

**CITY OF UNALASKA
UNALASKA, ALASKA
REGULAR MEETING
TUESDAY, SEPTEMBER 24, 2013, 7:00 P.M.
UNALASKA CITY HALL COUNCIL CHAMBERS
AGENDA**

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE:

RECOGNITION OF VISITORS

ADDITIONS TO AGENDA

MINUTES: SEPTEMBER 10, 2013

FINANCIAL REPORT: SELECTED DRAFT FINANCIAL REPORTS FOR JUNE 2013

BOARD/COMMISSION REPORTS

AWARDS/PRESENTATIONS: LORI GREGORY – 10 YEARS OF SERVICE TO THE CITY OF UNALASKA

MANAGER'S REPORT

COMMUNITY INPUT/ANNOUNCEMENTS

PUBLIC INPUT ON AGENDA ITEMS

PUBLIC HEARING

WORK SESSION

1. **PRESENTATION:** ROBERT STORRS FLOAT REPLACEMENT AND DESIGN OPTIONS - DICK SOMERVILLE OF PND
2. **UPDATE:** CAPITAL PROJECTS

RECONVENE TO REGULAR SESSION

CONSENT AGENDA

UNFINISHED BUSINESS

NEW BUSINESS

1. **RESOLUTION 2013-65:** IDENTIFYING THE CITY OF UNALASKA'S STATE LEGISLATIVE FUNDING PRIORITIES FOR FISCAL YEAR 2015 AS THE FOURTH ENGINE FOR THE POWERHOUSE, UNALASKA MARINE CENTER POSITIONS 3 AND 4 DEMOLITION AND RENOVATION PROJECT, ROBERT STORRS BOAT HARBOR IMPROVEMENTS, AND CAPTAINS BAY ROAD IMPROVEMENTS
2. **RESOLUTION 2013-66:** IDENTIFYING THE CITY OF UNALASKA'S FEDERAL FUNDING PRIORITIES FOR FISCAL YEAR 2015 AS UNALASKA BAY ENTRANCE CHANNEL DREDGING, OCS REVENUE SHARING, UNALASKA MARINE CENTER POSITIONS 3 AND 4 DEMOLITION AND RENOVATION PROJECT, FOURTH ENGINE FOR THE POWERHOUSE AND CAPTAINS BAY ROAD IMPROVEMENTS
3. **RESOLUTION 2013-64:** APPROVING A 50-YEAR TIDELAND LEASE AGREEMENT BETWEEN THE CITY OF UNALASKA AND BERING SHAI MARINE, LLC FOR UTS 103 TRACT C
4. **RESOLUTION 2013-67:** REQUESTING THE GOVERNOR INCLUDE A \$100 MILLION DEPOSIT IN THE FY2015 CAPITAL BUDGET AND DIRECTED TO THE VESSEL REPLACEMENT FUND FOR THE PURPOSE OF CONSTRUCTING A NEW OCEAN-GOING VESSEL TO REPLACE THE *M/V TUSTUMENA* FOR SERVICE TO SOUTHWEST ALASKA
5. **TRAVEL:**

MAYOR AND COUNCIL: ALASKA MUNICIPAL LEAGUE LOCAL GOVERNMENT CONFERENCE, NOVEMBER 18 – 22, 2013, ANCHORAGE

MAYOR TRAVEL: SOUTHWEST ALASKA MUNICIPAL CONFERENCE (SWAMC) BOARD MEETING, OCTOBER 24, 2013, ANCHORAGE

EXECUTIVE SESSION: TO DISCUSS RECOVERY OF UNPAID DEBTS OWED BY BC VEHICLE RENTAL, INC. TO THE CITY OF UNALASKA

6. **RESOLUTION 2013-59:** AUTHORIZING THE CITY ATTORNEY TO TAKE ALL NECESSARY ACTIONS TO RECOVER UNPAID DEBTS OWED BY BC VEHICLE RENTAL, INC. TO THE CITY OF UNALASKA

EXECUTIVE SESSION: CITY MANAGER EVALUATION

COUNCIL DIRECTIVES TO MANAGER

COMMUNITY INPUT

ANNOUNCEMENTS

ADJOURNMENT

CITY OF UNALASKA
UNALASKA, ALASKA
REGULAR MEETING
September 10, 2013

The regular meeting of the Unalaska City Council was called to order at 7:00 p.m., September 10, 2013, in the Unalaska City Hall Council Chambers. Roll was taken:

PRESENT

Roger Rowland
Alejandro Tungul
Dennis Robinson
Tom Enlow
David Gregory
Zoya Johnson

ABSENT

Shirley Marquardt (excused)

Johnson made a motion to appoint Council Member Rowland as Mayor Pro Tem; Enlow seconded. Motion passed by consensus.

PLEDGE OF ALLEGIANCE: Mayor Pro Tem Rowland led the Pledge of Allegiance.

RECOGNITION OF VISITORS: Evan Rose of Alaska Permanent Capital Management was introduced.

APPROVAL OF AGENDA: Resolution 2013-64 under New Business was removed from the agenda. The revised agenda was adopted by consensus.

MINUTES: The minutes of the August 13, 2013 regular meeting were approved as submitted.

FINANCIAL REPORT: There was no financial report for consideration.

BOARD/COMMISSION REPORTS: Library Advisory Committee minutes were included in the packet.

AWARDS/PRESENTATIONS: Mayor Pro Tem Rowland presented Brian Rankin with a plaque celebrating his 15 years of service to the City of Unalaska. Mayor Pro Tem Rowland presented Rob Warren with a plaque celebrating his 20 years of service to the City of Unalaska.

MANAGER'S REPORT: Acting City Manager Patrick Jordan reported on the success of the Legislative Fly-In.

COMMUNITY INPUT/ANNOUNCEMENTS:

1. The community health fair sponsored by APIA will be held Saturday, September 14th from 9:00 a.m. to noon in the high school small gym.

PUBLIC INPUT No members of the public spoke.

PUBLIC HEARING

Mayor Pro Tem Rowland opened the Public Hearing on Ordinance 2013-11.

1. **ORDINANCE 2013-11**: CREATING BUDGET AMENDMENT NO. 2 TO THE FY14 BUDGET TO ACCEPT LOCAL EMERGENCY PLANNING GRANT FOR DEPARTMENT OF PUBLIC SAFETY, AND UPGRADE INFORMATION MANAGEMENT SYSTEMS TO PROCURE PROGRAMS FOR RECORDS RETENTION AND ADDITIONAL MODULES AND PRODUCTS THROUGH TYLER TECHNOLOGIES

Hearing no comments, Mayor Pro Tem Rowland closed the Public Hearing on Ordinance 2013-11.

WORK SESSION Gregory made a motion to move into a Work Session; Tungul seconded. Motion passed by general consent.

1. **PRESENTATION**: EVAN ROSE, ALASKA PERMANENT CAPITAL MANAGEMENT CO, ANNUAL UPDATE

Evan Rose of Alaska Permanent Capital Management Company gave his annual update on the City's investments.

2. **RESOLUTION 2013-62**: AUTHORIZING AN EXPENDITURE IN AN AMOUNT NOT TO EXCEED NINETEEN THOUSAND THREE HUNDRED SIXTY DOLLARS (\$19,360) FROM COUNCIL CONTINGENCY TO PARTICIPATE IN THE PUBLICATION OF *ALASKA: NORTH TO THE FUTURE, VOLUME V*.

Council members discussed the cost and the relative benefits of inclusion in the book.

RECONVENE TO REGULAR SESSION

CONSENT AGENDA Hearing no objection, Mayor Pro Tem Rowland declared the Consent Agenda adopted.

1. **RESOLUTION 2013-60**: APPOINTING JUDGES AND CLERKS FOR THE REGULAR MUNICIPAL ELECTION ON OCTOBER 1, 2013 AND JUDGES TO SERVE ON THE CANVASS COMMITTEE
2. **RESOLUTION 2013-61**: CONFIRMING THE MAYOR'S APPOINTMENT OF EILEEN CONLON SCOTT AS THE CITY'S REPRESENTATIVE ON THE MUSEUM OF THE ALEUTIANS BOARD OF DIRECTORS
3. **RESOLUTION 2013-63**: CONFIRMING THE MAYOR'S APPOINTMENT OF HEATHER LEY TO THE PARKS, CULTURE, AND RECREATION ADVISORY COMMITTEE

UNFINISHED BUSINESS

1. **ORDINANCE 2013-11- SECOND READING**: CREATING BUDGET AMENDMENT NO. 2 TO THE FY14 BUDGET TO ACCEPT LOCAL EMERGENCY PLANNING GRANT FOR DEPARTMENT OF PUBLIC SAFETY, AND UPGRADE INFORMATION MANAGEMENT SYSTEMS TO PROCURE PROGRAMS FOR RECORDS RETENTION AND ADDITIONAL MODULES AND PRODUCTS THROUGH TYLER TECHNOLOGIES.

Johnson made a motion to adopt Ordinance 2013-11; Robinson seconded.

Vote by Roll Call: Tungul – Yes; Johnson – Yes; Enlow – Yes; Gregory – Yes; Robinson – Yes; Rowland – Yes. Motion passed unanimously.

NEW BUSINESS

1. **RESOLUTION 2013-62**: AUTHORIZING AN EXPENDITURE IN AN AMOUNT NOT TO EXCEED NINETEEN THOUSAND THREE HUNDRED SIXTY DOLLARS (\$19,360) FROM COUNCIL CONTINGENCY TO PARTICIPATE IN THE PUBLICATION OF *ALASKA: NORTH TO THE FUTURE, VOLUME V*.

No motion was made. Resolution 2013-62 was not considered.

COMMUNITY INPUT/ANNOUNCEMENTS

1. The newly asphalted Ballyhoo Road has made drive very smooth.
2. The newly asphalted Grand Aleutian parking lot is also very nice for driving.
3. Musician Sarah Peacock will be performing at Cape Cheerful on Friday and Saturday evenings.
4. Absentee voting will begin tomorrow at 8:00 a.m. in the City Clerk's Office.
5. A naturalization ceremony will be Friday at 1:30 p.m. at the Grand Aleutian.
6. The Unalaska Public Library now has e-books.
7. The City, the Grand Aleutian staff, and many others were thanked for helping make the Arctic Policy Commission meetings successful.
8. Council member Robinson will be out September 12th through the 16th to attend his daughter's wedding.
9. Nancy Peterson and Jeff Hawley are engaged to be married.

COUNCIL DIRECTIVES

ADJOURNMENT The meeting adjourned at 7:40 p.m.

Elizabeth Masoni
City Clerk

Financial Highlights

From the Interim Finance Director

Fiscal Year 2013

KPMG was here from September 9 to September 20 to perform the fieldwork on the financial statement audit. Attached are the draft copies of the financial statements less the footnotes, management discussion and analysis, and the statistical tables.

At the end of fieldwork, the only issues outstanding were:

- Landfill Closure/postclosure liability – The last study to determine the liability was done in 2006. We believe the amount currently shown in the financial statements (\$5,028,111) will be acceptable to the auditors. They could however, determine that this needs to be adjusted upwards.
- Ports Due to Corp of Engineers – There will be an additional \$2.1 million liability and expense in the Port Fund for the CEM Small Boat Harbor Breakwaters. We are awaiting a letter of confirmation from the Corp before we record this amount.
- Fisheries Taxes – The State of Alaska has yet to give us the amounts for the Fisheries Business Tax and Fisheries Landing Tax that will be included in the Government Wide Statements. Last year this was over \$8 million in revenue.
- Unalaska City School District – The financial statements of the school district will be included when they have completed their audited financial statements.

I want to give special thanks to the Finance Department staff for diligently preparing for the audit and working to make the audit process go smoothly.

Fiscal Year 2014

The following reports have been provided for month ended July 31, 2013.

1. Financial Dashboard
2. Comparative Balance Sheets
 - a. General Fund
 - b. Two special revenue funds
 - c. Seven proprietary funds
3. General Fund Operating Monthly Summary
4. Proprietary Funds Operating Monthly Summary

Property Taxes – Property Taxes show total amount billed for fiscal year 2014. As of July 31, 2013 only around \$100,000 had been collected.

General Fund – A large scheduled insurance payment in July pushed YTD general government expenditures slightly over budgeted amounts. This will correct itself as the year continues.

CITY OF UNALASKA, ALASKA

Statement of Net Position

June 30, 2013

	Primary government				Component unit
	Governmental activities	Business-type activities	Eliminations	Total	Unalaska City School District
Assets:					
Cash and cash equivalents	\$ 1,537,935	150	—	1,538,085	
Temporary investments	23,793,872	—	—	23,793,872	—
Receivables:					
Interest	242,297	—	—	242,297	—
Taxes	2,571,612	—	—	2,571,612	—
Accounts, net of allowance for uncollectible amounts of \$40,000	30,944	2,423,525	—	2,454,469	
Special assessments	—	63,948	—	63,948	—
Intergovernmental	341,813	2,931,777	—	3,273,590	—
Internal balances	1,540,000	49,134,630	(50,674,630)	—	—
Inventories	521,190	1,147,235	—	1,668,425	
Prepaid items	15,706	—	—	15,706	
Deferred charges	—	258,984	—	258,984	—
Restricted assets:					
Cash for health insurance	—	—	—	—	
Cash held by fiscal agent	—	2,374,717	—	2,374,717	—
Temporary investments	427,694	—	—	427,694	—
Assets held for sale	14,288	—	—	14,288	
Long-term investments	79,609,737	—	—	79,609,737	—
Capital assets:					
Not being depreciated	44,201,058	31,573,368	—	75,774,426	
Depreciated, net	48,511,346	139,603,090	—	188,114,436	
Total	203,359,492	229,511,424	(50,674,630)	382,196,286	—
Liabilities:					
Accounts payable	451,232	3,859,344	—	4,310,576	
Retainage payable	351,051	467,955	—	819,006	—
Accrued payroll and payroll liabilities	536,596	689,413	—	1,226,009	
Accrued interest payable	88,710	435,444	—	524,154	—
Deposit payable	735	1,474,055	—	1,474,790	
Deferred revenue	—	—	—	—	
Internal balances	49,134,630	140,000	(49,274,630)	—	—
Due to:					
Student groups	—	—	—	—	
Noncurrent liabilities:					
Internal balances	—	1,400,000	(1,400,000)	—	—
Long-term debt due within one year	1,844,363	1,118,645	—	2,963,008	—
Long-term debt due in more than one year	4,697,958	37,575,675	—	42,273,633	—
Total liabilities	57,105,275	47,160,531	(50,674,630)	53,591,176	—
Net position:					
Invested in capital assets, net of related debt	86,170,083	135,970,249	—	222,140,332	
Unrestricted	60,084,134	46,380,644	—	106,464,778	
Net position	146,254,217	182,350,893	—	328,605,110	—

See accompanying notes to financial statements.

CITY OF UNALASKA, ALASKA

Statement of Activities

Year ended June 30, 2013

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net assets			Component Unit Unalaska City School District
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Primary government Business-type activities	Total	
Primary government:								
Governmental activities:								
Current:								
General government	\$ 4,438,615	65,531	—	—	(4,373,084)	—	(4,373,084)	—
Public safety	5,002,794	3,197	716,318	—	(4,283,279)	—	(4,283,279)	—
Public works	6,595,282	—	4,325	59,292	(6,531,665)	—	(6,531,665)	—
Parks, culture, and recreation	3,494,437	221,767	90,438	—	(3,182,232)	—	(3,182,232)	—
Community support	1,257,948	—	—	—	(1,257,948)	—	(1,257,948)	—
Education	4,482,999	—	—	—	(4,482,999)	—	(4,482,999)	—
Interest on long-term debt	148,656	—	823,951	—	675,295	—	675,295	—
Total governmental activities	25,420,731	290,495	1,635,032	59,292	(23,435,912)	—	(23,435,912)	—
Business-type activities:								
Electric	16,981,402	17,389,996	282,070	101,874	—	792,538	792,538	—
Water	2,372,204	2,323,158	76,787	—	—	27,741	27,741	—
Wastewater	1,818,391	1,898,264	63,627	3,412,412	—	3,555,912	3,555,912	—
Solid waste	2,220,450	1,630,045	75,010	1,131,407	—	616,012	616,012	—
Ports and harbors	5,504,361	5,784,924	542,281	7,856	—	830,700	830,700	—
Airport	839,962	472,107	14,062	—	—	(353,793)	(353,793)	—
Housing	527,819	237,666	11,059	246,989	—	(32,105)	(32,105)	—
Total business-type activities	30,264,589	29,736,160	1,064,896	4,900,538	—	5,437,005	5,437,005	—
Total primary government	\$ 55,685,320	30,026,655	2,699,928	4,959,830	(23,435,912)	5,437,005	(17,998,907)	—
Component unit:								
Unalaska City School District	\$							—
General revenues:								
Property taxes					\$ 3,446,342	—	3,446,342	—
Personal property taxes					1,540,663	—	1,540,663	—
General sales tax					13,272,143	—	13,272,143	—
Raw seafood sales tax					4,784,198	—	4,784,198	—
Other taxes					101,943	—	101,943	—
Fisheries tax					828,606	—	828,606	—
Payment in lieu of taxes					769,986	—	769,986	—
Grants not restricted to specific programs					1,436,141	—	1,436,141	—
Gain/loss on disposal of capital assets					—	16,460	16,460	—
Investment earnings					436,013	—	436,013	—
Support from City of Unalaska					—	—	—	—
Other					107,656	—	107,656	—
Transfers					(6,804,700)	6,804,700	—	—
Total general revenues and transfers					19,918,991	6,821,160	26,740,151	—
Change in net position					(3,516,921)	12,258,165	8,741,244	—
Net position, beginning of year					149,771,138	170,092,728	319,863,866	—
Net position, end of year					\$ 146,254,217	182,350,893	328,605,110	—

See accompanying notes to financial statements.

CITY OF UNALASKA, ALASKA

Governmental Funds

Balance Sheet

June 30, 2013

Assets	General Fund	1% Sales Tax Special Revenue Fund	Street Paving	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 1,537,935	—	—	—	1,537,935
Temporary investments	23,793,872	—	—	—	23,793,872
Receivables, net:					
General	30,944	—	—	—	30,944
Interest	242,297	—	—	—	242,297
Taxes	1,908,559	651,146	—	11,907	2,571,612
Special assessments	—	—	—	—	—
Intergovernmental	341,813	—	—	—	341,813
Due from other funds	—	1,326,296	11,876,029	14,890,378	28,092,703
Inventories	521,190	—	—	—	521,190
Prepaid items	15,706	—	—	—	15,706
Restricted assets:					
Temporary investments	427,694	—	—	—	427,694
Advances to other funds	1,540,000	—	—	—	1,540,000
Assets held for resale	14,288	—	—	—	14,288
Long-term investments	79,609,737	—	—	—	79,609,737
Total assets	\$ 109,984,035	1,977,442	11,876,029	14,902,285	138,739,791
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 376,145	1,462	16,712	56,913	451,232
Retainage payable	12,000	—	302,276	36,775	351,051
Accrued payroll liabilities	536,596	—	—	—	536,596
Customer deposits	735	—	—	—	735
Due to other funds	77,227,333	—	—	—	77,227,333
Unearned revenues	346,803	2,500	—	—	349,303
Total liabilities	78,499,612	3,962	318,988	93,688	78,916,250
Fund balances:					
Nonspendable:					
Inventories	521,190	—	—	—	521,190
Prepaid items	15,706	—	—	—	15,706
Advances to other funds	1,540,000	—	—	—	1,540,000
Assets held for resale	14,288	—	—	—	14,288
Committed:					
Emergency operations	13,000,000	—	—	—	13,000,000
Compensated absences	1,000,000	—	—	—	1,000,000
Capital projects	300,000	—	—	—	300,000
Assigned	333,373	1,973,480	11,557,041	14,808,597	28,672,491
Unassigned	14,759,866	—	—	—	14,759,866
Total fund balances	31,484,423	1,973,480	11,557,041	14,808,597	59,823,541
Total liabilities and fund balances	\$ 109,984,035	1,977,442	11,876,029	14,902,285	138,739,791
See accompanying notes to financial statements.	—	—	—	—	—

CITY OF UNALASKA, ALASKA

Reconciliation of Net Position between the
Government-Wide and Fund Financial Statements

June 30, 2013

Amounts reported as fund balances on the governmental funds balance sheet	\$ 59,823,541
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	92,712,404
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in funds:	
Shared fisheries business tax	
Shared fisheries resource landing tax	
Real property	42,178
Personal property	28,830
Sales taxes	7,500
Special assessments	—
School debt reimbursement due from the State	270,795
	<u>349,303</u>
Interest payable on long-term debt and capital leases are not due and payable in the current period and, therefore, are not reported in the funds	(88,710)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
General obligation bonds	(5,420,000)
Premium on general obligation bonds	(39,550)
Compensated absences	(1,082,771)
	<u>(6,542,321)</u>
Net position of governmental activities	\$ <u><u>146,254,217</u></u>
See accompanying notes to financial statements.	—

CITY OF UNALASKA, ALASKA
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year ended June 30, 2013

	<u>General Fund</u>	<u>1% Sales Tax Special Revenue Fund</u>	<u>Street Paving</u>	<u>Other governmental funds</u>	<u>Total governmental funds</u>
Revenues:					
Taxes:					
General sales	\$ 8,722,523	4,361,052	—	188,568	13,272,143
Seafood sales	4,784,198	—	—	—	4,784,198
Real property	3,493,791	—	—	—	3,493,791
Personal property	1,538,770	—	—	—	1,538,770
Other	101,943	—	—	—	101,943
Intergovernmental:					
Fisheries business tax	4,398,441	—	—	—	4,398,441
Fisheries resource landing tax	4,898,543	—	—	—	4,898,543
Payments in lieu of taxes	769,986	—	—	—	769,986
Corrections contract	628,132	—	—	—	628,132
Debt reimbursement	823,951	—	—	—	823,951
Other	1,619,090	—	59,292	—	1,678,382
Charges for services	290,495	—	—	—	290,495
Investment income	436,013	—	—	—	436,013
Other revenues	104,016	—	—	—	104,016
Total revenues	<u>32,609,892</u>	<u>4,361,052</u>	<u>59,292</u>	<u>188,568</u>	<u>37,218,804</u>
Expenditures:					
Current:					
General government	4,290,547	—	—	—	4,290,547
Public safety	4,706,973	—	—	—	4,706,973
Public works	5,274,947	—	—	—	5,274,947
Parks, culture, and recreation	2,439,537	—	—	—	2,439,537
Community support	1,068,686	—	—	189,262	1,257,948
Education	3,821,546	—	—	—	3,821,546
Debt service:					
Principal	720,000	—	—	—	720,000
Interest	164,854	—	—	—	164,854
Capital projects	—	—	4,505,252	1,190,032	5,695,284
Total expenditures	<u>22,487,090</u>	<u>—</u>	<u>4,505,252</u>	<u>1,379,294</u>	<u>28,371,636</u>
Excess revenues over expenditures	<u>10,122,802</u>	<u>4,361,052</u>	<u>(4,445,960)</u>	<u>(1,190,726)</u>	<u>8,847,168</u>
Other financing sources (uses):					
Proceeds from sale of assets	9,284	—	—	—	9,284
Transfers in	1,804,733	3,144	5,100,000	8,450,000	15,357,877
Transfers out	(15,733,719)	(6,200,000)	—	(228,858)	(22,162,577)
Net other financing sources (uses)	<u>(13,919,702)</u>	<u>(6,196,856)</u>	<u>5,100,000</u>	<u>8,221,142</u>	<u>(6,795,416)</u>
Net change in fund balances	<u>(3,796,900)</u>	<u>(1,835,804)</u>	<u>654,040</u>	<u>7,030,416</u>	<u>2,051,752</u>
Fund balances, beginning of year	<u>35,281,323</u>	<u>3,809,284</u>	<u>10,903,001</u>	<u>18,681,182</u>	<u>68,674,790</u>
Fund balances, end of year	<u>\$ 31,484,423</u>	<u>1,973,480</u>	<u>11,557,041</u>	<u>25,711,598</u>	<u>70,726,542</u>

See accompanying notes to financial statements.

CITY OF UNALASKA, ALASKA

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities

Year ended June 30, 2013

Net change in fund balance – total governmental funds	\$ 2,051,752
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay	5,695,284
Depreciation expense	(3,430,020)
Proceeds from the sale of assets	
	<u>2,265,264</u>
Revenues in the statement of activities that do not provide current financial resources and are deferred in the funds – change in:	
Shared fisheries business tax	(3,968,378)
Shared fisheries resource landing tax	(4,500,000)
Real and personal property tax	(45,557)
Special assessments	(5,644)
	<u>(8,519,579)</u>
The issuance of long-term debt and accrual of compensated absences provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effects of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:	
Principal repayments	720,000
Change in compensated absences	(50,557)
Amortization of deferred amounts	6,592
	<u>676,035</u>
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:	
Accrued interest payable	9,607
Change in net position of governmental activities	\$ <u><u>(3,516,921)</u></u>

See accompanying notes to financial statements.

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CITY OF UNALASKA, ALASKA

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances – Original and Final Budget and Actual

Year ended June 30, 2013

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual amount</u>	<u>Variance with final budget positive (negative)</u>
Revenues:				
Taxes:				
General sales	\$ 7,000,000	7,000,000	8,722,523	1,722,523
Seafood sales	5,500,000	5,500,000	4,784,198	(715,802)
Real property	3,450,000	3,450,000	3,493,791	43,791
Personal property	1,370,000	1,370,000	1,538,770	168,770
Other	55,000	55,000	101,943	46,943
Intergovernmental:				
Fisheries business tax	4,300,000	4,300,000	4,398,441	98,441
Fisheries resource landing tax	5,000,000	5,000,000	4,898,543	(101,457)
Payments in lieu of taxes	626,272	626,272	769,986	143,714
Corrections contract	481,355	481,355	628,132	146,777
Debt reimbursement	834,585	834,585	823,951	(10,634)
Other	1,451,491	1,560,791	1,619,090	58,299
Charges for services	294,600	294,600	290,495	(4,105)
Investment income	1,000,000	1,000,000	436,013	(563,987)
Other revenues	82,500	82,500	104,016	21,516
Total revenues	<u>31,445,803</u>	<u>31,555,103</u>	<u>32,609,892</u>	<u>1,054,789</u>
Expenditures:				
Current:				
General government	4,857,438	4,961,128	4,290,547	670,581
Public safety	4,945,321	5,129,901	4,706,973	422,928
Public works	5,751,478	5,778,425	5,274,947	503,478
Parks, culture, and recreation	2,653,660	2,673,592	2,439,537	234,055
Community support	872,191	1,074,191	1,068,686	5,505
Education	4,216,484	4,216,484	3,821,546	394,938
Debt service:				
Principal	720,000	720,000	720,000	—
Interest	263,175	263,175	164,854	98,321
Total expenditures	<u>24,279,747</u>	<u>24,816,896</u>	<u>22,487,090</u>	<u>2,329,806</u>
Excess of revenues over expenditures	<u>7,166,056</u>	<u>6,738,207</u>	<u>10,122,802</u>	<u>3,384,595</u>
Other financing sources (uses):				
Proceeds from the sale of assets	100,000	100,000	9,284	(90,716)
Transfers in	1,200,000	1,200,000	1,804,733	604,733
Transfers out	(9,919,836)	(17,379,836)	(15,733,719)	1,646,117
Net other financing uses	<u>(8,619,836)</u>	<u>(16,079,836)</u>	<u>(13,919,702)</u>	<u>2,160,134</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>\$ (1,453,780)</u>	<u>(9,341,629)</u>	<u>(3,796,900)</u>	<u>5,544,729</u>
Fund balances, beginning of year			35,281,323	
Fund balances, end of year			<u>\$ 31,484,423</u>	

See accompanying notes to financial statements.

CITY OF UNALASKA, ALASKA

1% Sales Tax Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund balances – Original and Final Budget and Actual

Year ended June 30, 2013

	Budget		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes:				
General sales	\$ 3,500,000	3,500,000	4,361,052	861,052
Total revenues	3,500,000	3,500,000	4,361,052	861,052
Expenditures	—	—	—	—
Excess of revenues over expenditures	3,500,000	3,500,000	4,361,052	861,052
Other financing sources (uses):				
Transfers in	—	—	3,144	3,144
Transfers out	(3,200,000)	(6,200,000)	(6,200,000)	—
Net change in fund balance	\$ 300,000	(2,700,000)	(1,835,804)	864,196
Fund balances, beginning of year			3,809,284	
Fund balances, end of year			\$ 1,973,480	

See accompanying notes to financial statements.

CITY OF UNALASKA, ALASKA

 Proprietary Funds
 Statement of Net Position
 June 30, 2013

	Electric	Water	Wastewater	Solid Waste	Ports and Harbors	Other proprietary funds	Total
Assets							
Current assets:							
Cash	\$ —	—	—	—	150	—	150
Accounts receivables (net of allowance for uncollectibles)	1,487,388	159,356	142,859	134,922	379,445	119,555	2,423,525
Assessments receivable	—	10,170	53,778	—	—	—	63,948
Accounts receivable – Intergovernmental	179,295	—	2,352,036	32,451	367,995	—	2,931,777
Due from General Fund	3,747,846	10,862,312	5,135,699	10,429,631	15,489,074	3,470,068	49,134,630
Prepays	—	—	—	—	—	—	—
Inventories	672,138	339,039	44,702	91,356	—	—	1,147,235
Deferred charges	207,806	—	—	—	51,178	—	258,984
Total current assets	6,294,473	11,370,877	7,729,074	10,688,360	16,287,842	3,589,623	55,960,249
Noncurrent assets:							
Restricted assets:							
Cash held by fiscal agent	2,372,217	—	—	—	2,500	—	2,374,717
Capital assets, net	56,144,558	12,515,627	15,524,467	17,139,439	60,917,129	8,935,238	171,176,458
Total noncurrent assets	58,516,775	12,515,627	15,524,467	17,139,439	60,919,629	8,935,238	173,551,175
Total assets	64,811,248	23,886,504	23,253,541	27,827,799	77,207,471	12,524,861	229,511,424
Liabilities							
Current liabilities:							
Accounts payable	768,617	133,463	1,799,298	663,174	469,197	25,595	3,859,344
Retainage payable	—	600	57,500	362,705	40,350	6,800	467,955
Accrued payroll and payroll liabilities	259,403	100,952	102,949	94,018	111,426	20,665	689,413
Accrued interest	373,892	—	2,377	—	59,175	—	435,444
Bonds and loans payable	879,682	—	43,461	—	195,502	—	1,118,645
Advances from General Fund	140,000	—	—	—	—	—	140,000
Customer deposits	1,377,806	29,794	30,216	9,704	—	26,535	1,474,055
Accrued landfill closure and post closure costs	—	—	—	—	—	—	—
Total current liabilities	3,799,400	264,809	2,035,801	1,129,601	875,650	79,595	8,184,856
Noncurrent liabilities:							
Bonds and loans payable	28,015,665	—	178,358	—	4,353,541	—	32,547,564
Advances from General Fund	1,400,000	—	—	—	—	—	1,400,000
Accrued landfill closure and post closure costs	—	—	—	5,028,111	—	—	5,028,111
Total noncurrent liabilities	29,415,665	—	178,358	5,028,111	4,353,541	—	38,975,675
Total liabilities	33,215,065	264,809	2,214,159	6,157,712	5,229,191	79,595	47,160,531
Net Position							
Invested in capital assets, net of related debt	25,709,211	12,515,627	15,302,648	17,139,439	56,368,086	8,935,238	135,970,249
Unrestricted	5,886,972	11,106,068	5,736,734	4,530,648	15,610,194	3,510,028	46,380,644
Total net position	\$ 31,596,183	23,621,695	21,039,382	21,670,087	71,978,280	12,445,266	182,350,893

See accompanying notes to financial statements.

Beginning equity

CITY OF UNALASKA, ALASKA

Proprietary Funds

Statement of Revenues, Expenditures, and Changes in Net Position

Year ended June 30, 2013

	Electric	Water	Wastewater	Solid Waste	Ports and Harbors	Other proprietary funds	Total
Operating revenues:							
Charges for services	\$ 17,389,996	2,323,158	1,898,264	1,630,045	5,784,924	709,773	29,736,160
Total operating revenues	17,389,996	2,323,158	1,898,264	1,630,045	5,784,924	709,773	29,736,160
Operating expenses:							
Operations	12,445,046	1,015,763	928,135	1,328,715	2,227,624	724,101	18,669,384
General and administrative	1,085,920	456,381	369,685	302,756	969,015	164,934	3,348,691
Landfill closure and post closure care costs	—	—	—	198,072	—	—	198,072
Depreciation and amortization	1,958,549	899,856	516,814	390,907	2,073,263	478,746	6,318,135
Total operating expenses	15,489,515	2,372,000	1,814,634	2,220,450	5,269,902	1,367,781	28,534,282
Operating income (loss)	1,900,481	(48,842)	83,630	(590,405)	515,022	(658,008)	1,201,878
Nonoperating revenues (expenses):							
Intergovernmental revenue	282,070	76,787	63,627	75,010	542,281	25,121	1,064,896
Gain on sale of assets	16,460	—	—	—	—	—	16,460
Interest expense	(1,491,887)	(204)	(3,757)	—	(234,459)	—	(1,730,307)
Net nonoperating revenues (expenses)	(1,193,357)	76,583	59,870	75,010	307,822	25,121	(648,951)
Income (loss) before capital contributions and transfers	707,124	27,741	143,500	(515,395)	822,844	(632,887)	552,927
Capital contributions	101,874	—	3,412,412	1,131,407	7,856	246,989	4,900,538
Transfers in	2,000,000	3,600,000	—	—	1,103,719	480,000	7,183,719
Transfers out	(379,019)	—	—	—	—	—	(379,019)
Change in net position	2,429,979	3,627,741	3,555,912	616,012	1,934,419	94,102	12,258,165
Net position, beginning of year	29,166,204	19,993,954	17,483,470	21,054,075	70,043,861	29,834,634	187,576,198
Net position, end of year	\$ 31,596,183	23,621,695	21,039,382	21,670,087	71,978,280	29,928,736	199,834,363

See accompanying notes to financial statements.

CITY OF UNALASKA, ALASKA

Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2013

	Electric utility	Water utility	Wastewater	Solid waste	Ports and harbors	Other enterprise funds	Total enterprise funds
Cash flows from operating activities:							
Receipts from customers and users	\$ 18,458,781	2,359,827	1,886,844	1,620,436	5,881,463	746,828	30,954,179
Payments to employees	(2,181,998)	(896,692)	(738,618)	(900,070)	(1,334,362)	(286,521)	(6,338,261)
Payments to vendors	(11,118,587)	(477,989)	(781,923)	(711,965)	(1,740,272)	(661,385)	(15,492,121)
Net cash provided by (used for) operating activities	5,158,196	985,146	366,303	8,401	2,806,829	(201,078)	9,123,797
Cash flows from noncapital and related financing activities:							
Cash received from other governments	—	—	—	—	427,249	21,198	448,447
Transfers in	1,620,981	3,600,000	—	—	1,103,719	480,000	6,804,700
Net cash provided by (used for) noncapital and related financing activities	1,620,981	3,600,000	—	—	1,530,968	501,198	7,253,147
Cash flows from capital and related financing activities:							
Interest payments on long-term obligations	(1,502,643)	(204)	(4,222)	—	(236,746)	—	(1,743,815)
Principal payments on long-term debt obligations	(854,682)	—	(43,463)	—	(190,502)	(43,533)	(1,132,180)
Repayment of capital projects advances from General Fund	(140,000)	—	—	—	—	—	(140,000)
Proceeds from the sale of assets	27,872	—	—	—	—	—	27,872
Acquisition and construction of capital assets	(1,135,086)	(342,491)	(5,140,880)	(7,121,436)	(1,202,141)	(327,183)	(15,269,217)
Capital contributions	285,539	—	1,647,424	986,080	78,870	246,989	3,244,902
Net cash provided by (used for) capital and related financing activities	(3,319,000)	(342,695)	(3,541,141)	(6,135,356)	(1,550,519)	(123,727)	(15,012,438)
Cash flows from investing activities:							
Sales of investments	—	—	—	—	—	—	—
Net cash provided by investing activities	—	—	—	—	—	—	—
Change in cash and due from General Fund	3,460,177	4,242,451	(3,174,838)	(6,126,955)	2,787,278	176,393	1,364,506
Cash and due (to) from other funds, beginning of year	287,669	6,619,861	8,310,537	16,556,586	12,701,946	3,293,675	47,770,274
Cash and due from other funds, end of year	\$ 3,747,846	10,862,312	5,135,699	10,429,631	15,489,224	3,470,068	49,134,780
Reconciliation to balance sheet:							
Cash and cash equivalents	\$ —	—	—	—	150	—	150
Due from other funds	3,747,846	10,862,312	5,135,699	10,429,631	15,489,074	3,470,068	49,134,630
Cash and due from General Fund, June 30, 2012	\$ 3,747,846	10,862,312	5,135,699	10,429,631	15,489,224	3,470,068	49,134,780
Noncash capital and related financing activities:							
Acquisition and construction of capital assets through accounts and retainages payable	\$ 87,254	65,648	1,618,254	608,449	99,936	2,852	2,482,393

CITY OF UNALASKA, ALASKA

Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2013

	<u>Electric utility</u>	<u>Water utility</u>	<u>Wastewater</u>	<u>Solid waste</u>	<u>Ports and harbors</u>	<u>Other enterprise funds</u>	<u>Total enterprise funds</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:							
Operating income (loss)	\$ 1,900,481	(48,842)	83,630	(590,405)	515,022	(658,008)	1,201,878
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:							
Depreciation and amortization	2,018,379	899,856	516,814	390,907	2,073,263	478,746	6,377,965
Intergovernmental payments made on behalf	282,070	76,787	63,627	75,010	115,032	25,121	637,647
Amortization of landfill	—	—	—	195,552	—	—	195,552
Changes in assets and liabilities that provided (used) cash:							
Accounts receivable	(70,399)	8,295	(18,555)	(9,933)	93,779	36,133	39,320
Assessments receivable	—	1,137	3,395	—	—	—	4,532
Inventories	30,678	23,256	51,990	(39,327)	—	—	66,597
Interest receivable	—	—	—	—	—	—	—
Deferred charges and other assets	—	—	—	—	1,585	—	1,585
Accounts payable	(123,429)	17,734	(344,472)	(13,275)	4,516	(92,542)	(551,468)
Accrued payroll and payroll liabilities	11,912	1,805	6,134	(452)	3,882	8,550	31,831
Customer deposits	1,108,504	5,118	3,740	324	(250)	922	1,118,358
Deferred revenue	—	—	—	—	—	—	—
Accrued interest payable	—	—	—	—	—	—	—
Other liabilities	—	—	—	—	—	—	—
Net cash provided by (used for) operating activities	<u>\$ 5,158,196</u>	<u>985,146</u>	<u>366,303</u>	<u>8,401</u>	<u>2,806,829</u>	<u>(201,078)</u>	<u>9,123,797</u>
See accompanying notes to financial statements.	—	—	—	—	—	—	—

CITY OF UNALASKA, ALASKA

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2013

Assets	Bed Tax Special Revenue Fund	Capital projects		Total nonmajor governmental funds
		Road to LSA	Equipment Capital Project Fund	
Receivables, net:				
Taxes	\$ 11,907	—	—	11,907
Intergovernmental	—	—	—	—
Due from other funds	162,085	844,938	13,883,355	14,890,378
Total assets	<u>\$ 173,992</u>	<u>844,938</u>	<u>13,883,355</u>	<u>14,902,285</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ —	7,700	49,213	56,913
Retainage payable	—	—	36,775	36,775
Accrued payroll liabilities	—	—	—	—
Total liabilities	<u>—</u>	<u>7,700</u>	<u>85,988</u>	<u>93,688</u>
Fund balances:				
Assigned	173,992	837,238	13,797,367	14,808,597
Total liabilities and fund balances	<u>\$ 173,992</u>	<u>844,938</u>	<u>13,883,355</u>	<u>14,902,285</u>

See accompanying independent auditors' report.

CITY OF UNALASKA, ALASKA

Nonmajor Governmental Funds

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

Year ended June 30, 2013

	Bed Tax Special Revenue Fund	Capital projects Road to LSA	Equipment Capital Project Fund	Total nonmajor governmental funds
Operating revenues:				
Taxes	\$ 188,568	—	—	188,568
Intergovernmental	—	—	—	—
Total revenues	188,568	—	—	188,568
Expenditures:				
Current:				
Community support	189,262	—	—	189,262
Capital projects	—	62,759	1,127,273	1,190,032
Total expenditures	189,262	62,759	1,127,273	1,379,294
Excess (deficiency) revenues over expenditures	(694)	(62,759)	(1,127,273)	(1,190,726)
Other financing sources (uses):				
Transfers in	—	—	8,450,000	8,450,000
Transfers out	—	—	(228,858)	(228,858)
Net other financing sources (uses)	—	—	8,221,142	8,221,142
Net change in fund balances	(694)	(62,759)	7,093,869	7,030,416
Fund balances, beginning of year	174,686	899,997	6,703,498	7,778,181
Fund balances, end of year	\$ 173,992	837,238	13,797,367	14,808,597

See accompanying independent auditors' report.

CITY OF UNALASKA, ALASKA

Bed Tax Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund balance – Budget and Actual

Year ended June 30, 2013

	<u>Final budget</u>	<u>Actual amount</u>	<u>Variance with final budget positive (negative)</u>
Revenues:			
Other	\$ 170,000	188,568	18,568
Expenditures:			
Current – community support:			
Unalaska Convention and Visitors Bureau	<u>189,278</u>	<u>189,262</u>	<u>(16)</u>
Excess (deficiency) of revenues over expenditures	(19,278)	(694)	18,584
Other financing sources (uses):			
Transfers in	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balance	<u>\$ (19,278)</u>	<u>(694)</u>	<u>18,584</u>
Fund balance at beginning of year		<u>174,686</u>	
Fund balance at end of year		<u>\$ 173,992</u>	

See accompanying independent auditors' report.

CITY OF UNALASKA, ALASKA

Nonmajor Enterprise Funds

Combining Statement of Net Position

June 30, 2013

Assets	Airport	Housing	Total
Current assets:			
Accounts receivables (net of allowance for uncollectibles)	\$ 113,067	6,488	119,555
Assessments receivable	—	—	—
Accounts receivable – Intergovernmental	—	—	—
Due from General Fund	1,752,449	1,717,619	3,470,068
Inventories	—	—	—
Total current assets	1,865,516	1,724,107	3,589,623
Noncurrent assets:			
Capital assets, net	3,824,504	5,110,734	8,935,238
Total noncurrent assets	3,824,504	5,110,734	8,935,238
Total assets	\$ 5,690,020	6,834,841	12,524,861
Liabilities			
Current liabilities:			
Accounts payable	\$ 23,115	2,480	25,595
Retainage payable	—	6,800	6,800
Accrued payroll and payroll liabilities	7,229	13,436	20,665
Accrued interest	—	—	—
Bonds and loans payable	—	—	—
Customer deposits	10,000	16,535	26,535
Total current liabilities	40,344	39,251	79,595
Noncurrent liabilities:			
Bonds and loans payable	—	—	—
Advances from General Fund	—	—	—
Total noncurrent liabilities	—	—	—
Total liabilities	40,344	39,251	79,595
Net Position			
Invested in capital assets, net of related debt	3,824,504	5,110,734	8,935,238
Unrestricted	1,825,172	1,684,856	3,510,028
Total net position	5,649,676	6,795,590	12,445,266
See accompanying independent auditors' report.	—	—	—

CITY OF UNALASKA, ALASKA

Nonmajor Enterprise Funds

Combining Statement of Revenues, Expenditures, and Changes in Net Position

Year ended June 30, 2013

	<u>Airport</u>	<u>Housing</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 472,107	237,666	709,773
Total operating revenues	<u>472,107</u>	<u>237,666</u>	<u>709,773</u>
Operating expenses:			
Operations	541,892	182,209	724,101
General and administrative	—	164,934	164,934
Depreciation and amortization	298,070	180,676	478,746
Total operating expenses	<u>839,962</u>	<u>527,819</u>	<u>1,367,781</u>
Operating loss	<u>(367,855)</u>	<u>(290,153)</u>	<u>(658,008)</u>
Nonoperating revenues (expenses):			
Intergovernmental revenue	14,062	11,059	25,121
Interest expense	—	—	—
Net nonoperating revenues	<u>14,062</u>	<u>11,059</u>	<u>25,121</u>
Loss before capital contributions and transfers	<u>(353,793)</u>	<u>(279,094)</u>	<u>(632,887)</u>
Capital contributions	—	246,989	246,989
Transfers in	330,000	150,000	480,000
Change in net assets	<u>(23,793)</u>	<u>117,895</u>	<u>94,102</u>
Net assets, beginning of year	<u>5,673,469</u>	<u>6,677,695</u>	<u>12,351,164</u>
Net assets, end of year	<u>\$ 5,649,676</u>	<u>6,795,590</u>	<u>12,445,266</u>

See accompanying independent auditors' report.

CITY OF UNALASKA, ALASKA

Nonmajor Enterprise Funds

Combining Statement of Cash Flows

Year ended June 30, 2013

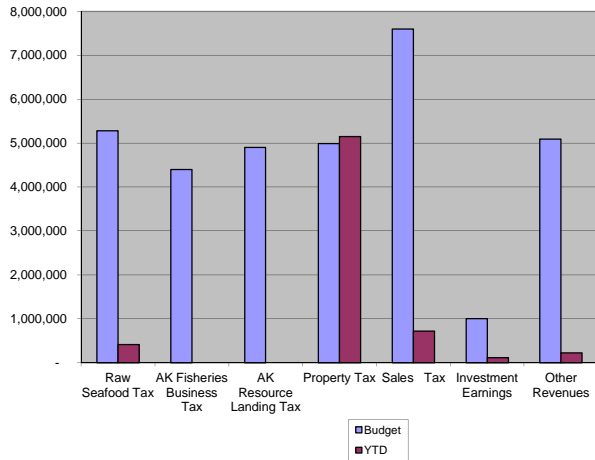
	<u>Airport</u>	<u>Housing</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 510,903	235,925	746,828
Payments to employees	(158,400)	(128,121)	(286,521)
Payments to vendors	(370,587)	(290,798)	(661,385)
Net cash used for operating activities	(18,084)	(182,994)	(201,078)
Cash flows from noncapital and related financing activities:			
Cash received from other governments	—	21,198	21,198
Transfers in	330,000	150,000	480,000
Net cash provided by noncapital and related financing activities	330,000	171,198	501,198
Cash flows from capital and related financing activities:			
Interest payments on long-term obligations	—	—	—
Principal payments on long-term obligations	—	(43,533)	(43,533)
Capital contributions	—	246,989	246,989
Acquisition and construction of capital assets	(70,530)	(256,653)	(327,183)
Net cash used for capital and related financing activities	(70,530)	(53,197)	(123,727)
Change in cash and due from General Fund	241,386	(64,993)	176,393
Cash and due from other funds, beginning of year	1,511,063	1,782,612	3,293,675
Cash and due from other funds, end of year	\$ 1,752,449	1,717,619	3,470,068
Reconciliation to balance sheet:			
Cash and due from General Fund, June 30, 2012	\$ 1,752,449	1,717,619	3,470,068
Reconciliation of operating loss to net cash used for operating activities:			
Operating income/(loss)	\$ (367,855)	(290,153)	(658,008)
Adjustments to reconcile operating loss to net cash used for operating activities:			
Depreciation and amortization	298,070	180,676	478,746
Intergovernmental payments made on behalf	14,062	11,059	25,121
Changes in assets and liabilities that provided (used) cash:			
Accounts receivable	38,796	(2,663)	36,133
Assessments receivable	—	—	—
Inventories	—	—	—
Customer deposits	—	922	922
Accrued interest payable	—	—	—
Accounts payable	(2,520)	(90,022)	(92,542)
Accrued payroll and payroll liabilities:	1,363	7,187	8,550
Net cash used for operating activities	\$ (18,084)	(182,994)	(201,078)
Noncash capital and related financing activities:			
Acquisition and construction of capital assets through accounts and retainages payable	\$ —	2,852	2,852

See accompanying independent auditors' report.

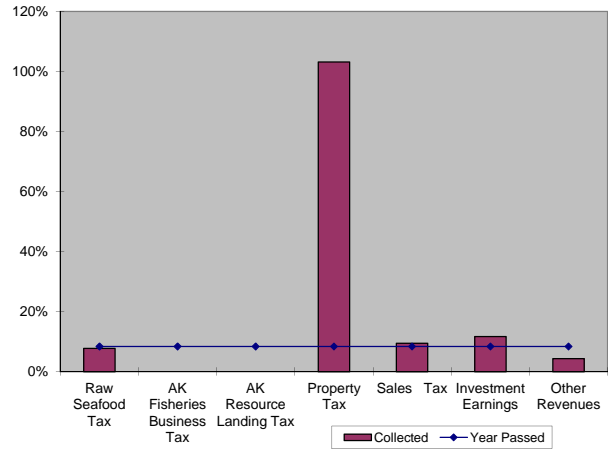
City of Unalaska

July 2013

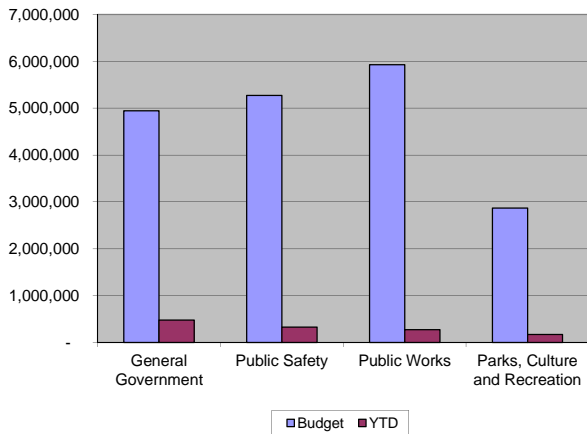
**General Government Revenues
Annual Budget vs. YTD Collected**



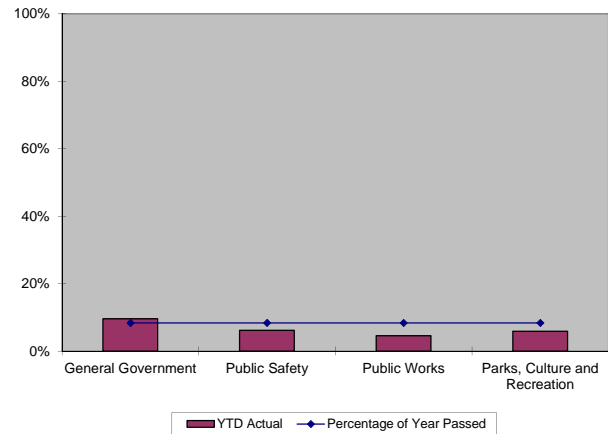
Percentage of General Government Revenue Collected



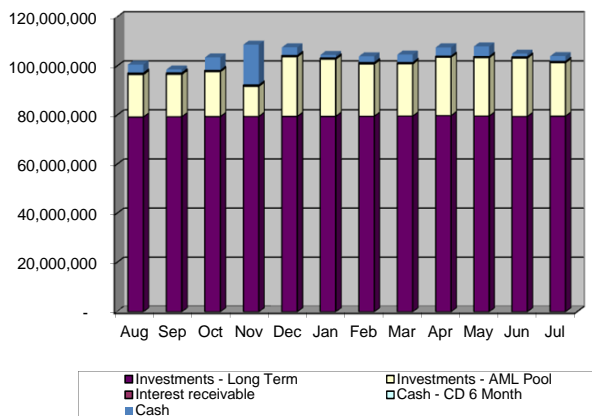
**General Government Expenditures
Annual Budget vs. YTD Actual**



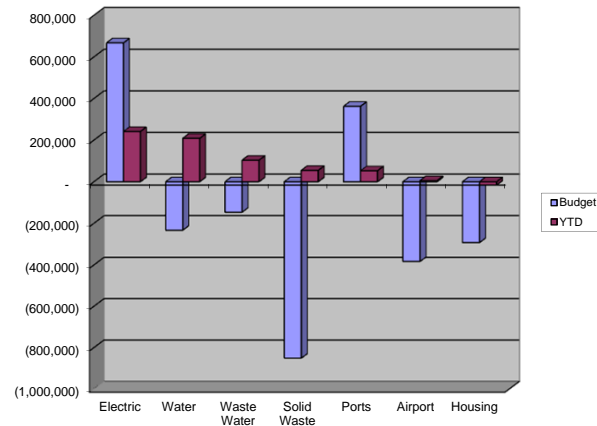
Percentage of General Government Budget Spent



**Investments and Cash
Last 12 Months**



**Proprietary Funds
Budgeted Net Increase/Decrease
Before Capital and Transfers**



Comparative Balance Sheets

City of Unalaska

General Fund

July 31, 2013 and July 31, 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash and Cash Equivalents	\$ 1,400	\$ 1,400
Receivables		
Taxes	6,937,153	6,833,813
Accounts	10,060	6,917
Special Assessments	-	5,644
Intergovernmental	318,037	251,431
Equity in Central Treasury	27,887,492	24,116,378
Inventory	503,984	444,534
Prepaid Items	345,791	359,199
Advances To Other Funds	1,540,000	1,723,533
Other Assets	14,288	-
Total Assets	\$ 37,558,206	\$ 33,742,848
Liabilities & Fund Balances		
Liabilities		
Accounts Payable	\$ 35,474	\$ 160,442
Accrued Payroll & Related Liabilities	775,978	780,818
Intergovernmental	2,310	-
Retainage Payable	12,000	-
Accrued Interest Payable	-	98,317
Deferred Revenue	346,803	398,003
Other Current Liabilities	1,898	1,037
Customer Deposits	935	1,010
Total Liabilities	\$ 1,175,398	\$ 1,439,627
Fund Balances		
Non-Spendable	2,406,980	3,185,266
Committed	14,300,000	23,900,000
Assigned	5,116,154	-
Unassigned	14,559,674	5,217,955
Total Fund Balance	36,382,808	32,303,221
Total Liabilities & Fund Balances	\$ 37,558,206	\$ 33,742,848

Comparative Balance Sheets
City of Unalaska
1% Sales Tax Special Revenue Fund
July 31, 2013 and July 31, 2012

	<u>2013</u>	<u>2012</u>
Assets		
Taxes Receivable	\$ 651,149	\$ 666,835
Equity in Central Treasury	1,683,741	3,039,163
Total Current Assets	<u>2,334,890</u>	<u>3,705,998</u>
Total Assets	<u>\$ 2,334,890</u>	<u>\$ 3,705,998</u>
Liabilities & Fund Equity		
Liabilities		
Accounts Payable	\$ 814	\$ 64,555
Deferred Revenue	2,500	2,500
Total Liabilities	<u>\$ 3,314</u>	<u>\$ 67,055</u>
Fund Balances		
Reserved Fund Balances	\$ -	\$ -
Committed Fund Balances	-	3,000,000
Unassigned Fund Balances	2,331,576	638,943
Total Fund Balance	<u>2,331,576</u>	<u>3,638,943</u>
Total Liabilities & Fund Balances	<u>\$ 2,334,890</u>	<u>\$ 3,705,998</u>

Comparative Balance Sheets

City of Unalaska
Bed Tax Special Revenue Fund
July 31, 2013 and July 31, 2012

	<u>2013</u>	<u>2012</u>
Assets		
Taxes Receivable	\$ 11,907	\$ 12,234
Equity in Central Treasury	160,927	136,621
Total Current Assets	<u>172,834</u>	<u>148,856</u>
Total Assets	<u>\$ 172,834</u>	<u>\$ 148,856</u>
Liabilities & Fund Equity		
Liabilities		
Accounts Payable	\$ -	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund Balances		
Uncommitted, Unassigned Fund Balance	<u>172,834</u>	<u>148,856</u>
Total Fund Balance	<u>172,834</u>	<u>148,856</u>
Total Liabilities & Fund Balance	<u>\$ 172,834</u>	<u>\$ 148,856</u>

Comparative Balance Sheets

City of Unalaska
Electric Enterprise Fund
July 31, 2013 and July 31, 2012

	<u>2013</u>	<u>2012</u>
Assets		
Current Assets		
Receivables		
Accounts	\$ 484,986	\$ 1,566,790
Intergovernmental-State	238,741	230,805
Equity in Central Treasury	3,605,672	901,960
Inventory	646,338	666,582
Restricted Assets-PH Debt Service Reserve	2,372,217	2,372,217
Deferred Charges	155,888	215,718
Total Current Assets	<u>7,503,842</u>	<u>5,954,073</u>
Property, Plant & Equipment		
Land	212,598	212,598
Buildings, Net	33,182,742	33,924,078
Other Improvements, Net	3,978,819	4,275,614
Equipment, Net	16,474,696	8,228,496
Construction In Progress	2,295,812	10,019,675
Net Property, Plant & Equipment	<u>56,144,667</u>	<u>56,660,462</u>
Total Assets	<u>\$ 63,648,510</u>	<u>\$ 62,614,536</u>
Liabilities		
Current Liabilities		
Accounts Payable	\$ 494,252	\$ 1,156,023
Accrued Payroll & Related Liabilities	255,422	244,214
Retainage Withheld	-	58,470
Accrued Interest Payable	373,892	384,648
Revenue Bonds-Current Portion	870,000	845,000
Unamortized Premium (Rev Bonds)	9,682	9,682
Customer Deposits	252,026	268,432
Current Portion-Advance from Gen Fund	140,000	140,000
Total Current Liabilities	<u>2,395,274</u>	<u>3,106,469</u>
Long Term Debt (net of current portion)		
Revenue Bonds - LT	27,845,000	28,715,000
Unamort Premium - LT	170,665	180,347
Advances From General Fund	1,400,000	1,540,000
Total Liabilities	<u>\$ 31,810,939</u>	<u>\$ 33,541,816</u>
Net Assets		
Invested in capital assets, net of related debt	25,335,429	24,845,785
Restricted for debt service	2,372,217	2,372,217
Unrestricted	4,129,925	1,854,717
Total net assets	<u>\$ 31,837,571</u>	<u>\$ 29,072,719</u>

Comparative Balance Sheets

City of Unalaska
Water Enterprise Fund
July 31, 2013 and July 31, 2012

	<u>2013</u>	<u>2012</u>
Assets		
Current Assets		
Receivables		
Accounts	\$ 306,610	\$ 336,214
Assessments	10,170	11,307
Equity in Central Treasury	10,788,737	10,209,010
Inventory	333,069	354,572
Total Current Assets	<u>11,438,587</u>	<u>10,911,102</u>
 Property, Plant & Equipment		
Land	125,074	125,074
Buildings, Net	688,747	734,242
Improvements, Net	10,656,419	10,676,704
Equipment, Net	19,316	28,076
Construction In Progress	1,026,070	1,369,722
Net Property, Plant & Equipment	<u>12,515,627</u>	<u>12,933,818</u>
Total Assets	<u>\$ 23,954,213</u>	<u>\$ 23,844,920</u>
 Liabilities		
Current Liabilities		
Accounts Payable	\$ 3,016	\$ 13,563
Accrued Payroll & Related Liabilities	99,137	97,542
Retainage Withheld	600	-
Customer Deposits	21,381	24,634
Total Current Liabilities	<u>124,133</u>	<u>135,739</u>
 Long Term Debt (net of current portion)	-	-
Total Liabilities	<u>\$ 124,133</u>	<u>\$ 135,739</u>
 Net Assets		
Invested in capital assets, net of related debt	12,515,627	12,933,818
Unrestricted	11,314,454	10,775,363
Total net assets	<u>\$ 23,830,080</u>	<u>\$ 23,709,181</u>

Comparative Balance Sheets

City of Unalaska
Wastewater Enterprise Fund
July 31, 2013 and July 31, 2012

	<u>2013</u>	<u>2012</u>
Assets		
Current Assets		
Receivables		
Accounts	\$ 167,601	\$ 177,069
Assessments	53,778	57,173
Intergovernmental - State	2,352,036	677,125
Equity in Central Treasury	5,159,071	7,751,564
Inventory	44,702	50,339
Total Current Assets	<u>7,777,187</u>	<u>8,713,270</u>
Property, Plant & Equipment		
Land	12,883	12,883
Buildings, Net	2,009,003	2,105,257
Improvements, Net	4,894,954	5,262,287
Equipment, Net	9,037	15,029
Construction In Progress	8,598,590	1,845,106
Net Property, Plant & Equipment	<u>15,524,467</u>	<u>9,240,562</u>
Total Assets	<u>\$ 23,301,654</u>	<u>\$ 17,953,832</u>
Liabilities		
Current Liabilities		
Accounts Payable	\$ 1,747,181	\$ 5,993
Accrued Payroll & Related Liabilities	101,422	93,595
Retainage Payable	57,500	-
Accrued Interest	2,377	2,842
Current Portion of Long Term Debt	43,461	43,461
Customer Deposits	28,796	26,519
Total Current Liabilities	<u>1,980,736</u>	<u>172,410</u>
Long Term Debt (net of current portion)	178,358	221,821
Total Liabilities	<u>\$ 2,159,094</u>	<u>\$ 394,231</u>
Net Assets		
Invested in capital assets, net of related debt	15,317,313	8,992,222
Unrestricted	5,825,247	8,567,380
Total net assets	<u>\$ 21,142,560</u>	<u>\$ 17,559,602</u>

Comparative Balance Sheets

City of Unalaska
Solid Waste Enterprise Fund
July 31, 2013 and July 31, 2012

	<u>2013</u>	<u>2012</u>
Assets		
Current Assets		
Receivables		
Accounts	\$ 169,657	\$ 146,769
Intergovernmental - State	32,451	311,249
Equity in Central Treasury	9,802,437	15,868,837
Inventory	87,784	45,213
Total Current Assets	<u>10,092,330</u>	<u>16,372,068</u>
Property, Plant & Equipment		
Land	651,474	651,474
Buildings, net	1,613,190	1,711,654
Other Improvements, net	5,076,935	5,302,062
Equipment, net	254,015	216,880
Construction In Progress	9,543,826	1,886,795
Net Property, Plant & Equipment	<u>17,139,439</u>	<u>9,768,865</u>
Total Assets	<u>\$ 27,231,769</u>	<u>\$ 26,140,933</u>
Liabilities		
Current Liabilities		
Accounts Payable	\$ 1,297	\$ 22,442
Accrued Payroll & Related Liabilities	91,880	92,779
Retainage Withheld	362,705	32,482
Customer Deposits	9,765	9,380
Total Current Liabilities	<u>465,647</u>	<u>157,083</u>
Long Term Liabilities - landfill closure and post closure	5,041,638	4,905,416
Total Liabilities	<u>\$ 5,507,285</u>	<u>\$ 5,062,499</u>
Net Assets		
Invested in capital assets, net of related debt	17,139,439	9,768,865
Unrestricted	4,585,045	11,309,569
Total net assets	<u>\$ 21,724,484</u>	<u>\$ 21,078,433</u>

Comparative Balance Sheets

City of Unalaska
Ports & Harbors Enterprise Fund
July 31, 2013 and July 31, 2012

	<u>2013</u>	<u>2012</u>
Assets		
Current Assets		
Cash	\$ 150	\$ 150
Receivables		
Accounts	517,411	462,394
Intergovernmental	-	72,414
Other	2,000	2,000
Equity in Central Treasury	15,660,317	12,406,249
Restricted Assets - Bonds	2,500	1,680,833
Deferred Charges	51,178	54,188
Total Current Assets	<u>16,233,555</u>	<u>14,678,228</u>
Property, Plant & Equipment		
Land	2,037,870	2,037,870
Buildings, net	1,348,271	1,387,034
Docks & Other Improvements, net	50,829,137	51,293,814
Equipment, net	71,064	106,050
Construction In Progress	6,637,587	6,284,801
Net Property, Plant & Equipment	<u>60,923,929</u>	<u>61,109,569</u>
Total Assets	<u>\$ 77,157,484</u>	<u>\$ 75,787,797</u>
Liabilities		
Current Liabilities		
Accounts Payable	\$ 368,541	\$ 398,597
Accrued Payroll & Related Liabilities	108,641	105,185
Accrued Interest	59,175	61,462
Retainage Withheld	41,030	74,400
Customer Deposits	-	250
Unamortized Premium-Revenue Bonds	5,502	5,502
Current Portion of Long Term Debt	190,000	185,000
Total Current Liabilities	<u>772,888</u>	<u>830,397</u>
Long Term Debt (net of current portion)	4,260,000	4,450,000
Unamortized Premium - Long Term	93,541	99,043
Total Liabilities	<u>\$ 5,126,429</u>	<u>\$ 5,379,440</u>
Net Assets		
Invested in capital assets, net of related debt	56,380,388	56,375,526
Restricted for debt service	4,549,043	4,739,546
Unrestricted	11,101,623	9,293,285
Total net assets	<u>\$ 72,031,055</u>	<u>\$ 70,408,356</u>

Comparative Balance Sheets

City of Unalaska
Airport Enterprise Fund
July 31, 2013 and July 31, 2012

	<u>2013</u>	<u>2012</u>
Assets		
Current Assets		
Accounts Receivable	\$ 107,342	\$ 151,245
Equity in Central Treasury	1,739,828	1,170,671
Total Current Assets	<u>1,847,170</u>	<u>1,321,916</u>
Property, Plant & Equipment		
Buildings, net	3,457,896	3,674,477
Other Improvements, net	296,078	352,727
Construction In Progress	70,840	-
Net Property, Plant & Equipment	<u>3,824,814</u>	<u>4,027,205</u>
Total Assets	<u>\$ 5,671,984</u>	<u>\$ 5,349,121</u>
Liabilities		
Current Liabilities		
Accounts Payable	\$ 33	\$ -
Accrued Payroll & Related Liabilities	6,985	5,663
Customers Deposits	10,000	10,000
Total Current Liabilities	<u>17,018</u>	<u>15,663</u>
Total Liabilities	<u>\$ 17,018</u>	<u>\$ 15,663</u>
Net Assets		
Invested in capital assets, net of related debt	3,824,814	4,027,205
Unrestricted	1,830,152	1,306,253
Total net assets	<u>\$ 5,654,965</u>	<u>\$ 5,333,458</u>

Comparative Balance Sheets

City of Unalaska
Housing Enterprise Fund
July 31, 2013 and July 31, 2012

	<u>2013</u>	<u>2012</u>
Assets		
Current Assets		
Receivables	\$ 3,507	\$ 358
Intergovernmental - State	-	21,198
Refundable Deposits Receivable	3,650	3,720
Equity in Central Treasury	1,697,741	1,211,714
Total Current Assets	<u>1,704,898</u>	<u>1,236,990</u>
Property, Plant & Equipment		
Land	269,577	269,577
Buildings, net	4,676,248	4,711,397
Other Improvements, net	66,523	-
Construction In Progress	98,386	179,185
Net Property, Plant & Equipment	<u>5,110,734</u>	<u>5,160,160</u>
Total Assets	<u>\$ 6,815,632</u>	<u>\$ 6,397,150</u>
Liabilities		
Current Liabilities		
Accounts Payable	\$ -	\$ 2,330
Accrued Payroll & Related Liabilities	13,255	6,063
Retainage Withheld	6,800	3,975
Customers Deposits	16,128	16,550
Total Current Liabilities	<u>36,182</u>	<u>28,917</u>
Longterm Liabilities		
Advance From General Fund	-	43,533
Total Liabilities	<u>\$ 36,182</u>	<u>\$ 72,451</u>
Net Assets		
Invested in capital assets, net of related debt	5,067,201	5,116,627
Unrestricted	1,712,249	1,208,072
Total net assets	<u>\$ 6,779,450</u>	<u>\$ 6,324,699</u>

General Fund Operating Monthly Summary - Month Ending July 2013

	FY2014 Budget	July	FY2014 YTD	% OF BUD	FY2013 YTD	INC/(DEC) Last Year
REVENUES						
Raw Seafood Tax	5,278,000	410,597	410,597	8%	496,352	(85,755)
AK Fisheries Business	4,400,000	0	0	0%	0	0
AK Fisheries Resource Landing	4,900,000	0	0	0%	0	0
Property Taxes	4,990,000	5,150,852	5,150,852	103%	4,982,220	168,632
Sales Tax	7,600,000	716,191	716,191	9%	1,259,318	(543,127)
Investment Earnings	1,000,000	116,452	116,452	12%	256,979	(140,527)
Other Revenues	5,088,477	220,180	220,180	4%	28,316	191,863
Appropriated Fund Balance	0	0	0	0%	0	0
Total General Fund Revenues	33,256,477	6,614,272	6,614,272	20%	7,023,186	(408,914)
EXPENDITURES						
Mayor & Council	538,860	60,685	60,685	11%	56,057	4,628
City Administration						
City Manager's Office	417,909	25,698	25,698	6%	23,284	2,415
Administration	1,046,338	236,490	236,490	23%	230,231	6,259
Natural Resources	207,205	13,652	13,652	7%	12,734	918
Total City Administration	1,671,452	275,840	275,840	17%	266,249	9,592
City Clerk	579,822	43,231	43,231	7%	37,566	5,665
Finance						
Finance	861,612	39,634	39,634	5%	42,728	(3,094)
Information Systems	609,193	35,505	35,505	6%	41,263	(5,759)
Total Finance	1,470,805	75,139	75,139	5%	83,991	(8,852)
Planning	686,529	22,218	22,218	3%	29,322	(7,105)
Public Safety						
Police, Dispatch and DMV	3,482,268	215,256	215,256	6%	221,779	(6,523)
Corrections	871,679	65,186	65,186	7%	54,635	10,550
Fire and EMS	921,647	45,004	45,004	5%	43,059	1,944
Total Public Safety	5,275,595	325,445	325,445	6%	319,473	5,972
Public Works						
DPW Admin & Engineering	723,500	38,150	38,150	5%	31,720	6,430
Streets and Roads	2,427,678	117,652	117,652	5%	108,691	8,961
Receiving and Supply	256,389	14,875	14,875	6%	19,764	(4,889)
Veh & Equip Maintenance	1,085,967	44,101	44,101	4%	47,304	(3,202)
Facilities Maintenance	1,434,881	56,692	56,692	4%	62,326	(5,635)
Total Public Works	5,928,415	271,471	271,471	5%	269,806	1,665
Parks, Culture & Recreation						
PCR Administration	333,064	19,867	19,867	6%	19,737	130
Recreation Programs	726,701	47,203	47,203	6%	36,639	10,564
Community Center Operations	670,135	37,639	37,639	6%	18,738	18,901
Library	755,659	38,112	38,112	5%	36,509	1,603
Aquatics Center	358,404	18,776	18,776	5%	17,956	820
Parks	26,806	7,993	7,993	30%	6,000	1,993
Total Parks, Culture & Recreation	2,870,768	169,589	169,589	6%	135,579	34,010
Other Expenses	5,906,979	472,268	472,268	8%	489,585	(17,318)
Total Operating Expenditures	24,929,225	1,715,886	1,715,886	7%	1,687,629	28,257
Transfers To General Fund	0	0	0	0%	0	0
Transfers To Special Revenue	0	0	0	0%	0	0
Transfers To Capital Projects	0	0	0	0%	3,420,000	(3,420,000)
Transfers To Enterprise Funds	0	0	0	0%	0	0
Transfers To Enterprise Capital	0	0	0	0%	4,853,719	(4,853,719)
	0	0	0	0%	8,273,719	(8,273,719)
	24,929,225	1,715,886	1,715,886	7%	9,961,348	(8,245,462)
Surplus/(Deficit)	8,327,252	4,898,386	4,898,386	14%	(2,938,162)	7,836,549

	FY2014 Budget	July	FY2014 YTD	% OF BUD	FY2013 YTD	INC/(DEC) Last Year
Electric Proprietary Fund						
REVENUES	18,120,984	1,640,910	1,640,910	9%	1,435,790	205,120
Electric Line Repair & Maint	1,239,319	70,172	70,172	6%	58,518	11,654
Electric Production	11,439,535	1,066,273	1,066,273	9%	972,050	94,223
Facilities Maintenance	82,048	2,898	2,898	4%	2,523	374
Utility Administration	4,635,864	257,941	257,941	6%	395,496	(137,554)
Veh & Equip Maintenance	57,018	2,240	2,240	4%	4,930	(2,691)
EXPENSES	17,453,785	1,399,524	1,399,524	8%	1,433,518	(33,994)
NET EARNINGS/(LOSS)	667,200	241,386	241,386		2,272	239,114
Water Proprietary Fund						
REVENUES	2,368,941	314,191	314,191	13%	296,828	17,363
Facilities Maintenance	20,159	648	648	3%	962	(315)
Utility Administration	1,412,322	51,332	51,332	4%	121,589	(70,257)
Veh & Equip Maintenance	33,259	497	497	1%	1,726	(1,229)
Water Operations	1,136,214	53,329	53,329	5%	57,323	(3,994)
EXPENSES	2,601,954	105,806	105,806	4%	181,600	(75,794)
NET EARNINGS/(LOSS)	(233,013)	208,384	208,384		115,228	93,157
Wastewater Proprietary Fund						
REVENUES	1,903,921	189,106	189,106	10%	155,863	33,244
Facilities Maintenance	29,572	965	965	3%	1,265	(300)
Utility Administration	956,484	33,857	33,857	4%	77,896	(44,039)
Veh & Equip Maintenance	24,175	994	994	4%	6,566	(5,573)
Wastewater Operations	1,040,209	50,111	50,111	5%	79,913	(29,802)
EXPENSES	2,050,439	85,927	85,927	4%	165,641	(79,714)
NET EARNINGS/(LOSS)	(146,518)	103,179	103,179		(9,779)	112,957
Solid Waste Proprietary Fund						
REVENUES	1,594,212	167,401	167,401	11%	128,047	39,354
Facilities Maintenance	68,571	4,285	4,285	6%	6,740	(2,455)
Solid Waste Operations	1,311,051	55,879	55,879	4%	66,423	(10,544)
Utility Administration	935,120	44,957	44,957	5%	82,587	(37,630)
Veh & Equip Maintenance	130,327	7,883	7,883	6%	3,134	4,750
EXPENSES	2,445,069	113,004	113,004	5%	158,884	(45,880)
NET EARNINGS/(LOSS)	(850,857)	54,397	54,397		(30,837)	85,234
Ports & Harbors Proprietary Fund						
REVENUES	6,346,699	473,775	473,775	7%	431,960	41,815
Bobby Storrs Small Boat Harbor	166,588	0	0	0%	0	0
CEM Small Boat Harbor	661,522	99,439	99,439	15%	94,181	5,259
Facilities Maintenance	39,504	9,254	9,254	23%	801	8,453
Harbor Office	3,533,288	247,855	247,855	7%	407,627	(159,772)
Ports Security	88,217	1,141	1,141	1%	2,435	(1,294)
Spit & Light Cargo Docks	572,847	11,091	11,091	2%	54	11,037
Unalaska Marine Center	865,583	50,952	50,952	6%	53,030	(2,078)
Veh & Equip Maintenance	56,639	1,268	1,268	2%	3,508	(2,240)
EXPENSES	5,984,188	421,000	421,000	7%	561,635	(140,635)
NET EARNINGS/(LOSS)	362,511	52,775	52,775		(129,675)	182,450

	FY2014 Budget	July	FY2014 YTD	% OF BUD	FY2013 YTD	INC/(DEC) Last Year
Airport Proprietary Fund						
REVENUES	462,668	41,864	41,864	9%	38,921	2,943
Airport Admin/Operations	700,803	30,881	30,881	4%	51,801	(20,920)
Facilities Maintenance	145,065	5,693	5,693	4%	5,381	312
EXPENSES	845,868	36,573	36,573	4%	57,182	(20,608)
NET EARNINGS/(LOSS)	(383,200)	5,290	5,290		(18,261)	23,551
Housing Proprietary Fund						
REVENUES	251,206	14,681	14,681	6%	20,186	(5,505)
Facilities Maintenance	174,782	13,606	13,606	8%	5,337	8,269
Housing Admin & Operating	368,792	17,216	17,216	5%	35,169	(17,953)
EXPENSES	543,574	30,822	30,822	6%	40,506	(9,685)
NET EARNINGS/(LOSS)	(292,368)	(16,140)	(16,140)		(20,320)	4,180

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS
THRU: CHRIS HLADICK, CITY MANAGER
FROM: PEGGY MCLAUGHLIN, PORT DIRECTOR
DATE: SEPTEMBER 24, 2013
RE: COUNCIL UPDATE AND DISCUSSION ON ROBERT STORRS FLOAT REPLACEMENT AND DESIGN PROJECT

SUMMARY:

The purpose of this Memo is to provide discussion on the Robert Storrs Float Replacement project as it relates to the design options as scoped by PND Engineers. This discussion outlines the request to approach this project in phases with the priority of utilizing the funding available through the matching grant from the State of Alaska Department of Transportation and Public Facilities. Further, it will outline the process and concepts for further phases of Robert Storrs A & B Float replacement, design, reconfiguration and uplands upgrades. The Port is not requesting formal action from the Council through this memo, but is requesting direction from the Council to move forward with the C Float replacement as the priority for Phase I and then separately review A and B Float Concepts through Council Discussion and public input. The discussion includes the current cost estimate for C Float Replacement with the intent of moving forward with a full design this winter/spring/summer, and competitively bid the project in August/September of 2014.

PREVIOUS COUNCIL ACTION:

- Passed Resolution 2010-40, on May 25th 2010 in support of the FY2012 application for funding through the State of Alaska Department of Transportation and the Public Facility Grant Program in the amount of \$3,325,126 for the Robert Storrs International Small Boat Harbor Improvement Project.
- Passed Resolution 2012-26, on April 24, 2012 adopting the City of Unalaska FY13-FY17 Capital Major and Maintenance Plan.
- Passed Ordinance 2012-04, on May 22, 2012 adopting the City of Unalaska FY13 Capital Budget, appropriating \$123,719 for design of the Robert Storrs International Boat Harbor Float Replacement Project.
- Passed Resolution 2013-08, authorizing the City Manager to enter into a contract with PND Engineers, for Robert Storrs Boat Harbor Float Replacement scoping services in the amount of \$22,016.

- May 14, 2013 Passed Resolution 2013-25 adopting the FY14 CMMP including funding for the Robert Storrs Float Replacement project

BACKGROUND:

The Council has taken previous action to support the replacement and upgrades at Robert Storrs International Boat Harbor. We have secured a grant through the State of Alaska Department of Transportation and Public Facilities, and we have pursued estimates on various designs from PND Engineers. Council was updated in April of 2013 of the preliminary cost estimates for float replacements and possible reconfiguration options for Floats A and B.

DISCUSSION:

During the FY14 CMMP process Council appropriated \$3.53 million for the Robert Storrs Float replacement project. After reviewing the cost estimates for float replacement in kind, it is evident that the costs exceed the original cost estimates of the project. In order to best utilize the funding set aside for this project, the project will need to be tackled in phases. The City of Unalaska was awarded \$1.57 million in a 50% matching grant from the State of Alaska. Considering this grant and our matching obligation it is practical to establish phase I as C Float replacement.

The current plan is to replace C Float in its current configuration. The float replacement will include year-round water supply, fire suppression, electrical upgrades and an ADA accessible gangway. It will also most likely include replacement of the current pilings. Because the ADA gangway will push the float out approximately 20', the pilings will need to be relocated. It is recommended to replace the piling to keep the life of the dock congruent with the life of the piling. The cost of the piling replacement is included in the estimate.

Pushing the float out an additional 20' will create some additional considerations. First, it creates better access to the landside of C Float. It will allow for better navigation because of the greater water depth along the inside of the float. C Float currently is exposed to stress from high winds funneling through the channel, surge and breaking water. By pushing C Float out for the ADA required gangway, that exposure is increased. We reviewed several options for float construction and materials and we are recommending C Float be replaced with 10' wide steel pontoons and grated decking, similar to the float style at CEM. This sturdy construction will hold up longer and provide the most secure mooring for vessels. The cost estimate for this phase, including contingencies, is \$3.67 million.

During the scoping meetings with PND we pieced together some of the history of Robert Storrs current configuration, which indicated that the floats that currently make up A and B Float were towed from what is now the Spit to their current location. As we reviewed the configuration of A and B Floats, it was apparent that the configuration of those floats was built based on the floats at hand and not taking into account the best utilization of the basin in Iliuliuk Harbor. During these discussions, we recognized that A & B Floats could be reconfigured to add better navigation and additional mooring opportunities. We provided PND with the Robert Storrs current slip owners and the waiting list (with vessel type and

size). We asked PND to provide design options that included reconfiguring the current A and B Floats to accommodate current users as well as part of the waiting list with consideration to the best utilization of the basin. The design for A and B float will also include year-round water supply, fire suppression, electrical upgrades, and an ADA required gangway.

Robert Storrs Harbor primarily accommodates local recreational and small commercial vessels. These options need to be reviewed by Council and the public to best meet the needs of the users both now and in the future before we can proceed with a responsible, cost-effective plan for replacement.

Further, we know that we need to address some upland development. This includes certain parking considerations, utilities, and a modest public restroom. This development will need to be coordinated with the other land owners and with all the components of the upgraded harbor facility. I therefore recommend that A and B Float replacement, along with the upland development be considered as Phase 2 of the Robert Storrs Harbor project. I also recommend that preliminary design and pre-engineering of Phase 2 be included in the design contract for Phase 1 in order to ensure that the Harbor as a whole is looked at prior to final design of C Float.

Dividing the float replacement into phases gives us an opportunity to explore the viability of A and B Floats reconfiguration and development. Further, it would allow us to complete Phase I of the Float Replacement Project and utilize the awarded grant money. If we use the grant money for Phase I and complete that phase, we are then eligible to reapply for more grant money for the other phases of the project. Considering the estimates, it would be reasonable to assume that we could manage the replacement of C Float with the current grant money and the anticipated match from the Port Net Asset Fund. We could then begin planning for and researching funding for additional phases.

ALTERNATIVES:

No formal action is currently being requested of Council.

FINANCIAL IMPLICATIONS:

The State Grant program for harbors covers 50% of the project so the City will have to come up with the other 50%.

LEGAL:

There may be upland property issue that requires legal work but currently it is too early in the planning process.

STAFF RECOMMENDATION:

Staff is recommending proceeding with the design and competitive bid for C Float as Phase I of the Robert Storrs Float Replacement Project. A contract award for the design will be presented to Council for approval in October.

PROPOSED MOTION:

No proposed motion at this time

CITY MANAGER'S COMMENTS: This is more than a replacement project. In the past we have looked at reconfiguring the A and B floats and have several times looked at restroom facilities. They are much needed but will not be cheap. However, it is painful to see what we provide right now for restroom facilities. And parking is an issue as well. Lots to consider as always in projects such as these. I recommend completely a planning process for all three floats and resubmitting a grant request for A and B floats.

Attachment:

1. Cost estimates for Float Replacements
2. Robert Storrs Users and Waitlist Stats

CITY OF UNALASKA
UNALASKA, ALASKA

RESOLUTION 2013-65

A RESOLUTION OF THE UNALASKA CITY COUNCIL IDENTIFYING THE CITY OF UNALASKA'S STATE LEGISLATIVE FUNDING PRIORITIES FOR FISCAL YEAR 2015 AS THE FOURTH ENGINE FOR THE POWERHOUSE, UNALASKA MARINE CENTER POSITIONS 3 AND 4 DEMOLITION AND RENOVATION PROJECT, ROBERT STORRS BOAT HARBOR IMPROVEMENTS, AND CAPTAINS BAY ROAD IMPROVEMENTS

WHEREAS, in order to respond to increasing demands for power and the possibility of bringing two processing plants on line, a 4th engine must be purchased for the powerhouse; and

WHEREAS, the funding required for a four engine is estimated at \$7,875,000 and the powerhouse 4th engine project only has an available budget of \$3,375,000; and

WHEREAS, the existing Unalaska Marine Center (UMC) dock is predominantly timber and does not fully utilize the available area between the U.S. Coast Guard dock and position 4; and

WHEREAS, constructing a sheet pile dock that follows the alignment of the U.S. Coast Guard dock and intersecting the end of Position 4 would create over 400 feet of continuous useable dock and additional uplands; and

WHEREAS, the project would allow fish offloads to occur simultaneously with container ship offloads and would help with fuel barge deliveries which have precedence over many activities at the UMC;

WHEREAS, the City of Unalaska is unable to complete the replacement of marine terminal identified as Position 3 at the Unalaska Marine Center (UMC) with only \$6.5 million; and

WHEREAS, the Robert Storrs Boat Harbor, which was constructed in 1981, has served the community well for 32 years; and

WHEREAS, in order to ensure the safety of those who use the dock and the vessels that moor at the Storrs Boat Harbor, the floats must be replaced and the dock redesigned; and

WHEREAS, Captains Bay Road is heavily used by commercial traffic; and

WHEREAS, Future growth and business activity is expected to occur along Captains Bay Road.

NOW THEREFORE BE IT RESOLVED that the City of Unalaska, by this resolution, hereby identifies its top state legislative priorities for FY15 and requests legislative appropriations as follows:

Fourth Engine for Powerhouse	\$4.5 million
Unalaska Marine Center Project	\$28 million
Robert Storrs Boat Harbor Improvements	\$9.5 million
Captains Bay Road Improvements Project	\$24 million

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE CITY COUNCIL OF THE CITY OF UNALASKA THIS 24TH DAY OF SEPTEMBER 2013.

MAYOR

ATTEST:

CITY CLERK

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS

FROM: CHRIS HLADICK, CITY MANAGER

DATE: SEPTEMBER 24, 2013

RE: RESOLUTION 2013-65 IDENTIFYING THE CITY OF UNALASKA'S STATE
LEGISLATIVE FUNDING PRIORITIES FOR FISCAL YEAR 2015 AS THE FOURTH
ENGINE FOR THE POWERHOUSE, UNALASKA MARINE CENTER POSITIONS 3
AND 4 DEMOLITION AND RENOVATION PROJECT, ROBERT STORRS BOAT
HARBOR IMPROVEMENTS, AND CAPTAINS BAY ROAD IMPROVEMENTS

SUMMARY: Please find attached a resolution supporting our state legislative priorities for the coming year. We are adding a few new requests this year and are repeating a few of the projects that have been on the radar for a couple of years. The projects are:

Fourth Engine for Powerhouse	\$4.5 million
Unalaska Marine Center Project	\$28 million
Robert Storrs Boat Harbor Improvements	\$9.5 million
Captains Bay Road Improvements Project	\$24 million

PREVIOUS COUNCIL ACTION: This is a recurring council action to put into resolution the city's requests for capital projects funding from the State of Alaska for the coming fiscal year. The Legislature requests that projects be approved by city council via resolution.

BACKGROUND: There are outside influences on the city's capital projects, some of which are:

- EPA air quality requirements go into effect the first day of January 2014; the city has purchased a new engine and the manufacturing process will begin before year's end.
- The UMC project is in the early planning stages. The financing of this project is not going to be an easy task. Will Shell be successful next time around in the Beaufort and Chukchi Sea? What kind of customers can we attract to the UMC that are not already utilizing the facility?
- Robert Storrs Boat Harbor improvements will be completely dependent on state funding.
- The Captains Bay Road project will only be accomplished if oil companies begin operations in Captains Bay.

DISCUSSION:

Fourth Engine for the Powerhouse: The need for the fourth engine at the powerhouse is well documented as the demand for electrical power in Unalaska is increasing. In 2012, our peak load requirement was 7.0 megawatts (MW), which quickly grew to 8.6 MW. Our peak load in January 2013 was 9.0MW. We sold 2.6 million more kilowatt hours in FY12 compared to FY11 and 2.0 million more kilowatt hours in FY13

compared to FY12. Total kW hours produced in FY12 was 42,762,955 and 44,773,777 kWh were produced in FY13.

By January 1, 2014, the EPA will require all new diesel combustible engines to meet Tier 4 technology, which means any engine installed after this date will have to be equipped with Selective Catalyst Recovery (SCR) units. The capital cost solely for the SCR and accompanying equipment represents an additional \$2 million dollars for the project, and the annual operating cost will exceed an additional \$1 million. Tier 2 engines, which are not required to be equipped with SCRs, are being phased out by the manufacturers. Currently, the powerhouse 4th engine project has an available budget of \$3,375,000, which is made up of \$1 million from a legislative grant, \$2 million from the city's general fund, and \$375,000 transferred from the powerhouse 3rd engine project. An additional \$4.5 million is needed to complete the installation.

Unalaska Marine Center (UMC) Positions 3 and 4 Demolition and Renovation Project: This proposed project provides 610 feet of new dock face with a minimum water depth of approximately 45 feet. The project will align roughly 390 feet of the new dock face with the current U.S. Coast Guard dock creating a total face length of about 730 feet for this section of the facility. The project will also provide approximately 220 feet of dock aligned with existing UMC positions 5-7 creating the added length needed for modern container ships that use the port. Additional optional work items could be added to the scope to extend the crane rails located on positions 5-7 through the expansion project, to provide concrete pavement in the back reach area, and to add 100-gauge rails. However, the additional cost for the crane rails is not included in the \$28 million dollar estimate as there are many questions that need to be answered first: length of the rails; where to install; who will use it; will the City buy and install a 100-gauge crane? After those and other questions are answered, then we can provide an estimate for the addition of crane rails. There is also the question of possible partners or tenants, and how do we finance a \$28 million dollar project? We are in the early stages of the planning process and we are further developing that process this coming week.

The replacement dock facility will include necessary appurtenances to meet the current and future needs of the port. Heavy-duty fenders, a concrete face beam, dock surface concrete paving, bull-rails, and heavy-duty bollards are planned along the entire face of the new structure. High-mast lights, utilities (fuel and water service lines), drainage structures, and dock anodes are also included. The proposed dock improvements have the added benefit of creating over 1.8 acres of new uplands area that can be utilized for container storage or other critical port activities.

Robert Storrs Boat Harbor Improvement Project: The Robert Storrs Boat Harbor floats were originally constructed in 1981 at the location of the Light Cargo and Pot Dock on the Spit, but due to persistent storm damage, they were moved to their current location in Iliuliuk Harbor in 1985. The floats are concrete, which was a typical design in those years. As the concrete spalls off from exposure to the elements, allowing the rebar to be exposed and corrosion to develop, the structural integrity of the concrete will continue to deteriorate. Another problem with older floats is the loss of flotation which results in the float dropping lower in the water, thus submersing structural elements that are not designed to sit in the water. Both ends of C float are showing this condition where the float's wale piece is in the water. The electrical raceway was hung off of the side of the float connecting A and B floats which causes the floats to ride at a slant. At some point, an attempt was made to correct this condition by hanging weights off of the opposing side which just caused the whole float system to ride lower in the water. Some of the steel items, such as the piles and fabricated weldments, have lost their galvanizing and are rapidly losing base metal. Additional issues that are the result of age and continuous use cause the Robert Storrs Boat Harbor improvement project to move up in priority. Float replacement options range from \$6.6 million to \$12 million, which is more than double the original estimate. There will be a presentation by PN&D at the meeting to discuss the options. Council may

wish to amend the request. The program is administered by a division of ADOT that focuses on dock projects in the state. The state pays 50% and the City pays 50% of the capital costs. We have received \$1.57 million from the state and the city pledged \$1.57 million, which will hopefully get C float completed. This request, if obtained, would replace A and B floats. Lots of questions need to be answered this fall, such as will we simply replace what we have or reconfigure the floats? And the issue of bathrooms is still looming, but we have no uplands so do we create uplands? Parking is also an issue.

Captains Bay Road Improvements Project: This road serves as a primary transportation route for a great number of commercial enterprises along and at the end of Captains Bay. The section of road making up this project is a high traffic area for heavy vehicles that are used by the fishing and transshipment industries that are vital to the community's economic welfare. During public meetings on the Unalaska Road Plan in 2011, both drivers and industry representatives spoke of the hazards of the high road crown that is necessary for adequate drainage. In winter months, this crown creates dangerous driving conditions for the large trucks and school buses traveling the road. The road cannot be paved without first completing drainage improvements. There is strong support from the public for improvements to Captains Bay Road. This project includes providing utilities to the end of the road. Currently electric is provided to Westward (of limited capacity) and less than adequate water is provided to the Crowley Dock. It is expected that with oil field development there will be an increased demand on our utilities. This project will provide the necessary infrastructure to accommodate this economic activity.

ALTERNATIVES:

FINANCIAL IMPLICATIONS: Failure to obtain funding will impact the timelines of some of our planned projects. We cannot adopt a "do nothing" approach with the fourth engine. The need for capacity exists today. The UMC project should have been accomplished years ago and the City has attempted to get Position III replaced for many years. The Storrs harbor project is a matter of replacing what was given to us by the state over 20 years ago. The harbor was far from new at that time, and we are near the end of the useful life of this facility.

LEGAL: N/A.

PROPOSED MOTION: I move to approve Resolution 2013-65.

CITY MANAGER'S COMMENTS: Memo prepared by the City Manager.

CITY OF UNALASKA
UNALASKA, ALASKA
RESOLUTION 2013-66

A RESOLUTION OF THE UNALASKA CITY COUNCIL IDENTIFYING THE CITY OF UNALASKA'S FEDERAL FUNDING PRIORITIES FOR FISCAL YEAR 2015 AS UNALASKA BAY ENTRANCE CHANNEL DREDGING, OCS REVENUE SHARING, UNALASKA MARINE CENTER POSITIONS 3 AND 4 DEMOLITION AND RENOVATION PROJECT, FOURTH ENGINE FOR THE POWERHOUSE AND CAPTAINS BAY ROAD IMPROVEMENTS.

WHEREAS, the City of Unalaska is the number one fishing port in the United States and host to national and international shipping vessels; and

WHEREAS, the sand bar in the entrance to Unalaska Bay creates an impediment to vessels entering the bay; and

WHEREAS, dredging the sand bar will contribute significantly to the navigational safety and security of vessels entering and leaving the port; and

WHEREAS, authorization is needed through the Water and Resource Development Act in order for the U. S. Army Corps of Engineers to move forward with the project; and

WHEREAS, the existing Unalaska Marine Center (UMC) dock is predominantly timber and does not fully utilize the available area between the U.S. Coast Guard dock and position 4; and

WHEREAS, constructing a sheet pile dock that follows the alignment of the U.S. Coast Guard dock and intersecting the end of Position 4 would create over 400 feet of useable dock and additional uplands; and

WHEREAS, the project would allow fish offloads to occur simultaneously with container ship offloads and would help with fuel barge deliveries which have precedence over many activities at the UMC;

WHEREAS, in order to respond to increasing demands for power and the possibility of bringing two processing plants on line, a fourth engine must be purchased for the powerhouse; and

WHEREAS, Captains Bay Road is heavily used by commercial traffic; and

WHEREAS, Future growth and business activity is expected to occur along Captains Bay Road.

NOW THEREFORE BE IT RESOLVED that the Unalaska City Council, by this resolution, hereby identifies the following as its top federal priorities for FY2015:

Unalaska Bay Entrance Channel Dredging	Authorization
OCS Revenue Sharing	Initiative
Unalaska Marine Center Project	\$28 million
Fourth Engine for the Powerhouse	\$4.5 million
Captains Bay Road Improvements Project	\$24 million

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE UNALASKA CITY COUNCIL
THIS 24th DAY OF SEPTEMBER 2013.

MAYOR

ATTEST:

CITY CLERK

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS

FROM: CHRIS HLADICK, CITY MANAGER

DATE: SEPTEMBER 24, 2013

RE: RESOLUTION 2013-66 IDENTIFYING THE CITY OF UNALASKA'S FEDERAL FUNDING PRIORITIES FOR FISCAL YEAR 2015 AS UNALASKA BAY ENTRANCE CHANNEL DREDGING, OCS REVENUE SHARING, UNALASKA MARINE CENTER POSITIONS 3 AND 4 DEMOLITION AND RENOVATION PROJECT, FOURTH ENGINE FOR THE POWERHOUSE AND CAPTAINS BAY ROAD IMPROVEMENTS

SUMMARY: Please find attached a resolution supporting our federal legislative priorities for the coming year. This is a traditional means of communicating our top projects or initiatives to our congressional delegation in Washington, D.C. We are adding a few new requests this year and are repeating requests for a few projects that have been on the radar for a couple of years. The projects are:

Unalaska Bay Entrance Channel Dredging	Authorization
OCS Revenue Sharing	Initiative
Unalaska Marine Center Project	\$28 million
Fourth Engine for the Powerhouse	\$4.5 million
Captains Bay Road Improvements Project	\$24 million

PREVIOUS COUNCIL ACTION: This is a recurring council action in preparation for our representatives traveling to Washington, D.C. to lobby for our projects.

BACKGROUND: The situation in Washington, D.C. will impact our ability to be successful in obtaining funding. As most people are aware, the money situation in D.C. is limited this year due to sequestration.

DISCUSSION: The following are my recommendations for federal priorities for the coming year.

Unalaska Bay Entrance Channel Dredging: We need to obtain authorization for this project in the Water and Resource Development Act Bill. We also need Corps funding or start-up money to get a study going. NOAA has already given us the bathymetric soundings for the bar and that information has been provided to the Corps of Engineers. Once authorization has been received we will need to work on appropriations which could take many years. We are working with the Corps of Engineers because if the Corps dredges the entrance channel, the Corps will maintain the entrance channel to a guaranteed depth for many years to come. This project will be solely dependent on the results of the study. The Corps will take into account waves, current and other factors and make a feasibility determination with associated costs for dredging into the future. This is not a project to be taken lightly. The need for increased depth is well documented. Ships are getting bigger, not smaller, and we are trying to plan ahead because this could easily be a ten year project.

OCS Revenue Sharing: Currently we are not included in the version of the Senate bill being considered by congress for Outer Continental Shelf Revenue Sharing. In a nutshell, this bill is about sharing federal revenue

received from oil field activities with the state, which in turn could share with the local governments. We would like language about sharing with local governments in the bill so we would not have to fight for it every year. Unalaska will be impacted by Shell's activity probably more than Barrow or Wainwright. I think it is a very good idea to make sure local governments are included in the revenue sharing bill. How much money could result? Tell me how much oil will be produced a year and I can give you a number. However, potentially the impact of the oil companies' activities here in Unalaska could be great, so we should receive a portion of the revenues to compensate for those impacts. For example, our utilities could be too small to provide for the demand placed on them by oil companies. And if it happens, it will happen in a hurry.

Unalaska Marine Center (UMC) Positions 3 and 4 Demolition and Renovation Project: This proposed project provides 610 feet of new dock face with a minimum water depth of approximately 45 feet. The project will align roughly 390 feet of the new dock face with the current U.S. Coast Guard dock creating a total face length of about 730 feet for this section of the facility. The project will also provide approximately 220 feet of dock aligned with existing UMC positions 5-7 creating the added length needed for modern container ships that use the port. Additional optional work items could be added to the scope to extend the crane rails located on positions 5-7 through the expansion project, to provide concrete pavement in the back reach area, and to add 100-gauge rails. However, the additional cost for the crane rails is not included in the \$28 million dollar estimate as there are many questions that need to be answered first: length of the rails; where to install; who will use it; will the City buy and install a 100-gauge crane? After those and other questions are answered, then we can provide an estimate for the addition of crane rails. There is also the question of possible partners or tenants, and how do we finance a \$28 million dollar project? We are in the early stages of the planning process and we are further developing that process this coming week.

The replacement dock facility will include necessary appurtenances to meet the current and future needs of the port. Heavy-duty fenders, a concrete face beam, dock surface concrete paving, bull-rails, and heavy-duty bollards are planned along the entire face of the new structure. High-mast lights, utilities (fuel and water service lines), drainage structures, and dock anodes are also included. The proposed dock improvements have the added benefit of creating over 1.8 acres of new uplands area that can be utilized for container storage or other critical port activities.

Fourth Engine for the Powerhouse: The need for the fourth engine at the powerhouse is well documented as the demand for electrical power in Unalaska is increasing. In 2012, our peak load requirement was 7.0 megawatts (MW), which quickly grew to 8.6 MW. Our peak load in January 2013 was 9.0MW. We sold 2.6 million more kilowatt hours in FY12 compared to FY11 and 2.0 million more kilowatt hours in FY13 compared to FY12. Total kW hours produced in FY12 was 42,762,955 and 44,773,777 kWh were produced in FY13.

By January 1, 2014, the EPA will require all new diesel combustible engines to meet Tier 4 technology, which means any engine installed after this date will have to be equipped with Selective Catalyst Recovery (SCR) units. The capital cost solely for the SCR and accompanying equipment represents an additional \$2 million dollars for the project, and the annual operating cost will exceed an additional \$1 million. Tier 2 engines, which are not required to be equipped with SCRs, are being phased out by the manufacturers. Currently, the powerhouse 4th engine project has an available budget of \$3,375,000, which is made up of \$1 million from a legislative grant, \$2 million from the city's general fund, and \$375,000 transferred from the powerhouse 3rd engine project. An additional \$4.5 million is needed to complete the installation.

Captains Bay Road Improvements Project: This road serves as a primary transportation route for a great number of commercial enterprises along and at the end of Captains Bay. The section of road making up this project is a high traffic area for heavy vehicles that are used by the fishing and transshipment industries that are vital to the community's economic welfare. During public meetings on the Unalaska Road Plan in 2011, both drivers and industry representatives spoke of the hazards of the high road crown that is necessary for adequate drainage. In winter months, this crown creates dangerous driving conditions for the large trucks and school buses traveling the road. The road cannot be paved without first completing drainage improvements. There is strong support from the public for improvements to Captains Bay Road. This project includes providing utilities to the end of the road. Currently electric is provided to Westward (of limited capacity) and less than adequate water is provided to the Crowley Dock. It is expected that with oil field development there will be an increased demand on our utilities. This project will provide the necessary infrastructure to accommodate this economic activity.

ALTERNATIVES:

FINANCIAL IMPLICATIONS:

The dredging would be at no cost to the City.

OCS Revenue Sharing could have a big impact on our finances. As you know state and federal government grants never give you the full amount of the request. The revenue sharing piece would bring in funding and while the amount is uncertain, it would be a very good thing to be included in that bill. Why? Unalaska is 1,000 miles away from the Chukchi Sea where oil fields are located. Congress will have to look at setting a precedent, but we will be impacted since Unalaska's port is the only ice free port on the west coast of Alaska. Failure to obtain funding will impact the timelines of some of our planned projects.

We cannot adopt a "do nothing" approach with the fourth engine. The need for capacity exists today.

The UMC project should have been accomplished years ago and the City has attempted to get position 3 replaced for many years.

LEGAL: N/A.

PROPOSED MOTION: I move to approve Resolution 2013-66.

CITY MANAGER'S COMMENTS: Memo prepared by the City Manager.

**CITY OF UNALASKA
UNALASKA, ALASKA**

RESOLUTION 2013-64

A RESOLUTION OF THE UNALASKA CITY COUNCIL APPROVING A 50-YEAR TIDELAND LEASE AGREEMENT BETWEEN THE CITY OF UNALASKA AND BERING SHAI MARINE, LLC FOR UTS 103 TRACT C

WHEREAS, the City of Unalaska is the owner of Unalaska Tideland Survey (UTS) 103 Tract C, a portion of former Alaska Tideland Survey (ATS) 1452; and

WHEREAS, Bering Shai Marine, LLC desires a long-term lease UTS 103 Tract C; and

WHEREAS, Section 7.12.020 UCO requires City Council approval of any lease of City property having a term greater than 5 years; and

WHEREAS, the City Council has determined that a 50-year lease is of benefit to the city as it promotes long-term, substantial, durable, and desirable investment in Unalaska's tidelands and allows for an existing business to expand its practices in our community;

NOW THEREFORE BE IT RESOLVED THAT THE UNALASKA CITY COUNCIL approves the tideland lease between the City of Unalaska and Bering Shai Marine, LLC for UTS 103 Tract C with the lease rate amount as negotiated by the City Manager in accordance with the City Manager Regulations for Tideland Leasing.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE UNALASKA CITY COUNCIL THIS 24TH DAY OF SEPTEMBER 2013.

MAYOR

ATTEST:

CITY CLERK

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS
THRU: CHRIS HLADICK, CITY MANAGER
FROM: ERIN REINDERS, DIRECTOR OF PLANNING
DATE: SEPTEMBER 20, 2013
RE: RESOLUTION 2013-64

SUMMARY: A tidelands lease between City of Unalaska and Bering Shai Marine, LLC has been drafted and is being processed in accordance with City code and regulations. City Council approval is required for the lease because the term is greater than 5 years. Staff recommends approval of Resolution 2013-64.

PREVIOUS COUNCIL ACTION: The current City Manager Regulations for Tidelands were endorsed by the City Council on April 24, 2012.

BACKGROUND: Section 7.12.020 UCO requires the City Council to approve any lease of city property having a term of greater than 5 years, and allows for lease terms of greater than 30 years if the Council determines that a longer lease is of benefit to the city. The City Manager Regulations for Tidelands recommend 30-year leases in order to promote long term investment in Unalaska's tidelands, but also lists several considerations in determining the actual term of the lease.

DISCUSSION: Bill Shaishnikoff of Bering Shai Marine, LLC has submitted an application to lease UTS 103 Tract C, a 2.71 acre tideland in order to add fill, construct a ramp and allow for mooring space. The referenced tract is shown on the plat attached to the lease agreement. As indicated on this plat, future phases of Bering Shai Marine's development plans involve a marine terminal facility encompassing Tracts C and B of UTS 103 as well as the uplands. Additional tideland lease agreements will be drafted as the plan evolves. These are appropriate uses of these tidelands as it allows for the upland owner, Bill Shaishnikoff, to expand his business operations currently taking place on the uplands in a cost effective manner and is constant with zoning district requirements.

The application is being processed and the attached lease has been drafted in accordance with the Title 7 and Regulations for Tidelands Leasing, License, Exchange or Sale. The area involved with this lease agreement has been surveyed, platted and recorded with the State Recorder's Office. Army Corps of Engineer, and other required permits, is in the process of being obtained and City building permits have already been granted. The required proof of insurance and the lease bond have already been provided.

The City Manager Regulations for Tidelands suggest a maximum of a 30 year lease, but also identify the following consideration when determining the actual lease term: the desirability of the proposed use, the proposed investment in improvements, durability of improvements, public benefit and other relevant factors. To this end, Bill Shaishnikoff of Bering Shai Marine, LLC, both the upland owner and the applicant for the tideland lease, has requested the length of the lease be 75 years.

In a letter to the City Manager requesting the 75 year lease term, Bill Shaishnikoff describes the ultimate use for this area as a marine terminal facility with a focus on oil and freight industries, including temporary barge load out facility and heavy duty access ramp on Tract C to be followed in future years by additional fill for work space and an 1,175 foot long open cell sheet pile dock on Tract C and Tract B. The anticipated financial investment throughout these phases total approximately \$8.6 million. Such improvements in this location help to diversify our community's economy in a location where new industry will not interfere with the operations established fishing industry. These substantial, durable, and desirable improvements are anticipated to far outlast the typical 30 year tideland lease.

With these considerations and research of lease terms throughout the state, staff finds that a tideland lease term of 50 years would be in the best interest of the city, the applicant, and the public. At the end of the term, Bering Shai Marine, LLC would need to then reapply for a lease under the most current City Manager Regulations for Tidelands at that time.

An appraisal of the tideland has been prepared and the annual lease rate of \$4,721.92 has been set as it is 10% of the appraised value of the tideland. The 50-year term on this lease allows for an existing business to expand their current operations within our community, through desirable, substantial and durable improvements, which is of benefit to the city.

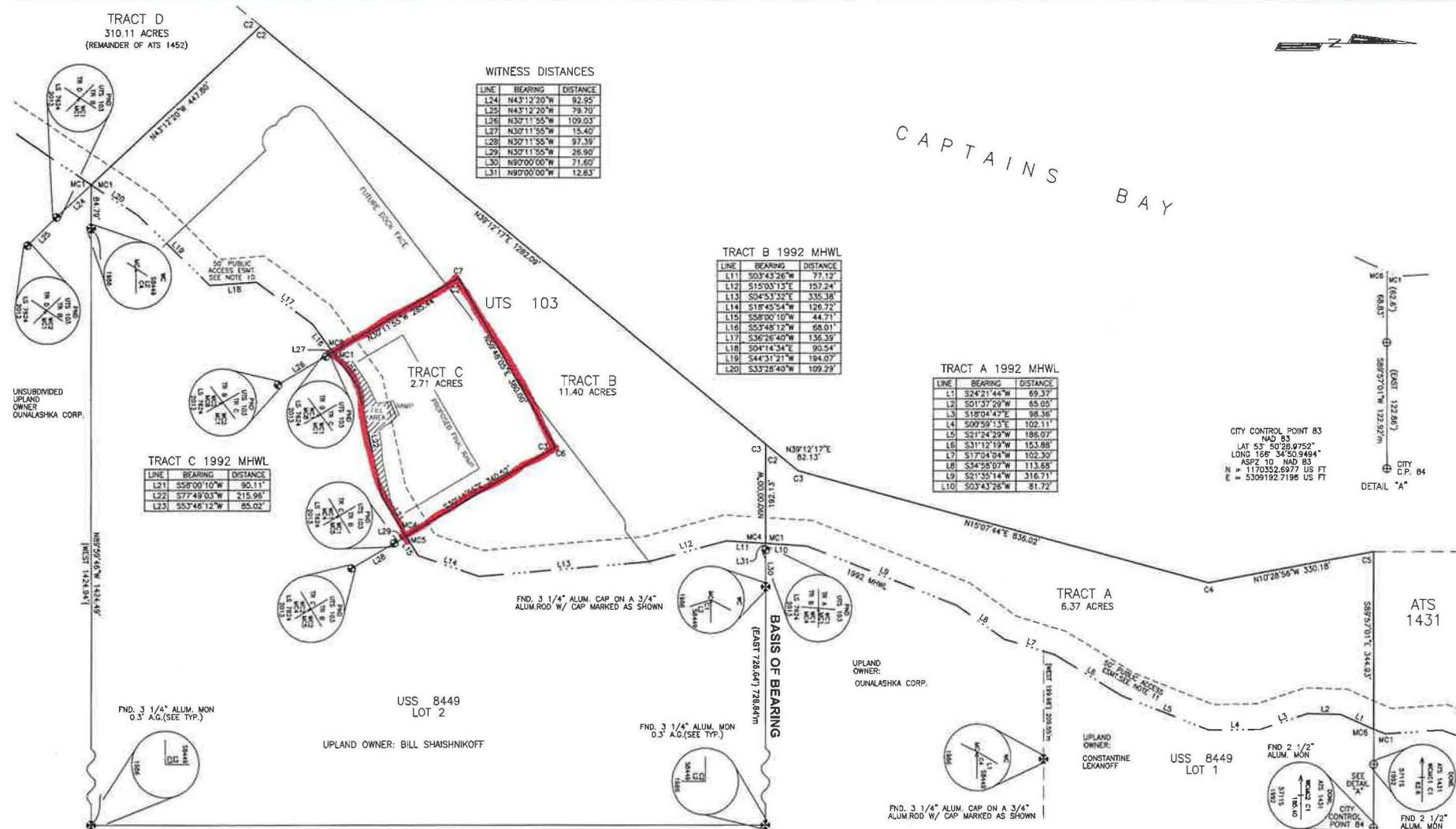
ALTERNATIVES: If the City Council finds that it is in the best interest of the City to reject Resolution 2013-64 as is, they may alternatively grant the lease agreement for 30 years (as is typical), grant the lease agreement for 75 years (as is requested by the applicant), or reject the application for lease altogether.

FINANCIAL IMPLICATIONS: The annual rent for this 2.71 acre parcel has been set for \$4,721.92 annual rent for 50 years, which totals \$236,096.00. This does not account for potential increased tax revenue that might result from the expansion, nor incremental rate increases. As described in the lease, the incremental rate increases will be based on appraisal of the lease property only, and will not include improvements that the lease holder has constructed themselves.

LEGAL: The form of the lease was reviewed by the City Attorney.

STAFF RECOMMENDATION: Staff recommends approval of Resolution 2013-64.

CITY MANAGER COMMENTS: I recommend moving forward the finalizing the tidelands lease agreement, with a 50-year term.



CERTIFICATE OF OWNERSHIP A
I (WE) HEREBY CERTIFY THAT I AM (WE ARE) THE REAL PROPERTY SHOWN AND DESCRIBED HEREIN. I HEREBY ADOPT THIS PLAN OF SUBDIVISION AND WAYS AND PUBLIC AREAS TO THE PUBLIC, AND SHOWN.

CHRIS HLADICK, CITY MANAGER
CITY OF UNALASKA
P.O. BOX 610
UNALASKA, AK 99685

NOTARY ACKNOWLEDGMENT FC
SUBSCRIBED AND SWORN TO BEFORE ME THIS 2013.

NOTARY PUBLIC

TAX CERTIFICATE

I HEREBY ACKNOWLEDGE THAT NO TAX PAYMENT HAS BEEN MADE ON THE PROPERTY SHOWN HEREON.

TAX OFFICIAL, CITY OF UNALASKA

CITY APPROVAL

I HEREBY CERTIFY THAT THE SUBDIVISION PLAT FOUND TO COMPLY WITH THE REGULATIONS OF PLAT HAS BEEN APPROVED BY THE CITY OF U.

CITY CLERK

CHAIR OF THE PLATTING BOARD

NOTARY ACKNOWLEDGMENT FC
SUBSCRIBED AND SWORN TO BEFORE ME THIS 2013.

NOTARY PUBLIC

NOTARY ACKNOWLEDGMENT FC
SUBSCRIBED AND SWORN TO BEFORE ME THIS 2013.

NOTARY PUBLIC



P N D ENGINEERS
Grid N/A Scale 1"=100' Date
Drawn MT File No. 2013-01 W/D
Checked by RB & MT

SURVEYORS CERTIFICATE

I HEREBY CERTIFY THAT I AM PROPERLY REGISTERED AND LICENSED TO PRACTICE LAND SURVEYING IN THE STATE OF ALASKA, THAT THIS DRAWING REPRESENTS A SURVEY MADE BY ME OR UNDER MY DIRECT SUPERVISION, THAT THE MONUMENTS SHOWN HEREON ACTUALLY EXIST AS DESCRIBED, AND THAT ALL DIMENSIONS AND OTHER DETAILS ARE CORRECT TO THE NORMAL STANDARDS OF PRACTICE OF LAND SURVEYORS IN THE STATE OF ALASKA.

DATE _____ REGISTRATION NO. LS 7524

REGISTERED LAND SURVEYOR

CITY OF UNALASKA
TIDELAND LEASE AGREEMENT
UTS No. 103 Tract C
FOR CITY OWNED TIDELANDS

This Lease Agreement is made and entered into this ____ day of _____, 2013, between the City of Unalaska, a first-class Alaska municipal corporation ("Lessor"), whose address is P.O. Box 610, Unalaska, Alaska 99685, and Bering Shai Marine, LLC ("Lessee"), whose address is PO Box 196, Unalaska, Alaska 99685.

NOW THEREFORE, the Lessor and the Lessee, in consideration of the mutual covenants and conditions stated in this Lease, agree as follows:

Leased Premises. The Lessor hereby leases to the Lessee, and the Lessee hereby leases from the Lessor, the following parcel of land (collectively "Parcel"), which are situated in the State of Alaska, identified as follows:

Tract C of the Unalaska Tideland Survey 103, according to the official survey and recorded thereof included as Exhibit A, Plat Number 2013-13, Aleutian Islands Recording District, Third Judicial District, State of Alaska, and signed by Registered Professional Land Surveyor in the State of Alaska, comprised of 2.71 Acres, more or less.

EXCEPTING AND RESERVING THEREFROM, to the Lessor and its assigns during the term of this Lease, the following specific interests, which shall be in addition to and not in derogation of any general reservations to the Lessor which may be stated elsewhere in this Lease:

- A. Easements, rights of way and reservations of record.
- B. All reservations contained in the City's Patent No. 375.
- C. The rights of the public to access tidelands under the Alaska Constitution.
- D. The rights of the public to access tidelands under the Public Trust Doctrine

1. Term. The term of this Lease shall be for a period of 50 years, commencing on the ____ day of _____, 2013 and ending on the ____ day of _____, 2043, unless sooner terminated as herein provided.

2. Rent. The Lessee shall pay to the Lessor the following rent ("Rent") for the Parcel: equal annual payments, in advance, on or before the 10th day of the first month of the period of said rental term at the rate of Four Thousand Seven Hundred Twenty-one dollars and Ninety-two cents (\$4,721.92) for the 2.71 Acre Parcel per annum, such annual rental payments to be subject to adjustment in accordance with Paragraph 3 of this Agreement.

The cost of the initial appraisal used to calculate this lease rate was \$4,321, originally paid for by the City and to be split equally between the City and the Lessee. The Lessee shall pay the Lessor the following reimbursement for the Initial Appraisal of the Parcel: on or before the 10th day of the first month of the period of said rental term at the rate of Two Thousand One Hundred Sixty dollars and Fifty cents (\$2,160.50).

3. Adjustments to Rent. Rent due under this Agreement shall be adjusted upward or downward as follows:

The annual rent will typically be 10% of the appraised value of the tideland, including all previously existing improvements, as determined by an appraiser or based on the Fair Market Rent as established by an appraiser. Commencing at the end of the fifth (5th) year of the term, and continuing at the end of every five (5) years thereafter the Parcel, including any previously existing improvements included in this Lease Agreement, but excluding improvements made by Lessee, shall be reappraised by the City of Unalaska and the annual rent shall be adjusted accordingly. In some instances, a letter of opinion from an appraiser may be all that is warranted and may be considered every five years with a reappraisal every 10 years. Rent shall at no point be less than \$2,250 per acre with a \$2,250 minimum annual rent. The cost of subsequent reappraisals will be split equally between the City and the Lessee.

4. Payment of Rent. Rent payments shall be made payable to the City of Unalaska and delivered to the City of Unalaska Finance Department, P.O. Box 610, Unalaska, Alaska 99685, or to any other address which Lessor may designate in writing.

5. Interest on Delinquent Payments. All unpaid rents and fees shall accrue interest at the rate of ten and one-half per cent (10.5%) per annum beginning thirty (30) days after payment is due.

6. Use of Parcel. The Lessee shall use and occupy the Parcel in compliance with all applicable laws, regulations, ordinances and orders which a public authority has promulgated or may promulgate, including those of a building or zoning authority and those relating to pollution and sanitation control and those relating to City of Unalaska sales taxation. The Lessee shall not permit any unlawful occupation, business, or trade to be conducted on the Parcel. The Lessee shall properly locate itself and its improvements on the Parcel, and shall not commit waste of the Parcel, whether ameliorated or otherwise. Notwithstanding such laws, regulations, ordinances and orders, the Lessee shall maintain the Parcel in a reasonably neat and clean condition, and take all prudent precautions to prevent or suppress pollution of the ground, surface water, air, or land, and to prevent erosion or destruction of the land.

7. Improvements. The Lessee may make permanent improvements to the Parcel permitted by applicable law. Improvements shall be made to the leased tideland within 2 years of the signing of the lease, or lease may be revoked. The Lessee must within 90 days of completion of any such improvements including, but not limited to, structural improvements, clearing, leveling, excavation, and backfill, file

with the Lessor adequate and reasonable documentation of such improvements, setting forth all applicable costs and quantities. Failure to provide such documentation may result in a loss of credit to the Lessee for such improvements when the original condition of the Parcel is determined for reappraisal purposes under Paragraph 3 hereof.

8. Encumbrance of Parcel. The Lessee, during the term of this Lease, shall not encumber or cloud the Lessor's reversionary interest in the Parcel, without the prior written consent of the Lessor, which shall not be unreasonably withheld; and any such act or omission, without the prior written consent of the Lessor, shall be voidable by the Lessor.

9. Notices of Non-responsibility and Completion. Prior to commencing any improvements on the Premises costing more than twenty thousand dollars (\$20,000.00), individually or in the aggregate, Lessee shall obtain from Lessor and duly post and record an appropriate notice of Lessor's non-responsibility for such Improvements, pursuant to the requirements of AS 34.35.065 or its successor. Lessee shall, upon the completion of any improvements to the Property, promptly give and record an appropriate notice of completion respecting all such Improvements, pursuant to the requirements of AS 34.35.071 or its successor.

10. Assignment of Lease and Sublease of Parcel. The Lessee may not assign this Lease or sublet the Parcel, without the prior written consent of the Lessor, which shall not be unreasonably withheld. No assignment of this Lease shall be approved until the assignee agrees to be subject to and governed by the provisions of this Lease in the same manner as the original Lessee to the extent that they may be applicable to the sublease except for the payment of Rent and other monetary obligations. No such assignment or sublease will be effective until approved by the Lessor in writing or shall annul the Lessee's obligation to pay the rent herein required for the full term of this Lease. Except as permitted by the Lessor, no subdivision of the Lessee's leasehold interest, including any exposed airspace thereon, shall occur.

11. Denial of Warranty Regarding Conditions. The Lessor neither makes any warranty, express or implied, nor assumes any liability whatsoever, regarding the natural, social, economic, or environmental conditions of the Parcel, including, without limitation, the soil, water and drainage conditions, natural or artificial hazards, and the profitability or fitness of the Parcel for any use.

Lessee represents and warrants that it has independently inspected the Parcel and made all tests, investigations and observations necessary to satisfy itself of the condition of the Parcel. Lessee shall and is relying solely on such independent inspection, tests, investigations and observations in making this Agreement. Lessee accepts and shall be responsible for any risk of harm to any person and property, including but not limited to, employees of Lessee, from any latent defects in the Property.

12. Agreement to Terms of Lease. The Lessor and the Lessee agree and recognize that each of the covenants and conditions in this Lease and any attachments thereto are merged and incorporated into this agreement and shall be binding upon themselves and upon their respective successors, successors in interest and assigns and shall inure to their benefit. The Lessor and the Lessee further agree and recognize that this Lease shall be conditioned upon satisfactory performance by the Lessor and the Lessee of all covenants and conditions contained herein.

13. Payment of Taxes and Assessments. The Lessee shall pay as additional rent all real property taxes and assessments lawfully levied upon the Parcel during the term of the Lease.

14. Utilities and Services. Lessee shall, at its expense, procure and timely pay for all services and utilities and hook-ups therefore which are necessary or appropriate for its operation or use of the Parcel.

15. Easements. Lessor reserves the right to make grants to third parties or reserve to the Lessor easements through, on or above the Parcel for the purpose of providing water, sewer or electric services to the Parcel or to adjacent properties, or for the purpose of providing reasonable public access to public waters, provided that no such easement or may be granted or reserved which unreasonably interferes with the Lessee's use of the Parcel.

16. Condemnation of Leasehold Improvements. If the whole or any part of the Parcel is taken by any authorized body or person vested with the power of eminent domain, by negotiation, court action, or otherwise, the following provisions control:

- (a) If all of the Parcel is taken by condemnation, this Lease and all rights and obligations of the Lessee will immediately terminate, and the rent will be adjusted so that it is due only until the date the Lessee is required to surrender possession of the Parcel. The Lessor is entitled to all the condemnation proceeds, except that the Lessee will be paid the portion of the proceeds attributable to relocation costs or to improvements located on the Parcel.
- (b) If the taking is of a substantial part of the Parcel, the following rules apply:
 - (1) If the taking reduces the ground area of the Parcel by at least 30 percent or materially affects the use being made by the Lessee of the Parcel, the Lessee has the right to elect to terminate or not to terminate this Lease by written notice to the Lessor not later than 180 days after the date of taking.
 - (2) If the Lessee elects to terminate this Lease, the provisions in (a) of this subsection govern the condemned portion of the Parcel and the terms of the Lease govern disposal of the remainder if any
 - (3) If the Lessee elects not to terminate, the Lease continues and the Lessor is entitled to the full condemnation proceeds, except the Lessee will be paid the portion attributable to relocation costs or to improvements located on Parcel. Except as it may be adjusted from time to time under the terms of this Lease, rent for the balance of the term will be equitably adjusted by the Lessor to reflect the taking.
- (c) If the taking by condemnation reduces the ground area of the Parcel by less than 30 percent and the Lessee's use of the Parcel is not materially affected, the provisions of (b)(3) of this subsection will govern.

17. Access. The Lessor makes no representations or warranty that it will construct or maintain access to the Parcel.

18. Valid Existing Rights. This Lease is entered into and made subject to all valid existing rights, including easements, rights-of-way, reservations, or other interests in land of record on the date of execution of this Lease.

19. Inspection. The Lessor shall have reasonable access to the Parcel for purposes of inspection regarding the faithful performance by the Lessee of the covenants and conditions of this Lease and for the performance of other lawful requirements.

20. Mineral Reservations. The Lessor hereby expressly saves, excepts, and reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, all oils, gases, coal, ores, minerals (other than sand, gravel and rock), fissionable materials, geothermal resources, and fossils of every name, kind or description, and which may be in or upon said lands above described, or any part thereof, and the right to explore the same for such oils, gases, coal, ores, minerals (other than sand, gravel and rock), fissionable materials, geothermal resources, and fossils. The Lessor also hereby expressly saves and reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, the right to enter by itself, its or their agents, attorneys, and servants upon said lands, or any part or parts thereof, at any and all times, for the purpose of opening, developing, drilling and working mines or wells on these or other lands and taking out and removing therefrom all such oils, gases, coal, ores, minerals (other than sand, gravel and rock), fissionable materials, geothermal resources, and fossils, and to that end it further expressly reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, the right by its or their agents, servants and attorneys at any and all times to erect, construct, maintain, and use all such buildings, machinery, roads, pipelines, power lines, and railroads, sink such shafts, drill such wells, remove such soil, and to remain on said lands or any part thereof for the foregoing purposes and to occupy as much of said lands as may be necessary or convenient for such purposes, hereby expressly reserving to itself, its lessees, successors, and assigns, as aforesaid, generally all rights and power in, to and over said land, whether herein expressed or not, reasonably necessary or convenient to render beneficial and efficient the complete enjoyment of the property and rights hereby expressly reserved.

Provided, however, that no rights reserved hereunder shall be exercised by the Lessor or its subsurface lessees, until provision has been made by the Lessor or its subsurface lessees to pay to the Lessee of the land upon which the rights are herein reserved, full payment for all damages and losses sustained by said Lessee by reason of entering upon said land; and provided further that, if the Lessee for any cause whatever refuses or neglects to accept such damage or loss payment, the Lessor or its subsurface lessees, or any applicant for a subsurface lease, contract or option from the Lessor or its subsurface lessee for the purpose of exploring for or extracting valuable minerals (other than sand, gravel and rock), coal, petroleum, natural gas, or geothermal resources shall have the right, after posting an adequate surety bond for the Lessee, as the obligee, issued by a corporation qualified to do business in Alaska and licensed to sell insurance in Alaska, or after posting for the Lessee, as the obligee, an adequate bond executed by one or more individual sureties approved by the Lessee and after due notice and an opportunity to be heard, to exercise rights granted to it for reasonable use of the surface required for the full enjoyment of the reserved subsurface rights which it holds. Each surety bond shall be sufficient in amount and security to secure the affected rights of the Lessee, and the Lessee and the Lessor or its subsurface lessee shall have the standing which may be necessary to seek a determination of the damages and losses which the Lessee may suffer, and the security appropriate to hold the Lessee harmless in relation thereto.

21. Appropriation or Disturbance of Waters. During the term of this Lease, the Lessee shall have the right to apply for an appropriation of ground or surface water on the Parcel in accordance with the Alaska Water Use Act. All water applied for and appropriated during the term of this Lease shall remain appurtenant to the Parcel during said term, and such water and water rights shall not be severed or transferred from the Parcel or any part thereof during said term without the prior consent of the Lessor. The Lessee's rights under any permit or certificate of appropriation shall revert to the Lessor upon termination of the Lease or forfeiture of the Lease for cause.

22. Acquisition of Rights or Interests. Any right or interest acquired during the term of this Lease and accruing to the benefit of the Parcel shall remain appurtenant to the Parcel during that term, and shall not be severed or transferred from the Parcel without the prior consent of the Lessor. In the event of termination or forfeiture of this Lease, any such right or interest shall revert to the Lessor along with the Parcel.

23. Land Alterations Due to Natural or Artificial Causes. The Parcel described herein shall constitute the entire Parcel of property to be leased by the Lessor to the Lessee pursuant to this agreement. If, through natural or artificial causes, accretion or reliction of land occurs on property contiguous to the Parcel that is owned by the Lessor, the Lessee shall have no right to occupy or use such contiguous property unless a separate lease is entered with the Lessor with respect to such property. The parties agree and stipulate that the rules of law usually applicable to accretion or reliction of land shall not apply to this Lease, nor to the Parcel leased hereunder, in order that the parties may give effect to the provision agreed upon herein.

24. Environmental Indemnification. If any hazardous substances are released or discharged on or from the Parcel to, on or about the Parcel or other properties, including, but not limited to, the surface or subsurface waters adjacent to the Parcel during the term of this Agreement, Lessee shall indemnify, defend, and hold Lessor harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses, including, but not limited to, costs incurred in connection with any investigation of site conditions or any cleanup, remediation, removal, or restorative work required by any federal or state agency due to the presence of hazardous substances in the soil or groundwater on or under the Parcel or other affected properties, whether such losses arise during or after the term of this Agreement, but only to the extent that such release or discharge is not caused by the fault of Lessor or its agents, representatives, contractors or employees.

25. Lease Subject to Public Trust. This Agreement is subject to the principles of the Public Trust Doctrine.

26. Hazardous Substances. Lessor represents and warrants to Lessee that, to the best of its information, knowledge and belief, no hazardous substances have been released, discharged or spilled on the Parcel; however, Lessor does not represent, warrant or guarantee that this is necessarily the case. Otherwise, Lessor has made no express or implied representations or warranties to Lessee with respect to the release, discharge or spillage of any hazardous substances in, on or about the Parcel. Lessee hereby releases and discharges Lessor, its affiliates and all of their respective past, present and future officials, employees, agents, attorneys, insurers and representatives, with prejudice, from any and all claims, obligations or liabilities which have arisen, resulted from or are based upon, or may in the future arise out of, result from or be based upon, in whole or in part, the past release, discharge or spill of any hazardous

substances or other environmental pollution in, on or about the Parcel, regardless of whether such claim, obligation or liability, or the type or extent thereof, is now known or foreseeable; provided, however, that such release and discharge shall be inapplicable to claims, obligations and liabilities that are based upon a material breach of the representations and warranties made by Lessor in this Agreement.

27. Definition of Hazardous Substance. Hazardous substance, as such term is used in this Agreement, includes: (a) (1) crude oil, (2) petroleum, (3) diesel fuel, (4) marine fuel, (5) heating oil, (6) gasoline, (7) motor oil, (8) kerosene, (9) aviation fuel, (10) other petroleum products, additions and derivatives, (11) urea formaldehyde foam insulation, (12) asbestos, and (13) polychlorinated biphenyls; and (b) any other (1) pollutant, (2) contaminant or (3) toxic, flammable, explosive, radioactive, noxious, hazardous, extremely hazardous, dangerous or potentially dangerous waste, material or substance, the response to which or the remediation or removal of which is required, or the manufacture, preparation, production, use, maintenance, treatment, storage, transfer, disposal, handling, processing or ownership of which is restricted, prohibited, regulated or penalized by any federal or state law or regulation as now or hereafter in effect.

28. Spill Prevention. Any fuel or oil stored on the Parcel shall be stored so as to prevent the discharge thereof from entering any ground or surface waters. Lessee shall promptly clean or mop up any fuel or oil spilled on or about the Parcel. If Lessee's use of the Parcel results in hazardous substances being on or about the Parcel, Lessee shall:

- (a) Have materials and equipment available on the Parcel at all times sufficient to contain and clean up any hazardous substance that may reasonably be expected to be spilled on or about the Parcel. A list of said material and equipment shall be provided to Lessor for approval at the request of Lessor which approval shall not be unreasonably withheld. Lessee shall comply with all reasonable requests of Lessor regarding the amount and type of equipment and material to be kept available on the Property to contain and clean up any hazardous substance that may reasonably be expected to be spilled on or about the Property.
- (b) Prior to commencing operations from any improvement on the Parcel for which a DEC-approved Spill Contingency Plan is required, Lessee shall provide evidence of the existence of such an approved plan in a form acceptable to Lessor.
- (c) Lessor's inspection rights identified in paragraph 24 specifically include the right to inspect the materials indicated as present and stored for purposes of responding to spills of hazardous substances on the Parcel.

29. Erosion Prevention. Lessee shall prevent unwarranted erosion of the Parcel that is caused by Lessee's use or occupancy of the Parcel. Any such erosion shall be repaired in a manner satisfactory to Lessor at Lessee's sole expense.

30. Waiver or Forbearance. The receipt of rent by the Lessor, with or without knowledge of any breach of the Lease by the Lessee, or of any default on the part of the Lessee in the observance or performance of any of the terms, conditions or covenants of this Lease, shall not be deemed to be a waiver of any provision of this Lease. No failure on the part of the Lessor to enforce a condition or

covenant of this Lease, nor the waiver of any right hereunder by the Lessor, unless in writing, shall discharge or invalidate the application of such term or covenant; nor shall any forbearance or written waiver affect the right of the Lessor to enforce any term or covenant in the event of any subsequent breach or default. The receipt by the Lessor of rent or any other sum of money, or the termination in any manner of the Lease, or the giving by the Lessor of any notice hereunder to effect such termination, shall not reinstate, continue, or extend this Lease, nor destroy or in any manner or impair the validity of any such notice of termination which may have been given hereunder by the Lessor to the Lessee prior to the receipt of any such sum of money or other consideration, unless the contrary effect shall be expressed in writing and signed by the Lessor.

31. Bankruptcy. In the event Lessee becomes insolvent, makes an assignment for the benefit of creditors, becomes the subject of a bankruptcy proceeding, reorganization, arrangement, insolvency, receivership, liquidation, or dissolution proceedings, or in the event of any judicial sale of Lessee's interest under this Lease, Lessor shall have the right to declare this lease in default.

32. Breach and Remedies.

- (a) Time is of the essence of this Lease. If the Lessee shall materially breach any of the terms, covenants, conditions or stipulations contained in this Lease or attached hereto which are applicable to it, and said breach shall not be completely cured within 60 days after written notice of such breach has been served by the Lessor upon the Lessee and each holder of a security interest in the Lessee's interest under this Lease that has notified the Lessor of such security interest, the Lessee shall be subject to such legal rights and remedies as the Lessor shall have available to it under applicable law, including, but not limited to, the termination of this Lease; provided, however, that no improvements now upon the Parcel, or which may be placed thereon during the term of this Lease, may be removed therefrom during any time in which the Lessee may be in material breach of this Lease. In the event that this Lease is terminated by the Lessor for a material breach by the Lessee of this Lease, all rents paid by the Lessee shall be forfeited to and retained by the Lessor, not as a penalty, but as liquidated damages for such breach. The Lessor shall not be liable for any expenditures made by the Lessee or undertaken by the Lessee under this Lease prior to such termination.
- (b) If the Lessee fails to completely cure a material breach of this Lease by it within the time allowed in (a) of this paragraph, any holder of a security interest in the Lessee's interest under this Lease who has notified the Lessor of such security interest may cure or remedy such breach if the breach can be cured by the payment of money or, if this cannot be done, by performing, or undertaking in writing to perform, the Lessee's obligations which are the subject of such breach that are capable of performance by the holder. The holder shall act within 60 days from the date of receipt of notice under (a) of this paragraph, or within any additional period which the Lessor may allow for good cause.
- (c) In the event that this Lease is terminated, or in the event that the Parcel is abandoned by the Lessee during the term of this Lease, the Lessor may immediately, or at any time thereafter, enter or reenter and take possession of such Parcel and without liability for any damage therefore, remove all persons and personal properties therefrom, either by

summary proceedings or by suitable action at law; provided, however, that the words “enter” and “re-enter” as used herein are not restricted to their technical legal meaning. Any entry or re-entry, possession, repossession, or dispossession by the Lessor, whether taken by summary proceedings or otherwise, shall not be deemed to absolve, relieve, release or discharge the Lessee, either in whole or part, for any monetary liability under the Lease.

33. Disposition of Improvements and Personality After Termination:

- (a) Improvements, fixtures, machinery and equipment owned by lessee shall be removed by lessee from the Property within sixty (60) days after the expiration or termination of this Lease; provided that such removal will not cause injury or damage to the Property, or if it does, Lessee shall indemnify Lessor for the full amount of such damage; and further provided that any improvements, fixtures, machinery or equipment left on the Property by Lessee shall be in good, safe and tenantable or operable condition; and further provided that Lessee shall not commit, create, leave or allow to exist on the Property any nuisance or public nuisance. The Lessor may extend the time for such removal in case hardship is shown to Lessor’s satisfaction, provided application for extension has been made in writing and received by Lessor within said sixty (60) day period.
- (b) Any buildings, improvements, fixtures, machinery, equipment or other items of real or personal property, which are not removed from the Property within the time allowed in paragraph 33 (a) of this Lease, shall immediately become the property of Lessor and title thereto shall vest in Lessor without further action on the part of Lessee or Lessor. Lessor may use, sell, destroy, or otherwise dispose of any such property in any matter that it sees fit, without further obligation to Lessee.

34. Indemnification. To the fullest extent allowed by law, Lessee shall defend, indemnify and hold harmless Lessor from and against all claims and demands for loss or damage, including property damage, personal injury, wrongful death, and wage or employment claims arising out of or in connection with the use or occupancy of the Parcel by Lessee or by any other person holding under Lessee from any accident or fire on the Parcel and from any nuisances made or suffered thereon; and from any failure by Lessee to keep the Property in a safe and lawful condition except to the extent that such claims or demands are caused by the fault of Lessor or its agents, representatives, employees or contractors.

35. Surrender of Leasehold. Upon the expiration or sooner termination of this Lease, the Lessee shall quietly and peaceably leave, surrender and yield up unto the Lessor all of the Parcel. In the event that Lessee remains in possession of the Parcel after the expiration of this Agreement with Lessor’s permission, Lessee shall be deemed to be occupying the Property as a month-to-month tenant, subject to all of the terms and conditions of this Agreement and the law, to the extent that they may be applicable to a month-to-month tenant.

36. Required Insurance. The following insurance coverage is required to be furnished by the Lessee and is subject to annual review and adjustment by the Lessor, who may require reasonable increases in such coverage based on increased risks. Proof of the following coverage must be shown prior to execution of this Lease. A current certificate of insurance shall be submitted to the City each year.

The insurance policies must be written by a company or companies that are on the Alaska Division of

Insurance's "admitted list" or "surplus lines insurance list". The broker/agent must be licensed to do business in the State and, if surplus lines insurance is provided, the broker must have a surplus broker license.

- (a) Comprehensive (Commercial) General Liability Insurance. Such insurance must have coverage limits of not less than \$1,000,000 combined single limits per occurrence and not less than two million dollars (\$2,000,000) aggregate limits and shall include premises operations, independent contractors, products/completed operations, broad form property damage, blanket contractual and personal injury endorsements.

The policies evidencing such coverage shall contain, or be endorsed to:

- (1) The Lessor, its officers, its agents and its employees are to be covered as additional insureds with respect to liability arising out of use of the Parcel or operations of the Lessee with respect to the Parcel.
- (2) The Lessee's insurance coverage shall be primary insurance with respect to the Lessor, its officers, agents, and employees. Any insurance or self insurance maintained by the Lessor shall be excess of the Lessee's insurance and shall not contribute to it.
- (3) Coverage shall state that the Lessee's insurance shall apply separately to each insured against whom claim is made or suit brought except with the respect to the limits of insurer's liability.
- (4) That, as respects the interests of Lessor, such insurance shall (A) not be invalidated by any action or neglect of any person other than Lessor and (B) insure Lessor regardless of any misrepresentation, breach or non-observance of any warranty, declaration or condition contained in any applications by Lessee for, or policy evidencing, such insurance; and
- (5) That no such insurance shall be canceled or materially changed as respects the interests of Lessor on less than thirty days prior written notice to Lessor;

- (b) Workers' Compensation and the Employer's Liability Coverage. The Lessee shall be covered with workers compensation insurance and employer's liability insurance in the required statutory amounts.

37. Notices. All notices required or permitted under this Lease shall be personally delivered or sent by certified mail, postage prepaid, to the parties at the following addresses:

To Lessor: City of Unalaska
P.O. Box 610
Unalaska, Alaska 99685

To Lessee: Bering Shai Marine, LLC
PO Box 196
Unalaska, Alaska 99685

Any notice or demand which must be given or made by the Lessor or the Lessee shall be in writing and shall be complete if personally delivered or sent by United States certified mail to the address shown in the Lease Agreement, or to such other address as each of the parties may designate in writing from time to time. A copy of any such notice shall be forwarded to the Lessor, and to the holder of any security interest in the Lessee's interest in the Lease has properly given notice of its security interest in the Lease to the Lessor.

38. Integration and Modification. This Lease, including all attachments and documents which by reference are incorporated herein or made a part hereof, contains the entire agreement between the parties hereto.

39. Amendments. This Lease may not be modified or amended except by a document signed by both parties hereto, and any purported amendment or modification shall be without legal effect until reduced to writing and signed by both parties hereto.

40. Severability of Clauses of Lease Agreement. If any clause, or provision, herein contained, shall be adjudged to be invalid or unenforceable, it shall not affect the validity or enforceability of any other clause or provision of this Lease or give any cause of action in favor of either party as against the other.

41. Applicable Law. This Lease shall be governed by the laws of the State of Alaska. The venue for any dispute between the parties shall lie exclusively with the courts for the Third Judicial District for the State of Alaska at Anchorage, or, alternatively, with the United States District Court for the District of Alaska at Anchorage, unless a nonwaivable federal or Alaska law should require to the contrary.

IN WITNESS WHEREOF the Lessor and the Lessee have caused these presents to be executed in duplicate, and have hereunto set their respective hands, agreeing to keep, observe and perform the terms, conditions and provisions herein contained or attached, which on the Lessor's or the Lessee's respective parts are to be kept, observed and performed.

Bering Shai Marine, LLC

THIS IS TO CERTIFY that on this _____ day of _____, 20____ before me appeared _____ to me known and known to me to be the person named in and who executed the Lease Agreement and acknowledged voluntarily signing the same.

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

NOTARY PUBLIC in and for _____

My Commission Expires:_____

City Manager,
City of Unalaska

THIS IS TO CERTIFY that on this ____ day of _____, 20____,before me appeared _____to me known and known to me to be the person named in and who executed the Lease Agreement and acknowledged voluntarily signing the same.

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

NOTARY PUBLIC in and for _____

My Commission Expires:_____

CITY OF UNALASKA
UNALASKA, ALASKA
RESOLUTION 2013-67

A RESOLUTION OF THE UNALASKA CITY COUNCIL REQUESTING THE GOVERNOR INCLUDE A \$100 MILLION DEPOSIT IN THE FY2015 CAPITAL BUDGET AND DIRECTED TO THE VESSEL REPLACEMENT FUND FOR THE PURPOSE OF CONSTRUCTING A NEW OCEAN-GOING VESSEL TO REPLACE THE *M/V TUSTUMENA* FOR SERVICE TO SOUTHWEST ALASKA.

WHEREAS, the Alaska Marine Highway System (AMHS) provides a vital transportation link for goods and services to the 11 serviced communities of Southwest Alaska, stretching from Kodiak Island to Unalaska with stops along the Aleutian Chain, affecting the economic viability of communities; and

WHEREAS, the *M/V Tustumena* vessel is scheduled to provide year-round service to the Kodiak area and the Aleutian Chain 10 times per year; and

WHEREAS, the *M/V Tustumena* was built in 1964 and is approaching its 50th year of service; and

WHEREAS, the rough and exposed waters of the Aleutians can accelerate the deterioration of any vessel servicing the region, and recent vessel aging problems and repair delays are well documented and have created significant, recurring service disruptions and outages in the region; and

WHEREAS, the *M/V Tustumena* has experienced serious maintenance issues and has been out of commission since October 2012, missing an entire summer of service to Southwest Alaska; and

WHEREAS, the Marine Transportation Advisory Board has recommended the *M/V Tustumena* as the top capital funding priority for the State's Vessel Replacement Fund and the Legislature appropriated \$10 million from this fund in 2013 for the design of a new ocean-going vessel to replace the *M/V Tustumena*; and

WHEREAS, there is \$40 million remaining in the State's Vessel Replacement Fund, but the Alaska Legislature has not authorized spending from that fund toward another vessel and the Alaska Department of Transportation and Public Facilities has begun the *Tustumena* design process and estimates that it will take 18 months to complete; and

WHEREAS, the Department of Transportation contractor, Glosten Associates, estimates construction of the new vessel could cost between \$175 to \$210 million; and

WHEREAS, since it will take another two to three years to construct the new vessel and ready it for service, it is imperative to develop and implement a strategy to ensure construction funding is in place by 2015 to allow for an immediate start of vessel construction;

NOW THEREFORE BE IT RESOLVED that the Unalaska City Council supports maintaining priority for the *M/V Tustumena* at the top of Alaska's vessel replacement schedule, such that this is a critical piece of transportation infrastructure for the State of Alaska, especially Southwest Alaska; and

BE IT FURTHER RESOLVED that the Unalaska City Council urges the Governor and Legislature to capitalize the Vessel Replacement Fund sufficiently to build a new vessel to serve Southwest Alaska and hereby requests that Governor Parnell include in his FY2015 capital budget a deposit of \$100 million into the Vessel Replacement Fund for the purpose of constructing a new ocean-going vessel to replace the *M/V Tustumena*; and

BE IT FURTHER RESOLVED that the Unalaska City Council requests Governor Parnell plan to include in his FY2016 capital budget another deposit into the Vessel Replacement Fund to provide the remaining amount of funding necessary to construct a new ocean going-vessel to replace the *M/V Tustumena*.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE UNALASKA CITY COUNCIL THIS 24th DAY OF SEPTEMBER 2013.

MAYOR

ATTEST:

CITY CLERK

CITY OF UNALASKA
UNALASKA, ALASKA

RESOLUTION 2013-59

A RESOLUTION OF THE UNALASKA CITY COUNCIL AUTHORIZING THE CITY ATTORNEY TO TAKE ALL NECESSARY ACTIONS TO RECOVER UNPAID DEBTS OWED BY BC VEHICLE RENTAL, INC. TO THE CITY OF UNALASKA

WHEREAS, BC Vehicle Rental, Inc. ("BC Vehicles") is in the business of renting vehicles within the City of Unalaska; and

WHEREAS, BC Vehicles sells many of its used rental vehicles each year, which sales are subject to City of Unalaska sales tax in the amount of 3% of the sale price of each vehicle; and

WHEREAS, BC Vehicles has failed to remit sales taxes to the City for these sales since at least 2010; and

WHEREAS, the City has previously advised BC Vehicles and its owner, Son ("Sonny") Nguyen, that sales tax must be paid for all car sales made in the regular course of business and demanded payment of all past due taxes; and

WHEREAS, BC Vehicles has failed to remit any past due taxes as required and continues to avoid paying taxes on such sales; and

WHEREAS, at the direction of the City Council, the City Attorney is empowered to pursue collection of these debts and to compel BC Vehicle Rentals to comply with the law in the future;

NOW, THEREFORE, BE IT HEREBY RESOLVED that the City Attorney is authorized and instructed to take all steps necessary to recover all unpaid amounts owed by BC Vehicle Rentals, Inc. to the City of Unalaska, including but not limited to filing a lien and/or a lawsuit to foreclose upon tax liens and to recover all taxes, fees, penalty and interest and to secure any other relief to which the City may be entitled.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE UNALASKA CITY COUNCIL THIS 24TH DAY OF SEPTEMBER 2013.

MAYOR

ATTEST:

CITY CLERK