

**Regular Meeting**  
**Thursday, December 12, 2019**  
**6:30 p.m.**



**Unalaska City Hall**  
**Council Chambers**  
**43 Raven Way**

**Council Members**  
James Fitch  
Darin Nicholson  
David Gregory

**UNALASKA CITY COUNCIL**  
P. O. Box 610 • Unalaska, Alaska 99685  
(907) 581-1251 • [www.ci.unalaska.ak.us](http://www.ci.unalaska.ak.us)

**Council Members**  
Dennis Robinson  
Alejandro Tungul  
Shari Coleman

Vincent M. Tutiakoff Sr., Mayor  
Erin Reinders, City Manager

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## AGENDA

1. **Call to order**
2. **Roll call**
3. **Pledge of allegiance**
4. **Recognition of visitors**
5. **Adoption of agenda**
6. **Awards and presentations:** Rowena Gulanes, 10 Year Employee Anniversary
7. **Approve minutes of previous meeting:** November 26, 2019
8. **Reports**
  - a. City Manager
  - b. Financial Reports, October 2019
9. **Community Input & Announcements** *Members of the public may make announcements of interest to the community.*
10. **Public testimony on agenda items** *Time for members of the public to testify or provide information to Council regarding items on the agenda. Members of the public may also speak when the issue comes up on the regular agenda by signing up with the City Clerk.*
11. **Public hearing** *Members of the public may testify about any item set for public hearing.*
  - a. Ordinance 2019-15: Creating Budget Amendment #4 to the Fiscal Year 2020 Operating Budget to continue General Fund Project "Emergency Air Charter Program" per appropriation made with Emergency Ordinance 2019-13
12. **Work session** *Work sessions are for planning purposes, or studying and discussing issues before the Council.*
  - a. Discussion: Sustainable Fiscal Policy Concept
  - b. Discussion: Library Expansion Project Bids
13. **Regular agenda** *Persons wishing to speak on regular agenda items must sign up with the City Clerk.*
  - a. Unfinished Business
    - i. Ordinance 2019-15, 2<sup>nd</sup> Reading, Creating Budget Amendment #4 to the Fiscal Year 2020 Operating Budget to continue General Fund Project "Emergency Air Charter Program" per appropriation made with Emergency Ordinance 2019-13

b. New Business

- i. Ordinance 2019-16: First Reading, Authorizing the City of Unalaska to join the Alaska Remote Seller Sales Tax Commission for the purpose of developing, implementing and enforcing a Remote Sellers Sales Tax Code
- ii. Ordinance 2019-17: First Reading, Creating Budget Amendment #5 to the Fiscal Year 2020 Budget, increasing the budget for the Wind Power Development Project and transfers from the general fund by \$75,000, increasing the general fund operating budget by \$280,000 for audit and other professional services in the Finance Department, and increasing the budget for the Library Improvements Project and transfers from the 1% sales tax fund by \$3,273,481
- iii. Resolution 2019-64: Authorizing an increase to the formula percentage guide in the Community Support Grant program to 3.5% of the average General Fund for the five most recently completed fiscal years, plus the bed tax fund for the most recently completed fiscal year

**14. Council Directives to City Manager**

**15. Community Input & Announcements** *Members of the public may make announcements of interest to the community.*

**16. Executive Session:** Status of AIG Insurance Claim

**17. Adjournment**

**Regular Meeting**  
**Tuesday, November 26, 2019**  
**6:00 p.m.**



**Unalaska City Hall**  
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**43 Raven Way**

**Council Members**  
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## **MINUTES**

1. **Call to order:** Mayor Tutiakoff called the Regular Meeting of the Unalaska City Council to order at 6:04pm, in the Unalaska City council chambers
2. **Roll call**  
  
Present:  
Vincent Tutiakoff, Mayor  
Dennis Robinson, Vice Mayor  
Darin Nicholson (Telephonic)  
James Fitch  
Alejandro Tungul  
David Gregory  
  
Absent:  
Shari Coleman
3. **Pledge of allegiance:** Council Member Fitch led the Pledge of Allegiance
4. **Recognition of visitors**
  - Chris Salts, OC
  - Jennifer Tungul, Matson
  - Brooks Chandler, City Attorney (telephonic)
5. **Adoption of agenda**  
Fitch made a motion to adopt agenda; Tungul seconded  
No objection  
Motion passed by consensus
6. **Approve minutes of previous meeting**  
Tungul made a motion to approve the November 12, 2019 meeting minutes; Fitch seconded  
No objection  
Motion passed by consensus
7. **Reports**  
City Manager added the following items to her report
  - RavnAir announced flight schedule for commercial flights through May 2020

- Alaska Airlines working with RavnAir to insure reservations of previously ticketed passengers are transferred over to RavnAir flights at no additional cost to the customer
- No confirmation on a date for the community meeting with Alaska Airlines and RavnAir

**8. Community Input & Announcements:**

PCR

- Annual Christmas Event – December 7, 2019
- Santa Run in conjunction with St. Jude’s
- Christmas Tree Lighting (possibly)

USAFV - Annual “Soup Off” - March 28, 2020

UCSD Lady Raiders – Volleyball Team headed to State Championship

**9. Public testimony on agenda items:** None

**10. Public hearing:** Mayor Tutiakoff, Sr. opened the Public Hearing on Ordinance 2019-14

- Ordinance 2019-14: An Ordinance of the Unalaska City Council amending Unalaska Code of Ordinances Section 8.12.170(O) (4,5,6,7,8,9,10 &11) & Section 9.36.090 regarding amortization of existing adult uses and operating hours of adult businesses

Hearing no testimony, the Public Hearing closed

**11. Work session**

Robinson made a motion to adjourn to Work Session; Tungul seconded

No objection

Motion passed by consensus

Disclosure: Mayor Tutiakoff Sr. stated for the record that he is currently Chairman and Board President of Ounalashka Corporation, as well as the Mayor of the City of Unalaska and has no exceeding financial gain in the Geothermal Project led by Ounalashka/Chena Power, LLC.

- Presentation from Ounalashka/Chena Power, LLC regarding their Geothermal Project  
Chris Salts, Ounalashka Corporation, made a presentation regarding Ounalashka/Chena Power, LLC Geothermal Project and answered Council questions
- Presentation from Port Director Peggy McLaughlin regarding Terminal Services Agreements at the Unalaska Marine Center  
Peggy McLaughlin, Port Director, gave a presentation on Terminal Services Agreements for the Unalaska Marine Center, discussing benefits of Terminal Services Agreements, how agreements work with port practices, and how agreements are negotiated. The Director also answered Council questions.
- Presentation from Planning Director Bil Homka with the annual review of the Community Support Grant Program in preparation for the FY21 grant cycle  
Bil Homka, Planning Director, gave a presentation for the annual review of the Community Support Grant Program and answered Council questions. The Director highlighted a change to the decision making process implemented last year which allowed for a cap. The Planning Director also discussed a new change to the program for this year which was prompted by requests from applicants to extend the timing process to allow for more time for participants to submit their applications.
- Discussion led by City Manager Erin Reinders regarding Online Sales Tax and the Alaska Intergovernmental Remote Seller Sales Tax Agreement

City Manager gave a brief overview of the online sales tax and Alaska Intergovernmental remote seller sales tax agreement. Brooks Chandler, City Attorney, continued the discussion and answered Council questions. A resolution on this matter is expected to be brought forward at the next council meeting.

- e. Discussion led by City Manager Erin Reinders regarding talking points for meeting with Alaska Airlines officials in Seattle

City Manager gave a brief overview regarding the talking points for the meeting with Alaska Airlines officials in Seattle. Council Members also raised the following concerns:

- Determine who owns the Unalaska route
- Lack of an incentive program for customers with RavnAir
- How can the city improve the airport to accommodate the use of another Alaska Airline asset to fly the Unalaska route

## 12. Consent agenda

Robinson made a motion to adopt Consent Agenda items (listed below); Fitch seconded

No objection

Motion passed by consensus.

- a. Resolution 2019-61: Adopting an alternative allocation method for the FY 2020 Shared Fisheries Business Tax Program and certifying that this allocation method fairly represents the distribution of significant effects of fisheries business activity in the FMA 2: Aleutians Islands Area
- b. Resolution 2019-62: Establishing dates for the FY21 Real Property and Business Personal Property Tax Collection Effort

## 13. Regular agenda

- a. Unfinished Business

- i. Ordinance 2019-14: Second Reading, an Ordinance of the Unalaska City Council amending Unalaska Code of Ordinances Section 8.12.170(O) (4,5,6,7,8,9,10 &11) & Section 9.36.090 regarding amortization of existing adult uses and operating hours of adult businesses

Gregory made a motion to adopt Ordinance 2019-14; Tungul seconded  
Roll Call Vote: Gregory – yes; Tungul – yes; Nicholson – yes; Robinson – yes;  
Fitch – yes.

Motion passed 5-0

- b. New Business

- i. Review of liquor license renewal application, Edelmira Cortez DBA Amelia's Restaurant

No action taken

- ii. Ordinance 2019-15: Creating Budget Amendment #4 to the Fiscal Year 2020 Operating Budget to continue General Fund Project "Emergency Air Charter Program" per appropriation made with Emergency Ordinance 2019-13  
Gregory made a motion to move Ordinance 2019-15 to second reading and public hearing on December 12, 2019; Fitch seconded

Roll Call Vote: Tungul – yes; Gregory – yes; Fitch – yes; Nicholson – yes;  
Robinson – yes  
Motion passed 5-0

- iii. Resolution 2019-60: Accepting the resignation of Council Member James Fitch and declaring Council Seat CC-B vacant

Gregory made a motion to adopt Resolution 2019-60; Tungul seconded

Gregory made a motion to amend Resolution 2019-60, to strike *December 11, 2019* and insert *December 13, 2019*; Tungul seconded

Roll Call Vote on amendment:  
Fitch – yes; Tungul – yes; Gregory – yes; Nicholson – yes; Robinson – yes  
Motion passed 5-0

Roll Call Vote on main motion as amended:  
Robinson – yes; Nicholson – yes; Gregory – yes; Tungul – yes; Fitch – yes  
Motion passed 5-0

#### 14. Council Directives to City Manager:

Gregory made a motion to direct City Manager to assign staff to advertise the vacancy of Council Seat B; to accept letters of interest through 5pm on Monday, January 6, 2020, from persons who desire to be appointed to Council Seat B; and to invite such interested persons to a special council meeting to be held on Thursday, January 9, 2020, at 6:00 p.m., at which time council will make an appointment to fill the vacancy; Tungul seconded.

Roll Call Vote: Tungul – yes; Gregory – yes; Nicholson – yes; Robinson – yes; Fitch – yes  
Motion passed 5-0

#### 15. Community Input & Announcements: None

#### 16. Adjournment

Tungul made a motion to adjourn; Fitch seconded  
No objection  
Motion passed by consensus

The meeting adjourned at 8:04 pm

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Marjie Veeder  
City Clerk

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## MEMORANDUM TO COUNCIL

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To: Mayor and City Council Members  
From: Erin Reinders, City Manager  
Date: December 12, 2019  
Re: City Manager Report

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**OC/CP LLC Geothermal Project:** City staff continues to work with the OC/CP LLC team in addressing project planning and development questions and in the drafting of a Power Purchase Agreement. We have enlisted the support of Mike Hubbard, long time City Consultant with a strong background in public utilities project and analysis. Our attorney is also well aware of the project and will be providing assistance to the City team as well. There remains much work to do, but I am confident we have the right people engaged to help position this project for success and to develop an agreement that is in the best interests of the citizens of Unalaska.

**Fire Response:** At 3:30am on November 29, 2019, the Fire Department responded to a reported structure fire on Standard Oil Hill. The Acting Fire Chief has reported that, on arrival occupants were out of the house and UFD performed an interior attack. The fire was controlled within 10 minutes and was fully extinguished within 20 minutes. The cause of the fire is believed to have been a mechanical failure of the heating unit inside the home. There were 9 responders. No injuries were reported.

**Council Seat B:** The vacancy in Council Seat B has been advertised locally and the Clerk will accept letters of interest through 5pm on January 6. As of this writing, one inquiry and one email of interest have been received. A special council meeting will be held at 6pm on January 9, 2020 to make an appointment.

**Business Licenses:** City of Unalaska business licenses expire at the end of the year, and renewal applications must be submitted to the City Clerk no later than December 31, 2019 to avoid late fees.

**Ravn Visit to Unalaska:** Ravn will not be holding a Community Meeting in Unalaska this time. Ravn representatives will be traveling to Unalaska to visit privately with members of industry and other organizations.

**Capital Projects:** The most recent 200 page Capital Projects Report has been updated thru November 30, 2019 can be found on the City website. LCG Lantech Surveyors are in town conducting survey work for the Generals Hill Booster Station project. They will also establish property corners and R/W lines on Pacesetter Way to define uplands border of the Robert Storrs A&B Float Upgrade Project.

**Entrance Channel Dredging Project Update:** The Final Feasibility Report and Final Environmental Assessment have been completed the US Army Corps of Engineers in Alaska, and submitted to headquarters in Washington, DC. Next step will be to obtain a Signed Chief's Report, followed by Congressional Authorization and Appropriation. As a reminder, this project is 75% funded at the federal level and 25% funded by the sponsor, in this case that is the City of

Unalaska. Updated information regarding scope, timeline and associated costs will be worked into the CMMP process. I have passed this information on to our Federal Lobbyist so he is aware.

**Executive Level Searches:** Executive level vacancies include the Finance Director, Police Chief, and Fire Chief.

- The job announcement for the Finance Director remains posted, with a closing date of January 27, 2020. The Jim Sharpe continues to serve as Interim Finance Director.
- The job announcement for the Police Chief Position is posted, with a closing date of January 6, 2020. John Lucking continues to serve as Interim Police Chief.
- We are in the process of interviewing applicants for the Fire Chief position. Mike Hanson continues to serve as Acting Fire Chief.

**Directives to the City Manager:** The following identifies the status of outstanding Directives to the City Manager:

- *Options for Increased Tobacco Tax (11/27/18). Ongoing.* Council discussed in detail at the July 9, 2019 Council Meeting. Future discussions will include additional information on Tobacco Excise Tax, a combination Tobacco Excise Tax with increased sales tax on alcohol and marijuana, fund dedication options, and potential rates. Additional information will be provided to Council in the coming months.
- *Fiscal Sustainability Plan and Policy (5/14/19). Initiated.* Interim Finance Director Jim Sharpe will begin a discussion with City Council on sustainable long term planning at the December 12, 2019 Council meeting.
- *Alaska Airlines Meeting (11/12/19). Initiated.* The Mayor and I have discussed potential travel dates in relation to other planned travel. I am awaiting feedback from Alaska Airlines to firm up the dates.



General Fund Operating Monthly Summary - Month Ending October 2019

	FY2020 Budget	October	FY2020 YTD	% OF BUD	FY2019 YTD	INC/(DEC) Last Year
<b>REVENUES</b>						
Raw Seafood Tax	4,200,000	379,495	1,948,360	46%	1,824,350	124,010
AK Fisheries Business	3,300,000	3,775,900	3,775,900	114%	3,306,990	468,911
AK Fisheries Resource Landing	5,000,000	4,601,633	4,601,633	92%	4,855,139	(253,505)
Property Taxes	6,100,000	2,908,694	6,360,289	104%	6,453,857	(93,568)
Sales Tax	7,000,000	1,039,757	3,259,893	47%	3,114,340	145,553
Investment Earnings	1,400,000	428,208	1,381,997	99%	825,469	556,528
Other Revenues	3,796,758	183,341	1,571,087	41%	1,286,177	284,910
Appropriated Fund Balance	9,868,877	0	0	0%	0	0
<b>Total General Fund Revenues</b>	<b>40,665,635</b>	<b>13,317,029</b>	<b>22,899,159</b>	<b>56%</b>	<b>21,666,320</b>	<b>1,232,838</b>
<b>EXPENDITURES</b>						
Mayor & Council	799,029	22,356	122,573	15%	122,963	(390)
City Administration						
City Manager's Office	392,770	28,026	102,873	26%	109,547	(6,674)
Administration	1,319,044	53,138	558,368	42%	499,451	58,917
<b>Total City Administration</b>	<b>1,711,814</b>	<b>81,164</b>	<b>661,240</b>	<b>39%</b>	<b>608,997</b>	<b>52,243</b>
City Clerk	527,270	53,972	163,680	31%	154,842	8,837
Finance						
Finance	1,034,902	129,136	320,390	31%	316,927	3,463
Information Systems	943,685	48,822	423,222	45%	437,870	(14,648)
<b>Total Finance</b>	<b>1,978,587</b>	<b>177,958</b>	<b>743,612</b>	<b>38%</b>	<b>754,798</b>	<b>(11,185)</b>
Planning	780,085	40,682	173,835	22%	209,353	(35,518)
Public Safety						
Police and Admin	3,865,790	183,157	825,253	21%	952,411	(127,158)
Police Communications	899,718	85,883	289,400	32%	0	289,400
Police Corrections	1,002,135	63,609	304,964	30%	272,213	32,751
<b>Total Public Safety</b>	<b>5,767,642</b>	<b>332,649</b>	<b>1,419,617</b>	<b>25%</b>	<b>1,224,624</b>	<b>194,993</b>
Fire & EMS						
Fire and Emergency Services	1,944,632	126,583	442,567	23%	545,553	(102,986)
<b>Total Fire &amp; EMS</b>	<b>1,944,632</b>	<b>126,583</b>	<b>442,567</b>	<b>23%</b>	<b>545,553</b>	<b>(102,986)</b>
Public Works						
DPW Admin & Engineering	799,891	50,122	183,017	23%	206,432	(23,414)
Streets and Roads	3,498,244	158,226	1,177,455	34%	667,367	510,088
Receiving and Supply	290,301	20,464	90,289	31%	80,176	10,113
Veh & Equip Maintenance	1,241,196	78,055	328,123	26%	298,518	29,604
Facilities Maintenance	1,394,166	94,275	386,871	28%	642,099	(255,227)
<b>Total Public Works</b>	<b>7,223,798</b>	<b>401,144</b>	<b>2,165,755</b>	<b>30%</b>	<b>1,894,592</b>	<b>271,163</b>
Parks, Culture & Recreation						
Parks, Culture & Recreation	3,405,918	201,322	896,007	26%	905,104	(9,097)
Other Expenses	6,054,804	456,183	2,364,725	39%	2,188,432	176,293
<b>Total Operating Expenditures</b>	<b>30,193,578</b>	<b>1,894,013</b>	<b>9,153,611</b>	<b>30%</b>	<b>8,609,257</b>	<b>544,354</b>
Transfers To General Fund	0	0	0	0%	0	0
Transfers To Special Revenue	0	0	0	0%	0	0
Transfers To Capital Projects	10,046,789	0	10,046,789	100%	2,651,665	7,395,124
Transfers To Enterprise Funds	0	0	0	0%	0	0
Transfers To Enterprise Capital	1,000,000	0	1,000,000	100%	495,006	504,994
	11,046,789	0	11,046,789	100%	3,146,671	7,900,118
	41,240,367	1,894,013	20,200,400	49%	11,755,928	8,444,472
<b>Surplus/(Deficit)</b>	<b>(574,732)</b>	<b>11,423,015</b>	<b>2,698,759</b>	<b>53%</b>	<b>9,910,393</b>	<b>(7,211,634)</b>

	<b>FY2020 Budget</b>	<b>October</b>	<b>FY2020 YTD</b>	<b>% OF BUD</b>	<b>FY2019 YTD</b>	<b>INC/(DEC) Last Year</b>
<b>Electric Proprietary Fund</b>						
REVENUES	19,048,704	1,303,669	6,841,205	36%	7,119,988	(278,783)
Electric Line Repair & Maint	1,441,983	73,299	369,156	26%	279,162	89,994
Electric Production	10,326,628	863,656	3,958,220	38%	3,949,613	8,607
Facilities Maintenance	137,042	5,349	38,795	28%	15,770	23,025
Utility Administration	5,518,759	332,100	2,002,175	36%	2,150,397	(148,222)
Veh & Equip Maintenance	61,515	2,794	12,190	20%	27,027	(14,837)
Transfers Out	2,985,968	0	2,985,968	100%	1,871,402	1,114,566
EXPENSES	20,471,896	1,277,198	9,366,504	46%	8,293,371	1,073,133
NET EARNINGS/(LOSS)	(1,423,192)	26,471	(2,525,299)		(1,173,383)	(1,351,916)

<b>Water Proprietary Fund</b>						
REVENUES	2,693,207	106,000	1,055,096	39%	1,098,027	(42,930)
Transfers Out	3,009,084	0	3,009,084	100%	200,000	2,809,084
Facilities Maintenance	57,777	2,147	12,912	22%	31,375	(18,463)
Utility Administration	1,786,637	129,195	633,309	35%	650,927	(17,618)
Veh & Equip Maintenance	38,175	847	9,837	26%	6,596	3,241
Water Operations	1,642,141	101,927	468,752	29%	335,193	133,559
EXPENSES	6,533,814	234,116	4,133,894	63%	1,224,092	2,909,802
NET EARNINGS/(LOSS)	(3,840,607)	(128,116)	(3,078,798)		(126,065)	(2,952,733)

<b>Wastewater Proprietary Fund</b>						
REVENUES	2,649,887	198,439	844,028	32%	847,719	(3,692)
Transfers Out	0	0	0	0%	792,400	(792,400)
Facilities Maintenance	86,153	18,501	32,052	37%	18,570	13,481
Utility Administration	1,951,888	145,617	753,586	39%	770,616	(17,030)
Veh & Equip Maintenance	28,642	1,619	7,522	26%	8,839	(1,318)
Wastewater Operations	2,327,203	158,978	583,424	25%	413,956	169,469
EXPENSES	4,393,887	324,715	1,376,584	31%	2,004,381	(627,798)
NET EARNINGS/(LOSS)	(1,744,000)	(126,276)	(532,556)		(1,156,662)	624,106
Transfers In	998,248	0	0	0%	0	0

<b>Solid Waste Proprietary Fund</b>						
REVENUES	2,602,442	212,848	949,698	36%	797,180	152,518
Facilities Maintenance	78,105	1,902	14,253	18%	16,790	(2,537)
Solid Waste Operations	2,121,923	423,959	730,859	34%	376,944	353,914
Utility Administration	1,566,186	121,996	518,076	33%	531,861	(13,785)
Veh & Equip Maintenance	137,603	6,463	21,974	16%	13,343	8,630
Transfers Out	741,500	0	741,500	100%	0	741,500
EXPENSES	4,645,317	554,319	2,026,661	44%	938,939	1,087,723
NET EARNINGS/(LOSS)	(2,042,874)	(341,471)	(1,076,963)		(141,759)	(935,204)
Transfers In	44,622	0	0	0%	0	0

	<u>FY2020 Budget</u>	<u>October</u>	<u>FY2020 YTD</u>	<u>% OF BUD</u>	<u>FY2019 YTD</u>	<u>INC/(DEC) Last Year</u>
<b>Ports &amp; Harbors Proprietary Fund</b>						
REVENUES	8,257,948	516,754	2,657,753	32%	2,320,718	337,035
Bobby Storrs Small Boat Harbor	149,396	6,611	43,028	29%	48,933	(5,905)
CEM Small Boat Harbor	502,126	49,111	198,673	40%	202,018	(3,345)
Facilities Maintenance	55,151	706	10,354	19%	10,273	81
Harbor Office	8,031,646	547,022	2,333,902	29%	1,996,080	337,821
Ports Security	76,211	2,127	21,558	28%	13,787	7,772
Spit & Light Cargo Docks	508,061	40,126	178,258	35%	200,780	(22,522)
Unalaska Marine Center	1,054,667	53,356	454,168	43%	461,438	(7,270)
Veh & Equip Maintenance	60,531	1,881	13,642	23%	20,587	(6,945)
Transfers Out	1,105,650	0	1,105,650	100%	4,467,000	(3,361,350)
EXPENSES	11,543,439	700,939	4,359,232	38%	7,420,896	(3,061,664)
NET EARNINGS/(LOSS)	(3,285,491)	(184,185)	(1,701,479)		(5,100,178)	3,398,699
<b>Airport Proprietary Fund</b>						
REVENUES	559,993	39,644	159,020	28%	160,232	(1,212)
Airport Admin/Operations	583,495	40,574	197,499	34%	210,197	(12,698)
Facilities Maintenance	242,952	6,870	26,870	11%	24,008	2,862
EXPENSES	826,447	47,445	224,370	27%	234,205	(9,836)
NET EARNINGS/(LOSS)	(266,454)	(7,801)	(65,350)		(73,974)	8,624
<b>Housing Proprietary Fund</b>						
REVENUES	254,468	12,008	80,830	32%	82,764	(1,934)
Facilities Maintenance	227,369	8,475	30,360	13%	46,559	(16,199)
Housing Admin & Operating	361,143	23,923	122,443	34%	115,711	6,732
EXPENSES	588,512	32,398	152,802	26%	162,270	(9,468)
NET EARNINGS/(LOSS)	(334,044)	(20,390)	(71,972)		(79,506)	7,534

WM 11-8-19

City of Unalaska  
Utility Revenue Report  
Summary

07/31/19

FY20 Budget Month	Electric	Water	Waste Water	Solid Waste	Monthly Revenue	FY20 Revenue	FY19YTD Revenue	YTD Inc/(Dec)
Jul-19	2,041,702	338,438	213,747	240,284	2,834,170	2,834,170	2,675,055	159,115
Aug-19	1,991,612	329,977	210,530	267,922	2,800,041	5,634,211	5,858,037	(223,825)
Sep-19	1,434,679	276,434	221,311	211,845	2,144,269	7,778,480	7,974,822	(196,342)
Oct-19	1,303,679	106,000	198,439	206,051	1,814,170	9,592,650	9,817,718	(225,068)
Nov-19	0	0	0	0	0	0	11,260,719	0
Dec-19	0	0	0	0	0	0	12,610,843	0
Jan-20	0	0	0	0	0	0	14,201,432	0
Feb-20	0	0	0	0	0	0	16,445,846	0
Mar-20	0	0	0	0	0	0	18,951,284	0
Apr-20	0	0	0	0	0	0	20,946,322	0
May-20	0	0	0	0	0	0	22,365,728	0
Jun-20	0	0	0	0	0	0	23,865,256	0
YTD Totals	6,771,672	1,050,849	844,028	926,102	9,592,650			
FY20 Budget	18,877,278	2,610,839	2,607,950	2,562,531	26,658,598			
% to budget	35.9	40.2	32.4	36.1	36.0			

City of Unalaska  
Electric Revenue Report  
Electric Fund

07/31/19

FY20 Budget Month	Residential	Small General	Large General	Industrial	P.C.E. Assist	Other Revenues	Monthly Revenue	FY20 YTD Revenue	FY19 YTD Revenue	YTD Inc/(Dec)
Jul-19	93,544	118,063	166,850	1,610,047	49,887	3,312	2,041,702	2,041,702	1,975,144	66,559
Aug-19	92,064	48,669	104,004	1,693,030	48,587	5,257	1,991,612	4,033,314	4,256,192	(222,877)
Sep-19	85,851	74,390	129,603	1,085,499	49,107	10,228	1,434,679	5,467,993	5,732,988	(264,995)
Oct-19	113,072	90,945	153,791	893,562	47,970	4,339	1,303,679	6,771,672	7,083,392	(311,720)
Nov-19							0	0	8,080,713	0
Dec-19							0	0	9,127,120	0
Jan-20							0	0	10,169,697	0
Feb-20							0	0	11,602,998	0
Mar-20							0	0	13,262,884	0
Apr-20							0	0	14,700,056	0
May-20							0	0	15,775,615	0
Jun-20							0	0	16,763,006	0
YTD Totals	384,531	332,067	554,249	5,282,138	195,551	23,136	6,771,672			
FY20 Budget	1,147,831	1,286,314	2,588,359	13,166,557	627,396	60,821	18,877,278			
% of Budget	33.5	25.8	21.4	40.1	31.2	38.0	35.9			

Kwh Sold

FY 20 Month	Residential	SM. Gen (Includes Street lights)	Large General	Industrial	Total FY20 Kwh Sold	Total FY19 Kwh Sold	Increase (Decrease)
July	271,136	343,064	504,642	4,971,895	6,090,737	5,296,782	793,955
August	246,372	246,372	460,815	5,496,225	6,449,784	6,281,823	167,961
September	251,142	233,357	409,411	3,427,315	4,321,225	4,043,612	277,613
October	326,960	282,519	474,730	2,810,655	3,894,864	3,744,427	150,437
November					0	2,621,709	0
December					0	2,787,686	0
January *					0	3,144,745	0
February				0	0	4,521,664	0
March					0	5,517,900	0
April					0	4,450,677	0
May					0	3,451,051	0
June					0	3,258,812	0
Total	1,095,610	1,105,312	1,849,598	16,706,090	20,756,610	49,120,888	1,389,966
Percent Sold	5.3%	5.3%	8.9%	80.5%	100.0%		

Generator Fuel	
FY20 Average Price Fuel	FY19 Average Price Fuel
2.2808	2.7133
2.2532	2.5517
2.3070	2.6189
2.3367	2.7620
	2.7018
	2.2137
	2.0713
	2.2716
	2.3469
	2.4175
	2.5783
	2.2808
2.2944	2.4606

FY20 Cumulative kwh Sold	FY19 Cumulative kwh Sold
6,090,737	5,296,782
12,540,521	11,578,605
16,861,746	15,622,217
20,756,610	19,366,644
20,756,610	21,988,353
20,756,610	24,776,039
20,756,610	27,920,784
20,756,610	32,442,448
20,756,610	37,960,348
20,756,610	42,411,025
20,756,610	45,862,076
20,756,610	45,862,076

% Change from Prior Year

City of Unalaska  
Water Revenue Report  
Water Fund

07/31/19

FY20 Month	Unmetered Sales	Metered Sales	Other Revenues	Monthly Revenue	FY20 YTD Revenue	FY19YTD Revenue	YTD Inc/(Dec)
Jul-19	12,319	326,092	26	338,438	338,438	306,593	31,844
Aug-19	12,356	316,505	1,117	329,977	668,414	766,223	(97,809)
Sep-19	12,188	263,043	1,203	276,434	944,849	993,628	(48,780)
Oct-19	12,321	92,708	971	106,000	1,050,849	1,098,027	(47,178)
Nov-19				0	0	1,206,344	0
Dec-19				0	0	1,279,445	0
Jan-20				0	0	1,461,769	0
Feb-20				0	0	1,846,779	0
Mar-20				0	0	2,229,099	0
Apr-20				0	0	2,426,378	0
May-19				0	0	2,491,966	0
Jun-20				0	0	2,660,145	0
YTD Totals	49,184	998,349	3,317	1,050,849			
FY20 Budget	161,560	2,420,955	28,324	2,610,839			
% of Budget				40.2			

Million Gallons Produced

FY20 Month	FY 20 Produced	FY 19 Produced	Increase (Decrease)
July	144.933	149.496	(4.563)
August	137.816	165.530	(27.714)
September	119.165	98.852	20.313
October	50.297	57.040	(6.743)
November		41.353	0.000
December		38.233	0.000
January		83.650	0.000
February		165.013	0.000
March		163.182	0.000
April		90.469	0.000
May		33.090	0.000
June		80.544	0.000
Total	452.211	1166.452	(18.707)

FY20 Water Cumulative	FY19 Water Cumulative
144.933	149.496
137.816	315.026
119.650	413.878
169.947	470.918
0.000	512.271
0.000	550.504
0.000	634.154
0.000	799.167
0.000	962.349
0.000	1052.818
0.000	1085.908
0.000	1166.452

City of Unalaska  
Wastewater Revenue Report  
Wastewater Fund

07/31/19

FY20 Month	Unmetered Sales	Metered Commercial	Metered Industrial	Other Revenues	Monthly Revenue	FY20 YTD Revenue	FY19 YTD Revenue	YTD Inc/(Dec)
Jul-19	38,698	165,763	8,802	484	213,747	213,747	187,607	26,140
Aug-19	38,590	152,192	8,977	10,772	210,530	424,277	401,081	23,196
Sep-19	37,816	167,480	7,725	8,291	221,311	645,588	639,231	6,358
Oct-19	38,482	151,100	4,311	4,547	198,439	844,028	847,719	(3,692)
Nov-19					0	0	1,030,043	0
Dec-19					0	0	1,163,062	0
Jan-20					0	0	1,345,386	0
Feb-20					0	0	1,573,580	0
Mar-20					0	0	1,789,032	0
Apr-20					0	0	1,984,696	0
May-20					0	0	2,132,013	0
Jun-20					0	0	2,295,878	0
YTD Totals	153,584	636,536	29,814	24,093	844,028			
FY20 Budget	482,570	2,020,704	46,025	58,651	2,607,950			
% of Budget					32.4			

FY20 Month	FY20 Effluent (Gal)	FY19 Effluent (Gal)	Increase (Decrease)
July	10,335,000	11,334,000	(999,000)
August	10,748,000	12,167,000	(1,419,000)
September	10,824,000	11,085,000	(261,000)
October	13,384,000	13,286,000	98,000
November		12,990,000	0
December		11,799,000	0
January		17,421,000	0
February		15,011,000	0
March		15,848,000	0
April		13,470,000	0
May		9,091,000	0
June		10,776,000	0
Total	45,291,000	154,278,000	(2,581,000)

FY20 Cumulative	FY19 Cumulative
10,335,000	11,334,000
21,083,000	23,501,000
31,907,000	34,586,000
45,291,000	47,872,000
0	60,862,000
0	72,661,000
0	90,082,000
0	105,093,000
0	120,941,000
0	134,411,000
0	143,502,000
0	154,278,000

City of Unalaska  
Solid Waste Revenue Report  
Solid Waste Fund

07/31/19

FY20 Month	Residential Fees	Tipping Fees	Other Revenue	Monthly Revenue	FY20 YTD Revenue	FY19 YTD Revenue	YTD Inc/(Dec)
Jul-19	29,023	174,581	36,680	240,284	240,284	205,711	34,573
Aug-19	29,035	193,226	45,661	267,922	508,206	434,541	73,665
Sep-19	28,997	154,078	28,770	211,845	720,050	608,975	111,075
Oct-19	29,364	142,867	33,820	206,051	926,102	788,580	137,522
Nov-19				0	0	943,618	0
Dec-18				0	0	1,041,216	0
Jan-20				0	0	1,224,579	0
Feb-20				0	0	1,422,489	0
Mar-20				0	0	1,670,269	0
Apr-20				0	0	1,835,191	0
May-20				0	0	1,966,134	0
Jun-20				0	0	2,146,227	0
YTD Totals	116,418	664,753	144,931	926,102			
FY20 Budget	273,770	1,966,240	322,521	2,562,531			
% of Budget	42.5	33.8	44.9	36.1			

FY20 Month	FY20 Tons of Waste	FY19 Tons of Waste	Increase (Decrease)
July	676.37	691.90	(15.53)
August	769.86	792.71	(22.85)
September	640.50	559.25	81.25
October	630.93	497.11	133.82
November		522.57	0.00
December		341.29	0.00
January		619.61	0.00
February		634.20	0.00
March		982.72	0.00
April		550.45	0.00
May		419.53	0.00
June		591.97	0.00
Total	2717.66	7203.31	176.69

Cummulative	
FY20 Tons of Waste	FY19 Tons of Waste
676.37	691.90
1446.23	1484.61
2086.73	2043.86
2717.66	2540.97
0.00	3063.54
0.00	3404.83
0.00	4024.44
0.00	4658.64
0.00	5641.36
0.00	6191.81
0.00	6611.34
0.00	7203.31



**CITY OF UNALASKA  
FY20 PORTS REVENUE**

Month	Year	UMC Dock				Spit Dock		Small Boat Harbor		Cargo Dock		CEM		Other Rev&Fees	Monthly Revenue	FY20 YTD Revenue	% of Budget	FY19 YTD Revenue	YTD Inc(Dec)	
		Docking/ Moorage	Wharfage Fees	Rental Fees	Utility Fees	Docking / Moorage	Utility Fees	Docking / Moorage	Utility Fees	Dockage / Moorage	Wharfage Rental/Util	Docking/ Moorage	Utility Fees							
Jul	2019	158,396	282,213	51,885	80,177	21,419	1,563	5,547	787	6,251	3,710	16,922	3,445	20,027	652,342	652,342	8.4%	478,637	173,705	
Aug	2019	159,468	377,141	49,478	38,997	46,269	2,301	5,658	451	4,229	3,686	36,095	7,345	13,491	744,609	1,396,951	18.0%	1,141,980	254,971	
Sept	2019	172,894	305,675	48,050	42,273	89,478	4,236	4,961	582	6,563	18,781	33,743	7,115	9,697	744,048	2,140,999	27.6%	1,762,136	378,863	
Oct	2019	125,328	179,166	45,440	25,591	40,873	16,694	4,819	577	4,945	21,849	22,831	27,737	904	516,754	2,657,753	34.2%	2,290,549	367,204	
Nov	2019														0	0	0.0%	2,773,303	0	
Dec	2019														0	0	0.0%	3,342,706	0	
Jan	2020														0	0	0.0%	3,785,685	0	
Feb	2020														0	0	0.0%	4,358,277	0	
Mar	2020														0	0	0.0%	5,163,213	0	
Apr	2020														0	0	0.0%	5,799,757	0	
May	2020														0	0	0.0%	6,181,979	0	
Jun	2020														0	0	0.0%	6,557,217	0	
<b>Totals</b>		<b>616,086</b>	<b>1,144,194</b>	<b>194,852</b>	<b>187,039</b>	<b>198,039</b>	<b>24,794</b>	<b>20,986</b>	<b>2,398</b>	<b>21,988</b>	<b>48,026</b>	<b>109,591</b>	<b>45,642</b>	<b>44,118</b>	<b>2,657,753</b>					
Loc total		2,142,171				222,833		23,383		70,014		155,233								
Loc percent		80.6%				8.4%		0.9%		2.6%		5.8%								
FY20 Budget		1,735,300	3,125,950	600,000	360,000	434,730	125,000	87,000	14,290	120,000	122,500	635,000	313,500	97,500	7,770,770					
% to Budget		35.5%	36.6%	32.5%	52.0%	45.6%	19.8%	24.1%	16.8%	18.3%	39.2%	17.3%	14.6%	45.2%	34.2%					

**PORTS RECEIVABLES**

Month	Year	Current	Over 30 Days	Over 60 Days	Over 90 Days	Total Due	% Past Due 90 Days +	Cash Received
Jul	2019	667,427	104,806	19,654	35,762	827,649	4.3%	386,283
Aug	2019	634,450	169,640	21,234	5,641	830,966	0.7%	739,289
Sept	2019	806,036	116,524	98,381	23,085	1,044,026	2.2%	476,913
Oct	2019	485,916	176,086	60,750	34,331	757,084	4.5%	720,591
Nov	2019					0	0.0%	
Dec	2019					0	0.0%	
Jan	2020					0	0.0%	
Feb	2020					0	0.0%	
Mar	2020					0	0.0%	
Apr	2020					0	0.0%	
May	2020					0	0.0%	
Jun	2020					0	0.0%	
<b>YTD Cash Received</b>								<b>2,323,076</b>

**CITY OF UNALASKA  
FY20 AIRPORT REVENUE**

MONTH	YEAR	MONTHLY LEASES	MISC INCOME	LATE FEES	MONTHLY REVENUE	FY20 YTD REVENUE	% OF BUDGET	FY19 YTD REVENUE	YTD INC/(DEC)
JUL	2019	39,018	17	838	39,873	39,873	7.2%	40,050	(176)
AUG	2019	39,018	17	687	39,722	79,596	14.4%	80,102	(506)
SEP	2019	39,018	27	736	39,781	119,376	21.6%	120,165	(788)
OCT	2019	38,918	35	691	39,644	159,020	28.8%	160,232	(1,212)
NOV	2019				0	0	0.0%	199,831	0
DEC	2019				0	0	0.0%	240,422	0
JAN	2020				0	0	0.0%	285,795	0
FEB	2020				0	0	0.0%	330,099	0
MAR	2020				0	0	0.0%	369,906	0
APR	2020				0	0	0.0%	409,734	0
MAY	2020				0	0	0.0%	449,607	0
JUN	2020				0	0	0.0%	489,482	0
<b>TOTAL</b>		155,972	96	2,951	159,020		0.0%		
<b>FY20 BUDGET</b>		544,000	3,500	4,000	551,500				
<b>% TO BUDGET</b>		28.7%	2.8%	73.8%	28.8%				

**RECEIVABLE BALANCES**

MONTH	YEAR	CURRENT	OVER 30 DAYS	OVER 60 DAYS	OVER 90 DAYS	TOTAL DUE	% PAST DUE 90 DAYS +	CASH RECEIVED
JUL	2019	37,699	2,934	63	104,528	145,225	72.0%	39,293
AUG	2019	35,589	7,810	1,392	86,713	131,504	65.9%	35,318
SEP	2019	40,122	2,604	5,641	87,714	136,081	64.5%	29,334
OCT	2019	38,351	9,194	0	88,279	135,824	65.0%	38,671
NOV	2019					0	0.0%	
DEC	2019					0	0.0%	
JAN	2020					0	0.0%	
FEB	2020					0	0.0%	
MAR	2020					0	0.0%	
APR	2020					0	0.0%	
MAY	2020					0	0.0%	
JUN	2020					0	0.0%	
<b>YTD TOTAL</b>								<b>142,617</b>

## FY 20 HOUSING RENTAL REVENUE

MONTH	YEAR	HOUSING RENTALS	MISC. REVENUE	MONTHLY REVENUE	FY20 YTD REVENUE	% OF BUDGET	FY19 YTD REVENUE	YTD INC/(DEC)
JUL	2019	13,398		13,398	13,398	5.4%	12,896	502
AUG	2019	28,155		28,155	41,553	16.7%	40,437	1,115
SEP	2019	27,270		27,270	68,822	27.7%	62,602	6,221
OCT	2019	12,008		12,008	80,830	32.5%	82,764	(1,934)
NOV	2019			0	0	0.0%	110,839	0
DEC	2019			0	0	0.0%	124,514	0
JAN	2020			0	0	0.0%	152,589	0
FEB	2020			0	0	0.0%	166,264	0
MAR	2020			0	0	0.0%	186,528	0
APR	2020			0	0	0.0%	206,453	0
MAY	2020			0	0	0.0%	227,371	0
JUN	2020			0	0	0.0%	248,132	0
TOTAL		80,830	0	80,830				
FY20 Budget		248,500	0	248,500				
% TO BUDGET		32.5%		32.5%				

CITY OF UNALASKA  
UNALASKA, ALASKA

ORDINANCE 2019-15

CREATING BUDGET AMENDMENT #4 TO THE FISCAL YEAR 2020 OPERATING BUDGET TO CONTINUE GENERAL FUND PROJECT "EMERGENCY AIR CHARTER PROGRAM" PER APPROPRIATION MADE WITH EMERGENCY ORDINANCE 2019-13

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 FY20 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. 4 to Ordinance #2019-07**

	<u>Current</u>	<u>Requested</u>	<u>Revised</u>
<b>I. OPERATING BUDGETS</b>			
<b>A. General Fund</b>			
Sources:			
Appropriated Fund Balance	\$ 9,447,354	\$ 352,800	\$ 9,800,154
Uses:			
Emergency Air Charter Program Project	\$ -	\$ 352,800	\$ 352,800

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on December 20, 2019.

\_\_\_\_\_  
Vincent M. Tutiakoff, Sr.  
Mayor

ATTEST:

\_\_\_\_\_  
Marjie Veeder  
City Clerk

**City of Unalaska**

**Summary of FY20 Budget Amendment #4 and Schedule of Proposed Accounts**

1) General Fund - Operating Budget

Add \$352,800.00 to the Emergency Air Charter Program project for a short term emergency air transportation program, per Declaration of Emergency dated 10/29/2019.

	<u>Org</u>	<u>Object</u>	<u>Project</u>	<u>Current</u>	<u>Requested</u>	<u>Revised</u>
<b>1) <u>General Fund - Operating Budget</u></b>						
<b>Sources:</b>						
<i>General Fund</i>						
Appropriated Fund Balance	01010049	49900		\$ 9,447,354.00	\$ 352,800.00	\$ 9,800,154.00
<b>Uses:</b>						
<i>City Council</i>						
Legal Services	01020152	53230	EM001	\$ -	\$ 20,000.00	\$ 20,000.00
Other Professional Services	01020152	53300	EM001	\$ -	\$ 234,000.00	\$ 234,000.00
General Insurance	01020152	55200	EM001	\$ -	\$ 37,500.00	\$ 37,500.00
Contingency	01020152	55912	EM001	\$ -	\$ 58,800.00	\$ 58,800.00
Other	01020152	55999	EM001	\$ -	\$ 2,500.00	\$ 2,500.00

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## MEMORANDUM TO COUNCIL

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To: Mayor and City Council Members  
From: Jim Sharpe, Interim Finance Director  
Through: Erin Reinders, City Manager  
Date: November 26, 2019  
Re: Ordinance 2019-15, Creating Budget Amendment #4 to the Fiscal Year 2020 Operating Budget to continue General Fund Project "Emergency Air Charter Program" per appropriation made with Emergency Ordinance 2019-13

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**SUMMARY:** This ordinance will convert the emergency budget amendment created with Emergency Ordinance 2019-13 to a permanent budget amendment.

**PREVIOUS COUNCIL ACTION:** On October 29, 2019, council adopted Resolution 2019-56, declaring a local emergency and authorizing the city manager to take any and all action necessary to alleviate the impact on city residents from the absence of regularly scheduled air service to and from Unalaska.

On November 1, 2019 council adopted Ordinance 2019-13 (copy attached) an emergency ordinance creating an amendment to the Fiscal Year 2020 budget, creating an appropriation for the payment of charter flights contracted for by the city and administrative costs of the emergency air charter program.

**BACKGROUND:** Following the plane crash on October 17, 2019, PenAir and Alaska Airlines cancelled all regularly scheduled service into or out of Unalaska for an indefinite period of time. In response the City sought and received a special DOT waiver that allowed it to operate charter flights between Unalaska and Anchorage.

**DISCUSSION:** The appropriation for the emergency air charter project created with Ordinance 2019-13 will expire 60 days after it was adopted. It is likely that there will be costs associated with the project that will not be entirely known within the 60 day period. Adoption of this budget amendment will allow the City to keep the appropriation for the air charters in place until all of the associated costs and revenues can be accounted for.

**ALTERNATIVES:** Allow the appropriation to lapse, which could cause some revenues, legal fees and other administrative costs directly attributable to the emergency air charters to not be appropriately accounted for.

**FINANCIAL IMPLICATIONS:** Unknown at this time.

**LEGAL:** The City Attorney recommended this action.

**STAFF RECOMMENDATION:** Staff recommends adopting Ordinance 2019-15.

**PROPOSED MOTION:** I move to adopt Ordinance 2019-15 and schedule it for second reading and public hearing on December 10, 2019.

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

CITY OF UNALASKA  
UNALASKA, ALASKA

**ORDINANCE 2019-13**

EMERGENCY ORDINANCE CREATING AN AMENDMENT TO THE FISCAL YEAR 2020 BUDGET, CREATING AN APPROPRIATION FOR THE PAYMENT OF CHARTER FLIGHTS CONTRACTED FOR BY THE CITY AND ADMINISTRATIVE COSTS OF THE EMERGENCY AIR CHARTER PROGRAM

WHEREAS, the City of Unalaska, with Ordinance 2019-56 declared a local emergency arising out of the cessation of regularly scheduled flight service to the island; and

WHEREAS, the City of Unalaska, with Ordinance 2019-57, sought from the U.S. Department of transportation for certain requirements applicable to a public charter operators in order to provide increased air service to Unalaska (the “Emergency Air Charter Project”), and

WHEREAS, Public Charter operators are generally required to furnish adequate security to ensure payment of all amounts due to the direct air carrier in either the amount equal to the price of the entire charter, \$10,000 per round trip flight or the maximum requirement of \$200,000 for an unlimited amount of flights; and

WHEREAS, U.S. Department of Transportation’s \$200,000 security cap notwithstanding, the City desires to appropriate the entire maximum cost for all authorized charters; and

WHEREAS, the City has entered into a contract for charter services with a direct air carrier, Ravn Alaska, (the “Air Charter Contract”); and

WHEREAS, the Air Charter Contract authorizes up to nine round-trip charters at a cost of \$26,000 per trip, for a maximum authorized cost of \$234,000; and

WHEREAS, Participants will not be charged the cost of the charter, approximately \$600 per passenger, each way, until after such time as the flight actually departs;

**BE IT ENACTED** by the City Council of the City of Unalaska:

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

**Section 2:** **Effective Date.** This ordinance becomes effective upon adoption.

**Section 3:** **Amendment of 2020 Budget.** The following sums of money are hereby appropriated, with authorization of expenditure for each sum set forth below:

<b>Operating Budgets:</b>	<b><u>Current</u></b>	<b><u>Revised</u></b>
<b>A. Charter Operator Fund</b>		
Sources		
Appropriated Fund Balance	\$9,447,354	\$9,800,154
Uses		
Emergency Air Charter Project	\$0	\$352,800

**Section 4: Emergency Air Charter Project.**

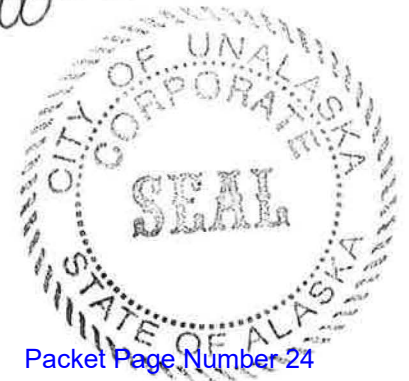
- A. The Emergency Air Charter Project shall be used to pay the Direct Air Carrier for charters furnished to the City pursuant to the terms of the Air Charter Contract, with payment to be made no earlier than 60 days prior to, and no later than, the scheduled date of each originating flight.
- B. Appropriations to the Emergency Air Charter Project shall be considered encumbered by the Direct Air Carrier's right to payment, contingent or accrued, under the Air Charter Contract and may not be transferred for as long as any right, contingent or current, shall exist.
- C. All appropriations to the extent that they have not been expended or lawfully encumbered, lapse upon the earlier of:
  - 1. The budget year; and
  - 2. Written notice from the Direct Air Carrier that it has no further right, contingent or accrued, to payment under the Air Charter Contract.

**Section 5: Receivables.** All proceeds received by the city, whether directly or through a payment processor or agent, shall be held in the general fund. Provided the City has no further liabilities to the Direct Air Carrier, any Participant, or any other third party, the finance director shall first transfer such proceeds to departments based on administrative costs of the program and then the balance of the proceeds transferred to the general fund.

PASSED AND ADOPTED BY THE AFFIRMATIVE VOTE OF THREE-FOURTHS OF THE TOTAL MEMBERSHIP OF THE UNALASKA CITY COUNCIL THIS FIRST DAY OF NOVEMBER 2019.

*Vincent M. Tutiakoff*  
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 Vincent Tutiakoff, Mayor

ATTEST: *R. W. Winters*  
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 Roxanna Winters, Acting City Clerk





**City of Unalaska**  
**Summary of Budget Amendment and Schedule of Proposed Accounts**  
**Emergency Budget Amendment**

1) General Fund - Operating Budget

Add \$352,800.00 to the Emergency Air Charter Program project for a short term emergency air transportation program, per Declaration of Emergency dated 10/29/2019.

	<u>Org</u>	<u>Object</u>	<u>Project</u>	<u>Current</u>	<u>Requested</u>	<u>Revised</u>
<b>1) <u>General Fund - Operating Budget</u></b>						
<b>Sources:</b>						
<i>General Fund</i>						
Appropriated Fund Balance	01010049	49900		\$ 9,447,354.00	\$ 352,800.00	\$ 9,800,154.00
<b>Uses:</b>						
<i>City Council</i>						
Legal Services	01020152	53230	EM001	\$ -	\$ 20,000.00	\$ 20,000.00
Other Professional Services	01020152	53300	EM001	\$ 150,000.00	\$ 234,000.00	\$ 384,000.00

# Long-term Sustainability & Financial Planning

# What is it?

A vital component to address challenges related to:

- Changing demographics
- Continued need for public services
- Economic and political uncertainty

**Slide 2**

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**JS1** Jim Sharpe, 12/6/2019

# Purpose

- “Connects the dots” between the City’s Long-term Comprehensive Plan and the annual budgeting process
- Provide assurance and peace of mind that fiscal decisions follow an overarching plan
- Allows Council to establish specific objective benchmarks to assure fiscal stability for future generations

**Slide 3**

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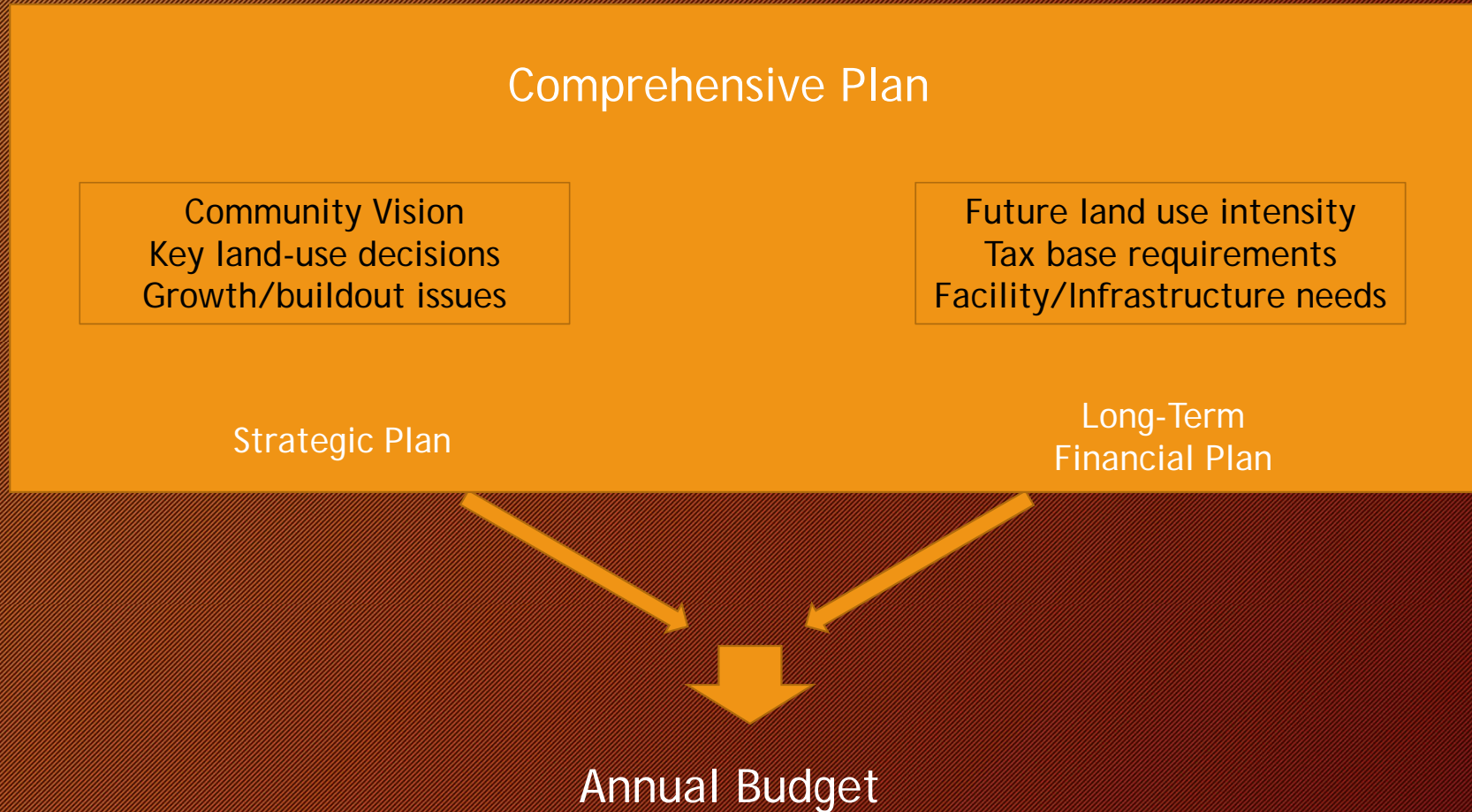
**JS1**

Jim Sharpe, 12/6/2019

# What the City already does

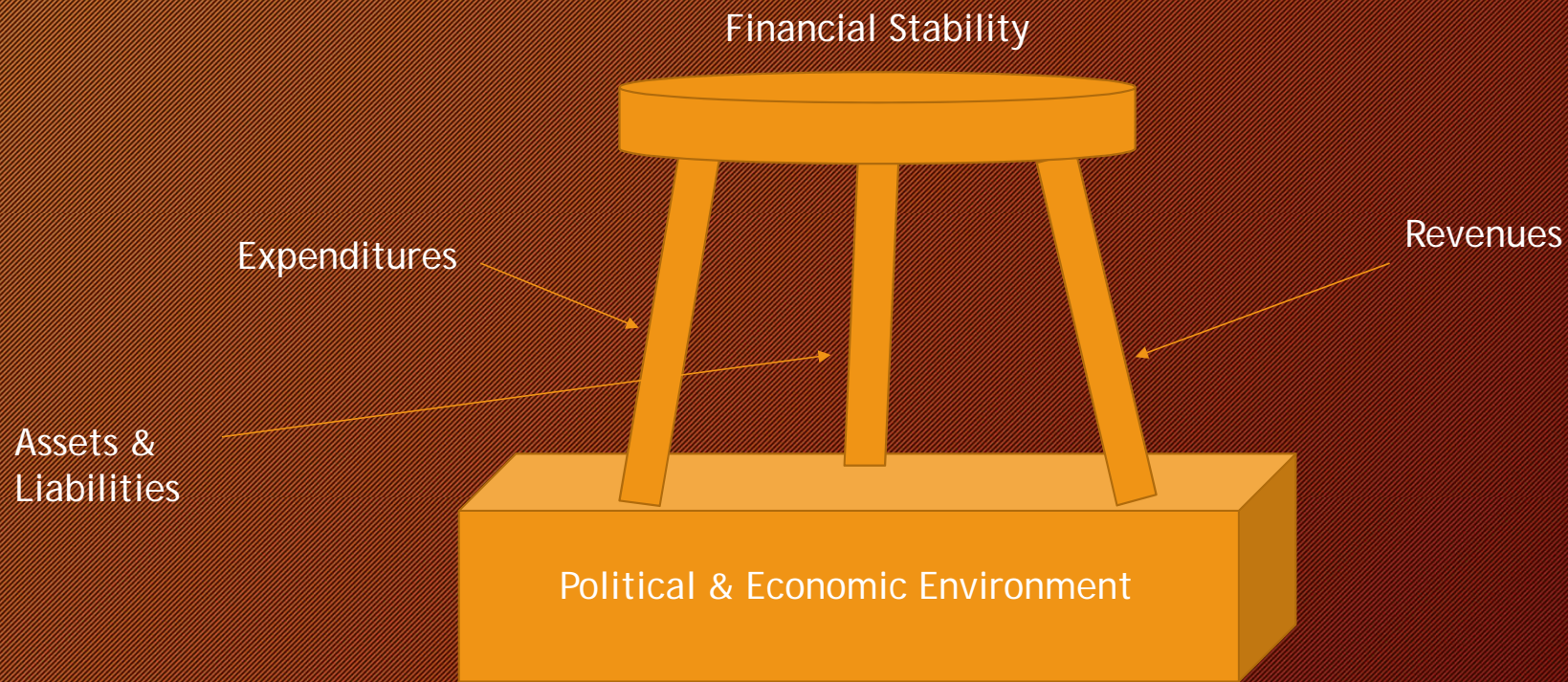
- Adopts a Comprehensive Plan every 10 years that outlines the community's vision and overarching goals, and develops more specific master plans
- Incorporates elements of the Comprehensive and master plans through the use of a 5-year Capital and Major Maintenance Plan to assist in the accomplishment of those visions and goals
- Establishes budget goals and revenue projections as part of the budget cycle

# Comprehensive Planning's Relation to Financial Planning





# The Legs and Foundation of Financial Sustainability



# What more could we do?

- Establish fiscal policies to help insure City funds are available to provide services in case of an economic downturn ("Rainy Day Fund")
- Establish specific budget guidelines to plan for CMMP and related budget shortfalls
- Strategic planning to assist staff and council in determining operational priorities for resource use

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## MEMORANDUM TO COUNCIL

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To: Mayor and City Council Members  
From: Roger Blakeley, PCR Director  
Through: Erin Reinders, City Manager  
Date: December 12, 2019  
Re: Library Improvement Project

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**SUMMARY:** The Library Improvement Project bids came in over the estimated and budgeted amounts. The project team is confident the bids represent the true cost of the project in this location at this time. There are some opportunities for cost savings which will be discussed this evening. However, if Council wishes to proceed with this project as designed and bid, a budget amendment and agreement authorization is required to be finalized by January 20, 2020. Due to this time constraint, tonight's budget amendment includes the necessary funds for this project as bid, with the additional funding coming from the 1% Sales Tax Special Revenue Fund. If Council does not wish to move forward with the project as bid at this time, they may remove the associated funds from the budget amendment.

**BACKGROUND:** The Library Improvement Project has been on the CMMP for quite some time. Project study, predevelopment and design work have been underway since FY2016. The community and City Council have been heavily involved throughout this entire process, including the selection of the currently proposed library design.

On November 20, 2019, bids for the Unalaska Library Building Improvement Project were accepted from four outside contractors.

On November 22, 2019, the Unalaska Library Project team met to review the bids and score each bid. This was a blind process by which the project team evaluated each bid based on the contractor's ability to complete the project before evaluating the cost listed for the bid. Five people scored the projects: an ECI Principal Architect, the Acting City Engineer, PCR and DPW Directors, and the City Librarian. After this process was completed the bids were opened, revealing the proposed costs for the project from each contractor. One of the four bidders was deemed non-responsive and has been excluded.

The base bids ranged from \$6.84 million to \$7.32 million. Based on the bid coverage and relatively tight bid spread, we can be confident that the bids represent the true cost to construct this project in Unalaska at this time. The total cost per square foot is very high when compared to similar recent projects throughout the state. Unalaska is known as an expensive place to build due to challenging travel logistics. It's impossible to know how much the current air travel challenges impacted bidders. In talking to the bidders, air travel uncertainty was a factor due to the uncertainty of getting construction workers to Unalaska.

F&W scored the highest for this project. However, the bids came in about \$3 million higher than the architect's estimate and the approved budget. We have until January 20, 2020 to lock in F&W's bid. If Council wishes to proceed with this project, approving the budget amendment at the first reading is necessary this evening.

**DISCUSSION:** Our architect, Brian Meissner, is scheduled to be present to discuss the bid process and review for the best value approach to this project. He will be able to identify potential cost savings and is available for other questions.

As part of the bid process, and to reach 100% completion of the construction drawings, the contractor is able to work with the design team to reduce many of the unknowns that exist in the project and evaluate how we finish the project at the best value to the City.

City Council is being asked to determine what course of action to take, noting that we have 60 days from bid date to lock in the current bids (January 20, 2020).

**ALTERNATIVES:** The primary choices before City Council this evening can be summarized as follows:

- 1) Reject all bids and decide not to proceed with the Library Building Improvement Project. Council would then remove the project from the proposed budget amendment.
- 2) Reject all bids and allow staff to re-scope the project within the existing budget as outlined in the CMMP. Council would then remove the project from the proposed budget amendment.
- 3) Continue to move forward and approve this project as designed and bid. This would require approving the budget amendment as currently drafted this evening, and schedule it for second reading and adoption on January 14, 2020. This would provide authorization to enter in to the contract with F&W by January 20, 2020.

**STAFF RECOMMENDATION:** Continue to move forward and approve this project as designed and bid, after identifying opportunities for cost savings, and fund the outstanding balance through the 1% Sales Tax Special Revenue Fund. This fund is intended to support capital projects. This project is part of the City's Comprehensive Plan and has been on the CMMP for five years.

The project's impacts are wide-reaching. The library provides free services to the entire community and contributes to the quality of life for all citizens, and these improvements will positively affect the entire community.

CITY OF UNALASKA  
UNALASKA, ALASKA

ORDINANCE 2019-16

AN ORDINANCE OF THE UNALASKA CITY COUNCIL AUTHORIZING THE CITY OF UNALASKA TO JOIN THE ALASKA REMOTE SELLER SALES TAX COMMISSION FOR THE PURPOSE OF DEVELOPING, IMPLEMENTING AND ENFORCING A REMOTE SELLERS SALE TAX CODE

WHEREAS, the inability to effectively collect sales tax on sales of property, products or services transferred or delivered into Alaska in response to orders placed electronically by consumers with remote sellers, is seriously eroding the sales tax base of communities, causing revenue losses and imminent harm to residents through the loss of critical funding for local public services and infrastructure; and

WHEREAS, the harm from the loss of revenue is especially serious in Alaska because the state has no broad-based tax, and sales tax revenues are essential in funding the provision of services by local governments; and

WHEREAS, the failure to collect tax on remote sales creates market distortions by creating tax shelters for businesses that limit their physical presence in the state or cities and boroughs but still sell their goods and services to their consumers, something that becomes easier and more prevalent as technology continues to advance; and

WHEREAS, the structural advantages for remote sellers, including the absence of point-of-sale tax collection, along with the general growth of online retail, make clear that erosion of the sales tax base is and has been occurring and is a growing problem that is likely to only worsen in the near future; and

WHEREAS, remote sellers who make a substantial number of deliveries into or have large gross revenues from Alaska benefit extensively from the Alaska market, affecting the economy generally, as well as local infrastructure; and

WHEREAS, given modern computing and software options, it is neither unusually difficult nor burdensome for remote sellers to collect and remit sales taxes associated with sales into Alaska taxing jurisdictions; and

WHEREAS, the recent decision by the United States Supreme Court in *South Dakota v. Wayfair* allows for the amendment of the sales tax code to account for remote sellers who do not have a physical presence in the City of Unalaska, but do have a taxable connection with the state of Alaska and the City of Unalaska; and

WHEREAS, the decision in *South Dakota v. Wayfair* provided guidance that included the defensibility of a single-level statewide administration of remote sales tax collection and remittance; and

WHEREAS, in order to implement a single-level statewide sales tax administration, it is the intent of some municipalities within Alaska to establish an intergovernmental entity known as the Alaska Remote Seller Sales Tax Commission (the "Commission"); and

WHEREAS, the function and powers of the Commission will be set forth under the Alaska Intergovernmental Remote Seller Sales Tax Agreement (the "Agreement"), a cooperative agreement between municipalities who choose to become Commission members; and

WHEREAS, under the terms of the Agreement, in order to maintain membership in the Commission, the City of Unalaska will be required to adopt certain uniform code provisions for the collection and remittance of municipal sales tax applicable to sales made by remote seller; and

WHEREAS, the uniform remote sales tax code will be presented to the Unalaska City Council for consideration once adopted by the Commission; and

WHEREAS, once adopted, the administration of remote sales tax collection and remittance will be delegated to the Commission; and

WHEREAS, the intent of the Agreement is to enable municipalities who choose to become members of the Commission to levy their municipal sales tax to the maximum limit of federal and state constitutional doctrines; and

WHEREAS, Article X, section 13, of the Alaska Constitution authorizes local governments to enter into agreements for the cooperative or joint administration of any function or power, unless otherwise prohibited by law; and

WHEREAS, AS 29.35.010(13) authorizes local governments to enter into an agreement, including an agreement for cooperative or joint administration of any function or power with other municipalities.

BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF UNALASKA, as follows:

**Section 1: Classification.** This Ordinance is not a Code Ordinance.

**Section 2: Authorization.** The Unalaska City Council authorizes the Manager to negotiate, execute, and submit all necessary documents to obtain and maintain membership in the Alaska Remote Seller Sales Tax Commission.

**Section 3: Representation.** The Unalaska City Council designates the Manager as the City of Unalaska's representative on the Commission.

**Section 4: Scope of Agreement.** The Alaska Intergovernmental Remote Seller Sales Tax Agreement is included as Attachment A.

**Section 5: Effective Date.** This ordinance is effective upon passage.

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on January 14, 2020.

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Vince Tutiakoff Sr.  
Mayor

ATTEST:

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Marjie Veeder  
City Clerk

**EXHIBIT A**  
**City of Unalaska**  
**Ordinance 2019-16**

**Alaska Intergovernmental  
Remote Seller  
Sales Tax Agreement**

FINAL DRAFT

October 11, 2019



## **Alaska Intergovernmental Remote Seller Sales Tax Agreement**

This Agreement is made and entered into by the signatories representing Alaska's cities and boroughs to enable them to implement single-level, statewide administration of remote sales tax collection and remittance. The provisions of the Agreement do not apply to administration and collection of sales taxes for the sales of goods and services originating from within the boundaries of a member municipality nor does this Agreement restrict how a member municipality administers and collects sales tax on such sales, nor on sales made by those retailers with a physical presence in the municipality. The authority to set rates and exemptions is maintained by the member municipality.

### **Article I. Background Principles.**

1. The signatories wish to enable local governments to benefit from opportunities for collection of existing sales tax on sales made by remote sellers. Remote sellers are sellers who sell, often through the internet, products or services in a taxing jurisdiction without having a physical presence in the taxing jurisdiction.
2. The collection of remote sales tax provides a level playing field for local businesses and strengthens the ability of local governments to provide public services and infrastructure.
3. The signatories are particularly mindful of the specific holding in, and implications of, the Supreme Court's *South Dakota v. Wayfair* decision, which provides guidance relative to nexus and the legal defensibility of a single-level statewide administration that reduces or removes potential burdens to interstate commerce.
4. Alaska's local governments have the authority to enter into intergovernmental agreements and applicable taxing authority has been delegated to organized boroughs and cities.
5. The signatories desire to establish an intergovernmental entity to enable cooperative centralized administration of sales tax collection, remittance, and enforcement on sales made by remote sellers.

### **Article II. Purpose.**

The purpose of this Agreement is to:

1. Enable cooperative centralized administration of sales tax collection, remittance, and enforcement on sales made by remote sellers using a single statewide intergovernmental entity;
2. Provide for and promote reasonable uniformity and compatibility in significant components of local sales tax levy and collection on sales made by remote sellers and marketplace facilitators in order to facilitate streamlined joint administration; and
3. Facilitate taxpayer and tax collector convenience and compliance in the filing of tax returns, the payment of tax, and in other phases of tax administration of sales made and services provided by remote sellers and marketplace facilitators.

### **Article III. Definitions.**

As used in this Agreement:

1. “Commission” means the Alaska Remote Seller Sales Tax Commission established pursuant to this Agreement.
2. “Local Government” means any home rule, first class, or second class borough, or any home rule, first class, or second class city, or unified municipality in Alaska.
3. “Member” means a Local Government signatory to this Agreement.
4. “Remote seller” means any corporation, partnership, firm, association, governmental unit or agency, or person acting as a business entity that sells property or products or performs services in the State of Alaska or a taxing municipality in the state, using the internet, mail order, or telephone, without having a physical presence in the state or taxing municipality.
5. “Sales tax” means a tax imposed with respect to the transfer for a consideration of ownership, possession, or custody of property or the rendering of services measured by the price of the property transferred or services provided.
6. “Marketplace facilitator” means a person that provides for sellers a platform to facilitate for consideration, regardless of whether deducted as fees from the transaction, the sale of the seller’s products or services (excluding lodging and rentals) through a physical or electronic marketplace operated by the person, and engages:
  - a. Directly or indirectly, through one or more affiliated persons in any of the following:
    - i. Transmitting or otherwise communicating the offer or acceptance between the buyer and seller;
    - ii. Owning or operating the infrastructure, electronic or physical, or technology that brings buyers and sellers together;
    - iii. Providing a virtual currency that buyers are allowed or required to use to purchase products from the seller; or
    - iv. Software development or research and development activities related to any of the activities described in (b) of this subsection (3), if such activities are directly related to a physical or electronic marketplace operated by the person or an affiliated person;
  - b. In any of the following activities with respect to the seller's products:
    - i. Payment processing services;

- ii. Fulfillment or storage services;
- iii. Listing products for sale;
- iv. Setting prices;
- v. Branding sales as those of the marketplace facilitator;
- vi. Order taking;
- vii. Advertising or promotion; or
- viii. Providing customer service or accepting or assisting with returns or exchanges.

#### **Article IV. The Commission.**

##### **1. Organization and Management.**

- a. The Alaska Remote Seller Sales Tax Commission (the “Commission”) is hereby established as an intergovernmental entity in the state of Alaska. It will be comprised of one designated representative from each Member, who shall have the authority to act on the Member’s behalf.
- b. Each Member will be entitled to one vote.
- c. To assist conducting business when the full Commission is not meeting, the Commission will annually elect a Board of Directors of seven members, including officers. The Board of Directors will act subject to the provisions of this Agreement and as provided in the bylaws of the Commission, as ratified by the members.
- d. No action will be binding unless approved by a majority of the Directors present at a meeting.
- e. The Commission will adopt an official logo.
- f. The Commission will hold an annual meeting rotating the location of the meeting each year, with telephonic participation provided for, in addition to scheduled regular meetings and special meetings as provided by its bylaws. Notices of special meetings must include the reasons for the meeting and the items to be considered.
- g. The Commission will elect annually, from among its members, a Chairman, a Vice Chairman, and a Secretary/Treasurer. The bylaws of the Commission shall provide for nomination and election of officers.
- h. The Commission will contract at formation for support and administrative

functions with the Alaska Municipal League (AML). The Executive Director of the AML will serve as a liaison between the Commission and AML and may appoint necessary staff support. This provision will be revisited within three years of legal formation of the Commission.

- i. The Commission may contract for supplies and professional services, and delegates to AML the same ability on its behalf.
- j. To carry out any purpose or function, the Commission may accept and utilize donations and grants of money, equipment, supplies, materials and services, conditional or otherwise, from any Member or governmental entity.
- k. The Commission may establish one or more offices for the transacting of its business. Upon formation, its registered office and place of business will be the Alaska Municipal League at One Sealaska Plaza, Suite 200, Juneau, AK 99801.
- l. The Members will adopt the initial bylaws of the Commission. The Commission will make its bylaws easily accessible for Members and prospective members. The power to adopt, alter, amend or repeal bylaws is vested in the Board of Directors unless it is reserved to the Members per the bylaws. The bylaws shall contain provisions for the regulation and management of the affairs of the Commission not inconsistent with this Agreement.
- m. The Commission will provide annual reports to its members covering its activities for the preceding fiscal year. The Commission may make additional reports.

## 2. Committees.

- a. In furtherance of its activities, the Commission may establish advisory and technical committees by a majority vote of the membership body. Membership on a technical committee, may include private persons and public officials. Committees may consider any matter of concern to the Commission, including issues of special interest to any member and issues pertaining to collection of sales tax on behalf of members.
- b. The Commission may establish additional committees by a majority vote of the membership or Board of Directors as its bylaws may provide.
- c. Committees may not take any action but may recommend action to the Board of Directors for consideration.

## 3. Powers.

In addition to powers conferred elsewhere in this Agreement and in the bylaws, the Commission may:

- a. Study federal, state and local sales tax systems, and particular types of state and local taxes.

- b. Develop and recommend proposals to promote uniformity and compatibility of local sales tax laws with a view toward encouraging the simplification and improvement of local tax law and administration.
- c. Compile and publish information to support and assist members in implementing the Agreement or assist taxpayers in complying with local government sales tax laws.
- d. Do all things necessary and incidental to the administration of its functions pursuant to this Agreement, including:
  - i. Sue and be sued.
  - ii. Administer provisions of uniform sales tax ordinances pursuant to authority delegated by Members
- f. The Commission may create and adopt policies and procedures for any phase of the administration of sales tax collection and remittance in accordance with this Agreement and the Commission's bylaws, including delegated authority to administer taxation or prescribing uniform tax forms. Prior to the adoption of any policy, the Commission will:
  - 1. As provided in its bylaws, hold at least one meeting after due notice to all affected members and to all taxpayers and other persons who have made timely requests to the Commission for advance notice of its policy-making proceedings.
  - 2. Afford all affected members and interested persons an opportunity to submit relevant written comments, which will be considered fully by the Commission.
- g. The Commission will submit any policy adopted by it to the designated representative of all Members to which they might apply. Each such Member will in turn consider any such policy for adoption in accordance with its own laws and procedures.

#### 4. Finance.

- a. At least 90 days prior to the start of a new fiscal year, the Board of Directors will adopt a budget of its estimated expenditures for the upcoming fiscal year and submit to Members.
- b. The Commission will follow a July 1 to June 30 fiscal year.
- c. The Commission's budgets must contain specific recommendations for service fees built into statewide administration. Service fees will account for direct staff and software costs, and indirect costs, as justifiable to the Board of Directors.
- d. The Commission will not pledge the credit of any member. The Commission may

meet any of its obligations in whole or in part with funds available to it, provided that it takes specific action to set aside such funds prior to incurring any obligation to be met in whole or in part in such manner. Except where the Commission makes use of funds available to it, the Commission may not incur any obligation prior to the allocation and commitment of funds adequate to meet the same.

- e. The Commission must keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the Commission will be subject to the audit and accounting procedures established under its bylaws. All receipts and disbursements of funds handled by the Commission will be audited annually by a certified public accountant and the report of the audit will be included in and become part of the annual report of the Commission to Members.
- f. The accounts of the Commission will be open at any reasonable time for inspection by duly constituted officers of the Members, the State of Alaska, and by any persons authorized by the Commission.
- g. Nothing contained in this Article may be construed to prevent Commission compliance with laws relating to audit or inspection of accounts by or on behalf of any government contributing to the support of the Commission.

#### **Article V. Membership Requirements; Remote Seller Sales Tax Code.**

1. To obtain and retain full membership, the Local Government must submit either an Ordinance or Resolution authorizing entry into the Agreement, including to:
  - a. Designate the individual at the municipality that may execute initial binding documents on behalf of the municipality and who will be the Member's representative on the Commission.
2. Once the Commission adopts its bylaws and adopts a uniform Remote Sellers Sales Tax Code, members must submit an Ordinance or Resolution that:
  - a. Delegates remote seller sales tax registration, exemption certification, collection, remittance, and audit authority to the Commission.
  - b. Within one hundred twenty (120) days, adopts, by reference or otherwise, the Remote Seller Sales Tax Code in its entirety as it pertains to collection of sales tax from remote sellers and marketplace facilitators. The Remote Seller Sales Tax Code is provided as "Addendum A".
3. To retain full membership status, changes made to the Agreement or Code should be ratified by the Member within one hundred twenty (120) days of the date the Commission adopts the change.
4. The Member must provide notice of tax or boundary changes to the Commission and must assure the Commission of the accuracy of rates and exemptions. Rate and exemption

changes will take effect within thirty (30) days of the date the Commission receives notice of the tax or boundary change.

## **Article VI. Sales Tax Collection and Administration.**

### **1. Collection; Registration; Remittance.**

- a. Every remote seller and marketplace facilitator meeting the Threshold Criteria of one hundred thousand (\$100,000) in annual sales or 100 annual transactions occurring in Alaska during the current or previous calendar year, shall collect sales taxes from the buyer at the time of sale or service and shall transmit the sales taxes collected to the Commission on a monthly or quarterly basis.
- b. The Commission will remit and report to Members by the last business day of the month.
- c. A remote seller or marketplace facilitator meeting the Threshold Criteria shall apply for a certificate of sales tax registration within thirty (30) calendar days of the adoption of this Remote Seller Sales Tax Code and/or within thirty (30) calendar days of meeting the threshold, whichever occurs later. Registration shall be to the Commission on forms prescribed by the Commission as set out in the remote seller sales tax code.
- d. Upon receipt of a properly executed application, the Commission shall issue the applicant a certificate of registration, stating the legal name of the seller, the primary address, and the primary sales tax contact name and corresponding title. A list of registered sellers in good standing shall be distributed to Members, made public and available on the Commission's webpage.

### **2. Returns; Confidentiality.**

- a. The Commission will provide all sales tax return information to the taxing jurisdiction, consistent with local tax codes.
- b. All returns, reports and information required to be filed with the Commission under this Code, and all information contained therein, shall be kept confidential and shall be subject to inspection only by:
  - i. Employees and agents of the Commission and taxing jurisdiction whose job responsibilities are directly related to such returns, reports and information;
  - ii. The person supplying such returns, reports and information; or
  - iii. Persons authorized in writing by the person supplying such returns, reports and information.

### **3. Title; Penalty and Interest; Overpayment.**

- a. Upon collection by the seller, title to the sales tax vests in the Commission and the member on whose behalf the original tax arose. The Commission shall act as a third-party trustee and remit taxes collected on behalf of the member no later than thirty (30) days after each filing deadline.
  - b. The Remote Sellers Sales Tax Code shall establish the per annum interest rate and any applicable penalties for late or non-compliant remote sellers.
  - c. Upon request from a buyer or remote seller the Commission shall provide a determination of correct tax rate and amount applicable to the transaction. In the case of an overpayment of taxes, the remote seller shall process the refund and amend any returns accordingly.
4. Audit; Compliance and Enforcement.
- a. The Commission shall have sole audit authority and will make final determinations regarding: (1) whether a remote seller or marketplace facilitator meets Threshold criteria; (2) the accuracy of returns filed by a remote seller or marketplace facilitator with the Commission; and (3) whether a remote seller or marketplace facilitator filing returns with the Commission is in compliance with collection and remittance obligations.
  - b. The Commission shall have authority to enforce issues relating to the Remote Sellers Sales Tax Code including, but not limited to, the collection of late fees and penalties, and filing of civil suits and injunctions.

#### **Article VII. Entry into Force and Withdrawal.**

1. This Agreement will be in force and effective when formally approved by any seven signatories and will terminate if membership falls below seven.
2. Any Member may withdraw from this Agreement through ordinance or resolution rescinding signatory action and giving notice to the Commission of the effective date of the ordinance, with a minimum of 30 days' notice. Withdrawal will not affect any liability already incurred by or chargeable to a Member prior to the effective date of such withdrawal. The obligations of the Commission to remit and report remain until no longer necessary.

#### **Article VIII. Effect on Other Laws and Jurisdiction.**

Nothing in this Agreement may be construed to:

1. Affect the power of any local government to fix rates or tax exemptions, except that all members must adopt and implement the Commission's common definitions and tax code changes or demonstrate parity or non-applicability.



2. Withdraw or limit the authority of local government with respect to any person, corporation, or other entity or subject matter, except to the extent that such authority is expressly conferred by or pursuant to this Agreement upon another agency or body.
3. Supersede or limit the jurisdiction of any court of the State of Alaska.

**Article IX. Construction and Severability.**

This Agreement shall be liberally construed so as to effectuate its purposes. The provisions of this Agreement shall be severable and if any phrase, clause, sentence, or provision is declared or held invalid by a court of competent jurisdiction, the validity of the remainder of this Agreement and its applicability to any government, agency, person or circumstance will not be affected. If any provision of this Agreement is held contrary to the charter of any member, the Agreement will remain in full force and effect as to the remaining members and in full force and effect as to the Member affected in all other provisions not contrary to charter.

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## MEMORANDUM TO COUNCIL

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To: Mayor and City Council Members  
From: Erin Reinders, City Manager  
Date: December 12, 2019  
Re: Ordinance 2019-16 authorizing the City of Unalaska to join the Alaska Remote Seller Sales Tax Commission for the purpose of developing, implementing and enforcing a Remote Sellers Sales Tax Code

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**SUMMARY:** Alaska Municipal League members and staff have been hard at work with a coordinated and statewide effort to develop a way of collecting and managing sales tax from online merchants in response to the Wayfair case. Adopting and entering into the Intergovernmental Agreement is required in order for the City of Unalaska to participate in the centralized sales tax administration for online sales tax. Adoption will occur through a non-code ordinance. Staff recommends approval of the ordinance.

**PREVIOUS COUNCIL ACTION:** At their January 22, 2019 meeting, Council adopted Resolution 2019-03, approving financial support in the amount of \$5,000 for the online sales tax working group formed by AML. This group was formed in response to the U.S. Supreme Court's decision in the case of South Dakota vs. Wayfair, which allows for the collection of sales tax on online transactions.

At their March 26, 2019 meeting, Council adopted Ordinance 2019-03, amending sections of Title 6 to require certain out of town retailers to collect and remit sales tax, including those making sales over the internet.

City Council discussed this Intergovernmental Remote Seller Sales Tax Agreement during the work session of the November 16, 2019 City Council meeting.

**BACKGROUND:** The U.S. Supreme Court in June 2018 changed the rules for collecting sales tax on online orders. It removed a long-standing limitation that had blocked states from requiring online sellers to comply with their sales tax laws. This ruling, in effect, creates a level playing field for local businesses.

For the past year, Alaska Municipal League members and staff have been hard at work with a coordinated and statewide effort to develop a way of collecting and managing sales tax from online merchants in response to the Wayfair case. More specifically, AML has worked to develop the structure for centralized sales tax administration for remote merchants to register and report their tax collections for distribution to the participating cities and boroughs.

During AML week, the Commission was formally established, board created, and bylaws approved.

**DISCUSSION:** What is being specifically addressed today is the Intergovernmental Agreement, a copy of which is included in your packet.

AML and members have developed a process that allows us to collect sales tax on online sales. **If City Council is interested in participating, they are required to adopt the Intergovernmental Agreement. Adoption will occur through a non-code ordinance.**

This Agreement enables single-level, statewide administration of remote sales tax collection, remittance and enforcement, streamlining and simplifying the process for remote sellers.

The Agreement commits the City of Unalaska to participate in the Commission, which governs online sales tax collection. Unalaska may opt-out in the future if City Council chooses to do so. Nothing in the agreement restricts the power of Unalaska to fix tax rates and exemptions.

This Commission has finalized and adopted bylaws and will now work to finalize and update the remote seller sales tax code. **If the City of Unalaska enters into the Intergovernmental Agreement, City Council will be required to adopt the remote seller sales tax code through a code ordinance.**

AML expects to administer the program for now, and is working toward full implementation in January. They are contracting with a software developer to manage collection, remittance and reporting. AML is also actively recruiting for a sales tax program administrator.

**ALTERNATIVES:** The two primary alternatives are to either adopt the Alaska Intergovernmental Remote Sales Tax Agreement at a future meeting, or to decline to adopt the Agreement.

**FINANCIAL IMPLICATIONS:** The Alaska Municipal League estimates more than \$20 million in annual sales tax receipts could be at stake for those cities and boroughs in Alaska with a sales tax. Fees associated with this Agreement and the implementation of the online sales tax administration will come from revenues we are not currently collecting, so there are no new costs. The actual dollar amount depends on revenues, but the software company fees will be 12% for the first \$10 million, 10% for the second, and 4% after that. Administration fees are anticipated to be between 2% and 4% of total revenue.

**LEGAL:** The City Attorney has been involved in AML's discussions on this issue and we have consulted with our attorney throughout this process.

**STAFF RECOMMENDATION:** I recommend approval of the agreement.

**PROPOSED MOTION:** I move to adopt Ordinance 2019-16 and schedule it for second reading and public hearing on January 14, 2019.

CITY OF UNALASKA  
UNALASKA, ALASKA

ORDINANCE 2019-17

CREATING BUDGET AMENDMENT #5 TO THE FISCAL YEAR 2020 BUDGET, INCREASING THE BUDGET FOR THE WIND POWER DEVELOPMENT PROJECT AND TRANSFERS FROM THE GENERAL FUND BY \$75,000, INCREASING THE GENERAL FUND OPERATING BUDGET BY \$280,000 FOR AUDIT AND OTHER PROFESSIONAL SERVICES IN THE FINANCE DEPARTMENT, AND INCREASING THE BUDGET FOR THE LIBRARY IMPROVEMENTS PROJECT AND TRANSFERS FROM THE 1% SALES TAX FUND BY \$3,273,481

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 FY20 Budget is amended as follows:

A. That the following sums of money are hereby accepted and the following sums of money are hereby authorized for expenditure.

B. The following are the changes by account line item:

**Amendment No. 5 to Ordinance #2019-07**

	Current	Requested	Revised
<b>I. OPERATING BUDGETS</b>			
<b>A. General Fund</b>			
Sources:			
Appropriated Fund Balance	\$ 9,868,877	\$ 355,000	\$ 10,223,877
Uses:			
Finance Department contracted services	\$ 103,800	\$ 280,000	\$ 383,800
Transfer to Wind Power Development Project	\$ 420,000	\$ 75,000	\$ 495,000
<b>B. 1% Sales Tax Fund</b>			
Sources:			
Current year budgeted surplus	\$ 2,457,130	\$ 2,457,130	\$ -
Undesignated fund balance	\$ 12,773,695	\$ 816,351	\$ 11,957,344
Uses:			
Transfer to Library Improvement Project	\$ -	\$ 3,273,481	\$ 3,273,481
<b>II. CAPITAL BUDGETS</b>			
<b>A. General Fund - Project Budgets</b>			
<i>Library Improvements Project</i>			
Sources			
Transfers From 1% Sales Tax Fund	\$ -	\$ 3,273,481	\$ 3,273,481
Uses			
Library Improvements Project	\$ 5,408,500	\$ 3,273,481	\$ 8,681,981
<b>B. Electric Capital Project Budgets</b>			
<i>Wind Power Development Project</i>			
Sources			
Transfers From General Fund	\$ 420,000	\$ 75,000	\$ 495,000
Uses			
Wind Power Development Project	\$ 420,000	\$ 75,000	\$ 495,000

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on January 14, 2020.

\_\_\_\_\_  
Vincent M. Tutiakoff, Sr.  
Mayor

ATTEST:

\_\_\_\_\_  
Marjie Veeder  
City Clerk

**City of Unalaska**  
**Summary of Budget Amendment and Schedule of Proposed Accounts**  
**FY20 Budget Amendment 5**

- 1) General Fund - Operating Budget
  - Add \$40,000 to Auditing and Accounting for additional audit work
  - Add \$240,000 to Other Professional Services for contracted interim finance director
  - Add \$75,000 transfer to the Wind Power Development Project for remainder of Phase III
  - Increase Appropriated Fund Balance by \$355,000
- 2) General Fund - Capital Projects Budgets
  - Add \$3,273,481 to Library Improvement Project to cover amount by which bid exceeds the original estimated cost of the project
  - Add \$3,273,481 to Transfers from 1% Sales Tax Fund
- 3) 1% Capital Project Sales Tax Fund Budget
  - Add \$3,273,481 to Transfers to General Fund Capital Projects for Library Improvements Project
  - Decrease current year budgeted surplus by \$2,457,130
  - Decrease undesignated fund balance by \$816,351
- 4) Electric Fund Capital Projects Budgets
  - Add \$75,000 to the Wind Power Development Project to complete phase III
  - Add \$75,000 to Transfers From General Fund

	Org	Object	Project	Current	Requested	Revised
<b>1) General Fund - Operating Budget</b>						
<b>Sources:</b>						
Appropriated Fund Balance	01010049	49900		\$ 9,868,877	\$ 355,000.00	\$ 10,223,876.50
<b>Uses:</b>						
<i>Finance Department</i>						
Audit and Accounting	01020652	53210		\$ 98,800.00	\$ 40,000.00	\$ 138,800.00
Other Professional Services	01020652	53300		\$ 5,000.00	\$ 240,000.00	\$ 245,000.00
<i>Transfers Out</i>						
Transfers to Proprietary Capital Projects	01029854	59940		\$ 1,000,000.00	\$ 75,000.00	\$ 1,075,000.00
<b>2) General Fund - Capital Project Budgets</b>						
<b>Sources:</b>						
<i>Library Improvements Project</i>						
Transfers From 1% Sales Tax Fund	31019848	49110	PR601	\$ -	\$ 3,273,481.00	\$ 3,273,481.00
<b>Uses:</b>						
<i>Library Improvements Project</i>						
Engineering & Architectural	31022053	53240	PR601	\$ 722,400.00	\$ 350,000.00	\$ 1,072,400.00
Other Professional Services	31022053	53300	PR601	\$ 113,400.00		\$ 113,400.00
Construction Services	31022053	54500	PR601	\$ 4,000,000.00	\$ 2,678,481.00	\$ 6,678,481.00
Telephone/Fax/TV	31022053	55310	PR601	\$ 700.00		\$ 700.00
Advertising	31022053	55901	PR601	\$ 1,163.00		\$ 1,163.00
Contingency	31022053	55912	PR601	\$ 570,000.00		\$ 570,000.00
Business Meals	31022053	56320	PR601	\$ 837.00		\$ 837.00
Other	31022053	55999	PR601	\$ -	\$ 245,000.00	\$ 245,000.00
<b>3) 1% Capital Projects Sales Tax Fund</b>						
<b>Sources:</b>						
Budgetary Fund Balance - Unreserved	1100	38800		\$ 2,457,130.00	\$ 2,457,130.00	\$ -
Fund Balance - Undesignated	1100	39800		\$ 12,773,695.56	\$ 816,351.00	\$ 11,957,344.56
<b>Uses:</b>						
Transfers to Government Capital Projects	11029954	59920		\$ -	\$ 3,273,481.00	\$ 3,273,481.00
<b>4) Electric Fund-Capital Project Budgets</b>						
<b>Sources:</b>						
<i>Wind Power Development Project</i>						
Transfers From General Fund	50119848	49100	EL18C	\$ 420,000.00	\$ 75,000.00	\$ 495,000.00
<b>Uses:</b>						
<i>Wind Power Development Project</i>						
Engineering & Architectural	50125053	53240	EL18C	\$ 287,554.00	\$ 65,000.00	\$ 352,554.00
Other Professional Services	50125053	53300	EL18C	\$ 19,735.00	\$ 10,000.00	\$ 29,735.00
Telephone/Fax/TV	50125053	55310	EL18C	\$ 185.00	\$ -	\$ 185.00
Machinery & Equipment	50125053	57400	EL18C	\$ 112,526.00	\$ -	\$ 112,526.00

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## MEMORANDUM TO COUNCIL

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To: Mayor and City Council Members  
From: Thomas Cohenour, Director, Department of Public Works  
Dan Winters, Director, Department of Public Utilities  
Lori Gregory, Administrative Operations Mgr, Department of Public Works  
Through: Erin Reinders, City Manager  
Date: December 12, 2019  
Re: Ordinance 2019-17, Budget Amendment Request for \$75,000 to fund the remainder of Phase III of the Wind Power Development Project EL18C

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**SUMMARY:** Ordinance 2019-17 will provide \$75,000 in General Fund monies to the Engineering & Architectural Services and Other Professional Services line items of the Wind Power Development Project in order to fund the remaining portion of the Phase III work.

**PREVIOUS COUNCIL ACTION:** In 2003, Unalaska City Council approved the Wind Integration Assessment Project through Ordinance 2003-11. In FY2018, Council funded the Wind Power Development and Integration Assessment Project through Capital Budget Ordinance 2017-07. In 2017, Council entered into an Agreement with V3 Energy, LLC to perform the Wind Power Development & Integration Assessment Phase II – IV Project in the amount of \$48,481 via Resolution 2017-63, moving forward with Phase II work. Via Ordinance 2018-12, Budget Amendment No. 3 to the FY19 Capital Project Budget added \$220,000 to the Engineering Services line item to fund a Change Order to V3 Energy, LLC for Phase III of this Project.

**BACKGROUND:** This project is comprised of 4 phases:

Phase I: Past Assessments is complete  
Phase II: Pre-Design and Site Selection is complete  
Phase III: Data Collection is approximately 70% complete  
Phase IV: Design of Wind Turbines has not begun and is for future Council action

Phase III requires 2 years of data collection, analysis, maintenance of the MET towers, and final decommissioning of the towers. Three MET towers were installed as of October 2018, and the fourth tower, on Hog Island, was installed this summer.

One to two years of data is required to meet minimum design standards for Wind Turbine installation in order to obtain 5 year warranties from prospective turbine manufacturers for extreme winds and turbulence. If initial wind data exhibits undesirable characteristics such as excessive turbulence or shear, a tower may be moved to the next site on a prioritized list. The prioritized list emphasizes open exposure, proximity to electrical grid, future site development costs, and FAA restrictions.

While data collection is ongoing, all four MET towers have had more than anticipated maintenance issues. The very nature of this project seeks high wind locations and as such, strong weather events have resulted in MET tower / equipment damage. Instruments (anemometers, wind direction indicators, data-loggers) and electrical power supply (wind generators, batteries, and electrical connections) have required large budget expenditures of

labor and equipment replacement costs. After trial and error by working with equipment suppliers and engineers, we've designed more robust instrumentation and electrical power supply systems.

This request for additional funding is due to unanticipated cost overruns and will fund the remaining MET tower maintenance, data collection, and final decommissioning.

**DISCUSSION:** Staff is requesting \$75,000 from the General Fund be placed into the Project's Budget to fund the remaining portion of the Phase III work.

**ALTERNATIVES:**

1. Abandon the project and decommission the MET towers
2. Fund the remainder of Phase III

**FINANCIAL IMPLICATIONS:**

MUNIS PROJECT EL18C - WIND POWER DEVELOPMENT						
DESC	BUDGET	EXPENSED	ENCUMBERED	MUNIS AVAILABLE	THIS REQUEST	PROPOSED BUDGET
Legal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Engineering and Architectural	\$ 287,554	\$ 201,395	\$ 25,153	\$ 61,006	\$ 65,000	\$ 352,554
Other Professional	\$ 19,735	\$ 14,063	\$ 2,500	\$ 3,172	\$ 10,000	\$ 29,735
Telephone / Fax / TV	\$ 185	\$ 104	\$ -	\$ 81	\$ -	\$ 185
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Machinery and Equipment	\$ 112,526	\$ 112,375	\$ -	\$ 151	\$ -	\$ 112,526
	\$ 420,000	\$ 327,938	\$ 27,653	\$ 64,409	\$ 75,000	\$ 495,000

**LEGAL:** N/A

**STAFF RECOMMENDATION:** Staff recommends fully funding this Budget Amendment request to complete Phase III of the Wind Power Development Project. We are one year into data collection and one more year is required. This will be valuable data going into the future should the City proceed with the development of wind power.

**PROPOSED MOTION:** I move to schedule Ordinance 2019-17 for second reading and public hearing on January 14, 2020.

**CITY MANAGER COMMENTS:** I support the Staff Recommendation.

**ATTACHMENTS:** None

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## MEMORANDUM TO COUNCIL

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To: Mayor and City Council Members  
From: Jim Sharpe, Interim Finance Director  
Through: Erin Reinders, City Manager  
Date: December 12, 2019  
Re: Ordinance 2019-17, creating Budget Amendment # 5 to the fiscal year 2020 budget, increasing the General Fund operating budget by \$280,000 for audit and other professional services in the finance department

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**SUMMARY:** This amendment to the finance department budget will appropriate funds to cover the costs of contracting an interim finance director and costs for delaying the start and expanding the scope of audit work performed in FY20.

**PREVIOUS COUNCIL ACTION:** Council adopted the Fiscal Year 2020 budget on May 28, 2019 with Ordinance 2019-07. There have been four prior amendments to the FY20 budget.

**BACKGROUND:** On February 26, 2019 our finance director resigned. In spite of ongoing efforts we have, so far, been unable to recruit a new director for the finance department. At the end of March we contracted with Espelin & Associates for the services of an interim finance director while we continue the search for a permanent director.

**DISCUSSION:** At the time the original budget for the finance department was adopted we were hopeful that we would be able to recruit a new finance director in early FY20. Now, almost halfway through the fiscal year, we have still not been able to attract a qualified candidate for the director position. It appears possible that we will not have a permanent finance director hired and on site before the end of this fiscal year.

Our contract for interim finance director services is billed on a time-and-expenses basis. The average cost per month has been \$22,217. Based on the billings to date plus the average estimated for the remainder of FY20 we anticipate a total of \$239,000 for the interim director contract for this fiscal year.

Although we have not paid salary and benefits for a finance director so far this fiscal year, the salary savings has been substantially offset by other increases in personnel costs that are directly attributable to the lack of a director. Only 63% of the salary for the controller is budgeted to the finance department, but during the weeks that the interim director is off site the controller is designated as acting director and that salary is charged 100% to finance. There have also been personal leave cash outs that were not included in the original budget but were required because staffing shortages made it impractical for existing staff to take time off.

Because of the additional personnel related costs incurred so far, and because we don't know how soon we will be able to hire a director or what the costs will be, we are not suggesting reducing the personnel budget to offset the additional operating expenses at this time.



The scope of the work performed by KPMG during FY20 for the audit of FY19 was increased to include scheduling delays, extra test work and drafting of the CAFR. Much of this increased scope was required because we have not had a full time director.

**FINANCIAL IMPLICATIONS:** The operating budget for the Finance Department will increase by \$280,000.

**LEGAL:** N/A

**STAFF RECOMMENDATION:** Staff recommends adopting Ordinance 2019-17.

**PROPOSED MOTION:** I move to schedule Ordinance 2019-17 for second reading and public hearing on January 14, 2020.

**CITY MANAGER'S COMMENTS:** I support staff's recommendation. I will be meeting with the Interim Finance Director to explore some cost savings measures that do not reduce the quality and the level of service that the department provides. Additionally, we continue our recruitment effort for a qualified Finance Director eager to live and serve in Unalaska.

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## MEMORANDUM TO COUNCIL

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To: Mayor and City Council Members  
From: Thomas Cohenour, Director, Department of Public Works  
Through: Erin Reinders, City Manager  
Date: December 12, 2019  
Re: Ordinance 2019-17, Budget Amendment Request for \$3,273,481 to fund the budgetary shortfall for construction of the Library Expansion Project

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**SUMMARY:** All four proposals received for construction of the Library Expansion Project came in higher than what was budgeted. Ordinance 2019-17, if approved, will provide \$3,273,481 from the 1% Special Fund monies to cover the budget shortfall.

**PREVIOUS COUNCIL ACTION:** Council allocated \$12,500 from the General Fund for a preliminary study for this project via the FY2016 CMMP and Budget Ordinance 2015-10. For FY2018, \$30,000 from the General Fund was provided for Pre-Development via the CMMP and Budget Ordinance 2017-07. Through Ordinance 2018-04, the FY2019 CMMP and Capital Budget Ordinance, \$357,500 from the General Fund was placed in the Project's budget to fund Design Services. The FY20 CMMP and Budget Ordinance 2019-18 provided \$4,000,000 for Construction Services, \$360,000 for Design Services, \$104,000 for Other Professional Services, and \$536,000 for Contingency use, for a total FY20 appropriation of \$5,000,000.

**BACKGROUND:** This project was publicly advertised that the City was accepting proposals for construction. A Best Value approach was used and not simply a Low Bid approach. Best Value uses a scoring system wherein qualifications of each firm is worth 30% and their respective dollar amount bid is worth 70%. Proposals were scored first without knowing the dollar amount of bids. Of the four proposals received, F&W Construction received the most qualifications points. Then, the dollar amount bids of each proposal was opened and added to the first score. The result was that F&W Construction still had the most points and was thus the selected contractor.

**DISCUSSION:** The Best Value approach includes a method to receive the best possible completed project at the best price. The project was advertised using 90% design plans and specifications with a partnering arrangement for the selected Contractor to work with the City to identify cost saving measures while bringing the plans and specifications to 100% construction ready. This method is often referred to as Value Engineering.

In analyzing F&W's proposal, several aspects of the project played significant roles in the high project cost. Electrical components and control systems are most dramatic. Other notable aspects include steel framing and glazing at the entry way, exterior landscaping and curb work, millwork/casework/finish carpentry, and the uncertainty of air travel relative to the recent tragedy and the subsequent changes to air fare and freight services. Initial conversations with F&W Construction indicate there is a very strong likelihood of significant cost savings thru Value Engineering.

**ALTERNATIVES:** Three options stand out:

1. Cancel the entire project.
2. Redesign the project to a lesser, reduced scope of work and rebid.
3. Fund the full Budget Amendment request.

**FINANCIAL IMPLICATIONS:** Staff requests \$3,273,481 from the 1% Special Fund be transferred into the Project Budget in order to move forward with construction.

PUBLIC LIBRARY IMPROVEMENTS						
DESC	BUDGET	EXPENSED	ENCUMBERED	MUNIS AVAILABLE	PROPOSED BUDGET AMENDMENT	PROPOSED REVISED BUDGET
Engineering and Architectural (ECI & Regan)	\$ 722,400	\$ 426,337	\$ 199,725	\$ 96,338	\$ 350,000	\$ 1,072,400
Other Professional	\$ 113,400	\$ 1,200	\$ -	\$ 112,200	\$ -	\$ 113,400
Survey Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction Services	\$ 4,000,000	\$ -	\$ -	\$ 4,000,000	\$ 2,678,481	\$ 6,678,481
Equipment (Furniture & Art)	\$ -	\$ -	\$ -	\$ -	\$ 245,000	\$ 245,000
Telephone / Fax / TV	\$ 700	\$ 504	\$ -	\$ 196	\$ -	\$ 700
Advertising	\$ 1,163	\$ 1,160	\$ -	\$ 3	\$ -	\$ 1,163
Contingency	\$ 570,000	\$ -	\$ -	\$ 570,000	\$ -	\$ 570,000
Business Meals	\$ 837	\$ 837	\$ -	\$ -	\$ -	\$ 837
	\$ 5,408,500	\$ 430,039	\$ 199,725	\$ 4,778,737	\$ 3,273,481	\$ 8,681,981

**LEGAL:** N/A

**STAFF RECOMMENDATION:** The Department of Public Works, Department of Parks, Culture & Recreation, and our Architect thoroughly analyzed all four proposals and are very comfortable with the selection of F&W Construction and feel the additional cost of to be reasonable in light of the current construction climate in Unalaska, including the uncertainties of air travel.

Staff recommends approval of Ordinance 2019-17.

**PROPOSED MOTION:** I move to schedule Ordinance 2019-17 for second reading and public hearing on January 14, 2020.

**CITY MANAGER COMMENTS:** I support the Staff Recommendation.

**ATTACHMENTS:**

1. Price Proposals (Bid Tab)
2. Proposal Scoring (Qualifications and Price Combined)

# Price Proposals

CITY OF UNALASKA, ALASKA  
 Department of Public Works  
 Library Improvements Project  
 November 20, 2019  
 2:00 p.m.  
 Council Chambers

Contractor / Business Name	Bid Forms Used?	Addenda Acknowledge				Bid Bond	Base Bid	Additive Alternate #1 (South reroof)	Additive Alternate #2 (sidewalk)	Additive Alternative #3 (Continued Occupancy)	Additive Alternate #4 (Book packing)	Total Bid
		1	2	3	4							
F & W Construction	x	x	x	x	x	x	\$ 6,903,481	\$ 216,896	\$ 50,504	\$ 100,882	\$ 30,264	\$ 7,302,027
Blazy Construction, Inc.	x	x	x	x	x	x	\$ 7,324,110	\$ 101,888	\$ 57,266	\$ 78,765	\$ 367,531	\$ 7,929,560
UIC Construction LLC	x	x	x	x	x	x	\$ 6,840,000	\$ 183,797	\$ 58,085	\$ 78,404	\$ 51,392	\$ 7,211,678
Lake View Contracting Inc	x	x	x	x	x	x	\$ 6,410,000	\$ 230,000	\$ 47,000	non-responsive	\$ 45,000	non-responsive

# Proposal Scoring Qualifications and Price Combined

CITY OF UNALASKA, ALASKA  
Department of Public Works  
Library Improvements Project  
November 20, 2019  
2:00 p.m.  
Council Chambers

Proposer	Qualifications Score						Price	Price Points	Total Points
	Scorer 1	Scorer 2	Scorer 3	Scorer 4	Scorer 5	Average			
							\$7,211,678		
Blazy	28	26	26	24	23	25.4	\$7,929,560	63.7	89.1
F&W	28	29	28	30	28	28.6	\$7,302,027	69.1	97.7
Lakeview	16	21	16	15	25	18.6	non-responsive	non-responsive	non-responsive
UIC	18	17	14	15	18	16.4	\$7,211,678	70.0	86.4

CITY OF UNALASKA  
UNALASKA, ALASKA

RESOLUTION 2019-64

A RESOLUTION OF THE UNALASKA CITY COUNCIL AUTHORIZING AN INCREASE TO THE FORMULA PERCENTAGE GUIDE IN THE COMMUNITY SUPPORT GRANT PROGRAM TO 3.5% OF THE AVERAGE GENERAL FUND FOR THE FIVE MOST RECENTLY COMPLETED FISCAL YEARS, PLUS THE BED TAX FUND FOR THE MOST RECENT COMPLETED FISCAL YEAR

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

WHEREAS, the City of Unalaska provides financial aid through the Community Support Grant Program from two sources, the General Fund and the Bed Tax Fund; and

WHEREAS, for many years the City of Unalaska's funding guide for the Community Support Grant program has been 3.4642% of the average General Fund for the five most recently completed fiscal years and the Bed Tax Fund for the most recent completed fiscal year; and

WHEREAS, the City Council wishes to round up the funding guide percentage for the General Fund portion to 3.5% to simplify the calculation.

NOW THEREFORE BE IT RESOLVED that the Unalaska City Council authorizes the new funding guide for the Community Support Grant Program to be three and one half percent (3.5%) of the average General Fund for the five most recently completed fiscal years, plus the Bed Tax Fund for the most recent completed fiscal year.

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on December 12, 2019.

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Vincent M. Tutiakoff, Sr.  
Mayor

ATTEST:

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Marjie Veeder  
City Clerk

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## MEMORANDUM TO COUNCIL

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To: Mayor and City Council Members  
From: William Homka, Planning Director  
Through: Erin Reinders, City Manager  
Date: December 12, 2019  
Re: Resolution 2019-64: Authorizing an increase to the formula percentage guide in the Community Support Grant program to 3.5% of the average General Fund for the five most recently completed fiscal years, plus the bed tax fund for the most recently completed fiscal year

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**SUMMARY:** Each year Council reviews the Community Support Grant Program guidelines, application and supporting documents, and then determines the funding level. During the annual presentation to council on Tuesday, November 26, 2019, Council directed staff to increase the formula percentage from 3.4642% to 3.5%, resulting in a \$16,528 increase in available funds for FY21.

**PREVIOUS COUNCIL ACTION:** On November 26, 2019, Council requested the City Manager and staff increase the percentage of General Fund money for the Community Support Program from 3.4642% to 3.5% to round the percentage to a single decimal place. In previous years, Council has taken this formula as a guideline and disbursed more in most years, and less in other years.

**BACKGROUND:** Council sets the annual funding level for the Community Support Program with their budget goals in January. The total community support funding available is calculated using an established formula which is 3.4642% of the average revenue for the General Fund for the five most recently completed fiscal years and Bed Tax fund. At the Council meeting on November 26, 2019, Planning Department staff presented Council with the annual summary for the Community Support Program application materials, schedule and budget. Council suggested staff raise the percentage to 3.5%.

**DISCUSSION:** In researching the Community Support Grant Program, staff discovered the original funding formula was established in the Community Support Grant Guidelines at the time the program was developed. This is the funding formula that is described in the approved budget goals over the past several years. The guidelines established the funding amount to be 3.4642% of the average of general fund revenues from the previous five years. Revenues do not include "Other Finance Sources." In addition, the amount also includes money obtained from the Bed Tax Fund in the last completed fiscal year. For this year, the Bed Tax Fund would be FY18.

**ALTERNATIVES:** If City Council chooses not to revise the percentage, the primary alternative would be to maintain the 3.4642% factor, which would make \$1,139,499 available. A second alternative would be to increase or decrease the fund an unspecified amount. The second alternative is not a recommended course of action as it provides no guidance to applicants, staff or Council.

**FINANCIAL IMPLICATIONS:** If Council increases the formula percentage to 3.5%, it would add an additional \$16,528 to the FY21 program for a total of \$1,150,087. This includes up to all of the Bed Tax collected in FY18. A change of 0.0358% on a \$1.15 million program is negligible in terms of overall scale, but makes the formula more clear, and could make a meaningful difference to a non-profit.

	General Fund	Bed Tax Fund			
FY 2014	34,376,971.00				
FY 2015	34,525,170.00				
FY 2016	30,723,626.00				
FY 2017	34,371,441.00				
FY 2018	<u>30,300,957.00</u>	<u>169,703.00</u>			
	164,298,165.00	169,703.00	-		
Average	32,859,633.00	169,703.00	33,029,336.00	3.4642 1 yr	1,139,499.00
			3.5000%	3.5 1 yr	1,156,027.00
				Difference	16,528.00

**STAFF RECOMMENDATION:** Staff recommends Council approve the increase of the formula percentage from 3.4642% to 3.5% for the Community Support Grant Program beginning in FY21.

**PROPOSED MOTION:** I move to adopt Resolution 2019-64.

**CITY MANAGER COMMENTS:** This resolution helps to clarify the guidance provided to non-profits, staff and City Council participating in and administering the Community Support Program. I support the staff recommendation.