

UNALASKA CITY COUNCIL
Unalaska, Alaska

Regular Meeting
Tuesday, September 11, 2018
6:00 p.m.

AGENDA

Unalaska City Hall
Council Chambers
43 Raven Way

-
1. Call to order
 2. Roll call
 3. Pledge of allegiance
 4. Recognition of visitors
 5. Adoption of agenda
 6. Awards / Presentations
 7. Approve minutes of previous meeting: August 28, 2018
 8. Report: City Manager
 9. Community Input / Announcements
 10. Public testimony on agenda items
 11. Work session
 - a. Presentation: Alaska Permanent Fund Capital Management
 12. Regular agenda
 - a. New Business
 - i. Resolution 2018-55: A Resolution of the Unalaska City Council appointing Judges and Clerks for the regular municipal election on October 2, 2018 and Judges to serve on the Canvass Committee
 - ii. Travel Approval: Approve Mayor and Council Member travel to the NPFMC meeting in Anchorage, October 1-9, 2018
 - iii. Ordinance 2018-10: Creating Budget Amendment #2 to the Fiscal Year 2019 Budget, increasing the operating budget of the Electric Fund by \$309,912 to fund the addition of two additional full-time positions, and increasing the operating budget of the Solid Waste Fund by \$124,686 to fund the addition of one additional full time position
 13. Council Directives to City Manager
 14. Community Input / Announcements
 15. Adjournment

UNALASKA CITY COUNCIL

Unalaska, Alaska

Regular Meeting
Tuesday, August 28, 2018
6:00 p.m.

MINUTES

Unalaska City Hall
Council Chambers
43 Raven Way

1. Call to order. The regular meeting of the Unalaska City Council came to order at 6:06pm, on August 28, 2018, in the Unalaska City council chambers.
2. Roll call

Present:
Frank Kelty, Mayor
Dennis Robinson, Vice Mayor
James Fitch
Alejandro Tungul
Shari Coleman

Absent:
Roger Rowland (Excused)
David Gregory (Unexcused)
3. Pledge of Allegiance. Mayor Kelty led the Pledge of Allegiance.
4. Recognition of visitors
5. Adoption of agenda. Robinson made a motion to adopt agenda; Fitch seconded. Motion passed by consensus.
6. Approve Minutes of council meeting held August 14, 2018. Coleman made a motion to adopt the August 14, 2018 meeting minutes; Tungul seconded. Motion passed by consensus.
7. Reports
 - a. City Manager
 - b. Board / Commission Minutes: Planning Commission & Platting Board Minutes and Resolutions from August 16, 2018
8. Community Input / Announcements
 - PCR
 - Labor Day Softball Tournament
 - Quilting Class
 - Municipal Election – 10.02.2018
 - State General Election – 11.06.2018
 - Arctic Council Flora & Fauna Dinner Banquet and Reception week of Sept. 3
 - Ballyhoo Lions Club – Ticket Sales for Halloween Event
 - Unalaska City School District and Unalaska Department of Public Safety acknowledged
 - AML recap
9. Public testimony on agenda items – None.
10. Work session. Tungul made a motion to enter into Work Session; Robinson seconded. Motion passed by consensus.

- a. Presentation: GIS/Aerial photography update from the Planning Department. Discussion.
- b. Presentation: Results of Housing Study from the Planning Department. Discussion.

Motion to return to Regular Session; Fitch seconded. Motion passed by consensus.

11. Regular agenda

a. New Business

- i. Resolution 2018-52: A Resolution of the Unalaska City Council acknowledging the closure and completion of various capital projects and purchases

Robinson made a motion to adopt Resolution 2018-52; Fitch seconded.
Roll Call Vote: Fitch – yes; Coleman – yes; Robinson – yes; Tungul – yes
Motion passed 4-0.

- ii. Resolution 2018-53: A Resolution of the Unalaska City Council confirming the Mayor’s appointment of Claudia Uribe to the Parks, Culture and Recreation Committee

Robinson made a motion to adopt resolution 2018-53; Tungul seconded.
Roll Call Vote: Coleman – yes; Robinson – yes; Tungul – yes; Fitch – yes
Motion passed 4-0.

- iii. Resolution 2018-54: A Resolution of the Unalaska City Council authorizing the City Attorney to bring suit against Advanced Blasting Services, LLC and Ohio Casualty Insurance Company

Robinson made a motion to adopt Resolution 2018-54; Fitch seconded.
Roll Call Vote: Robinson – yes; Tungul – yes; Fitch – yes; Coleman – yes
Motion passed 4-0.

12. Council Directives to City Manager – None.

13. Community Input / Announcements – None.

14. Adjournment. Coleman made a motion to adjourn; Fitch seconded. Motion passed by consensus.

Meeting adjourned at 7:19 pm.

Marjie Veeder
City Clerk

rfw

TO: Mayor and Council

FROM: Thomas Thomas, City Manager

SUBJECT: City Manager's Report

DATE: September 11, 2018

Landfill

On August 21, 2018, Alaska Department of Environmental Conservation (ADEC) inspected the Unalaska Landfill. The facility received 399 points out of 400 possible points for an overall score of 99.8%. During the inspection, the inspector noticed a flock of Ravens at the working face of the Landfill Cell. ADEC noted that birds are an ongoing problem at the Landfill and recommends that the City of Unalaska continue investigating methods for discouraging birds from feeding at the Landfill. This was the cause of the .2% reduction in points. The landfill inspection is done once a year.

ADEC also noted: "Overall the City of Unalaska does an excellent job of managing the Unalaska Landfill with limited personnel in a remote location. ADEC appreciates all of the hard work that Mr. Cross and his staff put into managing and improving the landfill".

Finance

The Finance Department is preparing for the annual audit of all accounts and funds of the City. The annual audit is required by City ordinance and the State of Alaska and helps to ensure public funds are properly accounted for.

The Auditors will express an opinion on the fair presentation of the general purpose financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Auditors from KPMG will arrive on September 24th and will be here for approximately two weeks. The annual audit requires a significant time commitment by the Finance Department and other employee's through-out the City.

Library

The Summer Reading Program ended on August 25th. Over 100 children signed up for the program, and elementary students logged over 40,000 minutes, or approximately 670 hours, of reading over the summer! For each 100 minutes of reading, elementary students will receive \$1 towards UCSD Book Fair purchases, courtesy of Friends of the Library.

The existing Unalaska Library is undersized and outdated to meet the current needs of the community. This includes inadequate space for children, dedicated space for teens, quiet study/reading spaces, and current technology infrastructure. The City previously used community groups to review options regarding expansion of the facility. Currently we are at the stage of doing a Statement of Qualifications for the design on the Library Building. We received six (6) proposals for design on the Library Building. The project team has reviewed them and will have a recommendation to award this contract by the end of the month. The overall budget for this project is \$4.6M.

INVESTMENT REVIEW

for period ending July 31, 2018

City of Unalaska

TRUSTED ADVISORS ▪ MORE EXPERTS ▪ BETTER ACCESS



ALASKA PERMANENT
CAPITAL MANAGEMENT
Registered Investment Adviser

[Packet Page 5](#)

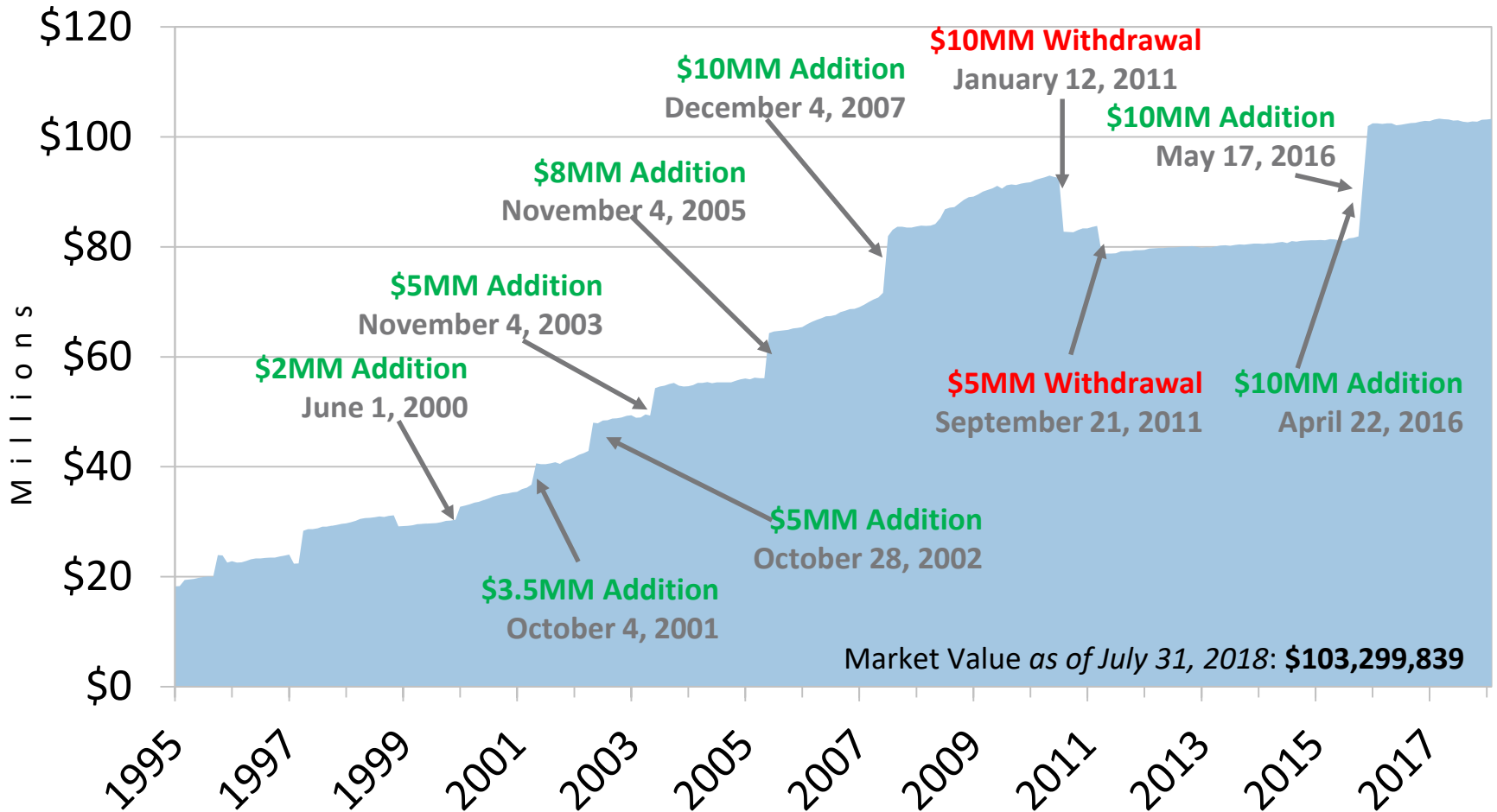
Account Summary as of July 31, 2018

City of Unalaska

Account Inception	June 1995
Current Market Value <i>July 31, 2018</i>	\$103,299,839
Annualized Account Return <i>June 30, 1995 – July 31, 2018; Gross of Fees</i>	+3.66%
Annualized Benchmark Return <i>June 30, 1995 – July 31, 2018</i>	+3.42%
Current Benchmark	Bloomberg Barclays 1-3 Year Government Index

Historical Market Value as of July 31, 2018

City of Unalaska

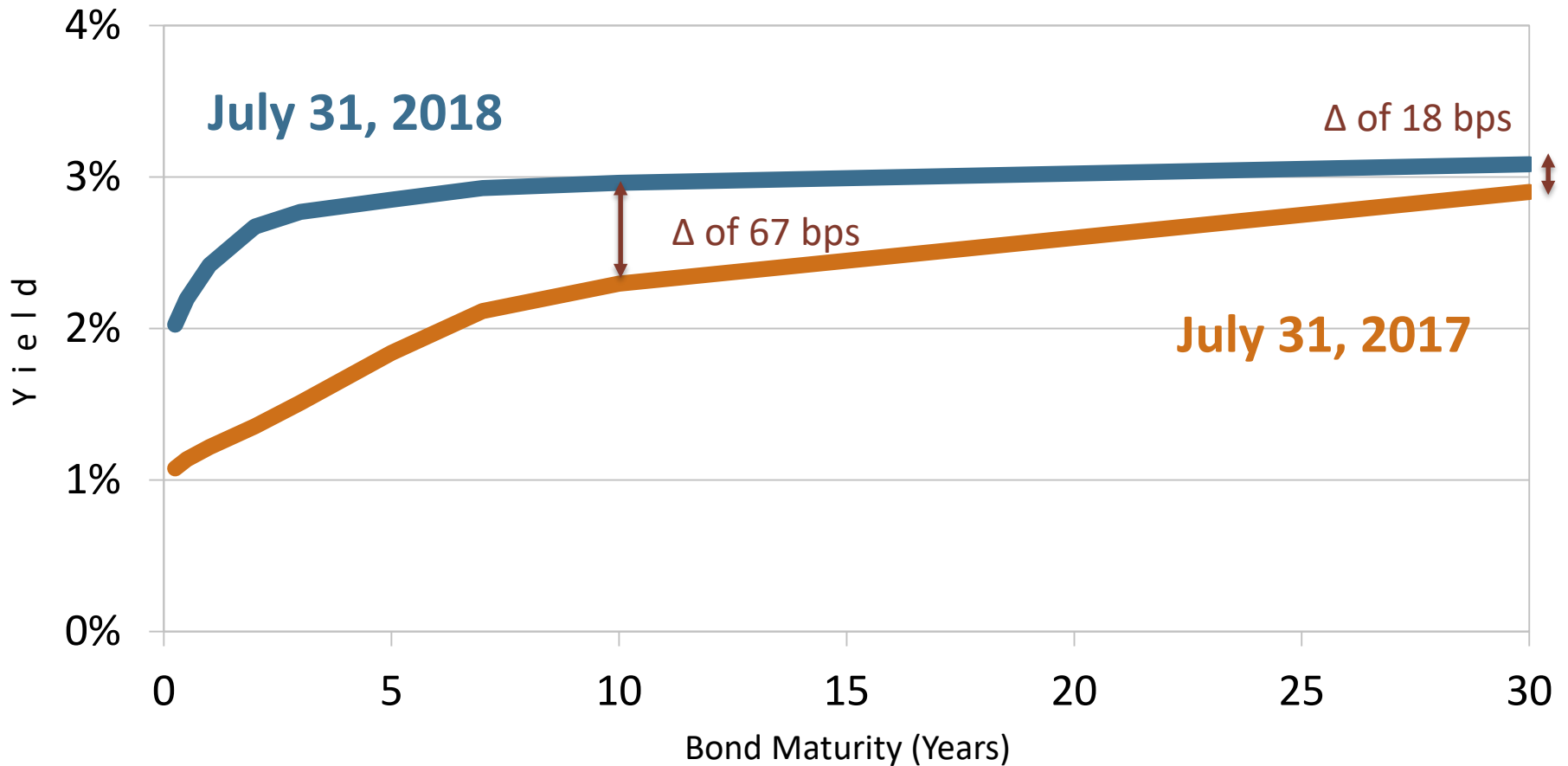


Portfolio Review

as of July 31, 2018

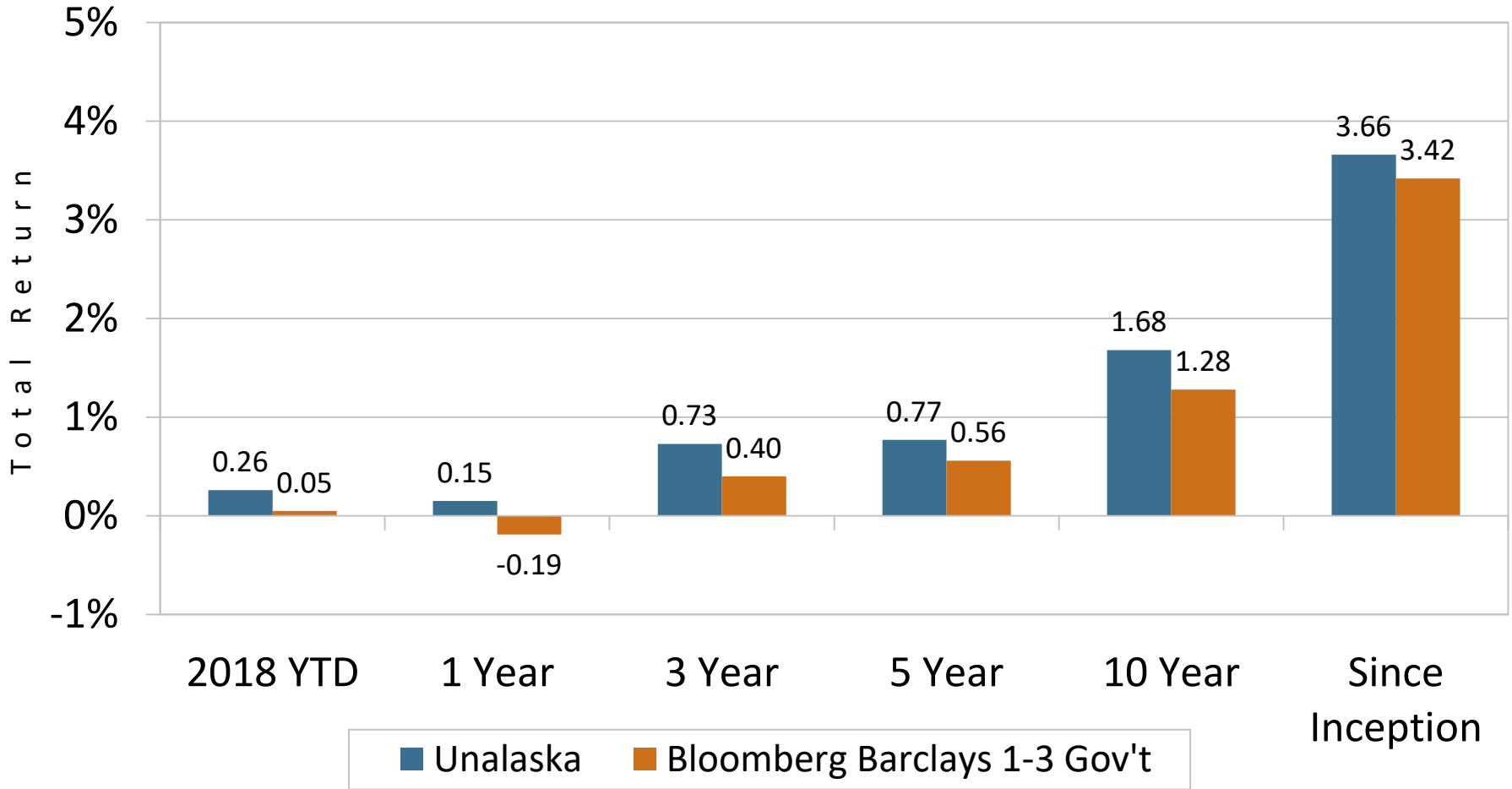
Yields Are Up Across The Curve

U.S. Treasury Yield Curve



Account Performance as of July 31, 2018

City of Unalaska



Performance is gross of fees and annualized for periods greater than one year. Inception performance begins on June 30, 1995. Benchmark is the Bloomberg Barclays 1-3 Year Government Index.

**PORTFOLIO
REVIEW**

Characteristics and Distribution as of July 31, 2018

City of Unalaska

Summary Statistics				Performance		
	7/31/2017	7/31/2018	Benchmark		Portfolio	Benchmark
Market Value	\$103,153,893	\$103,299,839	-	2018 YTD	0.26%	0.05%
Yield to Maturity	1.52%	2.75%	2.65%	1 Year	0.15%	-0.19%
Average Quality	AA+	AA	AAA	3 Year	0.73%	0.40%
Average Maturity (Yrs)	1.88	1.56	1.89	5 Year	0.77%	0.56%
Effective Duration	1.84	1.51	1.83	10 Year	1.68%	1.28%
Bond Sectors				Quality		
	Portfolio	Benchmark		Portfolio	Benchmark	
Cash	1.7%	-	AAA	67.2%	93.6%	
U.S. Treasury	57.7%	93.2%	AA	8.3%	6.4%	
U.S. Agency	1.4%	6.6%	A	11.6%	-	
MBS, ABS, CMBS	7.8%	-	BBB	12.9%	-	
Corporates	31.4%	0.04%	Other	-	-	
Other	-	0.1%				
Total	100%	100%	Total	100%	100%	

Data as of July 31, 2018. Benchmark is the Bloomberg Barclays 1-3 Year Government Index. Performance is gross of fees and annualized for periods greater than one year.

Portfolio Summary and Views

The City of Unalaska

- **Portfolio performance** for the last 12 months was **0.15%** vs. benchmark return of **-0.19%**.
 - The main contribution to the outperformance was an overweight to corporate securities and a portfolio duration less than the benchmark.

Current View Points

Rates	2 more rate hikes still left in 2018 and another 2-3 in 2019. An increase in real yields due to the strengthening economy, an increase in inflation expectations, abundance of Treasury supply coming to market, and a continuation of global bank tightening monetary policy should pressure nominal interest rates up.
Corporate Credit	APCM remains cautious on credit due to tight valuations. We acknowledge that the credit cycle has extended with the recent passage of tax reform. Global default rates declined in 2017 from 2016.

Historical Cash Flows

Summary of Deposits and Withdrawals

Deposit Amount	Date	Withdrawal Amount
\$ 17,643,500	6/29/1995	
\$ 1,000,000	8/17/1995	
\$ 3,973,149	3/11/1996	
	5/1/1996	\$ 1,332,874
	7/31/1996	\$ 300,000
	7/9/1997	\$ 900,000
	7/14/1997	\$ 500,000
	7/28/1997	\$ 500,000
\$ 5,675,149	9/26/1997	
	5/12/1999	\$ 2,000,000
\$ 2,000,000	6/1/2000	
\$ 3,500,000	10/4/2001	
\$ 5,000,000	10/28/2002	
\$ 5,000,000	11/4/2003	
\$ 8,000,000	11/4/2005	
\$ 10,000,000	12/4/2007	
	1/12/2011	\$ 10,000,000
	9/21/2011	\$ 5,000,000
\$ 10,000,000	4/22/2016	
\$ 10,000,000	5/17/2016	

Observations

- Very little historical draws on an annual basis
- Draws on the account have been known well in advance
- No draw since 2011
- Portfolio is well above \$80mm and has sit above \$100mm for some time
- There is an abundance of liquidity in the account
- Last change to the IPS was 2014 with adding BBB corporate bonds and increasing corporate exposure to max 50%

Considerations

- What are the short and long-run goals and objectives? Do they still hold?
- What are the needs of the funds over 1 and 5yr time horizons?
- Are there ways to optimize and enhance return?

Asset Allocation Considerations

Bucket Strategies

Risk Spectrum

Risk Spectrum			
Operating Cash	Short Term Reserves	Medium Term Reserves	Permanent Funds
Funds in this bucket are managed with an emphasis on safety and liquidity.	Funds that are in excess of operating reserves or used to finance capital spending plans.	Reserve funds that are not anticipated to be used, but may need to be drawn upon given unexpected circumstances.	Perpetual investment account which can be invested for long term growth and/or to provide sustainable distributions.
U.S Treasury bills, agency discount notes, commercial paper, and repurchase agreements.	U.S. Treasury and agency securities that mature in 1-3 years. Possible inclusion of high quality corporate debt.	U.S. government and IG corporate bonds, typically with a maturity of 1-10 years. Possible equity exposure depending on cash-flow needs.	Diversified portfolio of stocks and bonds with equity exposure based upon risk tolerance and return needs.

- Match funds with risk tolerance
 - Increase the number of buckets in order to match funds to liquidity requirements
- Increase Duration
 - Longer bonds return more over longer time horizons
- Add Equity risk
 - Add small amount of equity risk

Determining Risk Tolerance



Economic & Market Outlook

Late-Cycle for Longer....

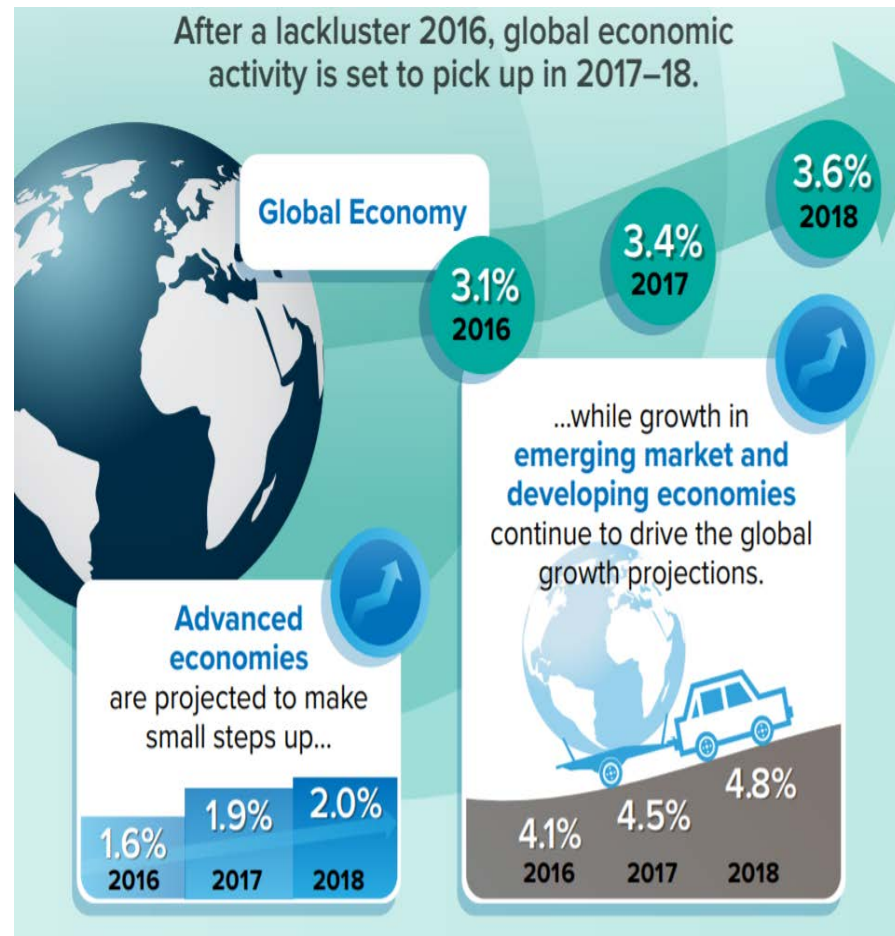
Lack of excesses in the U.S. economy suggests the expansion can continue.

What's going on:

- **The global economy continues to expand**, but growth rates are diverging as several key economies are now operating above long term potential.

APCM's view:

- The post crisis recovery has been long but weak. **Fundamental risks, such as corporate re-leveraging, do not appear likely to derail the recovery in the near-to-medium term.**
- Inflation expectations suggest the Fed can continue on the current path of interest rate normalization.
- The output gap, which measures current growth output versus potential, is usually above zero and declining before a recession. Today in the U.S., it is just above zero and rising. **Moderate inflation and wage pressures indicates there is still room for improvement.**



Transition from Monetary to Fiscal Policy

- Reflationary fiscal policies have changed the investing landscape and resulted in **upward pressure on growth, inflation and interest rates.**
- **If fiscal policies translate into an acceleration of economic growth** and better earnings, the ninth year bull market run in risk assets could continue and there will be an easier path for interest rates to climb.
- Global central banks are working toward tighter monetary policy.
- **A modest underweight to duration is warranted** given the favorable economic outlook.

Inflation Expectations



Source: Bloomberg

Economy

Bull

Scenarios that would improve expected outcomes

- U.S economy continues to strengthen
- Labor markets continue to tighten
- Increase in inflation expectations, with no commodity shock
- Global central banks continue to normalize monetary policies smoothly
- Increase in consumer spending
- Re-pricing of credit spreads (spread widening)

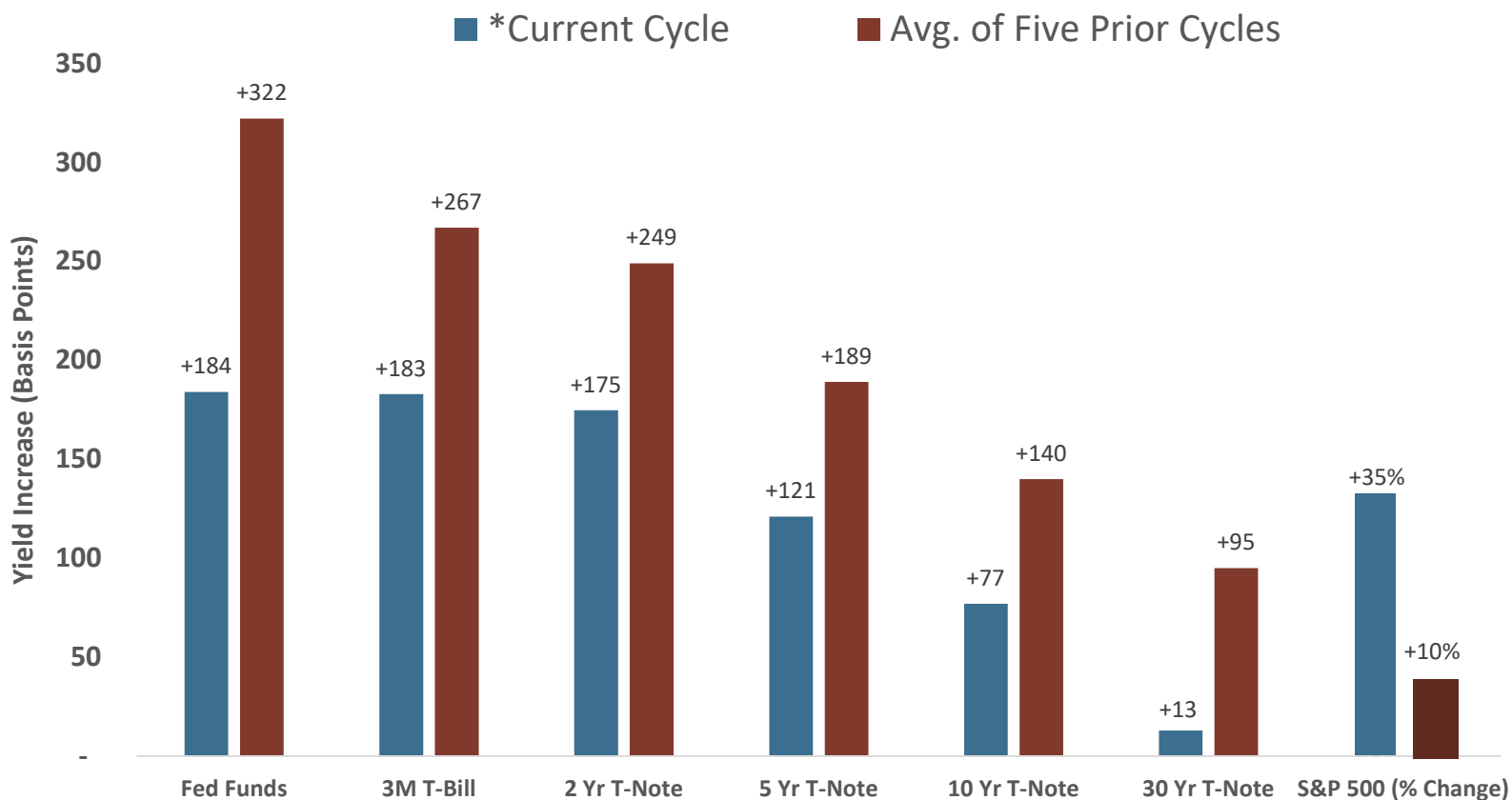
Bear

Scenarios that would detract from expected outcomes

- Congress moving toward a balanced budget
- Interest rates increase faster than expected
- Weak industrial production
- Slowdown in the global economy
- Geopolitical and fiscal uncertainty creates a flight-to-quality

Mid-Point of the Cycle

Yields Increase During Fed Hiking Cycles



*11/30/2015 through 7/30/2018

Source: Bloomberg, Fidelity

The Fed and Outlook

Interest Rate Outlook

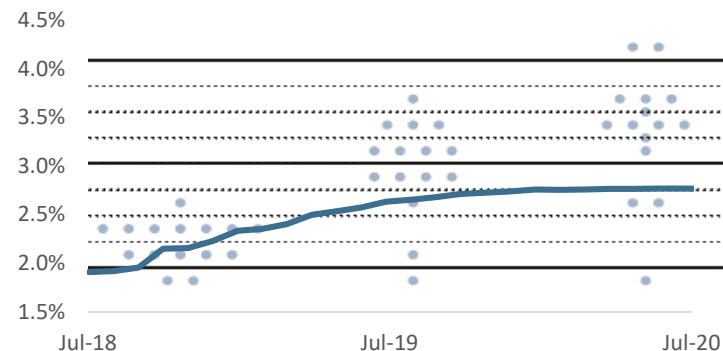
- Fed – 2 rate hikes, possibly pushing Fed Funds up past 2% by end of year
- Modest increase in rates with some volatility
- Market and Fed looking for continued stability, both in U.S. and globally
- Financial conditions have improved; economy slowly accelerating; inflation may exceed current market expectations
- Continued market sentiment toward fundamentals and away from technicals

Portfolio Outlook

- Maintain discipline in uncertain environment
- Add incremental yield on back up opportunities
- Be cautious on corporate credit
- Risk reward profile
- A lower duration profile is warranted with current rate outlook

Fed Funds Futures

Blue Dots are FOMC member projections for the federal funds as of June 13, 2018.



Data: Bloomberg

Risk Outlook

- Leverage in the system
- Gov't shutdown & global political uncertainty
- Inflation accelerates
- Corporate downgrades and earnings
- Will Fed guidance work? Fed loses control
- Global rates rise too quickly

Appendix

Disclosures

Portfolio Appraisal

CITY OF UNALASKA

July 31, 2018



Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
CASH AND EQUIVALENTS									
	CASH RECEIVABLE		2,011		2,011	0.00	NA		
	WF ADV GOVT MM FD-INSTL #1751		179,620		179,620	0.17			
			181,631		181,631	0.18			
ASSET-BACKED SECURITIES									
350,000	ALLY AUTO RECEIVABLES TRUST 2.040% Due 05-15-20	99.85	349,480	99.93	349,758	0.34	7,140	317	NA
700,000	WORLD OMNI AUTO RECEIVABLES TRUST 1.680% Due 12-15-20	99.49	696,418	99.77	698,404	0.68	11,760	523	NA
1,000,000	ALLY AUTO RECEIVABLES TRUST 1.720% Due 04-12-21	98.91	989,102	98.89	988,930	0.96	17,200	764	NA
725,000	FORD CREDIT AUTO OWNER TRUST 1.670% Due 06-15-21	98.89	716,929	98.91	717,097	0.69	12,107	538	NA
700,000	HYUNDAI AUTO RECEIVABLES TRUST 1.480% Due 06-15-21	99.23	694,641	99.51	696,542	0.67	10,360	460	NA
750,000	NISSAN AUTO RECEIVABLES OWNER TRUST 1.500% Due 09-15-21	100.53	753,984	99.50	746,220	0.72	11,250	500	NA
1,000,000	CITIBANK CREDIT CARD ISSUANCE TRUST 1.750% Due 11-19-21	98.63	986,289	98.59	985,860	0.95	17,500	3,500	NA
1,500,000	FORD CREDIT FLOORPLAN MASTER OWNER TRUST 2.070% Due 05-15-22	98.64	1,479,551	98.23	1,473,465	1.43	31,050	1,380	NA
625,000	NISSAN AUTO LEASE TRUST 2.040% Due 09-15-22	99.11	619,458	98.91	618,219	0.60	12,750	567	NA
500,000	AMERICAN EXPRESS CREDIT ACCOUNT 1.770% Due 11-15-22	98.08	490,391	98.07	490,335	0.47	8,850	393	NA
	Accrued Interest				8,943	0.01			
			7,776,242		7,773,774	7.53		8,943	
CORPORATE BONDS									
1,000,000	MORGAN STANLEY 2.500% Due 01-24-19	100.46	1,004,610	99.99	999,950	0.97	25,000	486	2.49
1,300,000	SYSCO CORPORATION 1.900% Due 04-01-19	100.49	1,306,422	99.50	1,293,487	1.25	24,700	8,233	2.65
1,300,000	TORONTO DOMINION BANK 2.125% Due 07-02-19	101.92	1,324,986	99.52	1,293,812	1.25	27,625	2,225	2.64
1,300,000	BANK OF MONTREAL 1.500% Due 07-18-19	100.05	1,300,676	98.85	1,285,102	1.24	19,500	704	2.70

*CALLABLE SECURITY

Portfolio Appraisal

CITY OF UNALASKA

July 31, 2018



Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
1,420,000	CITIGROUP INC 2.500% Due 07-29-19	100.68	1,429,699	99.70	1,415,797	1.37	35,500	197	2.80
1,000,000	PRUDENTIAL FINANCIAL INC 2.350% Due 08-15-19	101.00	1,009,980	99.56	995,570	0.96	23,500	10,836	2.78
1,250,000	DISCOVERY COMMUNICATIONS 2.200% Due 09-20-19	100.28	1,253,462	99.02	1,237,712	1.20	27,500	10,007	3.08
1,225,000	JPMORGAN CHASE & CO 2.200% Due 10-22-19	100.64	1,232,791	99.23	1,215,531	1.18	26,950	7,411	2.84
1,200,000	US BANK 2.125% Due 10-28-19	100.63	1,207,586	99.07	1,188,816	1.15	25,500	6,587	2.89
975,000	NEWELL BRANDS INC 2.875% Due 12-01-19	102.18	996,226	99.43	969,433	0.94	28,031	4,672	3.31
1,450,000	WELLS FARGO BANK 2.150% Due 12-06-19	100.01	1,450,217	98.92	1,434,340	1.39	31,175	4,763	2.97
1,125,000	GOLDMAN SACHS GROUP INC 2.300% Due 12-13-19	99.84	1,123,155	99.12	1,115,134	1.08	25,875	3,450	2.95
1,500,000	CAPITAL ONE 2.350% Due 01-31-20	99.94	1,499,100	98.81	1,482,150	1.43	35,250	98	3.17
1,250,000	ALLERGEN FUNDING SCS 3.000% Due 03-12-20	101.85	1,273,175	99.59	1,244,875	1.21	37,500	14,479	3.26
596,000	TOYOTA MOTOR CREDIT CORP 2.150% Due 03-12-20	98.66	588,014	98.48	586,941	0.57	12,814	4,948	3.12
1,000,000	AFLAC INC 2.400% Due 03-16-20	98.98	989,850	99.04	990,370	0.96	24,000	9,067	3.01
1,500,000	FORD MOTOR CREDIT CO LLC 2.459% Due 03-27-20	100.44	1,506,675	98.47	1,477,110	1.43	36,885	12,705	3.41
1,350,000	BANK OF AMERICA CORP 2.250% Due 04-21-20	100.11	1,351,512	98.62	1,331,437	1.29	30,375	8,437	3.07
1,000,000	ABBVIE INC 2.500% Due 05-14-20	101.24	1,012,420	98.86	988,600	0.96	25,000	5,347	3.16
1,150,000	AMERICAN EXPRESS CREDIT 2.375% Due 05-26-20	101.45	1,166,709	98.67	1,134,705	1.10	27,312	4,931	3.13
416,000	AIG GLOBAL FUNDING 2.150% Due 07-02-20	97.90	407,285	97.81	406,910	0.39	8,944	720	3.33
1,000,000	CVS HEALTH CORP 2.800% Due 07-20-20	99.42	994,220	99.05	990,480	0.96	28,000	856	3.30
1,175,000	HSBC USA INC 2.750% Due 08-07-20	101.60	1,193,765	99.17	1,165,306	1.13	32,312	15,618	3.17

*CALLABLE SECURITY

Portfolio Appraisal

CITY OF UNALASKA

July 31, 2018



Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
1,050,000	ANTHEM INC 4.350% Due 08-15-20	104.29	1,095,055	102.20	1,073,142	1.04	45,675	21,061	3.22
1,500,000	KEYCORP 2.900% Due 09-15-20	99.44	1,491,600	99.14	1,487,145	1.44	43,500	16,433	3.32
1,250,000	BANK OF NOVA SCOTIA 2.350% Due 10-21-20	100.69	1,258,637	98.22	1,227,750	1.19	29,375	8,160	3.18
1,150,000	BANK OF NY MELLON CORP 2.450% Due 11-27-20	101.43	1,166,410	98.30	1,130,507	1.09	28,175	5,009	3.21
1,045,000	DOMINION ENERGY INC 2.000% Due 08-15-21	97.22	1,015,928	95.63	999,333	0.97	20,900	9,637	3.53
	Accrued Interest				197,079	0.19			
			32,650,166		32,358,526	31.32		197,079	
U.S. TREASURY									
1,500,000	US TREASURY NOTES 1.625% Due 03-31-19	99.55	1,493,262	99.55	1,493,325	1.45	24,375	8,192	2.30
2,000,000	US TREASURY NOTES 0.875% Due 04-15-19	99.55	1,990,937	98.99	1,979,840	1.92	17,500	5,164	2.32
5,550,000	US TREASURY NOTES 0.875% Due 07-31-19	99.88	5,543,565	98.44	5,463,697	5.29	48,562	132	2.46
3,250,000	US TREASURY NOTE 0.750% Due 08-15-19	98.15	3,189,824	98.23	3,192,507	3.09	24,375	11,245	2.48
4,750,000	US TREASURY NOTES 1.000% Due 09-30-19	100.36	4,767,256	98.28	4,668,157	4.52	47,500	15,963	2.51
6,150,000	US TREASURY NOTES 1.000% Due 11-15-19	98.98	6,086,996	98.05	6,029,890	5.84	61,500	13,035	2.55
2,250,000	US TREASURY NOTES 2.000% Due 01-31-20	99.28	2,233,740	99.12	2,230,222	2.16	45,000	122	2.60
11,000,000	US TREASURY NOTES 1.375% Due 02-29-20	99.34	10,926,992	98.09	10,789,900	10.45	151,250	63,295	2.61
3,500,000	US TREASURY NOTES 1.375% Due 04-30-20	100.01	3,500,410	97.84	3,424,260	3.31	48,125	12,162	2.65
4,250,000	US TREASURY NOTES 1.500% Due 05-31-20	100.02	4,250,830	97.94	4,162,365	4.03	63,750	10,914	2.66
7,500,000	US TREASURY NOTES 1.500% Due 08-15-20	100.14	7,510,127	97.68	7,325,700	7.09	112,500	51,899	2.68
3,700,000	US TREASURY NOTES 1.625% Due 10-15-20	99.72	3,689,738	97.69	3,614,715	3.50	60,125	17,742	2.71

*CALLABLE SECURITY

Portfolio Appraisal

CITY OF UNALASKA

July 31, 2018



Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
4,500,000	US TREASURY NOTES 2.125% Due 01-31-21	99.62	4,482,773	98.52	4,433,220	4.29	95,625	260	2.74
1,500,000	US TREASURY NOTES 2.250% Due 02-15-21	99.61	1,494,082	98.78	1,481,775	1.43	33,750	15,570	2.75
1,000,000	US TREASURY NOTES 2.625% Due 07-15-21 Accrued Interest	99.85	998,477	99.60	996,020	0.96	26,250	1,213	2.77
					226,907	0.22			
			62,159,010		61,512,502	59.55		226,907	
AGENCIES									
1,500,000	FHLMC 1.700% Due 09-29-20 Accrued Interest	99.73	1,495,950	97.65	1,464,765	1.42	25,500	8,642	2.82
					8,642	0.01			
			1,495,950		1,473,407	1.43		8,642	
TOTAL PORTFOLIO			104,262,999		103,299,839	100	1,812,529	441,571	

*CALLABLE SECURITY

PERFORMANCE HISTORY GROSS OF FEES

CITY OF UNALASKA
Gross of Fees

Time Period	Percent Return Per Period		
	Total Account	Blend	BB BARC 1-3 YR GOV
12-31-16 to 01-31-17	0.15	0.14	0.14
01-31-17 to 02-28-17	0.16	0.10	0.10
02-28-17 to 03-31-17	0.06	0.04	0.04
03-31-17 to 04-30-17	0.16	0.14	0.14
04-30-17 to 05-31-17	0.15	0.13	0.13
05-31-17 to 06-30-17	-0.03	-0.08	-0.08
06-30-17 to 07-31-17	0.27	0.21	0.21
07-31-17 to 08-31-17	0.18	0.20	0.20
08-31-17 to 09-30-17	-0.11	-0.16	-0.16
09-30-17 to 10-31-17	-0.03	-0.07	-0.07
10-31-17 to 11-30-17	-0.21	-0.21	-0.21
11-30-17 to 12-31-17	0.07	0.01	0.01
12-31-17 to 01-31-18	-0.25	-0.30	-0.30
01-31-18 to 02-28-18	-0.11	-0.04	-0.04
02-28-18 to 03-31-18	0.13	0.20	0.20
03-31-18 to 04-30-18	-0.03	-0.17	-0.17
04-30-18 to 05-31-18	0.35	0.37	0.37
05-31-18 to 06-30-18	0.04	0.01	0.01
06-30-18 to 07-31-18	0.13	-0.01	-0.01
Date to Date			
12-31-16 to 07-31-18	1.06	0.50	0.50

CITY OF UNALASKA
UNALASKA, ALASKA

RESOLUTION 2018-55

A RESOLUTION OF THE UNALASKA CITY COUNCIL APPOINTING JUDGES AND CLERKS FOR THE REGULAR MUNICIPAL ELECTION ON OCTOBER 2, 2018 AND JUDGES TO SERVE ON THE CANVASS COMMITTEE

WHEREAS, Unalaska City Code § 4.08.020 states that before each city election, the City Council shall appoint three election judges to constitute the Election Board, one who is designated the Chair; and may appoint two election clerks.

WHEREAS, Unalaska City Code § 4.08.020 states that the City Council will serve as a canvass committee, or may appoint three judges to constitute the canvass committee, who will canvass all votes after the election judges have completed their tally.

NOW THEREFORE BE IT RESOLVED by the Unalaska City Council that the following persons are appointed judges and clerks for the October 2, 2018 General Election and shall attend at the Unalaska Precinct Polling place, namely Unalaska City Hall, at 7:30 a.m. on October 2, 2018, and shall continue until polls close at 8:00 p.m.; thereafter, the judges and clerks shall count and check all votes cast against the poll listed in the manner required by law:

ELECTION BOARD

Judges

Marjie Veeder, Chair
Roxanna Winters
Estkarlen Magdaong

Clerks

Harriet Berikoff
Susan Honan

BE IT FURTHER RESOLVED by the Unalaska City Council that the following persons are appointed as judges to constitute the Canvass Committee, who shall meet on Friday, October 5, 2018, at 10:00 a.m., to canvass all votes after the election judges have completed their tally:

CANVASS COMMITTEE

Marjie Veeder
Estkarlen Magdaong
James Fitch, City Council Member

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on September 11, 2018.

Frank Kelty
Mayor

ATTEST:

Marjie Veeder
City Clerk

MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: Marjie Veeder, City Clerk
Through: Thomas Thomas, City Manager
Date: September 11, 2018
Re: Resolution 2018-55, a Resolution of the Unalaska City Council appointing Judges and Clerks for the regular municipal election on October 2, 2018 and Judges to serve on the Canvass Committee

SUMMARY: City Code requires Council to appoint three judges and two clerks to serve as the Election Board for the municipal election to be held on October 2, 2018, and three judges to serve on the canvass committee on October 5, 2018. Resolution 2018-55 accomplishes these mandates.

PREVIOUS COUNCIL ACTION: Council adopts a similar resolution for each local election.

DISCUSSION: UCO 4.08.020(A) requires appointment of three judges and two clerks to serve as the Election Board, and allows for the City Clerk to appointment additional clerks should the need arise.

Additionally, Council acts as the Canvass Committee or may appoint three judges to constitute the Canvass Committee, which has been the option typically taken. Traditionally, one Council member serves on the Canvass Committee and this year James Fitch has agreed to serve in this capacity.

ALTERNATIVES: None.

FINANCIAL IMPLICATIONS: Per UCO 4.04.050 Expenses, "Salaries for non-employee election judges and clerks shall be \$10.00 per hour." Salaries for election workers are included in the Clerk's Office FY19 budget.

LEGAL: None

STAFF RECOMMENDATION: Staff recommends adoption of Resolution 2018-55.

PROPOSED MOTION: I move to adopt Resolution 2018-55.

CITY MANAGER'S COMMENTS: The Manager recommends adoption of Resolution 2018-55.

MEMORANDUM

To: Unalaska City Council Members,

CC: City Manager Thomas, City Clerk Veeder

From: Frank V Kelty, Mayor

Date: September 6, 2018

RE: Request for Mayor Kelty and Council Members to travel to the October meeting of the North Pacific Fishery Management Council in Anchorage, Alaska October 1-9-2018

The October North Pacific Fishery Management Council Meeting (NPFMC) will be held in Anchorage, Alaska. At this meeting the NPFMC will approve 2018/2019 Bristol Bay Red King Crab, Bairdi Tanner Crab, and Opilio Tanner Crab allocations for the Bering Sea. The Council will also get a report from the North Pacific Council Crab Plan team. They will vote on final action on Halibut retention in pots in the Bering Sea /Aleutian Islands; (BSAI) other Halibut issues include BSAI Halibut abundance based PSC limits and a review of unguided Halibut rental boats discussion paper. Aleutian Islands Pacific Cod set aside adjustment update is for initial review. BSAI/GOA Groundfish specifications for the 2019 season will be reviewed from the joint Groundfish Plan team report. Observer Annual Deployment Plan for 2019, Trawl Electronic Monitoring Committee report. IFQ lease and beneficiary design provisions; and IFQ CQE Fish up for Area 3A discussion paper. Another IFQ issue is the small sablefish retention, discussion paper. Lastly the Bering Sea Fishery Ecosystem Plan, initial review.

PREVIOUS COUNCIL ACTION:

The Unalaska City Council for many years has approved travel for the Mayor and Council members to attend North Pacific Fishery Management Council meetings.

BACKGROUND:

The North Pacific Fishery Management Council meets five times a year, and is the management agency for the federal waters fisheries of the Bering Sea / Aleutian Islands. The sustainability of fisheries is of critical importance for the economic wellbeing of seafood industry, the support sector business and the entire community of Unalaska.

DISCUSSION:

I believe it is important for the Mayor / Unalaska City Council members to stay involved with the North Pacific Fishery Management Council, the revenues generated from the federal water fisheries of the BSAI is what drives the economy of this community. The need for the Mayor and Council is even more important to monitor these fisheries meeting since we no longer have a fisheries resource person on staff to attend these meeting.

ALTERNATIVES:

The Council can make a motion in support of Mayor/Council Travel to the NPFMC meeting; or they can decline to support a motion for travel to this meeting.

FINANCIAL:

Council has the sufficient funding available in the City Council travel budget line item. Attached to this memo is the travel cost summary.

STAFF RECOMMENDATION:

N/A

PROPOSED MOTION:

I move to support travel to the North Pacific Fishery Management Council for the Mayor/ Council Members

MANAGERS COMMENTS:

N/A

ATTACHMENTS:

North Pacific Fishery Management Council, October meeting agenda.

DRAFT NPFMC THREE-MEETING OUTLOOK - updated July 26, 2018

October 1-9, 2018 Hilton Hotel, Anchorage, Alaska	December 3-11, 2018 Hilton Hotel, Anchorage, Alaska	February 4-12, 2019 Benson Hotel, Portland, Oregon
SSC Survey Workgroup Report Report on ideas for public forums	IPHC Report (T) Joint Protocol Committee Report	IPHC Report (T) AFSC Report
BSAI Crab SAFE and ABC/OFL: Final specifications Crab Plan Team Report: Action as necessary	2019 Charter halibut management measures: Final Action	Salmon Bycatch Data Workshop
Observer Annual Deployment Plan for 2019: Review Fishery Monitoring Adv Cmte (FMAC) report: Action as nec Trawl EM Committee report: Action as necessary	Final 2019 Observer Annual Deployment Plan: NMFS Report Observer fee analysis: Initial Review Trawl EM 2019 Coop Research Plan: Review, EMC report (T)	Research priorities planning: Discuss Norton Sound RKC ABC/OFL: Final Specifications, PT Report
Groundfish harvest specifications: Proposed specifications Joint Groundfish Plan Team Report: Action as necessary	BSAI Groundfish Specifications: PT Report; Final Specs GOA Groundfish Specifications: PT Report; Final Specs	BSAI Pcod trawl CV analysis: Initial Review BSAI crab partial deliveries: Discussion paper (T)
Halibut retention in BSAI pots: Final Action	CGOA Rockfish Reauthorization: Discussion paper BSAI cod allocation review: Review Workplan	Economic Data Reports review: Discussion paper
BSAI Halibut Abundance-based PSC limits: Prelim Review	Cook Inlet Salmon FMP Amendment: Discussion paper Cook Inlet Salmon Committee report: Action as necessary	BSAI Halibut Abundance-based PSC limits: Action as nec (T) Programmatic Groundfish Objectives: Annual review
AI Pcod set aside adjustment: Initial Review	AI Pcod set aside adjustment: Final Action (T)	Marine mammal conservation status: Action as nec (SSC only) Review Economic SAFE: Action as necessary (SSC only)
IFQ med lease, beneficiary desig provisions: Initial Review IFQ CQE fish up in 3A: Discussion paper	IFQ med lease, beneficiary desig provisions: Final Action (T)	ITEMS BELOW NOT YET SCHEDULED Observer Insurance Requirements: <i>Reg Amd - awaiting NMFS HQ</i> Observers - tender trip def, disembark location: <i>Initial Reviews</i> IFQ changes - eligibility criteria, hired masters: <i>Discussion papers</i> IFQ access opps - global examples, QS transfer: <i>Disc papers</i> Report on Salmon stock composition workshop: <i>April 2019</i> GOA Chinook salmon bycatch status: <i>Report (Tent. April 2019)</i> BSAI crab eLogbook: <i>Discussion paper</i> Review of FMPs for compliance with SBRM final rule: <i>Report</i>
BS FEP: Initial Review	Fixed Gear CV Rockfish Retention: Final action	
Small sablefish retention: Discussion paper	Bering Sea Snow Crab PSC Limits: Initial Review (T)	
Unguided halibut rental boats: Expanded discussion paper	GOA pollock, cod seasons/allocations: Initial Review (T) WGOA pollock vessel limitations: Discussion paper	

ABC - Allowable biological catch
 ACL - Annual catch limits
 AI - Aleutian Islands
 AFSC - Alaska Fisheries Science Center
 BSAI - Bering Sea and Aleutian Islands
 CDQ - Community Development Quota
 CQE - Community Quota Entity
 CP - catcher processor
 CV - catcher vessel
 EM - Electronic monitoring
 EFH - Essential Fish Habitat
 EFP - Exempted Fishing Permit
 FEP - Fishery Ecosystem Plan
 FMP - Fishery Management Plan
 GOA - Gulf of Alaska
 HAPC - Habitat Areas of Particular Concern

IFQ - Individual Fishing Quota
 ICA - Inter-cooperative Agreements
 IPHC - International Pacific Halibut Commission
 LLP - Limited License Plan
 MRA - Maximum Retainable Allowance
 OFL - overfishing limit
 PSC - Prohibited Species Catch
 PT - Plan Team
 RKC - Red King Crab
 RQE - Recreational Quota Entity
 SBRM - Standardized Bycatch reporting methodology
 SSC - Scientific and Statistical Committee
 SAFE - Stock Assessment and Fishery Evaluation Report
 SSL - Steller Sea Lion
 TAC - Total Allowable Catch
 WGOA - Western Gulf of Alaska

Future Meeting Dates and Locations
 October 1-9, 2018, Hilton Hotel, Anchorage
 December 3-11, 2018, Hilton Hotel, Anchorage
 February 4-12, 2019, Benson Hotel, Portland
 April 1-9, 2019, Anchorage
 June 2-11, 2019, Centennial Hall, Sitka
 Sept 30-October 8, 2019, Land's End, Homer
 December 2-10, 2019, Anchorage
 January 27-February 3, 2020, Renaissance Hotel, Seattle, WA
 March 30-April 7, 2020 (T), Hilton Hotel, Anchorage
 June 1-9, 2020, Centennial Hall, Juneau (T)
 October 5-13, 2020, Hilton Hotel, Anchorage
 November 30- December 8, 2020, Hilton Hotel, Anchorage
 February 1-9, 2021, Benson Hotel, Portland

(T) = Tentative

MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: Shaina Schamp, Administrative Coordinator
Through: Thomas Thomas, City Manager
Date: September 11, 2018
Re: North Pacific Fishery Management Council

The North Pacific Fishery Management Council will meet in Anchorage the week of October 1-9, 2018.

Estimated travel costs for one traveler are:

Air Fare	\$970.00
Lodging	\$990.00
Per Diem	<u>\$1,170.00</u>
TOTAL	\$3,130.00

Planned departure date from Unalaska will be October 1, returning October 9, 2018.

As of September 4, 2018, the available funds in the Council travel budget are: \$66,376.99.

The Travel Policy for the Mayor and Council indicates that no more than three Council Members are to travel to the same meeting or conference; that travel be conducted in the most direct and economic manner possible to accomplish City business; and that at least twenty-one days prior to an upcoming trip, the council will discuss the travel, identify the Council Members to travel, and approve the travel by motion.

CITY OF UNALASKA
UNALASKA, ALASKA

ORDINANCE NO. 2018-10

CREATING BUDGET AMENDMENT #2 TO THE FISCAL YEAR 2019 BUDGET, INCREASING THE OPERATING BUDGET OF THE ELECTRIC FUND BY \$309,912 TO FUND THE ADDITION OF TWO ADDITIONAL FULL-TIME POSITIONS , AND INCREASING THE OPERATING BUDGET OF THE SOLID WASTE FUND BY \$124,686 TO FUND THE ADDITION OF ONE ADDITIONAL FULL TIME POSITION

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 FY19 Budget is amended as follows:

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

Amendment No. 2 to Ordinance #2018-04

	<u>Current</u>	<u>Requested</u>	<u>Revised</u>
I. OPERATING BUDGETS			
A. Proprietary Funds			
Sources			
Electric Enterprise Fund - Budgeted use of unrestricted net assets	\$ -	\$ 309,912	\$ 309,912
Solid Waste Enterprise Fund - Budgeted use of unrestricted net asset	\$ 1,143,578	\$ 124,686	\$ 1,268,264
Uses			
Electric Enterprise Fund - Power Production Expenses	\$ 10,099,271	\$ 234,279	\$ 10,333,550
Electric Enterprise Fund - Power Distribution Expenses	\$ 1,316,840	\$ 75,633	\$ 1,392,473
Solid Waste Enterprise Fund Expenses	\$ 2,009,529	\$ 124,686	\$ 2,134,215

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on September 25, 2018.

Frank Kelty
Mayor

ATTEST:

Marjie Veeder
City Clerk

City of Unalaska

Summary of Budget Amendment and Schedule of Proposed Accounts

FY19 Budget Amendment 2

- 1) Electric Fund - Operating Budget
 - Add \$141,838 to Salaries & Wages and related payroll tax, insurance and employee benefit costs for an additional Powerhouse Operator I
 - Add \$168,074 to Salaries & Wages and related payroll tax, insurance and employee benefit costs for an additional Electrical Engineering Technician

- 2) Solid Waste Fund - Operating Budget
 - Add \$124,686 to Salaries & Wages and related payroll tax, insurance and employee benefit costs for an additional Solid Waste Operator I

	<u>Org</u>	<u>Object</u>	<u>Project</u>	<u>Current</u>	<u>Requested</u>	<u>Revised</u>
1) <u>Electric Fund - Operating Budget</u>						
Sources:						
Budgeted use of unrestricted net assets	50015049	49910		-	309,912.00	309,912.00
Uses:						
<i>Power Production:</i>						
Salaries and Wages	50024151	51100		642,542.00	117,257.00	759,799.00
Overtime	50024151	51300		70,781.00	17,281.00	88,062.00
Health Insurance Benefit	50024151	52100		224,786.00	46,148.00	270,934.00
FICA & Medicare Employer Match	50024151	52200		54,569.00	10,291.00	64,860.00
PERS Employer Contribution	50024151	52300		193,977.00	36,463.00	230,440.00
Unemployment Insurance	50024151	52400		2,982.00	612.00	3,594.00
Workers Compensation	50024151	52500		25,751.39	5,361.00	31,112.39
Other Employee Benefits	50024151	52900		4,213.00	865.00	5,078.00
<i>Line Repair and Maintenance:</i>						
Salaries and Wages	50024251	51100		489,200.00	40,473.00	529,673.00
Overtime	50024251	51300		51,219.00	4,219.00	55,438.00
Health Insurance Benefit	50024251	52100		162,263.00	13,397.00	175,660.00
FICA & Medicare Employer Match	50024251	52200		41,342.00	3,419.00	44,761.00
PERS Employer Contribution	50024251	52300		148,497.00	12,140.00	160,637.00
Unemployment Insurance	50024251	52400		2,153.00	178.00	2,331.00
Workers Compensation	50024251	52500		20,174.84	1,557.00	21,731.84
Other Employee Benefits	50024251	52900		3,041.00	251.00	3,292.00
2) <u>Solid Waste Fund - Operating Budget</u>						
Sources:						
Budgeted use of unrestricted net assets	53016549	49910		1,143,578.00	124,686.00	1,268,264.00
Uses:						
Salaries and Wages	53024751	51100		393,190.00	55,684.00	448,874.00
Overtime	53024751	51300		60,000.00	12,000.00	72,000.00
Health Insurance Benefit	53024751	52100		148,865.00	29,773.00	178,638.00
FICA & Medicare Employer Match	53024751	52200		36,741.00	5,178.00	41,919.00
PERS Employer Contribution	53024751	52300		122,232.00	18,254.00	140,486.00
Unemployment Insurance	53024751	52400		2,246.00	395.00	2,641.00
Workers Compensation	53024751	52500		17,063.22	2,844.00	19,907.22
Other Employee Benefits	53024751	52900		3,250.00	558.00	3,808.00

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS
FROM: DAN WINTERS, DIRECTOR OF PUBLIC UTILITIES
THRU: THOMAS THOMAS, CITY MANAGER
DATE: SEPTEMBER 7, 2018
RE: ORDINANCE NO. 2018-10– BUDGET AMENDMENT ADDING TWO FULL TIME PERMANENT POSITIONS TO THE EMPLOYEE ROSTER OF THE POWER PRODUCTION DIVISION OF THE DEPARTMENT OF PUBLIC UTILITIES AND TO FUND THE ADDITIONAL POSITIONS IN THE FY2019 OPERATING BUDGET IN THE AMOUNT OF \$309,912

SUMMARY: Through this Ordinance, Staff requests funding for two additional full time permanent positions in the Power Production Division of Department of Public Utilities. The total estimated cost to add one Power Plant Operator 1 position and one Electrical Engineer Technician position for FY2019 is approximately \$309,912.

PREVIOUS COUNCIL ACTION: Council approved the FY 2019 Operating Budget for the Power Production Division of the Department of Public Utilities on May 22, 2018, via Ordinance 2018-04.

Council authorized the following positons in the Power Production Division for FY19:

- 1 - Electrical Engineer Technician
- 1 - Heavy Equipment Mechanic
- 3 - Power Plant Operator 1
- 2 - Power Plant Operator 2
- 1 - Power Plant Operator 3 (This employee serves as the Supervisor for the Power Production Division)

BACKGROUND: The New Powerhouse was installed and commissioned in 2009, adding a new facility to maintain. A new Cat C-280 Gen/Set was installed in 2012, bringing the number of power generating units to four.

Three Organic Rankin Cycle (ORC) waste heat recovery generators were also added to the process in 2012, which are located in the Old Powerhouse.

The burden on operators to maintain compliance with environmental and safety regulations has continued to increase. New permitting requirements added to the seawater cooling

water discharge monitoring, which is also in the Old Powerhouse, have also increased the workload.

Since 2009, annual power production has increased by about 70%; however, no new employees have been added to compensate for the increased work.

The recently completed Electric Utility Master Plan included recommendations to add to the staffing at the Powerhouse for safety, efficiency and morale reasons.

DISCUSSION: The Powerhouse operates 24 hours per day, seven days a week utilizing six operators, not counting the Supervisor. The 24 hours are divided between three, eight hour shifts, and normal work hours for an operator are 40 hours per week or five, eight hour days.

In FY2018, Staff conducted two analysis of the Powerhouse workload. The first analysis focused on the operator's tasks that are performed to run the Powerhouse in a safe and environmental friendly way. Once the tasks were identified, Staff calculated the time it took to complete each task. The data shows that the Operator 3, who is the Powerhouse Supervisor and also performs operator duties, needs 40 hours per week to perform the supervisor duties. Currently, the Supervisor divides his time evenly (50/50) between supervisor duties and operator duties. Due to increased environmental reporting, supply and parts ordering for rebuilds, and supervisor duties pertaining to employees, it is more realistic for the Supervisor to focus more on Supervisor duties than on operating the Plant.

The operator task analysis also shows that 387 weekly man hours are needed to perform the operator tasks in a given week. The Powerhouse has six operators or a total of 240 man hours per five day work week. Operators get two consecutive days off per week and two operators are off at any given time. This reduces the available man hours to 160 hours per five day work week. If an operator takes personal leave, this reduces the available man hours by another 40 hours per week and causes an increase in overtime. According to Staff's analysis, the Powerhouse has a shortage of 2.7 Operators.

Powerhouse Operators are frequently required to work multiple shifts, resulting in fatigue that can affect employee safety; not just their safety, but their coworkers' safety as well. It is often difficult for employees to schedule time away from work, including vacations. When employees are on vacation, call in sick, or the need to attend required training, the work schedule must be adjusted for the remaining employees and generally requires them to work multiple shifts. This becomes especially troublesome when the Operator/Mechanic is gone due to vacation or training. When this happens and a mechanical issue arises, the Supervisor is forced to call in outside help to perform the needed work.

Staff recommends hiring one additional Operator 1 for the Powerhouse. This new Operator 1 position will provide the needed help for operations and also the flexibility to train the new Operator or an existing Operator in mechanical duties.

Staff's second analysis focused on the Electrical Engineer Technician job. The analysis was conducted in the same manner as the operator analysis.

The Electrical Engineer Technician position is critical to plant operations. This position focuses directly on the technical aspects of the power plant, including electrical maintenance, communications and protective relaying as well as provides occasional technical support for the Electric Distribution, Water, Wastewater, and Solid Waste Utilities. The Electrical Engineer Technician is scheduled to work eight hours per day, five days a week.

The data from the analysis shows that it takes 78 hours per work week or 15.6 hours per day to accomplish the needed Electrical Engineer Technician tasks. This equates to two employees working eight hour shifts per day.

Overtime Wages for the Electrical Engineer Technician position have been high, averaging 21% of the total expenses for Salary & Wages. Efforts were made to reduce Overtime Wages due to budgetary constraints, however this policy resulted in delays in completing critical work and some outsourcing of work, adding to the Utility's overall operating expenses.

The Electric Master Plan was completed in FY2018 and confirms Staff's analysis: "Multiple plant operators mentioned to EPS that they often work extra shifts and it is difficult to schedule time away from work. While the reality of this has not been detailed for this report, comments such as this can be indicative of understaffing.

One example of an alternative staffing plan is to hire a mechanic and an electrical technician. These positions would fill some of the voids already mentioned and could also serve as back-up operators in the event of problems or sickness. Additionally, if these additional positions worked the second or third shifts, it would greatly alleviate the hazards of working alone that the operators currently are exposed."

Staff recommends hiring an additional Electrical Engineer Technician in the Power Production Division. This employee will perform the needed electrical work in the Powerhouse under the Powerhouse Supervisor's direction.

ALTERNATIVES: Between the findings of Staff's analysis and the recommendations of the Master Plan, as well as employees working multiple shifts on Overtime and the safety concerns this brings, Staff believes adding two positions is prudent.

FINANCIAL IMPLICATIONS: The estimated cost to fund these 2 positions is \$309,912 including all benefits.

Annual Cost For Powerhouse Operator 1										
Powerhouse Operator 1	Saleries & Wages	Pers	Taxes	Insurance	302 Union	Over Time & Shift Diff	Airfare	AES	Workmans Comp	Total
2080 hrs x \$31.87	\$ 66,289	\$ 21,626	\$ 6,113	\$ 29,773	\$ 558	\$ 12,125	\$ 1,500	\$ 395	\$ 3,459	\$ 141,838

Annual Cost For Powerhouse Electrical Technician										
Powerhouse Electrical Tech	Saleries & Wages	Pers	Taxes	Insurance	302 Union	Over Time	Airfare	AES	Workmans Comp	Total
2080 hrs x \$42.52	\$ 88,441	\$ 26,977	\$ 7,597	\$ 29,772	\$ 558	\$ 9,375	\$ 1,500	\$ 395	\$ 3,459	\$ 168,074

With the approval of the FY2019 Budget, Council authorized 170.17 full time employees (FTE). This included 156 full-time permanent positions (156 FTE), 29 part-time positions (6.67 FTE), 11 temporary or seasonal positions (5.5 FTE), as well as 2 pending and unbudgeted positions (2 FTE).

Through the approval of this Ordinance, and the Ordinance to add one full time employee to the Solid Waste Division, the full time employees (FTE) will increase to 173.17. This includes 159 full-time permanent positions (159 FTE), 29 part-time positions (6.67 FTE), 11 temporary or seasonal positions (5.5 FTE), as well as 2 pending and unbudgeted positions (2 FTE).

LEGAL: N/A.

STAFF RECOMMENDATION: Staff recommends the adoption of Ordinance 2018-10.

PROPOSED MOTION: I approve to adopt Ordinance 2018-10.

CITY MANAGER'S COMMENTS: The City Manager recommends Council approve this ordinance.

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS
FROM: DAN WINTERS, DIRECTOR OF PUBLIC UTILITIES
THRU: THOMAS THOMAS, CITY MANAGER
DATE: SEPTEMBER 7, 2018
RE: ORDINANCE NO. 2018-10 – A BUDGET AMENDMENT REQUEST TO ADD TO THE EMPLOYEE ROSTER OF THE SOLID WASTE OPERATIONS DIVISION OF THE DEPARTMENT OF PUBLIC UTILITIES AND TO FUND THE ADDITIONAL FULL TIME PERMANENT EMPLOYEE IN THE FY2019 OPERATING BUDGET OF THE SOLID WASTE DIVISION OF THE DEPARTMENT OF PUBLIC UTILITIES IN THE AMOUNT OF \$124,686

SUMMARY: Through this Ordinance, staff requests the addition of one full-time, permanent employee and \$124,686 in funding for the same in the Solid Waste Division of the Department of Public Utilities. The total estimated cost to add one Solid Waste Operator 1 is calculated at \$124,686 for FY2019.

PREVIOUS COUNCIL ACTION: Council approved the Fiscal Year 2019 Operating Budget for the Solid Waste Division of the Department of Public Utilities on May 22, 2018, via Ordinance 2018-04. Within the Fiscal Year 2019 Budget, Staff increased the number of Solid Waste Operations' full-time permanent employees by one. In doing so, Council has authorized the FY19 budget funding the following positions in the Solid Waste Division:

- 1 – Solid Waste Operator 1 – Temporary/Seasonal at 90 day intervals.
- 2 – Solid Waste Operator 1
- 1 - Solid Waste Operator 2
- 1 - Solid Waste Operator 3
- 1 – Solid Waste Supervisor

BACKGROUND: Since FY1998, the Solid Waste Division has operated with 4 full-time permanent employees and one seasonal temporary employee. Meanwhile, the footprint of the Landfill has grown considerably and regulations governing the acceptance and handling of Solid Waste have significantly increased. Infrastructure, such as the Baler and the Leachate tank and its associated facility, has been constructed at the Landfill while the waste stream has increased in volume and diversity. Crews now operate the baler bagger, tire shredder, wood chipper, and bulb crusher in addition to receiving, processing, baling and

placing garbage into the Cells. In addition, the Composting Project will begin to ramp up this Fiscal Year.

Due to lack of personnel, the management of special waste like the baling of tires has been a low priority while Staff focuses on the core mission of managing incoming waste and insuring the safe operation and the upkeep of the Baler.

Despite these personnel shortages, the Landfill received a score of 99% during its last inspection by ADEC. This is mainly due to the extreme dedication and hard work of the Landfill Supervisor, Mr. William “BJ” Cross, and his staff. I wish to commend Mr. Cross for his service to the Utility and the Community.

In FY2018, the Solid Waste Master Plan was completed, dictating that we add two full time, permanent employees to the Solid Waste Operations Division. It was decided at that time to add one new employee via the FY2019 Operating Budget and reevaluate after one year. However, Council has expressed their desire to adhere to the Master Plan and hire two full-time permanent employees as specified.

DISCUSSION: The Solid Waste Facility operates five days per week, Tuesday through Saturday. The Solid Waste staff work eight hour days or 40 hours per week. Each of the three current long-term staff members is allowed to take up to 30 days of personal leave per year. Due to the low staffing numbers, one person’s personal leave cannot overlap another person’s personal leave by more than one week.

In January of 2018, Staff conducted a job analysis of the Solid Waste Division. The analysis focused on operator tasks required to run the Solid Waste Utility in a safe and environmental friendly way. Once the tasks were identified, Staff calculated the time it took to complete each task. The data from the analysis shows that it takes 52.2 hours per day to accomplish routine daily tasks. This equates to 6.6 personnel at eight hour work days. At the time of the analysis, the Division was staffed with three Operators and one Supervisor, which equates to a shortage of 2.6 employees. At the beginning of this Fiscal Year, one Solid Waste Operator 1 position was added, which increases the number of operators to four. This additional employee decreased the efficiency to an employee shortage of 1.6 persons.

Overtime has steadily increased over the last three fiscal years and a record high was achieved in FY2018 at 616 hours of overtime totaling \$36,516. Consequently, the Landfill crew is under pressure to perform and burnt out from overwork, creating a higher likelihood of accidents and injuries as well as decreasing their quality of life.

The Solid Waste Master Plan was completed in FY21018, which confirms Staff’s analysis. The Master Plan states that: “Solid Waste Division is short staffed. There are significant pumping/piping problems in the incoming and outgoing leachate piping that need to be systematically investigated and addressed. Investigation of these issues is kept on the backburner, and management of special wastes like baling of tires have been postponed to focus on the core mission of managing incoming waste and keeping the baler system

running.” “The tons of waste landfilled since 2000 has increased by over 40 percent. Landfill staff is highly stressed year round and when employees take vacations or on extended sick or injury leave, the stress is even more amplified.”

Through this Ordinance, Staff requests both the addition of one full-time, permanent Solid Waste Operator 1 position to the employee roster for Solid Waste Operations and the necessary funding of \$124,686 for the position in FY2019.

ALTERNATIVES: Between the outcome of Staff’s job analysis and the recommendations of the Master Plan, Staff believes there is no other alternative to adding the one position as directed by the Council.

FINANCIAL IMPLICATIONS: The annual cost to fund this position is \$124,686 including all benefits. This figure was arrived at by using FY19 budget estimates and applying them to the FY19 entry level wage for the position.

Annual Cost For Solid Waste Operator 1										
Solid Waste Operator 1	Saleries & Wages	Pers	Taxes	Insurance	302 Union	Over Time	Airfare	AES	Workmans Comp	Total
2080 hrs x \$26.05	\$ 54,184	\$ 18,254	\$ 5,178	\$ 29,773	\$ 558	\$ 12,000	\$ 1,500	\$ 395	\$ 2,844	\$124,686

With the approval of the FY2019 Budget, Council authorized 170.17 full time employees (FTE). This included 156 full-time permanent positions (156 FTE), 29 part-time positions (6.67 FTE), 11 temporary or seasonal positions (5.5 FTE), as well as 2 pending and unbudgeted positions (2 FTE).

Through the approval of this Ordinance and the Ordinance to add two full time employees to the Power Production Division, the Full Time Employees (FTE) will increase to 173.17. This includes 159 full-time permanent positions (159 FTE), 29 part-time positions (6.67 FTE), 11 temporary or seasonal positions (5.5 FTE), as well as 2 pending and unbudgeted positions (2 FTE).

LEGAL: N/A.

STAFF RECOMMENDATION: Staff recommends adopting Ordinance 2018-10.

PROPOSED MOTION: I move to adopt Ordinance 2018-10.

CITY MANAGER’S COMMENTS: The City Manager recommends Council approve this ordinance.