

**CITY OF UNALASKA
UNALASKA, ALASKA
REGULAR MEETING
TUESDAY, JANUARY 14, 2014, 6:00 P.M.
UNALASKA CITY HALL COUNCIL CHAMBERS
AGENDA**

PLEASE NOTICE TIME CHANGE

CALL TO ORDER
ROLL CALL
PLEDGE OF ALLEGIANCE:
RECOGNITION OF VISITORS
ADDITIONS TO AGENDA
MINUTES: DECEMBER 17, 2013
FINANCIAL REPORT:
BOARD/COMMISSION REPORTS:
AWARDS/PRESENTATIONS
MANAGER'S REPORT
COMMUNITY INPUT/ANNOUNCEMENTS
PUBLIC INPUT ON AGENDA ITEMS

PUBLIC HEARING

1. **RESOLUTION 2014-01:** ESTABLISHING TAXICAB RATES FOR THE CALENDAR YEAR 2014 AS REQUIRED BY UNALASKA CITY CODE

WORK SESSION

1. **DISCUSSION:** REVENUE PROJECTIONS
2. **DISCUSSION:** RESOLUTION 2014-04 APPROVING TWO TIDELAND LEASE AGREEMENTS FOR A TERM OF 10-YEARS WITH TWO 10-YEAR OPTIONS TO RENEW BETWEEN THE CITY OF UNALASKA AND RESOLVE-MAGONE MARINE SERVICES (ALASKA) INC. FOR UTS 101 TRACT B-1 AND UTS TRACT B-2
3. **DISCUSSION:** RESOLUTION 2014-09 APPROVING A NON-EXCLUSIVE RIGHT OF WAY AND EASEMENT AGREEMENT BETWEEN THE CITY OF UNALASKA AND OUNALASHKA CORPORATION FOR OUTFALL AND INTAKE LINES IN ATS 1246 AND HENRY SWANSON DRIVE FOR THE TERM OF 30 YEARS
4. **DISCUSSION:** RESOLUTION 2014-05 EXPRESSING STRONG SUPPORT FOR GOVERNOR PARNELL'S PROPOSAL TO APPROPRIATE \$3 BILLION FROM THE CONSTITUTIONAL BUDGET RESERVE INTO THE ALASKA RETIREMENT TRUST FUNDS IN 2015
5. **PRESENTATION:** CAPITAL PROJECTS UPDATE
6. **DISCUSSION:** RESOLUTION 2014-03 AUTHORIZING THE CITY MANAGER TO AMEND THE BALLYHOO ROAD AND 2013 MISCELLANEOUS PAVING PROJECTS AGREEMENT WITH KNIK CONSTRUCTION COMPANY, INC., TO INCLUDE THE REPAVING OF AIRPORT BEACH ROAD AND EAST BROADWAY IN THE AMOUNT OF \$3,268,260
7. **DISCUSSION:** RESOLUTION 2014-06 AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH PND ENGINEERS, INC. FOR AN AMOUNT NOT TO EXCEED \$420,858 FOR PRELIMINARY DESIGN, PERMITTING, AND GEOTECHNICAL INVESTIGATION
8. **DISCUSSION:** RESOLUTION 2013-84 ADOPTING A REVISED EMPLOYEE TUITION REIMBURSEMENT POLICY

RECONVENE TO REGULAR SESSION

CONSENT AGENDA

1. **RESOLUTION 2014-01:** ESTABLISHING TAXICAB RATES FOR THE CALENDAR YEAR 2014 AS REQUIRED BY UNALASKA CITY CODE
2. **RESOLUTION 2014-02:** AUTHORIZING THE FORMATION OF THE FY15 COMMUNITY SUPPORT COMMITTEE
3. **RESOLUTION 2014-07:** CONFIRMING THE MAYOR'S APPOINTMENT OF LYNETTE YPON PHAM AS STUDENT REPRESENTATIVE TO THE PARKS, CULTURE, AND RECREATION ADVISORY COMMITTEE
4. **RESOLUTION 2014-08:** APPROVING THE FY2013 AUDITED FINANCIAL STATEMENTS

UNFINISHED BUSINESS

NEW BUSINESS

1. **RESOLUTION 2014-03:** AUTHORIZING THE CITY MANAGER TO AMEND THE BALLYHOO ROAD AND 2013 MISCELLANEOUS PAVING PROJECTS AGREEMENT WITH KNIK CONSTRUCTION COMPANY, INC., TO INCLUDE THE REPAVING OF AIRPORT BEACH ROAD AND EAST BROADWAY IN THE AMOUNT OF \$3,268,260

2. **RESOLUTION 2014-04:** A RESOLUTION OF THE UNALASKA CITY COUNCIL APPROVING TWO TIDELAND LEASE AGREEMENTS FOR A TERM OF 10-YEARS WITH TWO 10-YEAR OPTIONS TO RENEW BETWEEN THE CITY OF UNALASKA AND RESOLVE-MAGONE MARINE SERVICES (ALASKA) INC. FOR UTS 101 TRACT B-1 AND UTS TRACT B-2
3. **RESOLUTION 2014-09:** APPROVING A NON-EXCLUSIVE RIGHT OF WAY AND EASEMENT AGREEMENT BETWEEN THE CITY OF UNALASKA AND OUNALASHKA CORPORATION FOR OUTFALL AND INTAKE LINES IN ATS 1246 AND HENRY SWANSON DRIVE FOR THE TERM OF 30 YEARS
4. **RESOLUTION 2014-05:** EXPRESSING STRONG SUPPORT FOR GOVERNOR PARNELL'S PROPOSAL TO APPROPRIATE \$3 BILLION FROM THE CONSTITUTIONAL BUDGET RESERVE INTO THE ALASKA RETIREMENT TRUST FUNDS IN 2015
5. **RESOLUTION 2013-84:** ADOPTING A REVISED EMPLOYEE TUITION REIMBURSEMENT POLICY
6. **RESOLUTION 2014-06:** AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH PND ENGINEERS, INC. FOR AN AMOUNT NOT TO EXCEED \$420,858 FOR PRELIMINARY DESIGN, PERMITTING, AND GEOTECHNICAL INVESTIGATION
7. **ORDINANCE 2014-01 – FIRST READING:** CREATING BUDGET AMENDMENT 5 TO THE FY14 OPERATING BUDGET TO INCREASE AMBULANCE REVENUE AND INCREASE OTHER PROFESSIONAL SERVICES FOR THIRD PARTY MEDICAL BILLING SERVICES.
8. **COUNCIL AND MAYOR TRAVEL:**
ARCTIC ENCOUNTER SYMPOSIUM (SEATTLE) – FEBRUARY 7 – 8, 2014
SWAMC (ANCHORAGE) – MARCH 5 – 7, 2014

COUNCIL DIRECTIVES TO MANAGER

COMMUNITY INPUT
ANNOUNCEMENTS
ADJOURNMENT

PLEASE NOTICE TIME CHANGE

CITY OF UNALASKA
UNALASKA, ALASKA
REGULAR MEETING
December 17, 2013

The regular meeting of the Unalaska City Council was called to order at 7:00 p.m., December 17, 2013, in the Unalaska City Hall Council Chambers. Roll was taken:

<u>PRESENT</u>	Mayor	Shirley Marquardt Alejandro Tungul Dennis Robinson Tom Enlow David Gregory Roger Rowland
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<u>ABSENT</u>		Zoya Johnson (excused)
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PLEDGE OF ALLEGIANCE: Mayor Marquardt led the Pledge of Allegiance.

RECOGNITION OF VISITORS: None

APPROVAL OF AGENDA: Mayor and Council Travel was removed from the agenda.

MINUTES: The minutes of the November 26, 2013 regular meeting were approved as submitted.

FINANCIAL REPORT: The November 2013 Financial Report was included in the packet.

BOARD/COMMISSION REPORTS: None

AWARDS/PRESENTATIONS: None

MANAGER'S REPORT: Acting City Manager Patrick Jordan reported that D. Tyrell McGirt has been named the new Director of the Department of Parks, Culture and Recreation. Mayor Marquardt, with input from Council members Robinson and Gregory, reported on the trip to Washington, DC.

COMMUNITY INPUT/ANNOUNCEMENTS

1. The Lady Raiders volleyball team was congratulated for placing second in the state tournament.
2. The high school wrestlers were also congratulated on their excellent performance at state.
3. Due to University of Alaska Fairbanks budget cuts, it appears as if the Marine Advisory Program position vacated by Reid Brewer has been eliminated by the University of Alaska Fairbanks, as has the local rural college administrative position.
4. Frank Kelty gave a brief fisheries report.
5. The public was encouraged to visit the newly remodeled Museum of the Aleutians; it is extraordinary and very child-friendly.
6. The Firefighters' Ball was a huge success. It is a great way for the community to thank the firefighters and EMTs.
7. The PCR holiday event is set for Saturday at 1:00 p.m. with Santa, a holiday bazaar, pictures of pets with Santa, a gingerbread house competition, and plenty more.

8. Tom Enlow was thanked for his twelve years of service on the North Pacific Fisheries Management Council Advisory Panel.
9. USAFV Winter Raffle tickets are available from board members, staff, and volunteers at \$5.00 each or five for \$20.

PUBLIC INPUT Frank Kely thanked the Council in advance for considering a donation to assist the victims of Typhoon Haiyan.

LEGISLATIVE

PUBLIC HEARING

Mayor Marquardt opened the hearing on Ordinance 2013-15.

1. **ORDINANCE 2013-15**: CREATING BUDGET AMENDMENT NO. 4 TO THE FY14 OPERATING BUDGET TO INCREASE WAGES, FRINGE BENEFITS AND ASSOCIATED STATE OF ALASKA PERS CONTRIBUTIONS FOR TITLE 3 EMPLOYEES AND TO INCREASE THE REPAIRS AND MAINTENANCE BUDGET OF THE AIRPORT

Hearing no comments, Mayor Marquardt closed the hearing on Ordinance 2013-15.

Mayor Marquardt opened the hearing on Ordinance 2013-16.

2. **ORDINANCE 2013-16**: AMENDING SECTION 3.40.040 OF THE UNALASKA CODE OF ORDINANCES TO DELETE THE CURRENT PAY RANGE MATRIX AND ADOPT A NEW PAY RANGE MATRIX FOR TITLE 3

Hearing no comments, Mayor Marquardt closed the hearing on Ordinance 2013-16.

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

1. **PRESENTATION**: FY2013 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Dan Rozema of KPMG presented the FY2013 comprehensive annual financial results via telephone. Karl Swanson, Interim Finance Director, followed that presentation with a financial overview of FY2013.

2. **DISCUSSION**: AMENDING EXISTING HOUSING POLICIES HOU02, ESTABLISHMENT OF RENT FOR CITY HOUSING, AND HOU-14, ESTABLISHMENT OF STANDARDS AND RENTS FOR 8-PLEX CITY HOUSING

Acting City Manager Patrick Jordan provided a summary of the steps taken to determine the cost of shared utilities and rent for each unit and recommended approval of the amended policies.

3. **DISCUSSION**: AGREEMENTS BETWEEN THE QAWALANGIN TRIBE AND THE CITY OF UNALASKA

Acting City Manager Patrick Jordan summarized the agreements.

RECONVENE TO REGULAR SESSION

CONSENT AGENDA

At the request of Council Member Enlow, Resolution 2013-80 was moved to become item 6 under New Business. Hearing no further objections, Mayor Marquardt declared the revised Consent Agenda adopted.

1. **RESOLUTION 2013-78:** ESTABLISHING DATES FOR THE FISCAL YEAR 2015 REAL PROPERTY TAX AND BUSINESS PERSONAL PROPERTY TAX COLLECTION EFFORT
2. **RESOLUTION 2013-79:** ACCEPTING A \$3,000,000 GRANT FROM ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION FOR THE CONSTRUCTION OF THE WASTEWATER TREATMENT FACILITY UPGRADES PROJECT
3. **RESOLUTION 2013-81:** AUTHORIZING THE CITY OF UNALASKA TO ACCEPT A LOAN FROM THE ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION IN AN AMOUNT NOT TO EXCEED \$8,788,200 TO FUND THE CONSTRUCTION OF THE LANDFILL EXPANSION PHASE II PROJECT

UNFINISHED BUSINESS

1. **ORDINANCE 2013-15 – SECOND READING:** CREATING BUDGET AMENDMENT NO. 4 TO THE FY14 OPERATING BUDGET TO INCREASE WAGES, FRINGE BENEFITS AND ASSOCIATED STATE OF ALASKA PERS CONTRIBUTIONS FOR TITLE 3 EMPLOYEES AND TO INCREASE THE REPAIRS AND MAINTENANCE BUDGET OF THE AIRPORT

Rowland made a motion to adopt Ordinance 2013-15; Gregory seconded.

VOTE: Motion passed unanimously.

2. **ORDINANCE 2013-16 – SECOND READING:** AMENDING SECTION 3.40.040 OF THE UNALASKA CODE OF ORDINANCES TO DELETE THE CURRENT PAY RANGE MATRIX AND ADOPT A NEW PAY RANGE MATRIX FOR TITLE 3

Rowland made a motion to adopt Ordinance 2013-16; Tungul seconded.

VOTE: Motion passed unanimously.

NEW BUSINESS

1. **RESOLUTION 2013-45:** AUTHORIZING THE CITY MANAGER TO ENTER INTO A MEMORANDUM OF AGREEMENT BETWEEN THE QAWALANGIN TRIBE OF UNALASKA AND THE CITY OF UNALASKA TO FUND CONSTRUCTION PROJECTS AND ALLOWABLE TRIBAL TRANSPORTATION PROGRAM (TTP) ACTIVITIES FOR THE BENEFIT OF THE COMMUNITY OF UNALASKA

Robinson made a motion to approve Resolution 2013-45; Gregory seconded.

VOTE: Motion passed unanimously.

2. **RESOLUTION 2013-83:** AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH THE QAWALANGIN TRIBE OF UNALASKA TO CONSTRUCT THE SUMMER BAY BRIDGE REPLACEMENT PROJECT

Enlow made a motion to approve Resolution 2013-83; Tungul seconded.

VOTE: Motion passed unanimously.

3. **RESOLUTION 2013-82:** AUTHORIZING THE CITY MANAGER TO ENTER INTO A SETTLEMENT AGREEMENT WITH GRANITE CONSTRUCTION FOR RESOLVING THE DISPUTES WITH THE UNALASKA 2012 PAVEMENT RESURFACING PROJECT

Rowland made a motion to approve Resolution 2013-82; Enlow seconded.

VOTE: Motion passed unanimously.

4. **RESOLUTION 2013-85:** AMENDING EXISTING HOUSING POLICIES HOU-2, ESTABLISHMENT OF RENT FOR CITY HOUSING, AND HOU-14, ESTABLISHMENT OF STANDARDS AND RENTS FOR 8-PLEX CITY HOUSING

Rowland made a motion to approve Resolution 2013-85; Enlow seconded.

Travis Schiaffo, a tenant at the city 8-plex, expressed his concern about the increase in rent.

VOTE: Motion passed unanimously.

5. **RESOLUTION 2013-86:** AUTHORIZING AN EXPENDITURE IN THE AMOUNT OF \$_____ FROM COUNCIL CONTINGENCY TO SPONSOR THE ALASKA FISHERIES DEVELOPMENT FOUNDATION'S ANNUAL ALASKA SYMPHONY OF SEAFOOD CONTEST

Enlow made a motion to approve Resolution 2013-86; Tungul seconded.

Enlow made a motion to amend the resolution by inserting the sponsorship amount of \$2,500; Robinson seconded.

VOTE on Amendment: Motion passed unanimously.

VOTE on Main Motion as Amended: Motion passed unanimously.

6. **RESOLUTION 2013-80:** AUTHORIZING AN EXPENDITURE IN THE AMOUNT OF FIVE THOUSAND DOLLARS (\$5,000) FROM COUNCIL CONTINGENCY AS A DONATION TO AID THE VICTIMS OF TYPHOON HAIYAN

Enlow made a motion to approve Resolution 2013-80; Robinson seconded.

Enlow responded to concerns expressed by a member of the public who had contacted him about the donation and the distribution of the funds.

VOTE: Motion passed unanimously.

COUNCIL AND MAYOR TRAVEL: SWAMC (ANCHORAGE) – MARCH 5 – 7, 2014. This item was moved to the agenda of the January 14, 2014 meeting.

COMMUNITY INPUT/ANNOUNCEMENTS

COUNCIL DIRECTIVES

ADJOURNMENT The meeting adjourned at 8:52 p.m.

Elizabeth Masoni
City Clerk

***Manager's Report
Regular City Council Meeting
January 14, 2014***

1. **LNG:** We are waiting for Mike Hubbard to finish his review of the documents prepared by WesPac concerning providing LNG to Unalaska. WesPac is willing to perform a feasibility study for us that would outline the capital outlay needed to convert our power house engines to dual fuel and the costs for a new turbine powerhouse and associated distributions lines both electrical and gas lines.
2. **Waste Water Treatment Project:** The project is shut down for the winter. Staff will let you know when things start up again.
3. **Director Position Openings:** Patricia Soule will be here to start work as the Finance Director on January 27, 2014. Karl Swanson will be here the first two weeks to help make the transition smooth. Finding a Public Works Director has been more difficult. We do have a perspective candidate coming to Unalaska the first week of February.
4. **Makushin:** The DOE has asked that the City develop a project to spend the funds received from the federal government. The hang up is that the Aleut Corporation would allow us to drill on their property with a page and a half agreement that says we will talk about the price of fluid later. The City's approach is to negotiate a price for the fluid prior to drilling which is standard practice in the industry. The project was recently projected to cost over \$300 million. Every year that goes by the cost escalates. Our electrical use on the island can't support that kind of investment. There would need to be more load. I understand that the Aleut Corporation is working with Jack Wood's consortium (the owner of ST-1 a well located on the flanks of Makushin) to develop the project. I wish them well.
5. **Corps of Engineers Arctic Port Study:** The Corps will be publishing their study in March or April that will outline the development of an Arctic Port. The Port of Dutch Harbor should have been included in the study but was excluded because the study indicates that our Port is too far from the possible activities in the Arctic. Yet we have been used as a staging area for those activities by Shell and that use will increase over time. I will be working to ensure that our comments are included in the Study. Additionally, the Corps is working on an Environmental document (either an EA or EIS) which would result in a Chief's Report which would be used to obtain funding. This may include hiring a consulting firm to help with those comments. I will keep you informed as this project progresses.
6. **Project Update:** Nancy Peterson will be giving her last Project Update on Tuesday night. Both She and Jeff will shortly be leaving for their new property in Eastern Washington. They have made Unalaska their home that last six years and have been involved community members. Jeff was active in the Lions Club and Nancy with the CVB amongst other volunteer efforts. I know the community will miss them both and I wish them the best of luck in the future.

CITY OF UNALASKA
UNALASKA, ALASKA

RESOLUTION 2014-01

A RESOLUTION OF THE UNALASKA CITY COUNCIL ESTABLISHING TAXICAB RATES FOR
THE CALENDAR YEAR 2014 AS REQUIRED BY UNALASKA CODE OF ORDINANCES

WHEREAS, Section 9.12.065 of the Unalaska Code of Ordinances (UCO) requires all licensed taxicabs operating within the City of Unalaska to have installed an instrument (meter) by which charges for hire of such taxicabs are calculated; and

WHEREAS, the UCO requires that the meter shall calculate the fare and be calibrated in accordance with the fare standards as set by the City Council by resolution at its first regular meeting in January each year; and

WHEREAS, the taxi rates for CY2014 will not change from the rates for CY2013;

NOW THEREFORE BE IT RESOLVED that the Unalaska City Council establishes the taxicab rates for 2014, which include the 3% sales tax, as follows:

- \$2.65 per flag drop;
- \$0.30 per 1/10 miles;
- \$5.30 for each additional fare over two;
- \$1.06 per minute waiting time; \$80.00 per hour charter.

BE IT FURTHER RESOLVED that said rates include a Senior Citizen Discount of \$1.00 off any metered rate between \$5.00 and \$10.00, and \$2.00 off any metered rate over \$10.00.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE UNALASKA CITY COUNCIL THIS 14th DAY OF JANUARY 2014.

MAYOR

ATTEST:

CITY CLERK

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS
THROUGH: CHRIS HLADICK, CITY MANAGER
FROM: ELIZABETH MASONI, CITY CLERK
DATE: JANUARY 9, 2014
RE: RESOLUTION 2014-01 ESTABLISHING TAXICAB RATES FOR THE CALENDAR YEAR 2014 AS REQUIRED BY UNALASKA CODE OF ORDINANCES

SUMMARY: Unalaska Code of Ordinances (UCO) §9.12.065(A)(3) requires that the City Council set taxicab rates at the first regular meeting of January each year. Resolution 2014-01 sets the rates for calendar year 2014 at the same level as the rates of calendar year 2013. Staff recommends adoption of this resolution.

PREVIOUS COUNCIL ACTION: Council has adopted taxicab rates annually since 1993. Through Resolution 2006-01, Council increased rates by \$0.03 per minute for waiting time and added \$80.00 per hour for charters. The rates have not changed since 2006.

BACKGROUND: The taxicab ordinance was adopted in 1993 and revised in 2003 and 2005. In 2005, several changes were made, but UCO §9.12.065(A)(3) has not changed through the years of revision. The ordinance requires the City Council to set the rates each year. At the time of the 1993 adoption, the Taxi Owner's Association was active and provided input on this issue.

DISCUSSION: In the past, the Director of Public Safety and the City Clerk have met with the taxi permit holders to discuss the rates prior to the first City Council meeting in January. However, in 2008, because of a lack of participation by the taxicab permit owners in previous years, the City Clerk did not schedule a meeting. Beginning in 2009, the City Clerk asked taxicab permit owners to submit written comments about the rates, and that practice was continued this year. On December 17, 2013, a letter was sent to taxi permit owners asking for their input and letting them know taxi rates would be considered by Council at the January 14, 2014 meeting. Because of the holidays, taxi permit owners were given until 2:00 p.m. on Friday, January 3rd to submit their comments about the rates. No comments were received.

ALTERNATIVES: Adopt rates as recommended, raise the rates, or lower the rates.

FINANCIAL IMPLICATIONS: None

LEGAL: No legal opinion is necessary for this item.

STAFF RECOMMENDATION: Staff recommends adoption.

PROPOSED MOTION: On Consent Agenda

CITY MANAGER'S COMMENTS: I recommend approval of this resolution.

CITY OF UNALASKA

P.O. BOX 610

UNALASKA, ALASKA 99685-0610

(907) 581-1251

FAX (907) 581-1417



December 17, 2013

Taxi Permit Holders:

Each year, at its first meeting in January, the Unalaska City Council adopts the taxi rates for the upcoming year. The Council meeting to set the 2014 taxi rates will be held January 14, 2014 at 7:00 p.m. in Council Chambers at City Hall.

If you have any comments regarding taxi rates, please submit them in writing to the **Clerk's Department at City Hall by 2:00 p.m., Friday, January 3, 2014.**

This is your opportunity to provide input to the Unalaska City Council as they prepare to set the taxi rates for 2014. We encourage you to attend the meeting as the Council will appreciate all permit holders' support for any revisions.

If you have any questions, please give us a call at 581-1251 or come by City Hall.

Sincerely,

A handwritten signature in blue ink that reads "Elizabeth Masoni".

Elizabeth Masoni
City Clerk

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: CHRIS HLADICK, CITY MANAGER
DATE: JANUARY 14, 2014
RE: FY 15 REVENUE PROJECTIONS

SUMMARY: It is that time of year again. We begin the budget process with revenue projections provided by the Finance Department with the help of Mr. Kelty and of course the Dept. of Revenue. It is very difficult to predict the Bering Sea fisheries and the corresponding impacts to the City of Unalaska's revenue stream. Some years ago Northern Economics put together a model for us and it is still in use. These numbers are not fixed and will change as the budget process moves forward and we receive updated information. Based on revenue projections council can see the big picture for the budget prior to drilling down into the details. Staff has simplified the numbers but these projections are anything but simple.

PREVIOUS COUNCIL ACTION: Each year the revenues are adjusted. This is the first time that council has seen this issue for the current budget process.

BACKGROUND: There are many external factors affecting the revenues of the City. First and foremost are the quotas allocated for the sustainable fishery resources of the Bering Sea/Aleutian Islands that are landed in Unalaska, and the prices paid for that product to the harvesters by the processors. Because we lag a year on collection, the quotas for Pollock in FY14 will impact our revenues this year, but the slight increase in landings for Pollock in Unalaska will help the City's revenues in FY15. Anything that affects the fishing industry can ultimately impact the City's tax revenue. Additionally, there are delays in tax payments made to the State, for one reason or another, which in turn delays payments to the City. This makes it even more difficult to make accurate predictions. Another issue will be the change in oil tax revenues legislated last year. The amount of oil produced is declining; the State has provided oil companies tax relief in an effort to spur investment. The State is \$2 billion dollars short in this fiscal year and \$2 billion short for the coming fiscal year. There will be an impact to the City Budget but those impacts will largely be unknown until the end of the session. There will be a capital budget which will be reduced from last year but the operating budget is expected to be much reduced. The legislatures other option is to draw down the constitutional budget reserve which might be a part of the solution. Another issue hanging out there is SB 90 which forces school districts into the State Insurance Program. This would cause the city's insurance pool to collapse. This is something we will watch closely.

DISCUSSION: The City has historically budgeted quite conservatively on all of its revenues, especially the major revenue sources. A more detailed explanation of the attached

documents is given below.

General Fund Major Revenue Sources FY2015 Projections: This graph shows the major revenue sources and their percentage of the total general fund revenue of the City. At the bottom of the page, the table shows the history of the revenue sources from FY06 to FY15's projections. Investment earnings are still budgeted in the general fund to fund operations. As investment earnings go down, alternate funding sources will need to be identified to maintain the same level of expenditures in the general fund.

Major Revenue Source Projections FY2015 Budget: This page gives verbal detail regarding why major revenue sources have increased, decreased or remained the same.

Real Property Tax: a slight increase is shown from last year (only \$50,000).

Personal Property Tax: staff is projecting an increase of \$160,000

Sales Tax: In Unalaska sales tax is applied to fuel. It appears that our sales tax revenue fairly mimics the slope of the line for crude oil price per barrel. One might interpret this to mean that there is a direct relationship between city sales tax revenue and the price of oil. For every increase in the price of crude oil there is a corresponding increase in sales tax. With increased oil exploration activity we will see an increase in sales tax but the impacts are unknown. Staff has projected \$100,000 increase to be conservative. There are lots of unknowns with sales tax. It is greatly influenced by the cost of fuel. Please see the attached graph comparing sales tax to the price of oil. The graphs are a pretty good match.

Raw Seafood Tax: This tax is projected to be flat with very little increase. A lot of work is done as background for coming to this conclusion but that's what it works out to be.

Fisheries Business Tax: This is flat as well.

Fisheries Landing Tax: staff is projecting a large increase based on actual receipts this year. I have been conservative in this initial round at \$6.6 million dollars but we are expected to receive more in this fiscal year.

Investment income: as in past years our investment income is way down. Staff is projecting a million dollars in income.

Other Revenues: Staff is projecting a million dollar loss due to cuts the legislature will undoubtedly look at this session. By the time the budget passes this will be adjusted as the legislature adjourns in mid-April.

Notes on the FY 15 Budget from the Natural Resource Analyst: These are the assumptions that need to be made in order to prepare the revenue projections. Mr. Kelty prepares notes recapping his results of research and analysis. This has been included for your convenience as well as the quotas from NPFMC.

The total General Fund Projections result in \$34,810,072 in revenues for FY 15. The number represents a 4% increase over this fiscal year's revenue projections. But it is basically flat funding from FY 13 actuals. I believe it is prudent to be conservative given the fact that oil prices are down, State funding will be down and Federal assistance is not even on the radar screen. This is our starting point for the development of the General Fund budget for FY 15. Staff is working on the Utility Revenues; which is a function of demand and rates and those projections will be presented in good time. In a subsequent meeting I will be presenting to council my recommendations and direction for budget preparation. As in the past we will adjust the numbers as more information becomes available. Any projections for future years are escalated by an assumed 3%.

I want to thank Karl Swanson and Frank Kelty for their work in preparing this document. The projections for fisheries take many hours of time to research the quotas, the price and future trends.

ALTERNATIVES: This is just a work session item for discussion.

FINANCIAL IMPLICATIONS: The financial implications are huge since we are basically a single source economy (fisheries). Any change in the fishing industry results in changes to the City's revenue. Will the oil industry continue to operate here?

LEGAL: There are no legal implications.

Notes on FY 15 Budget

Assumptions

- Pollock allocation increases slightly by 1.5% to 1.286MMT in FY15 from 1.260MMT in FY 14 ex-vessel value increases from 124 million to 134 million in FY15
- Pollock ex-vessel values are set conservatively at \$0.17 per pound due to continued high quota 1.286MMT with a continued soft market for fillets in Europe and domestically, the surimi market has shown some improvement in Japan, but the real unknown in all of this is the exchange rate impacts, and Pollock Roe recovery rates and value in FY15.
- Pacific Cod allocation for 2014 is just about status quo at 246,000MT for the Bering Sea and 6,997MT for the Aleutian Islands the cod allocation has now been split between the Bering Sea and Aleutian Islands, for a total of 253,000MT. We also have a new State of Alaska Pacific Cod fishery in the Bering Sea with a state water allocation 17.8 million pounds for 58' foot and under pot boats. I would expect the majority of this cod to be delivered to Unalaska shoreplants.
- Pacific Cod ex-vessel prices are still weak at around \$0.30 for large fish and mid \$0.20 range for small fish. In 2013 about 13% of the Pacific Cod TAC was landed in Unalaska. For FY 15 I projected 76 million pounds of cod landed in Unalaska for an estimated ex-vessel value at 21.2 million dollars at an average ex-vessel value of \$0.28 per pound.
- Opilio Snow crab, major decrease for 2014 season of 20% for and allocation 54 million pounds from 66 million pounds harvest in 2013, ADFG doesn't expect any major increase for the 2015 fishing season probably status quo. With inventories low and strong interest for product both domestically and in Japan the ex-vessel value should be in the \$2.15 base price per pound in range for 2014. Unalaska processes 30 to 35% of the catch, which would put landings in the 18 million pounds range, putting the ex-vessel at 38 million dollars for 2014 and about the same 2015.
- Red King Crab volumes may be slightly higher to 8.7-9.0 million pounds for the 2014 season. Unalaska lands 50-55% of the catch so at quota set in the 8.7 million pound range that would put landings in the 5.0 million pound. In 2013 we saw a major drop in the ex-vessel price for the fleet ex-vessel price down to the mid \$6.50 per pound range we expect the ex-vessel to stay in the \$6.50 per pound range, for next year putting ex-vessel for product landed in Unalaska in the 32 million dollars range.
- Halibut quotas are being reduced once again possibly by 15% in Area 4 A, and B, landings in Unalaska should still come in at around 1.2 million pounds, which is down 200,000lbs from the 2013 season. Ex-vessel prices also took a major hit in 2013 from around \$7.00 in 2012 to \$4.80

- pound range in 2013. I expect the ex-vessel price to remain in that range, putting the ex-vessel value at around 6 million dollars for 2014 season.
- Sablefish landing in Unalaska should remain stable in the 1.0 -1.2 million pound range. Sablefish prices took a major tumble in 2013 in Unalaska to the mid \$4.00 range, we expect the same price range in 2014 putting the ex-vessel value at 5.4 million dollars.
 - Aleutian Island Brown King Crab, allocation may increase next year, there is a proposal to the Board of Fisheries to raise the allocation by 15% we will know by late March if this goes through. The Adak and Atka seafood plants may be open in 2014 this could reduce landing from of the Western District, allocation of 3.0million pounds. The Eastern District allocation is 3.3 million pounds. I still expect landings to Unalaska to come in at the 5 million pound range. If the BOF does grant and increase I believe this would increase the allocation for both districts to the 7.0 million pound range. The ex-vessel price has held steady the past few years in the mid \$3.50 range putting the ex-vessel value in the 17.5 million dollar range for product landed in Unalaska.

General Fund

- Seafood sales 2% tax will hold steady in the 5.2 million dollar range in FY15. Impacts to this tax category include Snow Crab 20% decrease possible a 15 % reduction on the Halibut allocation in the Bering Sea. On the positive side of the ledger we continue to have strong Pollock allocations set at 1.286MMT for 2014 and 2015 Pacific Cod resource is stable at 253,000MT we have the Bairdi Tanner fishery open in the Bering Sea that had been closed for many years. We continue to see somewhat lower ex-vessel prices for King Crab, Halibut, and Sablefish and stable prices for Snow Crab, Brown King Crab and Pacific Cod. .
- Alaska Fisheries Business Tax is a state shared tax of 1.5% returned to Unalaska from a three percent tax paid to the state. This looks to come in at status quo at an estimated 4.0 million dollars for FY15. This tax is tied to the product landed at the Unalaska seafood processing plants, the explanation for this allocation is provided above in the local fisheries 2% seafood sale tax.
- Resource Landing Tax is estimated to come in at 6.8 million dollar range. This tax is a state shared tax of 1.5% returned to Unalaska from a three percent tax paid to the state by the offshore sector processors. The continued large Pollock quota of 1.286MMT the At Sea Processors harvest 50% of Pollock allocation this includes the 10% CDQ share. The At Sea processors also do 70% of the Pacific Cod allocation of 253,000MT which has been very steady the past few years. The Offshore sector also processes 100% of the lower value species but have high

volume, such as Pacific Ocean Perch, Yellowfin and Rock Sole, Misc. Sole species, Atka Mackerel, Rockfish and Skates. We are seeing increased processing of these species since the Amendment 80 sector fleet which is now working in a cooperative mode. The prices to calculate the value of fish that is processed by the offshore sector is based on State of Alaska fisheries price list.

- State of Alaska Dept. of Commerce also provides a shared landing tax which is estimated at \$700,000 dollars in FY 15 for Unalaska.

City of Unalaska
Major Revenue Source Projections
Fiscal Year 2015 Budget

Real Property Tax

The City had a property reassessment in fiscal year 2015, however, the preliminary tax rolls are not in yet. This revenue projection was calculated using the fiscal year 2013 certified tax assessment roll times the current mill rate of 10.5.

Personal Property Tax

The personal property tax revenue projection was calculated the same as the real property tax revenue projection.

Sales Tax

City of Unalaska sales tax continues to be directly related to the price of crude oil. This is due to the fact that approximately half of the sales tax generated in Unalaska is from fuel sales. As the price of oil has fallen in recent months, City sales tax has fallen. The fiscal year 2015 budget is based on the State of Alaska forecasted oil price of \$105.68.

Raw Seafood Tax

The locally collected 2% Raw Seafood tax is projected to remain relatively flat compared to the FY14 projections.

Fisheries Business Tax

The State of Alaska shared Fisheries Business Tax is also projected to remain relatively flat compared to FY13 and FY14.

Fisheries Landing Tax

Fisheries Landing Tax is projected to be significantly up based on an increased pollock value. In FY14 \$6.6 million was received from the State of Alaska as of December.

Investment Income

Investment income continues to be low due to suppressed interest rates in the market. As interest rates rise, interest income will be offset by unrealized losses from owning securities with low interest rates.

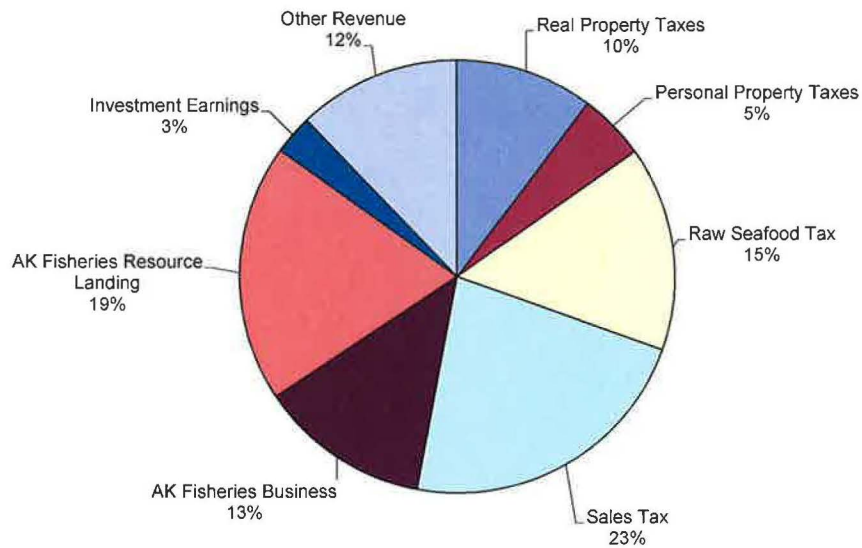
Other Revenues

Other revenues include intergovernmental payments, charges for services and other non-major revenue sources. This category also includes the \$1.2M annual transfer from the 1% Sales Tax Fund for the Carl E. Moses Small Boat Harbor. Due to the uncertainty of State of Alaska Revenue Sharing and PILT, approximately \$1 million of revenue that was budgeted for FY14 will not be budgeted for FY15.

<u>Actual 2011</u>	<u>Actual 2012</u>	<u>Actual 2013</u>	<u>Budget 2014</u>	<u>Projected 2015</u>
3,383,940	3,363,872	3,493,791	3,450,000	3,500,000
1,214,380	1,366,817	1,538,770	1,540,000	1,700,000
7,076,894	9,193,256	8,722,523	7,600,000	7,700,000
5,371,768	5,260,999	4,784,198	5,278,000	5,250,000
3,199,290	4,143,777	4,398,441	4,400,000	4,350,000
3,531,739	3,469,263	4,898,543	4,900,000	6,600,000
1,602,609	1,067,295	436,013	1,000,000	1,000,000
8,577,056	4,970,637	6,151,629	5,179,837	4,160,072
33,957,676	32,835,918	34,423,906	33,347,837	34,260,072

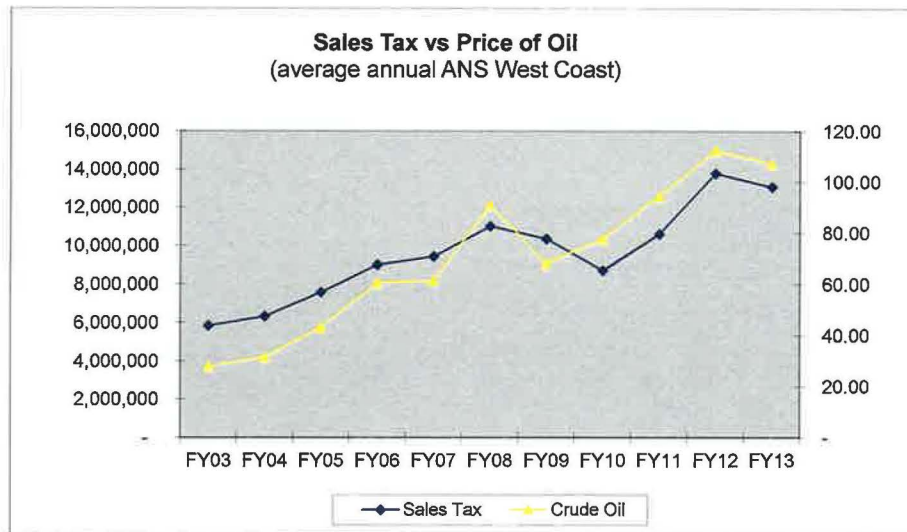
* When the extent of the difference between budgeted revenues and actual collected amounts becomes clearer, management will bring forth a budget amendment to increase or decrease budgeted revenue amounts.

**General Fund
Major Revenue Sources
Fiscal Year 2015 Projected**



	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14 B	FY15 P
Real Property Taxes	2,779,242	2,812,590	2,898,809	2,892,375	2,967,262	3,383,940	3,363,872	3,493,791	3,450,000	3,500,000
Personal Property Taxes	1,214,105	1,360,267	1,380,844	1,367,574	1,282,076	1,214,380	1,366,817	1,538,770	1,540,000	1,700,000
Raw Seafood Tax	4,188,063	4,076,762	4,689,810	4,619,222	3,594,173	5,371,768	5,260,999	4,784,198	5,278,000	5,250,000
Sales Tax	6,008,072	6,297,674	7,348,387	6,913,131	5,808,605	7,076,894	9,193,256	8,722,523	7,600,000	7,700,000
AK Fisheries Business	3,446,660	4,281,211	3,909,016	3,877,701	4,547,084	3,199,290	4,143,777	4,398,441	4,400,000	4,350,000
AK Fisheries Resource Landing	3,736,810	4,357,759	4,362,451	5,200,897	4,676,603	3,531,739	3,469,263	4,898,543	4,900,000	6,600,000
Investment Earnings	1,838,924	4,165,524	5,266,548	5,618,305	2,650,449	1,602,609	1,067,295	436,013	1,000,000	1,000,000
Other Revenue	3,026,297	3,439,622	3,044,812	8,393,465	5,283,804	8,577,056	4,970,637	6,151,629	5,179,837	4,160,072
Total	26,238,173	30,791,408	32,900,677	38,882,669	30,810,056	33,957,676	32,835,918	34,423,906	33,347,837	34,260,072

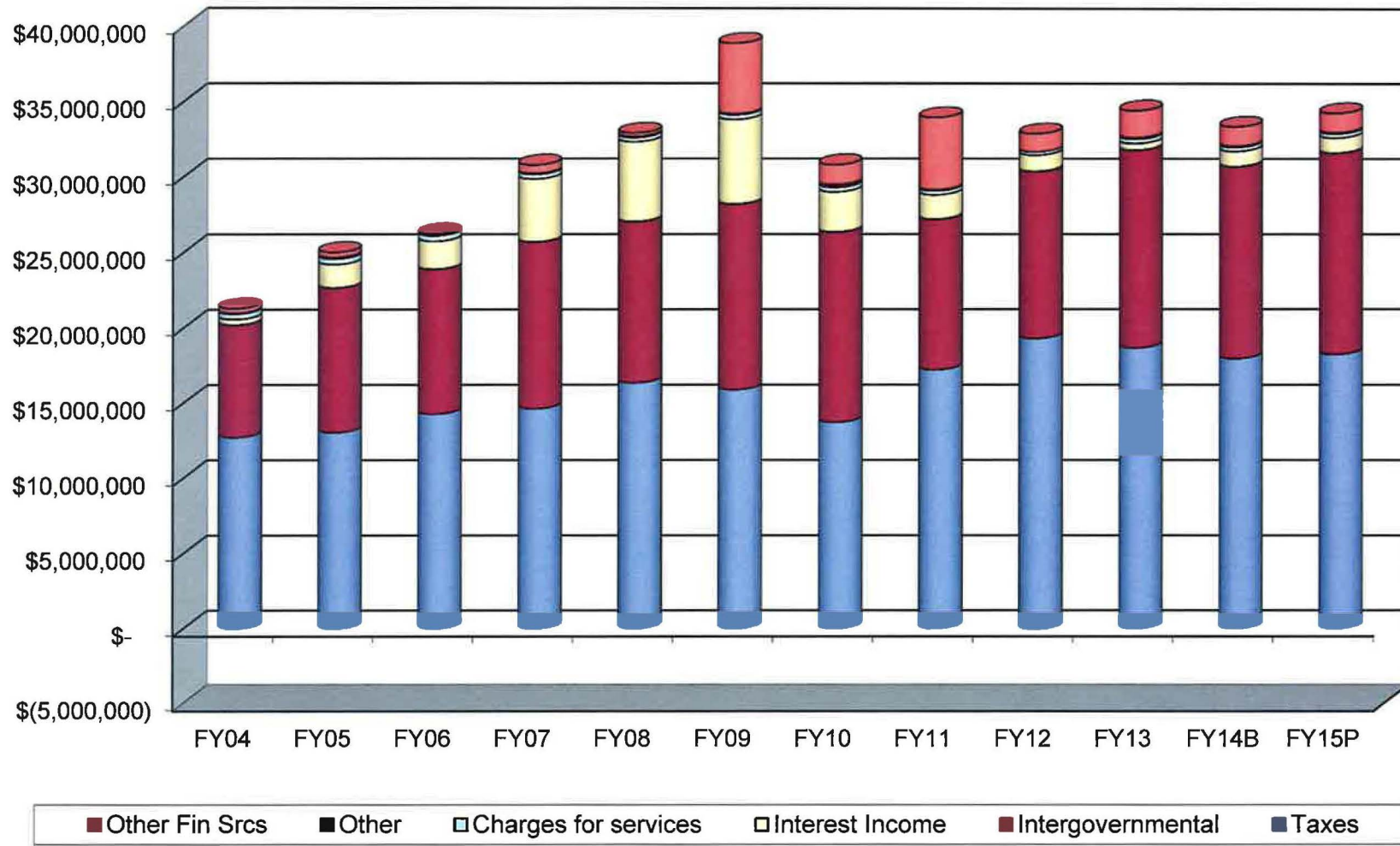
Sales Tax Projections



	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	Correlation Coefficient to Sales Tax
<u>Historical</u>												
Crude Oil	28.15	31.74	43.44	60.80	61.63	91.12	68.34	77.96	94.49	112.65	107.57	0.976
Sales Tax	5,850,524	6,330,612	7,597,827	9,012,107	9,446,996	11,022,798	10,368,518	8,712,911	10,615,338	13,790,359	13,083,575	
<u>Forecasted</u>												
Crude Oil	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>								
	105.68	105.06	108.00	110.00								
Sales Tax	12,116,638	12,067,508	12,300,480	12,458,965								
<u>Projected</u>												
	11,400,000	11,550,000	11,850,000	12,000,000								
% of Forecasted Tax Budgeted	94%	96%	96%	96%								
General Fund	7,600,000	7,700,000	7,900,000	8,000,000								
1% Spec. Revenue	3,800,000	3,850,000	3,950,000	4,000,000								

Source: Fall 2013 Revenue Book
of the Governor's Office of Management and Budget
NOMINAL ANS West Coast Oil Price

General Fund Revenue - Types Last Ten Years



**CITY OF UNALASKA
UNALASKA, ALASKA**

RESOLUTION NO. 2014-04

**A RESOLUTION OF THE UNALASKA CITY COUNCIL APPROVING TWO
TIDELAND LEASE AGREEMENTS FOR A TERM OF 10-YEARS WITH TWO
10-YEAR OPTIONS TO RENEW BETWEEN THE CITY OF UNALASKA AND
RESOLVE-MAGONE MARINE SERVICES (ALASKA) INC. FOR UTS 101
TRACT B-1 AND UTS TRACT B-2**

WHEREAS, the City of Unalaska is the owner of Unalaska Tideland Survey (UTS) 101 Tract B-1 and B-2; and

WHEREAS, Resolve-Magone Marine Services (Alaska) Inc. desires to lease UTS 101 Tract B-1 and B-2, for a 10-year period, with two 10-year lease options to renew; 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 10-year lease with extension options is of benefit to the city as it promotes long term investment in Unalaska's tidelands and allows for an existing business to expand its practices;

NOW THEREFORE BE IT RESOLVED THAT THE UNALASKA CITY COUNCIL approves two tideland leases between the City of Unalaska and Magone Marine, LLC for UTS 101 Tract B-1 and UTS 101 Tract B-2 for 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 _____ DAY OF _____, 2014.

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: JANUARY 10, 2014
RE: TIDELAND LEASE AGREEMENTS FOR UTS 101 TRACTS B-1 AND B-2
(RESOLUTION 2014-04)

SUMMARY: Two tidelands lease agreements between City of Unalaska and Resolve-Magone Marine Services (Alaska) Inc. have been drafted and are being processed in accordance with City Code and Tideland Regulations. City Council approval is required for these agreements because the terms are greater than 5 years. Staff recommends approval of Resolution 2014-04.

PREVIOUS COUNCIL ACTION: The City Council approved the term of the existing lease with Magone Marine Services, who provide varying types of marine related services along with moorage space, for a 6-acre portion of UTS 101 Tract B at their May 24, 2005 meeting with Resolution 2005-20. At that time, the base annual lease rate was set \$13,500.

Per the adjustment terms stipulated in the contract between the City of Unalaska and Magone Marine, the rent was recalculated in 2010 from a yearly rent of \$13,500 to an annual rate of \$128,540.31. Due to this hefty and sudden increase, the action was protested by Magone Marine. It was then decided to continue billing at the original rate, to revisit the tideland leasing policy, and then reconsider the rates of Magone Marine Services lease agreements.

Since that time, the City Manager Regulations for Tidelands were endorsed by the City Council on April 24, 2012. Relevant to this discussion, the regulations state that the annual rent will typically be 10% of the appraised value of the tideland as determined by an appraiser. Tidelands, including any previously existing improvements included in the lease agreement, but excluding improvements made by existing lessee, will then typically be reappraised every five years with the annual rent adjusted accordingly.

BACKGROUND: The process to create these tideland lease agreements with Magone Marine Services began shortly after the City Council endorsed the updated Tideland Lease Regulations. The primary reasons for these two tideland lease agreements are listed below:

- Account for the change of company name from Magone Marine Services, Inc. to Resolve-Magone Marine Services (Alaska) Inc.
- Redefine limits of the area currently being leased to account for the an area needed to expand the Ballyhoo Road Right of Way in order to accommodate drainage improvements, this is the area identified as UTS 101 Tract B-5 in newly recorded Plat Number 2013-38, and to directly correlate with what is now identified as UTS 101 Tract B-1.

- Develop new agreement for the area identified as UTS 101 Tract B-2 in newly recorded Plat Number 2013-38, a portion of which is currently being used by Resolve-Magone Marine Services (Alaska) Inc. without a lease in place.
- Define the lease rate and terms for both areas, which have been in a state of limbo since 2010, with the guidance that is now provided by the Tideland Regulations of 2012 and which are agreeable to both the City of Unalaska and Resolve-Magone Marine Services (Alaska) Inc.

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.

DISCUSSION: The lease agreements have been drafted in accordance with the Title 7 and Regulations for Tidelands Leasing, License, Exchange or Sale. The areas involved with this lease agreement has been surveyed, platted and recorded with the State Recorder's Office as Plat Number 2013-38. Required proof of insurance will be provided prior to the signing of the lease.

The City Manager Regulations for Tidelands suggests a maximum of a 30 year lease. The requested 10-year term, with two 10 year options to renew, for these leases is consistent with the Regulations and allows for an existing business to maintain and possibly expand their current operations within our community, offering a needed public benefit.

An appraisal of the tidelands in this area was prepared and the annual lease rate of \$80,999.38 for UTS 101 Tract B-1 and \$40,429.06 for UTS 101 B-2 was initially proposed, as it is 10% of the appraised value of the tideland. The new Tideland Lease Regulations recommend 10% of the appraised value, but also state that the exact rate shall be negotiated by the City Manager and the applicant, subject to City Council approval, and may take into account all factors associated with the proposed use, including but not limited to:

1. Current assessed and appraised value of the tidelands and/or structures;
2. Projected additional revenue to the City resulting from the proposed uses other than rent (such as sales tax, property tax, and port fees);
3. Other obligations to be undertaken by either the City or the proposed lessee under the terms of the proposed lease;
4. Other rental rates proposed, if any, by other potential leases if proposals for use are public solicited;
5. The cost of obtaining the tideland appraisal; and
6. The public interest.

The applicant submitted a letter in response the initially proposed rate requesting a phased rate implementation, to reduce the impact of the sudden increase from what is currently being charged under the existing tidelands lease. Staff proceeded with the negotiating a phased approach to the lease rates for several reasons, all of which are in the public interest. Establishing these agreements help to clarify lease rate and boundary issues which have been in question for at least three years, allows for existing business to remain in its current location, and allows for all tidelands being used by Resolve-Magone Marine Services (Alaska) Inc. to be leased under the most recent tideland regulations. The existing and proposed rates are summarized below.

CURRENT Lease Rate		NEW Lease Rate	Year 1	Year 2	Year 3	Year 4	Year 5
\$13,500	<i>New B-1</i>	\$80,999.38	\$16,199.88	\$32,399.75	\$48,599.63	\$64,799.50	\$80,999.38
na	<i>New B-2</i>	\$40,429.06	\$8,085.81	\$16,171.62	\$24,257.44	\$32,343.25	\$40,429.06
\$13,500	<i>New Total</i>	\$121,428.44	\$24,285.69	\$48,571.38	\$72,857.06	\$97,142.75	\$121,428.44
			(20% of rate)	(40% of rate)	(60% of rate)	(80% of rate)	(100% of rate)

ALTERNATIVES: If the City Council finds that it is in the best interest of the City to reject Resolution 2014-04 as is, they may disapprove or modify the agreements.

FINANCIAL IMPLICATIONS: The annual rent for these two parcels has been set for a total of \$121,428.44 annually. This results in \$971,427.52 rent for 10 years, based on the phased approach, and totals \$3,399,996.32 if both of the two 10-year renewal options are exercised. This does not account for tax revenue 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 2014-04.

CITY MANAGER COMMENTS: I recommend moving forward the finalizing the tidelands lease agreements as currently written.

CITY OF UNALASKA
TIDELAND LEASE AGREEMENT
UTS 101 Tract B-1
FOR CITY OWNED TIDELANDS

This Lease Agreement is made and entered into this ____ day of _____, 2014, between the City of Unalaska, a first-class Alaska municipal corporation ("Lessor"), whose address is P.O. Box 610, Unalaska, Alaska 99685, and Resolve-Magone Marine Services (Alaska) Inc. ("Lessee"), whose address is P.O. Box 920427, Dutch Harbor, Alaska 99692. This Lease Agreement supersedes all other existing Lease Agreements between these parties, or related parties, for the property described in the following section.

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, shown in a Tideland Plat signed by Registered Professional Land Surveyor in the State of Alaska, comprised of 5.95 Acres, more or less, and are described as follows:

Tract B-1 of the Unalaska Tideland Survey 101, according to the official survey and recorded thereof included as Exhibit A, Plat Number 2013-38, Aleutian Islands Recording District, Third Judicial District, State of Alaska.

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. 349.
- 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 10 years commencing on the ____ day of _____, 20__ and ending on the ____ day of _____, 20__, with two (2) ten-year lease options to renew.

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 ____ of the first month of the period of said rental term at the rate of Sixteen Thousand One Hundred Ninety-Nine and Eighty-Eight Cents (\$16,199.88) for the 5.95 Acre Parcel for the first year, such annual rental payments to be subject to adjustment in accordance with Paragraph 3 of this Agreement.

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

An increase starting at twenty (20) percent of the new lease rate of Eighty Thousand Nine Hundred Ninety-Nine and Thirty-Eight Cents (\$80,999.38) and working up to 100% over the next five years, as illustrated below:

New Lease Rate	Year 1	Year 2	Year 3	Year 4	Year 5
\$80,999.38	\$16,199.88	\$32,399.75	\$48,599.63	\$64,799.50	\$80,999.38

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. Additionally, Lessee shall not use or occupy the adjacent Ballyhoo Road right-of-way as this lease is limited to the Parcel identified and described in the lease heading and Exhibit A. Unauthorized use of public right of way shall be considered a public nuisance as pavement, drainage systems, and traffic flow are impacted.

7. Improvements. The Lessee may make permanent improvements to the Parcel permitted by applicable law. Improvements proposed as part of the lease application 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: Resolve – Magone Marine Services (Alaska) Inc.
 P.O. Box 920427
 Dutch Harbor, Alaska 99692

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 non-waivable 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.

CITY OF UNALASKA

RESOLVE – MAGONE MARINE SERVICES
(ALASKA) INC.

Chris Hladick
City Manager

Dan Magone
Manager

STATE OF ALASKA)
) ss.
Third Judicial District)

The foregoing instrument was acknowledged before me this ____ day of _____, 20____, by Dan Magone, _____ (Manager) of RESOLVE – MAGONE MARINE SERVICES (ALASKA) INC. of Unalaska, Alaska, on behalf of the corporation.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year above written.

Notary Public, State of Alaska

My Commission expires _____

STATE OF ALASKA)
) ss.
Third Judicial District)

The foregoing instrument was acknowledged before me this _____ day of _____ 20____, by Chris Hladick, City Manager for the City of Unalaska, a First Class Alaska Municipal Corporation, on behalf of the City of Unalaska.

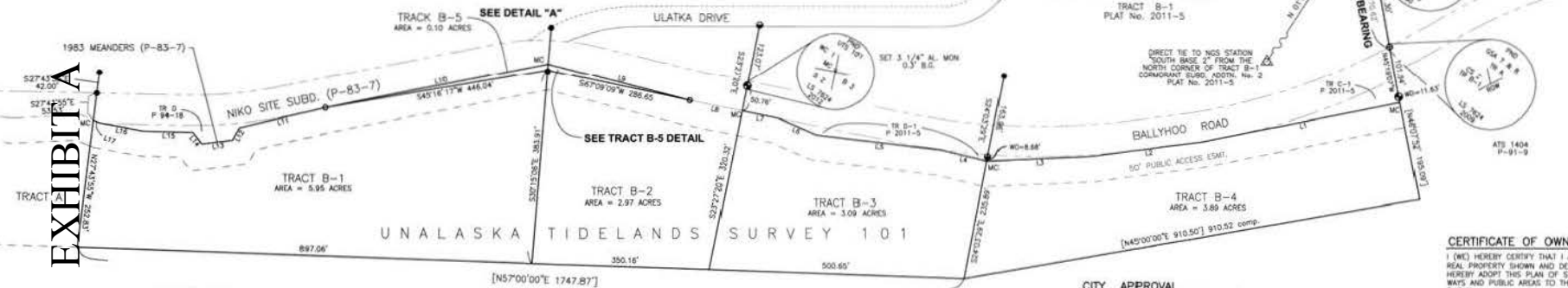
Notary Public, State of Alaska
My Commission expires _____

UNSUBDIVIDED

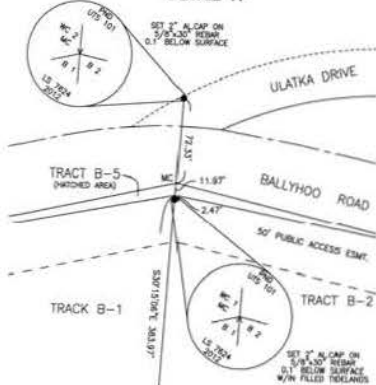
(554°08'30"W 3282.59')

CORMORANT SUBD TRACT A (P 94-18)

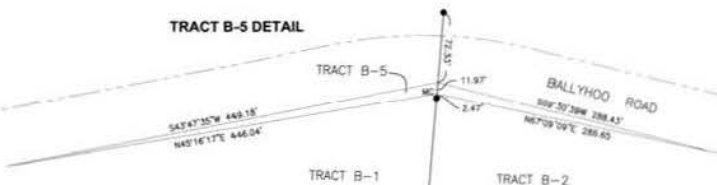
CORMORANT SUBD ADD. NO. 2
TRACT B-1
PLAT NO. 2011-5



DETAIL "A"



TRACT B-5 DETAIL



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 10/30/2013 REGISTRATION NO. LS 7824

Mary Anne S. Taylor
REGISTERED LAND SURVEYOR



LEGEND

- SET 3 1/4" ALUMINUM CAP DIG MONUMENT
- 2 1/2" BRASS CAP MONUMENT SET IN ROCK
- SET REBAR W/ 2" AL CAP
- FOUND 2" AL CAP ON PNO YPC
- FOUND 2" AL CAP ON P5 REBAR
- FOUND MONUMENTS AS DESCRIBED
- () RECORD INFORMATION (SEE NOTE 1)
- MEASURED DIMENSION
- - - COMPUTED DIMENSION

LINE	BEARING	DISTANCE
1-1	S47°39'45"W	392.08
1-2	S47°07'30"W	223.12
1-3	S51°18'20"W	258.09
1-4	S69°35'25"W	81.94
1-5	S81°28'30"W	246.46
1-6	S78°54'00"W	87.82
1-7	S69°54'00"W	73.79
1-8	S66°32'40"W	104.09
1-9	S69°26'50"W	788.41
1-10	S43°49'40"W	449.10
1-11	S41°32'10"W	173.48
1-12	S26°46'35"W	28.08
1-13	S49°09'09"W	43.28
1-14	N73°05'30"W	29.03
1-15	S56°01'54"W	95.49
1-16	S80°58'55"W	88.50
1-17	S78°32'45"W	14.33

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1-15	S56°01'54"W	95.49
1-16	S80°58'55"W	88.50
1-17	S78°32'45"W	14.33

CITY APPROVAL

I HEREBY CERTIFY THAT THE SUBDIVISION PLAT SHOWN HEREON HAS BEEN FOUND TO COMPLY WITH THE REGULATIONS OF THE CITY OF UNALASKA, SAID PLAT HAS BEEN APPROVED BY THE CITY OF UNALASKA, ALASKA.

Elizabeth Morris 11/6/2013
CITY CLERK
Cheryl Balliet 11/6/2013
CHIEF OF THE PLATTING BOARD

NOTARY ACKNOWLEDGMENT FOR

SUBSCRIBED AND SHOWN TO BEFORE ME THIS 6th DAY OF November 2013.

Cheryl Balliet
NOTARY PUBLIC MY COMMISSION EXPIRES 9/25/14

NOTARY ACKNOWLEDGMENT FOR

SUBSCRIBED AND SHOWN TO BEFORE ME THIS 6th DAY OF November 2013.

Cheryl Balliet
NOTARY PUBLIC MY COMMISSION EXPIRES 9/25/14

NOTES

- ALL RECORD INFORMATION SHOWN IS FROM THE PLAT OF UNALASKA TIDELAND SURVEY NO. 101 TRACTS A & B (P 98-28). (SEE NOTE 2).
- BASES OF BEARING FOR THIS SURVEY IS N 45°19'07"W AND IS BASED ON THE FOUND MONUMENTS THAT DEFINE THE COMMON PROPERTY LINE BETWEEN CSA 7, 8 AND TRACT B-1 CORMORANT SUBD. ADDITION NO.2 AS SHOWN ON UTS 101 TRACT A & B PLAT, RECORDED IN THE ALUTIAN ISLANDS RECORDING DISTRICT AS PLAT NO. 98-28.
- VERTICAL DATUM IS MEAN LOWER LOW WATER (MLLW = 0.00').
- NO LOCATION OF THE UNDERGROUND UTILITIES WAS PERFORMED FOR THIS PLAT.
- AS OF THE DATE OF SURVEY, ALL PUBLIC UTILITIES ARE PRESUMED TO BE LOCATED WITHIN THE RIGHT-OF-WAY OR HAVE DEDICATED EASEMENTS PROVIDED AND THE RIGHT-OF-WAYS ENCOMPASS THE TRAVELWAYS.
- NO ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION APPROVAL REQUIRED FOR THIS PLAT ACTION.
- DEVELOPERS MAY NOT ALTER EXISTING NATURAL DRAINAGE WITHOUT PROVIDING ALTERNATES AND/OR DRAINAGE EASEMENT.
- FIELD SURVEY PERFORMED AUGUST 20 - 30, 2012.
- ALL EASEMENTS FROM A FIXED POINT TO NAVIGABLE OR PUBLIC WATERS EXTEND TO THE WATER LINE, EXTENDING OR SHORTENING AS THE WATER ADVANCES OR RECESSES.
- UTS 101, TRACTS B1, B2, B3, B-4 & B-5 ARE ZONED DEVELOPABLE TIDELANDS.

CERTIFICATE OF OWNERSHIP AND DEDICATION

I (WE) HEREBY CERTIFY THAT I (AM WE ARE) THE OWNER(S) OF THE REAL PROPERTY SHOWN AND DESCRIBED HEREON AND THAT I (WE) HEREBY ADOPT THIS PLAN OF SUBDIVISION AND DEDICATE ALL RIGHT OF WAYS AND PUBLIC AREAS TO THE PUBLIC, AND EASEMENTS TO THE USE SHOWN.

Chris Alacid 11/6/2013
CHRIS ALACID, CITY MANAGER
CITY OF UNALASKA
P.O. BOX 610
UNALASKA, AK 99565

Notary Public 11/6/2013
NOTARY PUBLIC
MARJORIE V. VESDER
STATE OF ALASKA
CITY OF UNALASKA, DISTRICT OF UNALASKA

NOTARY ACKNOWLEDGMENT FOR CITY OF UNALASKA

SUBSCRIBED AND SHOWN TO BEFORE ME THIS 6th DAY OF November 2013.

Marijane Vlesda 9/26/2015
NOTARY PUBLIC MY COMMISSION EXPIRES

TAX CERTIFICATE

I HEREBY ACKNOWLEDGE THAT NO TAX PAYMENT IS CURRENTLY DUE THE PROPERTY SHOWN HEREON.

Elizabeth Morris 11/6/2013
CITY CLERK, CITY OF UNALASKA

LOCALITY MAP SCALE: 1" = 1 MILE SECTION 36 & 35, T22N, R17W, S4



UNALASKA TIDELAND SURVEY 101 TRACTS B-1, B-2, B-3, B-4 & B-5

A SUBDIVISION OF UNALASKA TIDELAND SURVEY 101: TRACT B PLAT NO. 98-28 ALEUTIAN ISLANDS RECORDING DISTRICT
SECTION 36 AND 35, T22 S. R 17 W, DENARD MERIDIAN
CONTAINING 16.00 ACRES MORE OR LESS

PND ENGINEERS, INC.
1506 West 36th Avenue
Anchorage, Alaska 99503
Phone: 907.581.1911
Fax: 907.563.4220

DATE: 11/6/2013 Scale: 1"=100' Date: 10/29/13 Re-Plat: 2012
Drawn by: JF File No.: 101-2013-03 W.E. No.: 101-2013-03
Checked by: JB & JPT SHEET 1 OF 1

AFTER RECORDATION, PLEASE RETURN TO:

**City of Unalaska
Planning Department
PO Box 610
Unalaska, AK 99685**

CITY OF UNALASKA
TIDELAND LEASE AGREEMENT
UTS 101 Tract B-2
FOR CITY OWNED TIDELANDS

This Lease Agreement is made and entered into this ____ day of _____, 2014, between the City of Unalaska, a first-class Alaska municipal corporation ("Lessor"), whose address is P.O. Box 610, Unalaska, Alaska 99685, and Resolve-Magone Marine Services (Alaska) Inc. ("Lessee"), whose address is P.O. Box 920427, Dutch Harbor, Alaska 99692. This Lease Agreement supersedes all other existing Lease Agreements between these parties, or related parties, for the property described in the following section.

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, shown in a Tideland Plat signed by Registered Professional Land Surveyor in the State of Alaska, comprised of 2.97 Acres, more or less, and are described as follows:

Tract B-2 of the Unalaska Tideland Survey 101, according to the official survey and recorded thereof included as Exhibit A, Plat Number 2013-38, Aleutian Islands Recording District, Third Judicial District, State of Alaska.

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. 349.
- 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 10 years commencing on the ____ day of _____, 20__ and ending on the ____ day of _____, 20__, with two (2) ten-year lease options to renew.

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 ____ of the first month of the period of said rental term at the rate of Eight Thousand Eighty-Five Hundred and Eighty-One Cents (\$8,085.71) for the 2.97 Acre Parcel for the first year, such annual rental payments to be subject to adjustment in accordance with Paragraph 3 of this Agreement.

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

An increase starting at twenty (20) percent of the new lease rate of Forty Thousand Four Hundred Twenty-Nine and Six Cents (\$40,429.06) and working up to 100% over the next five years as illustrated below:

New Lease Rate	Year 1	Year 2	Year 3	Year 4	Year 5
\$40,429.06	\$8,085.81	\$16,171.62	\$24,257.44	\$32,343.25	\$40,429.06

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. Additionally, Lessee shall not use or occupy the adjacent Ballyhoo Road right-of-way as this lease is limited to the Parcel identified and described in the lease heading and Exhibit A. Unauthorized use of public right of way shall be considered a public nuisance as pavement, drainage systems, and traffic flow are impacted.

7. Improvements. The Lessee may make permanent improvements to the Parcel permitted by applicable law. Improvements proposed as part of the lease application 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: Resolve – Magone Marine Services (Alaska) Inc.
 P.O. Box 920427
 Dutch Harbor, Alaska 99692

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.

CITY OF UNALASKA

RESOLVE – MAGONE MARINE SERVICES
(ALASKA) INC.

Chris Hladick
City Manager

Dan Magone
Manager

STATE OF ALASKA)
) ss.
Third Judicial District)

The foregoing instrument was acknowledged before me this ____ day of _____, 2014, by Dan Magone, _____ (Manager) of RESOLVE – MAGONE MARINE SERVICES (ALASKA) INC. of Unalaska, Alaska, on behalf of the corporation.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year above written.

Notary Public, State of Alaska

My Commission expires _____

STATE OF ALASKA)
) ss.
Third Judicial District)

The foregoing instrument was acknowledged before me this _____ day of _____, 2014, by CHRIS HLADICK, City Manager for the City of Unalaska, a First Class Alaska Municipal Corporation, on behalf of the City of Unalaska.

Notary Public, State of Alaska
My Commission expires _____

UNSUBDIVIDED

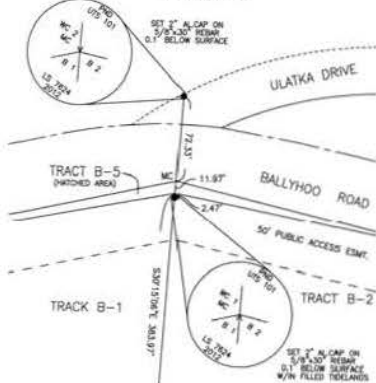
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CORMORANT SUBD TRACT A (P 94-18)

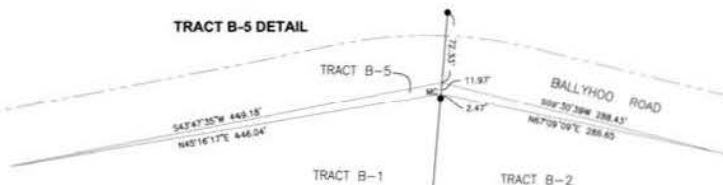
CORMORANT SUBD ADD. NO. 2
TRACT B-1
PLAT NO. 2011-5



DETAIL "A"



TRACT B-5 DETAIL



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, AND 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 10/30/2013 REGISTRATION NO. LS 7824

Mary Anne S. Taylor
REGISTERED LAND SURVEYOR



LEGEND

- SET 3 1/4" ALUMINUM CAP DIG MONUMENT
- 2 1/2" BRASS CAP MONUMENT SET IN ROCK
- SET REBAR W/ 2" AL CAP
- FOUND 2" AL CAP ON PND YPC
- FOUND 2" AL CAP ON P5 REBAR
- FOUND MONUMENTS AS DESCRIBED
- () RECORD INFORMATION (SEE NOTE 1)
- MEASURED DIMENSION
- - - COMPUTED DIMENSION

RECORD MEANDERS			COMPUTED MEANDERS		
LINE	BEARING	DISTANCE	LINE	BEARING	DISTANCE
1-1	S47°39'45"W	392.08	1-1	S78°24'24"W	87.82
1-2	S47°07'30"W	223.12	1-2	S66°23'10"W	73.77
1-3	S57°18'20"W	258.09	1-3	S66°23'10"W	104.11
1-4	S66°35'25"W	81.94	1-4	S66°35'25"W	288.63
1-5	S61°28'30"W	246.46	1-5	S47°47'30"W	449.18
1-6	S78°54'00"W	87.82			
1-7	S66°35'40"W	73.79			
1-8	S66°35'40"W	104.09			
1-9	S66°35'40"W	788.61			
1-10	S47°49'40"W	449.10			
1-11	S47°32'10"W	173.48			
1-12	S56°45'35"W	28.08			
1-13	S47°05'05"W	63.25			
1-14	N73°05'30"W	29.03			
1-15	S56°35'16"W	95.49			
1-16	S85°58'55"W	88.50			
1-17	S78°32'45"W	14.33			

CITY APPROVAL

I HEREBY CERTIFY THAT THE SUBDIVISION PLAT SHOWN HEREON HAS BEEN FOUND TO COMPLY WITH THE REGULATIONS OF THE CITY OF UNALASKA, SAID PLAT HAS BEEN APPROVED BY THE CITY OF UNALASKA, ALASKA.

Elizabeth Morris
CITY CLERK
DATE 11/6/2013
Cheryl Balliet
CHAIR OF THE PLATTING BOARD
DATE 11/6/2013

NOTARY ACKNOWLEDGMENT FOR

SUBSCRIBED AND SHOWN TO BEFORE ME THIS 6th DAY OF November 2013.

NOTARY PUBLIC
MY COMMISSION EXPIRES 9/25/14

NOTARY ACKNOWLEDGMENT FOR

SUBSCRIBED AND SHOWN TO BEFORE ME THIS 6th DAY OF November 2013.

NOTARY PUBLIC
MY COMMISSION EXPIRES 9/25/14

NOTES

- ALL RECORD INFORMATION SHOWN IS FROM THE PLAT OF UNALASKA TIDELAND SURVEY NO. 101 TRACTS A & B (P 98-28). (SEE NOTE 2).
- BASES OF BEARING FOR THIS SURVEY IS N 45°19'07"W AND IS BASED ON THE FOUND MONUMENTS THAT DEFINE THE COMMON PROPERTY LINE BETWEEN CSA 7, 8 AND TRACT B-1 CORMORANT SUBD. ADDITION NO.2 AS SHOWN ON UTS 101 TRACT A & B PLAT, RECORDED IN THE ALUTIAN ISLANDS RECORDING DISTRICT AS PLAT NO. 98-28.
- VERTICAL DATUM IS MEAN LOWER LOW WATER (MLLW = 0.00').
- NO LOCATION OF THE UNDERGROUND UTILITIES WAS PERFORMED FOR THIS PLAT.
- AS OF THE DATE OF SURVEY, ALL PUBLIC UTILITIES ARE PRESUMED TO BE LOCATED WITHIN THE RIGHT-OF-WAY OR HAVE DEDICATED EASEMENTS PROVIDED AND THE RIGHT-OF-WAYS ENCOMPASS THE TRAVELWAYS.
- NO ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION APPROVAL REQUIRED FOR THIS PLAT ACTION.
- DEVELOPERS MAY NOT ALTER EXISTING NATURAL DRAINAGE WITHOUT PROVIDING ALTERNATES AND/OR DRAINAGE EASEMENT.
- FIELD SURVEY PERFORMED AUGUST 20 - 30, 2012.
- ALL EASEMENTS FROM A FIXED POINT TO NAVIGABLE OR PUBLIC WATERS EXTEND TO THE WATER LINE, EXTENDING OR SHORTENING AS THE WATER ADVANCES OR RECESSES.
- UTS 101, TRACTS B1, B2, B3, B-4 & B-5 ARE ZONED DEVELOPABLE TIDELANDS.

CERTIFICATE OF OWNERSHIP AND DEDICATION

I (WE) HEREBY CERTIFY THAT I AM (WE ARE) THE OWNER(S) OF THE REAL PROPERTY SHOWN AND DESCRIBED HEREON AND THAT I (WE) HEREBY ADOPT THIS PLAN OF SUBDIVISION AND DEDICATE ALL RIGHT OF WAYS AND PUBLIC AREAS TO THE PUBLIC, AND EASEMENTS TO THE USE SHOWN.

Chris Alacid, CITY MANAGER
CITY OF UNALASKA
P.O. BOX 610
UNALASKA, AK 99560

11/6/2013
NOTARY PUBLIC
MARJORIE V. VESDER
STATE OF ALASKA
CITY OF UNALASKA, DISTRICT 10

NOTARY ACKNOWLEDGMENT FOR CITY OF UNALASKA

SUBSCRIBED AND SHOWN TO BEFORE ME THIS 6th DAY OF November 2013.

Margie V. Vesder
NOTARY PUBLIC
MY COMMISSION EXPIRES 9/25/2015

TAX CERTIFICATE

I HEREBY ACKNOWLEDGE THAT NO TAX PAYMENT IS CURRENTLY DUE THE PROPERTY SHOWN HEREON.

Elizabeth Morris
CITY CLERK, CITY OF UNALASKA
DATE November 6, 2013



UNALASKA TIDELAND SURVEY 101 TRACTS B-1, B-2, B-3, B-4 & B-5

A SUBDIVISION OF UNALASKA TIDELAND SURVEY 101: TRACT B PLAT NO. 98-28 ALUTIAN ISLANDS RECORDING DISTRICT
SECTION 28 AND 35, T 22 S, R 117 W, DENALI MERIDIAN
CONTAINING 16.00 ACRES MORE OR LESS

PND ENGINEERS, INC.
1506 West 36th Avenue
Anchorage, Alaska 99503
Phone: 907.581.1911
Fax: 907.563.4220

Scale: 1" = 100' Date: 10/29/13 File No.: 2013-03 W.E. No.: 002245
Drawn by: BS & PT SHEET 1 OF 2

AFTER RECORDATION, PLEASE RETURN TO:

**City of Unalaska
Planning Department
PO Box 610
Unalaska, AK 99685**

**CITY OF UNALASKA
UNALASKA, ALASKA**

RESOLUTION 2014-09

A RESOLUTION OF THE UNALASKA CITY COUNCIL APPROVING A NON-EXCLUSIVE RIGHT OF WAY AND EASEMENT AGREEMENT BETWEEN THE CITY OF UNALASKA AND OUNALASHKA CORPORATION FOR OUTFALL AND INTAKE LINES IN ATS 1246 AND HENRY SWANSON DRIVE FOR THE TERM OF 30 YEARS

WHEREAS, the City of Unalaska is the owner of Alaska Tideland Survey (ATS) 1246 and the Henry Swanson Drive is a public Right-of-Way; and

WHEREAS, Ounalashka Corporation is the upland owner of South American Subdivision No. 2, Tract B-1, Plat No. 2010-10 and leases a portion of said property to Sea Aleutian Seafoods; and

WHEREAS, Sea Aleutian Seafoods is establishing a Fish Packing Plant on this leased property and desires to install outfall and intake lines across Henry Swanson Drive and into ATS 1246; and

WHEREAS, Ounalashka Corporation, on behalf of their Lessee, Sea Aleutian Seafoods, has applied for a right-of-way agreement within ATS 1246 the tidelands and for an easement across Henry Swanson Drive; and

WHEREAS, Section 07.08.090 of the Unalaska Municipal Code authorizes the sale, lease or other disposal of City-owned land, or an interest therein, by negotiation upon a determination by the City Council that such disposal for a particular use or class of uses will benefit or complement a municipal function; 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 annual rate amount has been as negotiated by the City Manager in accordance with the City Manager Regulations for Tideland Leasing; and

WHEREAS, the City Council has determined that a 30 year agreement is of benefit to the city as it promotes long term investment in and around Unalaska's tidelands and allows for new business to establish their operations within our community.

NOW THEREFORE BE IT RESOLVED THAT THE UNALASKA CITY COUNCIL approved the non-exclusive right of way permit and easement agreement between the City of Unalaska and Ounalashka Corporation for ATS 1246 and Henry Swanson Drive as defined in Exhibit A of the Agreement, and that the City Manager is authorized to execute the agreement on behalf of the City upon receipt of all required documentation.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE UNALASKA CITY COUNCIL THIS 14TH DAY OF JANUARY 2014.

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: JANUARY 10, 2014
RE: RESOLUTION 2014-09

SUMMARY: A non-exclusive right of way permit and easement agreement between City of Unalaska and Ounalashka Corporation (OC) has been requested to accommodate new intake and outfall lines for Sea Aleutian Seafoods. The agreement has been drafted and is being processed in accordance with City code and regulations. Staff recommends approval of Resolution 2014-09.

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

BACKGROUND: Section 07.08.090 of the Unalaska Municipal Code disposal of interests in City-owned land by negotiation upon a determination by the City Council that such disposal for a particular use or class of uses will benefit or complement a municipal function. Section 7.12.020 UCO requires the City Council to approve any lease of city property having a term of greater than 5 years.

The 30-year agreement presented here will accommodate new intake and outfall lines by establishing the following:

- Non-Exclusive Right of Way Permit for the Tideland (ATS 1246)
- Non-Exclusive Easement on the Public Right of Way of Henry Swanson Drive

DISCUSSION: OC, on behalf of their lessee Sea Aleutian Seafoods, has submitted an application for a non-exclusive right of way permit and easement agreement to allow for intake and outfall lines across the public right-of-way of Henry Swanson Drive and into the City owned tideland of ATS 1246. These lines will be connected to Sea Aleutian Seafoods Fish Packing Plant located on the adjacent uplands in South American Subdivision No. 2, Tract B-1, Plat Number 2010-10.

The application itself is being processed and attached agreement has been drafted in accordance with the Title 7 and Regulations for Tidelands Leasing, License, Exchange or Sale. A surveyor has drafted an exhibit and legal description of the area involved which has been incorporated into the agreement. A copy of the exhibit signed by the surveyor is required to be submitted and will be included in the final agreement prior to the City signing the agreement.

A building permit has already been issued by the Department of Public Works for the improvements to Sea Aleutian Seafoods Fish Packing Plant. As noted in the conditions of approval for the building permit, an excavation permit from the Department of Works will need to be obtained prior construction related to the outfall and intake lines.

Sea Aleutian Seafoods have stated they are they are in the process of obtaining the required state and federal permits for the intake and outfall lines. Documentation of these applications shall be provided to the City prior to signing the agreement. No construction will be permitted by the City until documentation is provided verifying that these state and federal permits have been issued. This has been included in the stipulations of the agreement.

The City of Unalaska has plans to pave Henry Swanson Drive this summer. Therefore, in order to protect this public investment, all earthwork and construction related to the outfall and intake lines crossing Henry Swanson Drive Right-of-Way shall be complete prior to June 1, 2014. This has been included in the stipulations of the agreement.

Although future development plans for the Carl E. Moses Small Boat Harbor will take into account the placement of outfall and intake lines, future expansion may result in the need for them to be relocated at the Permittee's expense. This has been included in the stipulations of the agreement.

Proof of insurance has been submitted and is currently under review by the City's Risk Manager. The agreement will not be signed until it is demonstrated that all insurance requirements specific to this proposed use have been met.

The 30-year term on this agreement, allowing for a new business to establish their operations within our community, is of benefit to the city. Concerns related to the location of these lines have been address in stipulations of the agreement and described above. The term, the stipulations and the annual fee of \$2,250 have been drafted with the guidance provided by code and tideland regulations.

ALTERNATIVES: City Council may approve Resolution 2014-09 or they may find that it is in the best interest of the City to reject or alter the application and disapprove Resolution 2014-09 as it is currently written.

FINANCIAL IMPLICATIONS: The annual fee has been established for \$2,250, which totals \$67,500 over the 30-year term of the agreement. This does not account for potential increased tax revenue that might result from the business.

LEGAL: The form of the agreement was based on forms reviewed by the City Attorney.

STAFF RECOMMENDATION: Staff recommends approval of Resolution 2014-09.

CITY MANAGER COMMENTS: Recommend moving forward with finalizing this agreement.

CITY OF UNALASKA
PRIVATE NON-EXCLUSIVE RIGHT OF WAY AND NON-EXCLUSIVE EASEMENT
AGREEMENT
FOR CITY OWNED TIDELANDS ATS No. 1246
AND HENRY SWANSON DRIVE

THIS AGREEMENT made and entered into this _____ day of _____, 20____ by and between the City of Unalaska hereinafter referred to as the Grantor and Ounalashka Corporation whose address is PO Box 149, Unalaska, Alaska 99685-0149, referred to as the Permittee.

In accordance with the provisions of the City of Unalaska Code of Ordinances and the Tideland Lease Regulations the Permittee, on behalf of its Lessee, has filed for a private non-exclusive right-of-way permit and non-exclusive easement for an outfall/intake line to be located within tide and submerged lands patented to the City of Unalaska and across the Public Right-of-Way in the area legally described as follows:

An Easement for a Seawater Intake Pipe and a Outfall Pipe that passes through the Henry Swanson Drive Right of Way and extends into ATS 1246 and is located within Section 10, Township 73 South, Range 118 West of the Seward Meridian, Alaska and within the Aleutian Islands Recording District and is more particularly described as follows:

*Commencing at a corner of Tract B-1 South America Subdivision No. 2, marked by a rebar from which another corner marked by a rebar bears South 59°08'30" West a distance of 908.35 feet and is shown as the Basis Of Bearing of said Subdivision recorded in the Aleutian Islands Recording District as Plat No. 2010-10; thence South 00°10'00" West a distance of 299.60 feet to Witness Corner 2 to Meander Corner 1 of ATS 1246 marked by a aluminum capped monument; thence North 81°57'08" East to the intersection point with the proposed Seawater Intake Line and the north Right of Way Line of Henry Swanson Drive a distance of 126.90 feet to the **True Point of Beginning** for this description.*

Thence North 59°09'37" East along said Right of Way Line a distance of 5.00 feet; thence South 32°31'54" East through the Henry Swanson Drive Right of Way a distance of 58.36 feet to the south Right of Way Line; thence South 32°31'54" East into ATS 1246 a distance of 49.91 feet; thence continuing through ATS 1246 for the next four courses, South 57°28'06" West a distance of 10.00 feet; thence North 32°31'54" West a distance of 37.96 feet; thence South 57°28'06" West a distance of 5.00 feet; thence North 32°31'54" West to the south Right of Way Line of Henry Swanson Drive a distance of 11.84 feet; thence North 32°31'54" West through the Henry Swanson Drive Right of Way a distance of 58.92 feet to the north Right of

*Way Line; thence North 59°09'37" East a distance of 10.00 feet to the **True Point of Beginning** containing 1438 square feet more or less and according to attached **Exhibit A**.*

Whereas, it is understood and agreed by the Permittee that, as a condition to granting the private non-exclusive right-of-way permit and non-exclusive easement applied for, the land covered by the right-of-way and easement shall be used for no purpose other than the location, construction, operation and maintenance of the said right-of-way and easement, over and across the following City of Unalaska tide and submerged lands and Public Right of Way indicated in either of the following, included as Exhibit A:

1. If the outfall or intake line(s) already exist(s), an as-built survey, signed by a Registered Professional Land Surveyor in the State of Alaska, showing the outfall or intake line(s) already in place; or
2. If the outfall/intake lines(s) is/are proposed, a survey signed by a Registered Professional Land Surveyor in the State of Alaska showing the proposed location of the line(s).

This right-of-way permit and easement shall run for a term of 30 years and shall expire on _____, 20____ subject to the Special Stipulations listed below:

1. The easement granted under this right-of-way is designated as private non-exclusive. The City of Unalaska retains control of the easement and reserves the right to grant compatible easements within, overlapping or adjacent to the subject easement area.
2. The annual rental fee is \$2,250.00 per year. The rental fee is payable on or before _____ of each year. Said rental fee is subject to periodic review and adjustment every 5 years during the term of the right-of-way and easement.
3. The Alaska Constitution guarantees any citizen of the United States or resident of the state the right of access to navigable and public waters of the state. The Public Trust Doctrine further guarantees the public right to use navigable waters and the land beneath them for navigation, commerce, fishing, and other purposes.
4. This right-of-way is subject to the principles of the Public Trust Doctrine. The Grantor reserves the right to grant other interests to the subject lands consistent with the Public Trust Doctrine as long as said interests will not unreasonably interfere with the use of the parcel by the permittee.
5. The grantor reserves the right to revoke this right-of-way if the subject lands are no longer used or needed for the operation of the use permitted. I have read and understand the foregoing stipulations and agree to comply with them.
6. Construction related to the outfall and intake lines crossing Henry Swanson Drive Right-of-Way shall be complete prior to June 1, 2014; before the beginning of the pavement

project for Henry Swanson Drive. No earthwork may be performed after June 1, 2014 in order to protect this public investment.

7. Future expansion plans for the Carl E Moses Small Boat Harbor will take into account the placement of outfall and intake lines, but may result in the need for them to be relocated at the Permittee's expense.

The Permittee in the exercise of the rights and privileges granted by this permit shall comply with all regulations established by the City of Unalaska and all other federal, state or City of Unalaska laws, regulations or ordinances applicable to the area herein granted.

Upon abandonment, termination, revocation or cancellation of this indenture, the Permittee shall within 90 days remove all structures and improvements from the area herein granted, except those owned by the Grantor, and shall restore the area to the same or similar condition as the same was upon the issuance of this permit. Should the Permittee fail or refuse to remove said structures or improvements, within the time allotted, they shall revert to and become the property of the Grantor. However, the permittee shall not be relieved of the cost of the removal of the structures, improvements and/or the cost of restoring the area. Provided further, however, that the Grantor, in its discretion, may alter or modify the requirements contained in this provision if it is to the best interest of City of Unalaska to do so.

The Permittee shall utilize the lands herein granted consistent with the purposes of the proposed use, as revealed by the application therefor, and shall maintain the premises in a neat and orderly manner and shall adopt and apply such safety measures as shall be necessary, proper and prudent with respect to the use to which the land is subjected.

Prior to any construction or development that will use, divert, obstruct, pollute or utilize any of the waters of the State, the Permittee shall first obtain approval therefor from the Commissioner of the Department of Fish and Game and the Corps of Engineers and file image copies thereof with the Grantor.

In case the necessity for the right-of-way and easement shall no longer exist, or the Permittee should abandon or fail to use the same, then this permit shall terminate.

The City of Unalaska shall be forever wholly absolved from any liability for damages which might result to the Permittee herein on account of this permit having been cancelled, forfeited or terminated prior to the expiration of the full time for which it was issued.

NOW THEREFORE, in accordance with the provisions of The City of Unalaska Code of Ordinances and the rules and regulations promulgated thereunder and in accordance with the conditions heretofore set forth or attached hereto and made a part hereof, the Permittee herein is hereby authorized to locate, construct, operate and maintain said right-of-way and easement over and across the lands herein described.

IN WITNESS WHEREOF, the City of Unalaska, as Grantor, acting through the City Manager or his lawfully designated representative, and otherwise being lawfully authorized,

and the Permittee have caused this permit to be signed in duplicate, and have hereunto set their respective hands, agreeing to keep, observe and perform the applicable ordinances, as amended, the rules and regulations promulgated thereunder, and the terms, conditions and provisions herein contained or attached, which on the Grantor's or Permittee's respective parts are to be kept, observed and performed.

CITY OF UNALASKA

OUNALASHKA CORPORATION

Chris Hladick, City Manager

Rick Miller, CEO

STATE OF ALASKA)
) ss.
Third Judicial District)

The foregoing instrument was acknowledged before me this _____ day of _____, 20__ by Rick Miller, CEO of Ounalashka Corporation of Unalaska, Alaska, on behalf of the corporation.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year above written.

Notary Public, State of Alaska

My Commission expires _____

STATE OF ALASKA)
) ss.
Third Judicial District)

The foregoing instrument was acknowledged before me this _____ day of _____ 20__, by Chris Hladick, City Manager for the City of Unalaska, a First Class Alaska Municipal Corporation, on behalf of the City of Unalaska.

Notary Public, State of Alaska

My Commission expires _____

AFTER RECORDATION, PLEASE RETURN TO:

**City of Unalaska
Planning Department
PO Box 610
Unalaska, AK 99685**

**CITY OF UNALASKA
UNALASKA, ALASKA**

RESOLUTION 2014-05

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF UNALASKA ALASKA,
EXPRESSING STRONG SUPPORT FOR GOVERNOR PARNELL'S PROPOSAL TO
APPROPRIATE \$3 BILLION FROM THE CONSTITUTIONAL BUDGET RESERVE
INTO THE ALASKA RETIREMENT TRUST FUNDS IN 2015**

WHEREAS, the combined unfunded liability of Alaska's Public Employee's Retirement System (PERS) and Teacher's Retirement System (TRS) is \$11.8 billion at June 30, 2012; and

WHEREAS, the funded ratio of PERS is 61.3% and TRS is 52.1% at June 30, 2012; and

WHEREAS, the Governor has identified the State's unfunded pension liability as Alaska's biggest budget driver, with annual State Assistance payments expected to exceed \$1 billion per year without a substantial cash infusion directly into the retirement trust funds; and

WHEREAS, State Assistance payments on behalf of municipalities provide significant rate relief to local taxpayers, provide budget predictability and stability to local governments, and are crucial to the financial health of Alaska's municipalities and school districts; and

WHEREAS, Governor Parnell's plan is in the best interests of the retirement systems, the State of Alaska and its municipalities by honoring Alaska's constitutional obligations, reducing annual state assistance contributions to a more predictable and sustainable \$500 Million per year, increasing the funded status of the PERS and TRS by 10%, honoring the State's previous commitment to pay employer contribution rates in excess of 22%, allowing for future interest earnings to offset future contribution requirements, reducing pressure on future State and local government budgets, strengthening the credit rating of the State of Alaska and its municipalities, increasing future flexibility at a time when oil production is anticipated to decline, and solving the problem now when reserves are available rather than passing the problem to future generations of Alaskans;

NOW, THEREFORE, BE THE FOLLOWING RESOLVED:

Section 1. The City Council of the City of Unalaska expresses strong support for Governor Parnell's proposed transfer of \$3 billion from the State's Constitutional Budget Reserve directly into the retirement trust funds.

Section 2. The City Council expresses concern for any proposal to place the proposed \$3 billion into a Reserve Fund rather than directly into the retirement trust funds. The purpose of a Reserve Fund is to provide future flexibility to allow monies to be used for purposes other than the provision of pension benefits. The existence of the Reserve Fund gives a potentially false assurance that funded levels of the retirement trust funds are adequate to pay pension benefits, thereby reducing required employer contributions into the system. Future tapping of the Reserve

Fund, however, would significantly exacerbate the unfunded liability at a time when Alaska has diminished flexibility to address the problem due to lower oil production and likely lower reserves.

Section 3. The City Council further expresses strong support for the Governor's proposal to continue to provide \$500 million per year in State Assistance payments on behalf of municipalities and school districts. State Assistance payments should not be further diminished. Any further reduction in State Assistance necessarily extends the amortization of the unfunded liability resulting in local governments and school districts having to pay the 22% (PERS) and 12.56% (TRS) employer contribution rate for many more years than they otherwise would, and significantly shifting costs from the State to its municipalities.

Section 4. This resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE UNALASKA CITY COUNCIL THIS 14TH DAY OF JANUARY 2014.

MAYOR

ATTEST:

CITY CLERK

**CITY OF UNALASKA
UNALASKA, ALASKA**

RESOLUTION 2014-03

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF UNALASKA, AUTHORIZING THE CITY MANAGER TO AMEND THE BALLYHOO ROAD PAVING AND 2013 MISCELLANEOUS PAVING PROJECTS AGREEMENT WITH KNIK CONSTRUCTION COMPANY, INC. TO INCLUDE THE REPAVING OF AIRPORT BEACH ROAD AND EAST BROADWAY AVENUE IN THE AMOUNT OF \$3,268,260.

WHEREAS, the City of Unalaska, Alaska has determined that it is necessary to repair work completed under the 2012 Pavement Resurfacing Project; and

WHEREAS, the City of Unalaska entered into a construction Agreement with Knik Construction, Inc., for the Ballyhoo Road Paving and 2013 Miscellaneous Paving Projects on June 11, 2013; and

WHEREAS the City has negotiated a fair and reasonable price for the Airport Beach Road and East Broadway Repaving work based on the 2013 Ballyhoo Road bid prices.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Unalaska authorizes the City Manager to amend the Ballyhoo Road Paving and 2013 Miscellaneous Paving Projects agreement with Knik Construction, Inc. to include the repaving of Airport Beach Road and East Broadway Ave., in the amount of \$3,268,260.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE UNALASKA CITY COUNCIL THIS 14TH DAY OF JANUARY 2014.

Mayor

ATTEST:

City Clerk

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS

FROM: CHRIS HLADICK, CITY MANAGER

THRU: NANCY PETERSON, DPW DIRECTOR

DATE: JANUARY 14, 2014

RE: APPROVAL OF RESOLUTION 2014-03, AUTHORIZING THE CITY MANAGER TO AMEND THE BALLYHOO ROAD PAVING AND 2013 MISCELLANEOUS PAVING PROJECTS AGREEMENT WITH KNIK CONSTRUCTION COMPANY, INC., TO INCLUDE THE REPAVING OF AIRPORT BEACH ROAD AND EAST BROADWAY IN THE AMOUNT OF \$3,268,260.

SUMMARY: Resolution #2014-03 will authorize the City Manager to amend the Ballyhoo Road Paving and 2013 Miscellaneous Paving Projects agreement with Knik Construction Company, Inc. to include the repaving of Airport Beach Road and East Broadway. The City solicited a quote from Knik Construction to complete the repaving of these roads based on Knik's 2013 bid prices for Ballyhoo Road Paving. The total cost for milling and replacing 2" of asphalt, replacing the Iliuliuk bridge membrane, adjusting all utilities and correcting the crown of the road to improve drainage is \$3,268,260.

PREVIOUS COUNCIL ACTION: Council has taken the following actions in regards to the Pavement Resurfacing project:

- Approved Ordinance #2009-08, on May 26, 2009 adopting the FY2010 budget, authorizing \$5,000,000 funding for Airport Beach Road/Broadway Maintenance;
- Approved Ordinance #2011-05 on May 21, 2011, adopting the FY2012 budget, authorizing \$630,000 funding for Pavement Resurfacing.
- Approved Resolution # 2012-33 on April 10, 2012, authorizing the City Manager to enter into a design contract with PND to design the Pavement Resurfacing Project.
- Approved Ordinance #2012-03 on May 22, 2012 amending the budget to add \$3,600,000 to the Pavement Resurfacing project.
- Approved Resolution #2013-82 on December 17, 2013, authorizing the City Manager to enter into a Settlement Agreement with Granite Construction to resolve the dispute with the 2012 Resurfacing project.

BACKGROUND: The City awarded a contract to Granite Construction in June 2012 for construction of the 2012 Pavement Resurfacing Project. There were significant deficiencies in the project scope of work and the City negotiated with Granite throughout 2013 to complete the required repairs. A Settlement Agreement was approved by the City Council on December 17th, 2013 to resolve the dispute.

DISCUSSION: Now that a settlement has been reached with Granite, the City can move forward to complete the repairs and repaving of the deficient work from the 2012 Pavement Resurfacing Project on Airport Beach Road and East Broadway Avenue. The scope of work includes:

- Milling and replacing 2 inches of asphalt;
- Replacing the membrane on the Iliuliuk Bridge;
- Adjusting all utility manholes and vaults;
- Correcting the crown of the road to enable adequate drainage.

A quote was solicited from Knik for the work, based on their bid prices from the 2013 Ballyhoo Road project. All prices for the items in the scope of work will remain the same as the 2013 bid, with the exception of the following items:

<u>Item (increase cost)</u>	<u>Justification</u>
Asphalt Pavement (increase of \$200,000)	Width of road and depth of asphalt require additional labor costs to install; additional subcontractor material price costs.
Asphalt Cement (increase of \$90,000)	Width of road and depth of asphalt require addition labor costs to install.
Asphalt for Tack Coat (increase of \$6,800)	Increase in cost to manufacture product.
Adjustment of Water Valve Boxes (\$36,675)	Subcontractor quote for work – Knik will work to reduce cost if possible.

The Cost of the work also includes \$112,500 for contingent sums to be available to the Contractor for quality price adjustments for exceeding performance specifications on pavement and joint densities. The conditions for awarding these adjustments are clearly identified in the contract documents.

This resolution will amend the Ballyhoo Road and 2013 Miscellaneous Paving project agreement with Knik to include this repaving work on Airport Beach Road and East Broadway Ave.

The funding for the work will come from the funds remaining in Project PW204 - 2012 Pavement Resurfacing Project (\$8,106,049), which includes the \$1,652,818 paid by Granite Construction as part of the Settlement Agreement.

Knik did a good job on the Ballyhoo Road project this past summer. They were very conscientious, had an experienced Project Superintendent and a highly qualified crew to perform the work. Their equipment also has the technological components needed to ensure the crown of the road is properly installed.

ALTERNATIVES: The City Council could choose to solicit additional bids for the work.

FINANCIAL IMPLICATIONS: The cost for the work is \$3,268,260. Funding is available in the 2012 Pavement Resurfacing project - PW204 (\$8,106,049)

LEGAL: N/A

STAFF RECOMMENDATION: The Public Works Department recommends approval of this contract amendment.

PROPOSED MOTION: I move to approve Resolution #2014-03.

CITY MANAGER'S COMMENTS: I recommend approval of this contract to complete the resurfacing before further deterioration occurs.

ATTACHMENTS: 1) Knik Price Proposal dated October 31, 2013

**ADDENDUM NO. 1 TO STANDARD FORM OF AGREEMENT
BETWEEN THE OWNER AND CONTRACTOR FOR THE BALLYHOO ROAD PAVING
AND 2013 MISCELLANEOUS PAVING PROJECTS**

THIS ADDENDUM NO. 1 is dated as of the _____ day of January in the year 2014, by and between the City of Unalaska (hereinafter called OWNER) and Knik Construction Company, Inc. (hereinafter called CONTRACTOR).

OWNER and CONTRACTOR, in consideration of the mutual covenants hereinafter set forth, agree to amend that certain Standard Form of Agreement between the Owner and CONTRACTOR as follows:

Article 1. WORK

The scope of the construction work shall be amended to include Repaving Airport Beach Road and East Broadway Avenue as set forth in the attached CONTRACTOR's Price Proposal dated October 31, 2013 with City contingencies for price adjustments included.

The list of Contract Documents shall be amended to include:

- Addendum No. 1 to Standard Form of Agreement

Article 2. TIME

The Substantial Completion Date and the Final Completion Date for the Airport Beach Road and East Broadway Repaving shall be as follows:

Substantial Completion – August 31, 2014
Final Completion – September 30, 2014

Article 3. CONTRACT PRICE

A new paragraph 3.3 is added to read as follows:

- 3.3 The Contract Sum for Airport Beach Road and East Broadway Repaving shall be \$3,268,260.

IN WITNESS WHEREOF, The OWNER and CONTRACTOR have signed all counterparts of this Agreement. All portions of the Contract Documents have been signed or identified by the OWNER and CONTRACTOR.

This Agreement will be effective on _____, 2014.

CITY OF UNALASKA

**KNIK CONSTRUCTION
COMPANY, INC.**

By _____
Chris Hladick, City Manager

By _____

(CORPORATE SEAL)

(CORPORATE SEAL)

Attest _____
City Clerk

Attest _____

Address for giving notices
PO Box 610
Unalaska, Alaska 99685

Address for giving notices
6400 South Airpark Place, Suite #1
Anchorage, AK 99502

Scope of Work for Repaving Airport Beach Road and East Broadway Avenue
Knik Cost Proposal 10 31 2013

Overall Project Total					Cost based on Ballyhoo Road Unit Prices		Knik Cost Proposal October 31, 2013		Notes
Item No.	Spec. No.	Name of Item	Unit	Quantity	Unit Cost	Item Cost	Unit Cost	Item Cost	
2	202(15)	Pavement Planing	Square Yard	71,262	\$5	\$356,310	\$5	\$356,310	
5	401(1)	Asphalt Pavement, Type II; Class A	Ton	10,000	\$110	\$1,100,000	\$130	\$1,300,000	Ballyhoo bid \$110. (Additional Labor Costs)
6	401(2)	Asphalt Cement, PG 52-34	Ton	600	\$1,150	\$690,000	\$1,300	\$780,000	Ballyhoo bid \$1150 (Additional Labor Costs)
7	401(6)	Asphalt Price Adjustment	Contingent Sum	1	\$100,000	\$100,000	\$100,000	\$100,000	City contingency for exceeding project specifications on density
8	401(9)	Longitudinal Joint Adhesive and Sealant	Lump Sum	1	\$25,000	\$25,000	\$30,000	\$30,000	
9	401(10)	Asphalt Material Price Adjustment - Unit Price	Contingent Sum	1	\$7,500	\$7,500	\$7,500	\$7,500	City contingency for exceeding project specifications on density
10	402(1)	STE-1 Asphalt for Tack Coat	Ton	17	\$1,350	\$22,950	\$1,750	\$29,750	Ballyhoo bid \$1750. (Additional cost to manufacture product)
11	508(1A)	Waterproofing Membrane, Iliuliuk Bridge	Lump Sum	1	\$40,000	\$40,000	\$50,000	\$50,000	
12	604(4)	Adjust Existing Manhole	Each	46	\$2,000	\$92,000	\$1,600	\$73,600	
13	627(10)	Adjustment of Valve Box	Each	45	\$175	\$7,875	\$990	\$44,550	Ballyhoo bid \$175 ea. (Increase Subcontractor price)
15	639(3)	Public Approach	Each	3	\$1,200	\$3,600	\$1,200	\$3,600	
16	639(4)	Driveway	Each	2	\$1,000	\$2,000	\$1,000	\$2,000	
17	640(1)	Mobilization and Demobilization	Lump Sum	1	\$200,000	\$200,000	\$200,000	\$200,000	
18	641(1)	Erosion, Sediment and Pollution Control Administration	Lump Sum	1	\$5,000	\$5,000	\$9,000	\$9,000	
19	641(3)	Temporary Erosion, Sediment, and Pollution Control	Lump Sum	1	\$25,000	\$25,000	\$25,000	\$25,000	
20	641(5)	Temporary Erosion, Sediment, and Pollution Control by Directive	Contingent Sum	1	\$5,000	\$5,000	\$5,000	\$5,000	City contingency for SWPPP directives by City Engineer
21	642(1)	Construction Surveying	Lump Sum	1	\$75,000	\$75,000	\$50,000	\$50,000	
22	643(2)	Traffic Maintenance	Lump Sum	1	\$100,000	\$100,000	\$83,000	\$83,000	
23	643(23)	Traffic Price Adjustment	Contingent Sum	1	\$0	\$0	\$0	\$0	
24	644(2)	Field Laboratory	Lump Sum	1	\$2,000	\$2,000	\$10,000	\$10,000	
25	646(1)	CPM Scheduling	Lump Sum	1	\$3,000	\$3,000	\$5,000	\$5,000	
26	647(2)	Dozer, 65 HP Min	Hour	30	\$220	\$6,600	\$240	\$7,200	
27	647(6)	Hydraulic Excavator, 1 CY, 100 HP Min	Hour	30	\$290	\$8,700	\$225	\$6,750	
28	670(1)	Painted Traffic Markings	Lump Sum	1	\$70,000	\$70,000	\$90,000	\$90,000	
TOTAL						\$2,835,035		\$3,155,760	
TOTAL WITH CITY CONTINGENCIES						\$2,947,535		\$3,268,260	

**CITY OF UNALASKA
UNALASKA, ALASKA**

RESOLUTION 2014-06

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF UNALASKA, AUTHORIZING THE CITY MANAGER TO ENTER INTO A CONTRACT WITH PND ENGINEERS, INC. FOR PRELIMINARY DESIGN, PERMITTING AND GEOTECHNICAL INVESTIGATION FOR UNALASKA MARINE CENTER POSITIONS 3 AND 4 IN AN AMOUNT NOT TO EXCEED \$420,858.

WHEREAS, the City of Unalaska, Alaska has adopted the UMC Dock Replacement and Expansion nomination as a capital project; and

WHEREAS, the City of Unalaska desires an open cell sheet pile design; and

WHEREAS, The UMC Dock Replacement and Expansion open cell sheet pile will require a preliminary design, permitting and geotechnical investigation to proceed with the UMC Replacement and Expansion project; and

WHEREAS, the City of Unalaska solicited a proposal for preliminary design, permitting, and geotechnical investigation from PND Engineers, Inc., the designers of the existing open cell sheet pile dock at UMC; and

WHEREAS, the City has negotiated a fair and reasonable price for the services to be provided;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Unalaska authorizes the City Manager to enter into a contract with PND Engineers, Inc., for preliminary design, permitting and geotechnical investigation for Unalaska Marine Center positions 3 and 4 in an amount not to exceed \$420,858.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE UNALASKA CITY COUNCIL THIS 14th DAY OF JANUARY 2014.

MAYOR

ATTEST:

CITY CLERK

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS
FROM: PEGGY MCLAUGHLIN, PORTS DIRECTOR
THRU: CHRIS HLADICK, CITY MANAGER
DATE: JANUARY 14, 2014
RE: RESOLUTION 2014-06: AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH PND ENGINEERS, INC. FOR AN AMOUNT NOT TO EXCEED \$420,858 FOR PRELIMINARY DESIGN, PERMITTING AND GEOTECHNICAL INVESTIGATION

SUMMARY:

Resolution # 2014-06 authorizes the City Manager to enter into an agreement with PND Engineers, Inc. for the preliminary design, permitting and geotechnical investigation for the Unalaska Marine Center Replacement and Expansion Project for Positions 3 and 4. This resolution requests approval for funding for three of the five tasks outlined in the PND Proposal, two of the tasks can be completed independently and at a later date. The work outlined in this agreement puts the UMC project in motion and defines the overall project to support our request and pursuit of funding sources.

The total amount requested for this agreement is: \$420,858.00

PREVIOUS COUNCIL ACTION:

Ordinance 2012-04 Adopting the FY13 Operating and Capital Budget for the City of Unalaska

BACKGROUND: -

During the 2012 CMMP process, the UMC Dock Replacement and Expansion project for UMC positions 3 and 4 was proposed and adopted by Council. Council appropriated \$980,000.00 for engineering services through the approval of the capital project budget. This expansion project was originally projected to be a \$28,300,000.00 project. Current estimates place the project at \$28,290,000.00 with an additional \$11,880,00.00 for optional work including additional crane rail installation and concrete surfacing. The approval of this resolution will allow City of Unalaska to contract with PND Engineers for the preliminary design, permitting and geotechnical investigation. Having a clearly-defined project will strengthen our position as we seek funding for its construction.

DISCUSSION:

The City requested that PND Engineers draft a proposal for preliminary design, permitting and geotechnical investigation for the Unalaska Marine Center Replacement and Expansion Project. This proposal supports their initial graphic site plan developed in 2012. Their proposal divides this work into 5 primary tasks labeled Tasks P1-P5. Some of these tasks can be completed independently and some require information from supporting tasks outlined in their proposal. For the purpose of this resolution we are requesting the Council to consider Tasks P1, P3, and P5 as outlined in PND's proposal. By completing these tasks we better define and better position the project for grant applications and funding requests for construction. A general overview of PND's proposal is as follows:

Task P1 develops the concept design of the project to the point where there is sufficient information to file for USACE permits by establishing a basic footprint of the project with calculations for load limits and seismic stability. This task requires information from the geotechnical survey as outlined in Task P5 to determine a reasonable footprint.

Cost: \$65,500

Task P3 will utilize the preliminary design work from Task P1 to develop permit drawings, permit applications, and project descriptions for the project permits with agencies including USACE, State of Alaska DEC, US Fish and Wildlife Service, and a National Marine Fisheries Service consultation. Also included in this task is the Biological Assessment and recommended mediation ratio. Once the permits are issued, they have a life of 5 years with the ability to renew via letter for an additional 5 years.

Cost: \$46,000

Task P5 is the geotechnical survey. The geotechnical survey will establish the bedrock elevations and slope and soil consistency and strength. To conduct this survey, nine geotechnical boreholes will be drilled to retrieve soil samples and determine strength and general bedrock contour. This survey is essential for establishing design concepts and proceeding with the permitting processes. This survey will require mobilization of barges and drilling equipment, some of which are available locally. This task has a combined benefit as the survey for Robert Storrs will also be conducted and will reduce the cost of mobilizing and demobilizing this equipment twice.

Cost: \$309,358.00

As determined in the original submission through the CMMP process, this project will replace wooden piling at position 3 with sheet pile connecting 390' of linear dock face with the USCG dock, and align approximately 220' of linear dock face of position 4 with positions 5-7. In addition to the alignment of the dock, it will create depth at the dock face for deeper draft vessels and approximately 1.8 acres of useable upland space. This renovation is necessary not only to address the aging wooden piling, but to sustain current operations and accommodate a growing customer base inclusive of factory trawlers,

containerships, barges, and cargo vessels. This improvement will allow multiple berthings and simultaneous offloads with ample uplands for freight movement. This space is also used by the Alaska Marine Highway and this will improve their berthing location and further would be able to accommodate a bigger class of vessels for the Marine Highway System.

The scope of this contract allows the City of Unalaska to start the critical beginning phases of design for replacement and expansion of UMC Positions 3 and 4. This work will begin to build the foundation of the project by determining the characteristics of the site and developing design concepts to move it forward. Completing these initial tasks legitimizes the project and positions the City with an established project that will enhance our ability to obtain funding.

ALTERNATIVES:

- 1) Council adopt Resolution 2014-06 in its entirety
- 2) Council could approve specific tasks as outlined in the PND Proposal
- 3) Council could choose to not enter into an agreement with PND and solicit additional bids for this preliminary work.

FINANCIAL IMPLICATIONS:

The cost of this work will inflate as time goes on and there is an added financial benefit by combining the mobilization and demobilization costs for geotechnical surveys for Robert Storrs and UMC Expansion and Replacement Project.

LEGAL: N/A

STAFF RECOMMENDATION:

Staff recommends approving this Resolution.

PROPOSED MOTION:

I move to approve Resolution 2014-06

CITY MANAGER'S COMMENTS:

Attachment:

Proposal from PND



December 6, 2013

PND: 111135

Peggy McLaughlin
Director of Ports
City of Unalaska
P.O. Box 610
Unalaska, Alaska 99685

Subject: UMC Dock Position III and IV Replacement– Proposal for Preliminary Design, Permitting and Geotechnical Investigation

Dear Peggy:

PND Engineers, Inc. (PND) is pleased to provide this proposal for Preliminary Design, Permitting and Geotechnical Investigation, for UMC Dock Position III and IV Replacement. This proposal and work effort is organized by task:

Task P1 – Initial Design Development Sufficient for USACE Permitting

PND will perform initial project design development, sufficient to perform preliminary dead load, live load and seismic stability calculations and define project footprint and quantities to develop US Corps of Engineers permit drawings and applications including dock site plan, cross-sections, fendering, etc. The geotechnical subsurface information and testing results from Task P5 will be used in the preliminary analysis. The preliminary design drawings and quantities will be utilized as the basis for the permitting application for the project (Task P3).

Deliverable – Preliminary Project Drawings (approx. 10% design completion)

Task P1	562 Man-hours	\$65,500 Fixed Fee
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Task P2 – Preliminary Design (30%), Master Planning and Project Scoping

PND will utilize the previously developed project concept design drawing as a basis for the project and will develop proposed design criteria, project scope summary document, alternatives and master planning. PND will organize and lead several work sessions with the City, Ports Dept. and potential users to discuss and define scope alternatives, facility components and associated cost impacts (i.e. container crane, utilities, water vaults, vessel shore-power needs, fuel vaults, storm drainage, lighting, bullrail, dock surfacing, backreach surfacing, etc.). At least two of the meetings will be held in Unalaska. Once the project scope has been adequately defined, preliminary design drawings and detailed project cost estimate will be developed to approximately 30% level of completion, including any additive alternate components. PND understands the City desires to utilize PND's OPEN CELL SHEET PILE® bulkhead system similar to the adjacent City facilities, which has proven to be cost effective and perform well at the adjacent sites. The geotechnical subsurface information and testing results from Task P4 and underwater site assessment from Task P3 will be utilized to refine the sheet pile design per the design criteria for internal stability, global stability, etc. as well as site conditions and demolition activities, allowing a more detailed and accurate project plan and cost estimate. A written project description report will be developed for the City to utilize as needed for potential funding applications.

Deliverable – Preliminary Design Drawings (30%) and Cost Estimate, Master Plan Report and Project Description

Task P2 **1,827 Man-hours** **\$259,000 Fixed Fee**
(including subconsultants and expenses)

Task P3 – Project Permitting

PND will utilize the resulting design effort from Task P1 to develop permit drawings, permit applications and project description for project permitting including USACE, State of Alaska DEC, US Fish and Wildlife Service and National Marine Fisheries Service consultation. PND will also develop the Biological Assessment and recommended project mitigation ratio with assistance from High Tide Environmental. PND also plans to utilize High Tide Environmental (Chris Hoffman) to provide underwater video of the project area to document existing habitat to provide images and support for the mitigation ratio recommendation as well as identify any obstructions in the area which could impact construction and project cost. High Tide Environmental (HTE) will assist with Biological Assessment and Agency meetings as required. PND will research and obtain the original permit documents for the existing structures through USACE archives and determine if it would be advantageous for this project to be a modification of the existing permitted structures. PND will coordinate and attend Permit Agency meetings to facilitate project permitting and response to Agency/public notice questions. In addition PND will obtain USACE permits required to conduct the geotechnical exploration program, Task P5 below. *Note: This task does not include permits for storm water discharge, water system, wastewater, fuel as those permits must be pursued when project detailed design is complete (final stamped drawings are required).*

Deliverable – Permit Application and Permit Drawings

Task P3 **260 Man-hours (PND)** **\$30,000 Time and Materials**
 High Tide Environmental (sub) **\$16,000 Time and Materials**

Total = \$46,000 Time and Materials

Task P4 – Existing Warehouse Structural and Electrical Condition Assessment

PND will perform an on-site condition assessment of the existing steel frame warehouse building, inspect for structural deficiencies and/or damage and develop a condition assessment report. The structural assessment will consider impacts/practicality of relocating the existing warehouse building, should it be needed to accommodate the desired 100-ft gauge container crane rail system. PND will subcontract with RSA Engineers to perform an electrical condition assessment, to evaluate the adequacy of the existing electrical system for intended use and identify any recommended modifications or electrical code compliance issues. It is our understanding that the City desires to continue to utilize the existing warehouse building as dry storage and handling/packaging depot for the commercial fishing industry, as such the use category is not planned to change. PND and RSA will conduct a teleconference with the City prior to the condition assessment to discuss anticipated activities, equipment and use of the facility. It is our understanding that the condition assessment is limited to the warehouse building itself and the covered, depressed loading dock along Ballyhoo Road, but does not include the office/addition located on the elevated loading dock.

Deliverable – Condition Assessment Report

Task P4 **60 Man-hours (PND)** **\$8,000 Fixed Fee**
 RSA Engineers (sub) **\$6,000 Fixed Fee**

Total (including expenses) = \$14,000 Fixed Fee

Task P5 – Geotechnical Investigation

PND proposes conduct a geotechnical investigation for design of the UMC Dock Expansion with Geotek Alaska as a drilling subcontractor and with marine vessel support from Magone Marine for offshore drilling. A thorough geotechnical investigation is necessary to determine accurate soil strength properties, bedrock elevations and bedrock slope which are needed for analysis and final design of the dock facility.

PND has researched existing site information and pile driving logs for the adjacent docks however the information does not provide sufficient specific information on soil strength and bedrock elevations need for accurate stability analysis. PND proposes to drill nine geotechnical boreholes at the site; five offshore boreholes and four onshore boreholes. Boreholes will be sampled at 5-ft intervals, and samples will be analyzed for moisture content, soil classification and grain size distribution. Bedrock coring will not be performed though elevations to refusal will be recorded.

We anticipate performing the investigation during Feb/March 2014. Timing for the investigation is a function of notice to proceed (NTP) and approval of USACE permits for offshore drilling. We have already begun development of permit applications for drilling to expedite the permit process.

The onshore boreholes will be performed from the existing dock infrastructure with a small built up platform over the bullrail and edge of dock. PND will provide the engineering required to ensure the drilling platform meets required loadings. We anticipate using hollow stem auger with a standard split spoon to advance and obtain representative soil samples.

The offshore boreholes will performed from a barge/landing craft with four-way anchor system and tug support, the work will be planned as a double shift, 24-hr/day operation to complete the work as quickly and efficiently as possible and to minimize risk of weather delay. As the work is planned for winter season in Unalaska/Dutch Harbor, we have included 2 days of standby time for weather delays in the cost estimate. We anticipate using a wash rotary technique with driven casing to advance into the soil and using split-spoons sampler to obtain soil samples.

Geotechnical drilling services will be provided by Geotek Alaska, Inc., under subcontract to PND. Drilling will occur in two 12 hour shifts and be directed and overseen by PND field personnel, one for each shift of drilling. Geotek Alaska will contract with Magone Marine Services to provide tug/barge and to construct a stable work platform for drilling over the side of the barge.

Soils lab testing will be performed by PND's geotechnical laboratory. A draft geotechnical data report will be completed approximately six weeks after the field investigation is complete. A final P.E. stamped geotechnical data report will be issued two weeks after City review is complete and comments have been incorporated. The geotechnical work will be performed on a time and materials basis in accordance with the attached standard rate schedule and not to exceed the attached cost estimate. *Note that the drill rig and marine mobilization and set-up cost is fully carried by this (UMC Dock Expansion) geotechnical program proposal. The Bobby Storrs SBH geotechnical program proposal does not include mobilization cost, as it is planned to occur in conjunction with the UMC is geotechnical program.*

Deliverable – Geotechnical Data Report

Task P5

\$309,358 Time and Materials

(includes Geotek Alaska drilling contractor, marine support and expenses, see attached)

Total cost of tasks P1, P2, P3, P4 and P5 is \$693,858.

We look forward to assisting the City through successful development of this project and appreciate the opportunity to work with the City of Unalaska. Please call if you have any questions regarding this proposal.

Sincerely,

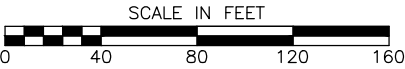
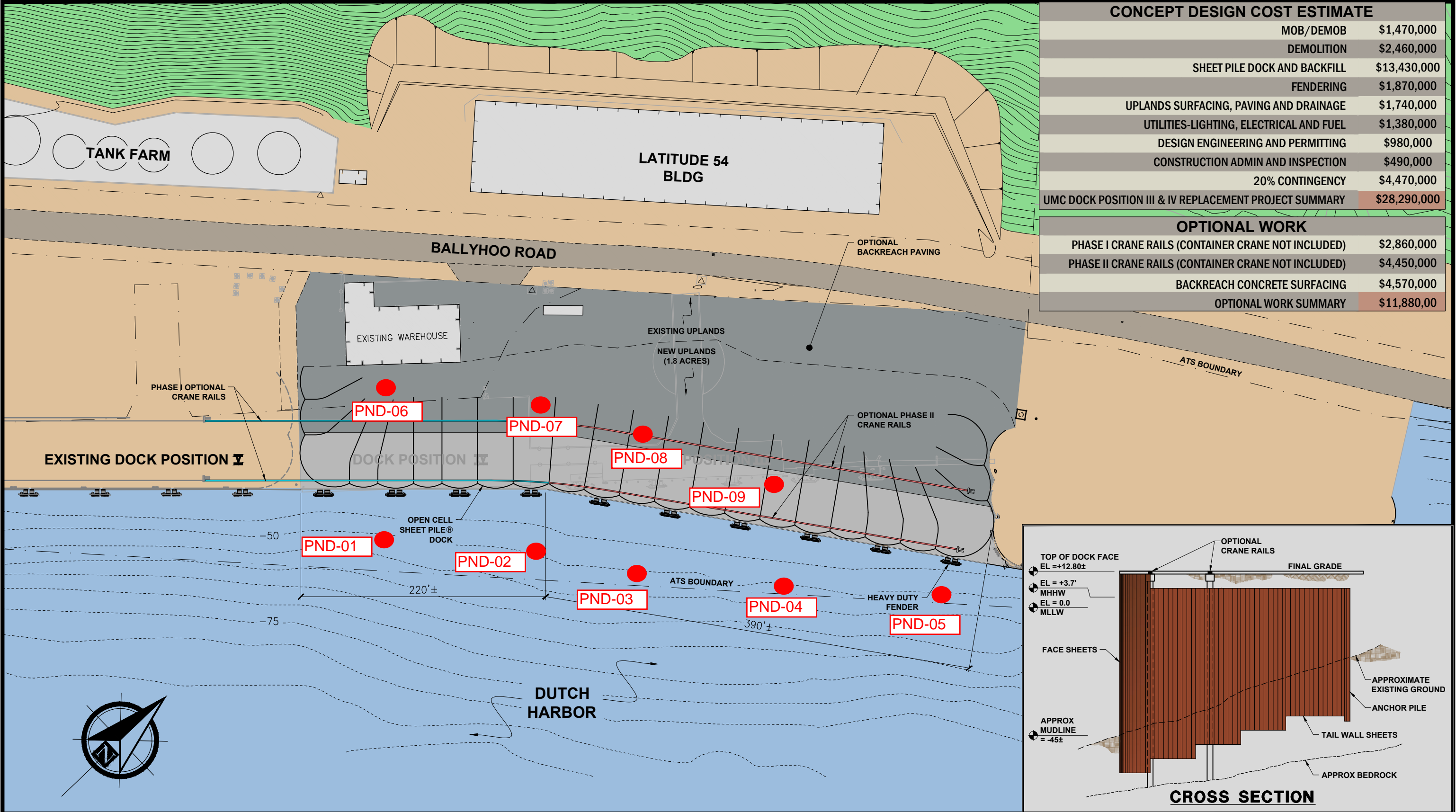
PND Engineers, Inc.



Dempsey S. Thieman, P.E.

Vice President

Attachments: Detailed Fee Estimate – Tasks P1, P2 and P5
Geotechnical Investigation Plan Drawing and ROM Cost Estimate
PND Standard Rate Schedule



NOTE:
NO TOPOGRAPHIC OR BATHYMETRIC SURVEY WAS PERFORMED FOR THIS PROJECT. CONTOURS SHOWN ARE FROM PREVIOUS SURVEYS PERFORMED FOR OTHER PROJECTS.

OPEN CELL® AND OPEN CELL SHEET PILE® ARE REGISTERED TRADEMARKS OF PND ENGINEERS, INC. THE OPEN CELL SYSTEM IS PATENTED
PATENT - US 6,715,964 B2
PATENT - US 7,018,141 B2
PATENT - US 7,488,140 B2

CONCEPT
FEBRUARY 2012

REV	DATE	DESCRIPTION

DATE: _____

1506 West 36th Avenue
Anchorage, Alaska 99503
Phone: 907.561.1011
Fax: 907.563.4220
www.pndengineers.com



CITY OF UNALASKA
DOCK POSITIONS III & IV REPLACEMENT

CONCEPT LAYOUT

DESIGNED BY: CC DATE: FEBRUARY 2012
CHECKED BY: DST PROJECT NO: 111135

SHEET NO: 1 OF 1

CLIENT:
PROJECT:

City of Unalaska
UMC Dock Expansion Initial Design Development for Permitting

12/6/2013

PND LABOR:

Task		Senior	Senior	Staff		Land	Cad		Total	Labor
No.	Task (Scope of Work)	Eng. VII	Eng. III	Eng. III	Tech V	Surveyor I	Des. V	Tech IV	Hours	Cost
1	Project Mgmt - meetings, corresp, contract admin.	12		12					24	\$ 3,360
2	Site Plan, Layout, Demo, Prelim Details - Prelim.	8	8	24			24		64	\$ 7,040
3	Utilities - Storm Water System - Prelim.	2	4	8			6		20	\$ 2,220
4	Utilities - Water System - Prelim.	2	4	4			6		16	\$ 1,820
5	Utilities - Fuel System - Prelim.	2	4	4			6		16	\$ 1,820
6	Fuel and Water Vaults - Prelim.	2	4	4			6		16	\$ 1,820
7	Sheet pile Layout - Prelim.	8	12	16			24		60	\$ 6,760
8	Dock Design - Internal Stability Analysis - Concept	4	12	12					28	\$ 3,480
9	Dock Design - Global Stability Analysis - Concept	6	18	18					42	\$ 5,220
10	Dock Tailwall and Endwall Design - Concept	8	16	16			24		64	\$ 7,280
11	Dock Backreach Grading and Surfacing - Concept	6	12	18			18		54	\$ 6,060
12	Dock Fendering Design - Concept	4	8	8			12		32	\$ 3,640
13	Civil 3D earthwork grading model dvlpmnt - Concept	4	12		16				32	\$ 3,960
14	Dock Interface Prelim Design - Pos V and Pos II	6	10	12			16		44	\$ 5,020
15	Project earthwork quantity calculation	8		12	30				50	\$ 5,790
Labor Subtotal		82	124	168	46	0	142	0	562	\$ 65,290
									Subtotal	\$ 65,290

EXPENSES:

Item	Quantity	Unit	Cost per Unit	Expenses Cost
Travel (Airfare), 2 trips, 2 engineers	0	Each	\$650	\$ -
Vehicle Rental + Fuel- 2 trips	0	Day	\$125	\$ -
Room, Board, Meals	0	Day	\$200	\$ -
Teleconference charges	1	All	\$91	\$ 91
General Expenses	1	All	\$100	\$ 100
TOTAL EXPENSES w/ 10% Admin Fee				Subtotal \$ 210

SUBCONSULTANTS:

None

Total - PND Engineers, Inc.	\$ 65,290
Total - Expenses	\$ 210
Total - Subconsultants	\$ -
Total Fixed Fee Task P1	\$ 65,500

CLIENT:
PROJECT:

City of Unalaska
UMC Dock Expansion Preliminary Design (30% completion)

12/6/2013

PND LABOR:

Task No.	Task (Scope of Work)	Senior Eng. VII 180	Senior Eng. III 130	Staff Eng. III 100	Tech V 105	Land Surveyor I 95	Cad Des. V 90	Tech IV 90	Total Hours	Labor Cost
1	Project Mgmt - meetings, corresp, contract admin.	18		24					42	\$ 5,640
2	Preliminary Design Phase Site Visit - 2 trip, 2 Engrs	72		72				6	150	\$ 20,700
3	Design Criteria Development	12		36					48	\$ 5,760
4	Demolition Plan - Position 3 / Position 4	4	8	8			8		28	\$ 3,280
5	Site Plan, Layout, Prelim Details - Prelim.	18	18	24			44		104	\$ 11,940
6	Utilities - Storm Water System - Prelim.	6	12	24			30		72	\$ 7,740
7	Utilities - Water System - Prelim.	6	12	14			18		50	\$ 5,660
8	Utilities - Fuel System - Prelim.	10	18	16			24		68	\$ 7,900
9	Fuel and Water Vaults - Prelim.	4	4	6			8		22	\$ 2,560
10	Piping/Metering Building Concept - Prelim	8	12	16			18		54	\$ 6,220
11	Container Crane Rail and Foundation System	8	16	12			12		48	\$ 5,800
12	Dock Lighting - Prelim.	2		4			4		10	\$ 1,120
13	Dock Surfacing - Prelim.	4	8	12			12		36	\$ 4,040
14	Dock Backreach Grading and Surfacing - Prelim.	4	8	12			12		36	\$ 4,040
15	Evaluation of Geotech Testing Results	8	12	24					44	\$ 5,400
16	Sheet pile Layout - Prelim.	12	24	24			60		120	\$ 13,080
17	Dock Design - Internal Stability Analysis - Prelim.	8	24	36					68	\$ 8,160
18	Dock Design - Global Stability Analysis - Prelim.	18	40	48					106	\$ 13,240
19	Dock Tailwall Design - Prelim.	24	40	48			48		160	\$ 18,640
20	Dock Sheetpile interlock calculations - Prelim.	6	24	18					48	\$ 6,000
21	Civil 3D earthwork grading model dvlpmt - Prelim.	4	12		24				40	\$ 4,800
22	Dock Interface Prelim Design - Pos V and Pos II	4	12	16			18		50	\$ 5,500
23	Project earthwork quantity calculation - Prelim.	4	8	12	24				48	\$ 5,480
24	Dock Bullrail Preliminary Layout and Details	2	8	8			12		30	\$ 3,280
25	Dock Fendering Calculations - Prelim.	3	12	18					33	\$ 3,900
26	Dock Fendering Design - Prelim.	2	8	6			12		28	\$ 3,080
27	Coordination Meetings, teleconferences	30	36	24					90	\$ 12,480
28	Develop Detailed Project Cost Estimate	6	18	18					42	\$ 5,220
29	Master Planning and Report	24	36	36					96	\$ 12,600
30	Written Project Description Summary Report	8	16	16			4	12	56	\$ 6,560
Labor Subtotal		339	446	632	48	0	344	18	1827	\$ 219,820
									Subtotal	\$ 219,820

EXPENSES:

Item	Quantity	Unit	Cost per Unit	Expenses Cost
Travel (Airfare), 2 trips, 2 engineers	4	Each	\$650	\$ 2,600
Vehicle Rental + Fuel- 2 trips	6	Day	\$125	\$ 750
Room, Board, Meals	6	Day	\$200	\$ 1,200
Teleconference charges	1	All	\$200	\$ 200
General Expenses	1	All	\$868	\$ 868
TOTAL EXPENSES w/ 10% Admin Fee				Subtotal \$ 6,180

SUBCONSULTANTS:

RSA Engineers, Inc., Prelim Electrical Design	1	All	\$24,000	\$ 24,000
High Tide Environmental - ROV and video	1	All	\$6,000	\$ 6,000
TOTAL EXPENSES w/ 10% Admin Fee				Sub-total \$ 33,000

Total - PND Engineers, Inc.	\$ 219,820
Total - Expenses	\$ 6,180
Total - Subconsultants	\$ 33,000
Total Fixed Fee Task P1	\$ 259,000

PROJECT:
CLIENT:

UMC Dock Expansion Geotechnical Investigation
City of Unalaska

12/6/2013

LABOR:

Task No.	Task (Scope of Work)	Senior Eng. VII 180	Senior Eng. III 130	Staff Eng. III 100	Tech V 105	Land Surveyor I 95	Cad Des. V 90	Tech IV 90	Total Hours	Labor Cost
1	Contract Management & Admin.	20	8						28	4,640
2	Utility Locates and BH layout		6	4					10	1,180
3	Permit and Access Permissions	8	4		20				32	4,060
4	Background Research	2		5					7	860
5	Mob/Demob - Drilling		12	12					24	2,760
6	Field Drilling - Offshore	5	44	44					93	11,020
7	Field Drilling - Onshore	5	56						61	8,180
8	Laboratory Coordination	1	6						7	960
9	Geotechnical Report - Draft	10	25	15			20		70	8,350
10	Geotechnical Report - Final	8	20	10			4		42	5,400
	Labor Subtotal	59	181	90	20	0	24	0	374	47,410
									Subtotal	47,410

EXPENSES:

Item	Quantity	Unit	Cost per Unit	Expenses Cost
Travel (Airfare)	2	Each	\$650	\$ 1,300
Vehicle Rental + Fuel	15	Day	\$125	\$ 1,875
Room, Board, Meals	15	Day	\$200	\$ 3,000
Misc. Sampling Expendables	1	All	\$1,000	\$ 1,000
Laboratory Testing (PND Lab)	1	All	\$12,200	\$ 12,200
Sample Shipment	1	All	\$500	\$ 500
Printing and General Expense	1	All	\$100	\$ 100
TOTAL EXPENSES w/ 10% Admin Fee				Subtotal \$ 21,973

SUBCONSULTANTS:

Geotek AK, Mobilize Drill Equip	1	All	\$51,000	\$ 51,000
Magone, on and off Loading	1	All	\$10,500	\$ 10,500
Magone, install rig platform	1	All	\$12,500	\$ 12,500
Geotek AK - Onshore	4	Days	\$3,900	\$ 15,600
Geotek AK - Offshore	3	Days (Dual shifts)	\$23,300	\$ 69,900
Meals, lodging, transpo	15	Days	\$850	\$ 12,750
TOTAL EXPENSES w/ 10% Admin Fee				Sub-total \$ 189,475

CONTINGENCY:

Geotek AK - Offshore	2	All	\$23,300	\$ 46,600
Geotek AK - Onshore	1	All	\$3,900	\$ 3,900
				Sub-total \$ 50,500

Total - Labor	\$ 47,410
Total - Expenses	\$ 21,973
Total - Subconsultants	\$ 189,475
SUBTOTAL	\$ 258,858
CONTINGENCY	\$ 50,500
TOTAL (T&M Estimate)	\$ 309,358

Assumptions:

1. It is estimated 4 days of offshore drilling will be required depending on weather conditions and other factors during the investigation.
2. For budgeting purposes we have included 1 to 2 additional field days to account for weather, breakdowns, or dock traffic
3. PND will work on a T&M basis according to the attached rate sheet and will not exceed the estimated costs without prior written authorization from COU.
4. Mobilization and marine set-up cost is fully carried by this proposal, the Robert Storrs SBH geotech proposal does not include mobilization/set-up.



**PND ENGINEERS, INC.
STANDARD RATE SCHEDULE
EFFECTIVE MAY 2012**

		<i>Regular Rate</i>
<u>Professional:</u>	Senior Engineer VII	\$180.00
	Senior Engineer VI	\$165.00
	Senior Engineer V	\$150.00
	Senior Engineer IV	\$140.00
	Senior Engineer III	\$130.00
	Senior Engineer II	\$120.00
	Senior Engineer I	\$110.00
	Staff Engineer V	\$100.00
	Staff Engineer IV	\$95.00
	Staff Engineer III	\$90.00
	Staff Engineer II	\$85.00
	Staff Engineer I	\$80.00
	Senior Environmental Scientist	\$100.00
	Environmental Scientist	\$90.00
	GIS Specialist	\$90.00
<u>Surveyors:</u>	Senior Land Surveyor	\$105.00
	Land Surveyor I	\$95.00
<u>Technicians:</u>		
	Technician VI	\$125.00
	Technician V	\$105.00
	Technician IV	\$90.00
	Technician III	\$80.00
	Technician II	\$70.00
	Technician I	\$45.00
	CAD Designer V	\$95.00
	CAD Designer IV	\$85.00
	CAD Designer III	\$70.00

CITY OF UNALASKA
UNALASKA, ALASKA

RESOLUTION 2013-84

A RESOLUTION OF THE UNALASKA CITY COUNCIL ADOPTING A REVISED EMPLOYEE TUITION
REIMBURSEMENT POLICY

WHEREAS, the City Council recognizes that an Employee Tuition Reimbursement Program is an important benefit offered to qualified employees, and

WHEREAS, the City Council has previously adopted Title 3.60.010 *Tuition Refunds* for the purpose of enriching our employees while benefiting the City, and

WHEREAS, Administration has recognized the need to amend the Policy in order to ensure fair and just administration of the policy;

NOW, THEREFORE, BE IT RESOLVED that the Unalaska City Council approves the adoption of the amended Employee Tuition Reimbursement Policy and Procedures as attached, and

BE IT FURTHER RESOLVED THAT Resolution 2013-84 supersedes and replaces Title 3, Section 3.60.010.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE UNALASKA CITY COUNCIL THIS 14th DAY OF JANUARY 2014.

MAYOR

ATTEST:

CITY CLERK

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS
FROM: PATRICK JORDAN, ASST. CITY MANAGER
THROUGH: CHRIS HLADICK, CITY MANAGER
DATE: JANUARY 14, 2014
RE: **TITLE 3.60.010 TUITION REFUND POLICY, RESOLUTION 2013-84**

SUMMARY: Administration desires to Amend 3.60.010 in order to standardize and make more comprehensive the Tuition Reimbursement Program. Changes in Policy include:

-Broadening the approval to include the employee's supervisor, department director and City Manager or his appointee.

-Limiting tuition reimbursements to the cost per credit hour set by the University of Alaska Board of Regents.

-Requiring a net-amount-owed receipt showing all grants and scholarships having been applied.

-Requiring that employees must have a current satisfactory performance evaluation on record.

-Requiring the employee to sign an Acknowledgement and Agreement at the outset, granting the City consent to withhold final wages should the employee leave the employ of the City before the end of 12 months. The amount owed shall be prorated based on the number of months left in the 12 month commitment.

PREVIOUS COUNCIL ACTION: Adoption of Title 3, ss 3.60.010 TUITION REFUNDS.

BACKGROUND: There are no outside influences relating to this matter, other than creating and maintaining a competitive status in the marketplace for talented, industrious employees.

DISCUSSION: Administration recognizes the need to create an environment of equity and accountability in the Tuition Refund arena while also promoting the use of the Tuition Reimbursement process by employees. The goal of this new Tuition Reimbursement Policy is to create a comprehensive system for application, approval, and award of tuition reimbursements, with final responsibility for the process lying with the Department of Administration. Until now, the Tuition Refund policy/process has been largely administered at the Department level, from application, to approval, to requests to Finance for tuition

refunds. The added check from Administration will create some added accountability to the process.

The intent of a tuition reimbursement program is to provide employees with encouragement and opportunity to pursue education in their area of employment. This is the main intent of the City of Unalaska Title 3 Policy as well. This gives employees a broader and deeper perspective on their jobs, and provides the City with employees who see their positions as an important part of a bigger whole. Past experiences, however, have shown that some employees are pursuing degrees that only minimally, if at all, relate to their current jobs with the City. While this can serve to still provide the broad perspective mentioned above, it gets away from the main criterion of a Tuition Reimbursement Policy, which is to pursue a degree directly related to their current position.

In determining the amount to be considered for reimbursement to an employee, the City will take in to account the current University of Alaska cost-per-credit hour tuition rates. Reimbursements will be for tuition only and will not include other costs or fees associated with attendance.

This policy shall also require that only full-time, permanent employees that have a current, satisfactory (minimum) performance evaluation on file shall be eligible to participate in the Tuition Reimbursement Program.

Also in question is whether to approve a degree program or just those classes in the program directly related to the employee's current job. For instance, if an employee in Finance is pursuing a Bachelor's Degree in Accounting, does the City reimburse the employee for all classes in the degree program or just those classes related to Accounting? This is somewhat philosophical, and on this point we would seek input from Council. Otherwise, Administration will define the policy in implementing it.

The City has been hampered as well in efforts to collect from employees who end their employment relationship with the city before the end of 12 months following the last disbursement of tuition refund, as provided for in the current Tuition Refund policy in Title 3. This Amendment gives the City the tools it needs to collect already-paid Tuition Reimbursements from employees who separate from the City. We recently had an employee pursue a degree program that was related to their job. Most if not all of the classes so far taken were general education courses, the costs of which were reimbursed to the employee. The employee then left the employ of the City, giving lip-service to paying back to the City the tuition reimbursements they collected over the past 12 months. So far we have received nothing back and don't currently have the tools necessary to obtain reimbursement. In order to alleviate this in the future, an authorization form has been reviewed and approved by Legal allowing the City to take measures to be made whole if the employee receiving the Tuition Reimbursement should leave the employ of the City before the end of 12 months immediately following the last disbursement of tuition reimbursement.

Over the past 5 fiscal years, 09-13, the City has reimbursed \$132,093.89, an average of \$26,418.77 per year. It's obvious that the program is very popular and well-utilized. Since 2008 there have been 14 participants in the program. Of those, 6 have obtained Bachelors

and Masters degrees. Of those 6, 4 are currently employed with the City. Also of the 14 participants, 6 did not achieve a degree but are still employed with the City; 2 obtained degrees and left the employ of the City.

ALTERNATIVES:

- Authorize implementation of Tuition Reimbursement Policy as attached.
- Take no action at this time.

FINANCIAL IMPLICATIONS: It is not expected that there will be an increase from current annual budgetary outlays under current Tuition Refund policy.

LEGAL: Legal Counsel has reviewed and made suggestions, which have been incorporated.

STAFF RECOMMENDATION: Adoption of Tuition Reimbursement Policy as amendment to Title 3.60.010.

PROPOSED MOTION: “I MOVE TO ADOPT RESOLUTION 2013-84, CREATING AN ACCOUNTABLE AND COMPREHENSIVE TUITION REIMBURSEMENT POLICY FOR QUALIFIED CITY EMPLOYEES.”

CITY MANAGERS COMMENTS: I support continuing the tuition reimbursement policy for the city. It is a great opportunity for both the city and the employee.

§ 3.60.010 TUITION REFUNDS.

In the event an employee successfully completes course work considered to be of benefit to the city, consideration shall be given toward reimbursement of up to 100% of the tuition expense. In order to receive consideration for reimbursement of tuition, the employee shall obtain the written concurrence of his Department Director that the proposed course is related to the employee's present duties, and that successful completion of the course will be of mutual benefit to both the city and the employee involved. This concurrence shall be obtained before beginning the pertinent course of study. The Department Director shall render his/her decision on this matter prior to the commencement of the requested class. The employee shall also sign an agreement that the reimbursed tuition will be returned to the city in the event of separation from city employment within 12 months from the date of completion of the course. Upon successful completion of the course involved, the employee shall furnish his Department Director with evidence of successful completion and amount of course fee.

CITY OF UNALASKA
Department of Administration
POLICY/PROCEDURE

Subject: Educational/Tuition Reimbursement Policy	
Number:	Reference: UCO 3.60.010
Effective Date: 2 /1/2014	Re-evaluation Date: As needed

1.0 PURPOSE

To establish a policy that clearly defines the allowable rate provided in Title 3.60.010-Tuition Refunds. This policy promotes in-state education by establishing reimbursement limits based upon the most current cost per credit hour for tuition established by the University of Alaska Board of Regents and to re-state what acceptable and non-acceptable refundable education/tuition expenses are as well as establishing a formal procedure for proper submission of an educational request and method for refund of the expense.

2.0 SCOPE

This policy applies to all current full time, (non-probationary) permanent City employees in all City departments.

3.0 DEFINITIONS

1. UCO 3- Chapter 3.60 Miscellaneous Provisions §3.60.010: Tuition Refunds.
2. Acceptable Reimbursable Expense -Educational expense which falls within the scope of Title 3 and this established policy.
3. Non-acceptable Reimbursable Expense - Expense submitted that is not defined as a reimbursable expense under Title 3 and this policy.
4. Degreed Programs - Any program the completion of which leads to a degree, such as an AA, BA, BS, MBA, MS, MA, or PhD.

4.0 STATEMENT OF POLICY

1. The City recognizes that employees wish to have an opportunity to advance to higher level positions within the City through higher education.
2. Before an employee chooses to pursue a college-level course[s] or degree program, the employee must have the course or program pre-approved by the employee's supervisor, department director, and the City Manager or designee. This curriculum must show relevance to the employee's current position or show a direct benefit to the City.

3. Reimbursement limits are based upon the most current cost per credit hour for tuition established by the University of Alaska Board of Regents.
A proposed curriculum involving courses that exceed comparable tuition rates and the difference in cost of tuition and fees shall be paid by the employee. Reimbursement applies to tuition only and not to other costs or fees associated with attendance.
4. Once the employee's curriculum is approved by all parties, as defined in 4.0.2, it is the employee's responsibility to submit final grade reports and transcripts to the Human Resources Department to be placed in the employee's file and in order to begin the process for reimbursement.
5. Reimbursements will be based on the final grade achieved in each course:

Grade A	=	100%
Grade B	=	90%
Grade C	=	80%

A grade lower than a "C" is not eligible for reimbursement. Failure to complete a class (incomplete, withdrawal, etc.) or to achieve the minimum reimbursable grade of C forfeits any claim for reimbursement. Final Grades must be submitted with 45 days of the end of the marking period.

6. Grants, scholarships, and/or other non-reimbursable funds must be disclosed when the employee applies for reimbursement. A final tuition bill from the educational institution showing the amount owed and reflecting already applied financial aid is required. The City's payments will be coordinated with the non-reimbursable funds so the employee does not receive more than the actual cost of tuition.
7. An employee who earns a degree with financial assistance from the City shall continue in the City's employ for one complete year following the last reimbursement receipt. Should the employee's employment with the City be terminated less than twelve months after the last reimbursement receipt is generated, the employee will be required to repay any reimbursements received within the twelve month prior to termination.
8. To be eligible for this program, employees must have a current performance evaluation on file with a rating of satisfactory or above. Satisfactory, or above, annual evaluations must be maintained in order to continue in this program.
9. Should an employee terminate employment with the City within twelve (12) months following the last reimbursement issued, the employee will repay the City of Unalaska for any reimbursements received within the twelve-month period prior to termination.

5.0 PROCEDURES

1. Employees must request permission from their immediate supervisor for review and approval of their proposed curriculum and request for reimbursement for applicable educational expenses. The request must include applicable course of study, purpose, job relevance, cost, dates, times of coursework and name of the institution of higher education. This request must then be forwarded to the Department Director for departmental approval and to the Department of Administration for final approval.
2. Once the proposed curriculum is approved, the employee shall sign an agreement (attached) concerning proper procedures for submitting a reimbursement request and subsequent requirements for remaining in the City's employ following receipt of the reimbursement.
3. Upon completion of the course and/or courses, employee shall submit final grade reports directly from the institution's website or via registrar to Human Resources for final calculation of total reimbursable amounts.
4. All necessary paperwork for reimbursement must be submitted to Human Resources no later than forty-five (45) days after completion of course or courses. If Human Resources receives paperwork later than forty-five (45) days after completion of reimbursable course work, expenses will not be eligible for reimbursement.
5. In the event of denial of reimbursement or of the opportunity to participate in the Tuition Reimbursement program, see the City's Grievance Procedure in UCO 3.36.020.

APPROVED

Chris Hladick, City Manager

Date

ATTACHMENTS

- Tuition Reimbursement-Acknowledgement and Agreement Form
- Title 3 policy UCO §3.60.010-TuitionRefunds
- Old Education Reimbursement Agreement form

POLICY HISTORY

- February 2011 Title 3 policy UCO §3.60.010-TuitionRefunds.

I, _____ hereby agree that, should I terminate employment with the City less than twelve (12) months after the last reimbursement I receive, I will repay the City of Unalaska for any reimbursements received within the twelve-month period prior to termination, pursuant to UCO §3.60.010-Tuition Refunds. I understand the amount owed will be prorated to reflect the number of months remaining in the 12 month commitment. I authorize the City deduct appropriate amounts from my final check[s] as payment toward any balance owed to the extent that such deductions will not reduce my wages for the pay periods below minimum wage. I understand that I may still owe the City for amounts beyond what may be deducted from my wages.

TUITION REFUNDS: In the event an employee successfully completes course work considered to be of benefit to the City, consideration shall be given toward reimbursement up to 100% of the tuition expense. In order to receive consideration for reimbursement of tuition, the employee shall obtain the written concurrence of his/her Department Director that the proposed course is related to the employee's present duties, and that the successful completion of the course will be of mutual benefit to both the City and the employee involved. This concurrence shall be obtained before beginning the pertinent course of study. The Department Director shall render his/her decision on this matter prior to the commencement of the requested class. The employee shall also sign an agreement that the reimbursed tuition will be returned to the City in the event of separation from City employment within 12 months from the date of completion of the course. Upon successful completion of the course involved, the employee shall furnish his Department Director with evidence of successful completion and amount of course fee.

Employee Signature

Date

City Manager

Date

Course Name:

Dates of Course:

Tuition Reimbursement– Acknowledgement and Agreement

I, _____----- hereby acknowledge and agree to reimburse the City of Unalaska for the entire amount of my approved tuition reimbursement (\$_____) if I should leave my employment with the City within twelve (12) months after completing my approved coursework pursuant to language in the IUOE City Hall contract, Article 19, section 19.2 which states:

TUITION REFUNDS: In the event an employee successfully completes course work considered to be of benefit to the City, consideration shall be given toward reimbursement of up to 100% of the tuition expense. In order to receive consideration for reimbursement of tuition, the employee shall obtain the written concurrence of his Department Director that the proposed course is related to the employee's present duties that successful completion of the course will be of mutual benefit to both the City and the employee involved and that the course is offered through an accredited university, college or vocational school. This concurrence shall be obtained before beginning the pertinent course of study. The Department Director shall render his/her decision on this matter prior to the commencement of the requested class. The employee shall also sign an agreement that the reimbursed tuition will be returned to the City in the event of separation from City employment within twelve (12) months from the date of completion of the course. Upon successful completion of the course involved, and prior to receiving a refund, the employee shall provide an official transcript and the tuition amount to Human Resources.

I acknowledge and agree that should I resign prior to twelve months after completing said course, I shall cooperate with City of Unalaska to develop a method to reimburse the full \$_____ tuition reimbursement.

Employee Signature

Date

CITY OF UNALASKA
UNALASKA, ALASKA

RESOLUTION 2014-02

A RESOLUTION OF THE UNALASKA CITY COUNCIL AUTHORIZING THE FORMATION OF THE FY15 COMMUNITY SUPPORT COMMITTEE, AND CONFIRMING APPOINTMENTS TO THE COMMITTEE

WHEREAS, non-profit agencies provide services to the community that are invaluable; and

WHEREAS, the City of Unalaska acknowledges, appreciates, and supports the services provided to the community by non-profit agencies; and

WHEREAS, the City of Unalaska wishes to provide financial aid to qualifying non-profit agencies through its Community Support Program; and

WHEREAS, Unalaska City Code Chapter 2.62 allows special committees to be established by resolution; and

WHEREAS, the Unalaska City Council has established such committees annually from 1995 through 2004 to review all City grant-in-aid applications and to make recommendations on funding levels to the City Manager and the City Council;

WHEREAS, The Unalaska City Council established three-member committees in 2005 through 2013 to review and score FY06 through FY14 City grant-in-aid applications and to present a report to the City Council;

NOW THEREFORE BE IT RESOLVED that the Unalaska City Council authorizes the establishment of the FY15 Community Support Committee as outlined in the current Community Support Program Guidelines; and

BE IT FURTHER RESOLVED that the Unalaska City Council confirms that the following persons shall serve as the FY15 Community Support Grant Review Committee:

<u>Name</u>	<u>Term expiration</u>
Mayor Shirley Marquardt	June 30, 2014
Assistant City Manager Patrick Jordan	June 30, 2014
Member of the Public	June 30, 2014

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE UNALASKA CITY COUNCIL
THIS 14TH DAY OF JANUARY 2014.

MAYOR

ATTEST:

CITY CLERK

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS
FROM: CHRIS HLADICK, CITY MANAGER
THROUGH: PATRICK JORDAN, ASSISTANT CITY MANAGER
FROM: DEBRA HANSON ZUEGER, RISK MANAGER
DATE: JANUARY 7, 2014
RE: **RESOLUTION 2014-02** AUTHORIZING THE FORMATION OF THE FY15 COMMUNITY SUPPORT REVIEW COMMITTEE AND CONFIRMING THE MAYOR'S APPOINTMENTS TO THE COMMITTEE

SUMMARY: Each year the Mayor and Council appoint a special committee to review the applications submitted for local grants through the Community Support Program. The FY06 through FY14 committees consisted of three members: the Mayor, the Assistant City Manager, and a member of the public who was not on the board or the staff of a non-profit agency. Based on recent history and the current policy guidelines, staff recommends approval of the appointment of a three-person committee to serve for FY15.

PREVIOUS COUNCIL ACTION: Each year since 1996, Council has established a special committee to review the City's grant applications and make recommendations on funding levels. From FY06 through FY14, the committees were charged with reviewing and scoring the applications using the Council-approved evaluation tool; however, the committees have not been asked to make recommendations since 2005.

Council adopted the Community Support Program Guidelines by Resolution 2002-88 on December 17, 2002. The original Guidelines stated that the Mayor would appoint and Council would approve by resolution a special review committee to make recommendations on grant awards to the City Council.

The City Council adopted Resolution 2004-02 in January 2004, appointing six volunteers from the community and two Council members to serve on the FY05 Review Committee.

From 2005 through 2013, the City Council adopted the following resolutions appointing the Mayor, the Assistant City Manager, and a volunteer from the community to the review committee for the appropriate year:

- Resolution 2005-07, adopted in January of 2005
- Resolution 2005-76, adopted on December 13, 2005
- Resolution 2006-58, adopted on December 13, 2006
- Resolution 2007-58, adopted on November 27, 2007

- Resolution 2008-77, adopted on November 25, 2008
- Resolution 2009-55, adopted on November 25, 2009
- Resolution 2010-73, adopted on December 28, 2010
- Resolution 2012-02 adopted on January 10, 2012
- Resolution 2013-02 adopted January 8, 2013

DISCUSSION: As provided in Title 2.62, the Council approves the Mayor's annual appointments to a special committee to review grant applications. From 1996 to 2005, Community Support Review committee membership was not restricted. The committees ranged in size from as large as eight members to as small as three members. Members were able to serve on boards or be employees of agencies applying for grants or be authors of grants under review. Council members were also appointed to the committees to facilitate understanding and communication between committee and Council. These committees made funding recommendations to the Council. This process and the use of larger committees gradually became labor intensive and contentious. By FY05, it was becoming extremely difficult to recruit volunteers to serve in this capacity.

Starting in FY06, Council appointed a three-person committee whose members could not be board members or employees of applying agencies, nor could members have written grants to be reviewed by the committee. The committee's charge was to read and score the grant applications without making funding recommendations to the Council. The committee did, however, prepare a final report and present their findings to the Council during the budget presentation.

Based on this history and the current policy guidelines, staff recommends approval of appointments of a three-person committee to serve for FY15.

ALTERNATIVES:

1. Appoint a three-person committee as recommended;
2. Appoint a larger committee;
3. Ask staff to review and score the applications; or
4. Council could review grant applications directly and make their final funding determinations by the date specified in the FY14 budget schedule.

FINANCIAL IMPLICATIONS: A larger committee means increased costs in copies made, sustenance provided, and staff time required.

LEGAL: City Code, Chapter 2, Section 62, governs the process and procedures for the appointment of special committees that serve in an advisory capacity to the City Manager and City Council. The committees are appointed by the Mayor and established by resolution.

STAFF RECOMMENDATION: Staff recommends the appointment of a three-person committee as outlined in Resolution 2014-02

PROPOSED MOTION: “I move to adopt Resolution 2014-02”

CITY MANAGER’S COMMENTS:

CITY OF UNALASKA
UNALASKA, ALASKA

RESOLUTION 2014-07

A RESOLUTION OF THE UNALASKA CITY COUNCIL CONFIRMING THE MAYOR'S APPOINTMENT OF LYNETTE YPON PHAM AS STUDENT REPRESENTATIVE TO THE PARKS, CULTURE, AND RECREATION ADVISORY COMMITTEE.

WHEREAS, City of Unalaska Code of Ordinances §2.60.040 states that each member of a board or committee shall be appointed by the Mayor, subject to approval of the City Council; and

WHEREAS, Mayor Marquardt has considered the application of a member of the public to serve on the Parks, Culture, and Recreation Advisory Committee and has submitted the name to the City Council for approval;

NOW THEREFORE BE IT RESOLVED that the Mayor's appointment of Lynette Ypon Pham as student representative to the Parks, Culture, and Recreation Advisory Committee is confirmed:

MEMBER
LYNETTE YPON PHAM

EXPIRING
FEBRUARY 2015

PASSED AND APPROVED BY A DULY CONSTITUTED QUORUM OF THE UNALASKA CITY COUNCIL THIS 14TH DAY OF JANUARY 2014.

MAYOR

ATTEST:

CITY CLERK

BOARD APPLICATION

NAME OF BOARD APPLYING FOR:

The Parks, Culture and Recreation Advisory Board

Date: 12/16/13 Note: Application expires one year from date received.

NAME:

Lynette Ypon Pham

ADDRESS:

88 Salmon Way

P.O Box 920189

Dutch Harbor, AK 99692

PHONE: Daytime: 208-598-4985 Evening: 581-7400 (ext. 24145)

OCCUPATION:

Student

EMPLOYER:

PREVIOUS BOARD/COMMITTEE EXPERIENCE:

Teen Council

(Attached pages additional if necessary)

Check the main reason(s) for your interest:

☐ I am a returning board or commission member whose term recently expired.

☐ I have expertise I want to contribute.

☒ I am interested in the activities the Board/Commission handles.

☐ I want to participate in local government.

☐ I want to make sure my segment of the community is represented.

☐ Other _____

Please explain in greater detail those you have checked:

It is suggested you attach an outline of your education, work and volunteer experience, and other interests.

How did you learn of this vacancy (circle one):

Media Word of Mouth Solicitation Other _____

12/16/13
DATE

Lynette Pham
SIGNATURE

THANK YOU FOR YOUR INTEREST IN SERVING ON A CITY BOARD OR COMMISSION

PLEASE RETURN COMPLETED FORM TO
CITY CLERK, CITY OF UNALASKA, PO BOX 610, UNALASKA, AK 99685
OR DROP IT OFF AT CITY HALL

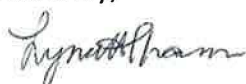
Lynette Pham
City of Unalaska
P.O Box
Dutch Harbor, Alaska 99692

City Clerk
City of Unalaska
P.O. Box 610
Unalaska, Alaska 99685

Dear Mayor Shirley Marquardt and Honorable City Council Members:

Hello, my name is Lynette Ypon Pham. I am sixteen and currently a sophomore attending Unalaska City High School. I am applying to be the student representative for the local Parks, Culture and Recreation Center. The main reason I want to be the student representative is so that I can help our recreation center continue its community involvement. I truly admire what PCR does; it's a safe environment for people of all ages to socialize, be active, try new things, and create bonds with others. I also love that so many community members participate and have fun in PCR events.

Not only do I love the department's community involvement, I also find volunteering at PCR extremely enjoyable. Volunteering at PCR has really brought me out of my comfort zone. Every time I volunteer I meet new people and do all sorts of new tasks. I have not only gained experience from volunteering, but I have also developed my communication, problem solving and leadership skills. Without a doubt, PCR has immeasurably helped me become who I am today. I am very ambitious to become the student representative and if I am given the opportunity to do so, I will undoubtedly support and assist the Parks, Culture and Recreation center to my utmost ability.

Sincerely,

Lynette Ypon Pham

Lynette Ypon Pham

88 Salmon Way

Dutch Harbor, Alaska 99692

Phone: (208)598-4985

E-mail: phamlynette@yahoo.com

Objective

To obtain the position of Student Representative at the Parks, Culture and Recreation Center

Education

Unalaska City School, Unalaska, AK

Hanshew Middle School, Anchorage, Alaska

Leaton Toledo City School, Toledo, Philippines

Volunteer Work/Community Service

Parks, Culture and Recreation Center

- 2012 Triathlon
- 2012 Christmas Event
- 2013 Easter Event
- 2013 Women's Retreat Baby Sitter
- 2013 Father Daughter Dance
- 2013 Ballyhoo Race
- 2013 Kids Camp
- 2013 HOA 5K
- 2013 HOA Fair (Prize Shack Manager)
- 2013 Bobby Johnson Race
- 2013 Triathlon

KUCB

- 2012 July 4th Parade
- 2012 Filming Swim Meets
- 2012 Counting golf balls

Unalaska City School District

- 2012 Book Fair
- 2013 Ice Cream Social
- 2013 Book Fair

Unalaskans Against Sexual Assault and Family Violence

- 2013 Set up for "Make A Difference" Dinner

Department of Public Safety

- 2013 Set up for Firefighters Ball

St. Christopher's by-the-Sea Catholic Mission

- Serving next to the Father during mass

Ballyhoo Lions Club

- Wrapped presents

National Junior Honor Society

- Women's Church Retreat baby sitter

Activities

Teen Council

Friends of Rachel Club

Alaskan Kids Are Our Kids

Academic Decathlon

Volleyball

Basketball

Achievements

Scholarly Work or Presentation

Straight 'A' Honor Roll Quarter 1, 2012

Regular Honor Roll Quarter 2, 2012

Special Honor Roll Quarter 3, 2013

ASAA Academic Excellence Award 2013

Honor Band 2012/2013

State Solo and Ensemble 2012/2013

Special Honor Roll Quarter 1, 2013

References

References available upon request

CITY OF UNALASKA
UNALASKA, ALASKA

RESOLUTION 2014-08

A RESOLUTION OF THE UNALASKA CITY COUNCIL APPROVING THE FY13
AUDITED FINANCIAL STATEMENTS OF THE CITY OF UNALASKA.

WHEREAS, the accounting firm of KPMG, Certified Public Accountants, has
completed the audit of the fiscal year 2013 financial statements for the City of
Unalaska; and

WHEREAS, KPMG has issued an unmodified opinion on the financial
statements; and

WHEREAS, KPMG has presented the results of their audit to the City Council;

NOW THEREFORE BE IT RESOLVED THAT the Unalaska City Council
approves the audited financial statements as prepared by the City of Unalaska
Finance Department and audited by KPMG for the fiscal year ended June 30,
2013.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE
UNALASKA CITY COUNCIL THIS 14th DAY OF JANUARY 2014.

MAYOR

ATTEST:

CITY CLERK

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS
THRU: CHRIS HLADICK, CITY MANAGER
FROM: KARL SWANSON, INTERIM FINANCE DIRECTOR
DATE: JANUARY 14, 2014
RE: RESOLUTION 2014-08: APPROVING THE FY2013 AUDITED FINANCIAL STATEMENTS OF THE CITY OF UNALASKA

SUMMARY: Each year the City of Unalaska is required to have an independent audit of its financial statement included in the City's Comprehensive Annual Financial Report (CAFR). KPMG has audited our financial statements and has issued an unmodified (clean) opinion.

PREVIOUS COUNCIL ACTION: Each year the Council adopts a resolution approving the CAFR. At the last council meeting, Dan Rozema from KPMG made a presentation on the audit which included communication required by Generally Accepted Auditing Standards.

BACKGROUND: KPMG sent staff out this year for two weeks in September, to do their field work.

DISCUSSION: The CAFR includes the audited financial statements as well as statistics about the City of Unalaska for the past ten years. The finance department applies for the Excellence in Financial Reporting Certificate with the Government Finance Officers Association (GFOA) each year and is planning to do so again this year. The audited financial statements exhibit that the City of Unalaska's net position has increased in FY13.

Again this year, field work was extremely comprehensive. Staff was exceedingly helpful and had most of the needed documents pulled for the auditors before they arrived. Staff also responded immediately when requested for information or documents from the auditors which made for a smooth audit process.

ALTERNATIVES: There are no other alternatives.

FINANCIAL IMPLICATIONS: Although there are no direct financial implications, funding authorities and sources routinely use audited financial reports as part of their evaluation process for funding eligibility.

LEGAL: Municipalities are legally required to have an annual independent audit of their financial statements.

STAFF RECOMMENDATION: Staff recommends approving Resolution 2014-08.

PROPOSED MOTION: I make a motion to approve Resolution 2014-08.

CITY MANAGER'S COMMENTS: I recommend approval of the FY13 CAFR.

CITY OF UNALASKA
UNALASKA, ALASKA

ORDINANCE 2014-01

ORDINANCE 2013-14 CREATING BUDGET AMENDMENT NO. 5 TO THE FY14 OPERATING BUDGET TO INCREASE AMBULANCE REVENUE AND INCREASE OTHER PROFESSIONAL SERVICES FOR THIRD PARTY MEDICAL BILLING SERVICES.

BE IT ENACTED BY THE UNALASKA CITY COUNCIL

Section Classification: This is a non-code ordinance.
Section Effective Date: This ordinance becomes effective upon adoption.
Section Content: The City of Unalaska FY14 Budget is amended as follows:

- A. That the following sums of money are hereby accepted and the following sums of money are hereby authorized for expenditure.
B. The following are the changes by account line item:

Amendment No. 5 to Ordinance #2013-09

	<u>Current</u>	<u>Requested</u>	<u>Revised</u>
I. OPERATING BUDGET			
A. General Fund			
Revenues			
Charges for Services	265,400	38,425	303,825
Expenditures			
Public Safety	5,244,901	5,075	5,249,976

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE UNALASKA CITY COUNCIL
THIS _____ DAY OF JANUARY 2014.

MAYOR

ATTEST;

CITY CLERK

**Summary of Budget Amendment
and Schedule of Proposed Accounts**

- 1) **Public Safety** - This request is to cover the cost of using a third party medical billing service to charge patients for ambulance service. This will be funded by the collections from the patients for ambulance service.

	<u>Org</u>	<u>Object</u>	<u>Project</u>	<u>Current</u>	<u>Requested</u>	<u>Revised</u>
<u>General Fund - Public Safety</u>						
<u>Sources:</u>						
Ambulance Service Fees	0101 1042	43250		5,000	38,425	43,425
<u>Uses:</u>						
Other Professional Svs	0102 1552	53300		23,770	5,075	28,845

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS
FROM: JAMIE SUNDERLAND, PUBLIC SAFETY DIRECTOR
THRU: CHRIS HLADICK, CITY MANAGER
FROM: DEPARTMENT OF PUBLIC SAFETY
DATE: 1/9/14
RE: BUDGET AMENDMENT ORDINANCE 2014-01

SUMMARY: During the January 14, 2014 meeting, we will be discussing the budget amendment request necessary to record revenues and expenses associated with ambulance billing.

PREVIOUS COUNCIL ACTION: This issue was discussed in the November 12, 2013 meeting when a change to the fee schedule for ambulance billing was approved. This action would reflect the change in the budget.

BACKGROUND:

- 1) Previously, ambulance billing was done by IFHS. Our new method involves using a third party to bill for ambulance services. This is combined with a new fee schedule for the service:

<u>Ambulance Fees</u>	
Loaded Mileage	\$11.00/mile
BLS	\$300.00
BLS-E	\$500.00
ALS1	\$600.00
ALS2	\$800.00

- 2) Under the agreement with System Design West (SDW) the Division of Fire and EMS will pay SDW monthly for billing services per patient transported plus actual postage in accordance with the following sliding scale:

<u>Number of transports billed</u>	<u>Cost Each</u>
1-10	\$35.00
11-20	\$30.00
21 plus	\$25.00

3) The average annual medical call volume is approximately 290 combined ambulance and medevac calls. This is an average of 24 calls per month, which would result in an estimated 145 calls for the remainder of FY 14.

DISCUSSION:

- 1) Based on the numbers outlined above and in previous information presented to council it is estimated that ambulance billing for the remainder of FY 14 will result in expenses for the Division of Fire and EMS under budget line item 0102155253300 “Other Professional Services” in the amount of \$5075.
- 2) With a conservative 60% collection rate and this service will generate \$43,500.00 of revenue which will be received into the general fund accounts receivable line item 0101104243250 “Ambulance Service Fees”.
- 3) While this results in net revenue of \$38,425.00 it is necessary to increase the Division of Fire and EMS budget by \$5075.00 under the budget line item for “Other Professional Services” in order to pay for the billing services received.

ALTERNATIVES:

- 1) Modify the budget in another manner.
- 2) Take no action to modify the budget.

FINANCIAL IMPLICATIONS: Changes to the operating budget are necessary to reflect this new billing method.

LEGAL: We are following a contract with the vendor and this action reflects best management practices.

STAFF RECOMMENDATION: Staff recommends the Council approve the budget amendment.

PROPOSED MOTION: Request a motion to approve Ordinance 2014-01.

CITY MANAGER’S COMMENTS: I recommend approval.



- [Summary](#)
- [Lodging](#)
- [Program](#)
- [Call for Papers](#)

Overview:

The goal of the Arctic Encounter Symposium is to engage participants in a focused discussion, through a balanced forum, highlighting shared interests and concerns of the United States and the global community as we look north to the last emerging frontier – the Arctic. The Symposium will incorporate a diverse group of leaders and experts to debate how a rapidly changing Arctic will impact international law, domestic policy, business and commerce, the environment, and the people of the Far North.

The program incorporates five plenary sessions, featuring 3-4 speakers and one moderator in each session, and two concurrent sessions featuring research presentations by leading academic experts from across the country. The Symposium is structured to challenge the status quo dialogue and to critically address the Arctic's potential, to consider what is at stake, and to collaborate on solutions.

Leading experts, CEO's, and thought leaders from the science technology, maritime, and energy industries top corporations and organizations are expected to attend. Congressional delegations from Alaska and Washington State have also been invited. The event is likely to draw between 250 and 350 attendees, including partners from the top environmental and maritime law firms in the Pacific Northwest and academics from across the country.

The two-day Symposium will take place at Seattle University with a dinner reception on Friday, February 7 at the Seattle Aquarium on Pier 59.

Confirmed Speakers:

- **Senator Lisa Murkowski**, United States Senate, Keynote Speaker
- **Alaska Lieutenant Governor Mead Treadwell**
- **Rear Admiral Thomas P. Ostebo**, Commander, 17th District, U.S. Coast Guard
- **Dr. Scott Borgerson**, CEO, CargoMetrics and co-founder of The Arctic Circle
- **Alice Rogoff**, Publisher of the Alaska Dispatch, founder and director of The Arctic Imperative, and co-founder of The Arctic Circle
- **Edward Itta**, appointed by President Obama to the U.S. Arctic Research Commission,

Former Mayor of the North Slope Borough of Alaska, former President of the Barrow Whaling Captains Association and the Inuit Circumpolar Council-Alaska

- **Raymond Arnaudo**, Senior Advisor, Bureau of Oceans & International Environmental & Scientific Affairs, US Department of State
- **Representative Bob Herron**, Alaska State Legislature, Co-Chair of the Alaska Arctic Policy Commission
- **The Consul General Of Canada**, to be named upon appointment of new consul general
- **Marilyn Heiman**, Director, U.S. Arctic Program, The Pew Charitable Trusts
- **Dr. Lawson Brigham**, Distinguished Professor of Geography & Arctic Policy, University of Alaska Fairbanks, and Senior Fellow, Institute of the North
- **Doug Helton**, Incident Operations Coordinator, The Office of Response & Restoration, National Oceanic & Atmospheric Administration
- **Dr. James Overland**, Oceanographer, Pacific Marine Environmental Laboratory, National Oceanic & Atmospheric Administration
- **Senator Lesil McGuire**, Alaska State Legislature, Co-Chair, Alaska Arctic Policy Commission
- **John Iani**, Attorney, Perkins Coie LLP

Check back for speaker updates.

Facebook: <https://www.facebook.com/arcticencountersymposium>

Twitter: <https://twitter.com/AESymposium>

Youtube: <http://www.youtube.com/user/arcticencounter>