

**CITY OF UNALASKA
UNALASKA, ALASKA
REGULAR MEETING
TUESDAY, AUGUST 5, 2014, 6:00 P.M.
UNALASKA CITY HALL COUNCIL CHAMBERS
AGENDA**

CALL TO ORDER
ROLL CALL
PLEDGE OF ALLEGIANCE
RECOGNITION OF VISITORS
ADDITIONS TO AGENDA
MINUTES: JULY 22, 2014
FINANCIAL REPORT:
BOARD/COMMISSION REPORTS
AWARDS/PRESENTATIONS: AMBER GUITARD – 10 YRS OF SERVICE
MANAGER'S REPORT
COMMUNITY INPUT/ANNOUNCEMENTS
PUBLIC INPUT ON AGENDA ITEMS

PUBLIC HEARING

1. **ORDINANCE 2014-17 – SECOND READING:** BUDGET AMENDMENT NO. 2 TO THE FY15 OPERATING BUDGET TO CREATE NEW CAPITAL PROJECT "ALYESKA ELECTRICAL TIE-IN"
2. **ORDINANCE 2014-18:** AMENDING THE SCHEDULE OF FEES AND CHARGES TO BE ASSESSED FOR CITY PROVIDED SERVICES – WASTEWATER

WORK SESSION

1. **PRESENTATION:** REPORT ON INVESTMENTS BY EVAN ROSE OF ALASKA PERMANENT CAPITAL MANAGEMENT
2. **PRESENTATION:** REPORT FROM CITY ATTORNEY BROOKS CHANDLER
3. **DISCUSSION:** PROPOSED CHANGES TO TITLE 8 OF THE CITY OF UNALASKA CODE OF ORDINANCES

RECONVENE TO REGULAR SESSION

CONSENT AGENDA

UNFINISHED BUSINESS

1. **ORDINANCE 2014-18 - SECOND READING:** AMENDING THE SCHEDULE OF FEES AND CHARGES TO BE ASSESSED FOR CITY PROVIDED SERVICES - WASTEWATER
2. **ORDINANCE 2014-17 – SECOND READING:** BUDGET AMENDMENT NO. 2 TO THE FY15 OPERATING BUDGET TO CREATE NEW CAPITAL PROJECT "ALYESKA ELECTRICAL TIE-IN"

NEW BUSINESS

1. **RESOLUTION 2014-59:** APPROVING THE GRANT OF AND TERMS FOR A NON-EXCLUSIVE EASEMENT IN CITY-OWNED RIGHT-OF-WAY AND FACILITIES TO DELTA WESTERN, INC. FOR THE INSTALLATION, OPERATION AND MAINTENANCE OF A FUEL PIPELINE
2. **RESOLUTION 2014-67:** AUTHORIZING THE MAYOR TO SIGN A NOVATION AGREEMENT BETWEEN THE CITY OF UNALASKA, THE CITY OF AKUTAN, AND THE UNITED STATES OF AMERICA, TO TRANSFER THE GRANT AWARD FOR THE MAKUSHIN GEOTHERMAL PROJECT TO THE CITY OF AKUTAN
3. **RESOLUTION 2014-68:** AUTHORIZING THE CITY MANAGER TO SIGN THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF UNALASKA AND THE IUOE LOCAL 302/PCR BARGAINING UNIT
4. **ORDINANCE 2014-24 – FIRST READING:** CREATING BUDGET AMENDMENT NO. 3 TO THE FY15 OPERATING BUDGET TO INCREASE WAGES, FRINGE BENEFITS, AND ASSOCIATED STATE OF ALASKA PERS CONTRIBUTIONS FOR THE PORTS IBU CONTRACT AND PCR BARGAINING UNIT 302 MOU
5. **MAYOR AND COUNCIL TRAVEL:** WASHINGTON DC

EXECUTIVE SESSION: TO DISCUSS THE LANDFILL CELL CONSTRUCTION CONTRACT

COUNCIL DIRECTIVES TO MANAGER

COMMUNITY INPUT
ANNOUNCEMENTS
ADJOURNMENT

**CITY OF UNALASKA
UNALASKA, ALASKA
REGULAR MEETING
TUESDAY, JULY 22, 2014**

The regular meeting of the Unalaska City Council was called to order by Mayor pro tem Gregory at 6:05 p.m. on July 22, 2014, in the Unalaska City Hall Council Chambers. Roll was taken:

PRESENT: Tom Enlow
Zoya Johnson
Alejandro Tungul
David Gregory
Dennis Robinson

ABSENT: Roger Rowland (Excused)
Shirley Marquardt, Mayor (Excused)

Robinson made a motion to appoint Council Member Gregory as Mayor pro tem; Tungul seconded. Motion passed by consensus.

PLEDGE OF ALLEGIANCE: Mayor pro tem Gregory led the Pledge of Allegiance

RECOGNITION OF VISITORS:

APPROVAL OF AGENDA: The agenda was adopted as presented.

MINUTES: The minutes of the July 8, 2014 regular Council meeting were approved as submitted.

FINANCIAL REPORT: None

BOARD/COMMISSION REPORTS: None

AWARDS AND PRESENTATIONS: None

MANAGER'S REPORT: Rear Admiral Daniel Abel, who assumed command of the Coast Guard 17th District from Rear Admiral Thomas Ostebo, will be visiting Unalaska on Wednesday, July 23rd.

COMMUNITY INPUT AND ANNOUNCEMENTS:

Doug Veltre will be giving a presentation about his archeological work in the Aleutians on Tuesday night at the Museum of the Aleutians. Also, there will be a series of lectures, starting Friday, by other visiting archeologists.

Camp Qungaayux will be the week of July 28th. There will be an orientation meeting on Sunday July 27, and spaghetti feed fundraiser on Friday, July 25.

PUBLIC INPUT:

Frank Kelty spoke in favor of the Alyeska electrical tie-in.

PUBLIC HEARING

Mayor pro tem Gregory opened the public hearing on Ordinance 2014-04.

1. **ORDINANCE 2014-04:** AMENDING UNALASKA MUNICIPAL CODE CHAPTER 8.06 ADDING AND UPDATING DEFINITIONS, CHAPTER 8.08 CLARIFYING SUBDIVISION REQUIREMENTS, AND CHAPTER 8.12 DELETING BUILDING SEPARATION LANGUAGE, ADDING A ZONING DESIGNATION FOR CONSTRUCTION CAMPS, AND CHANGING SUBMITTAL DEADLINE REQUIREMENTS

Frank Kelty cautioned against making the rules regarding construction camps too restrictive, due to potential impacts on the cost of projects and increased demand for existing housing.

Richard Miller, CEO of the Ounalashka Corporation, spoke about the possible consequences of the platting requirements for leased land. Mr. Miller stated that, in general, he did not object to requiring platting and subdivision for new construction, but that the requirement that the process be completed before building permits are issued may slow future development. Mr. Miller encouraged the council to consider adding the words "new" and "permanent" as qualifiers for the type of construction that would require platting prior to issuing a building permit.

Doanh Tran, a member of the Planning Commission, said she disagreed with the changes in code recommended by the Planning Commission because the platting requirements would hold us back from our stated goal of planning for future development, and because the requirements would negatively impact the Ounalashka Corporation and other businesses.

Hearing no additional testimony, Mayor pro tem Gregory closed the public hearing on Ordinance 2014-04.

Mayor pro tem Gregory opened the public hearing on Ordinance 2014-15.

2. **ORDINANCE 2014-16:** CREATING BUDGET AMENDMENT NO. 1 TO THE FY15 OPERATING BUDGET TO INCREASE THE FINANCE BUDGET FOR INCREASED INTERNET SPEED AND TRANSFERING FUNDS BETWEEN THE DELTA WAY STORM DRAIN AND LIFT STATION #3 PROJECTS.

Hearing no testimony, Mayor pro tem Gregory closed the public hearing on Ordinance 2014-15.

WORK SESSION: Johnson made a motion to move into a work session; Enlow seconded. Motion passed by consensus.

1. **DISCUSSION – RESOLUTION 2014-57:** AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH ALASKA CHADUX CORPORATION FOR MAINTENANCE, USE AND POSSESSION OF CITY-OWNED OIL RESPONSE EQUIPMENT

Acting City Manager Jordan briefly explained the purpose of the agreement. Council members Robinson, Tungul and Johnson spoke in favor of the resolution.

2. **DISCUSSION – RESOLUTION 2014-61:** AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH NORTHERN ECONOMICS FOR PROFESSIONAL SERVICES TO COMPLETE A RATE STUDY ANALYSIS FOR THE UMC TARIFF AND THE SCHEDULE OF FEES FOR PORT PROVIDED SERVICES IN AN AMOUNT NOT TO EXCEED \$28,800

Port Director McLaughlin explained the scope of the rate study analysis and answered questions from council members.

3. **DISCUSSION – RESOLUTION 2014-66:** AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH ALEUTIAN ELECTRICAL CONTRACTORS, INC. FOR THE CONSTRUCTION OF THE LOAD CENTER STANDARDIZATION PROJECT IN THE AMOUNT OF \$102,985.87 FROM PROJECT PW204

Director of Public Works Tom Cohenour explained the project and answered questions from council members.

4. **DISCUSSION – ORDINANCE 2014-17:** BUDGET AMENDMENT NO. 2 TO THE FY15 OPERATING BUDGET TO CREATE NEW CAPITAL PROJECT “ALYESKA ELECTRICAL TIE-IN”

Director of Public Utilities answered questions about the Alyeska electrical tie-in project.

RECONVENE TO REGULAR SESSION

CONSENT AGENDA

1. **RESOLUTION 2014-62:** CONFIRMING THE MAYOR’S APPOINTMENT OF MELISSA GOOD TO THE MUSEUM OF THE ALEUTIANS BOARD OF DIRECTORS

Hearing no objection, Mayor pro tem Gregory declared the consent agenda adopted.

UNFINISHED BUSINESS

1. **ORDINANCE 2014-04 – SECOND READING:** AMENDING UNALASKA MUNICIPAL CODE CHAPTER 8.06 ADDING AND UPDATING DEFINITIONS, CHAPTER 8.08 CLARIFYING SUBDIVISION REQUIREMENTS, AND CHAPTER 8.12 DELETING BUILDING SEPARATION LANGUAGE, ADDING A ZONING DESIGNATION FOR CONSTRUCTION CAMPS, AND CHANGING SUBMITTAL DEADLINE REQUIREMENTS

Johnson made a motion to adopt Ordinance 2014-04; Robinson seconded.

VOTE: Motion failed 5-0 by roll call.

2. **ORDINANCE 2014-16 – SECOND READING:** CREATING BUDGET AMENDMENT NO. 1 TO THE FY15 OPERATING BUDGET TO INCREASE THE FINANCE BUDGET FOR INCREASED INTERNET SPEED AND TRANSFERING FUNDS BETWEEN THE DELTA WAY STORM DRAIN AND LIFT STATION #3 PROJECTS.

Robinson made a motion to adopt Ordinance 2014-16; Tungul seconded.

VOTE: Motion passed unanimously by roll call.

NEW BUSINESS

1. **RESOLUTION 2014-57:** AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH ALASKA CHADUX CORPORATION FOR MAINTENANCE, USE AND POSSESSION OF CITY-OWNED OIL SPILL RESPONSE EQUIPMENT

Tungul made a motion to adopt Resolution 2014-57; Robinson seconded.

VOTE: Motion passed unanimously by roll call.

2. **RESOLUTION 2014-61:** AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH NORTHERN ECONOMICS FOR PROFESSIONAL SERVICES TO COMPLETE A RATE STUDY ANALYSIS FOR THE UMC TARIFF AND THE SCHEDULE OF FEES FOR PORT PROVIDED SERVICES IN AN AMOUNT NOT TO EXCEED \$28,800

Johnson made a motion to adopt Resolution 2014-61; Robinson seconded.

VOTE: Motion passed unanimously by roll call.

3. **RESOLUTION 2014-66:** AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH ALEUTIAN ELECTRICAL CONTRACTORS, INC. FOR THE CONSTRUCTION OF THE LOAD CENTER STANDARDIZATION PROJECT IN THE AMOUNT OF \$102,985.87 FROM PROJECT PW204

Johnson made a motion to adopt Resolution 2014-66; Enlow seconded.

VOTE: Motion passed unanimously by roll call.

4. **ORDINANCE 2014-17 – FIRST READING:** BUDGET AMENDMENT NO. 2 TO THE FY15 OPERATING BUDGET TO CREATE NEW CAPITAL PROJECT "ALYESKA ELECTRICAL TIE-IN"

Robinson made a motion to move Ordinance 2014-17 to second reading and public hearing on August 12; Tungul seconded.

VOTE: Motion passed unanimously by roll call.

5. **ORDINANCE 2014-18 – FIRST READING:** AMENDING THE SCHEDULE OF FEES AND CHARGES TO BE ASSESSED FOR CITY-PROVIDED SERVICES - WASTEWATER

Enlow made a motion to move Ordinance 2014-18 to second reading and public hearing on August 12; Robinson seconded.

VOTE: Motion passed unanimously by roll call.

COUNCIL DIRECTIVES TO MANAGER

ADJOURNMENT: The meeting adjourned at 7:25 p.m.

Cat Hazen
City Clerk

CITY OF UNALASKA
UNALASKA, ALASKA

ORDINANCE NO. 2014-17

ORDINANCE 2014-17 CREATING BUDGET AMENDMENT NO 2 TO THE FY15 OPERATING BUDGET TO
CREATE NEW CAPITAL PROJECT "ALYESKA ELECTRICAL TIE-IN"

BE IT ENACTED BY THE UNALASKA CITY COUNCIL

Section 1. Classification: This is a non-code ordinance.
Section 2. Effective Date: This ordinance becomes effective upon adoption.
Section 3. Content: The City of Unalaska FY15 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. 2 to Ordinance #2014-08

| | <u>Current</u> | <u>Requested</u> | <u>Revised</u> |
|-----------------------------|----------------|------------------|----------------|
| I. OPERATING BUDGET | | | |
| A. ELECTRIC FUND - PROJECTS | | | |
| Sources | | | |
| Loan from General fund | 1,400,000 | 341,200 | 1,741,200 |
| Projects | | | |
| Alyeska Electrical Tie-in | - | 341,200 | 341,200 |

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE UNALASKA CITY
COUNCIL THIS 12TH DAY OF AUGUST 2014.

MAYOR

ATTEST:

CITY CLERK

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS
FROM: DAN WINTERS, DIRECTOR OF PUBLIC UTILITIES
THRU: CHRIS HLADICK, CITY MANAGER
DATE: JULY 22, 2014
RE: ORDINANCE 2014-17- BUDGET AMENDMENT REQUEST: CREATE
NEW CAPITAL PROJECT "ALYESKA ELECTRICAL TIE-IN"

SUMMARY: This Budget Amendment request will create a new capital project for FY2015 titled "Alyeska Electrical Tie-in". This project will provide for the design and installation of a new 3,000 KVA transformer outside Alyeska Seafoods' Powerhouse, and the installation of 250 feet of 4.0/35 KVA conductors from Bayview Avenue (Front Beach) to the transformer. The estimated cost of this project is \$341,200 and will be financed through a loan from the General Fund.

The end result of this project provides the 2,000,000 kWh increase in sales required in order to maintain current rates, as recommended in the 2013 Electrical Rate Study.

PREVIOUS COUNCIL ACTION: Council has taken no specific action regarding this project. However, during the May 27, 2014 Council Meeting, Council adopted the FY2015 operating and capital budget for the City of Unalaska through Ordinance 2014-08, which this request seeks to amend.

BACKGROUND: On July 10, 2013, the City contracted with Mike Hubbard of The Financial Engineering Company to conduct a Rate Study for the Electric Proprietary Fund. On February 25, 2013, Mr. Hubbard presented the rate study to Council.

Mr. Hubbard's analysis demonstrated that, due to 3 million kWh increase in sales in the industrial rate class, the existing rates were adequate to cover expenses through FY2015. However, without additional load growth of over 2 million kWh, net operating losses of \$492,631 are expected to occur in FY2016, and net operating losses of \$583,776 in FY2017.

With this in mind, Staff approached Alyeska Seafoods to inquire about the possibility of tying them to the City's electrical grid. After months of dialog, Alyeska has agreed to the City's proposal.

DISCUSSION: Alyeska has agreed to receive up to 800 kW of power from the City's electrical grid during their non-processing season. They have requested that we install a 3,000 kW transformer, which will handle 90% of their full electrical needs. Even though Alyeska is

in the non-processing season for three months out of the year, City Staff predicts that Alyeska will use City power for a minimum of six months out of the year.

Table 1 below shows a six month electrical load profile at electrical loads from 400kW to 800kW. If Alyeska uses an average of 500 kW for six months, the yearly electrical load will be 2,160,000 kWh. This meets the 2,000,000 kWh increase in sales required to maintain rates, which is depicted in the 2013 Electrical Rate Study.

TABLE 1
Six Month Electrical Load Profile

The City's portion of this project consists of installing a new 3000 KVA transformer outside Alyeska's Powerhouse; installing 250 feet of 4.0/35 KVA conductors from Bayview Avenue to the transformer; and the design, programming, and integration of all metering to City of Unalaska Power Plant SCADA system. Electric Power Systems is our Electrical Engineer of record and will perform the design, specifications, and engineering for this project.

The schedule for this project is as follows:

- Engineering/Design- September 15, 2014.
- Order Equipment- October 15, 2014.
- Construction- January 1, 2015.

ALTERNATIVES: Staff doesn't believe there are other alternatives but Staff is always receptive to Council's direction.

FINANCIAL IMPLICATIONS: This amendment creates a new "Alyeska Electrical Tie-In" Capital Project with funding in the amount of \$341,200. Funding for this project will come from a General Fund loan to the Electrical Proprietary Fund. The proposed budget is set forth below in Table 2.

TABLE 2

LEGAL: None.

STAFF RECOMMENDATION: Staff recommends adopting Ordinance 2014-17

PROPOSED MOTION: "I move to approve Ordinance 2014-17".

CITY MANAGER'S COMMENTS:

CITY OF UNALASKA
FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM
FY 2015 - FY 2018
NEW PROJECT NOMINATION APPLICATION

☐ Feasibility ☒ Design ☒ Construction

Prepared by: Dan Winters

Date: July 10, 2014

Department: Public Utilities, Electric

Project Name: Alyeska Electrical Tie-In

This project will begin in Fiscal Year: 2015

1. Project location / legal description / tax lot ID (attach site map from GIS):

| | | |
|----------------------|----------------------|----------------------|
| <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Lot No. | Block No. | Subdivision |
| <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Tract | USS | Unsubdivided |

Does the City own the property? ☒ YES ☐ NO
(Check Yes or No)

Does the City lease the property? ☐ YES ☒ NO
(Check Yes or No)

If not, how will it be acquired? (Purchase, lease, easement, etc.) Electrical Easement

2. Project description: This project will connect Alyeska Sea Foods to the City's electrical grid. Construction will consist of installing a 3.5 MW, 35kv/4160 volt transformer, a 35kv switch, 35kv conductors, and the necessary equipment to monitor the transformer at the Powerhouse.

3. Project purpose and need: The purpose of this project is to connect Alyeska Sea foods to the City's electrical grid. In doing so, the City will sell approximately 3,000,000 more kW per year. There is a need to sell more electrical power to keep from increasing electrical rates.

4. Development plan and status: Electrical Power Systems is our electrical engineer of record and will be doing the design work for this project. The construction portion of the project will be conducted by City Lineman.

5. Project time line: Provide an approximate month and year for the following:

Project Phase

Start Date: September 15, 2014 Finish Date: June 30, 2015

Engineering / Design: September 15, 2014

Construction: January 1, 2015

6. Permitting:

Are any permits required for the work?

_____YES ___X___ NO

(Check Yes or No)

If "Yes", please describe the permit and provide an estimated timeline / process for obtaining the permit(s):

7. Utility Services:

Will this project require new or relocated utility services?

___X___YES _____ NO

(Check Yes or No)

If "Yes", please describe the type of utilities (electric, water, sewer, phone/data) and provide information on their installation or relocation: Alyeska Seafoods Electrical 35kV Tie-in

8. Cost and financing data:

A. Will this project generate revenue?

___X___YES _____ NO

(Check Yes or No)

The table below shows what the revenue will be at different electrical loads for 180 days.

| 180 Day Electrical Load | Yearly kWh Load | Yearly Electrical cost |
|-------------------------------|--------------------|---------------------------|
| 400 kW | 1,728,000 | \$ 646,842 |
| 500 kW | 2,160,000 | \$ 808,553 |
| 600 kW | 2,592,000 | \$ 970,263 |
| 700 kW | 3,024,000 | \$ 1,131,974 |
| 800 kW | 3,456,000 | \$ 1,293,684 |

B. Write a narrative describing the overall project costs, funding source(s), and how much of the overall cost will be paid by each source: The cost for this project is \$341,152. Funding source will be a loan from the General Fund.

9. Relationship to other scheduled projects: Write a narrative describing the impact this project will have on any other active project. No.

10. Attachments included as part of this Nomination. (Check all that are included.)

_____ Board or Commission Resolution of Support.

_____ Federal or State Regulatory Agency mandate documentation.

_____ Copy of Master Plan identifying project need.

Appendix A - Revenue Sources

Project Name: Alyeska Electrical Tie-In

Fund: Electrical

Dept. Name: DPU- Electrical

| Revenue Source | Existing Funds | Fiscal Year Funding Requests | | | | | |
|-----------------|----------------|------------------------------|------|------|------|------|------------|
| | | FY14 | FY15 | FY16 | FY17 | FY18 | Total |
| General Fund | | \$341,200.00 | | | | | \$ - |
| 1% Sales Tax | | | | | | | \$ - |
| Grant* | | | | | | | \$ - |
| Enterprise Fund | | | | | | | \$ - |
| TOTALS | \$ - | \$341,200.00 | \$ - | \$ - | \$ - | \$ - | \$ 341,200 |

Revenue numbers were derived from previous customer habits. Below is a table showing the revenues received from different loads.

| 180 Day Electrical Load | Yearly kWh Load | Yearly Electrical cost |
|----------------------------|--------------------|---------------------------|
| 400 kW | 1,728,000 | \$ 646,842 |
| 500 kW | 2,160,000 | \$ 808,553 |
| 600 kW | 2,592,000 | \$ 970,263 |
| 700 kW | 3,024,000 | \$ 1,131,974 |
| 800 kW | 3,456,000 | \$ 1,293,684 |

*Specify Grant Funding Source(s) here: City of Unalaska General Fund loan.

Appendix B - Capital Costs

Project Name:

Fund:

Dept. Name:

| Object Code | Title | Existing Funds | Fiscal Year Funding Requests | | | | | |
|-------------|--|----------------|------------------------------|------|------|------|------|---------------|
| | | | FY14 | FY15 | FY16 | FY17 | FY18 | Total |
| 51100 | Salaries & Wages | | \$ 6,000.00 | | | | | \$ 6,000.00 |
| 52100-52900 | Employee Benefits | | | | | | | \$ - |
| 52400 | Solid Waste | | | | | | | \$ - |
| 53230 | Legal Services | | | | | | | \$ - |
| 53240 | Engineering Services | | \$ 66,200.00 | | | | | \$ 66,200.00 |
| 53300 | Other Prof Services | | | | | | | \$ - |
| 53430 | Surveying Services | | | | | | | \$ - |
| 54500 | Construction Services | | \$ 5,000.00 | | | | | \$ 5,000.00 |
| 55310 | Telephone | | | | | | | \$ - |
| 55901 | Advertising | | | | | | | \$ - |
| 55903 | Travel & Related Costs | | | | | | | \$ - |
| 55907 | Permitting | | | | | | | \$ - |
| 56100 | Supplies | | | | | | | \$ - |
| 57100 | Land | | | | | | | \$ - |
| 57400 | Machinery & Equipment | | \$ 240,000.00 | | | | | \$ 240,000.00 |
| | UTILITY CONSTRUCTION | | | | | | | \$ - |
| | CONTINGENCY (30%) | | \$ 24,000.00 | | | | | \$ 24,000.00 |
| | PROJECT INSPECTION (C.E.I.) (10%) | | | | | | | \$ - |
| | TOTAL | \$ - | \$ 341,200.00 | \$ - | \$ - | \$ - | \$ - | \$ 341,200.00 |

CITY OF UNALASKA
UNALASKA, ALASKA

ORDINANCE 2014-18

AN ORDINANCE OF THE UNALASKA CITY COUNCIL AMENDING THE SCHEDULE OF FEES AND CHARGES TO BE ASSESSED FOR CITY-PROVIDED SERVICES.

BE IT ENACTED BY THE UNALASKA CITY COUNCIL AS FOLLOWS:

Section 1: Form. This is a Non-Code ordinance.

Section 2: Adoption of a Schedule of Rates and Charges. The Council hereby amends the following schedule of rates and charges to be paid by consumers of the identified City-provided services, labor, and equipment. The schedules adopted are listed individually below and are attached hereto. Each schedule shall remain in effect until such time as it may be amended by subsequent ordinance.

◆ Department of Public Utilities

Section 3. Effective Date. This ordinance shall take effect retroactive to July 1, 2014.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE UNALASKA CITY COUNCIL
THIS 12th DAY OF AUGUST, 2014.

MAYOR

ATTEST:

CITY CLERK

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS
FROM: CHRIS HLADICK, CITY MANAGER
THRU: DAN WINTERS, DPU DIRECTOR
DATE: JULY 16, 2014
RE: FEE SCHEDULE CHANGES – WASTEWATER UTILITY

SUMMARY: The Department of Public Utilities is proposing changes to the City of Unalaska Wastewater Utility Fee Schedule to correct two decimal point typographical errors. The table found under “Schedule C – Metered Industrial Sewer Service” has volume charge decimal point errors under effective dates 7/1/14 and 7/1/15.

PREVIOUS COUNCIL ACTION: Council reviews the Fee Schedule annually. The most recent review adopted the Fee Schedule on July 9, 2014.

BACKGROUND & DISCUSSION: Both the FY14 and the recently adopted FY15 Fee Schedules contained the same typographical error, which escaped detection during review. Public Utilities staff noticed the errors after the FY15 Fee Schedule was adopted. The effective date of the first error was July 1, 2014.

The subsequent incorrect rates under “Schedule C – Metered Industrial Sewer Service” are shown below in Table 1 and corrected in Table 2:

Table 1

| Metered/Industrial | Effective 07/01/13 14.1% Increase | Effective 07/01/14 14.1% Increase | Effective 07/01/15 14.1% Increase |
|--------------------|--------------------------------------|--|---|
| Service Charge | \$13.85 per month | \$15.80 per month | \$18.03 per month |
| Volume Charge | \$0.75 per 1,000 gallons | \$0.86 per 1,000 gallons | \$-.098 per 1,000 gallons |

Table 2

| Metered/Industrial | Effective 07/01/13 14.1% Increase | Effective 07/01/14 14.1% Increase | Effective 07/01/15 14.1% Increase |
|--------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Service Charge | \$13.85 per month | \$15.80 per month | \$18.03 per month |
| Volume Charge | \$0.75 per 1,000 gallons | <u>\$0.86</u> per 1,000 gallons | <u>\$0.98</u> per 1,000 gallons |

ALTERNATIVES: Council may elect to correct the errors during next year’s Fee Schedule review.

FINANCIAL IMPLICATIONS: Metered industrial sewer service will not be charged at the intended rates for FY15 and FY16 if this correction is not adopted.

LEGAL: N/A.

STAFF RECOMMENDATION: Staff recommends Council adopt this proposed correction to the Fee Schedule.

PROPOSED MOTION:

CITY MANAGER'S COMMENTS:

Monthly billings may be adjusted for a commercial service that consumes more than 50,000 gallons of water per month that is not returned to the sewer system. To obtain an adjustment, the customer must petition the City, separately meter water usage not entering the sewer system, and demonstrate that the separately metered water will not enter the sewer system. Upon review and approval, the City will deduct the volume of separately metered water which is not returned to the sewer system from the total metered consumption prior to calculation of the volume charge each month.

SCHEDULE C
METERED INDUSTRIAL SEWER SERVICE

Any service which has a current individual NPDES permit, where a plant's metered water use does not accurately reflect sewage flows due to large quantities of water consumption that are not returned to the sewer system, shall be classified as an industrial service. Industrial sewer service charges are made up of both a fixed service charge and a usage charge. The usage component is based on a volume rate per 1,000 gallons of metered water consumption. The total monthly bill for metered industrial services is comprised of the fixed service charge and volume charge components as detailed below:

| Metered/Industrial | Effective 07/01/13 14.1% Increase | Effective 07/01/14 14.1% Increase | Effective 07/01/15 14.1% Increase |
|--------------------|--------------------------------------|---|---|
| Service Charge | \$13.85 per month | \$15.80 per month | \$18.03 per month |
| Volume Charge | \$0.75 per 1,000 gallons | \$0.86 0.86 per 1,000 gallons | \$0.98 0.98 per 1,000 gallons |

SCHEDULE D
FEES AND SPECIAL CHARGES

- A. Billing Deposit A deposit equal to two months estimated billing is required. Interest in the amount of 3½% per annum will accrue on billing deposits, and will be paid to customer when deposit is refunded or applied to account.
- B. New Service Connection
- | | | |
|--------------------------|---------------|-----------------|
| Labor: | Straight Time | 85.00 per hour |
| | Over Time | 128.00 per hour |
| | Double Time | 170.00 per hour |
| Materials: Cost plus 15% | | |
- C. Construction Deposit 50% of City's construction estimate due prior to start of construction. Balance due prior to activation of service.
- D. Service/Reconnection 70.00
- E. Service Call Out
- | | | |
|--------|---------------|-----------------|
| Labor: | Straight Time | 85.00 per hour |
| | Over Time | 128.00 per hour |
| | Double Time | 170.00 per hour |

BOYD, CHANDLER & FALCONER, LLP
ATTORNEYS AT LAW
SUITE 302
911 WEST EIGHTH AVENUE
ANCHORAGE, ALASKA 99501
TELEPHONE: (907) 272-8401
FACSIMILE: (907) 274-3698
bcf@bcf.us.com

July 31, 2014

VIA ELECTRONIC MAIL

Chris Hladick
City Manager
City of Unalaska
PO Box 610
Unalaska, AK 99685

Re: FY 2014 Legal Year in Review

Dear Chris:

This is a summary of our activities during the last fiscal year. It is intended to provide information on how the annual legal budget was spent. These figures are taken from our billings and have not been audited. Expenses are billed each month rather than assigned to a particular billing matter. We have not attempted to break down expenses in this report. Nevertheless, this gives a good picture on the legal services provided between July 1, 2013, and June 30, 2014. This can be considered a public document.

In summary, the City spent \$26,468 in legal fees and expenses in FY 2014. Of this amount, \$733 were costs and \$25,735 were fees. This money was spent in the following general categories.

General Counsel Activities- \$7,719

We prepared or have in process ordinances regarding vehicle forfeiture as a consequence of an arrest for DUI, changes to the makeup of the historical preservation commission, revisions to the fifth wheel ordinance, and the processing of minor offenses. We reviewed a draft tidelands lease. We provided advice on conflict of interest issues and the procedure for adopting the FY2015 budget. We advised on several personnel matters. We analyzed APOC requirements for write in candidates for municipal office, the scope of restrictions on electioneering, the process for counting write in votes and the process for certifying the 2013

municipal election. We advised on a proposed agreement related to crab processing of crab harvested from outside Unalaska. We advised on the obligation of the City to obtain a license for the use of music. We advised on HIPPA requirements related to ambulance billing. We advised on a vehicle registration tax issue. We revised a proposed confidentiality agreement.

Sales Tax Matters- \$3,080

We provided advice on collection issues including taxability of utility refunds and taxability of utility services provided to tenants by landlords. Some of the expenses in this category are related to the B.C. Vehicles Rental collection lawsuit discussed below.

Litigation Matters-

B.C. Vehicles Rental- \$673

This money was spent preparing for and filing the complaint for sales tax collection against B.C. Vehicles Rental. We are awaiting the entry of a final default judgment in this case and hopeful that litigation expenses and fees will be recoverable in addition to past due tax, penalty and interest.

EPA v. City of Unalaska- \$528

Even though this case is over, the City is required to submit periodic reports as part of the agreed settlement. We review the reports. The reduction in legal fees on this matter is one of the benefits of settling the case.

Public Safety Department- \$231

We advised the Department on vehicle forfeiture and fifth-wheel matters.

Public Works Projects/Matters- \$1,806

In addition to the services mentioned in the paving, landfill, WWTP categories discussed elsewhere in this report, (some of which are included in this category), we advised on procurement issues, engineering contracts, and agreements for the Summer Bay bridge project.

Property Tax- \$1,106

We worked on the most recent foreclosure and advised regarding disposing of property acquired as a result of the 2004-2007 foreclosure, matters involving redemption of foreclosed property and an Alaska Supreme Court decision related to the senior citizen exemption.

Paving- \$6,195

We assisted in reaching a settlement with the contractor on the last Broadway-Airport Beach Road paving project regarding correction of defects and deductions from the original contract amount for the project.

Port- \$3,904

We advised on a matter related to chronic under reporting of amounts owed under the Port tariff. We advised on PUA negotiations and an engineering contract. We advised on an agreement to allow access to equipment for oil spill response work.

Petro Marine-\$1,134

We provided advice related to a claim asserted by Petro Marine arising from damage to a warehouse facility from falling rocks.

Utilities- \$2,397

We provided ongoing advice on matters related to the WWTP project and the geothermal project. We reviewed a contract for an electric utility project.

Landfill- \$2,436

We provided advice related to the termination and rebidding of the landfill contract for the construction of new landfill cells.

Planning- \$1,281

We reviewed a draft of amendments to Title 8 relating to platting of leased parcels and analyzed applicable Title 29 platting requirements.

This past fiscal year included a welcome respite from ongoing active major lawsuits and claims resulting in significantly reduced legal fees. Whether that can be continued in the current year remains to be seen.

As always, we appreciate the opportunity to be of service to the people of Unalaska and will continue to do our best to provide quality, cost effective, legal services to the community. If you or the City Council have any questions about particular matters or how we provide our services to Unalaska please let us know.

Unalaska City Manager
July 31, 2014
Page 4

Very truly yours,

BOYD, CHANDLER &
FALCONER, LLP

By: _____
Brooks W. Chandler

BWC/ms

**CITY OF UNALASKA
UNALASKA, ALASKA
RESOLUTION 2014-59**

A RESOLUTION OF THE UNALASKA CITY COUNCIL APPROVING THE GRANT OF AND TERMS FOR A NON-EXCLUSIVE EASEMENT IN CITY-OWNED RIGHT-OF-WAY AND FACILITIES TO DELTA WESTERN, INC. FOR THE INSTALLATION, OPERATION AND MAINTENANCE OF A FUEL PIPELINE

WHEREAS, Delta Western, Inc. ("Delta Western") owns and operates a fuel distribution business in Unalaska, Alaska; and

WHEREAS, Delta Western seeks to install, operate and maintain a lateral fuel pipeline connecting to the existing Ballyhoo Road pipeline easement, recorded in the Aleutian Islands Recording District 305 with recordation number 2014-00267-0, into a pipeline header and connection located on the Unalaska Marine Center Dock to facilitate the transfer of fuel cargos to or from vessels moored at the UMC dock through the existing pipeline transport system; 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, the grant of such an easement by the City to Delta Western is expected to promote competition in fuel sales, generate increased sales tax and other revenues for the City, enhance utilization of the UMC facility, and lessen the risk of fuel spills by reducing Delta Western's movement of fuel by barge in order to supply vessels at the UMC; and

WHEREAS, such an easement will benefit or compliment the municipal functions of fostering a competitive business environment, enhancing municipal tax and other revenues, fully utilizing City facilities, and promoting environmental protection and safety; and

WHEREAS, the proposed terms and conditions and procedures for the grant of such an easement have been negotiated with Delta Western as set forth in the Non-Exclusive Easement Agreement ("the Easement") attached hereto and recommended for approval by the City Manager.

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the Easement is approved and the City Manager is authorized to execute the Easement on behalf of the City.

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

THROUGH: CHRIS HLADICK, CITY MANAGER

FROM: ERIN REINDERS, PLANNING DIRECTOR

DATE: AUGUST 1, 2014

RE: RESOLUTION 2014-59: A RESOLUTION OF THE UNALASKA CITY COUNCIL APPROVING THE GRANT OF AND TERMS FOR A NON-EXCLUSIVE EASEMENT IN CITY-OWNED RIGHT-OF-WAY AND FACILITIES TO DELTA WESTERN, INC. FOR THE INSTALLATION, OPERATION AND MAINTENANCE OF A FUEL PIPELINE

SUMMARY: Delta Western has requested a Non-Exclusive Easement, connecting to the existing Ballyhoo Road pipeline easement, crossing Ballyhoo Road and onto the Unalaska Marine Center (UMC) Dock. Granting this easement is consistent with the guidance provided in Unalaska Code of Ordinances Title 7.08.090. Therefore, Staff recommends approval of Resolution 2014-59 granting Delta Western a Non-Exclusive Easement in the city owned right-of-way and facilities.

PREVIOUS COUNCIL ACTION: In June 2012, City Council approved Resolution 2012-51 granting a non-exclusive easement in city owned right of way to Delta Western for the installation, operation and maintenance of a fuel pipeline along East Point Road and Ballyhoo Road.

BACKGROUND: In 2012 Delta Western, Inc. acquired an easement from the City of Unalaska to install, operate and maintain a fuel pipeline in the City-owned right-of-way for East Point Road and Ballyhoo Road. The purpose of this line is to transport fuel by pipeline between Delta Western's facility on East Point Road and vessels at the UMC, the Coast Guard dock and the Kloosterboer Dutch Harbor (KDH) dock facilities. The easement agreement states that easements accommodating connections to city property or right-of-way would need to involve separate agreements.

Delta Western is now requesting an easement across Ballyhoo Road and UMC to accommodate a connecting fuel pipeline. A separate agreement has been drafted based on the wording of the previously approved and granted East Point Road and Ballyhoo Road easement agreement. Title 7.08.090 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.

DISCUSSION: Delta Western seeks to install, operate and maintain a lateral fuel pipeline connecting to the existing Ballyhoo Road pipeline easement into a pipeline header and connection located on the Unalaska Marine Center Dock to facilitate the transfer of fuel cargos to or from vessels moored at the UMC dock through the existing pipeline transport system. Therefore, Delta Western has requested an easement to accommodate this connection.

Connection of these pipelines benefits and compliments municipal functions and granting the easement is in the best interest of the City. In 2012, the Council determined that the pipeline along Ballyhoo Road would help promote competition in fuel sales, generate increased sales tax and other revenues for the City. By providing this particular easement and allow for this a pipeline connection this intent will be fully realized and the utilization of the UMC facility will be enhanced utilization of the UMC facility. In 2012, the Council determined that the pipeline along Ballyhoo Road would provide additional environmental protection and safety by limiting the number of times the fuel is pumped as it will now go directly from point to point rather than from tank to barge then to vessels needing fuel. This connection allows for this original intent to become reality by reducing Delta Western's movement of fuel by barge in order to supply vessels at the UMC.

An agreement has been drafted with similar requirements found in the East Point Road and Ballyhoo Road Non-Exclusive Easement. Being that this is an extension of this easement; the term and annual fee have been coordinated with the East Point Road and Ballyhoo Road Non-Exclusive Easement. The exhibit and legal description is being finalized and will be updated prior to the signing of the agreement. Additionally, the length of the easement will be calculated and the per linear foot fee noted in paragraph 5 of the agreement. Insurance requirements are identified in the agreement. Proof of insurance has already been provided by Delta Western and will be reviewed to ensure compliance prior to the signing of the agreement.

ALTERNATIVES: If City Council determines that it is not in the best interest of the city to grant this easement, an alternative would be to disapprove this agreement.

FINANCIAL IMPLICATIONS: This is an extension of the East Point Road and Ballyhoo Road City Non-Exclusive Easement, which has a \$7,000.00 annual fee. The City of Unalaska will derive additional annual fee of \$1 per linear foot for this extension, roughly 250 feet.

LEGAL: The form of this agreement is based on the agreement for the East Point Road and Ballyhoo Road Non-Exclusive Easement, which was provided by the city attorney.

STAFF RECOMMENDATION: Staff recommends approving the City Manager executes the non-exclusive easement agreement.

PROPOSED MOTION: "I move to approve Resolution 2014-59."

CITY MANAGER'S COMMENTS: I recommend approval.

NON-EXCLUSIVE EASEMENT AGREEMENT

Delta Western, Inc. ("Delta Western"), a Washington corporation, the address of which is 477 Fairview Avenue North, Seattle, Washington, 98109, and the City of Unalaska ("City"), a first-class Alaska municipal corporation, the address of which is 43 Raven Way, P. O. Box 610, Unalaska, Alaska, 99685, hereby agree as follows:

1. **Recitals.** Delta Western owns and operates a fuel distribution business in Unalaska, Alaska, and seeks to install, operate and maintain a lateral fuel pipeline connecting to the existing Ballyhoo Road pipeline easement, recorded in the Aleutian Islands Recording District 305 with recordation number 2014-00267-0, into a pipeline header and connection located on the Unalaska Marine Center Dock to facilitate the transfer of fuel cargos to or from vessels moored at the UMC dock through the existing pipeline transport system.
2. **Easement Grant.** As stated in the Easement Grant for the existing Ballyhoo Road pipeline easement agreement, recorded in the Aleutian Islands Recording District 305 with recordation number 2014-00267-0, the location of any improvements Delta Western proposes to build at the Unalaska Marine Center and the terms of use for the same shall be by a separate agreement. City hereby grants and conveys to Delta Western, subject to the terms and conditions of this Agreement, a non-exclusive easement ("Easement") in, upon, under and through City-owned right-of-way and property described below.

The centerline of a ten foot wide easement located within Section 35, Township 72 South, Range 117 West of the Seward Meridian, Alaska and within the Aleutian Islands Recording District and is more particularly described as follows:

Commencing at an angle point on the northwest right of way line of Ballyhoo Road within the Ballyhoo Dock Subdivision Addition No. 1 recorded as plat No. 88-10 in the Aleutian Island Recording District and having a NAD 83, Alaska State Plane Zone 10 Value of N = 1194219.27, E = 5317374.15 and with all bearings in this description being state plane grid bearings and all distances being ground distances from which the intersection of said right of way line and the southwest boundary line of Ballyhoo Dock Subdivision Addition No. 1, Tract A bears a measured bearing and distance of South 39°42'15" West, 1030.07 feet; thence along the right

of way line South 39°42'15" West a distance of 284.86 feet; thence South 50°17'45" East to the south east edge of a fuel vault and the start of a fuel line to U.M.C, a distance of 7.48 feet; thence South 35°01'18" East along said fuel line to the south line of the Delta Western fuel line easement, a distance of 2.61 feet and thus being the **True Point of Beginning** for this description.

Thence South 35°01'18" East along the pipeline as located by Delta Western for the remainder of this description to a point common to the southeast right of way line of Ballyhoo Road and Ballyhoo Dock Subdivision Addition No. 1, Tract B a distance of 51.24 feet; thence South 35°01'18" East through Tract B a distance of 13.25 feet; thence South 60°32'44" East a distance of 19.08 feet; thence North 80°57'13" East continuing through said Tract B a distance of 67.35 feet; thence South 54°50'53" East to the common boundary line of said Tract B of Ballyhoo Dock Subdivision Addition No. 1 and Tract A of UTS 101 a distance of 46.21 feet; thence South 54°50'53" East through UTS 101 Tract A to the end of the fuel line a distance of 53.30 feet with the easement extending another 5.00 Feet and the **True Point of Ending**, containing 0.059 acres more or less and according to attached **Exhibit A**.

3. **Use Limitation.** The Easement shall be used by Delta Western **only** for the purpose of installing, constructing, operating, maintaining, repairing and removing its fuel pipeline ("Permitted Uses"), and not for any other use.
4. **Term.** The Easement shall run for a term of seventeen (17) years commencing on _____, 2014 and terminating on December 1, 2031, coinciding with term of Delta Western's existing Ballyhoo Road pipeline easement. Delta Western shall have the option to extend the Easement term for two additional terms of six years each beyond the initial term. To exercise this option, Delta Western must give City at least 60 days written notice prior to the end of the preceding term.
5. **Fees.** Delta Western shall pay City an annual fee of \$_____ per year for the Easement, calculated at \$1 per linear foot as an extension of existing Ballyhoo Road pipeline easement. The annual fee is payable on or before September 1 of each year, with the first payment due on September 1, 2014. Said fee is subject to periodic review and adjustment every five years during the term of the Easement. Adjustments to this annual fee shall not be assessed in excess of 3% per each 5 year review period. Delta Western shall pay City the tariff fees for fuel pumped through its pipeline when using City facilities, which is due and payable to City within 30 days after the fuel is delivered. All amounts due under this Agreement which remain unpaid when due shall bear interest at the rate of 1.5 percent per month until paid.
6. **Compliance with Laws.** Delta Western agrees to comply with all federal, state and local laws, regulations and rules applicable to the construction, installation, operation, repair or maintenance of the Easement improvements and to obtain and maintain throughout the

Easement term and any extensions thereof any and all legally required permits or licenses required by any governmental authority. Delta Western further agrees that its non-compliance with or lapse in same, and failure to remedy such non-compliance or lapse within a reasonable period of time, shall, at City's sole option, be grounds for termination of the Easement.

7. **Removal of Fuel Pipeline.** Upon the expiration of the Easement Term or earlier termination of this Agreement, Delta Western shall, at its own expense, promptly remove the improvements constructed and/or installed in the Easement and restore the Easement area affected thereby to a safe, clean and level condition to the satisfaction of the City.
8. **Relocation of Fuel Pipeline.** If City should require Delta Western to relocate the fuel pipeline improvements to another location within the City-owned right-of-way or property to facilitate or accommodate a road, utility, or port improvement project within the Easement, Delta Western shall, at its expense, and within one (1) year or within agreed upon time of being notified by City, relocate the fuel pipeline to another location within the City-owned right-of-way or property (to be designated by City and a replacement easement granted) if the fuel pipeline, in City's sole judgment, interferes with the road, utility or port improvement project. If Delta Western does not relocate fuel pipeline in agreed upon timeline and the City has to relocate the pipeline due to construction schedules, Delta Western shall remain responsible for the associated expenses.
9. **Release from Fuel Pipeline.** In the event that the fuel pipeline should or is suspected to rupture, break or leak at any location within the Easement, Delta Western shall immediately, at its sole expense, characterize, clean up any discharges of fuel and remediate all material contaminated by such rupture, break or leak and indemnify City for any cost, loss or damage it incurs as result in accordance with the terms of the indemnification paragraph below.
10. **Inspection and Reports on Condition of Fuel Pipeline.** Delta Western shall regularly (at least annually) provide City with copies of any and all reports of inspections or tests conducted to monitor and assess the condition of the fuel pipeline and City shall have the right, upon reasonable notice to Delta Western, to conduct its own inspections when, in City's sole judgment, such inspection is warranted.
11. **No Representations as to Condition or Suitability and Release of City for Any Liability for Same.** City has not made, and hereby makes, no warranties or representations, express or implied, regarding the physical condition of the Easement area or its suitability for Delta Western's fuel pipeline project. Delta Western has conducted its own inspection and made its own investigation and accepts the Easement area "as is" and "with all faults" as to its suitability and physical condition, including assuming all risks of environmental pollution or contamination (if any) associated therewith.

Further, Delta Western, Inc. hereby releases, with prejudice, City, its successors and assigns, and their respective officials, agents, representatives, employees, insurers and

attorneys from and against any and all demands, claims, causes of action, losses, damages, injuries, deaths, costs, fees, liabilities, obligations, awards and penalties, including actual reasonable costs and attorneys' fees, which are in any way based upon, arise out of, are connected with or result from the suitability or physical condition of the Easement area, including any environmental pollution associated therewith, regardless of the nature, type, scope, extent or amount thereof that has been or may be caused thereby or result therefrom.

12. **Indemnity.** Delta Western, Inc. hereby agrees, and its successors and assigns in and to the Easement (each a "Delta Western Indemnitor") shall, by accepting, claiming and/or using the Easement, be deemed to have agreed, to defend, indemnify and save harmless City, its successors and assigns, and their respective officials, agents, representatives, employees, insurers and attorneys (each a "Delta Western Indemnatee") from and against any and all demands, claims, losses, damages, injuries, deaths, costs, fees, liabilities, obligations, awards and penalties, including actual reasonable costs and attorneys' fees, that in any way arise out of, are based upon, are connected with, or result from, in whole or in part, any actual or alleged acts or omissions in, on, about or with respect to the Easement by any such Delta Western Indemnitor or any person using the Easement with the express or implied permission of any such Delta Western Indemnitor. All such defense, indemnity and hold harmless obligations that are based upon occurrences prior to the termination of the Easement shall survive the termination of the Easement for any reason.

15. Insurance.

- a. **Minimum Limits of Insurance.** Delta Western shall maintain limits no less than:

- i. Commercial General Liability: \$1,000,000 combined single limit per occurrence/\$2,000,000 General Aggregate for bodily injury and property damage claims arising from Easement Agreement.
- ii. Commercial Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage.
- iii. Worker's Compensation and Employer's Liability:
 1. Worker's Compensation shall be statutory as required by the State of Alaska.
 2. Employers Liability shall be endorsed to the following minimum limits and contain USL&H coverage endorsement:
 - a. Bodily Injury By Accident - \$1,000,000 each accident;
 - b. Bodily Injury By Disease - \$1,000,000 each employee; and
 - c. Bodily Injury By Disease - \$1,000,000 policy limit.

- iv. Excess Liability: \$5,000,000 Excess Liability over primary General Liability, Auto Liability, Employer's Liability
 - v. Pollution Liability: \$5,000,000 site pollution liability including third party coverage
- b. Other Insurance Provisions. The policies are to contain, or be endorsed to contain, the following provisions:
 - i. Commercial General Liability, Automobile Liability, Excess Liability, Pollution Liability:
 - 1. The City of Unalaska, its Administrators, officers, officials, employees and volunteers are to be covered as additional insureds with respect to liability arising out of Easement agreement.
 - 2. Delta Western insurance coverage shall be primary insurance as respects the City of Unalaska, its Administrators, Officers, Officials, Employees and Volunteers.
 - 3. Delta Western's insurer(s) shall agree to waive all rights of subrogation against the City of Unalaska, its Administrators, Officers, Officials, Employees and Volunteers.
 - ii. Worker's Compensation and Employer's Liability: Delta Western's insurer(s) shall agree to waive all rights of subrogation against the City of Unalaska, its Administrators, Officers, Officials, Employees and Volunteers for losses arising from work performed by the Contractor or any subcontractor for the City of Unalaska.
 - iii. All Insurance: Each insurance policy required by this Easement Agreement shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days prior written notice for nonpayment of premium or fraud on the part of Delta Western or sixty (60) days prior written notice for any other reason by certified mail, return receipt requested, has been given to the City of Unalaska.
- c. Acceptability of Insurers. Insurance is to be placed with insurers with a Best's rating of no less than A-VII.
- d. Verification of Coverage. Delta Western shall furnish the City of Unalaska with approved certificates of insurance evidencing above insurance requirements. The City of

Unalaska reserves the right to require complete, certified copies of all required insurance policies, at any time.

16. **Non-Interference with City Improvement Projects.** Delta Western acknowledges that City's Unalaska Marine Center expansion and related projects shall take precedence over Delta Western's fuel pipeline construction or operation. In the event City determines that Delta Western's fuel pipeline construction or operation is interfering with, delaying or otherwise adversely impacting City's project, City shall have the right to direct Delta Western to cease construction or operation of its fuel pipeline until City's project is completed without incurring any liability to Delta Western or contractors or others hired by Delta Western to construct or operate its fuel pipeline.
17. **No Warranty as to Title.** City makes no representations or warranties, express or implied, as to its title to the Easement area, or to Delta Western's quiet enjoyment of same.
18. **Liens.** Delta Western shall keep the Easement free from all liens arising out of work performed, materials furnished or obligations incurred by Delta Western.
19. **Approval by Unalaska City Council.** Delta Western understands and agrees that this Agreement and the Easement are not effective unless and until approved by the City Council of the City of Unalaska by resolution duly passed.
20. **General Provisions.**
 - a. **Parties Bound and Benefitted.** The covenants, terms and conditions contained in this Agreement shall be binding upon and inure to the benefit of the heirs, devisees, administrators, executors, representatives, assigns and successors in interest of the respective parties hereto.
 - b. **Assignment.** Delta Western shall have no right, power or authority to assign or transfer any of its right, title or interest in or to this Agreement or the Easement, absolutely or for security, voluntarily or involuntarily, at any time, without the express prior written consent of City, which consent shall not be unreasonably withheld. A change in the control of Delta Western or any successor-in-interest, as defined in AS 10.06.990(12), shall constitute an assignment by it or its successors to the new controlling person(s) for which City's consent under this Section 19.2 must be obtained. All of the shareholders, partners, associates, joint ventures, trustees and other controlling persons of Delta Western or its successors-in-interest and their respective controlling persons shall be treated as shareholders and directors of a corporation for the purpose of applying AS 10.06.990(12). Any such assignment prohibited by this Section 18.2 shall, at the option of City, be null and void *ab initio*.
 - c. **Non-Waiver.** The waiver of any condition, covenant or right to strict performance of an obligation under this Agreement shall not be construed as a waiver of any other condition, covenant or strict performance of an obligation, nor shall the waiver of one

breach be construed as a waiver of any other breach.

- d. Severability. If any term or provision of this Agreement is declared unenforceable by a court of competent jurisdiction, the validity and enforceability of the balance of this Agreement shall not be affected thereby.
- e. Applicable Law and Venue. This Agreement shall be governed by the law of the State of Alaska. Any lawsuit filed by either party against the other arising out of this Agreement or the Easement shall be filed in the Superior Court for the State of Alaska, Third Judicial District at Unalaska.
- f. Notices. Any notice required or permitted to be given under this Agreement shall be in writing and shall be effective on the date of receipt and shall be mailed to the parties at the following addresses:

City of Unalaska
P.O. Box 89
Unalaska, Alaska 99503

Attention: City Manager

Delta Western, Inc.
477 Fairview Ave. N.
Seattle, WA 98109

Attention: Kirk Payne

EFFECTIVE DATE: _____, 2014.

DELTA WESTERN, INC.

Dated: _____

BY _____

Donald Martin, Vice President & General Counsel

STATE OF Washington)
) ss.
County of _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 20__ by Donald Martin, Vice President of Delta Western, Inc. of Seattle, Washington, on behalf of the corporation.

Notary Public, State of Washington

My Commission expires _____

CITY OF UNALASKA

Dated: _____

BY _____

Chris Hladick, City Manager

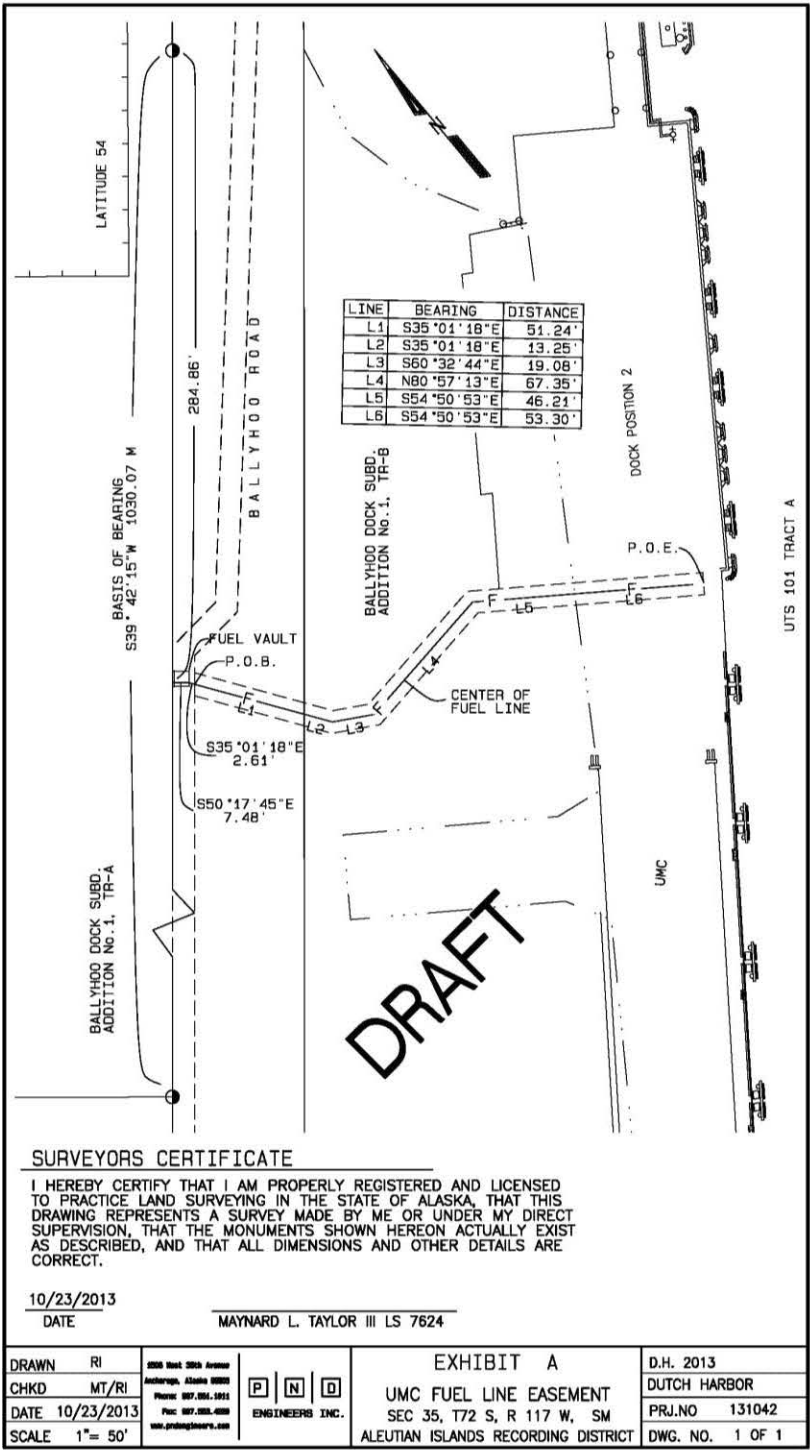
STATE OF ALASKA)
) ss.
Third Judicial District)

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 _____

Exhibit A



**After recording in the
Aleutian Islands Recording
District, return to:**

City of Unalaska
Attn: Planning Department
P.O. Box 610
Unalaska, Alaska 99685

**CITY OF UNALASKA
UNALASKA, ALASKA**

RESOLUTION 2014-67

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF UNALASKA,
AUTHORIZING THE MAYOR TO SIGN A NOVATION AGREEMENT BETWEEN
THE CITY OF UNALASKA, THE CITY OF AKUTAN, AND THE UNITED STATES OF
AMERICA, TO TRANSFER THE GRANT AWARD FOR THE MAKUSHIN
GEOTHERMAL PROJECT TO THE CITY OF AKUTAN**

WHEREAS, in 2009 the City of Unalaska was awarded a \$1 million dollar grant by the United States Department of Energy for the Makushin Geothermal Project; and

WHEREAS, the City of Unalaska will not be able to perform the activities funded by the grant before the grant lapses and the funding is lost; and

WHEREAS, the City of Akutan is willing to assume the project scope by exploring potential geothermal resources in the Mount Akutan region; and

WHEREAS, the United States Department of Energy is willing to transfer the grant award to the City of Akutan;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Unalaska authorizes the Mayor to sign a novation agreement between the City of Unalaska, The City of Akutan, and the United States of America to transfer the Makushin Geothermal Project grant award to the City of Akutan.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE UNALASKA CITY COUNCIL THIS 5th DAY OF AUGUST, 2014.

MAYOR

ATTEST:

CITY CLERK

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS
FROM: CHRIS HLADICK, CITY MANAGER
DATE: AUGUST 5, 2014
RE: DEPARTMENT OF ENERGY NOVATION AGREEMENT

SUMMARY: It comes as no surprise that the Makushin Geothermal Project has a long history. Several months ago I informed the council that the DOE wanted us to either spend the money or we would lose the funding. By this action the City will give up the DOE grant funding for the Project and make the funding available for the Akutan Project. The Cost of the Makushin Geothermal Project is well over \$300 million by my estimates. That means by the time the project goes to construction you could easily add another 25 to 40%. The City would be remiss if it did not look at alternatives to diesel and that is why we are looking at putting together the LNG demonstration project. We are working to develop LNG on a small scale and plan phases for development. At this point the grant will lapse if we don't agree with the Novation Agreement enclosed. It is better that the funding go to a project that is ready to use the funding such as the Akutan Project. Otherwise the DOE loses the funding all together. I have been working with the City of Akutan over the past several months to make this happen.

PREVIOUS COUNCIL ACTION: The Makushin Project has been under consideration by the City for over 20 years. The geothermal fluid is not free. Some five years ago the City received this grant for \$1 million dollars to better develop the resource and to look for the resource on lands other than where ST-1 is located. Negotiations with the landowners for the fluid stalled. Without previous agreements on the fluid the project cannot go forward.

DISCUSSION: This cost of this project continues to escalate. There have been many entities that have tried to develop the project since the early 80's but could not show enough benefits to make economic sense. The current landowners of ST-1 could still develop the project and I have encouraged them to do so. ST-1 is the well that was tested for 36 days in the early 80's. All of the original testing must be redone to prove the resource is still there. The cost of production wells under the best case scenario is daunting. The cost of the road and necessary bridges to get to the site at Makushin is also daunting. The costs for the powerhouse are well known in the lower 48 with proven technology. The risks of undertaking the project are high. And the cost of operations will be expensive due to the location of the heat source. All these factors and more lead to the fact that the City does not have the resources or the electrical load needed to make the project viable. It is time to move on from the project. The land owner may very well still develop Makushin but the City should no longer pursue it. The amount of capital money

needed from State and Federal Sources, to make the project work, does not exist in any current State or Federal program.

ALTERNATIVES: Council could choose to kill the agreement and the money will no longer be available to DOE or any other project.

FINANCIAL IMPLICATIONS: The City had a required match that will need to be moved back to the General Fund. The amount remaining \$930,477.

LEGAL: N/A.

PROPOSED MOTION: Move to approve the Novation Agreement

CITY MANAGER'S COMMENTS: Memo prepared by the manager.

NOVATION AGREEMENT

City of Unalaska (Transferor), a local government entity duly organized and existing under the laws of Alaska, with its principal office in Unalaska, AK; City of Akutan (Transferee), a local government entity duly organized and existing under the laws of Alaska, with its principal office in Akutan, AK; and the United States of America (Government), enter into this Novation Agreement (Agreement) in accordance with the terms set forth below.

WHEREAS, on or about September 25, 2009, the Government, represented by Contracting Officer(s) of the Department of Energy, awarded Grant Number DE-EE0000329, entitled “Makushin Geothermal Project” (hereinafter, including all modifications, referred to as “the Award”) to Transferor; and

WHEREAS, the Transferor and Transferee have requested that the Award be assigned to the Transferee because the Transferor was unable to complete the scope of the project, which was to explore for and evaluate the geothermal potential at Mount Makushin to produce electricity from geothermal resources. The Transferee will assume the same project scope, and will explore potential geothermal resources in the Mount Akutan region which generally includes the Hot Springs and Fumarole sites; and

WHEREAS, the Government has determined that assignment of the Award from the Transferor to the Transferee meets the requirements of 10 C.F.R. 600.6 (c)(1): The activity to be funded is necessary to the satisfactory completion of, or is a continuation or renewal of, an activity presently being funded by DOE or another Federal agency, and for which competition for support would have a significant adverse effect on continuity or completion of the activity;

WHEREAS, the Transferor and Transferee have represented and warranted the following facts to the Government in support of their request to assign the Award:

1. The Transferor no longer has the capabilities to perform the Award;
2. The Transferor has not sold, or otherwise received compensation from, the Transferee solely for the assignment of the Award from Transferor to Transferee;
3. The Transferee has submitted documentation in support of the Government’s determination that assignment of the Award to the Transferee is necessary to the satisfactory completion of the Award; and,
4. The Transferee is in a position to fully perform all obligations that may exist under the Award (*see also* additional representations by both Transferor and Transferee

contained in the Recipient Change Request Questionnaire attached hereto as Exhibit A).

NOW, THEREFORE, in consideration of these facts, guarantees and representations and other good and valuable consideration, the parties agree that by this Novation Agreement:

1. It is consistent with the Government's interest to recognize the Transferee as the successor party to the Award;
2. The Transferor confirms its assignment of the Award, and all of its rights and responsibilities under the Award, to the Transferee. The Transferor waives any claims and rights against the Government that it now has or may have in the future in connection with the Award, including all claims to any unexpended and uncommitted funds;
3. The Transferee agrees to be bound by, and to perform in accordance with the conditions contained in the Award. The Transferee also assume all obligations and liabilities of, and all claims against, the Transferor under the Award as if the Transferee were the original party to the Award;
4. The Transferee ratifies all previous actions taken by the Transferor with respect to the Award, with the same force and effect as if the action had been taken by the Transferee;
5. The Government recognizes the Transferee as the Transferor's successor-in-interest in and to the Award. The Transferee by this Agreement becomes entitled to all rights, titles, and interests of the Transferor in and to the Award as if the Transferee were the original party to the Award.
6. Except as expressly provided in this Agreement, nothing in it shall be construed as a waiver of any rights of the Government against the Transferor or Transferee.
7. All payments and reimbursements previously made by the Government to the Transferor, and all other previous actions taken by the Government under the Award, shall be considered to have discharged those parts of the Government's obligations under the Award. All payments and reimbursements made by the Government after the date of this Agreement in the name of or to the Transferor shall have the same force and effect as if made to the Transferee, and shall constitute a complete discharge of the Government's obligations under the Award, to the extent of the amounts paid or reimbursed.
8. The Transferor and the Transferee agree that the Government is not obligated to pay or reimburse either of them for, or otherwise give effect to, any costs, taxes, or other expenses, or any related increases, directly or indirectly arising out of or resulting from the transfer of the Award or this Agreement, other than those that

the Government in the absence of this transfer or Agreement would have been obligated to pay or reimburse under the terms of the Award.

9. The Government's execution of this Agreement does not constitute approval by the Government of the terms or conditions of the documents submitted by the Transferor and Transferee in support of their request to assign the Award, nor does it constitute a determination by the Government regarding the allowability of costs incurred by the Transferee pursuant to those documents.
10. The Award shall remain in full force and effect, except as modified by this Agreement, and nothing contained herein shall limit the Government's ability to modify the terms and conditions of the Award as the Government finds necessary.
11. This Agreement will take effect as of the date the Government formally incorporates this Agreement into the Award through an Award modification.

THE UNITED STATES OF AMERICA

By _____ Date: _____

Michael A. Buck
DOE Contracting Officer

CITY OF UNALASKA

By _____ Date: _____

Title _____

CITY OF AKUTAN

By _____ Date: _____

Title _____

CERTIFICATE

I, _____, certify that I am the Secretary of **City of Unalaska**, that _____, who signed this Agreement for this entity, was then _____ of this entity; and that this Agreement was duly signed for and on behalf of this entity by authority of its governing body and within the scope of its corporate powers. Witness my hand and the seal of this corporation this day of _____ 2014.

By _____

[Corporate Seal]

CERTIFICATE

I, _____, certify that I am the Secretary of **City of Akutan**, that _____, who signed this Agreement for this entity, was then _____ of this entity; and that this Agreement was duly signed for and on behalf of this entity by authority of its governing body and within the scope of its corporate powers. Witness my hand and the seal of this corporation this day of _____ 2014.

By _____

[Corporate Seal]

CITY OF UNALASKA
UNALASKA, ALASKA

RESOLUTION 2014-68

A RESOLUTION OF THE UNALASKA CITY COUNCIL AUTHORIZING THE CITY MANAGER TO SIGN THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF UNALASKA AND THE IUOE LOCAL 302/PCR BARGAINING UNIT

WHEREAS, the Unalaska City Council is required to approve all collective bargaining agreements and amendments to those agreements, and

WHEREAS, the City Manager negotiated a collective bargaining agreement with the International Union of Operating Engineers-Local 302 in 2013, and

WHEREAS, the Compensation and Classification Study was adopted by the Unalaska City Council on December 17, 2013, with the Title III implementation initiated immediately and direction from the Council to implement with the other groups when opportunities were present.

NOW, THEREFORE, BE IT RESOLVED that the Unalaska City Council authorizes the City Manager to sign the Memorandum of Understanding between the City of Unalaska and the IUOE Local 302/PCR Bargaining Unit implementing the Compensation and Classification Wage matrix retroactive to July 1, 2014.

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
FROM: PATRICK JORDAN, ASST. CITY MANAGER
THRU: CHRIS HLADICK, CITY MANAGER
FROM: DEPARTMENT OF ADMINISTRATION
DATE: AUGUST 1, 2014
RE: MEMORANDUM OF UNDERSTANDING-IUOE LOCAL 302/PCR BARGAINING UNIT

SUMMARY: This memo serves to explain the MOU between the City of Unalaska and the International Union of Operating Engineers-Local 302 for the PCR bargaining unit.

PREVIOUS COUNCIL ACTION: At the November 12, 2013 Council meeting, Council was presented with an implementation proposal from staff concerning the findings of the Compensation and Classification Study, conducted by Fox Lawson and Associates, presented at the October 21, 2013 Work Session. In addition to the overall findings of the study, a new wage matrix was also presented.

BACKGROUND: After the October 21st work session, Council requested that the City Manager look into practical and cost effective methods to implementing the findings of the Classification and Compensation Study.

DISCUSSION: The findings of the study clearly showed that many of the PCR represented positions are lagging the market; a potential solution is to implement a more competitive wage scale, as presented in the Compensation and Classification Study. With the passing of Ordinance 2013-16 at the December 17, 2013 Council meeting, implementing a new wage scale for Title III and most recently the implementation of the proposed wage scales for IBU represented Ports employees; staff believes that the PCR bargaining unit is next in line for implementation.

The current 302/PCR wage scale is comprised of a 7 step wage scale with a step dropping off in FY15 and FY16 leaving a 5 step wage scale. Steps increase in 3% increments. The Memorandum of Understanding freezes the scale at a 7 step wage scale for the duration of the life of the CBA using the minimum wages determined by the Classification and Compensation study as the first step of the new wage scale (COU Attachment A).

For FY15, represented staff will be placed at a wage on the new wage scale (COU Attachment A) that allows for a minimum 6% increase in their FY14 wages in lieu of a scheduled merit increase (COU Attachment B). Merit increases will be re-established in the final year of the CBA (July 1, 2015-June 30, 2016). In addition, the new wage scale will be renumbered from Step 4-Step 10 to Step 1-Step 7.

The MOU will not apply to the wages of the Lifeguard II position as those wages were agreed upon separately and currently far exceed the wage findings in the Compensation and Classification Study for that particular position, therefore the scheduled FY15 merit increase will remain in effect for this position.

ALTERNATIVES:

1. Approve Memorandum of Understanding between COU and IUOE Local 302.
2. Not approve Memorandum of Understanding between COU and IUOE Local 302.

FINANCIAL IMPLICATIONS: Financial implications will be realized in the budget amendment, **Ordinance 2014-XX**.

LEGAL: The draft MOU was sent to Bill Mede of Turner and Mede, P.C. for review on July 16, 2014.

STAFF RECOMMENDATION: Staff recommends Council approve the Memorandum of Understanding between the City of Unalaska and the International Union of Operating Engineers, Local 302 for the PCR bargaining unit, deleting wage matrices found in Article 17.1 of the 2013-2016 CBA and replacing with the newly proposed Wage Matrix (COU Attachment A).

CITY MANAGER'S COMMENTS: I support staff's recommendation.

MEMORANDUM OF UNDERSTANDING

DATE: July 16, 2014

TO: Kyle Virgin, IOUE Local 302
Chris Hladick, City Manager

FROM: Patrick Jordan, Assistant City Manager

CC: D. Tyrell McGirt, Director of Parks, Culture and Recreation
Kelly Stiles, Human Resources Manager
Robin Harris, PCR Shop Steward
IUOE Local 302, PCR Members

REF: IOUE Local 302 PCR/City Contract, MOU Establishing revised pay scale and pay increases for FY15 to remain effective through the duration of the existing 2013-2016 CBA

The parties hereby agree to implement the proposed wage scale (Attachment A), maintaining Steps 4-10, to be renumbered Steps 1-7 for the duration of the 2013-2016 agreement. This wage scale will stay in force for the duration of the 2013-2016 Agreement.

In addition the parties agree to place all affected employees on a step of the new wage scale that will allow for a 6% increase in their FY14 wages, in lieu of the scheduled FY15 merit increases, effective July 1, 2014 (Attachment B). Merit increases will be re-established in the final year of the CBA (July 1, 2015-June 30, 2016).

This Memorandum of Understanding will not apply to the employee performing the duties of the Lifeguard II position as those wages were agreed upon separately during the 2013 negotiations. The Lifeguard II position will receive the regularly scheduled merit increase per Article 17.1F effective July 1, 2014.

This Memorandum of Understanding has been approved by the City of Unalaska, the above stated employees, and the Field Representative for the IUOE Local 302 bargaining unit and shall take effect in the manner outlined above following receipt of the signatures below.

Date

By: _____
For the CITY OF UNALASKA

Date

By: _____
For IUOE Local 302

ATTACHMENT A

| Job Title | Grade | Step | Step | Step | Step | Step | Step | Step |
|--------------------------------|------------|----------|----------|----------|----------|----------|----------|----------|
| | | <u>1</u> | <u>2</u> | <u>3</u> | <u>4</u> | <u>5</u> | <u>6</u> | <u>7</u> |
| Recreation Assistant | <u>A11</u> | \$17.63 | \$18.16 | \$18.70 | \$19.26 | \$19.84 | \$20.44 | \$21.05 |
| Library Assistant | <u>A12</u> | \$18.72 | \$19.28 | \$19.86 | \$20.46 | \$21.07 | \$21.70 | \$22.35 |
| Recreation Program Coordinator | <u>B22</u> | \$21.97 | \$22.63 | \$23.31 | \$24.01 | \$24.73 | \$25.47 | \$26.23 |

ATTACHMENT B

| Job Title | Wage: 6/30/14 | Step: 6/30/14 | Wage: 7/1/14 | Step: 7/1/14 |
|------------------------|--------------------------|--------------------------|---------------------|---------------------|
| Recreation Assistant | 17.10 | 5 | 18.16 | 2 |
| Recreation Assistant | 16.60 | 4 | 17.63 | 1 |
| Recreation Assistant | 16.60 | 4 | 17.63 | 1 |
| Recreation Assistant | 16.60 | 4 | 17.63 | 1 |
| Library Assistant | 18.22 | 4 | 19.86 | 3 |
| Library Assistant | 20.50 | 8 | 22.35 | 7 |
| Library Assistant | 18.22 | 4 | 19.86 | 3 |
| Library Assistant | 18.22 | 4 | 19.86 | 3 |
| Library Assistant | 20.50 | 8 | 22.35 | 7 |
| Recreation Coordinator | 20.10 | 4 | 21.97 | 1 |
| Recreation Coordinator | 20.10 | 4 | 21.97 | 1 |
| Recreation Coordinator | 20.10 | 4 | 21.97 | 1 |
| Recreation Coordinator | 20.10 | 4 | 21.97 | 1 |
| Recreation Corodinator | 20.10 | 4 | 21.97 | 1 |
| | | | | |

ORIGINAL WAGE SCALES FROM 2013-2016 CBA

ARTICLE 17 CLASSIFICATIONS AND WAGES

17.1 CLASSIFICATIONS AND WAGES

New Classifications: The Employer may, during the term of this agreement, implement new classifications and/or departments.

Wages Effective July 1, 2013-June 30, 2014

| Job Title | Grade | Step | Step | Step | Step | Step | Step | Step |
|--------------------------------|-------|----------|----------|----------|----------|----------|----------|-----------|
| | | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Recreation Assistant | 4 | \$16.60 | \$17.10 | \$17.60 | \$18.13 | \$18.67 | \$19.23 | \$19.81 |
| Library Assistant | 5 | \$18.22 | \$18.76 | \$19.32 | \$19.91 | \$20.50 | \$21.12 | \$21.75 |
| Recreation Program Coordinator | 6 | \$20.10 | \$20.70 | \$21.32 | \$21.96 | \$22.62 | \$23.30 | \$24.00 |

Wages Effective July 1, 2014-June 30, 2015

| Job Title | Grade | Step | Step | Step | Step | Step | Step |
|--------------------------------|-------|----------------|----------|----------|----------|----------|-----------|
| | | 5 | 6 | 7 | 8 | 9 | 10 |
| Recreation Assistant | 4 | \$17.10 | \$17.60 | \$18.13 | \$18.67 | \$19.23 | \$19.81 |
| Library Assistant | 5 | \$18.76 | \$19.32 | \$19.91 | \$20.50 | \$21.12 | \$21.75 |
| Recreation Program Coordinator | 6 | \$20.70 | \$21.32 | \$21.96 | \$22.62 | \$23.30 | \$24.00 |

Wages Effective July 1, 2015-June 30, 2016

| Job Title | Grade | Step | Step | Step | Step | Step |
|--------------------------------|-------|----------------|--------------|--------------|--------------|---------------|
| | | 6 (1) | 7 (2) | 8 (3) | 9 (4) | 10 (5) |
| Recreation Assistant | 4 | \$17.60 | \$18.13 | \$18.67 | \$19.23 | \$19.81 |
| Library Assistant | 5 | \$19.32 | \$19.91 | \$20.50 | \$21.12 | \$21.75 |
| Recreation Program Coordinator | 6 | \$21.32 | \$21.96 | \$22.62 | \$23.30 | \$24.00 |

CITY OF UNALASKA
UNALASKA, ALASKA

ORDINANCE NO. 2014-24

ORDINANCE 2014-24 CREATING BUDGET AMENDMENT NO. 3 TO THE FY15 OPERATING BUDGET TO INCREASE WAGES, FRINGE BENEFITS AND ASSOCIATED STATE OF ALASKA PERS CONTRIBUTION FOR THE PORTS IBU CONTRACT AND PCR BARGAINING UNIT 302 MOU.

BE IT ENACTED BY THE UNALASKA CITY COUNCIL

Section 1. Classification: This is a non-code ordinance.
Section 2. Effective Date: This ordinance becomes effective upon adoption.
Section 3. 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. 3 to Ordinance #2014-08

| | <u>Current</u> | <u>Requested</u> | <u>Revised</u> |
|-------------------------------|----------------|------------------|----------------|
| I. OPERATING BUDGET | | | |
| A. General Fund | | | |
| Revenues | | | |
| Current year budgeted surplus | 9,382,523 | 38,531 | 9,343,992 |
| Intergovernmental | 15,163,492 | 2,993 | 15,166,485 |
| Expenditures | | | |
| Parks, Culture & Recreation | 2,809,989 | 41,524 | 2,851,513 |
| B. Proprietary Funds | | | |
| Ports and Harbors Fund | | | |
| Revenues | | 1,691 | 1,691 |
| Expenditures | 7,010,699 | 21,548 | 7,032,247 |
| Appropriated net assets | | 19,857 | 19,857 |

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

MAYOR

ATTEST;

CITY CLERK

Summary of Budget Amendment
and Schedule of Proposed Accounts
Budget Amendment 3

1) IBU and IUOE-302 wage matrix increases and related personnel expense change to the budget.

| | Org | Object | Current | Requested | Revised |
|--|-----------|--------|------------|-----------|--------------|
| <u>General Fund</u> | | | | | |
| Sources: | | | | | |
| Current year budgeted surplus | | | 9,382,523 | 38,531.12 | 9,343,991.88 |
| Other state revenue | 0101 0041 | 42359 | 1,522,218 | 2,992.88 | 1,525,210.88 |
| Uses: | | | | | |
| PCR | | | | | |
| Recreation Programs | | | | | |
| Salaries and wages | 0102 3251 | 51100 | 300,591 | 12,628.62 | 313,219.62 |
| FICA/Medicare Employer Match | 0102 3251 | 52200 | 24,908 | 810.06 | 25,718.06 |
| PERS | 0102 3251 | 52300 | 137,634 | 2,329.58 | 139,963.58 |
| Unemployment Insurance | 0102 3251 | 52400 | 2,898 | 100.00 | 2,998.00 |
| Workers Compensation Ins | 0102 3251 | 52500 | 5,947 | 191.74 | 6,138.74 |
| Community Center Operations | | | | | |
| Salaries and wages | 0102 3351 | 51100 | 151,312 | 5,435.59 | 156,747.59 |
| FICA/Medicare Employer Match | 0102 3351 | 52200 | 12,150 | 342.03 | 12,492.03 |
| PERS | 0102 3351 | 52300 | 69,046 | 963.62 | 70,029.62 |
| Unemployment Insurance | 0102 3351 | 52400 | 1,752 | 36.00 | 1,788.00 |
| Workers Compensation Ins | 0102 3351 | 52500 | 684 | 18.76 | 702.76 |
| Library | | | | | |
| Salaries and wages | 0102 3451 | 51100 | 271,090 | 14,845.16 | 285,935.16 |
| FICA/Medicare Employer Match | 0102 3451 | 52200 | 21,120 | 929.32 | 22,049.32 |
| PERS | 0102 3451 | 52300 | 100,440 | 2,672.56 | 103,112.56 |
| Unemployment Insurance | 0102 3451 | 52400 | 2,424 | 150.00 | 2,574.00 |
| Workers Compensation Ins | 0102 3451 | 52500 | 1,218 | 50.96 | 1,268.96 |
| <u>Ports and Harbors Operating Fund</u> | | | | | |
| Sources: | | | | | |
| Unrestricted Net Assets | | | | 19,857.00 | (19,857.00) |
| Other state revenue | 5401 7041 | 42359 | 203,369.00 | 1,690.70 | 205,059.70 |
| Uses: | | | | | |
| Harbor Office | | | | | |
| Salaries and wages | 5402 5051 | 51100 | 429,112.00 | 5,554.00 | 434,666.00 |
| FICA/Medicare Employer Match | 5402 5051 | 52200 | 32,931.00 | 424.88 | 33,355.88 |
| PERS | 5402 5051 | 52300 | 189,296.00 | 1,221.88 | 190,517.88 |
| Workers Compensation Ins | 5402 5051 | 52500 | 7,748.00 | 464.88 | 8,212.88 |
| UMC | | | | | |
| Salaries and wages | 5402 5151 | 51100 | 187,965.00 | 5,176.78 | 193,141.78 |
| FICA/Medicare Employer Match | 5402 5151 | 52200 | 16,541.00 | 396.03 | 16,937.03 |
| PERS | 5402 5151 | 52300 | 95,225.00 | 1,138.89 | 96,363.89 |
| Workers Compensation Ins | 5402 5151 | 52500 | 12,784.00 | 857.77 | 13,641.77 |

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS
FROM: PATRICK JORDAN, ASST. CITY MANAGER
THRU: CHRIS HLADICK, CITY MANAGER
FROM: DEPARTMENT OF ADMINISTRATION
DATE: AUGUST 1, 2014
RE: ADOPTING ORDINANCE **2014-XX:** AMMENDING THE BUDGET TO FUND THE PROPOSED WAGES CHANGES TO IBU PORTS AND 302 PCR EMPLOYEES

SUMMARY: This Budget Amendment will fully fund the proposed changes to the IBU and PCR wage matrices as shown in Resolution 2014-63 (IBU), adopted July 8, 2014, and Resolution 2014-68 (IUOE-302). The total cost to the City for this implementation is \$63,072 for both groups combined. The cost to each department is itemized on the attached Budget Amendment spreadsheet.

PREVIOUS COUNCIL ACTION: At the November 12, 2013 Council meeting, Council was presented with an implementation proposal from staff concerning the findings of the Compensation and Classification Study, conducted by Fox Lawson and Associates, presented at the October 21, 2013 Work Session. In addition to the overall findings of the study, a new wage matrix was also presented.

At the July 8, 2014 Council meeting, Council was presented with the 2014-2017 Collective Bargaining Agreement between the City of Unalaska and the Inland Boatmen's Union of the Pacific (IBU) that included a new wage matrix incorporating the findings of the Compensation and Classification Study.

BACKGROUND: After the October 21st work session, Council requested that the City Manager look into practical and cost effective methods to implementing the findings of the Classification and Compensation Study.

DISCUSSION: This budget amendment will fund the implementation plan proposed by the City Administration on November 12, 2013 and July 8, 2014, during the approval of the IBU-Ports 2014-2017 Collective Bargaining Agreement (Resolution 2014-63). This budget amendment will also fund the implementation of the MOU between the City of Unalaska and the International Union of Operating Engineers, Local 302/Parks, Culture and Recreation, Resolution 2014-68.

ALTERNATIVES:

1. Approve Ordinance **2014-24.**
2. Not approve Ordinance **2014-24**

FINANCIAL IMPLICATIONS: The total first-year cost to the City is: \$63,072.

LEGAL: No legal opinion is necessary for this item.

STAFF RECOMMENDATION: Staff recommends Council approve Ordinance **2014-24**.

CITY MANAGER'S COMMENTS: I support staff's recommendation.