable source of water for the hatchery.

A schematic diagram of the physical layout of the physical features described in this Agreement is attached as Appendix A.

This Agreement shall be subject to review and re-negotiation 10 years from the date of execution by both parties.

CBS shall:

1. Allow NSRAA to withdraw water from the penstock at Withdrawal Point 1 based upon an expected, calendar year average of 14 cfs with a not-to-exceed, maximum flow of 20 cfs. CBS will allow this withdrawal of water at no charge to NSRAA for the water.
2. Retain the right to determine when NSRAA may withdraw water from the penstock at Withdrawal Point 1 and which piping system is used to deliver the water to NSRAA.
3. Allow NSRAA to withdraw water at Withdrawal Point 2 at no charge to NSRAA for the water.
4. Allow NSRAA, at NSRAA expense, to upgrade existing afterbay water delivery infrastructure at Withdrawal Point 2 subject to CBS prior review and approval.
5. Allow NSRAA to upgrade, at NSRAA expense, certain water control valves, piping and control systems as described in Appendix B of this Agreement subject to CBS prior review and approval. These features are shown on the Water Delivery Agreement Flow Diagram which is attached to this Agreement as Appendix C.
6. Notify NSRAA as soon as possible when penstock water will not be available from Withdrawal Point 1 and/or when afterbay water will not be available from Withdrawal Point 2. CBS will give NSRAA at least 30 days notice of planned changes to water availability from either of these two Withdrawal Points.
7. Coordinate with NSRAA if and when the bulk water pipeline is used to transport bulk water while also supplying water the NSRAA.

It is understood and agreed that there will be unanticipated system failures or emergencies determined by CBS or NSRAA when water will not be available from Withdrawal Point 1. In that situation NSRAA must obtain its water from Withdrawal Point 2 or, if it is not available directly from Withdrawal Point 2, then from Withdrawal Point 3, i.e. directly from Sawmill Creek. There may also be times when the water quality of Withdrawal Point 2 (saltwater intrusions into afterbay) will not be suitable for the hatchery utilization due to elevation of afterbay weir. It is further understood that the surplus volume of raw water available from Withdrawal Point 1 may cease to be available in the future when additional water is needed for electric power generation.

NSRAA shall

1. Provide at its expense capital equipment, maintenance and operations of pumping equipment, valves, pipes and meters at all Withdrawal Points that are necessary to support NSRAA operations.

2. Pay CBS published rates for electric energy necessary to operate NSRAA equipment at all Withdrawal Points.
3. Provide and maintain industrial water flow meters at each Withdrawal Point with a SCADA output to CBS that will allow CBS to remotely monitor NSRAA water usage.
4. Acquire CBS and third-party approvals and permits necessary to construct facilities within Sawmill Creek at Withdrawal Point 3 or to alter Sawmill Creek stream flow to raise water levels in the afterbay at Withdrawal Point 2.
5. For any NSRAA facilities and infrastructure, and for any NSRAA activities, on CBS property, NSRAA shall, during the term of this Agreement, provide and maintain: worker's compensation insurance meeting the requirements of the State of Alaska; comprehensive general liability insurance with limits per occurrence and in the aggregate in the amount of \$2,000,000; and, automobile liability insurance with minimum limits of \$2,000,000. NSRAA shall provide proof of insurance upon written demand by CBS in the form of a Certificate of Insurance, and NSRAA's insurer shall give thirty (30) days written notice to the CBS of any material change, cancellation, or non-renewal of the insurance policies. All insurance policies required shall name the CBS as an additional insured for the purposes of the Agreement and shall contain a waiver of subrogation against the CBS.
6. Coordinate with CBS to service low-volume, third party water contracts that may need access to NSRAA water systems at Gary Paxton Industrial Park from time to time.
7. Indemnify, defend, save, and hold CBS harmless from any claims, lawsuits, or liability, including attorney's fees and costs, arising from any intentional misconduct or negligent act, error, or omission, occurring during the course of or as a result of NSRAA's performance or operations under this Agreement, except those arising from the intentional misconduct or negligent acts, errors, or omissions of CBS.
8. Not assign any rights or interests in this Agreement without the prior written consent of CBS.

[SIGNATURES ON NEXT PAGE]

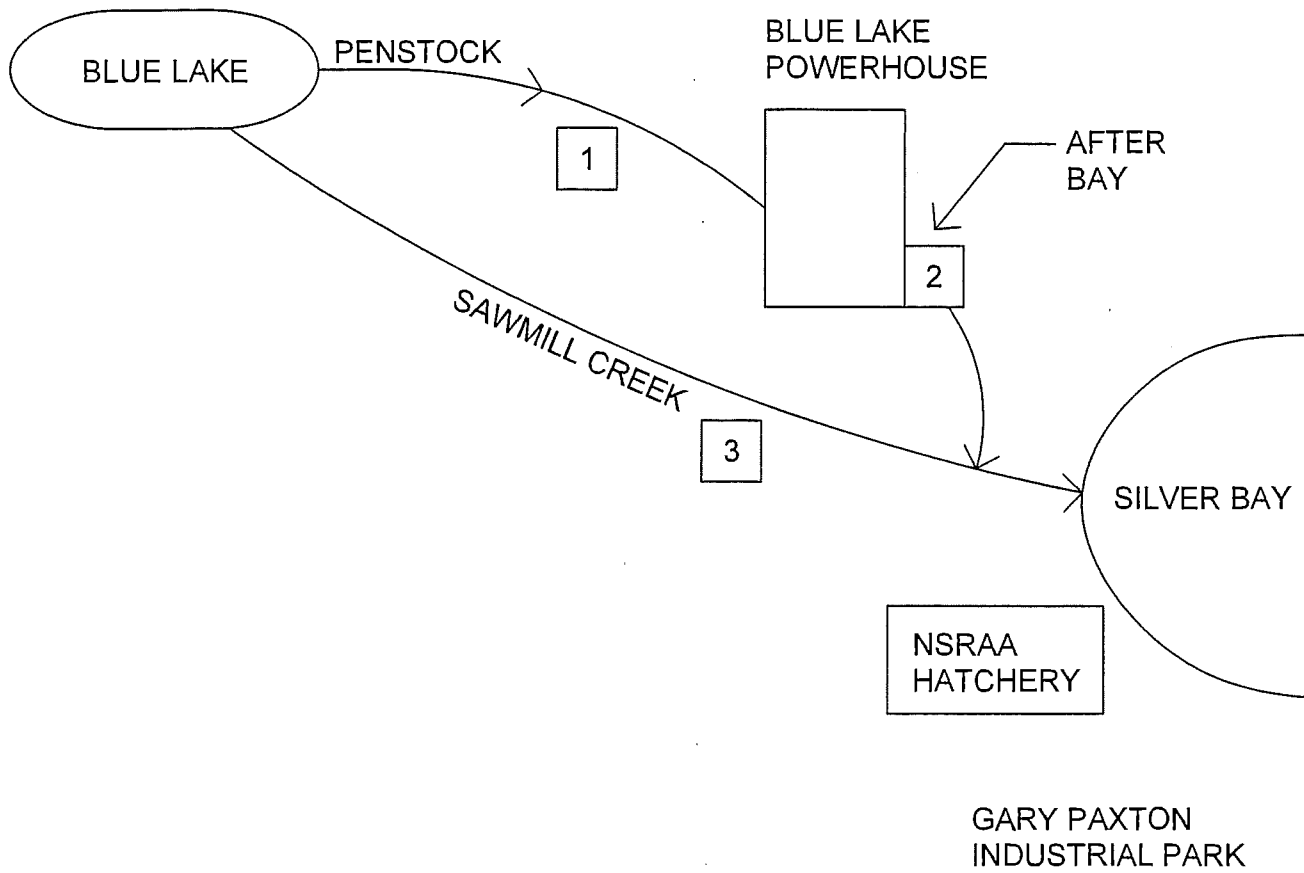
In recognition of the terms described above the parties approve this Agreement.

Steve Reifensstuhl
General Manager
Northern Southeast Regional Aquaculture Association
1308 Sawmill Creek Road
Sitka, Alaska 99835

Date

Hugh R. Bevan
Interim Administrator
City and Borough of Sitka
100 Lincoln Street
Sitka, Alaska 99835

Date



LEGEND

- 1** PENSTOCK WITHDRAWAL POINT, GRAVITY FED WATER
- 2** AFTER BAY WITHDRAWAL POINT
- 3** SAWMILL CREEK WITHDRAWAL POINT



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

APPENDIX A TO CBS/NSRAA WATER DELIVERY AGREEMENT

DRAWN: JJH	SCALE: N.T.S.
CHECKED: H.BEVAN	DATE: Dec 2019
DRAWING NAME: AppendixA.dwg	
SHEET NO. 1 / 1	

Appendix B

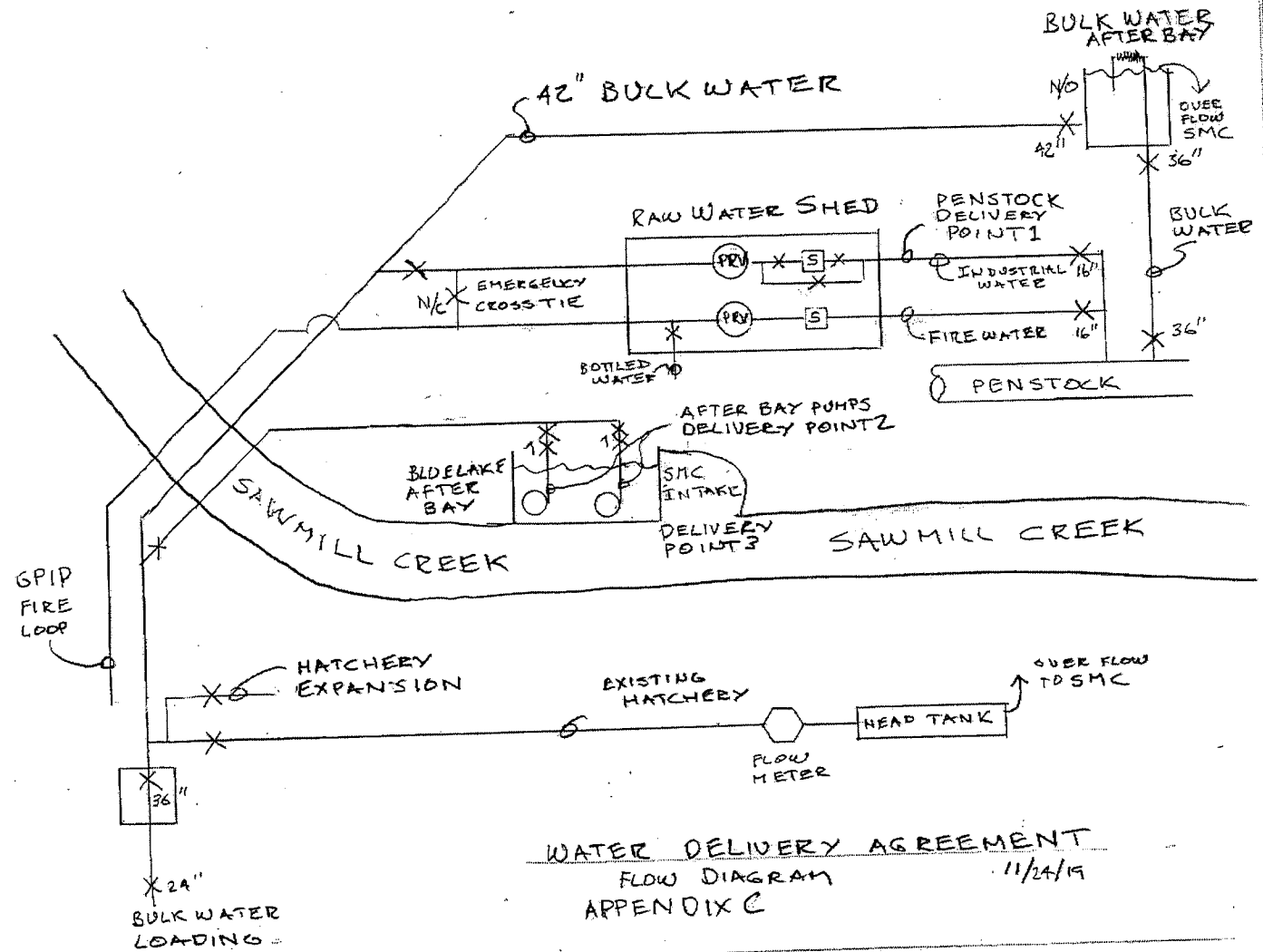
Water Delivery Agreement Between the City and Borough of Sitka, Alaska (CBS) and

Northern Southeast Regional Aquaculture Association (NSRAA)

Allow NSRAA to upgrade, at NSRAA expense, certain water control valves, piping and control systems as described below subject to CBS review and approval.

1. CBS shall allow NSRAA to upgrade the 10-inch PRV supply to a 14- inch supply.
2. NSRAA shall insure the 42-inch bulk water valve at the intake end of the bulk water line remains in the open position.
3. CBS shall insure the 24-inch bulk water loading valves at the discharge end of the bulk water line remain in the closed position under normal operation and will coordinate with NSRAA before these valves are opened for line flushing or for any other purpose.
4. CBS shall maintain 39PSI in 36-inch bulk water line during line flushing or any other GPIIP park water delivery purpose. CBS shall notify and coordinate with NSRAA prior to any planned line pressure changes.
5. CBS shall allow NSRAA to install controls on the bulk water line, the afterbay pumps and NSRAA's 16-inch PRV penstock supply subject to CBS review and approval.
6. CBS shall allow NSRAA access to the existing afterbay pumps for testing and operational purposes.
7. CBS shall maintain after bay elevation of 10.7'
8. CBS shall maintain the connection of the two existing after-bay pumps to the Blue Lake Powerhouse standby generator.
9. Situations when CBS will notify NSRAA that water is unavailable at Withdrawal Point 1 and/or Withdrawal Point 2. These situations are generally rare occasions and may include, but not limited to:
 - a. Power Conduit shutdown
 - b. Repair or replacement of any penstock root valve or piping
 - c. Drought- when Blue and Green Lake water levels are 5ft. below the average water rule curve for both lakes for more than 30 consecutive days.
 - d. Reservoir balancing.

- e. Water mismanagement by either CBS or NSRAA, i.e. NSRAA wasting water at Withdrawal Point 1 through the Filter Plant after bay, CBS releasing water unnecessarily at the Fish Valve by-pass valve or penstock drain valve.
- f. Blue Lake Power Plant shutdown.
- g. Dewatering of the Blue Lake after bay for repairs or access to turbine draft tubes.
- h. Many of these situations will also result in CBS turning off interruptible customers which would impact ratepayers also.





CITY AND BOROUGH OF SITKA

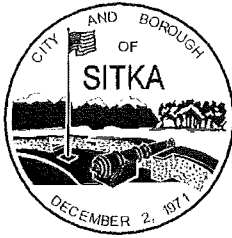
Legislation Details

File #: 20-029 Version: 1 Name:
Type: Item Status: AGENDA READY
File created: 1/22/2020 In control: City and Borough Assembly
On agenda: 1/28/2020 Final action:
Title: Approve a salary increase for the Library Director position from range 30F to range 35A
Sponsors:
Indexes:
Code sections:
Attachments: [Motion and Memo Range Increase](#)
[Library Commission Resolution](#)

Date	Ver.	Action By	Action	Result
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POSSIBLE MOTION

I MOVE to approve a salary increase for the Library Director position from range 30F to range 35A.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Gary Paxton and Assembly Members
From: Hugh Bevan, Interim Municipal Administrator *HB*
Date: January 5, 2020
Subject: Library Director salary

Background

Over the past few years there has been significant turnover with the Library Director position. One of the factors is the salary presently offered by the City for the position.

We have interviewed six qualified candidates since late October. Our preferred candidate traveled to Sitka and was well received by the Library staff and the public. Unfortunately, she declined the position because of the low salary.

Analysis

The Library Director position is presently budgeted at Range 30.

For comparison other Department Directors are budgeted at:

Harbors	Range 34
Planning	Range 35
Assessor	Range 36
HR Director	Range 37
Police Chief	Range 38
Finance	Range 41
Public Works	Range 41
Electric	Range 44

Considering the amount of interaction with the public and the size of the staff that the Library Director supervises I suggest increasing the salary Range to 35. As an aside the Library is also feeling the brunt of the homeless persons issue in Sitka. This fact requires skilled management.

Fiscal Note

The FY20 budget lists the Library Director position at Range 30F which is \$34.21 per hour or \$71,156 per year.

My proposed salary is Range 35A which is \$39.43 per hour or \$82,014 per year.

Recommendation

I prefer to make this recommendation during the FY21 budget process, but the issue is hampering our ability to fill the position.

Increase the Library Director salary from Range 30F to Range 35A.

**CITY AND BOROUGH OF SITKA
LIBRARY COMMISSION**

RESOLUTION NO. 2020-01

**A RESOLUTION OF THE LIBRARY COMMISSION FOR THE CITY AND BOROUGH
OF SITKA IN SUPPORT OF A SALARY GRADE ADJUSTMENT FOR THE POSITION
OF LIBRARY DIRECTOR**

WHEREAS, the CBS Library Commission is charged with the power to do everything necessary for the proper maintenance and operation of the public library within the limits of appropriations authorized by the assembly; and

WHEREAS, subject to the approval of the assembly, make rules and regulations for the administration and control of the public library; and

WHEREAS, CBS Library Commission is empowered to make recommendations to the municipal administrator on the appointment of library staff; and

WHEREAS, the Sitka Public Library has a recent history of frequent director turnover and qualified candidates have declined offers of employment on the basis of salary; and

WHEREAS, the library director is currently the lowest paid CBS department head while the employment qualifications require a Masters in Library and Information Science and considerable experience in the library field and management; and

WHEREAS, the time, money and resources spent to conduct director candidate searches, hiring, orientation and training must be taken into consideration, as well as the negative impact of turnover on library staff, volunteers, library commission and the public; and

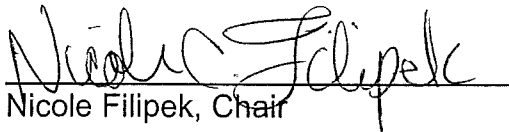
WHEREAS, the Sitka Public Library is more than just a facility and the director thereof more than a department head within the CBS administration, but an institution that requires a dedicated library professional and skilled manager to perform the duties of library director; and

WHEREAS, the library director manages a facility, a budget of nearly \$1M and a staff of 7.5FTE, must effectively interact with patrons, visitors and tourists, staff, volunteers, city administration and departments, library commission, Sitka Tribe, community organizations, the school district, grant entities, state organizations and consortia, and national library associations; and

WHEREAS, the Sitka Public Library provides vital community service to all Sitkans and visitors to Sitka, seven days a week, and the Director thereof is on-call all hours of operation and may be called upon 24/7 for incidents and emergencies.

NOW, THEREFORE, BE IT RESOLVED that the Library Commission of the City and Borough of Sitka, Alaska, supports the Interim Administrators recommendation to the Assembly to make an adjustment to the Library Director salary grade.

PASSED, APPROVED, AND ADOPTED by the Library Commission of the City and Borough of Sitka, Alaska, on this 8th day of January, 2020.


Nicole Filipek, Chair

ATTEST


Daniel Gunn, Secretary



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 20-030 Version: 1 Name:
Type: Item Status: AGENDA READY
File created: 1/22/2020 In control: City and Borough Assembly
On agenda: 1/28/2020 Final action:
Title: Legal/Confidential - Sitka Police Department personnel matters
Sponsors:
Indexes:
Code sections:
Attachments: [Motion Executive Session](#)

Date	Ver.	Action By	Action	Result
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POSSIBLE MOTIONS

EXECUTIVE SESSION

I MOVE to go into Executive Session to discuss Sitka Police Department personnel matters with the municipal attorney affecting the municipality or legal consequences of past, present, or future municipal actions, and to discuss matters which by law are required to be confidential, and invite in, if desired and when ready, Chief of Police Robert Baty.

I MOVE to reconvene as the Assembly in regular session.