

City of Unalaska
Regular City Council Meeting
Tuesday, February 14, 2017, 6:00 PM
Unalaska City Hall Council Chambers
AGENDA

Call to Order

Roll Call

Pledge of Allegiance

Recognition of Visitors

Additions to Agenda

Minutes: January 24, 2017 Regular Meeting minutes

Financial Report:

Board/Commission Reports:

Awards/Presentations:

Manager's Report: In the packet

Project Update Report

Community Input/Announcements

Public Input on Agenda Items

Public Hearing

1. **ORDINANCE 2017-02: SECOND READING:** AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF UNALASKA TO REZONE THE 36,944 SQUARE FOOT LOT 2, BLOCK 5, JESSE LEE SUBDIVISION FROM HOLDING TO HIGH DENSITY RESIDENTIAL.
2. **ORDINANCE 2017-03: SECOND READING:** AN ORDINANCE AMENDING UNALASKA CODE OF ORDINANCES TITLE 9 TO CREATE A NEW CHAPTER 9.24 FOR THE REGULATION OF MARIJUANA BUSINESS
3. **ORDINANCE 2017-04: SECOND READING:** AN ORDINANCE AMENDING UNALASKA CODE OF ORDINANCES CHAPTER 6.40 - SALE AND USE TAXES TO INCREASE THE RATE OF SALES TAX ON SALES OF ALCOHOL, MARIJUANA, AND TOBACCO FROM THREE PERCENT (3%) TO SIX PERCENT (6%)

Work Session

1. **Discussion:** UMC Bonding Package
2. **Discussion:** Mayor's Veto of Resolution 2017-08
3. **Discussion:** Federal Highway Funds
3. Discussion: Parks, Culture, Recreation Project Requirements
4. **Discussion:** Budget Amendment NO. 3
5. **Discussion:** Sustainable Fiscal Plan
6. **Discussion:** Tideland Lease Agreement
7. **Discussion:** Funding Raising for WWII Commission
8. **Discussion:** Letter of support for ADF&G Division of Subsistence

Reconvene to Regular Session

Consent Agenda

1. **RESOLUTION 2017-06:** CONFIRMING THE MAYOR'S RE-APPOINTMENT OF DEBRA HANSON ZUEGER TO THE LIBRARY ADVISORY COMMITTEE

2. RESOLUTION 2017-07: CONFIRMING THE MAYOR'S RE-APPOINTMENT OF BILLIE JO GEHRING AND JESSICA EARNSHAW TO THE UNALASKA PLANNING COMMISSION/PLATTING BOARD AND THE HISTORIC PRESERVATION COMMISSION

Unfinished Business

1. ORDINANCE 2017-02: SECOND READING: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF UNALASKA TO REZONE THE 36,944 SQUARE FOOT LOT 2, BLOCK 5, JESSE LEE SUBDIVISION FROM HOLDING TO HIGH DENSITY RESIDENTIAL
2. ORDINANCE 2017-03: SECOND READING: AN ORDINANCE AMENDING UNALASKA CODE OF ORDINANCES TITLE 9 TO CREATE A NEW CHAPTER 9.24 FOR THE REGULATION OF MARIJUANA BUSINESS
3. ORDINANCE 2017-04: SECOND READING: AN ORDINANCE AMENDING UNALASKA CODE OF ORDINANCES CHAPTER 6.40 - SALES AND USE TAXES TO INCREASE THE RATE OF SALES TAX ON SALES OF ALCOHOL, MARIJUANA AND TOBACCO FROM THREE PERCENT (3%) TO SIX PERCENT (6%)
4. RESOLUTION 2017-17: \$800 DONATION TO KUCB FROM COUNCIL CONTINGENCY

New Business

1. ORDINANCE 2017-05: FIRST READING BUDGET AMENDMENT NO. 3: CREATING A BUDGET AMENDMENT TO AMEND THE ENTRANCE CHANNEL DREDGING FEASIBILITY STUDY BY \$350,000 TO BEGIN GEOTECHNICAL WORK IN FISCAL YEAR 2017.
2. OVERRIDE OF VETO OF: RESOLUTION 2017-08: A RESOLUTION OF THE UNALASKA CITY COUNCIL APPROVING THE COUNCIL'S GOALS FOR THE FY18 BUDGET
3. RESOLUTION 2017-11: A RESOLUTION APPROVING THE RETURN OF THE APPROXIMATELY \$6.5 MILLION OF FEDERAL HIGHWAY FUNDS EARMARKED FOR THE UNALASKA MARINE CENTER
4. RESOLUTION 2017-12: A RESOLUTION URGING THE ALASKA STATE LEGISLATURE TO ADOPT A SUSTAINABLE FISCAL PLAN FOR FISCAL YEAR 2017 AND BEYOND
5. RESOLUTION 2017-13: A RESOLUTION OF THE COUNCIL OF THE CITY OF UNALASKA, AUTHORIZING THE ISSUANCE AND SALE OF HARBOR REVENUE BONDS OF THE CITY IN ONE OR MORE SERIES IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$35,000,000, TO FINANCE PORT AND HARBOR IMPROVEMENTS; ESTABLISHING THE TERMS OF THE BONDS; AND AUTHORIZING THE SALE OF THE BONDS
6. RESOLUTION 2017-16: A RESOLUTION OF THE COUNCIL OF THE CITY OF UNALASKA, AUTHORIZING THE ISSUANCE OF HARBOR REVENUE BONDS OF THE CITY IN ONE OR MORE SERIES TO FINANCE AND REFINANCE PORT AND HARBOR IMPROVEMENTS; CREATING A LIEN ON NET REVENUE OF THE PORTS AND HARBORS FUND FOR THE PAYMENT OF THE BONDS; AND ESTABLISHING COVENANTS OF THE CITY RELATED TO THE BONDS
7. RESOLUTION 2017-18: A RESOLUTION OF THE UNALASKA CITY COUNCIL APPROVING A TIDELAND LEASE AGREEMENT FOR A TERM OF UP TO 30 YEARS BETWEEN THE CITY OF UNALASKA AND KLOOSTERBOER DUTCH HARBOR LLC FOR TRACT B-4 OF UNALASKA TIDELANDS SURVEY 101

Executive Session: Whittier BOE Appeal

Council Directives to Manager
Community Input
Announcements/Adjournment

City of Unalaska
Regular City Council Meeting
Tuesday, January 24, 2017, 6:00 PM
Unalaska City Hall Council Chambers
AGENDA

The regular meeting of the Unalaska City Council was called to order at 6:00 pm, January 24, 2017, in the Unalaska City Hall Council chambers. Roll was taken:

PRESENT:

Frank Kelty, Mayor
Rachelle Hatfield
Roger Rowland
John Waldron
David Gregory
Yudelka Leclere

ABSENT:

Alejandro Tungul (Excused)

Pledge of Allegiance: Mayor Kelty led the Pledge of Allegiance.

Recognition of Visitors: Marion Davis, Matson; Gene Makarin, APL

Additions to Agenda: Mayor Kelty added: New Business: 9. *KUCB Broadcasting Sponsorship*

Minutes: The minutes of the January 10, 2017 Regular Meeting were adopted as submitted.

Financial Report: December 2016 in the packet.

Board/Commission Reports: The May 19, 2016 Historic Preservation Commission Regular Meeting minutes; December 15, 2016

Planning Commission/Platting Board Commission Meeting minutes were adopted as submitted.

Awards/Presentations: Mayor Kelty and Council presented a service award to:

- Nicholai G. Tutiakoff – 10 Years of service

Manager's Report: In the packet

Project Update Report: In the packet

Community Input/Announcements:

- Boys and Girls Raider Basketball
- UCSD Student Achievement Awards
- City Manager Martinson acknowledged DPW and Roads Crew for job well done.

Public Input on Agenda Items: None.

Public Hearing

Work Session

1. Discussion: 75th Anniversary of WWII Bombing of Unalaska/Dutch Harbor and Aleut Evacuation

Mayor Kelty led the discussion on the 75th Anniversary of WWII Bombing of Unalaska/Dutch Harbor and Aleut Evacuation. Sandra Moller provided council with additional information regarding planning, scheduling and sponsorship for this event.

2. Discussion: Juneau Political Positions

Mayor Kelty led the discussion on the Juneau Political Positions.

3. Presentation: Unalaska Marine Center Tariff Revision

Peggy McLaughlin, Ports Director, led the discussion on Unalaska Marine Center Tariff Revision.

Public Comment was taken from:

- Gene Makarin, APL

Reconvene to Regular Session

Consent Agenda

Unfinished Business

New Business

1. ORDINANCE 2017-02: FIRST READING: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF UNALASKA TO REZONE THE 36,944 SQUARE FOOT LOT 2, BLOCK 5, JESSE LEE SUBDIVISION FROM HOLDING TO HIGH DENSITY RESIDENTIAL.

Waldron made a motion to move Ordinance 2017-02 to Second Reading and Public Hearing on February 14, 2017; Leclere seconded.

Roll Call Vote: Gregory – yes; Leclere – yes; Hatfield – yes; Rowland – yes; Waldron – yes. Motion passed 5-0.

2. ORDINANCE 2017-03: FIRST READING: AN ORDINANCE AMENDING UNALASKA CODE OF ORDINANCES TITLE 9 TO CREATE A NEW CHAPTER 9.24 FOR THE REGULATION OF MARIJUANA BUSINESS

Rowland made a motion to move Ordinance 2017-03 to Second Reading and Public Hearing on February 14, 2017; Hatfield seconded.

Roll Call Vote: Leclere – yes; Hatfield – yes; Rowland – yes; Waldron – yes; Gregory – yes. Motion passed 5-0.

3. ORDINANCE 2017-04: FIRST READING: AN ORDINANCE AMENDING UNALASKA CODE OF ORDINANCES CHAPTER 6.40 - SALES AND USE TAXES TO INCREASE THE RATE OF SALES TAX ON SALES OF ALCOHOL, MARIJUANA, AND TOBACCO FROM THREE PERCENT (3%) TO SIX PERCENT (6%)

Waldron made a motion to move Ordinance 2017-04 to Second Reading and Public Hearing on February 14, 2017; Leclere seconded.

Roll Call Vote: Hatfield – yes; Rowland – yes; Waldron – yes; Gregory – yes; Leclere – yes. Motion passed 5-0.

4. RESOLUTION 2017-01: AUTHORIZING THE CITY MANAGER TO ENTER INTO AGREEMENT WITH ELECTRICAL POWER SYSTEMS TO PERFORM THE DESIGN PORTION OF THE OLD POWERHOUSE BATTERY SYSTEM REPLACEMENT PROJECT.

Leclere made a motion to adopt Resolution 2017-01; Gregory seconded.

Roll Call Vote: Rowland – yes; Waldron – yes; Gregory – yes; Leclere – yes; Hatfield – yes. Motion passed 5-0.

5. RESOLUTION 2017-03: ADOPTING AN ALTERNATIVE ALLOCATION METHOD FOR THE FY17 SHARED FISHERIES BUSINESS TAX PROGRAM AND CERTIFYING THAT THIS ALLOCATION METHOD FAIRLY REPRESENTS THE DISTRIBUTION OF SIGNIFICANT EFFECTS OF FISHERIES BUSINESS ACTIVITY IN THE ALEUTIAN ISLANDS FISHERIES MANAGEMENT AREA.

Waldron made a motion to adopt Resolution 2017-03; Hatfield seconded.

Roll Call Vote: Waldron – yes; Gregory – yes; Leclere – yes; Hatfield – yes; Rowland – yes. Motion passed 5-0.

6. RESOLUTION 2017-08: A RESOLUTION OF THE UNALASKA CITY COUNCIL APPROVING THE COUNCIL'S GOALS FOR THE FY18 BUDGET

Rowland made a motion to adopt Resolution 2017-08; Hatfield seconded.

Rowland made a motion to amend Resolution 2017-08 to read:

Personnel Goals

The number of full-time equivalent (FTE) employee authorizations will increase by 3 positions, two Police Officers and one Senior Fire Captain (convert volunteer to paid position). The number of employees approved by council is 156 full-time and 33 part-time (10.74 FTE) positions resulting in a total FTE of 166.74.

There are 156 full-time positions and 33 part-time positions budgeted for FY18, for a total of 189 employees.

Leclere seconded.

Roll Call Vote on amended motion: Gregory – yes- Leclere – yes; Hatfield – yes; Rowland – yes; Waldron – yes. Motion passed 5-0.

Roll Call Vote on Main Motion: Gregory – yes; Leclere – yes; Hatfield – yes; Rowland – yes; Waldron – yes. Motion passed 5-0.

Mayor Kelty announced he will veto Resolution 2017-08 and will notice council with a memo.

7. RESOLUTION 2017-09: AUTHORIZING AN EXPENDITURE IN THE AMOUNT OF \$_____ FROM COUNCIL CONTINGENCY TO SPONSOR THE ALASKA FISHERIES DEVELOPMENT FOUNDATION’S ANNUAL ALASKA SYMPHONY OF SEAFOOD CONTEST

Rowland made a motion to adopt Resolution 2017-09; Hatfield seconded.

Gregory made a motion to amend Resolution 2017-09 and insert the dollar amount of \$1000; Leclere seconded.

Vote on amended motion: Motion passed 5-0.

Roll Call Vote on main motion: Gregory – yes; Leclere – yes- Hatfield – yes; Rowland – yes; Waldron – yes. Motion passed 5-0.

8. MAYOR/COUNCIL TRAVEL: Juneau Lobbying Trip Travel

Rowland made a motion to approve travel for Mayor to attend Juneau Lobbying Trip.

Rowland withdrew his motion.

Leclere made a motion to amend Mayor/Council travel to approve travel for Mayor and (1) Council Member to attend the Juneau Lobbying Trip; Gregory seconded.

Roll Call Vote on amended motion: Leclere – yes; Hatfield – yes; Rowland – no; Waldron – yes; Gregory – yes. Motion passed 4-1.

Vote on main motion: Leclere – yes; Hatfield – yes; Rowland – no; Waldron – yes; Gregory – yes. Motion passed 4-1.

9. KUCB Broadcasting Support

Mayor Kelty led the discussion on KUCB Broadcasting Support for Raider Basketball away games.

Rowland made a motion to appropriate \$800 from Council Contingency

Executive Session: Whittern BOE Appeal

9:10pm: Rowland made a motion to enter into Executive Session; motion was seconded.

Vote: Motion passed by consensus.

Council reconvened to Regular Session

Council Directives to Manager: Research Title 2: Police/Fire separation

Community Input/Announcements

Adjournment: The meeting was adjourned at 10:00pm.

Cat Hazen
City Clerk

To: Mayor and Council

From: David A. Martinson, City Manager

Subject: City Manager's Report

Date: February 14, 2017

Planning Director: We have officially hired a new Planning Director. Bil Homka is projected to start work on February 27, 2017. We are extremely happy he selected us.

Federal Highway Funds: We did not get to a decision on this issue so you will see a resolution in the packet to approve returning the funding to the Federal Government. As discussed before, had I known the State would have some or all of the project administration at up to 10% of the project cost I would have recommended we allow the State to use the funds for the Tustumena replacement. I contacted Brad Gillman to see if he thought there was any way to get the Alaska Senators to weigh in allowing an opportunity to change the use of the funds. He indicates that will not happen. I know it will not be popular but we cannot afford a 5-18 month delay to gain the roughly \$500,000 in construction funds.

State Fire Marshal: The State Fire Marshal inspected over 30 facilities. He indicated there were issues in most of them. He will provide the write-up to the appropriate owners to get fixed.

2017 Cruise Ships (REPEAT): This will be an input on the manager's report until the beginning of the Cruise season. CVB notified Ports that the cruise industry plans another 11 calls on Dutch Harbor/Unalaska this year. AS with all cruise ships this is a difficult undertaking depending on the time and date of the Port Call.

**CITY OF UNALASKA
UNALASKA, ALASKA**

ORDINANCE 2017-02

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF UNALASKA TO
REZONE THE 36,944 SQUARE FOOT LOT 2, BLOCK 5, JESSE LEE SUBDIVISION
FROM HOLDING TO HIGH DENSITY RESIDENTIAL.**

WHEREAS, the City of Unalaska, Alaska is a first class city with planning powers provided by State law through AS 29; and

WHEREAS, the City of Unalaska created and adopted zoning in 1996; and

WHEREAS, Lot 2, Block 5 of Jesse Lee Subdivision (Plat 93-13) is located within the corporate boundaries of the City of Unalaska and is currently zoned Holding; and

WHEREAS, the Planning Commission conducted a public hearing on December 15, 2017 in order to consider the testimony of the public regarding a rezoning; and

WHEREAS, the Planning Commission found that rezoning this property to High Density Residential was reasonable, in the public's best interest, in compliance with the specifications of Unalaska Municipal Code, and is in conformance with the goals and objectives of the Comprehensive Plan.

THEREFORE, BE IT RESOLVED that the City Council of the City of Unalaska rezones the 36,944 square foot Lot 2, Block 5 of Jesse Lee Subdivision (Plat 93-13) from Holding to High Density Residential.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE UNALASKA CITY COUNCIL THIS _____ DAY OF _____ 2017.

Mayor

ATTEST

City Clerk

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS
THRU: DAVE MARTINSON, CITY MANAGER
FROM: ERIN REINDERS, ASSISTANT CITY MANAGER
DATE: JANUARY 5, 2017
RE: ORDINANCE 2017-02: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF UNALASKA TO REZONE THE 36,944 SQUARE FOOT LOT 2, BLOCK 5, JESSE LEE SUBDIVISION FROM HOLDING TO HIGH DENSITY RESIDENTIAL

SUMMARY: The owner of Lot 2, Block 5 Jesse Lee Subdivision requested a Zone Amendment/Rezone from Holding to General Commercial to allow for the development of the property. The owner has indicated that the development will likely be a mixed use structure with both residential and commercial. The Planning Commission reviewed the request, considered the testimony of the public, evaluated the requirements outlined in City Code, and has recommended that Council rezoning the property from Holding to High Density Residential. This leaves open the possibility for the indicated development plan but would allow for some safeguards on the intensity of commercial uses that would be permitted. Staff recommends approval of Ordinance 2017-02.

PREVIOUS COUNCIL ACTION: All properties in the City of Unalaska were subject to the 1996 City-wide rezone. At that time this area was zoned "Holding". According to UCO §8.12.150(A), the Holding District is intended to be a temporary zoning designation for those lands within the City of Unalaska that are suitable and intended for future development but for which the landowner has no proposed land use plans. The Holding District is not intended to prohibit future development, but to provide both the city and the landowner flexibility in determining the future zoning district for those lands initially designated as Holding District. Additionally, according to UCO §8.12.050(A), the High-Density Residential District is intended to serve as a land use district for single-, two-, and multiple-family dwelling units. It is also intended that all development in this district be served with public sewer and water.

This is in contrast to the General Commercial District. According to UCO §8.12.070(A), the General Commercial District is intended to provide primarily for the general retail sales, service, and repair activities of the community. It is also to provide locations for professional offices, certain commercial/lighter industrial and warehousing offices, and structures that are not dependent on direct access to a waterbody.

BACKGROUND: In 2012 Glenn Olson, owner of the property in question, submitted an application to the Army Corps of Engineers (USACoE) to fill in the lot in order to construct an 8-plex with on-site parking. A Nationwide Permit (NWP) 29 (POA-2012-258) was granted by with the express condition that the lot be used for housing once it was filled. Since acquiring their NWP 29, the pond has been filled in, and the lot has had a multitude of uses, from staging and storing paving equipment to

storing gravel piles and the relevant equipment. The City of Unalaska asked Mr. Olson to apply for a change in zoning to accommodate use of the property, as the Holding Zone highly restricts use and was not applicable.

Mr. Olson submitted an application requesting the City to rezone the property from Holding Zone to General Commercial, which would allow for the use of the property to include any of the general commercial uses listed in UCO §8.12.070. The applicant's representative stated at the December Planning Commission meeting that the intention is to now to build a structure with a general commercial space on the first floor and residential space on the second floor, although nothing has been submitted in writing to the City. If this lot is rezoned to General Commercial, a wide variety of commercial uses would be allowed to operate by right but the property owner would need to request and obtain a Conditional Use Permit from the Planning Commission to allow for residential units on the lot.

The property in question is surrounded by a mixture of land uses, including parks, churches, schools, and residential homes. Multi-family residential uses and commercial land uses are supported by the Unalaska's Comprehensive and Land Use Plans for this location, directly off East Broadway with access to existing utilities. In order for any construction to take place on this property, the property must be zoned appropriately and building permits will need to be obtained.

Based on the review of the application and the consideration of the tests of code as well as the testimony received at the December Planning Commission meeting voicing concern of zoning the property *General Commercial*, the Planning Commission is recommending a rezoning to *High Density Residential*. This zoning district would support the applicant's original development plan for residential uses, and would still allow for a conditional use permit to be requested for specific commercial uses consistent with the applicant's current development concept.

DISCUSSION: Per UCO § 8.12.190(C), the Planning Commission must find any Zone Amendment/Rezoning action to be reasonable, in the public's interest, and in conformance with the goals and objectives of the Comprehensive Plan in order to offer support. The Planning Commission found that rezoning this property to *High Density Residential* met these three tests and approved Planning Commission Resolution 2016-19, recommending approval of the rezoning to the City Council. The Planning Commission's findings on the rezoning request are outlined below.

Reasonable. The High Density Residential zone is reasonable because it promotes a land use that matches the character of its surroundings and would not cause any particular burdens on the neighborhood. Although this is not the zoning designation originally requested by the applicant, it leaves open the possibility for the expressed development plan but would allow for some safeguards on the intensity of commercial uses that would be permitted.

Public Interest. The High Density Residential zone is in the public interest because it allows for additional housing to be created at an infill site at a location that can support a higher intensity of use. It is in the public interest maximize the use of land for housing wherever it is not expected to cause negative impact.

Comprehensive Plan. The High Density Residential zone is also consistent with the Comprehensive Plan as it would provide more housing opportunities for the community in a location that is supported by the Land Use Plan. The Unalaska Land Use Plan of 2015 for the Nirvana Hill/Armstrong Court Subarea calls for increases in both commercial and multi-family residential land uses. It is specifically states that these more intense land uses are appropriately located along East Broadway Ave.

ALTERNATIVES: Section 8.12.190 (D)(2) outlines potential Council actions as follows: the City Council may accept the recommendation of the Planning Commission or approve a modification to the recommendation of the Planning Commission. Although an outright rejection of the recommendation of the Planning Commission by the Council is possible, doing so is not advised as the current zoning of *Holding* drastically restricts the permitted use of the property.

FINANCIAL IMPLICATIONS: None at this time.

LEGAL: Zone Amendment request is proceeding in accordance with City Code.

STAFF RECOMMENDATION: Staff recommends the Council accept the Planning Commission's recommendation and approval of Ordinance 2017-02, rezoning the property from Holding to High Density Residential.

PROPOSED MOTION: "I move to adopt Ordinance 2017-02."

CITY MANAGER'S COMMENTS: Recommend moving forward with rezoning as approved by the Planning Commission.

Attached: City Council Ordinance 2017-02, Signed Planning Commission Resolution 2016-19

**City of Unalaska, Alaska
Planning Commission/Platting Board
Resolution 2016-19**

**A RESOLUTION TO THE UNALASKA CITY COUNCIL RECOMMENDING APPROVAL OF
THE ZONING MAP AMENDMENT TO REZONE THE PROPERTY AT LOT 2, BLOCK 5,
JESSE LEE SUBDIVISION, P-93-13, ALEUTIAN ISLANDS RECORDING DISTRICT,
LOCATED AT 180 EAST BROADWAY AVENUE FROM HOLDING TO HIGH DESITY
RESIDENTIAL**

WHEREAS, UCO §8.12.190 sets forth the procedures for the taking action on a zoning map amendment application; and

WHEREAS, Glenn Olson and Marina Olson are the owners of Lot 2, Block 5, Jesse Lee Subdivision (03-07-893); and

WHEREAS, Glenn Olson has submitted a zoning map amendment application to rezone this property from Holding to General Commercial; and

WHEREAS, the City of Unalaska Departments of Planning, Public Works, Public Utilities and Public Safety have reviewed the request; and

WHEREAS, the creation of additional both residential and general commercial land is desirable from the standpoint of public interest, as identified in the Unalaska Comprehensive Plan 2020; and

WHEREAS, the property in question is surrounded by a mixture of land uses, including parks, churches, schools, and residential; and

WHEREAS, notices of the public hearing were posted and mailed; and

WHEREAS, the City of Unalaska Planning Commission held a public hearing on December 15th, 2016 to consider this request and to hear testimony of the public, and

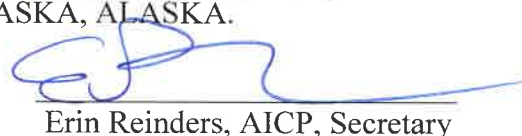
WHEREAS, the Planning Commission reviewed the application, heard public testimony, and on that basis finds that the zoning map amendment to High Density Residential to be reasonable, in the public interest, and in conformance with the goals and objectives of the Comprehensive Plan.

THEREFORE BE IT RESOLVED, the Planning Commission recommends to the City Council approval of the rezone of Lot 2, Block 5, Jesse Lee Subdivision, P-93-13, Aleutian Islands Recording District, located at 180 East Broadway Avenue from Holding to High Density Residential.

BE IT FURTHER RESOLVED, the secretary of the Planning Commission is to certify a copy of this Resolution and to file it with the Unalaska City Clerk no later than fifteen (15) working days from the date shown below.

APPROVED AND ADOPTED THIS 15 DAY OF December, 2016, BY THE
PLANNING COMMISSION OF THE CITY OF UNALASKA, ALASKA.


Billie Jo Gehring, Acting Chair


Erin Reinders, AICP, Secretary

**CITY OF UNALASKA
UNALASKA, ALASKA**

ORDINANCE 2017- 03

AN ORDINANCE AMENDING UNALASKA CODE OF ORDINANCES TITLE 9 TO
CREATE A NEW CHAPTER 9.24 FOR THE REGULATION OF MARIJUANA BUSINESS

BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF UNALASKA:

Section 1: Classification. This ordinance is a code ordinance.

Section 2: **Amendment of Title 9.** Title 9 Business Licenses and Regulations of the
Unalaska Code of Ordinances is hereby amended by the addition of a new Chapter 9.24
Marijuana to read as follows:

**Chapter 9.24
MARIJUANA**

9.24.010	Definitions
9.24.020	Prohibited acts
9.24.030	Operating hours
9.24.040	Restrictions on location of licensed premises
9.24.050	Prosecution of licensee for acts of employees
9.24.060	Accessibility for inspection

9.24.010 Definitions

For purposes of this Chapter, unless the context otherwise requires, the following words and phrases shall have the meanings defined herein.

(A) “LICENSED PREMISES” means any or all designated portions of a building or structure, or rooms or enclosures in the building or structure, at the specific address for which a marijuana business license is issued, and used, controlled, or operated by the marijuana business to carry out the business for which it is licensed.

(B) “MARIJUANA BUSINESS” means any and all business, acts, or commerce subject to registration or licensure pursuant to Alaska Statute Chapter 17.38.

9.24.020 Prohibited acts

It is unlawful to violate any state law governing marijuana business.

9.24.030 Operating hours

(A) It shall be unlawful for a licensed premises to allow persons or customers who are not owners or employees to enter or remain on the licensed premises except during the following hours:

- (1) Monday 8:00 am through Tuesday 2:00 am;
- (2) Tuesday 8:00 am through Wednesday 2:00 am;
- (3) Wednesday 8:00 am through Thursday 2:00 am;
- (4) Thursday 8:00 am through Friday 2:00 am;
- (5) Friday 8:00 am through Saturday 3:00 am; and
- (6) Saturday 8:00 am through Sunday 3:00 am.

(B) Nothing in this section authorizes any person to enter or remain on licensed premises when entering or remaining on licensed premises is otherwise prohibited by law.

9.24.040 Restrictions on location of licensed premises

(A) A licensed premises may not be located within 500 feet of any premises used for:

- (1) a school ground;
- (2) a recreation or youth center;
- (3) a building where religious services are regularly conducted;
- (4) a correctional facility; or
- (5) a facility managed or administered by the city Department of Parks, Culture and Recreation.

(B) The distance specified in this section must be measured by the shortest pedestrian route from the public entrance of the building in which the licensed premises would be located to the outer boundaries of a school ground, recreation or youth center, facility managed or administered by the city Department of Parks, Culture and Recreation, and from the main public entrance of the building where religious services are regularly conducted or a correctional facility.

(C) If the licensed premises were in use before the use of the nearby premises for purposes enumerated in subsection (A), the licensed premises may continue operation for the duration of the license, including any renewal or transfer, but not following any license revocation or expiration.

9.24.050 Prosecution of licensee for acts of employees

Every marijuana business licensee is responsible for the conduct of the licensed premises and may be prosecuted for violations of this chapter committed by employees or agents which occur on the licensed premises. This section shall not relieve the employee or agent of personal criminal liability.

9.24.060 Accessibility for inspection

Licensed premises shall be easily accessible for inspection by municipal law enforcement officers during all regular hours for the transaction of business upon the premises and during hours closed for business when it appears there are persons on the premises or any reason for such officers to believe there might be a violation of this chapter.

Section 3. **Effective Date.** This ordinance is effective upon passage.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE UNALASKA CITY COUNCIL THIS _____ DAY OF _____, 2017.

HON. FRANK KELTY
MAYOR

ATTEST:

CATHERINE HAZEN, CITY CLERK

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS

THRU: DAVID MARTINSON, CITY MANAGER

FROM: ERIN REINDERS, ASSISTANT CITY MANAGER

DATE: JANUARY 24, 2017

RE: ORDINANCE 2017-03: AN ORDINANCE AMENDING UNALASKA CODE OF ORDINANCES TITLE 9 TO CREATE A NEW CHAPTER 9.24 FOR THE REGULATION OF MARIJUANA BUSINESS
ORDINANCE 2017-04: AN ORDINANCE AMENDING UNALASKA CODE OF ORDINANCES CHAPTER 6.40 - SALES AND USE TAXES TO INCREASE THE RATE OF SALES TAX ON SALES OF ALCOHOL, MARIJUANA, AND TOBACCO FROM THREE PERCENT (3%) TO SIX PERCENT (6%)

SUMMARY: Ordinances have been developed in accordance with the Council direction and consensus during several work sessions discussing the regulation of marijuana commerce. Staff recommends approval for Ordinance 2017-03 creating a new chapter 9.24 for the regulation of marijuana business, including buffer requirements from parks as well as hours of operation for marijuana retail establishments, and Ordinance 2017-04 amending chapter 6.40 to increase the rate of sale tax for alcohol, marijuana, and tobacco from 3% to 6%.

PREVIOUS COUNCIL ACTION: At the work session on October 25, 2016, the City Council expressed a desire to see this issue come forward to the Planning Commission to send a recommended ordinance to the Council for approval. The Planning Commission approved Resolution 2016-17 at their November meeting recommending Ordinance 2016-19 to the City Council. Council approved Ordinance 2016-19 at their December 27, 2016 meeting. Other regulatory issues, included size restrictions on grow facilities, limitations on product types, limitations on the number of businesses, hours of operation, sales tax, and additional buffer requirements were discussed in depth at the City Council work sessions throughout November and December. The ordinances being considered this evening have been developed in accordance with the direction and consensus gathered during those meetings.

BACKGROUND: On October 4, 2016, voters in Unalaska overturned the ordinance banning all commercial marijuana in Unalaska by referendum. Therefore, all commercial marijuana businesses are now legal in Unalaska. City Council is in the process of determining appropriate regulations for such businesses.

DISCUSSION: This evening, staff introduces two ordinances that have been developed in accordance with the Council's direction and consensus. Ordinance 2017-03 defines the regulations for marijuana business in Unalaska and the Ordinance 2017-04 increases the sales tax for marijuana, as well as alcohol and tobacco.

Ordinance 2017-03: The consensus of Council was to regulate marijuana business in a similar way as alcohol businesses are regulated where possible. The alcohol provisions of Chapter 9.20 in City Code

contain several regulatory provisions in addition to hours of operation for marijuana dispensing establishment. Ordinance 2017-03 has been drafted to create a new Chapter 9.24 which contains provisions mirroring the applicable provisions from the alcohol chapter, such as hours of operation, incorporating state law violations, inspection of licensed premises, and holding the licensee liable for the acts of employees. The ordinance specifically addresses the buffer requirements required by the state statute and includes facilities owned or managed by the Department of Parks, Culture, and Recreation in that list.

Ordinance 2017-04: The current sales tax rate in Unalaska is 3% and Alaska statutes allow for municipalities to place additional sales on marijuana subject to voter approval. Ordinance 2017-04 has been drafted to amend Chapter 6.40 to increase the sales tax for Alcohol, Marijuana and Tobacco from 3% to 6%. This ordinance also outlines the proposition language and effective date should the proposition pass. As drafted, the ordinance sets the question for the October 3, 2017 election, which should be certified by the Council no later than October 10, 2017, and then gives until November 1, 2017, before the increase is effective.

ALTERNATIVES: City Council may approve these ordinances as drafted, revise them to address specific concerns, or disapprove the ordinances.

FINANCIAL IMPLICATIONS: None that can be measured at this time.

LEGAL: These ordinances have been developed by the City Attorney.

STAFF RECOMMENDATION: Staff recommends approval for both Ordinance 2017-03 creating a new chapter 9.24 for the regulation of marijuana business and Ordinance 2017-04 amending chapter 6.40 to increase the rate of sale tax for alcohol, marijuana, and tobacco from 3% to 6%.

PROPOSED MOTION: I move to approve Ordinance 2017-03; I move to approve Ordinance 2017-04.

CITY MANAGER COMMENTS: These ordinances have been developed based on the direction received from Council. I support the approval of both Ordinance 2017-03 and Ordinance 2017-04.

**CITY OF UNALASKA
UNALASKA, ALASKA**

ORDINANCE 2017-04

**AN ORDINANCE AMENDING UNALASKA CODE OF ORDINANCES CHAPTER 6.40 -
SALES AND USE TAXES TO INCREASE THE RATE OF SALES TAX ON SALES OF
ALCOHOL, MARIJUANA, AND TOBACCO FROM THREE PERCENT (3%) TO SIX
PERCENT (6%)**

BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF UNALASKA:

Section 1: **Classification.** This ordinance is a code ordinance.

Section 2: **Amendment of UCO §6.40.010.** Section 6.40.010 of the Unalaska Code of Ordinances is hereby amended to read as follows: [new language is underlined, deleted language is ~~overstruck~~]:

For the purposes of this Chapter, unless the context otherwise requires, the following words and phrases shall have the meanings defined herein.

(A) “ALCOHOLIC BEVERAGE” means a spirituous, vinous, malt, or other fermented or distilled liquid, whatever the origin, that is intended for human consumption as a beverage and that contains one-half of one percent or more of alcohol by volume, whether produced commercially or privately.

(~~AB~~) “CONSUMER” means the person who, in the ordinary meaning of the term, takes title to, takes possession of, or rents property, or receives services for a consideration.

(~~BC~~) “MADE IN THE CITY” means:

- (1) A sale resulting from an offer being communicated from a seller to a consumer within the City and accepted by the consumer within the City; or
- (2) Services and rentals performed wholly within the City; or
- (3) Services and rentals performed partially within the City where the end result of the service or rental performed occurs in the City; or
- (4) Services performed outside the City in connection with construction of a structure or improvement to real or personal property located within the City.

Situations excluded are where separation of the goods from the stock of the seller takes place at the point of delivery and is outside the boundaries of the City, including such items as oil deliveries, telephone service, television service and electric power service.

(D) “MARIJUANA” means all parts of the plant of the genus cannabis whether growing or not, the seeds thereof, the resin extracted from any part of the plant, and every compound,

manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or its resin, including marijuana concentrate; “marijuana” does not include fiber produced from the stalks, oil, or cake made from the seeds of the plant, sterilized seed of the plant which is incapable of germination, or the weight of any other ingredient combined with marijuana to prepare topical or oral administrations, food, drink, or other products.

(~~CE~~) “NEW RESIDENTIAL HOUSING” means that portion or portions of a building containing a newly created dwelling unit or units, as that term is defined in § 8.06.020, whether created by new construction or renovation. A boarding house, bunk house, group house, guest house or cottage, hotel, lodging house or motel, professional office, rest home, or rooming house as those terms are defined in § 8.06.020 shall not be considered new residential housing.

(~~DF~~) “OFFER” means any oral or written communication to a person making a presentation to buy or sell any goods or services or to rent any property.

(~~EG~~) “RENTING OR RENTAL OF PROPERTY” means a person using the property owned by another for a consideration.

(~~FH~~) “RESALE” OR “SALE FOR RESALE” means:

(1) A sale of personal property to a wholesale or retail dealer for the purposes of resale by that wholesale or retail dealer where the item is resold per se and is not for the wholesale or retail dealer's own consumption, use, storage or distribution and where the resale is subject to City sales tax;

(2) A sale of personal property as raw material to a person engaged in manufacturing for sale, where the personal property sold becomes an ingredient or component part of a product manufactured for sale by the manufacturer and where the sale of the manufactured product is subject to City sales tax;

(3) A sale of personal property as raw material to a licensed building contractor where the property sold becomes a component part of the product sold by that building contractor and where the sale of the product created by that building contractor is subject to City sales tax;

(4) A sale of services or rental of personal property other than meals, temporary lodging, utilities, vehicle rentals, fuel and other like items to a business, the charge for which will be separately identified on an invoice from that business to a specific buyer if: (i) the sale to the buyer is subject to City sales tax, or (ii) the resale transaction meets all other requirements and the buyer is a non-profit organization registered with the City of Unalaska, or an agency of the State of Alaska or the United States government.

(~~GI~~) “RETAIL SALE OR SALE AT RETAIL OR SALE” means every sale, lease, rental, transfer or assignment of any right, title or interest in any goods, personal property of any kind and whether tangible or intangible, real property and any provision of labor or services for a consideration made to a consumer in the regular course of business.

(HJ) “SALE OF SERVICES” means the selling price received for furnishing labor and materials incidental to the labor required to install, construct, repair or complete specified results or end products. Descriptively, sale of services includes but is not limited to:

(1) The admission price charged for entering or staying in any place of entertainment including theaters, exhibitions, games, races where admission is by tickets, gate charges, seat charges, box charges, season pass charges, or cover charges.

(2) The selling price of subcontracts in building construction which shall be in addition to the total selling price set forth in the next subsection 3.

(3) The selling price of constructing buildings or other improvements to real estate.

(4) Commissions or fees by brokers or agents in such transactions as real estate sale.

(5) Furnishing advertising through the medium of newspapers and periodicals or radio and television broadcasting services except to recognized national agencies.

(6) Furnishing services of an insurance or bonding agency, the cost of which is not included in the premium price.

(7) Banking services such as rental of safety deposit boxes, services for handling loans, brokering loans and handling accounts, appraisal fees, and similar services.

(8) The provision of other services for fee such as accounting, hairdressing, barbering, janitorial, handyman, landscaping, freight forwarding, warehousing, repairs to real or personal property, lodging accommodations, and the furnishing of labor and materials for accomplishing a specific result.

Sale of services excludes wages, salaries and other forms of payment for labor performed for an employer.

(HK) “SELLER OR COLLECTOR” means every entity or person, whether acting as principal, agent, broker, or lessor, making sales at retail or rental of property to a consumer and who is required and responsible to collect and remit sales taxes levied by the City of Unalaska.

(JL) “SELLING PRICE” means the consideration, whether money, credit, rights or other property, expressed in the terms of money, paid or delivered by a consumer to a seller. Descriptively, selling price:

(1) Shall be without any deduction on account of the cost of tangible property sold, the cost of materials used, labor costs, interest, delivery costs, taxes or any other expenses whatsoever paid or accrued and without any deduction on account of losses.

(2) Includes any federal or state excise tax on the sale.

(3) Does not include the value of used articles intended for resale taken in trade as a credit or part payment on the sale of a new or used article. This amount shall be deductible from the total sales price of the new or used article being sold and the tax paid only on the net sales price.

(M) “TOBACCO” means cigarettes, cigars, tobacco, or other products containing tobacco, including all products the sale of which requires a state business license endorsement under AS 43.70.075.

Section 3: Amendment of UCO §6.40.020. Section 6.40.020 of the Unalaska Code of Ordinances is hereby amended to read as follows: [new language is underlined, deleted language is ~~overstruck~~]:

(A) Except as otherwise provided in this section, a ~~A~~ sales tax is levied on all sales, rents and services made in the City at the rate of three percent (3%) of the selling price. The burden of this tax rests upon the consumer. This tax shall not be levied on raw seafood products taxed pursuant to Chapter 6.44. The tax on services shall not include salaries or wages received by an employee from an employer, but shall include consideration for furnishing labor and materials for accomplishing a specific result.

(B) A sales tax is levied on all sales of alcoholic beverage, marijuana, and tobacco occurring in the City at the rate of six percent (6%) of the selling price. The burden of this tax rests upon the consumer.

Section 4: Amendment of UCO §6.40.025. Section 6.40.025 of the Unalaska Code of Ordinances is hereby amended to read as follows: [new language is underlined, deleted language is ~~overstruck~~]:

(A) The amount of tax to be added to the lease, rental, transfer or assignment of any right, title or interest in any goods, personal property of any kind, real property and any provision of labor or services for a consideration subject to levy under §6.40.020(A) shall be in accordance with the following schedule:

<u>Price</u>	<u>Tax</u>
\$0.01 - \$0.30	\$0.01
\$0.31 - \$0.60	\$0.02
\$0.61 - \$1.00	\$0.03

(B) The amount of tax to be added to the sale, transfer or assignment of any right, title or interest in any goods, personal property of any kind, real property and any provision of labor or services for a consideration subject to levy under §6.40.020(B) shall be in accordance with the following schedule:

<u>Price</u>	<u>Tax</u>
<u>\$0.01 - \$0.15</u>	<u>\$0.01</u>
<u>\$0.16 - \$0.30</u>	<u>\$0.02</u>
<u>\$0.31 - \$0.45</u>	<u>\$0.03</u>

<u>\$0.46 - \$0.60</u>	<u>\$0.04</u>
<u>\$0.61 - \$0.85</u>	<u>\$0.05</u>
<u>\$0.86 - \$1.00</u>	<u>\$0.06</u>

Section 5: Amendment of UCO §6.40.060(A). Subsection 6.40.060(A) of the Unalaska Code of Ordinances is hereby amended to read as follows: [new language is underlined, deleted language is ~~overstruck~~]:

(A) A collector shall add the ~~three percent (3%)~~ sales tax levied in accordance with §6.40.020 to the selling price which the collector collects at the time of the sale or at the time of collection with respect to credit transactions. The tax is a debt from the consumer to the collector until paid and is recoverable at law in the same manner as other debts. Notwithstanding the liability of the consumer, taxes collected or which should have been collected by the collector under this Chapter are monies of the City for which the collector is at all times liable to the City.

Section 6: Authorization of Election. The City of Unalaska, at the October 3, 2017 municipal election, shall conduct an election on the question of whether there should be an increase of the sales tax rate for alcoholic beverage, marijuana, and tobacco by placing before qualified voters a proposition for approval or rejection. The City Clerk is directed to take all action necessary to arrange for this election. The proposition must receive a majority vote of those qualified voters actually voting on the question in order to be approved by the voters. The proposition shall be presented substantially in the following form:

PROPOSITION NO. 1

SHOULD THE CITY OF UNALASKA INCREASE THE RATE OF
SALES TAX ON SALES OF ALCOHOLIC BEVERAGES,
MARIJUANA, AND TOBACCO FROM THREE PERCENT (3%) TO
SIX PERCENT (6%)?

The proposition shall be printed on a ballot and the following words shall be added as appropriate and next to a square or space provided for marking the ballot:

PROPOSITION NO. 1	Yes	(____)
	No	(____)

Section 7: Effective Date. Sections 2, 3, 4, and 5 of this ordinance shall become effective November 1, 2017 following certification by the City of Unalaska showing ratification by a majority of the qualified voters of the City of Unalaska voting at the election. The remaining sections shall be effective upon adoption.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE UNALASKA CITY COUNCIL THIS _____ DAY OF _____, 2017.

HON. FRANK KELTY
MAYOR

ATTEST:

CAT HAZEN
CITY CLERK

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS

THRU: DAVID MARTINSON, CITY MANAGER

FROM: ERIN REINDERS, ASSISTANT CITY MANAGER

DATE: JANUARY 24, 2017

RE: ORDINANCE 2017-03: AN ORDINANCE AMENDING UNALASKA CODE OF ORDINANCES TITLE 9 TO CREATE A NEW CHAPTER 9.24 FOR THE REGULATION OF MARIJUANA BUSINESS
ORDINANCE 2017-04: AN ORDINANCE AMENDING UNALASKA CODE OF ORDINANCES CHAPTER 6.40 - SALES AND USE TAXES TO INCREASE THE RATE OF SALES TAX ON SALES OF ALCOHOL, MARIJUANA, AND TOBACCO FROM THREE PERCENT (3%) TO SIX PERCENT (6%)

SUMMARY: Ordinances have been developed in accordance with the Council direction and consensus during several work sessions discussing the regulation of marijuana commerce. Staff recommends approval for Ordinance 2017-03 creating a new chapter 9.24 for the regulation of marijuana business, including buffer requirements from parks as well as hours of operation for marijuana retail establishments, and Ordinance 2017-04 amending chapter 6.40 to increase the rate of sale tax for alcohol, marijuana, and tobacco from 3% to 6%.

PREVIOUS COUNCIL ACTION: At the work session on October 25, 2016, the City Council expressed a desire to see this issue come forward to the Planning Commission to send a recommended ordinance to the Council for approval. The Planning Commission approved Resolution 2016-17 at their November meeting recommending Ordinance 2016-19 to the City Council. Council approved Ordinance 2016-19 at their December 27, 2016 meeting. Other regulatory issues, included size restrictions on grow facilities, limitations on product types, limitations on the number of businesses, hours of operation, sales tax, and additional buffer requirements were discussed in depth at the City Council work sessions throughout November and December. The ordinances being considered this evening have been developed in accordance with the direction and consensus gathered during those meetings.

BACKGROUND: On October 4, 2016, voters in Unalaska overturned the ordinance banning all commercial marijuana in Unalaska by referendum. Therefore, all commercial marijuana businesses are now legal in Unalaska. City Council is in the process of determining appropriate regulations for such businesses.

DISCUSSION: This evening, staff introduces two ordinances that have been developed in accordance with the Council's direction and consensus. Ordinance 2017-03 defines the regulations for marijuana business in Unalaska and the Ordinance 2017-04 increases the sales tax for marijuana, as well as alcohol and tobacco.

Ordinance 2017-03: The consensus of Council was to regulate marijuana business in a similar way as alcohol businesses are regulated where possible. The alcohol provisions of Chapter 9.20 in City Code

contain several regulatory provisions in addition to hours of operation for marijuana dispensing establishment. Ordinance 2017-03 has been drafted to create a new Chapter 9.24 which contains provisions mirroring the applicable provisions from the alcohol chapter, such as hours of operation, incorporating state law violations, inspection of licensed premises, and holding the licensee liable for the acts of employees. The ordinance specifically addresses the buffer requirements required by the state statute and includes facilities owned or managed by the Department of Parks, Culture, and Recreation in that list.

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ALTERNATIVES: City Council may approve these ordinances as drafted, revise them to address specific concerns, or disapprove the ordinances.

FINANCIAL IMPLICATIONS: None that can be measured at this time.

LEGAL: These ordinances have been developed by the City Attorney.

STAFF RECOMMENDATION: Staff recommends approval for both Ordinance 2017-03 creating a new chapter 9.24 for the regulation of marijuana business and Ordinance 2017-04 amending chapter 6.40 to increase the rate of sale tax for alcohol, marijuana, and tobacco from 3% to 6%.

PROPOSED MOTION: I move to approve Ordinance 2017-03; I move to approve Ordinance 2017-04.

CITY MANAGER COMMENTS: These ordinances have been developed based on the direction received from Council. I support the approval of both Ordinance 2017-03 and Ordinance 2017-04.

CITY OF UNALASKA
UNALASKA, ALASKA

RESOLUTION NO. 2017-13

A RESOLUTION OF THE COUNCIL OF THE CITY OF UNALASKA, AUTHORIZING THE ISSUANCE AND SALE OF HARBOR REVENUE BONDS OF THE CITY IN ONE OR MORE SERIES IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$35,000,000, TO FINANCE PORT AND HARBOR IMPROVEMENTS; ESTABLISHING THE TERMS OF THE BONDS; AND AUTHORIZING THE SALE OF THE BONDS.

WHEREAS, the City of Unalaska, Alaska (the "City") is a first-class city and under Section 6.04.020 of its Code of Ordinances and the provisions of the Alaska Municipal Code (AS 29) has the power to issue revenue bonds for capital improvements without seeking voter approval; and

WHEREAS, the City has authorized the issuance of harbor revenue bonds in one or more series pursuant to Resolution No. 2017-16, adopted on February 14, 2017 (the "Master Resolution"); and

WHEREAS, it is necessary and in the best interest of the City and its residents that the City issue and sell one or more series of harbor revenue bonds to finance improvements to marine facilities at the International Port of Dutch Harbor owned and operated by the City (the "Project"); and

WHEREAS, the Council finds that it is necessary and appropriate to delegate to each City Representative authority to determine the maturity amounts, interest rates and other details of the bonds, and to determine other matters that are not provided for in this resolution; and

WHEREAS, the City intends to sell its bonds to the Alaska Municipal Bond Bank (the "Bond Bank"), which will purchase the bonds with the proceeds of an issue of its general obligation bonds; and

WHEREAS, there has been presented to the City the form of a loan agreement between the Bond Bank and the City, which provides for the Bond Bank to purchase the bonds on the terms and conditions set forth therein and in this resolution, and it is in the best interest of the City that the City sell the bonds to the Bond Bank under such terms and conditions;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF UNALASKA, ALASKA:

Section 1. Definitions. Terms used in this Series Resolution that are defined in the Master Resolution shall have the meanings set forth in the Master Resolution. In addition, the following terms shall have the following meanings in this Series Resolution:

“Bond Bank Bonds” means general obligation bonds issued by the Bond Bank after the date of this Series Resolution, all or a part of the proceeds of which are used to purchase the 2017 Bonds.

“City Representative,” with respect to the 2017 Bonds, shall mean the City Manager and the Finance Director of the City, each acting in his or her individual capacity.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, together with all regulations applicable thereto.

“Continuing Disclosure Certificate” means a certificate relating to the 2017 Bonds executed and delivered by the City with respect to compliance with paragraph (b)(5) of Rule 15c2-12 of the Securities and Exchange Commission, as such certificate may be amended or supplemented from time to time in accordance with its terms.

“Government Obligations” means direct obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America.

“Loan Agreement” means the Loan Agreement between the City and the Bond Bank concerning the 2017 Bonds.

“Tax-Exempt 2017 Bonds” means 2017 Bonds the interest on which, at the time of issuance of such 2017 Bonds, is intended to be excluded from gross income under Section 103 of the Code.

“2017 Bond Fund” means the Harbor Revenue Bond Fund, 2017, established by Section 11.

“2017 Bonds” means the Bonds authorized by this Series Resolution.

“2017 Debt Service Account” means the account of that name created in the 2017 Bond Fund by Section 11(a).

“2017 Reserve Account” means the account of that name created in the 2017 Bond Fund by Section 11(b).

“2017 Reserve Requirement” means, on any date, an amount equal to the least of (1) Maximum Annual Debt Service on the 2017 Bonds then Outstanding; (2) 125 percent of Average Annual Debt Service on the 2017 Bonds then Outstanding; (3) 10 percent of the initial principal amount of the 2017 Bonds; and (4) any lesser amount that is the maximum amount permitted from time to time under the Code, without subjecting such amount to yield restriction, to maintain the exclusion of interest on any Tax-Exempt 2017 Bond from gross income for federal income tax purposes.

“2017 Series Resolution” means this Resolution No. 2017-13, adopted on February 14, 2017.

Section 2. Authorization of 2017 Bonds and Purpose of Issuance. For the purpose of providing part of the funds required to pay the Costs of Construction of the Project, to reimburse the City for any expenditures on such Costs of Construction, to make any required deposit into the 2017 Reserve Account, and to pay all costs incidental thereto and to the issuance of the 2017 Bonds, the City hereby authorizes and determines to issue and sell the 2017 Bonds in one or more series under the Master Resolution in the aggregate principal amount of not to exceed \$35,000,000.

Section 3. Obligation of 2017 Bonds. The 2017 Bonds shall be an obligation only of the 2017 Bond Fund and shall be payable and secured as provided herein and in the Master Resolution. The 2017 Bonds shall not in any manner or to any extent constitute general obligations of the City or the State of Alaska or of any political subdivision of the State of Alaska. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the 2017 Bonds.

Section 4. Description of 2017 Bonds. Each 2017 Bond may have endorsed thereon such legends or text as may be necessary or appropriate to conform to the rules and regulations of any governmental authority or any usage or requirement of law with respect thereto. Each 2017 Bond shall be issued in the principal amount specified in the Loan Agreement, the aggregate of which shall not exceed \$35,000,000. Each 2017 Bond shall mature on the date specified in the Loan Agreement, which shall not be later than 30 years after the date of initial delivery. Each 2017 Bond shall be dated the date of its initial delivery, shall be in the denomination of \$5,000 or any integral multiple thereof and shall be numbered in such manner and with any additional designation as the Registrar deems necessary for purposes of identification. Subject to Section 2 and this Section, the initial date of delivery, the principal amount, the annual principal payment dates and amounts and the semiannual interest payment dates, the interest rates to be borne by and the tax status of interest on each 2017 Bond shall be determined by the City Representative and set forth in the Loan Agreement, and such determination shall be conclusively evidenced by the execution of the Loan Agreement under Section 15 by the City Representative. Interest on each 2017 Bond shall be computed on the basis of a 360-day year composed of twelve 30-day months.

Section 5. Place and Medium of Payment. Each payment of principal of and interest on each 2017 Bond shall be made in lawful money of the United States of America which, on the date of payment thereof, shall be legal tender for the payment of public and private debts. For so long as the Bond Bank is the Registered Owner of the 2017 Bonds, payments of principal thereof and interest thereon shall be made by the trustee for the Bond Bank Bonds as provided in the Loan Agreement. In the event that the Bond Bank is no longer the Registered Owner of the 2017 Bonds, payments of principal thereof and interest thereon will be made by check or draft mailed by first-class mail to the Registered Owner at the address for such Registered Owner appearing on the Bond Register on the 15th day of the month preceding the payment date, provided that the final installment of principal of and interest on each 2017 Bond will be payable at the office of the Registrar upon surrender of the 2017 Bond to the Registrar. If any principal installment of a 2017 Bond is not paid when due, the City shall pay interest on such principal installment at the same rate provided therein from and after its due date

until such principal installment is paid in full or provision for payment thereof has been made.

Section 6. Optional Prepayment. The principal installments of the 2017 Bonds, if any, subject to optional prepayment by the City, the date or dates on which such 2017 Bonds are subject to optional prepayment, the terms upon which such 2017 Bonds may be prepaid and the prepayment price or prices for such 2017 Bonds, shall be determined by the City Representative and set forth in the Loan Agreement, and their determination shall be conclusively evidenced by the execution of the Loan Agreement under Section 15 by the City Representative. If fewer than all of the principal installments of the 2017 Bonds are to be prepaid, the principal installments to be prepaid shall be determined by the City. Notice of any such prepayment shall be sent by the City not less than 50 days prior to the date fixed for prepayment by first class mail to the Registered Owner of the 2017 Bond at such Registered Owner's address as it then appears on the Bond Register. Notice of prepayment having been duly given and money for prepayment being held by the City, interest on the principal installments to be prepaid shall cease to accrue on the date fixed for prepayment.

Section 7. Form of 2017 Bond. Each 2017 Bond shall be in substantially the following form, with such variations, omissions and insertions as may be required or permitted by this Series Resolution or the Master Resolution:

UNITED STATES OF AMERICA
STATE OF ALASKA
CITY OF UNALASKA

No. _____ \$ _____

HARBOR REVENUE BOND

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The City of Unalaska, a municipal corporation of the State of Alaska (the "City"), acknowledges itself indebted and for value received promises to pay (but only out of the sources mentioned herein) to the Registered Owner set forth above, or its registered assigns, the principal amount set forth above in the following installments on _____ 1 of each of the following years, and to pay interest on each such principal installment from the date hereof until paid or provision for payment thereof has been made, payable on _____ 1, 20__ and semiannually thereafter on _____ and _____ 1 of each year, at the following rates per annum:

Year	Principal Installment	Interest Rate	Year	Principal Installment	Interest Rate
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For so long as the Alaska Municipal Bond Bank (the “Bond Bank”) is the Registered Owner, payments of principal hereof and interest hereon shall be made by the trustee for the Bond Bank Bonds as provided in the loan agreement between the Bond Bank and the City relating to this bond (the “Loan Agreement”). In the event that the Bond Bank is no longer the Registered Owner, payments of principal hereof and interest hereon will be made by check or draft mailed by first class mail to the Registered Owner at the address for such Registered Owner appearing on the Bond Register on the 15th day of the month preceding the payment date, provided that the final installment of principal of and interest on this bond will be payable at the office of the Finance Director of the City (the “Registrar”) upon surrender of this bond to the Registrar. Interest on this bond shall be computed on the basis of a 360-day year composed of twelve 30-day months.

This bond is a special obligation of the City and is one of the duly authorized harbor revenue bonds of the City designated “City of Unalaska, Alaska, Harbor Revenue Bonds” (the “Bonds”), issued and to be issued in various series under Resolution No. 2017-16 (the “Master Resolution”), adopted on February 14, 2017, and Resolution No. 2017-13 (the “2017 Series Resolution,” and together with the Master Resolution, as it may be amended and supplemented from time to time, the “Resolution,”), adopted on February 14, 2017. As provided in the Master Resolution, the Bonds may be issued from time to time pursuant to Series Resolutions in one or more series, in various principal, may mature at different times, may bear interest at different rates and, subject to the provisions thereof, may otherwise vary. The aggregate principal amount of Bonds which may be issued under the Master Resolution is not limited, and all Bonds issued and to be issued under the Master Resolution are and will be equally and ratably secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the Master Resolution.

This bond is one of a series of Bonds (as defined in the 2017 Series Resolution, the “2017 Bonds”) issued in the aggregate principal amount of \$_____ under the Resolution for the purpose of providing part of the funds required to pay the Costs of Construction of improvements to marine facilities at the International Port of Dutch Harbor owned and operated by the City, to reimburse the City for any expenditures on such Costs of Construction, to make any required deposit into the 2017 Reserve Account, and to pay all costs incidental thereto and to the issuance of the 2017 Bonds.

Reference is made to the Resolution for a description of the rights of the Registered Owner and of the rights and obligations of the City thereunder, to all of the provisions of which Resolution the Registered Owner, by acceptance hereof, assents and agrees.

This bond is subject to prepayment at the option of the City in accordance with the applicable provisions of the Resolution and the applicable provisions of the Loan Agreement.

This bond shall be an obligation only of the 2017 Bond Fund and shall be payable and secured as provided in the Resolution. This bond shall not in any manner or to any extent constitute a general obligation of the City or the State of Alaska or of any political subdivision of the State of Alaska. Neither the faith and credit nor the taxing power of the City is pledged to the payment of this bond.

The City has irrevocably obligated and bound itself to set aside and pay out of Net Revenue into the 2017 Bond Fund, in the amounts and at the times specified in the Resolution, the amount necessary to pay principal or interest coming due on this bond and the 2017 Bonds. The City has irrevocably pledged the amounts to be paid into the 2017 Bond Fund, and the amounts in the 2017 Bond Fund, to the payment of the 2017 Bonds, and the City has declared the amounts so pledged to be a lien on Gross Revenue superior to all other liens and charges of any kind or nature whatsoever except for Operating Expenses and except for parity liens that may be made to secure payment of any series of Bonds issued in accordance with the provisions of the Master Resolution.

This bond is transferable as provided in the Resolution, (1) only upon the Bond Register, and (2) upon surrender of this bond together with a written instrument of transfer duly executed by the Registered Owner or the duly authorized attorney of the Registered Owner, and thereupon a new fully registered 2017 Bond in the same aggregate unpaid principal amount shall be issued to the transferee in exchange therefor as provided in the Resolution upon the payment of charges, if any, as therein prescribed. The City may treat and consider the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or prepayment price, if any, hereof and interest due hereon and for all other purposes whatsoever.

IT IS HEREBY CERTIFIED and declared that this bond is issued pursuant to and in strict compliance with the Constitution and laws of the State of Alaska and the ordinances and resolutions of the City of Unalaska, and that all acts, conditions and things required to happen, to be done, and to be performed precedent to and on the issuance of this bond have happened, been done and been performed.

IN WITNESS WHEREOF, THE CITY OF UNALASKA, ALASKA, has caused this bond to be signed in its name and on its behalf by the manual or facsimile signature of its Mayor and its corporate seal (or a facsimile thereof) to be impressed or otherwise reproduced hereon and attested by the manual or facsimile signature of its Clerk, all as of the _____ day of _____, _____.

CITY OF UNALASKA

_____/specimen/
Mayor

ATTEST:

_____/specimen/
City Clerk

[SEAL]

Section 8. Execution. Each 2017 Bond shall be executed in the name of the City by the manual or facsimile signature of the Mayor, and its corporate seal (or a facsimile thereof) shall be impressed or otherwise reproduced thereon and attested by the manual or facsimile signature of the Clerk. The execution of a 2017 Bond on behalf of the City by any person who at the time of the execution is duly authorized to hold the proper office shall be valid and sufficient for all purposes, although any such person shall have ceased to hold office at the time of delivery of the 2017 Bond or shall not have held office on the date of the 2017 Bond.

Section 9. Registration.

(a) The 2017 Bonds shall be issued only in registered form as to both principal and interest. The City designates the Finance Director of the City as Registrar for the 2017 Bonds. The Registrar shall keep, or cause to be kept, the Bond Register at the office of the City.

(b) The City, in its discretion, may deem and treat the Registered Owner of each 2017 Bond as the absolute owner thereof for all purposes, and neither the City nor the Registrar shall be affected by any notice to the contrary. Each payment made as described in Section 5 shall be valid and shall satisfy and discharge the liability of the City on the 2017 Bond to the extent of the amount or amounts so paid.

(c) The 2017 Bonds may be transferred only upon the Bond Register. Upon surrender for transfer or exchange of a 2017 Bond at the office of the Registrar, with a written instrument of transfer or authorization for exchange in form and with guaranty of signature satisfactory to the Registrar, duly executed by the Registered Owner or its duly authorized attorney, the City shall execute and the Registrar shall deliver a 2017

Bond of the same series, maturity and interest rate, in equal aggregate principal amount, subject to such reasonable regulations as the Registrar may prescribe and upon payment sufficient to reimburse it for any tax, fee or other governmental charge required to be paid in connection with such transfer or exchange. The 2017 Bond surrendered for transfer or exchange shall be canceled by the Registrar.

(d) The City covenants that the City will maintain a system for recording the ownership of the 2017 Bonds that complies with the provisions of Section 149 of the Code.

Section 10. 2017 Bonds Destroyed, Stolen or Lost. Upon filing with the Registrar of evidence satisfactory to the City that a 2017 Bond has been destroyed, stolen or lost and of the ownership thereof, and upon furnishing the City with indemnity satisfactory to it, the City shall execute and deliver a new 2017 Bond identical in all respects to the 2017 Bond destroyed, stolen or lost. The person requesting the execution and delivery of the new 2017 Bond under this Section shall comply with such other reasonable regulations as the City may prescribe and pay such expenses as the City may incur in connection therewith.

Section 11. 2017 Bond Fund. A special fund of the City designated the "Harbor Revenue Bond Fund, 2017" is hereby created for the purpose of paying and securing the payment of the 2017 Bonds. The 2017 Bond Fund shall be held separate and apart from all other funds and accounts of the City and shall be a trust fund for the Registered Owners, from time to time, of the 2017 Bonds. For so long as the Bond Bank is the Registered Owner of any of the 2017 Bonds, the 2017 Bond Fund shall be held by the trustee for the Bond Bank Bonds and applied in accordance with Section 5 and this Section.

(a) 2017 Debt Service Account. The 2017 Debt Service Account is hereby created in the 2017 Bond Fund for the purpose of paying the principal of and interest on the 2017 Bonds. The City hereby irrevocably obligates and binds itself, for as long as the 2017 Bonds remain Outstanding, to set aside and pay into the 2017 Debt Service Account from Net Revenue or money in the Harbor Revenue Fund: (1) approximately equal monthly deposits such that the amount projected to be on deposit on the next interest payment date for payment of interest will be sufficient to pay the interest scheduled to become due on the 2017 Bonds then Outstanding and (2) approximately equal monthly deposits such that the amount projected to be on deposit on the next principal payment date for payment of principal and premium, if any, will be sufficient to pay the principal and premium, if any, scheduled to become due on the 2017 Bonds then Outstanding.

(b) 2017 Reserve Account. The 2017 Reserve Account is hereby created in the 2017 Bond Fund for the purpose of securing the payment of the principal of and interest on the 2017 Bonds. On the date of issuance of the 2017 Bonds, the City shall deposit money in the 2017 Reserve Account equal to the 2017 Reserve Requirement. If a deficiency occurs in the 2017 Debt Service Account, the City shall withdraw or cause to be withdrawn from the 2017 Reserve Account the amount sufficient to make up the

deficiency and transfer or cause to be transferred such amount for deposit in the 2017 Debt Service Account. The City shall make up any deficiency in the 2017 Reserve Account resulting from such a withdrawal within one year out of Net Revenue or out of any other money legally available for such purpose, after providing for the payments required to be made into the 2017 Debt Service Account within such year.

The money in the 2017 Reserve Account shall never be invested at a yield in excess of the yield on the Bond Bank Bonds.

Any amount in the 2017 Reserve Account in excess of the 2017 Reserve Requirement for the 2017 Bonds may be transferred to the 2017 Debt Service Account and used to pay when due the principal of and interest on the 2017 Bonds. Whenever there is a sufficient amount in the 2017 Bond Fund, including the 2017 Reserve Account and the 2017 Debt Service Account, to pay the principal of and interest on all Outstanding 2017 Bonds, the amount in the 2017 Reserve Account may be used to pay such principal and interest, and no further deposits need be made into the 2017 Bond Fund.

(c) Pledge and Lien. The City hereby irrevocably pledges the amounts to be paid into the 2017 Bond Fund, and the amounts in the 2017 Bond Fund, to the payment of the 2017 Bonds, and the amounts so pledged are hereby declared to be a lien on Gross Revenue superior to all other liens and charges of any kind or nature whatsoever except for Operating Expenses and except for parity liens that may be created to secure payment of any series of Bonds issued in accordance with the provisions of the Master Resolution.

Section 12. Disposition of the Sale Proceeds of the 2017 Bonds.

(a) Accrued interest on the 2017 Bonds, if any, shall be deposited in the 2017 Debt Service Account and used to pay interest on the 2017 Bonds.

(b) Sale proceeds of the 2017 Bonds in an amount sufficient to make the balance in the 2017 Reserve Account equal to the 2017 Reserve Requirement shall be deposited in the 2017 Reserve Account.

(c) The remaining sale proceeds of the 2017 Bonds shall be used to pay Costs of Construction of the Project, to reimburse the City for any expenditures on such Costs of Construction and to pay all costs incidental thereto and to the issuance of the 2017 Bonds.

Section 13. Tax Covenants. The City covenants to comply with any and all applicable requirements set forth in the Code in effect from time to time to the extent that such compliance shall be necessary for the exclusion of the interest on the Tax-Exempt 2017 Bonds from gross income for federal income tax purposes. The City covenants that it will make no use of the proceeds of the 2017 Bonds that will cause any Tax-Exempt 2017 Bond to be an "arbitrage bond" subject to federal income taxation by reason of Section 148 of the Code.

Section 14. Defeasance. Payment of all or any principal installments of the 2017 Bonds may be provided for by the irrevocable deposit in trust of cash, noncallable Governmental Obligations or any combination thereof. The cash and the maturing principal and interest income on such Government Obligations, if any, must be sufficient and available without reinvestment to pay when due such principal, whether at maturity or upon fixed prepayment dates, together with interest thereon. The cash and Government Obligations shall be held irrevocably in trust for the Registered Owner of the 2017 Bonds solely for the purpose of paying such principal and interest as the same shall mature or become payable upon prepayment, and, if applicable, upon the giving of notice of prepayment and notification to the Registered Owner that the deposit required by this Section has been made and that such principal is deemed to be paid in accordance with this Series Resolution. Such principal shall no longer be deemed Outstanding hereunder. The obligation of the City in respect of such principal and interest shall nevertheless continue but the Registered Owner shall thereafter be entitled to payment only from the cash and Government Obligations deposited in trust to provide for the payment of such principal and interest.

Section 15. Sale of 2017 Bonds. The 2017 Bonds shall be sold by negotiated sale to the Bond Bank as provided in the Loan Agreement. The preliminary official statement relating to the Bond Bank Bonds in substantially the form filed with this Series Resolution, a final official statement relating to the Bond Bank Bonds in substantially the form of such preliminary official statement and the distribution of each in connection with the sale of the Bond Bank Bonds are approved. Each City Representative is authorized to provide such information for inclusion in such preliminary official statement and final official statement as such City Representative may deem necessary or desirable in connection with the sale of the Bond Bank Bonds. The Loan Agreement in substantially the form filed with this Series Resolution is approved. Each City Representative is authorized to execute and deliver the Loan Agreement in such form, together with such changes not inconsistent herewith as may be approved by the City Representative, and such approval shall be conclusively evidenced by the execution of the Loan Agreement by the City Representative.

Section 16. Authority of Officers. Each City Representative is authorized and directed to do and perform all things and determine all matters not determined by the Master Resolution or this Series Resolution, to the end that the City may carry out its obligations under the 2017 Bonds, the Master Resolution and this Series Resolution, including the execution and delivery of a depository agreement with the trustee for the Bond Bank Bonds relating to the 2017 Bond Fund. The legal representative of the City is further authorized and directed to prepare and deliver the certificates, letters and opinions required under the Loan Agreement. No recourse shall be had for the payment of the principal of or the interest on the 2017 Bonds or for any claim based thereon or on the Master Resolution or this Series Resolution against any member of the Council or officer of the City or any person executing the 2017 Bonds.

Section 17. Continuing Disclosure Certificate. The Continuing Disclosure Certificate in substantially the form filed with this Series Resolution is approved. Each City Representative is authorized to execute and deliver the Continuing Disclosure

Certificate in such form, together with such changes not inconsistent herewith as may be approved by the City Representative, and such approval shall be conclusively evidenced by the execution of the Continuing Disclosure Certificate by the City Representative.

Section 18. Severability. If any one or more of the covenants or agreements set forth in this Series Resolution to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants or agreement or agreements shall be null and void and shall be deemed separable from the remaining covenants and agreements in the Master Resolution and this Series Resolution and shall in no way affect the validity of the other provisions of the 2017 Bonds or of the Master Resolution or this Series Resolution.

Section 19. Effective Date. This Series Resolution shall take effect upon passage and adoption.

PASSED AND ADOPTED by a duly constituted quorum of the Council of the City of Unalaska this 14th day of February, 2017.

CITY OF UNALASKA

Frank Kelty, Mayor

ATTEST:

Cat Hazen, City Clerk

CITY OF UNALASKA
UNALASKA, ALASKA

RESOLUTION NO. 2017-16

A RESOLUTION OF THE COUNCIL OF THE CITY OF UNALASKA, AUTHORIZING THE ISSUANCE OF HARBOR REVENUE BONDS OF THE CITY IN ONE OR MORE SERIES TO FINANCE AND REFINANCE PORT AND HARBOR IMPROVEMENTS; CREATING A LIEN ON NET REVENUE OF THE PORTS AND HARBORS FUND FOR THE PAYMENT OF THE BONDS; AND ESTABLISHING COVENANTS OF THE CITY RELATED TO THE BONDS.

WHEREAS, the City of Unalaska, Alaska (the "City") is a first-class city and under Section 6.04.020 of its Code of Ordinances and the provisions of the Alaska Municipal Code (AS 29) has the power to issue revenue bonds for capital improvements without seeking voter approval; and

WHEREAS, the City owns and operates marine facilities at the International Port of Dutch Harbor (as further defined in Section 1, the "Harbor") as a revenue-producing public enterprise; and

WHEREAS, it is necessary and in the best interest of the City and its residents that the City now provide for the issuance of one or more series of harbor revenue bonds to finance and refinance improvements to the Harbor, and for any other purpose of the Harbor now or hereafter permitted by law;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF UNALASKA, ALASKA:

Section 1. Definitions. The following terms shall have the following meanings in this Master Resolution:

"Aggregate Annual Debt Service" means, for any Fiscal Year, the total amount of Debt Service on all Bonds then Outstanding.

"Annual Debt Service" means, with respect to any Bonds for any Fiscal Year, the total amount of Debt Service on such Bonds.

"Average Annual Debt Service" means, with respect to any Bonds at any time, the total amount of Debt Service on such Bonds scheduled to be paid thereafter, divided by the number of Fiscal Years in which such Debt Service is scheduled to be paid.

"Base Period" means any consecutive 12-month period selected by the City out of the 30-month period preceding the date of issuance of a series of Bonds.

“Bond Register” means the registration books maintained by the Registrar that include the names and addresses of the owners or nominees of the owners of the Bonds.

“Bonds” means the bonds, notes or other evidences of indebtedness issued from time to time in series in accordance with the provisions of this Master Resolution.

“City” means the City of Unalaska, Alaska, a first-class city organized and existing under the Constitution and laws of the State of Alaska.

“City Representative” means the City Manager of the City, or such other person who may be designated as such from time to time by resolution of the Council.

“Consultant” means an independent professional engineer or engineering firm experienced in port and harbor matters appointed by the City to perform the duties of Consultant under this Master Resolution. For the purposes of delivering any certificate required by Section 5 and making the calculations required by Section 5, the term “Consultant” also shall include any independent public accounting firm or economic consulting firm appointed by the City to make such calculation or to provide such certificate.

“Costs of Construction” means all costs paid or incurred by the City in connection with the acquisition and construction of capital additions, improvements and betterments to and extensions of the Facilities, and the placing of the same in operation, including without limitation paying all or a portion of the interest on the series of Bonds or any portion thereof issued to finance the costs of such improvements during the period of construction of such improvements and for a period of time thereafter; paying amounts required to meet any reserve requirement for the fund or account established or maintained for such series of Bonds; paying or reimbursing the City or any fund thereof or any other person for expenses incident and properly allocable to the acquisition and construction of such improvements and the placing of the same in operation; and all other items of expense incident and properly allocable to the acquisition and construction of such additions and improvements, the financing of the same and the placing of the same in operation.

“Council” means the general legislative authority of the City, as the same may be constituted from time to time.

“Coverage Requirement” means, for any Fiscal Year or Base Period, that Net Revenue is equal to or greater than 125 percent of Aggregate Annual Debt Service.

“Debt Service” means, with respect to any Bonds for any Fiscal Year, an amount equal to the sum of (1) the principal amount of such Bonds due or subject to mandatory redemption during such period and for which no sinking fund installments have been established, (2) the amount of any payment required to be made during such period into any sinking fund established for the payment of such Bonds, and (3) all interest payable during such period on such Bonds and with respect to Bonds with mandatory sinking fund requirements, calculated on the assumption that mandatory sinking fund

installments will be applied to the redemption or retirement of such Bonds on the date specified in the Series Resolution authorizing such Bonds.

“Facilities” means all equipment and all property, real and personal, or any interest therein, whether improved or unimproved, now or hereafter owned, operated, used, leased or managed by the City for port and harbor purposes.

“Fiscal Year” means the fiscal year of the City, which currently is the 12-month period commencing on July 1 and ending the following June 30.

“Gross Revenue” means all income, receipts and revenue derived by or for the account of the Harbor Revenue Fund from time to time from any source from the ownership, leasing or operation of the Facilities, and all earnings on any fund or account that is pledged to secure the Bonds. However, the following shall be excluded from Gross Revenue: (1) the proceeds of any borrowing by the City and the earnings thereon (other than earnings on proceeds deposited in reserve funds); (2) proceeds of capital grants; (3) proceeds of insurance or condemnation proceeds other than business interruption insurance; and (4) income from investments irrevocably pledged to the payment of Bonds issued or to be defeased under any refunding bond plan.

“Harbor” means the marine facilities at the International Port of Dutch Harbor owned and operated by the City, as the same may be added to, improved and extended.

“Harbor Revenue Fund” means the ports and harbors enterprise fund of the City.

“Master Resolution” means this Resolution No. 2017-16.

“Maximum Annual Debt Service” means, with respect to any Bonds as of any date, the highest Annual Debt Service on such Bonds in each Fiscal Year thereafter in which such Bonds are scheduled to remain Outstanding.

“Net Revenue” means, for any Fiscal Year or Base Period, Gross Revenue less any part thereof that must be used to pay Operating Expenses. In calculating Net Revenue, the City shall not take into account any non-cash gains or losses with respect to any real or personal property, investment or agreement that it may be required to recognize under generally accepted accounting principles, such as unrealized mark-to-market gains and losses and pollution remediation or pension liabilities.

“Operating Expenses” means the current expenses incurred for operation, maintenance or repair of the Facilities of a non-capital nature, and shall include without limitation administrative and general expenses, insurance premiums, lease rentals, legal and engineering expenses, payments to pension, retirement, group life insurance, health and hospitalization funds or other employee benefit funds that are properly chargeable to current operations, interest on customer deposits, payroll tax expenses, and any other expenses required to be paid under the provisions of this Master Resolution or by law or permitted by standard practices for ports and harbors similar to the Facilities and applicable in the circumstances. Operating Expenses shall not include

payments of taxes or assessments (or payments in lieu of taxes or assessments) to the City, payments with respect to judgments, any allowances for depreciation or amortization, or any principal, redemption price or purchase price of, or interest on, any obligations of the City incurred in connection with the Facilities and payable from Gross Revenue.

“Outstanding” means, as of any date, any Bonds theretofore issued and unpaid, except such Bonds deemed to be no longer Outstanding as provided in the Series Resolution authorizing the issuance thereof.

“Registered Owner” means the person named as the registered owner of a Bond in the Bond Register.

“Registrar” means the Finance Director of the City, or any other person that the Council may appoint from time to time by resolution or by a Series Resolution, to act as registrar for one or more series of Bonds.

“Series Resolution” means a resolution authorizing the issuance of a series of Bonds, as such resolution may thereafter be amended or supplemented. Each Series Resolution shall be supplemental to this Master Resolution.

Section 2. Priority of Use of Gross Revenue. The City shall deposit all Gross Revenue in the Harbor Revenue Fund as collected. The Harbor Revenue Fund shall be held separate and apart from all other funds and accounts of the City, and the Gross Revenue deposited therein shall be used only for the following purposes and in the following order of priority:

First, to pay Operating Expenses not paid from other sources;

Second, to make all payments, including sinking fund payments, required to be made into the debt service account of any Bond redemption fund and to pay the principal of and interest and premium, if any, on any Bonds;

Third, to make all payments required to be made into any reserve account established to secure the payment of any Bonds;

Fourth, to make all payments required to be made into any other bond redemption fund and debt service account or reserve account created therein to pay and secure the payment of (a) any harbor revenue bonds or other harbor revenue obligations of the City secured by a lien on Net Revenue and the money in the Harbor Revenue Fund junior and inferior to the lien that secures payment of the Bonds or (b) bonds or other obligations of the City issued for the purpose of financing additions, betterments, improvements and repairs to or extensions and replacements of the Facilities; and

Fifth, to retire by redemption or purchase in the open market any outstanding harbor revenue bonds, other harbor revenue obligations of the City, or bonds or other obligations of the City issued for the purpose of financing additions, betterments,

improvements and repairs to or extensions and replacements of the Facilities, in each case as authorized in the various resolutions of the City authorizing their issuance; to make necessary additions, betterments, improvements and repairs to or extensions and replacements of the Facilities; or to provide for any other lawful City purposes; in each case except to the extent of any deficiencies in payments for First, Second, Third or Fourth purposes.

Section 3. Authorization of Bonds. The City hereby is authorized to issue harbor revenue bonds of the City, to be known as the "City of Unalaska, Alaska, Harbor Revenue Bonds," from time to time in series, and without limitation as to aggregate principal amount. Each series of Bonds may be issued in such amount and upon such terms and conditions as the Council may from time to time deem to be necessary or advisable, for any purposes of the Facilities now or hereafter permitted by law, but only upon compliance with the applicable conditions for their issuance in Section 5.

All Bonds shall be secured by a parity lien on Net Revenue upon the fulfillment of the conditions for their issuance under this Master Resolution. From and after the time of issuance and delivery of the Bonds of each series, and so long thereafter as any of the same remain Outstanding, the City hereby irrevocably obligates and binds itself to set aside and pay out of Net Revenue into the special funds created for the payment of the Bonds of such series, in the amounts and at the times required by the Series Resolution authorizing the issuance of the Bonds of such series, the amount necessary to pay principal or interest coming due on the Bonds of such series. The City hereby irrevocably pledges the amounts to be paid into such special funds, and the amounts in such special funds, to the payment of the Bonds of such series, and the amounts so pledged are hereby declared to be a lien on Gross Revenue superior to all other liens and charges of any kind or nature whatsoever except for Operating Expenses and except for parity liens that may be created to secure payment of any series of Bonds issued in accordance with the provisions of this Master Resolution.

The Bonds shall not in any manner or to any extent constitute general obligations of the City or the State of Alaska or of any political subdivision of the State of Alaska. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the Bonds.

Section 4. Series Resolution. Each series of Bonds shall be authorized by a Series Resolution, which shall, among other provisions, specify or provide for:

- (a) the authorized principal amount, designation and series of such Bonds;
- (b) the general purpose or purposes for which such series of Bonds is being issued, and the deposit, disbursement and application of the proceeds of the sale of the Bonds of such series;
- (c) the date or dates, and the maturity date or dates, of the Bonds of such series, and the principal amount maturing on each maturity date;

(d) the interest rate or rates on the Bonds of such series, the interest payment date or dates therefor and the tax status thereof;

(e) the circumstances, if any, under which the Bonds of such series will be deemed to be no longer Outstanding;

(f) the denominations of, and the manner of dating, numbering, and, if necessary, authenticating, the Bonds of such series;

(g) the paying agent or paying agents, if any, for the Bonds of such series and the duties and obligations thereof;

(h) the place or places of payment of the principal, redemption price, if any, or purchase price, if any, of and interest on, the Bonds of such series;

(i) the Registrar for the Bonds of such series and the duties and obligations thereof;

(j) the form or forms of the Bonds of such series and the provisions for the registration, transfer and exchange of the Bonds of such series;

(k) the terms and conditions, if any, for the redemption or prepayment of the Bonds of such series prior to maturity, including the redemption or prepayment date or dates and price or prices and other applicable redemption or prepayment terms;

(l) the manner of sale of the Bonds of such series;

(m) if so determined by the City, the authorization of and any terms and conditions with respect to credit support for the Bonds of such series and the pledge or provision of money, assets or security other than Net Revenue to or for the payment of the Bonds of such series or any portion thereof;

(n) a special fund or account to provide for the payment of the Bonds of such series and, if so determined by the City, any other specific funds or accounts, including without limitation reserve funds or accounts, for the Bonds of such series and the application of money or securities therein;

(o) the payment into the special fund or account to provide for the payment of the Bonds of such series of: (1) approximately equal monthly deposits such that the amount projected to be on deposit therein on the next interest payment date for payment of interest will be sufficient to pay the interest scheduled to become due on the Bonds of such series then Outstanding and (2) approximately equal monthly deposits such that the amount projected to be on deposit therein on the next principal payment date for payment of principal and premium, if any, will be sufficient to pay the principal and premium, if any, scheduled to become due on the Bonds of such series then Outstanding; and

(p) any other provisions which the City deems necessary or desirable in connection with the Bonds of such series.

Section 5. Limitations on Issuance of Bonds. The City shall not issue any series of Bonds or incur any additional indebtedness with a lien on Net Revenue on a parity with the lien that secures payment of the Bonds then Outstanding unless the City satisfies the applicable conditions for the issuance of such series in this Section.

(a) Purposes of the Facilities. The City may issue Bonds if the City shall not have been in default of its covenant under Section 6(a) for the preceding Fiscal Year, and the Bonds are being issued to finance necessary additions, betterments, improvements and repairs to or extensions and replacements of the Facilities, upon delivery of a certificate prepared as described in paragraph (1) or (2) of this subsection.

(1) Certificate of the City Without a Consultant. The City may deliver a certificate without a Consultant if, based on Net Revenue for the Base Period (confirmed by an independent audit), the Coverage Requirement will be satisfied in each Fiscal Year that Bonds are scheduled to be Outstanding, commencing with the first full Fiscal Year following the date on which any portion of interest on the series of Bonds then being issued will be paid from a source other than the proceeds of such series of Bonds.

(2) Certificate of Consultant. Unless the City may deliver a certificate without a Consultant as provided in paragraph (1) of this subsection, the City shall deliver a certificate of a Consultant demonstrating that the Coverage Requirement will be satisfied in each Fiscal Year that Bonds are scheduled to be Outstanding, commencing with the first full Fiscal Year following the date on which any portion of interest on the series of Bonds then being issued will be paid from a source other than the proceeds of such series of Bonds. In making the computations for the purpose of certifying compliance with the Coverage Requirement of this Section, the Consultant may determine Net Revenue by making such assumptions and adjustments that the Consultant certifies to be reasonable.

For so long as the Alaska Municipal Bond Bank is the Registered Owner of any of the Bonds then Outstanding, the City shall not issue any series of Bonds or incur any additional indebtedness with a lien on Net Revenue on a parity with the lien that secures payment of the Bonds then Outstanding pursuant this paragraph (2) without the prior written consent of the Alaska Municipal Bond Bank.

(b) Refunding for Debt Service Savings. The City may issue Bonds for the purpose of refunding Outstanding Bonds when, in each Fiscal Year thereafter that the Bonds are scheduled to remain Outstanding, the Aggregate Annual Debt Service after the issuance of the refunding Bonds will not be greater than the Aggregate Annual Debt Service if such refunding did not occur.

Section 6. Specific Covenants. The City hereby covenants with the Registered Owners for as long as any Bonds remain Outstanding:

(a) Rate Covenant. The City will establish, maintain and collect rentals, tariffs, rates, fees and charges in the operation of the business of the Facilities that will produce Net Revenue sufficient to satisfy the Coverage Requirement in each Fiscal Year.

If the Net Revenue in any Fiscal Year is not sufficient to satisfy the Coverage Requirement, then the City will retain a Consultant to make recommendations as to operations and the revision of schedules of rentals, tariffs, rates, fees and charges, and on the basis of such recommendations and other available information the City will establish such rentals, tariffs, rates, fees and charges for services and operations of the Facilities as are necessary to produce Net Revenue sufficient to satisfy the Coverage Requirement in the Fiscal Year during which such adjustments are made. If the City has taken the steps set forth in this paragraph and the Net Revenue in the Fiscal Year in which adjustments are made nevertheless is not sufficient to satisfy the Coverage Requirement, such failure to comply with the covenant set forth in this subsection shall not constitute a default under this Master Resolution.

(b) Maintenance and Repairs. The City will maintain, preserve and keep the Facilities in good repair, working order and condition; will from time to time make or cause to be made all necessary and proper repairs, renewals and replacements thereto so that the business carried on in connection therewith may be properly and advantageously conducted; and will at all times operate the Facilities in an efficient manner and at a reasonable cost.

(c) Insurance. The City will carry fire and other casualty insurance on the Facilities to the full insurable value thereof, and will also carry adequate public liability insurance and such other forms of insurance as under good business practices are ordinarily carried on similar ports and harbors. Such insurance also may be maintained by the City through a program of self-insurance.

(d) Extensions or Betterments. The City will not expend any of the money in the Harbor Revenue Fund for any extensions or betterments that are not economically sound and that will not contribute to the operation of the Facilities in an efficient and economical manner, unless such extensions are required by law or any regulatory body having jurisdiction.

(e) Accounting. The City will keep and maintain proper books and accounts with respect to the operation of the Facilities in such manner as prescribed by any authorities having jurisdiction over the Facilities and will cause its books of account to be audited annually by competent certified public accountants, copies of which audits shall, upon request, be furnished to Registered Owners. Such audits shall show whether or not the City has in all respect performed and complied with the covenants set forth in this Master Resolution.

(f) Bonding of Employees. All employees and agents of the City collecting or handling money of the City in connection with the management and operation of the Facilities shall be bonded in an amount commensurate with the funds they handle and in an amount sufficient to protect the City from loss.

(g) Disposal of Facilities. The City will not sell or otherwise dispose of substantially all of the Facilities, unless contemporaneously with such sale or disposal there shall be paid into a special fund a sum sufficient (together with investment income thereon) to defease all Bonds then Outstanding to the date or dates on which they first may be redeemed.

The City may sell or dispose of any portion of the Facilities to related or unrelated entities; provided, that if such properties constitute five percent or greater of the "book value" of the Facilities or generate five percent or greater of Net Revenue at the time of such sale or disposition, the City has on hand a report from a Consultant verifying that the Coverage Requirement will be satisfied in each of the next three full Fiscal Years.

The City also may sell, dispose of or convey any assets that are no longer deemed to be useful to the operations of the Facilities.

Section 7. Amendatory and Supplemental Resolutions.

(a) The Council from time to time and at any time may adopt a resolution or resolutions supplemental hereto, which resolution or resolutions thereafter shall become a part of this Master Resolution, for any one or more of the following purposes:

(1) To provide for the issuance of a series of Bonds pursuant to Section 4, and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed.

(2) To add covenants and agreements of the City for the purpose of further securing the payment of the Bonds, provided that such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the City contained in this Master Resolution.

(3) To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the City payable from Net Revenue which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect.

(4) To surrender any right, power or privilege reserved to or conferred upon the City by the terms of this Master Resolution.

(5) To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision contained in this Master Resolution or in regard to matters or questions arising under this Master Resolution as the Council may deem necessary or desirable and not inconsistent

with this Master Resolution and which shall not adversely affect the interests of the Registered Owners.

Any such supplemental resolution may be adopted without the consent of any Registered Owner, notwithstanding any of the provisions of subsection (b) of this Section.

(b) With the consent of the Registered Owners of not less than 60 percent in aggregate principal amount of the Bonds then Outstanding, the Council may adopt a resolution or resolutions supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Master Resolution or of any supplemental resolution; provided, that no such supplemental resolution shall:

(1) extend the fixed maturity of any of the Bonds, or reduce the rate of interest thereon, or reduce the amount or change the date of any sinking fund installment, or extend the time of payments of interest from their due date, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the Registered Owner of each Bond so affected; or

(2) reduce the aforesaid percentage of Registered Owners required to approve any such supplemental resolution, without the consent of the Registered Owners of all of the Bonds then Outstanding.

It shall not be necessary for the consent of the Registered Owners under this subsection to approve the particular form of any proposed supplemental resolution, but it shall be sufficient if such consent approves the substance thereof.

(c) Upon the adoption of any supplemental resolution under this Section, this Master Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Master Resolution of the City and all Registered Owners shall thereafter be subject in all respects to such modification and amendment, and all the terms and conditions of the supplemental resolution shall be deemed to be part of the terms and conditions of this Master Resolution for any and all purposes.

(d) Bonds of any series delivered after the effective date of any amendment adopted under this Section to this Master Resolution or the Series Resolution with respect to that series may bear a notation as to any matter provided for in such supplemental resolution, and if such supplemental resolution shall so provide, new Bonds modified so as to conform, in the opinion of the City, to the terms of any such supplemental resolution may be prepared by the City and delivered without cost to the Registered Owners, upon surrender for cancellation of such Bonds in equal aggregate principal amounts.

Section 8. Notice to Registered Owners. Except as this Master Resolution specifically provides otherwise, any notice under this Master Resolution to Registered

Owners may be given by first-class mail, postage prepaid, to such Registered Owners at their respective addresses appearing upon the Bond Register.

Section 9. Resolutions a Contract with Registered Owners. In consideration of the purchase and acceptance of the Bonds by those who shall own the same from time to time, the provisions of this Master Resolution and of any Series Resolution shall constitute a contract with each Registered Owner, and the obligations of the City under this Master Resolution and under any Series Resolution shall be enforceable by any court of competent jurisdiction; and the covenants and agreements herein set forth to be performed on behalf of the City shall be for the equal benefit, protection and security of each Registered Owner.

Section 10. Severability. If any one or more of the covenants or agreements set forth in this Master Resolution to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants or agreement or agreements shall be null and void and shall be deemed separable from the remaining covenants and agreements in this Master Resolution and shall in no way affect the validity of the other provisions of the Bonds or of this Master Resolution.

Section 11. Effective Date. This Master Resolution shall take effect upon passage and adoption.

PASSED AND ADOPTED by a duly constituted quorum of the Council of the City of Unalaska this 14th day of February, 2017.

CITY OF UNALASKA

Frank Kelty, Mayor

ATTEST:

Cat Hazen, City Clerk

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS

FROM: NERAHOO HEMRAJ, FINANCE DIRECTOR

THRU: ERIN REINDERS, ACTING CITY MANAGER

DATE: FEBRUARY 14, 2017

RE: **RESOLUTION 2017-13:** A RESOLUTION OF THE COUNCIL OF THE CITY OF UNALASKA, AUTHORIZING THE ISSUANCE AND SALE OF HARBOR REVENUE BONDS OF THE CITY IN ONE OR MORE SERIES IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$35,000,000, TO FINANCE PORT AND HARBOR IMPROVEMENTS; ESTABLISHING THE TERMS OF THE BONDS; AND AUTHORIZING THE SALE OF THE BONDS AND FURTHER
RESOLUTION 2017-16: A RESOLUTION OF THE COUNCIL OF THE CITY OF UNALASKA, AUTHORIZING THE ISSUANCE OF HARBOR REVENUE BONDS OF THE CITY IN ONE OR MORE SERIES TO FINANCE AND REFINANCE PORT AND HARBOR IMPROVEMENTS; CREATING A LIEN ON NET REVENUE OF THE PORTS AND HARBOR FUND FOR THE PAYMENT OF THE BONDS; AND ESTABLISHING COVENANTS OF THE CITY RELATED TO THE BONDS.

SUMMARY: Resolution 2017-13 authorizes the sale of \$35,000,000 of Revenue Bonds through the Alaska Municipal Bond Bank. The bonds will be for 25 years and will be priced to yield approximately 3.80% - 4.25% based on market conditions. The issue will be Non-Callable for 10 years. Resolution 2017-16 authorizes creating a lien on the net revenues of the Ports and Harbor Fund for the payment of the bonds. Staff recommends approval of both resolutions.

PREVIOUS COUNCIL ACTION: During the December 13, 2016 City Council Meeting, Council requested staff to explore financing options for the Ports and Harbor improvement project.

BACKGROUND: City staff has been working with bond Consul to produce an application to the Alaska Municipal Bond Bank for the sales of bonds not to exceed \$35,000,000. These resolutions outline the terms, authorize the sales of these bonds, and establish a lien for payment of the bonds. The bonds will have a 25 year maturity with a 10 year non-callable feature. The interest rate for these bonds will be set prior to the securities being sold, and will be determined by market conditions at that time. These securities are expected to be priced to yield approximately 3.80%-4.25%.

DISCUSSION: After the December 13, 2016 City Council meeting, staff researched various financing options for the Unalaska Marine Center Expansion and Replacement Project and believes that the Alaska Municipal Bond Bank is both the most economical and expedient resource. An application was submitted to the Alaska Municipal Bond Bank.

Based on the City's credit rating and existing Port revenues, our debt ratio exceeds the requirement of the Bank to sell bonds on the City's behalf. The 2016 debt ratio for the Port and Harbor fund is 1.38; well above the 1.25 rate requested by the Alaska Bond Bank. With the projection of incremental revenues in the outer years the Port and Harbor Fund DCR should increase to approximately 1.50. With this margin of safety the fund should be in a safe position and meet all current and future obligations.

This memo serves as discussion points for two separate Resolutions. The first resolution, Resolution 2017-13, authorizes the sale of bonds not to exceed \$35,000,000 based on the City's application to the Alaska Municipal Bond Bank and also further outlines the terms of the sales of these bonds.

The second resolution, Resolution 2017-16, establishes a lien within the Port Fund for the payment of the bonds. This lien will remain in effect for the 25-year life of the bonds. The approval of this resolution is a requirement of the terms of the sale of the bonds.

The attached Resolutions describe in detail the options and terms for the sale of the \$35,000,000 of bonds to support the UMC Expansion and Replacement Project. This includes a projected rate of between 3.8% and 4.25%, with the final rate being set at closing date, and includes an annual debt service of approximately \$1,800,000.

The adoption of these resolutions will also direct the City of Unalaska's legal representative to provide a non-litigation letter/certificate that meet the legal requirements of the Alaska Bond Bank as identified in the application per Section IV (Legal Information) sub-sections A, B and C.

ALTERNATIVES:

- 1) Council could support Resolution 2017-13 and Resolution 2017-16.
- 2) Council could choose to not support Resolution 2017-13 and consequently there is no need to support Resolution 2017-16. Disapproving these resolutions would stop the project.
- 3) Council could postpone the approval of the application. Delaying the timing of the bid process will likely guarantee higher bids overall.

FINANCIAL IMPLICATIONS: Monthly payments of \$150,000 should total approximately \$1,800,000 and will be marginally increased or decreased when the bonds are sold. This change will be driven by the interest rate at closing. The first year annual prepayments plus closing costs will be amortized thru the life of the loan and will effect the net yield paid to investors. The first year monthly payments of the debt service costs will be prepaid from the Unrestricted Net Assets of the Port and Harbor Fund.

LEGAL: Bond Consul has drafted Resolution 2017-13 and 2017-16 for Council approval. Staff has been consulting with Bond Council as well as the City Attorney throughout this process.


STAFF RECOMMENDATION: Staff recommends approving Resolution 2017-13 and Resolution 2017-16.

PROPOSED MOTION: I move to approve Resolution 2017-13 and Resolution 2017-16.

CITY MANAGER'S COMMENTS: City Manager recommends approving resolution 2017-13 and resolution 2017-16.

MEMORANDUM

To: Unalaska City Council

From: Frank V. Kelty, Mayor 

Date: February 9, 2017

Re: Formal Notification to the Unalaska City Council of the Mayor's Veto of Resolution 2017-08 Approving Councils Budget Goals for the FY18 Budget

Reason for Veto: I feel strongly that the Council should have included the position of Building Inspector in their Budget Goals for FY18. I believe that this position is needed in the community. Unalaska is a growing community of almost 5,000 residents, and we are seeing new residential construction, both single and multi-family units, remodels of existing residential units, and to a lesser extent, new commercial buildings and industrial remodels.

I feel that having a building inspector on staff would provide for better enforcement of City building codes. Also, and more importantly, a building inspector could work with individuals and businesses to alleviate problems and to understand the City building codes. I think this kind of one-on-one contact would be a great asset to the City and the community. I also believe that at the direction of the City Manager, this position could assist with nuisance code violations in the community, which is a growing problem that needs to be addressed.

Recommendation: I understand the Council's concerns regarding the increased funding required by adding positions to the City budget. I share those concerns. My recommendation, if my veto is upheld by the Council, is to create the position but not fund it until the Council is satisfied with a job description, position responsibilities, the department overseeing the position, and the required funding. This may or may not happen in the FY18 budget cycle. I hope the Council gives my recommendation serious consideration.

Action by Council on Mayor Veto: The Council has to make a motion to override the Mayor veto. To override my veto you need 75% of the body in support of the motion (4 votes). If that is achieved the veto will be overridden and I will sign Resolution 2017-08 adopted by the Council on January 24, 2017. If the motion to override the veto fails, we will bring Resolution 2017-08 back to the Council for further discussion, possible amendments and adoption.

**CITY OF UNALASKA
UNALASKA, ALASKA**

RESOLUTION 2017-08

**A RESOLUTION OF THE UNALASKA CITY COUNCIL APPROVING THE COUNCIL'S
GOALS FOR THE FY18 BUDGET**

WHEREAS, budget guidelines help to ensure that the budget is prepared in a manner consistent with City Council desires; and

WHEREAS, the City Council has discussed and selected the attached set of budget goals for FY18; and

WHEREAS, management will utilize the adopted goals as guidelines when developing the FY18 budget;

NOW THEREFORE, BE IT RESOLVED, that the Unalaska City Council adopts the attached goals as a guideline for developing the FY18 budget.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE CITY COUNCIL OF THE CITY UNALASKA THIS 24th DAY OF JANUARY 2017.

HON FRANK KELTY
Mayor

ATTEST:

ROXANNA WINTERS
Acting City Clerk

CITY COUNCIL GOALS FOR THE FY18 BUDGET YEAR

Personnel Goals

The number of full-time equivalent (FTE) employee authorizations will increase by 3 positions, two Police Officers and one Senior Fire Captain (convert volunteer to paid position). The number of employee positions approved by council is 156 full-time and 33 part-time (10.74 FTE) positions resulting in a total FTE of 166.74.

There are 156 full-time positions and 33 part-time positions budgeted for FY18, for a total of 189 employees.

General Fund Surplus/Deficit

The General Fund operations will be budgeted without a deficit. The Council may appropriate additional funds from surplus to cover costs of capital projects.

Proprietary Funding

Staff will continue to seek ways to balance budgets in the following proprietary funds: Electric, Water, Wastewater, Solid Waste and Ports. City owned housing is used as an incentive for recruitment and retention, therefore, while we conservatively budget operations and renovations, a gap in funding will continue. In addition, the cost to operate the Airport continues to increase faster than the revenue gains. The General Fund will continue to cover the gap for Housing and the Airport when necessary.

Operating Expenses

The City Manager's proposed FY18 budget shall increase by no more than three percent for non-personnel expenditures with a goal to maintain as close to "zero" growth as possible. All non-personnel increases will continue to be highly scrutinized and staff must show proper justification not only of the added requirement but why they cannot absorb the cost in their existing baseline.

The total amount available to fund the Community Support Program grants will continue to follow the formula of 3.4642 percent of the five-year average revenue for the General Fund and Bed Tax Fund.

City management shall continue to examine ways to reduce expenditures without significantly impacting the level and quality of services to the public.

City Management shall continue to examine ways to reduce inventory without significantly impacting the level and quality of services to the public.

Capital Projects

New capital assets or maintenance of existing capital assets will be limited to projects approved by Council in the CMMP, which will include projects that are mandated, and new projects that address life, safety and health issues.

The replacement and maintenance plans for all existing capital assets will be reviewed annually.

The vehicle and heavy equipment fleet requirements will be reviewed annually and reduced where appropriate without significantly impacting services provided to the public.

Alternative Energy

In an effort to methodically proceed with alternative energy we will follow the Department of Energy's recommended process. We will first accomplish the wind study in FY18 to determine whether there is an adequate wind source in a reasonable location to pursue. The study will take 12-15 months from award of a contract if all goes smoothly. In subsequent FYs we will need to study our system to determine whether there are any necessary infrastructure upgrades required. The last step is to design a project to determine the affordability of wind power in Unalaska.

Revenues

Proprietary Fund rate studies will be completed every three years and presented to council.

The mil rate will be reviewed annually to establish an appropriate mil rate to maintain infrastructure and operations.

Debt Service

The City will not incur new debt without appropriate analysis to show impacts to rates or taxpayers, and will not incur new debt unless the capital asset is eligible for a debt reimbursement program; is mandated by State or Federal government; or is needed to address life, safety or health issues.

The City may incur debt for its Proprietary Funds provided there is a documented plan to pay the debt through rate adjustments.

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS
FROM: DAVID MARTINSON, CITY MANAGER
DATE: JANUARY 24, 2017
RE: BUDGET GOALS FOR FY18

SUMMARY: This memo outlines recommended FY18 Budget Goals. The Directors will prepare their proposed budgets understanding any non-personnel increases will be highly scrutinized and they must show proper justification not only of the added requirement but why they cannot absorb the cost in their existing baseline.

PREVIOUS COUNCIL ACTION: The City Council has reviewed budget goals at the beginning of each budget cycle since about 2002.

BACKGROUND: Many of the legislatively driven requirements for the City of Unalaska are either complete and we continue to work to resolve change order cost disagreements with the contractors. We continue to work to get the UMC project financing completed with the hope we can begin construction sometime in summer 2017.

DISCUSSION: The City Council Goals for the FY18 Budget Year are attached, and my comments on various issues impacting the budget are as follows:

1. **Manpower:** As discussed during the work session at the January 10, 2016 Council Meeting it is proposed to increase the number of full time employees by 4 – one Police Officer, one Building inspector, one Senior Fire Captain (convert volunteer to paid position) and one grants writer.
2. **Community Support:** We will continue to use the formula we have been using for many years to determine the amount of funding available for Community Support under Operating Expenses.
3. **Debt Service:** While our major projects for utilities are in the final stages we will incur debt in the Ports fund to reconstruct positions 3 and 4.
4. **Planning:** In FY17 the Planning Director left the City and we are working to hire a replacement. We were also less than successful in hiring a GIS employee in planning. We hope to hire into both positions so we can move forward with populating our GIS as soon in an effort to develop a strategic plan for the City. We anticipate the need to hire a consultant to help us navigate the waters as we move to integrate all existing plans into a single City-wide strategic plan. The budget requirement for this support is within the City Manager's

budget and will only be used if necessary. In an effort to be as transparent as possible we will ensure Council knows if we choose to use external assistance.

5. **Captains Bay Road:** We continue to highlight to the State the need for Captains Bay Road and utility improvements. It is unlikely the State will provide any capital funds given the condition of the State's budget.
6. **Fiber Optic Cable:** We continue to highlight our need for a fiber optic cable connection to Unalaska. Unalaska and our Aleutian Island neighbors are stuck with "analog" speeds in a high speed digital and video world. High speed internet will improve services at our clinic with the ability to connect with medical professionals off island. This has the potential to reduce medical costs which now include expensive flights to access health care in Anchorage or the Lower 48. Our schools cannot meet some of the needs of our students due to slow Internet speeds. The State is driving more services to the Internet, like testing, which is problematic or inaccessible with slow Internet. Our community's ability to seek post-secondary education is also difficult. Our schools, the city and local businesses are unable to perform some required functions and have to provide data to third party companies to input into web based systems. This increases the opportunity for errors in critical areas. We are unable to use cloud based systems to improve efficiencies and effectiveness in personnel and business processes. Our Public Safety Department cannot use Internet systems while responding to critical incidents. This deficit places our public safety officers and community members at risk during man-made and natural disasters. Finally, across all of our community, one of the main reasons for difficulties in employee recruiting and retention of quality people is the lack of connectivity with family and friends off the island. We need financial assistance to get our community connected to the digital world and working more efficiently and effectively
7. **Alternative Energy:** In an effort to methodically proceed with alternative energy we will follow the Department of Energy's recommended process. We will first accomplish the wind study in FY18 to determine whether there is an adequate wind source in a reasonable location to pursue. The study will take 12-15 months from award of a contract if all goes smoothly. In subsequent FYs we will need to study our system to determine whether there are any necessary infrastructure upgrades required. The last step is to design a project to determine the affordability of wind power in Unalaska.
8. **Housing:** The lack of housing in Unalaska is extremely tough to nail down. Currently staff is working on identifying the requirements for housing across the community. Once we understand the requirement we will engage with OC and other potential developers to determine the best approach to solving the housing issue. City Clerk Cat Hazen has done a tremendous job identifying ways to incentivize land owners to place lots on the market. We believe these tax reliefs can potentially open the avenue for lots to be sold to increase the housing market. The City will continue to rent housing off the market for city employees when it is advantageous to do so.
9. **UMC:** We are nearing 100% design and have begun to seek financing for this project. A \$45 million project is feasible given the assumptions made and the current operating revenues

and expenses. We hope to have construction begin in summer of 2017.

10. **Dredging the Bar:** We were successful in getting the study for dredging the entrance channel started. The maximum cost for the City is \$1.5 million. We have included the remainder of the funding requirement in this budget, \$1.0M. The cost of dredging, should the study determine it is feasible, is still to be determined. There will be a cost share with the Federal Government but to place a number today is premature.

ALTERNATIVES: Various alternatives exist. It is impossible to recite them all, but as Staff traverses the budget process we will seek ways to perform our work more efficiently in an effort to reduce costs.

FINANCIAL IMPLICATIONS: Financial implications will be brought forward during the budget presentations.

LEGAL: None.

STAFF RECOMMENDATION: Approve the attached resolution.

**CITY OF UNALASKA
UNALASKA, ALASKA**

RESOLUTION 2017-11

A RESOLUTION APPROVING THE RETURN OF THE APPROXIMATELY \$6.5 MILLION OF FEDERAL HIGHWAY FUNDS EARMARKED FOR THE UNALASKA MARINE CENTER

WHEREAS, the City Council has discussed at length the delays and resulting costs of State administrative oversight for the Unalaska Marine Center (UMC) Project; and

WHEREAS, such oversight by the State Department of Transportation will result in significantly reduced construction funding for the UMC Project: and

WHEREAS, management will seek full funding for the UMC Project through the Alaska Bond Bank;

NOW THEREFORE, BE IT RESOLVED, that the Unalaska City Council agrees to return the Federal Highway Funds.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE CITY COUNCIL OF THE CITY UNALASKA THIS _____ DAY OF FEBRUARY 2017.

HON FRANK KELTY
Mayor

ATTEST:

ROXANNA WINTERS
Acting City Clerk

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS
FROM: DAVID MARTINSON, CITY MANAGER
DATE: FEBRUARY 14, 2017
RE: RETURN FEDERAL HIGHWAY FUNDS

SUMMARY: This memo provides information previously discussed during several council meetings regarding the use for the nearly \$6.5M in federal highway funds for construction of the UMC project.

PREVIOUS COUNCIL ACTION: The City Council approved the redirecting the \$6.5M in Federal Highway Funds to the UMC in summer 2016.

BACKGROUND: The Federal Highway Funds are earmark funds from Senator Stevens several years ago. The original earmark funding was for a dock project. There have been several changes to the use of the funds until summer 2016. Council was given the option of redirecting the funding to the UMC project or for paving. The Council chose to redirect the funds to offset the cost of the UMC project. Subsequent to the decision the State DOT, in November 2017, indicated they must provide administrative oversight of the project due to the use of the federal funds. This process has been adopted by the State to ensure projects using Federal funding follow all Federal guidelines. If any Federal guidelines are missed the State is liable for paying back the funds. The State indicated the cost of their administration of the project is roughly 10% of the total project cost, \$4.5M. The use of Federal funding also, according to the State, requires a supplemental environmental analysis be performed. The supplemental EA can delay the project by 5-18 Months. While the State believes the delay will be closer to 5-7 months there is concern whether their estimate is accurate. History indicates the EA will take longer to accomplish. The Federal Highway Funds must be executing fully by the end of Fiscal Year 2019 and if not they will be lost.

DISCUSSION: Given the risk of time and the significantly reduced construction value of the funding, staff believes we are better off returning the funding to the Federal Government. The cost savings in time and the ability to go to bid without the buy American act requirements may in fact save more funding than we would get for construction.

ALTERNATIVES: Council can choose to continue with the use of the Federal Highway Funds. If Council chooses to do so, it is at the risk of increased costs and time delays. Time delays could impact the timing of funds execution which may result in the loss of the Federal funds thereby costing the City additional money.

FINANCIAL IMPLICATIONS: Financial implications are a potential for a slight increase in cost to the City. That slight increase in cost is less impactful than the State having administrative oversight of our project here in Unalaska.

LEGAL: None.

STAFF RECOMMENDATION: Approve the attached resolution.

LIBRARY BUILDING IMPROVEMENT PROJECT

CMMP FY18

WHY DOES OUR LIBRARY BUILDING NEED IMPROVEMENTS?

The library is currently not meeting the community's needs in the following areas:

Children's Room

Meeting, Program, & Study Space

Teen Space

Seating

CHILDREN'S ROOM



Example: Terrebonne Parish (La.) North Branch Library,
Courtesy American Libraries Magazine

Current Situation:

- Growing family sector and desire to attract new families to the community
- Story Time held in Conference Room
- Poor visibility from library front desk
- In 2016, 18% of circulation came from the Children's Room, but it possesses only around 6% of the building's square footage

Community Comments:

"The kids' room is 'okay' as it is right now, but there isn't any room for growth as new books and videos come out. So much space has already been compromised by the additional seating."

-Library Survey Respondent

CHILDREN'S ROOM & MEETING SPACE: CURRENT SITUATION



MEETING, PROGRAM, & STUDY SPACE

Current Situation:

- Conference Room space insufficient
- Ray Hudson Room acting as meeting overflow
- Space is needed for student group projects, small meetings, solo studying and proctored test taking



Example: Study Rooms at Sacramento Public Library Colonial Heights Branch
Courtesy Pinterest

Community Comments:

“More meeting rooms that are smaller and more inviting would be great for small classes, reading groups, and craft groups to hold meetings”

“[My ideal Unalaska Library] would have study rooms for kids to collaborate on projects together without disrupting the other patrons.”

-Library Survey Respondents

TEEN SPACE

Current Situation:

- Teen section is small and has been divided into two sections since original design: juvenile and teen
- Teens and tweens hang out in the hallway and bathroom
- Library building designs have changed in recent years to welcome teens



Example: Teen Space at Plainfield Guilford Township Public Library
Courtesy Demco Interiors

Community Comments:

I wish the Unalaska Library had...
“More space for students to work on group projects and have access to the internet while being able to have discussions.”
-Library Survey Respondent

SEATING



Example: Kenai Community Library
Courtesy American Society of Interior Designers

Current Situation:

- 48 seats, not counting meeting room or kids' room, for 120 patrons per day.
- Growing number of patrons bring devices to use wireless internet
- Current furniture is 20 years old and worn with daily use
- Adding more seating would require removing bookshelves

Community Comments:

"During peak times, seating is always limited."

I wish the Unalaska Library had...
"More natural light, more seating, quiet study rooms, larger children's room."

-Library Survey Respondents

WHAT'S NEXT?

- **FY18 CMMP will provide an additional \$30,000 for Pre-Design/Scoping, which will produce several options for City Council consideration.**
- **In the FY18 and FY19 CMMP, future project costs will be listed as TBD in years FY20 and FY21, since proposed amounts will be determined by Pre-Design/Scoping.**
- **Options with cost estimates will be presented in the FY20 CMMP.**

**“Once you learn to read, you will be forever free.”
-Frederick Douglass**

PLAYGROUND CMMP FY 2019

Sitka Spruce
Park

Town Park

WHY UNALASKA NEEDS PARKS

Parks are essential for...

- Emotional Development
- Social Development
- Intellectual Development
- Physical Development



SITKA SPRUCE AND TOWN PARK

Reasons for Replacement

- No longer in compliance
- Equipment is showing considerable wear
- Replacement parts are no longer available
- Equipment is nearly 40 years old



Park Constructed in 1979



Constructed in 1988

PUBLIC INPUT

- 194 ballots were turned in

Example Ballot:

What do you want to see at our parks?

Mark the designs you like the most

1. _____	5. _____	9. _____	13. _____	17. _____
2. _____	6. _____	10. _____	14. _____	18. _____
3. _____	7. _____	11. _____	15. _____	19. _____
4. _____	8. _____	12. _____	16. _____	

Suggestions: _____

FREE PLAY EQUIPMENT



5-12 PLAY



CREATE YOUR OWN FUN



WE NEED A MORE IN-DEPTH DISCUSSION



For skateboards, bikes, roller blades, and scooters

THE NEXT STEP

- Replacing Sitka Spruce and Town Park Number one Goal!
- In FY19 and FY20 CMMP, future project costs will be proposed amounts final costs will be determined by Pre-Design/Scoping that will take place during this next year



CITY OF UNALASKA
UNALASKA, ALASKA

ORDINANCE NO. 2017-05

CREATING A BUDGET AMENDMENT #3 TO INCREASE THE ENTRANCE CHANNEL DREDGING PROJECT BY \$350,000 FOR THE CITY'S SHARE IN THE COST OF PRE-DREDGING STUDIES TO BE FUNDED BY THE GENERAL FUND BUDGETED OPERATING SURPLUS, TO INCREASE THE UNALASKA MARINE CENTER EXPANSION AND REPLACEMENT PROJECT \$161,500 FOR DESIGN SERVICES TO BE FUNDED FROM THE PORTS UNRESTRICTED NET ASSETS

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 FY17 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 #2016-12

				Current	Requested	Revised
I. OPERATING BUDGET						
A. General Fund Budget						
Sources						
	Current Year Budgeted Surplus			2,948,413	350,000	2,598,413
Uses						
	Transfer to Enterprise Capital Projects			3,468,367	350,000	3,818,367
B. Ports Fund Budget						
Sources						
	Net Assets-Unrestricted			11,495,699	161,500	11,334,199
Uses						
	Transfer to Enterprise Capital Projects			4,450,000	161,500	4,611,500
II. Proprietary Capital Budget						
A. Ports and Harbors Fund - Project Budget						
Sources						
*	Transfer from General Fund	PH201	500,000	350,000	850,000	
	Transfer from Enterprise Ops	PH301	2,025,858	161,500	2,187,358	
Uses						
	Entrance Channel Dredging					
*	Other Professional Services	PH201	400,000	350,000	750,000	
	Engineering & Architectural	PH301	2,966,358	161,500	3,127,858	

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE UNALASKA CITY COUNCIL THIS ____ DAY OF ____ 2017.

MAYOR

ATTEST:

CITY CLERK

* This corrects Ordinance #2016-17, FY17 Budget Amendment #1

**Fiscal Year Budget Amendment 3
and Schedule of Proposed Accounts**

1) General Fund - Operating Budget

Transfer current year budgeted surplus to the Ports and Harbors Capital Fund

	<u>Org</u>	<u>Object</u>	<u>Project</u>	<u>Current</u>	<u>Requested</u>	<u>Revised</u>
1) <u>General Fund - Operating Budget</u>						
Sources:						
Current Year Budgeted Surplus				2,948,413.00	350,000.00	2,598,413.00
Uses:						
Transfers to Enterprise Capital Projects	01029854	59940		3,468,367.00	350,000.00	3,818,367.00

2) Ports Fund - Operating Budget

Transfer Ports unrestricted net assets to Ports and Harbors Capital Fund

	<u>Org</u>	<u>Object</u>	<u>Project</u>	<u>Current</u>	<u>Requested</u>	<u>Revised</u>
2) <u>Ports Fund - Operating Budget</u>						
Sources:						
Net Assets-Unrestricted				11,495,699.00	161,500.00	11,334,199.00
Uses:						
Transfers to Enterprise Capital Projects	54029854	59940		4,450,000.00	161,500.00	4,611,500.00

3) Ports and Harbors - Capital Fund

Use General Fund & Ports Fund transfers to fund the study of the Entrance Channel Dredging and design services for UMC Expansion & Replacement Project

	<u>Org</u>	<u>Object</u>	<u>Project</u>	<u>Current</u>	<u>Requested</u>	<u>Revised</u>
3) <u>Ports and Harbors Capital Fund</u>						
Sources:						
Transfers From General Fund	54119848	49100	PH201	500,000.00	350,000.00	850,000.00
Transfers From Enterprise Ops	54119848	49130	PH301	1,121,000.00	161,500.00	1,282,500.00
Uses:						
Other Professional	54127053	53300	PH201	400,000.00	350,000.00	750,000.00
Engineering & Architectural	54127053	53240	PH301	2,966,358.00	161,500.00	3,127,858.00

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS
FROM: PEGGY MCLAUGHLIN, PORT DIRECTOR
THRU: ERIN REINDERS, ASSISTANT CITY MANAGER
FROM: PORT DEPARTMENT
DATE: FEBRUARY 14, 2017
RE: ORDINANCE 2017-05 BUDGET AMENDMENT NO. 3: CREATING A BUDGET AMENDMENT TO AMEND THE ENTRANCE CHANNEL DREDGING FEASIBILITY STUDY BY \$350,000 TO BEGIN GEOTECHNICAL WORK IN FISCAL YEAR 2017.

SUMMARY:

This budget amendment is requesting \$350,000 to be transferred from the General Fund to the Entrance Channel Dredging Project. This amount will be counted as part of the City's match to the United States Army Corps of Engineers (USACE). The USACE has had Federal funding made available earlier than anticipated for the geotechnical study, and the amount requested for the City's match will be deducted from the request in the CMMP for FY18. The City's match is not to exceed \$1,500,000. This study process is anticipated to last no more than 3 years.

The total requested amount: \$350,000

PREVIOUS COUNCIL ACTION:

ORDINANCE 2016-17: Creating budget amendment #1 to increase the Entrance Channel Dredging Project by \$400,000 for the City's share in the cost of the pre-dredging studies, to be funded by the general fund budgeted operating surplus.

RESOLUTION 2016-48: Authorizing the City Manager to enter into an agreement with the United States Army Corps of Engineers for the Entrance Channel Dredging Project.

BACKGROUND:

The USACE has access to funding to begin the geotechnical work earlier than anticipated. This amendment will add funds to the project to meet the City's matching obligation.

DISCUSSION:

This budget amendment is requesting \$350,000 be added to the Entrance Channel Dredging Project. This is strictly a timing issue as the USACE has an opportunity to begin working on

the geotechnical work before the beginning of our fiscal year. This amount is not in addition to the required matching amount, but will be deducted from our request for FY 18 in the CMMP.

The Federal Government is on a different fiscal cycle than The City. They start their fiscal year at the beginning of October and complete it at the end of September. The timing of the release of the funding for the geotechnical work simply means that the Corps will be able to start before our new fiscal year starts.

Fiscal Year 2019 will be the last budget cycle that funding will be requested for the feasibility portion of the Entrance Channel Dredging Project. The total City contribution is not to exceed \$1,500,000 and the study will take no longer than 3 years.

ALTERNATIVES:

Council could choose to support the budget amendment as Proposed

Council could choose to not adopt the budget amendment

Council could choose to defund the project

FINANCIAL IMPLICATIONS:

This amendment will keep the feasibility study on schedule and is not an additional cost to the City.

LEGAL: N/A

STAFF RECOMMENDATION:

Staff recommends fully funding this budget amendment

PROPOSED MOTION:

I move to approve Ordinance 2017-05 and move to a second reading on February 28, 2017

CITY MANAGER'S COMMENTS:

I recommend Council adopt the resolution.

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS
FROM: PEGGY MCLAUGHLIN, PORT DIRECTOR
THRU: ERIN REINDERS, ASSISTANT CITY MANAGER
FROM: PORT DEPARTMENT
DATE: FEBRUARY 14, 2017
RE: ORDINANCE 2017-05 BUDGET AMENDMENT NO. 3: CREATING A BUDGET AMENDMENT TO AMEND THE UNALASKA MARINE CENTER EXPANSION AND REPLACEMENT PROJECT DESIGN BY \$161,500 AND TRANSFER FROM THE UNRESTRICTED NET ASSETS OF THE PORT AND HARBOR FUND

SUMMARY:

This budget amendment is requesting \$161,500 to be transferred from the Unrestricted Net Assets of the Port and Harbor Fund to the Unalaska Marine Center Expansion and Replacement Project for additional and final scope of the design services.

The total requested amount: \$161,500

PREVIOUS COUNCIL ACTION:

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

Resolution 2014-06 authorizing the City Manager to enter into an agreement with PND Engineers, Inc. for preliminary design, permitting and geotechnical investigation in an amount not to exceed \$420,858.00.

Resolution 2015-37 authorizing the City Manager to enter into an agreement with PND Engineers, Inc. for preliminary design (30%), master planning and project scoping, public input process and report, permitting support and IHA application, existing warehouse structural and electrical condition assessment, and UMC upland survey and bathymetry in an amount not to exceed \$489,135.

Ordinance 2015-10 adopting the FY16 Operating and Capital Budget for the City of Unalaska.

Resolution 2016-13: Authorizing the City Manager to extend PND Engineers Inc. contract for the Unalaska Marine Center Expansion and Replacement Project Positions 3 and 4 for 65% design completion in an amount not to exceed \$935,000 and further authorizing the City Manager to extend PND Engineers, Inc contract for final design, project improvement analysis, and project bidding support up to and adoption of the City of Unalaska FY17 Capital Budget, including appropriations for UMC Expansion and Replacement Project Positions 3 and 4 in an amount not to Exceed \$1,021,802.

BACKGROUND:

The Unalaska Marine Center Expansion and Replacement Project design has been funded over the course of multiple budget cycles through the CMMP. This additional scope of work was requested of Unalaska and the work has been completed.

DISCUSSION:

As the design for the Unalaska Marine Center Expansion and Replacement Project moved passed 65%, it was clear that additional design work would benefit the project by reducing the cost of construction or by designing to accommodate future facility enhancements. Attached to this memo is a letter from PND outlining 5 additional tasks for the Unalaska Marine Center Expansion and Replacement Project.

Each task was completed within the timeframe of the design schedule. The most critical was the additional work required for acoustic monitoring during pile driving and the additional permitting work for the IHA permit. By completing these two tasks we were able to produce a solid application for the IHA permit with scientific data supporting our position. This should reduce or eliminate shutdowns during the pile-driving and keep the lost-time costs to a minimum.

Task A2, as outlined in the attached PND scoping document, was completed in order to be able to drive pile to an appropriate depth in order to dredge in the future if necessary for deeper draft vessels.

Finally, the additional design work for concrete pavers and the additional electrical design produced significant savings in the cost of surfacing, construction materials, and reduced electrical system requirements.

These additional tasks were completed and included in the last PND presentation to City Council.

ALTERNATIVES:

Council could choose to support the budget amendment as Proposed

Council could choose to not adopt the budget amendment

Council could choose to wait for appropriations through the FY18 CMMP

FINANCIAL IMPLICATIONS:

LEGAL: N/A

STAFF RECOMMENDATION:

Staff recommends fully funding this budget amendment

PROPOSED MOTION:

I move to approve Ordinance 2017-05 and move to a second reading on February 28, 2017

CITY MANAGER'S COMMENTS: I recommend Council adopt the resolution.

ATTACHMENTS:

PND Engineers, Inc scope of work



November 20, 2016

PND 111135

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

Re: UMC Dock Position III and IV Replacement– Proposal for Additional Final Design Scope

Dear Ms. McLaughlin:

PND Engineers, Inc. (PND) is pleased to provide this proposal for additional scope engineering services for Unalaska Marine Center (UMC) Dock Position III and IV Replacement project. We recently completed our 95% submittal and are on-track for design completion by end of 2016. As we have discussed, the scope of a few portions of the project have somewhat changed as the project has developed.

The following items describe the additional scope of work tasks.

SCOPE OF WORK

Task A1 – Concrete Block Pavement Surfacing

Investigate advantages and disadvantages, cost savings, design, details, drainage and specification development of concrete block pavement surfacing to replace the previously planned cast-in-place concrete surfacing. Scope of work includes investigation and written summary report of current use of concrete block pavement and expected maintenance as well as design. The cost savings to the project in utilizing concrete block pavement is approximately \$2.5M, with significant project advantages, although a moderate amount of increased future maintenance over CIP concrete is expected.

Fixed Fee \$35,000

Task A2 –Accommodate Future Dredge to -50 MLLW at Dock Face

Investigate and perform additional design required to allow the bulkhead dock to be dredged to -50 MLLW as part of a future project. Additional design includes static and seismic stability analysis, sheet pile face and tailwall modifications, fender pile analysis and design, pile supported transition dock analysis and design for Dock Positions III and IV.

Fixed Fee \$25,000

Task A3 – Additional Electrical Scope and Surveillance System Design:

PND's subconsultant Morris Engineering Group will coordinate with City Electrical department to define scope and design City electric utility conduit and vaults from the existing sectionalizing cabinet near the warehouse through the UMC project to the USCG Dock for future use. This scope also includes design of closed circuit surveillance camera system, electrical conduit and vaults for fuel vendors, designing conduit and vaults for cable trench heat trace. Additional changes to the design scope after 65% submittal include removing the electrical building, adding vaults and re-designing underground electrical to be fed from a future electrical building off site and Designing a replacement



of the two electrical services to the warehouse building and adding a 480V panel to power the new high mast light poles.

Fixed Fee \$60,000

Task A4 – Additional Permitting Support as needed:

The USACE permit application, mitigation plan and supporting documents for this project have been completed and submitted. PND has also developed and submitted the application and supporting documents for the Incidental Hazard Authorization (IHA). As part of this scope of work, PND will continue to support the project permitting process, to include addressing questions from permitting agencies and/or public comments during the review process, coordination and assistance with NEPA permitting compliance in support of FHWA funding requirements. The existing permitting budget has been exhausted.

Time and Materials \$30,000

Task A5 – Additional Hydroacoustic Monitoring Expenses:

PND provided Hydroacoustic field data collection of underwater sound levels during construction of UniSea G1 Dock Replacement (Summer 2016) to assist the City of Unalaska with technical data in support of the UMC IHA application. This information was used establish underwater noise levels expected under various scenarios during similar pile installation activities at Unalaska Marine Center Dock construction and will assisted City of Unalaska with IHA application and mitigation techniques. The equipment rental expenses, equipment communication issues and evaluation of collected data significantly exceeded our initial estimated cost. We propose to split the unexpected additional cost with the City, if acceptable. PND will absorb the remainder additional cost.

Time and Materials \$11,500

Total Cost \$161,500

SCHEDULE


The project design schedule is unaffected by these additional scope tasks. The project is planned to be issued for bid late 2016, as directed by the City.

The above scope provides all engineering design, contract and bidding services for the City to contract the work for construction based upon the known project scope. A separate proposal for submittal review, fabrication inspection, QA inspection and construction management related activities will be provided once after the design is complete and the project construction schedule is more clearly defined.

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., S.E.
Senior Vice President

**CITY OF UNALASKA
UNALASKA, ALASKA**

RESOLUTION 2017-12

A RESOLUTION URGING THE ALASKA STATE LEGISLATURE TO ADOPT A SUSTAINABLE FISCAL PLAN FOR FISCAL YEAR 2017 AND BEYOND.

WHEREAS, the Unalaska City Council acknowledges that due to the drop in the price of oil, coupled with the decreased amount of oil in the pipeline, the State of Alaska has a significant gap in its budget; and

WHEREAS, the Legislature alleviated some of the problem by severely cutting the capital budget; and

WHEREAS, substantial cuts were also made to the operating budget; and

WHEREAS, cutting either of those budgets as a sole means to solving the State's fiscal challenge will serve only to potentially push our state into an economic recession; and

WHEREAS, the Unalaska City Council believes it necessary to create new revenue sources for the State; and

WHEREAS, despite a fiscal challenge, the State and municipalities must continue to provide basic and essential services.

NOW, THEREFORE BE IT RESOLVED that the Unalaska City Council urges the Alaska State Legislature to develop and adopt a sustainable fiscal plan, incorporating a combination of sensible spending cuts and new revenue sources, for Fiscal Year 2017 and beyond.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE CITY COUNCIL OF THE CITY UNALASKA THIS ____ DAY OF FEBRUARY 2017.

FRANK KELTY
Mayor

ATTEST:

ROXANNA WINTERS
Acting City Clerk

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS
FROM: DAVID MARTINSON, CITY MANAGER
DATE: FEBRUARY 14, 2017
RE: RESOLUTION ON SUSTAINABLE FISCAL PLAN

SUMMARY: This memo discusses the need for a resolution requesting the State Legislature develop a sustainable fiscal plan for FY17 and beyond.

PREVIOUS COUNCIL ACTION: The City Council discussed the need for a resolution to send to the State Legislature asking them to develop a sustainable fiscal plan to aid in ensuring the future of State and Municipal services.

BACKGROUND: Last year the Council chose not to send forward a resolution on the issue of the fiscal plan. It is recommended by our lobbyist that we develop a resolution and send it to the Legislature. The Council has a choice to either go into details of what we believe the Legislature should and should not do with regard to cuts and revenues or create a more general resolution giving the Legislature maximum flexibility in the development of a sustainable fiscal plan.

DISCUSSION: On January 24, 2017 the Council discussed the need to approve a resolution asking the State Legislature to develop a sustainable fiscal plan that not only addressed budget cuts but also developed other revenue sources. A sustainable fiscal plan will aid in the State and Municipalities in providing basic and essential services. The attached resolution is general in nature so we do not tie the hands of the Legislature with items that we desire to be off limits thereby giving them maximum flexibility to resolve the fiscal crisis.

ALTERNATIVES: The alternative is to develop a resolution explaining to the Legislature what to cut and where to get more revenue.

FINANCIAL IMPLICATIONS: None

LEGAL: None.

STAFF RECOMMENDATION: Approve the attached resolution.

Memorandum

To: Unalaska City Council

CC: City Manger Martinson, City Clerk Hazen,

From: Mayor Frank Kelty,

Date: January 20, 2017

Subject: Discussion on City of Unalaska taking positions in areas that would help reduce the 3.0 billion dollar budget deficit facing the State of Alaska.

I bring this issue to the Council to see if we can come to consensus on some major areas being proposed to address the 3.0 billion dollar budget deficit facing the State of Alaska. This would allow us to give direction to our legislators who are both in powerful positions in the legislature and to Ray Gillespie our State of Alaska lobbyist. Areas to discuss are listed below. I look forward to the discussion and I attached some other document to review for this discussion.

- Support for board based moderate taxes on personal income tax or sales tax.
- Use of the Permanent Fund earnings account including a change in how the dividends are calculated and maintaining at least \$1,000 per year dividend.
- Oppose the continued oil and gas tax credit policy that is costing 700 million per year to some of the riches corporations in the world.
- Continue to look for areas that state spending can be cut and further budget reductions realizing that we can't cut are way out of the this deficit.
- Increase in the motor fuels, sin taxes and possibly industry specific taxes.

Best Regards



Mayor Frank Kelty

ALASKA CONFERENCE OF MAYORS

ONE SEALASKA PLAZA, SUITE 200

Juneau, Alaska 99801

907-586-1325

FAX 463-5480

ALASKA CONFERENCE OF MAYORS

POSITION STATEMENT

The Alaska Conference of Mayors believes that, with the combination of low oil production, the significant drop in oil prices, and a long-term budget shortfall in the billions, it is imperative that the Alaska State Legislature adopt a long-term fiscal plan during the 2017 Legislative Session.

The Conference of Mayors also believes that the plan must include elements of revenue generation, budget cuts and the use of earnings from the permanent fund. This legislative action simply must not be put off for another fiscal year.

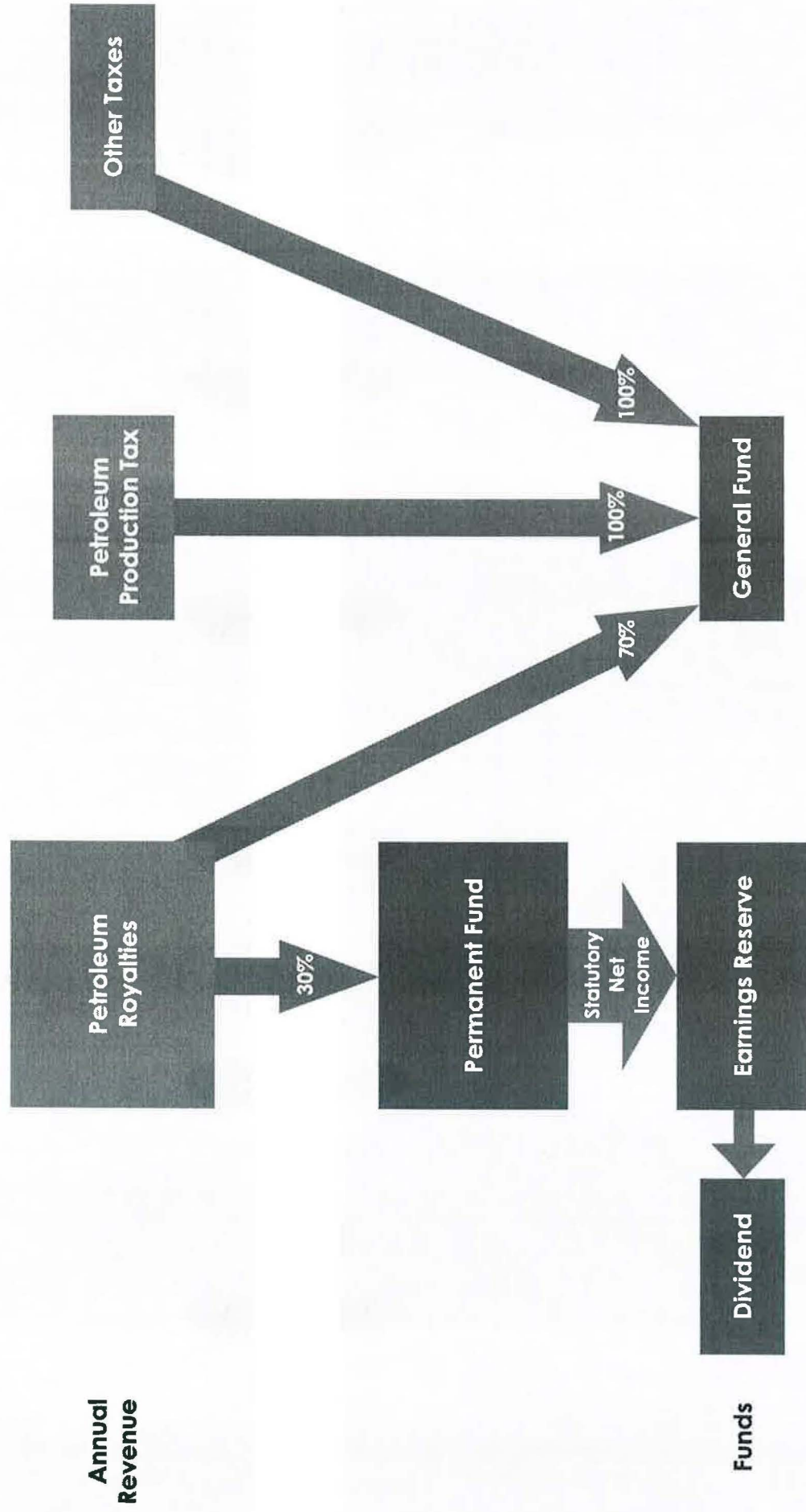
Adopted by the Alaska Conference of Mayors
November 15, 2016

Signed:

A handwritten signature in black ink, appearing to read 'Rick Robb', is written over a horizontal line.

Mayor Rick Robb, President, Alaska Conference of Mayors

The Existing Framework



Lawmakers must decide on fiscal plan this session

- Author: Ed Rasmuson, Jeff Cook, Bill Corbus, Gail Schubert, Mike Navarre
- Updated: 5 days ago
- Published 5 days ago

We know each of you wants to do what is best for our state's long-term future. We all want jobs for Alaskans, a healthy economy, a stable state fiscal structure that helps attract private investment to Alaska, and quality education and public services to serve the needs of our residents.

We are encouraged when we hear legislators talk about Alaska's long-term economic health. But we are discouraged that we are running out of time to accomplish the one goal that must underpin all the others — a stable fiscal structure for our state treasury.

We write you today to once again offer our encouragement, with an emphasis on the urgency of the situation as you prepare for the 2017 legislative session.

We are sharing this with the public because Alaskans need to understand this is a critical time for our state. We've grown wealthy from oil development, and we all hope for decades more of oil and gas production in Alaska.

But the time has come for a diversified revenue stream into the state treasury, and Alaskans must support their legislators in making the hard decisions ahead.

[State budget targets are easy, but lawmakers need to identify cuts first]

The facts are clear:

- The fiscal 2017 state unrestricted general fund budget is about \$4.36 billion.
- Even with higher oil prices of recent weeks, it looks like that budget will draw on savings. The budget will total close to \$2.92 billion.
- With that math, the state expects to start the fiscal year 2018 on July 1, 2017, with perhaps \$3.7 billion remaining in the Constitutional Budget Reserve.

- Prudent fiscal and cash management requires we keep at least \$2 billion in the budget reserve, which means Alaska must make changes to its fiscal structure during the 2017 legislative session.

- If the budget reserve disappears as an option for covering the state's needs, the Permanent Fund earnings reserve becomes the only alternative.

As of Nov. 30, 2016, at approximately \$8.8 billion in realized gains, that reserve account looks healthy but is always susceptible to investment volatility, and any unplanned withdrawals could jeopardize the Permanent Fund dividend.

It appears to many Alaskans that nibbling at the edges of the problem in the 2017 legislative session and drawing \$2 billion to \$3 billion from the budget reserve for one more year would bring the state perilously close to writing unplanned checks out of the Permanent Fund.

It's time for a managed answer, not a default answer, and we urge you to take action and assure you we will support you in that effort.

[Alaska budget crisis hits lawmakers where it hurts: Their stomachs]

The options for a long-term fiscal plan are the same ones Alaska has been looking in the past several years. We see four major pieces to any solution:

- An orderly, responsible, managed use of Permanent Fund earnings, including a change in how the dividends are calculated. We cannot spend the same dollar twice, which means a dollar that goes to schools, roads, troopers, the courts and other public services cannot also go to dividends. Legislators are fully aware that choices must be made. If, for example, the Legislature adopted a percent-of-market-value approach to limiting the annual withdrawal from the Permanent Fund, and if that were set at 4.5 percent of the fund's average market value looking back five years, the maximum draw for fiscal 2018 would be about \$2.43

billion. And if, for example, you wanted to maintain a \$1,000-per-person dividend from that total, that would leave about \$1.73 billion for public services.

- An orderly, responsible, managed examination of state spending and potential for further budget reductions in the range of \$250 million to \$500 million implemented over two to three years to lessen harm to the economy and allow the public, municipalities and businesses time to prepare for reduced services.

- A responsible broad-based tax, such as a modest personal income tax on Alaska's higher income earners and/or a sales tax that would accomplish several goals: 1) Give all Alaskans a personal stake in how state money is spent; 2) Collect income from nonresidents who come to Alaska to work, and go home to spend their money; and 3) Help diversify state revenues from our total dependence on natural resource prices and investment earnings.

- Excise and industry-specific taxes of perhaps \$100 million a year on motor fuels, alcohol, tobacco, fisheries and mining.

Here is the math for the current set of options:

\$4.36 billion fiscal 2018 state unrestricted general fund budget using fiscal 2017 as the base.

- \$1.59 billion in general fund revenues (assuming today's improved oil prices remain)

- \$250 to \$500 million in additional budget cuts, including re-examining oil and gas tax credit policy

- \$1.73 billion in Permanent Fund earnings, after paying a \$1,000 dividend

- \$500 million in new revenues (income and/or sales tax, higher excise taxes and industry taxes, including expansion of the corporate income tax to cover LLCs and S Corps.)

That still leaves a \$40 million to \$290 million shortfall, which we could work to close over the next few years.

By taking action on the major pieces above, we gain some time. Meanwhile, we should not forget that the state needs to deal with the hundreds of millions of dollars we owe to companies for unpaid oil and gas tax credits. We need to resolve that debt if we're to truly solve our fiscal problems.

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And we need to remember that, because it will take time to implement any new taxes and to collect on other changes in Alaska's tax structure, we should expect a larger drawdown on our budget reserves in fiscal 2018 as the changes take effect.

The budget reserve, however, can only afford a limited future drawdown, so we need to make the big decisions in 2017 that will extend the life of the reserve to give us the time to put our state on a path to fiscal stability.

There isn't enough time for new oil or triple-digit prices to save us. That's wishful thinking, and we need responsible decisions based on today's reality.

We support you in the challenges ahead, and urge you to make those decisions in 2017. Anything else puts the future of our state at risk.

Ed Rasmuson is a retired banker. ***Bill Corbus*** is a former commissioner of the Alaska Department of Revenue. ***Jeff Cook*** is an energy consultant. ***Gail***

Schubert is CEO of Bering Straits Native Corp. **Mike Navarre** is mayor of the Kenai Peninsula Borough.

About this author

Ed Rasmuson

Jeff Cook

Gail Schubert

Gail Schubert is president and CEO of Bering Straits Native Corporation.

Mike Navarre

Mike Navarre is mayor of the Kenai Peninsula Borough. He served in the Alaska House of
R



Alaska News

Walker renews call for budget reforms: 'Denial doesn't make the problem go away'

✎ Author: **Nathaniel Herz** ⌚ Updated: 18 hours ago 📅 Published 1 day ago

JUNEAU — Alaska Gov. Bill Walker made a renewed call for state budget reforms to a new Legislature in his annual State of the State speech Wednesday night, telling lawmakers that "denial doesn't make the problem go away."

Walker's speech, delivered at the start of his third year in office, came after two years of discord and gridlock in Juneau, with state savings dwindling as lawmakers largely dismissed his deficit-reduction plans and failed to make much of a dent in the deficit.

With 15 new legislators in Juneau, Walker, a Republican-turned-independent, pitched a stripped-down version of his budget package from last year and left room for adaptation — all while ratcheting up his rhetoric.

In last year's speech, Walker referred to Alaska's "cash flow problem." Now, he says the state is in a full-blown "crisis" — a word he'd previously avoided, but used seven times Wednesday night.

"Hope doesn't pay the bills," said Walker, dressed in a plain white shirt, jacket and red striped tie. "We need to pass a plan to stabilize our fiscal future. And we need to do it now."

[Alaska lawmakers begin 2017 session cheerfully, but rifts lurk below the surface]

[Read the governor's speech.]

Walker, an oil and gas attorney, was elected in 2014 after campaigning on his ideas to spur construction of a long-sought natural gas pipeline from the North Slope.

But he's been spending much of his political capital on the state's budget problem instead, and barely mentioned the state's pipeline plans Wednesday other than a few pledges: The project won't require any new money this year, and it won't be pursued "at all costs," or with cash from the Permanent Fund, Walker said.

Instead, the governor's focus was largely on the budget.

Pre-empting criticism from conservatives that he hasn't cut Alaska's spending deeply enough, Walker, in his 45-minute address, ticked through some of the reductions that he and lawmakers put in place over the past two years — slicing agency spending by 13 percent.

The state is selling ferries and search and rescue aircraft, Walker said. It's closed seven troopers posts and a prison in the Mat-Su, and the state workforce has dropped by 3,000, to 24,000.

Walker is also proposing legislation this year to freeze the salaries of some state employees. But those proposals alone won't come close to eliminating Alaska's \$3 billion deficit.

The state's budget, which has long been balanced with oil taxes and royalties, has been hammered by the two-year slump in prices and now uses savings to pay 70 cents of each dollar spent.

A recent, modest recovery in oil prices offers a dose of good news, Walker said. But current prices of roughly \$50 a barrel would still need to double to solve the state's budget problem, he added, or the flow of oil in the trans-Alaska oil pipeline would have to triple.

"Neither is expected any time soon," he said.

Last year, **House lawmakers from both parties balked** at Walker's plan to raise new revenue by restructuring the Permanent Fund — a proposal that could slice the deficit by more than half, but also reduce Alaskans' annual dividend checks.

Republicans also rejected Walker's proposed taxes, including one on personal income. He urged lawmakers Wednesday to substitute their own proposals if they don't like his.

"If you believe we need to cut more, identify your cuts and put them on the table. If you think the solution is a different kind of tax than I have proposed, put your tax proposal on the table," Walker said. "Whatever your plan may be, put it out there, and let's get to work on the solution."

Walker balanced his dire description of Alaska's finances by touting elements of the state's economy, as well as his accomplishments — and those of the Legislature — over the past year.

[The Alaska Legislature returns with a new House majority, but it faces the same old budget problem]

He also unveiled a new initiative to tackle Alaska's opioid epidemic. Deaths in the state from heroin overdoses shot up to 36 in 2015, up from single digits just a few years before, with prescription opioid overdose deaths also on the rise.

Walker's new initiative has five parts: limiting the amount of opioids doctors can prescribe; strengthening a prescription drug monitoring program; improved screening and enforcement to stop drugs from getting to rural areas; required addiction education for medical workers; and adding regulatory flexibility to restrict new types of opioids as they emerge.

Walker's communications director, Grace Jang, said the proposals would be pulled together into a bill that would be introduced later this year.

Kim Whitaker, a recovery advocate in Anchorage who has a daughter addicted to heroin, said the proposals were "great, great news" — particularly the piece to strengthen prescription drug monitoring.

Addicts, she said, can get one prescription, and "then they can go down the street or across the city or to another town in the same state and do the same thing."

"There's got to be a way of having a database that can stop people from doctor shopping," she said in a phone interview.

Lawmakers offered mixed assessments of the full speech. Members of the House's majority coalition, made up of Democrats and a few moderate Republicans who are generally aligned with Walker's budget proposals, were enthusiastic.

Anchorage Democratic Rep. Andy Josephson cited a section of the speech in which Walker asked the state's elected officials to act like police officers who run toward problems.

"I thought it was very inspiring, and moving," Josephson said. "He's providing leadership and asking us to follow."

At least one Republican who last year opposed Walker's budget reforms didn't seem to have been swayed Wednesday.

"Maybe we should just wait for a new governor if we have to have new revenue streams," said Big Lake Republican Rep. Mark Neuman, a member of the House's GOP minority.

Neuman rejected Walker's use of the term "crisis," noting that the state still has close to \$10 billion in the Permanent Fund's earnings reserve account — the one used to pay residents' dividends.

"This is not an emergency," he said.

Eagle River Republican Sen. Anna MacKinnon, a member of the Senate's GOP leadership, said she agreed with Walker's general theme.

"I think that everyone wants to solve the fiscal foundation for Alaska," she said. "We have a problem; we need to address it."

Something needs to change, MacKinnon said. But each person would solve the state's budget problem differently, she added.

"The devil is in the details," she said.

[Alaska Budget Crisis](#)[Alaska Legislature](#)[Gov. Bill Walker](#)

About this author

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Nathaniel Herz covers politics and general assignments.





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ALASKA MUNICIPAL LEAGUE

RESOLUTION #2016-01

A RESOLUTION URGING THE ALASKA LEGISLATURE TO ADOPT A SUSTAINABLE BUDGET PLAN FOR FY2017 AND BEYOND; WHILE GIVING SERIOUS CONSIDERATION TO THE SUSTAINABILITY PLAN SUBMITTED BY THE ALASKA MUNICIPAL LEAGUE.

WHEREAS, due to the drop in the price of oil, coupled with the decreased amount of oil in the pipeline, the State of Alaska has found itself with a \$3.5 billion gap in its budget for FY16; and

WHEREAS, last year, the Legislature alleviated some of the problem by severely cutting the capital budget; and

WHEREAS, substantial cuts were also made to the operating budget; and

WHEREAS, cutting either of those budgets as a sole means to solving our fiscal challenge will only serve to push our state into an economic recession; and

WHEREAS, the majority of the Legislature continues to feel that the solution is more government cuts; and

WHEREAS, historically the Legislature has felt the solution is more government cuts; and

WHEREAS, the President of the Alaska Municipal League created an ad hoc committee to address this issue from the perspective of local government; and

WHEREAS, this committee is cognizant of the fact that municipalities must have a sustainable commitment from the Legislature in order for municipalities to remain sustainable; and

WHEREAS, despite a fiscal challenge, municipalities must continue to provide basic and essential services; and

WHEREAS, with these facts in mind, the AML Sustainability Committee has developed a plan from the perspective of local government; and

WHEREAS, AML believes that the leaders of our state should immediately adopt changes to not only lower the cost of government, but move quickly to raise revenues; and

WHEREAS, at the same time, Alaska's local governments realize we must understand the state and/or federal government will no longer continue to fund local government as before; and

WHEREAS, as more responsibilities are passed down to the subdivisions of the state during this fiscal challenge, we must be given the "tools" to allow that to happen.

NOW, THEREFORE BE IT RESOLVED that the Alaska Municipal League urges the Alaska Legislature to adopt a sustainable budget plan for FY 2017 and beyond; while giving serious consideration to the Sustainability Plan submitted by the Alaska Municipal League.

PASSED AND APPROVED by the Alaska Municipal League on this 20th day of November, 2015.



Signed: _____

Bob Harcharek, President, Alaska Municipal League



Attest: _____

Kathie Wasserman, Executive Director, Alaska Municipal League

**CITY OF UNALASKA, ALASKA
CITY COUNCIL**

RESOLUTION NO. 2017-18

A RESOLUTION OF THE UNALASKA CITY COUNCIL APPROVING A TIDELAND LEASE AGREEMENT FOR A TERM OF UP TO 30 YEARS BETWEEN THE CITY OF UNALASKA AND KLOOSTERBOER DUTCH HARBOR LLC FOR TRACT B-4 OF UNALASKA TIDELANDS SURVEY 101

WHEREAS, the City of Unalaska is the owner of Tract B-4, Unalaska Tidelands Survey (UTS) 101, Plat 2013-38, Aleutian Islands Recording District; and

WHEREAS, Kloosterboer desires to lease Tract B-4, UTS 101 in order to construct 300 foot by 80 foot pile supported dock extension beyond the South end of the existing Kloosterboer dock; and

WHEREAS, the new dock extension is consistent with Unalaska Comprehensive Plan by helping to strengthen and diversify the local economy and by conforming with the Unalaska Land Use Plan; and

WHEREAS, the lease has been processed and drafted in accordance with City Manager Regulations for Tidelands Leasing, License, Exchange or Sale; and

WHEREAS, the initial annual rent of \$57,500 has been determined in accordance with City Manager Regulations for Tidelands Leasing, License, Exchange or Sale; and

WHEREAS, Unalaska Code of Ordinances 7.12.020 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 long term lease is of benefit to the city as it promotes long-term investment in Unalaska's tidelands.

NOW THEREFORE BE IT RESOLVED THAT THE UNALASKA CITY COUNCIL approves a tideland lease between the City of Unalaska and Kloosterboer for Tract B-4, UTS 101 for the initial annual rent of \$57,500.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE UNALASKA CITY COUNCIL THIS _____ DAY OF _____, 2017.

MAYOR

ATTEST:

CITY CLERK

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS
FROM: ERIN REINDERS, ASSISTANT CITY MANAGER
DATE: FEBRUARY 14, 2017
RE: KLOOSTERBOER TIDELAND LEASE (RESOLUTION 2017-18)

SUMMARY: A tideland lease between the City of Unalaska and Kloosterboer has been drafted and is being processed in accordance with City code and regulations. City Council approval is required for the lease because the term is greater than 5 years. Staff recommends approval of Resolution 2017-18.

PREVIOUS COUNCIL ACTION: The current City Manager Regulations for Tidelands Leasing, License, Exchange or Sale (“Regulations”) were endorsed by the City Council on April 24, 2012.

BACKGROUND: Kloosterboer has submitted an application to lease 3.89 acres of City-owned tideland known as Tract B-4 of the Unalaska Tideland Survey 101. The adjacent upland owner was provided with notice of the lease application and, in return, the upland owner has provided written notice that they do not object to the lease agreement. According to UCO 7.12.020, the City Council must approve any lease of City property having a term of greater than 5 years, as is the case with this application.

DISCUSSION: Kloosterboer desires to lease Tract B-4, UTS 101 in order to construct 300 foot by 80 foot pile supported dock extension beyond the South end of the existing Kloosterboer dock. This new dock extension is consistent with Unalaska Comprehensive Plan by helping to strengthen and diversify the local economy and by conforming with the Unalaska Land Use Plan.

Prior to the City signing the agreement, Kloosterboer will provide proof of insurance. All insurance requirements are identified in the lease agreement. Additionally, as described in the Regulations, a performance bond based on 5% of the estimated value of the existing improvements will need to be provided to the city prior to the signing the agreement.

Army Corps of Engineers, and other require permits will need to be obtained by Kloosterboer prior to any new development. Additionally, required building permits will need to be obtained from the Department of Public Works. No construction will be permitted by the City until documentation is provided to verify that these permits have been issued, as noted in the lease agreement.

The City Manager Regulations for Tidelands identify a maximum of a 30-year lease. The initial term of the lease is for 20 years, with two additional and automatic 5 year extension, totaling a term of no greater than 30 years. Either party may, however, opt-out of the extension with a 60 day notice.

The rent was determined to be \$57,500 annually. According to the Regulations, the annual rent is to be set at 10% of the value of the property. The property to be leased was appraised by MacSwain Associates, LLC to have a value of \$575,000. The rent will be adjusted every 5 years to maintain the rent at 10% of the market value.

ALTERNATIVES: The City Council may approve the lease as-is, reject the lease, or amend the agreement.

FINANCIAL IMPLICATIONS: The annual rent has been set at \$57,500. Kloosterboer will be responsible for property tax on the leased parcel, which has potential to increase if new development does occur. As described in the lease, the incremental rate increases will be based on appraisal.

LEGAL: The lease was developed in consultation with the City Attorney.

STAFF RECOMMENDATION: Staff recommends approval of Resolution 2017-18.

PROPOSED MOTION: I make the motion to approve Resolution 2017-18.

CITY MANAGER COMMENTS: I recommend approval of Resolution 2017-18.

Attachments:

- 1) City Council Resolution 2017-18
- 2) Draft Lease Agreement

**CITY OF UNALASKA
TIDELAND LEASE AGREEMENT
UTS 101, Tract B-4
FOR CITY OWNED TIDELANDS**

This Lease Agreement is made and entered into this ____ day of _____ 2017, between the City of Unalaska, a first-class Alaska municipal corporation (“Lessor”), whose address is P. O. Box 610, Unalaska, Alaska 99685, and Kloosterboer Dutch Harbor LLC. (“Lessee”), whose address is PO Box 921201, Dutch Harbor, AK 99692.

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 is situated in the State of Alaska, shown in a Tideland Plat signed by Registered Professional Land Surveyor in the State of Alaska, comprised of 3.89 acres, more or less, and are described as follows:

Tract B-4 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 of ATS 1394;
- C. The rights of the public to access tidelands under the Alaska Constitution; and
- 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 20 years commencing on the ____ day of _____, 2017 and ending on the ____ day of _____, 2037. At that point, the lease will be automatically extended for maximum of 2 additional 5-year terms, with options for either

party to opt-out of the extensions with a 60 day notice prior to the current term's expiration, with a final ending date on the _____ day of _____, 2047.

2. Rent. The Lessee shall pay to the Lessor the following rent ("Rent") for the Parcel: equal annual payments, in advance, on or before the 10th day of the first month of the period of said rental term at the rate of \$57,500 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:

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.

The cost of the initial appraisal used to calculate this lease rate was \$4,000, originally paid for by the City and to be split equally between the City and the Lessee. The Lessee shall pay the Lessor the following reimbursement for the Initial Appraisal of the Parcel: on or before the 10th day of the first month of the period of said rental term at the rate of \$2,000.

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

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

6. Use of Parcel. The Lessee shall use and occupy the Parcel in compliance with all applicable laws, regulations, ordinances and orders which a public authority has promulgated or may promulgate, including those of a building or zoning authority and those relating to pollution and sanitation control and those relating to City of Unalaska sales taxation . The Lessee shall not permit any unlawful occupation, business, or trade to be conducted on the Parcel. The Lessee shall properly locate itself and its improvements on the Parcel, and shall not commit waste of the Parcel, whether ameliorated or otherwise. Notwithstanding such laws, regulations, ordinances

and orders, the Lessee shall maintain the Parcel in a reasonably neat and clean condition, and take all prudent precautions to prevent or suppress pollution of the ground, surface water, air, or land, and to prevent erosion or destruction of the land.

7. Improvements. The Lessee may make permanent improvements to the Parcel permitted by applicable law. Improvements 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 the entire 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 expenditure 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 \$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. Lessee shall provide Workers' Compensation insurance in accordance with the statutory coverages required by the State of Alaska and Employers Liability insurance with limits not less than one million dollars (\$1,000,000) and, where applicable, insurance in compliance with any other statutory obligations, whether State or Federal, pertaining to the compensation of injured employees assigned to the work, including but not limited to Voluntary Compensation, Federal Longshoremen and Harbor Workers Act, Maritime and the Outer Continental Shelf's Land Act.

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: Kloosterboer Dutch Harbor LLC
PO Box 921201.
Dutch Harbor, AK 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

DAVID A. MARTINSON
City Manager

STATE OF ALASKA)
) ss.
Third Judicial District)

The foregoing instrument was acknowledged before me this _____ day of _____, 2017, by DAVID A. MARTINSON, 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 _____

Kloosterboer Dutch Harbor LLC

President

STATE OF ALASKA)
) ss.
Third Judicial District)

The foregoing instrument was acknowledged before me this _____ day of _____, 2017, by _____, President of Kloosterboer Dutch Harbor LLC, of _____, _____, 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 _____

DRAFT

UTS 101Tract B-1
Tideland Lease Agreement – Kloosterboer
Page 16

MEMORANDUM

To: City Council Members, David Martinson, City Manager,

From: Frank V Kelty, Mayor



Date: February 9, 2017

RE: Consideration by the Unalaska City Council for funding of The 75TH Anniversary Commemoration of the Bombing of Unalaska/Dutch Harbor and the Aleut Evacuation.

SUMMARY:

The funding levels for a contribution to the 75th WWII Commemoration are outlined in the WWII Commission funding request letter attached to this memo.

PREVIOUS COUNCIL ACTION:

The Council has previously taken the lead in funding requests for the 50th Anniversary of the Bombing of Unalaska/ Dutch Harbor and Aleut Evacuation and has funded lesser amounts for the 40th and 60th Anniversary of the Bombing of Unalaska/ Dutch Harbor and Aleut Evacuation.

BACKGROUND:

The bombing of Unalaska/Dutch Harbor on June 3–4, 1942 and the evacuation and relocation of the Aleuts people of the Aleutian Islands forever changed the lives of those who experienced World War II in the Aleutians. To honor and acknowledge the surviving Veterans and Aleuts, and those who went before them, we are planning a three-day commemoration of the 75th anniversary of the bombing of Dutch Harbor and Aleut evacuation, to be held in Unalaska June 2-4, 2017.

The Planning Commission for the event is led by the National Park Service and the Ounalashka Corporation, with strong involvement by the City of Unalaska, Museum of the Aleutians, Aleutian Pribilof Islands Association, the Alaska Veterans Museum, the Aleutian Pribilof Island Community Development Association, and the Aleut Corporation.

Events will include a memorial ceremony, historical presentations, personal stories, a mess hall meal and traditional Aleut foods luncheon, and flyovers by historical WWII aircraft. The Commemoration of a little-recognized part of history is significant and educational not only for those connected to World War II in the Aleutians, but for a much broader international public.

DISCUSSION:

I would hope the Unalaska City Council would consider an amount in the top tier funding level of \$25,000 and above. We must remember we are the host community, and that many of our vet-

erans and Aleut evacuees are very old, and this may be the last time that they can participate in this WWII commemoration that had such a lastly impact on their lives and the lives of their families. I feel very strongly, that we should do as much as possible to make this commemoration of these tragic events that took place in June of 1942 as memorable as possible for the survivors and the veterans, this event will also be a learning experience for the younger generations attending. The funding for this commemoration for the most part would go for travel expenses, hotel and food and expenses associated with cost of bringing in WWII era aircraft to Unalaska. Many federal, state officials and military dignitaries have been invited for this event, which will allow us to showcase Unalaska to the many visitors attending. In addition funding requests will be going out to all major business and organizations in the Unalaska area and recognition of contributors will be made at many of the events.

MAYORS RECOMMENDATION: Is to discuss this at the work session on February 14th City Council meeting, and decide on a funding amount. I believe we can fund a donation to the event through Council contingency line items that have funding levels available for use. We would then bring a Resolution for the Council consideration at the February 28th regular meeting. Thank You for your consideration of this request.

ATTACHMENTS:

1. Funding request letter from the WWII Commission members.
2. 75th Anniversary Commemoration Schedule
3. Draft Budget for the event



Dear friend of the Aleutians,

We are writing to invite you to participate in a wonderful event being planned in Unalaska in June 2017. You can participate in person, provide funding, or do both!

Funding Levels:

\$1 - \$1,000	Hill 200 (Hillside Military Trenches)
\$1,001 - \$5,000	Red Brick Naval Radio Station Building
\$5,001 - \$10,000	Hill 400 (Bunker Hill)
\$10,001 - \$25,000	Fort Mears
\$25,001 +	Fort Schwatka/Ulakta Head (Ballyhoo)

The bombing of Dutch Harbor on June 3–4, 1942 and the evacuation and relocation of the Aleuts forever changed the lives of those who experienced World War II in the Aleutians. To honor and acknowledge the surviving Veterans and Aleuts, and those who went before them, we are planning a three-day commemoration of the 75th anniversary of the bombing of Dutch Harbor and Aleut evacuation, to be held in Unalaska June 2-4, 2017.

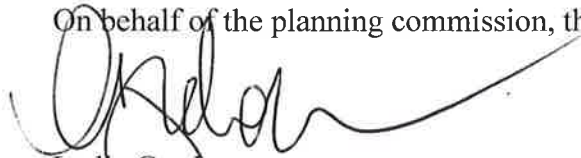
The Planning Commission for the event is led by the National Park Service and the Ounalashka Corporation, with strong involvement by the City of Unalaska, Museum of the Aleutians, Aleutian Pribilof Islands Association, the Alaska Veterans Museum, the Aleutian Pribilof Island Community Development Association, and the Aleut Corporation.

Events will include a memorial ceremony, historical presentations, personal stories, a mess hall meal and traditional Aleut foods luncheon, and flyovers by historical aircraft. The Commemoration of a little-recognized part of history is significant and educational not only for those connected to World War II in the Aleutians, but for a much broader international public.

Again, we appreciate any support you can offer. Your questions about donations can be directed to Lydia Gordon, Ounalashka Corporation, at gordon@ounalashka.com or (907) 581-1276 or Frank Kelty, City of Unalaska Mayor, at mayorkelty@ci.unalaska.ak.us or (907) 581-1251.

Checks should be made to the Alaska Veterans Museum, with “75th Anniversary Dutch” on the memo line, and mailed to 333 W 4th Avenue, Suite 227, Anchorage AK 99501 or our Facebook page, 75th Anniversary of the Bombing of Dutch Harbor and Aleut Evacuation (<https://www.facebook.com/75DutchHarbor/>), has a button for tax-deductible donations to the event through the Alaska Veterans Museum website.

On behalf of the planning commission, thank you.



Lydia Gordon
Ounalashka Corporation



Frank Kelty
City of Unalaska Mayor

75th Anniversary Commemoration Schedule

	FRIDAY, June 2nd DAY 1		SATURDAY, June 3rd DAY 2		SUNDAY, June 4th DAY 3	
MORNING	9-12	At Eagle View Elementary: Posting of Colors Prayer and blessing by Bishop or Fr. Evan Bereskin Church Choir Welcome by Vince Tutiakoff, OC Chair and Unanga [^] veteran Harriet Hope, Unanga [^] Evacuee from Unalaska Welcome by Frank Kelty, Mayor Dimitri Philemonoff, APIA – Restitution, Philemon Tutiakoff APIRT Representative? John Kirtland?	7	Flyover	8-9	Breakfast: Meet the Vets Grand Aleutian
			8-9	Pancakes with Pilots - Hangar	9	Prayer Service- WW2 Chapel
			9-11	Static Airplane Display Flight Seeing/Paid Rides Tours of Military Ruins Walking Tour of Unalaska	9-11	Russian Orthodox Church service
AFTERNOON	12	Senior Luncheon at Eagle View Elementary -- all invited	12	Lunch-Senior Center Mess Hall Meal	12	Lunch- Senior Center Traditional Unanga [^] Foods
	1-5	Stories of the Bombing and Evacuation Jeff Dickrell – WWII Story Josh Bell – Veterans' Stories Moses Dirks – Effect of WWII on Our Language Ray Hudson (Rachel Mason) – Elders' Recollections of Unalaska Evacuation Chuck Mobley – Aleut Relocation Camps in SE Alaska Chris Price, Qawalangin – WWII Contaminants	1-3	Tours of Military Ruins Bus Tour of Unalaska Nature walk	1-3	Memorial Ceremony – at Memorial Park? Unangax [^] Memorial – Unangax [^] Elders WWII Memorial – Veteran Elders Dignitaries - military and government
			3-5		3:30	Flyover
EVENING	6-7	Welcome Reception - Museum of the Aleutians Voices of Elders on Slides Unanga [^] Dancers		Unalashka Corporation banquet		

Category	Item Description	Number	Unit	Cost per Unit	Total Cost	Cash	In-Kind	Who will fund
Travel	RT Flight Anchorage-Utalaska	2		\$850	1,700			NPS- In-kind
	RT Flight Boston-Utalaska	1		\$1,142.00	2,142			NPS- In-kind
	RT Flight Anchorage-Utalaska for two speakers	2		\$850	1,700			MOA through AWE grant, or NPS
	RT Flight Anchorage-Utalaska for speakers	2		\$850	1,700			NPS or other sponsor
	RT flights for Veterans and companions	6		\$2,000	12,000			NPS or other sponsor
	RT flights for Unangax survivors and companions	6		3,600	21,600			NPS or other sponsor
	RT Flight Sitka-Utalaska (Bishop)	1		\$1,031	1,031			NPS or other sponsor
	Mileage, estimated 500 miles @ .34	1		\$270	270			NPS/sponsor
	TOTAL -Air Travel				\$32,543			
	Parking, 25 days @10	25	days	\$10	250			NPS/sponsor
	Taxi, 10 trips @20	10	trips	\$20	200			NPS/sponsor
	Van/bus rental, 3 days@250	3	days	\$250	750			NPS/sponsor
	Total - Local transportation				1,200			
	Lodging at Grand Aleutian, NPS employees, 3 @142 x3			\$426	1,278			NPS- In-kind
	Lodging at Grand Aleutian, 2 speakers, 2 @142 x3			\$426	852			MOA through AWE grant, or NPS
	Lodging at Grand Aleutian, 4 CAF pilots, 4 @ 142 x3			\$568	2,272			Sponsor?
	Lodging at Grand Aleutian, invitees, 15 x142 x3			\$2,130	6,350			NPS/sponsor
	Total - Lodging				10,792			
	Per diem Utalaska, 3 NPS employees, 3 days @ 62			\$186	558			NPS-In-kind
	Per diem Utalaska, 2 speakers, 3 days @ 62			\$124	372			MOA through AWE grant, or NPS
	Per diem Utalaska, 4 CAF pilots, 3 days @ 62			\$248	744			Sponsor?
	Per diem Utalaska, 15 Invitees, 3 days @ 62			\$930	2,790			NPS/sponsor
	Total - Per diem				4,464			
Printing and Publicity	Ad in Utalaska Visitors Guide	1		\$430	430			CVE - In-kind
	Production of logo	1		\$500	500			NPS
	Promotional video	1		\$2,500	\$2,500			OC/ In-kind from Ted Spencer, Original Productions
	Programs - design	1		\$250				NPS/tools/aid
	Programs- printing	100		\$50				NPS/sponsor
	T-shirts, hats, other souvenirs			\$500				NPS/sponsor
	Total printing				\$4,430			
Supplies	Food for Mess Hall meal			\$1,000	\$1,000			NPS/sponsor
	Food for Unangax traditional meal			\$1,000	1000			NPS/sponsor
	Food for Pancake Breakfast			\$500	\$500			NPS/sponsor
	Food/drinks for reception			\$500	\$500			NPS/sponsor
	Total Supplies				\$3,000			
Other	Fuel for airplane(s) (2)	2		\$4,000	8,000			Sponsor
	CAF outst to bring planes	2		\$10,000	20,000			Sponsor
	Catering for Mess Hall Meal			\$1,000	1,000			NPS/sponsor
	Catering for Unangax Meal			\$1,000	1,000			NPS/sponsor
	Pancake breakfast catering			\$500	500			NPS/sponsor
	Reception catering			\$500	500			NPS/sponsor
	Total Other				\$31,000			
TOTAL					\$86,429			

MEMORANDUM

To: City Council Members, David Martinson, City Manager,

From: Frank V Kelty, Mayor 

Date: February 9, 2017

RE: Letter of Support for ADFG Division of Subsistence

I have been asked by Brain Davis, of ADFG Division of Subsistence to write a letter of support to the Office of Subsistence U.S Fish and Wildlife Service in Anchorage for research funding a joint project by ADFG and the Aleut Corporation. This has to do with the collection of data on the harvest and use of subsistence resources in Unalaska. The focus would be a better understanding of the current harvest and use of salmon for home use, and information on abundance and escapement on local streams would be gathered as well from local knowledge. To me this is a no brainer and I would be glad to do this if Council concurs. I believe any work that gets the community more information on the local salmon resources is very valuable; especially with the lack of data on the area watersheds. I have attached for your review a draft support letter and Mr. Davis e-mail support letter request.

Davis, Brian L (DFG) <brian.davis@alaska.gov>

3:03 PM (20
hours ago)

To Mayor Kelty,

Mayor Kelty,

Thank you very much for your interest in the proposed research by ADFG Division of Subsistence. The Division, working with Kay Larson-Blair of the Aleut Corporation, is seeking funding from the US Office of Subsistence Management to collect data on the harvest and use of subsistence resources in Unalaska. Specifically, we would like to better understand the current harvest and use of salmon for home use. Household harvest surveys with a random selection of Unalaska households will produce community harvest estimates for all wild food resources; a set of more open-ended questions will collect respondents' observations related to environmental, climatic, and regulatory factors that may have affected fish harvests over time. Harvest surveys will also include questions related to household demographics, resource sharing, mapped locations of harvest areas, and observations of natural or social changes affecting access to resources. The research will come on the heels of 2016 Board of Fish decision to exclude pelagic trawl fishing through Unalaska Bay, and the survey and interview data will serve as a baseline against which changing harvests might be measured.

The proposed research also includes interviews with approximately 15 individuals with particular knowledge about subsistence fishing in Unalaska. In particular, we would like to focus some interview questions on the abundance of salmon in local streams, and whether or not adequate escapement is being met. We understand that community members support installing weirs in local streams, and would like to document that support as a part of this research.

If funded, we expect our project to begin in September 2018 with a community meeting. Surveys and interviews would likely begin in February of 2019. The Qawalangin Tribe of Unalaska, The Unalaska Native Fishermen's Association, and area managers with ADF&G have all been informed of this project proposal. Several of these stakeholders have provided us with their written support for the project, and we respectfully request a letter of support from the Unalaska City Council as well. A draft letter of support is attached. If you are able to return the letter to us by Friday, February 17, we will be able to enclose it in our application packet.

Again, we sincerely appreciate your interest in our project and thank you for your consideration. Please contact me with any questions or concerns you may have.

Sincerely,

Brian Davis
Subsistence Program Manager
Southern Region
333 Raspberry Road
Anchorage, Alaska 99518-1565

DRAFT

February 9, 2017

Office of Subsistence Management
U.S. Fish and Wildlife Service
1011 E. Tudor Road, Mail Stop 121
Anchorage, Alaska 99503

Dear Federal Subsistence Board and Staff:

This letter expresses support for the proposal submitted by Brian Davis entitled *Changing Regulations, Changing Environment, Changing Subsistence Practices: A Study of Salmon Harvest Practices in Unalaska*. The Alaska Department of Fish & Game (ADF&G) Division of Subsistence will investigate the environmental and cultural context that shapes subsistence salmon fishing in Unalaska. The research will identify current patterns and issues affecting fishing in our community and will document changes to this fishery overtime.

We understand that the research will address the following objectives:

- 1) Document the current harvest and use of salmon, as well as other resources, by Unalaska residents for home use, including harvest locations, and compare current harvest data with past data to identify trends over time,
- 2) Identify environmental, climatic, regulatory, and cultural factors that shape community access to salmon, and how the impact of these factors has changed over time,
- 3) Compare survey results to permit harvest return data to more accurately estimate household use of salmon and the community's Amount Necessary for Subsistence,
- 4) Record observations of pressures on locally used anadromous waterways which are unmonitored by ADF&G.

We understand that the participation of our community members in the project is voluntary, and that local residents serving as local research assistants will be compensated by the Division for their efforts. We understand that the project will not involve any biological sampling or enhancement activities, but that community concerns regarding our salmon's health and habitat will be documented along with information about community residents' subsistence salmon harvest.

Information on the anadromous waters in and around Unalaska is sorely lacking or out of date, and we strongly recommend you help address this research deficit by funding this project.

Sincerely,

Frank Kelty
Mayor of Unalaska

CITY OF UNALASKA
UNALASKA, ALASKA

RESOLUTION 2017-06

A RESOLUTION OF THE UNALASKA CITY COUNCIL CONFIRMING THE MAYOR'S RE-APPOINTMENT OF DEBRA HANSON ZUEGER TO THE LIBRARY 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 Kelty has considered the application of a member of the public to serve on the Library Advisory Committee and has submitted the name to the City Council for approval;

NOW THEREFORE BE IT RESOLVED that the Mayor's re- appointment of Debra Hanson Zueger to the Library Advisory Committee is confirmed:

MEMBER
DEBRA HANSON ZUEGER

EXPIRING
FEBRUARY 2020

PASSED AND APPROVED BY A DULY CONSTITUTED QUORUM OF THE UNALASKA CITY COUNCIL THIS ____ DAY OF FEBRUARY 2017.

MAYOR

ATTEST:

CITY CLERK



BOARD, COMMITTEE & COMMISSION APPLICATION



APPLYING FOR (check one):

- | | |
|---|---|
| <input type="checkbox"/> Planning Commission, Platting Board and Historic Preservation Commission | <input type="checkbox"/> Museum of the Aleutians Board of Directors |
| <input type="checkbox"/> Parks, Culture & Recreation Committee | <input type="checkbox"/> Iliuliuk Family & Health Services Clinic Board |
| <input type="checkbox"/> Library Advisory Committee | |

Name: Debra Hanson Zueger

Mailing Address: P.O. Box 866

Telephone: 907.581-1251 ext. 1202 Email: riskmanager@ci.unalaska.ak.us

Occupation: Risk Manager Employer: City of Unalaska

Previous Board/Committee/Commission Experience (attach additional pages if necessary):

Library Advisory Committee 2015-present, current Secretary of the Committee.

Check the primary reason(s) for your interest:

- ☒ I am a returning board, committee or commission member whose term recently expired.
- ☒ I have expertise I want to contribute.
- ☒ I am interested in the activities the board, committee or 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 the reasons you checked above: I would like to remain on the committee to continue the work started.

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

How did you learn of this vacancy (please check one):

- ☐ Media ☐ Word of Mouth ☐ Solicitation ☒ Other term expiration

Date: 1-4-17

Signature: Debra Hanson Zueger

THANK YOU FOR YOUR INTEREST IN SERVING

Applications expire one year from date received by City Clerk

Please return completed Application to the City Clerk's Office in City Hall, 43 Raven Way, Unalaska
Or mail to City Clerk, City of Unalaska, P. O. Box 610, Unalaska, AK 99685

CITY OF UNALASKA
UNALASKA, ALASKA

RESOLUTION 2017-07

A RESOLUTION OF THE UNALASKA CITY COUNCIL CONFIRMING THE MAYOR'S RE-APPOINTMENT OF BILLIE JO GEHRING AND JESSICA EARNSHAW TO THE UNALASKA PLANNING COMMISSION/PLATTING BOARD AND THE HISTORIC PRESERVATION COMMISSION.

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 Kelty has considered the applications of members of the public to serve on the Planning Commission/Platting Board and the Historic Preservation Commission and has submitted the names to the City Council for approval;

NOW THEREFORE BE IT RESOLVED that the Mayor's re-appointment of Billie Jo Gehring and Jessica Earnshaw to the Planning Commission/Platting Board and the Historic Preservation Commission is confirmed:

MEMBER

EXPIRING

Billie Jo Gehring

February 2020

Jessica Earnshaw

February 2020

PASSED AND APPROVED BY A DULY CONSTITUTED QUORUM OF THE UNALASKA CITY COUNCIL THIS _____ DAY OF FEBRUARY 2017.

MAYOR

ATTEST:

CITY CLERK



BOARD, COMMITTEE & COMMISSION APPLICATION



APPLYING FOR (check one):

- ☒ Planning Commission, Platting Board and Historic Preservation Commission
☐ Parks, Culture & Recreation Committee
☐ Library Advisory Committee
☐ Museum of the Aleutians Board of Directors
☐ Iliuliuk Family & Health Services Clinic Board

Name: Billie Jo Gehring
Mailing Address: P.O. Box 220 Unalaska AK 99685
Telephone: 907-359-2246 Email: billiegehring@gmail.com
Occupation: Accountant Employer: Self

Previous Board/Committee/Commission Experience (attach additional pages if necessary):

Current planning commission member
prev boards - Little League, USAFV, VCB, USC, MOTA
women in mining, Girl Scouts and more

Check the primary reason(s) for your interest:

- ☒ I am a returning board, committee or commission member whose term ^{will} recently expire ~~X~~
☐ I have expertise I want to contribute.
☐ I am interested in the activities the board, committee or 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 the reasons you checked above:

I feel that I would continue to be an asset
on the board.

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

How did you learn of this vacancy (please check one):

- ☐ Media ☐ Word of Mouth ☐ Solicitation ☐ Other _____

Date: 1/4/17

Signature: Billie Jo Gehring

THANK YOU FOR YOUR INTEREST IN SERVING

Applications expire one year from date received by City Clerk

Please return completed Application to the City Clerk's Office in City Hall, 43 Raven Way, Unalaska
Or mail to City Clerk, City of Unalaska, P. O. Box 610, Unalaska, AK 99685



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Name: Jessica Earnshaw

Mailing Address: P.O. Box 106 Unalaska, AK 99685

Telephone: 907. 359. 5377

Email: jesseamshaw2@gmail.com

Occupation: Legislative Information Officer

Employer: State of Alaska

Previous Board/Committee/Commission Experience (attach additional pages if necessary):

Planning Commission / Historic Preservation

Ducks Unlimited, Rainbow's End Daycare, Senior Class Committee

Check the primary reason(s) for your interest:

- ☒ I am a returning board, committee or commission member whose term recently expired.
☐ I have expertise I want to contribute.
☐ I am interested in the activities the board, committee or 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 the reasons you checked above:

I would like to continue to serve on the planning commission / historic preservation to make productive decisions for our community.

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

How did you learn of this vacancy (please check one):

☐ Media

☐ Word of Mouth

☐ Solicitation

☒ Other _____

Date: 2/3/2017

Signature: Jessica Earnshaw

THANK YOU FOR YOUR INTEREST IN SERVING

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CITY OF UNALASKA
UNALASKA, ALASKA

RESOLUTION 2017-17

A RESOLUTION OF THE UNALASKA CITY COUNCIL AUTHORIZING AN EXPENDITURE IN THE AMOUNT OF EIGHT HUNDRED DOLLARS (\$800) FROM COUNCIL CONTINGENCY TO SPONSOR THE RADIO BROADCAST OF OUT OF TOWN RAIDERS BASKETBALL GAMES

WHEREAS, the Unalaska City Council at their January 28th regular meeting supported a donation of \$800 in support of funding radio broadcasts by KUCB for Unalaska High School Raider basketball games ; and

WHEREAS, the City Clerk recommended to the City Manager that a formal City of Unalaska Resolution in support of the funding amount, should have been adopted by Council ; and

WHEREAS, Resolution 2017-17 is now being submitted for your consideration at the Unalaska City Council meeting of February 14, 2017; and

NOW THEREFORE BE IT RESOLVED that the Unalaska City Council authorizes and expenditure in the amount of \$800.00 from Council Contingency to sponsor KUCB radio broadcasts of Unalaska High School Raider Basketball games.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE UNALASKA CITY COUNCIL THIS 14TH DAY OF FEBRUARY 2017.

MAYOR

ATTEST:

CITY CLERK