

City of Sand Point Council Meeting



Workshop: Tuesday, July 12, 2016 – 2:00 p.m.

Meeting: Tuesday, July 12, 2016 – 7:00 p.m.

CALL TO ORDER

ROLL CALL

CITY OF SAND POINT

(packet will be available on website July 8, 2016
www.sandpointak.com)



MAYOR

Mayor Glen Gardner Jr. - Office Exp. 2017

COUNCIL MEMBERS

Danny Cumberlidge	Seat A - Exp. 2016
Allan Starnes	Seat B - Exp. 2017
Shirley Brown	Seat C - Exp. 2016
Jack Foster Jr.	Seat D - Exp. 2017
Marita Gundersen	Seat E - Exp. 2018
Emil Mobeck	Seat F - Exp. 2018

SAND POINT CITY COUNCIL MEETING AGENDA CITY CHAMBERS

Regular Meeting

Tuesday, July 12, 2016 7:00 pm

CALL TO ORDER

ROLL CALL

APPROVAL OF AGENDA

CONSENT AGENDA:

1. Minutes: Minutes of Regular Meeting on June 6, 2016

REPORTS:

1. Finance Officer
2. Administrator
3. DPS Director
4. Fire Chief
5. Public Works Director
6. Harbor Master

HEARINGS, ORDINANCES AND RESOLUTIONS:

1. Ordinance 2016-04: DPS Fees & Fines Schedule – 1st Reading
2. Resolution 16-05: Disposing of City Real Property
3. Resolution 16-06: State of Alaska DOT & PF Land Lease Supplement at Airport
4. Resolution 16-07: Platting Submission Waiver
5. Resolution 16-08: Alaska Legislature Fiscal Solution

OLD BUSINESS:

NEW BUSINESS

1. Silver Salmon Derby Donation Request
2. FY17 Accounting Assistance Proposal
3. DPS Vehicle Acquisition: 2011 Chevy Tahoe

PUBLIC COMMENTS

COUNCIL COMMENTS

ADJOURNMENT

THERE IS A WORKSHOP FOR THIS MEETING AT 2 P.M. – SAME DAY IN CITY CHAMBERS

POSTED 07/06/16

CALL TO ORDER:

The regular meeting of the Sand Point City Council was held Tuesday, June 6, 2016 in the Sand Point Council Chambers. Mayor Glen Gardner, Jr. called the meeting to order at 7:01 p.m.

ROLL CALL:

Glen Gardner, Jr.	Mayor	Present
Danny Cumberlidge	Seat A	Present
Allan Starnes	Seat B	Present
Shirley Brown	Seat C	Present
Jack Foster, Jr.	Seat D	Absent – excused
Marita Gundersen	Seat E	Present
Emil Mobeck	Seat F	Present

A quorum was established.

Staff in attendance:

Andy Varner, Administrator
Shannon Sommer, City Clerk
Krista Galvin, Finance Officer
John Lucking, Jr., Public Safety Manager

APPROVAL OF AGENDA:

Mayor Glen Gardner, Jr. requested a motion to approve the agenda.
MOTION: Councilperson Marita Gundersen made a motion to adopt the agenda.
SECOND: Councilperson Shirley Brown seconded the motion.
VOTE: Motion passed unanimously.

APPROVAL OF CONSENT AGENDA:

1. Minutes of June 6, 2016 Regular Meeting Minutes.
Mayor Glen Gardner, Jr. requested a motion to approve the consent agenda.
MOTION: Councilperson Marita Gundersen made a motion to adopt the consent agenda with 1 correction.
SECOND: Councilperson Danny Cumberlidge seconded the motion.
VOTE: Motion passed unanimously.

REPORTS:

Finance Officer- Krista Galvin

Finance Officer Krista Galvin reported for April 2016 raw fish tax was \$23,493.50, and sales tax was \$53,394.08. She included a bank balance and expenditure and revenue guideline.

Administrator - Andy Varner

Administrator Andy Varner reported there was nothing new to report on the Annexation. Thanks to the AEB Assembly for approving \$100,000 toward completing the float design in the new harbor. He met with AECOM about updating our comprehensive plan. He is helping the Aleutian groups to bring fiber optic telecomm services to the Aleutians.

Department of Public Safety - Chief John Lucking, Jr.

Manager of Public Safety John Lucking, Jr. reported there is statistical information included in report. Sergeant

Michael Chiesa was gone for training. They were busy at the school for end of year festivities. Administrative Assistant Denise Mobeck was gone, Christine Nielsen filled in for her. There will be a Police Officer new hire arriving middle of July.

Public Works Director – David Stokes

Public Works Director David Stokes's report included in packet.

Water and Sewer

Water/Sewer Supervisor report included in packet.

Harbor Master - Richard Kochuten, Sr.

Harbor Master Richard Kochuten, Sr.'s report included in packet.

HEARINGS, ORDINANCES, AND RESOLUTIONS:

1. Ordinance 2016-01: Amending ATV Traffic Control Code of Ordinance – 2nd Reading

MOTION: Councilperson Marita Gundersen. made a motion to put Ordinance 2016-01: Amending ATV Traffic Control Code of Ordinance on the floor for 2nd reading.

SECOND: Councilperson Allen Starnes seconded the motion.

VOTE: Motion passed unanimously.

MOTION: Councilperson Marita Gundersen. made a motion to adopt Ordinance 2016-01: Amending ATV Traffic Control Code of Ordinance.

SECOND: Councilperson Allen Starnes seconded the motion.

VOTE: Danny: yes, Emil: yes, Shirley: no, Allan: yes, Marita: yes.
Motion passes with 4 yes' and 1 no.

2. Ordinance 2016-03: FY17 Budget – 2nd Reading

MOTION: Councilperson Marita Gundersen made a motion to put Ordinance 2016-03: FY17 Budget on the floor for 2nd reading.

SECOND: Councilperson Danny Cumberlidge seconded the motion.

VOTE: Motion passed unanimously.

MOTION: Councilperson Shirley Brown made a motion to adopt Ordinance 2016-03: FY17 Budget.

SECOND: Councilperson Danny Cumberlidge seconded the motion.

VOTE: Motion passed unanimously.

3. Resolution 16-03: Authorizing Alaska USA CD Account

MOTION: Councilperson Marita Gundersen made a motion to adopt Resolution 16-03: Authorizing Alaska USA CD Account.

SECOND: Councilperson Danny Cumberlidge seconded the motion.

VOTE: Motion passed unanimously.

4. Resolution 16-04: Adopting FY17 Capital Improvement Project List

MOTION: Councilperson Shirley Brown made a motion to adopt Resolution 16-04: Adopting FY17 Capital Improvement Project List.

SECOND: Councilperson Emil Mobeck seconded the motion.

VOTE: Motion passed unanimously.

OLD BUSINESS: None.

NEW BUSINESS:

1. Teen center Donation Request

MOTION: Councilperson Marita Gundersen made a motion to donate the same as last year, \$3,000 to the Teen Center.

SECOND: Councilperson Allan Starnes seconded the motion.

VOTE: Motion passed unanimously.

2. QTT Annual Graveyard Clean-up Donation Request

MOTION: Councilperson Danny Cumberlidge made a motion to donate the same as last year, 4-\$50 gift cards to the QTT Annual Graveyard Clean-up.

SECOND: Councilperson Emil Mobeck seconded the motion.

VOTE: Motion passed unanimously.

3. FY17 Employee Rates of Pay

Administrative Varner will do some research and bring back at a later date.

4. BDO FY16 Audit Proposal

MOTION: Councilperson Shirley Brown made a motion to approve the BDO FY16 Audit Proposal.

SECOND: Councilperson Danny Cumberlidge seconded the motion.

VOTE: Motion passed unanimously.

5. Approval of Red Cove Dome Quarry Operating Agreement with Shumagin Corporation

MOTION: Councilperson Shirley Brown made a motion to approve the Red Cove Dome Quarry Operating agreement.

SECOND: Councilperson Danny Cumberlidge seconded the motion.

VOTE: Motion passed unanimously.

6. Remote Alaska Community Energy Efficiency Grant Update

Mayor Gardner stated there were 3 individuals who attended the workshop, and will meet the next morning.

PUBLIC COMMENTS: None.

COUNCIL COMMENTS: None.

ADJOURNMENT:

MOTION: Councilperson Danny Cumberlidge made a motion to adjourn.

SECOND: Councilperson Marita Gundersen seconded the motion.

The meeting adjourned at 7:23 PM.

Glen Gardner, Jr., Mayor

ATTEST:

Shannon Sommer, City Clerk

REPORTS

FINANCE OFFICER

**City of Sand Point
Raw Fish Tax Revenue**

	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>
June	89,371.73	217,340.55	July	98,195.23	156,655.84	121,976.31	110,509.71
July	128,368.96	139,818.08	August	68,242.04	137,107.36	48,575.15	94,822.69
August	78,457.48	117,033.81	September	71,393.24	53,307.44	64,362.76	62,297.79
September	80,983.80	79,043.91	October	74,240.08	41,610.64	32,213.32	76,878.70
October	46,603.74	74,929.24	November	5,675.98	22,386.53	7,214.11	3,770.50
November	8,421.65	10,518.19	December	1,305.30	5,337.01	372.97	735.79
December	6.03	92.61	January	39,379.85	43,650.07	25,670.23	21,798.52
January	70,721.63	61,025.94	February	33,190.81	53,363.98	37,309.68	47,098.16
February	91,693.11	80,458.14	March	78,691.30	65,073.23	88,220.14	69,354.74
March	79,640.86	103,148.90	April	24,930.11	36,514.38	15,613.35	23,493.50
April	25,898.74	29,908.61	May	16,846.94	21,292.12	25,246.23	16,091.74
May	<u>59,813.76</u>	<u>26,019.65</u>	June	<u>129,015.93</u>	<u>64,462.43</u>	<u>68,319.25</u>	<u>-</u>
Total	759,981.49	939,337.63		641,106.81	700,761.03	535,093.50	526,851.84

Sales Tax Revenue

	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>
June	73,942.45	96,304.83	July	101,206.98	82,934.73	104,201.30	88,780.27
July	76,586.24	98,121.00	August	76,571.79	73,136.15	88,102.34	92,491.15
August	59,031.08	77,436.07	September	194,900.07	75,647.72	116,436.20	95,569.47
September	66,560.56	89,882.29	October	85,720.47	69,251.83	81,510.79	71,821.64
October	55,806.67	93,787.49	November	90,575.50	46,816.20	43,535.59	35,841.10
November	37,712.73	34,431.36	December	44,723.29	52,116.25	44,980.97	48,357.80
December	46,246.45	59,315.91	January	62,428.48	80,977.40	66,575.33	60,942.89
January	51,438.40	72,690.48	February	57,547.22	84,035.36	69,895.86	60,702.43
February	66,045.08	68,392.21	March	75,307.36	126,325.95	105,731.28	81,364.98
March	109,345.24	83,181.02	April	65,117.67	86,407.71	58,562.79	53,394.08
April	59,248.18	72,659.25	May	58,775.64	70,189.92	52,976.00	44,528.77
May	<u>50,158.53</u>	<u>56,084.05</u>	June	<u>80,381.46</u>	<u>98,758.26</u>	<u>96,824.06</u>	<u>-</u>
Total	752,121.61	902,285.96		993,255.93	946,597.48	929,332.51	733,794.58
					TDX Fines	(150,000.00)	
						779,332.51	

City of Sand Point
Bank Balance

Date

Bank	Account Number	Balance	
		End of May	Date
Key Bank	50-20-500-0025757	1,897,775.71	0.00
Wells Fargo - General	4121344139	354,288.20	183,036.87
Wells Fargo - Bingo Fund	4121344147	260,129.66	277,253.49
Wells Fargo - Silver Salmon Fund	4121344154	26,131.34	23,631.34
AlaskaUsa Federal Credit Union CD	1957756	402,854.00	603,228.81

CITY OF SAND POINT
***Expenditure Guideline-No Enc Sum©**

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Current Period: MAY 15-16

	15-16 YTD Budget	15-16 YTD Amt	MAY MTD Amt	15-16 YTD Balance	% of YTD
GENERAL FUND					
LEGISLATIVE	\$138,000.00	\$131,800.82	\$9,632.52	\$6,199.18	95.51%
ADMINISTRATION	\$995,754.00	\$902,312.54	\$39,726.67	\$93,441.46	90.62%
PARKS AND RECREATION	\$28,000.00	\$22,383.07	\$2,042.42	\$5,616.93	79.94%
ANIMAL CONTROL	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
PUBLIC SAFETY	\$602,750.00	\$444,986.99	\$30,494.12	\$157,763.01	73.83%
PUBLIC WORKS	\$646,910.00	\$501,230.25	\$28,468.67	\$145,679.75	77.48%
FACILITIES	\$371,850.00	\$190,908.32	\$13,659.99	\$180,941.68	51.34%
<i>Total GENERAL FUND</i>	\$2,783,264.00	\$2,193,621.99	\$124,024.39	\$589,642.01	78.81%
BINGO FUND					
ADMINISTRATION	\$474,100.00	\$590,323.84	\$36,288.91	-\$116,223.84	124.51%
<i>Total BINGO FUND</i>	\$474,100.00	\$590,323.84	\$36,288.91	-\$116,223.84	124.51%
SILVER SALMON DERBY					
FIRE	\$19,250.00	\$17,431.28	\$0.00	\$1,818.72	90.55%
OTHER	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
<i>Total SILVER SALMON DERBY</i>	\$19,250.00	\$17,431.28	\$0.00	\$1,818.72	90.55%
CLINIC OPERATIONS/MAINTENANCE					
ADMINISTRATION	\$32,777.00	\$0.00	\$0.00	\$32,777.00	0.00%
<i>Total CLINIC OPERATIONS/MAINTENANCE</i>	\$32,777.00	\$0.00	\$0.00	\$32,777.00	0.00%
WATER/SEWER OPERATIONS					
WATER/SEWER	\$284,600.00	\$215,269.89	\$14,725.34	\$69,330.11	75.64%
<i>Total WATER/SEWER OPERATIONS</i>	\$284,600.00	\$215,269.89	\$14,725.34	\$69,330.11	75.64%
HARBOR/PORT OPERATIONS					
HARBOR	\$557,487.00	\$536,756.37	\$54,117.67	\$20,730.63	96.28%
<i>Total HARBOR/PORT OPERATIONS</i>	\$557,487.00	\$536,756.37	\$54,117.67	\$20,730.63	96.28%
REFUSE COLLECTION					
PUBLIC WORKS	\$156,094.00	\$121,288.44	\$8,977.00	\$34,805.56	77.70%
<i>Total REFUSE COLLECTION</i>	\$156,094.00	\$121,288.44	\$8,977.00	\$34,805.56	77.70%
SCHOOL LOOP ROAD & PAVING PROJ					
ADMINISTRATION	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
<i>Total SCHOOL LOOP ROAD & PAVING PROJ</i>	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
HARBOR CONSTRUCTION					
HARBOR	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
<i>Total HARBOR CONSTRUCTION</i>	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Report Total	\$4,307,572.00	\$3,674,691.81	\$238,133.31	\$632,880.19	85.31%

CITY OF SAND POINT
***Revenue Guideline-Alt Code©**

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Current Period: JUNE 15-16

		15-16	15-16	JUNE	15-16	% of
		YTD Budget	YTD Amt	MTD Amt	YTD Balance	YTD
GENERAL FUND						
Active	R 01-024 INTEREST INCOME	\$0.00	\$3,715.16	\$0.00	-\$3,715.16	0.00%
Active	R 01-200 INTEREST/RESTRICTED	\$2,000.00	\$457.07	\$0.00	\$1,542.93	22.85%
Active	R 01-201 INTEREST INCOME	\$0.00	\$18.00	\$0.00	-\$18.00	0.00%
Active	R 01-202 FINES AND PENALTYS	\$500.00	\$231.44	\$0.00	\$268.56	46.29%
Active	R 01-203 OTHER REVENUE	\$45,000.00	\$61,547.19	\$3,164.00	-\$16,547.19	136.77%
Active	R 01-205 4% SALES TAX	\$850,000.00	\$826,416.78	\$44,528.77	\$23,583.22	97.23%
Active	R 01-213 RAW FISH TAX	\$600,000.00	\$595,171.09	\$16,091.74	\$4,828.91	99.20%
Active	R 01-214 FINE-LATE SALES TAX	\$1,000.00	\$1,729.10	\$18.97	-\$729.10	172.91%
Active	R 01-217 7% B & B Tax	\$16,500.00	\$12,833.16	\$1,895.48	\$3,666.84	77.78%
Active	R 01-225 PAYMENT IN LIEU OF TAX	\$150,000.00	\$0.00	\$0.00	\$150,000.00	0.00%
Active	R 01-226 EVENT COSTS	\$4,500.00	\$0.00	\$0.00	\$4,500.00	0.00%
Active	R 01-229 EASTER EGG HUNT	\$0.00	\$2,317.00	\$300.00	-\$2,317.00	0.00%
Active	R 01-230 DONATIONS	\$0.00	\$4,740.00	\$700.00	-\$4,740.00	0.00%
Active	R 01-231 INSURANCE REFUND	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 01-232 EMS FUND	\$0.00	\$2,857.00	\$2,657.00	-\$2,857.00	0.00%
Active	R 01-233 BUSINESS LIC. FEE	\$2,500.00	\$4,225.00	\$25.00	-\$1,725.00	169.00%
Active	R 01-234 SB 46 PERS RELIEF	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 01-235 TRANSFER IN	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 01-236 SAND POINT SWEATSHIR	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 01-238 ANCHORAGE OFFICE	\$20,000.00	\$0.00	\$0.00	\$20,000.00	0.00%
Active	R 01-240 GRANT REVENUE RASMU	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 01-241 GRANT REVENUE APEI	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 01-242 ROAD MAINTENANCE REV	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 01-250 STATE REVENUE SHARIN	\$138,000.00	\$134,653.00	\$0.00	\$3,347.00	97.57%
Active	R 01-256 REVENUE--STATE OF ALA	\$7,500.00	\$0.00	\$0.00	\$7,500.00	0.00%
Active	R 01-260 STATE BUSINESS LICENS	\$4,600.00	\$0.00	\$0.00	\$4,600.00	0.00%
Active	R 01-265 STATE PROCESSORS TAX	\$35,000.00	\$34,947.40	\$0.00	\$52.60	99.85%
Active	R 01-266 EXT FISH TAX SHARING	\$250,000.00	\$270,014.29	\$0.00	-\$20,014.29	108.01%
Active	R 01-285 EQUIPMENT RENTAL	\$15,000.00	\$31,129.86	\$17,906.50	-\$16,129.86	207.53%
Active	R 01-291 BUILDING RENTALS	\$135,000.00	\$143,968.66	\$15,839.37	-\$8,968.66	106.64%
Active	R 01-293 LIBRARY GRANT	\$6,650.00	\$0.00	\$0.00	\$6,650.00	0.00%
Active	R 01-297 POLICE MISC REVENUE	\$35,000.00	\$5,542.65	\$75.00	\$29,457.35	15.84%
Active	R 01-298 EMS MISC REVENUE	\$500.00	\$0.00	\$0.00	\$500.00	0.00%
Active	R 01-299 GAIN/LOSS DISPOSITION	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
	Total	<u>\$2,319,250.00</u>	<u>\$2,136,513.85</u>	<u>\$103,201.83</u>	<u>\$182,736.15</u>	<u>92.12%</u>
	Total GENERAL FUND	\$2,319,250.00	\$2,136,513.85	\$103,201.83	\$182,736.15	92.12%
BINGO FUND						
Active	R 02-051 TRANSFER OUT	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 02-052 TRANSFER TO OTHER FU	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 02-202 FINES AND PENALTYS	\$0.00	\$3,814.00	\$0.00	-\$3,814.00	0.00%
Active	R 02-234 SB 46 PERS RELIEF	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 02-235 TRANSFER IN	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 02-294 BINGO REVENUE	\$45,000.00	\$46,960.75	\$0.00	-\$1,960.75	104.36%
Active	R 02-295 PULL TAB REVENUE	\$470,000.00	\$631,672.20	\$0.00	-\$161,672.20	134.40%
Active	R 02-863 CONCESSIONS	\$300.00	\$0.00	\$0.00	\$300.00	0.00%
	Total	<u>\$515,300.00</u>	<u>\$682,446.95</u>	<u>\$0.00</u>	<u>-\$167,146.95</u>	<u>132.44%</u>
	Total BINGO FUND	\$515,300.00	\$682,446.95	\$0.00	-\$167,146.95	132.44%
SILVER SALMON DERBY						

CITY OF SAND POINT
***Revenue Guideline-Alt Code©**

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Current Period: JUNE 15-16

		15-16	15-16	JUNE	15-16	% of
		YTD Budget	YTD Amt	MTD Amt	YTD Balance	YTD
Active	R 03-004 SILVER SALMON DERBY	\$18,250.00	\$24,014.12	\$0.00	-\$5,764.12	131.58%
Active	R 03-230 DONATIONS	\$1,000.00	\$0.00	\$0.00	\$1,000.00	0.00%
Active	R 03-292 SILVER SALMON DERBY	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
	Total	\$19,250.00	\$24,014.12	\$0.00	-\$4,764.12	124.75%
	Total SILVER SALMON DERBY	\$19,250.00	\$24,014.12	\$0.00	-\$4,764.12	124.75%
CLINIC OPERATIONS/MAINTENANCE						
Active	R 10-257 REVENUE--FEDERAL GOV	\$32,777.00	\$30,045.29	\$0.00	\$2,731.71	91.67%
	Total	\$32,777.00	\$30,045.29	\$0.00	\$2,731.71	91.67%
	Total CLINIC OPERATIONS/MAINTENANCE	\$32,777.00	\$30,045.29	\$0.00	\$2,731.71	91.67%
WATER/SEWER OPERATIONS						
Active	R 61-052 TRANSFER TO OTHER FU	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 61-202 FINES AND PENALTYS	\$2,000.00	\$3,408.14	\$348.25	-\$1,408.14	170.41%
Active	R 61-203 OTHER REVENUE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 61-206 WATER/SEWER REVENUE	\$180,000.00	\$199,364.13	\$15,377.82	-\$19,364.13	110.76%
Active	R 61-234 SB 46 PERS RELIEF	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 61-235 TRANSFER IN	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
	Total	\$182,000.00	\$202,772.27	\$15,726.07	-\$20,772.27	111.41%
	Total WATER/SEWER OPERATIONS	\$182,000.00	\$202,772.27	\$15,726.07	-\$20,772.27	111.41%
HARBOR/PORT OPERATIONS						
Active	R 62-201 INTEREST INCOME	\$4,000.00	\$5,172.81	\$834.37	-\$1,172.81	129.32%
Active	R 62-203 OTHER REVENUE	\$0.00	\$6,007.17	\$0.00	-\$6,007.17	0.00%
Active	R 62-210 HARBOR/MOORAGE	\$200,000.00	\$207,423.34	\$16,182.71	-\$7,423.34	103.71%
Active	R 62-211 HARBOR/TRAVELLIFT	\$90,000.00	\$86,209.27	\$12,157.10	\$3,790.73	95.79%
Active	R 62-212 BOAT HARBOR/RENTS	\$100,000.00	\$85,447.70	\$250.00	\$14,552.30	85.45%
Active	R 62-215 HARBOR/WHARFAGE	\$65,000.00	\$34,057.69	\$2,384.94	\$30,942.31	52.40%
Active	R 62-219 HARBOR ELEC SERVICE F	\$8,000.00	\$7,911.83	\$882.44	\$88.17	98.90%
Active	R 62-220 HARBOR/ELEC DEPOSIT	\$2,500.00	\$1,103.10	\$212.42	\$1,396.90	44.12%
Active	R 62-221 HARBOR/VAN STORAGE	\$18,000.00	\$18,543.58	\$825.00	-\$543.58	103.02%
Active	R 62-222 HARBOR/STALL ELECTRIC	\$35,000.00	\$30,612.72	\$1,786.81	\$4,387.28	87.46%
Active	R 62-223 HARBOR/ELECTRICITY	\$4,000.00	\$1,377.30	\$185.25	\$2,622.70	34.43%
Active	R 62-224 GEARSHED LOCKER REN	\$13,000.00	\$17,285.40	\$600.00	-\$4,285.40	132.96%
Active	R 62-234 SB 46 PERS RELIEF	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 62-237 HARBOR STORAGE	\$3,200.00	\$5,441.25	\$658.00	-\$2,241.25	170.04%
Active	R 62-285 EQUIPMENT RENTAL	\$25,000.00	\$30,040.44	\$877.55	-\$5,040.44	120.16%
Active	R 62-299 GAIN/LOSS DISPOSITION	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
	Total	\$567,700.00	\$536,633.60	\$37,836.59	\$31,066.40	94.53%
	Total HARBOR/PORT OPERATIONS	\$567,700.00	\$536,633.60	\$37,836.59	\$31,066.40	94.53%
REFUSE COLLECTION						
Active	R 65-052 TRANSFER TO OTHER FU	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 65-202 FINES AND PENALTYS	\$1,200.00	\$1,929.45	\$117.06	-\$729.45	160.79%
Active	R 65-204 REFUSE COLLECTION	\$140,000.00	\$149,335.03	\$11,667.85	-\$9,335.03	106.67%
Active	R 65-234 SB 46 PERS RELIEF	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 65-235 TRANSFER IN	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
	Total	\$141,200.00	\$151,264.48	\$11,784.91	-\$10,064.48	107.13%
	Total REFUSE COLLECTION	\$141,200.00	\$151,264.48	\$11,784.91	-\$10,064.48	107.13%
SCHOOL LOOP ROAD & PAVING PROJ						

CITY OF SAND POINT
***Revenue Guideline-Alt Code©**

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Current Period: JUNE 15-16

		15-16	15-16	JUNE	15-16	% of
		YTD Budget	YTD Amt	MTD Amt	YTD Balance	YTD
Active	R 70-256 REVENUE--STATE OF ALA	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 70-262 STATE OF ALASKA/SAND	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
	Total	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Total SCHOOL LOOP ROAD & PAVING PROJ		\$0.00	\$0.00	\$0.00	\$0.00	0.00%
HARBOR CONSTRUCTION						
Active	R 79-256 REVENUE--STATE OF ALA	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 79-258 REVENUE--ALEUTIANS EA	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
	Total	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Total HARBOR CONSTRUCTION		\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Report Total		\$3,777,477.00	\$3,763,690.56	\$168,549.40	\$13,786.44	99.64%

CITY OF SAND POINT

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***Fund Summary -
Budget to Actual©**

MAY 15-16

	15-16 YTD Budget	MAY MTD Amount	15-16 YTD Amount	15-16 YTD Balance	15-16 % YTD Budget
FUND 01 GENERAL FUND					
Revenue	\$2,319,250.00	\$110,088.20	\$2,033,312.02	\$285,937.98	87.67%
Expenditure	\$2,783,264.00	\$124,024.39	\$2,193,621.99	\$589,642.01	78.81%
		<u>-\$13,936.19</u>	<u>-\$160,309.97</u>		
FUND 02 BINGO FUND					
Revenue	\$515,300.00	\$39,224.00	\$682,446.95	-\$167,146.95	132.44%
Expenditure	\$474,100.00	\$36,288.91	\$590,323.84	-\$116,223.84	124.51%
		<u>\$2,935.09</u>	<u>\$92,123.11</u>		
FUND 03 SILVER SALMON DERBY					
Revenue	\$19,250.00	\$0.00	\$24,014.12	-\$4,764.12	124.75%
Expenditure	\$19,250.00	\$0.00	\$17,431.28	\$1,818.72	90.55%
		<u>\$0.00</u>	<u>\$6,582.84</u>		
FUND 10 CLINIC OPERATIONS/MAINTENANCE					
Revenue	\$32,777.00	\$2,731.39	\$30,045.29	\$2,731.71	91.67%
Expenditure	\$32,777.00	\$0.00	\$0.00	\$32,777.00	0.00%
		<u>\$2,731.39</u>	<u>\$30,045.29</u>		
FUND 61 WATER/SEWER OPERATIONS					
Revenue	\$182,000.00	\$12,190.99	\$187,046.20	-\$5,046.20	102.77%
Expenditure	\$284,600.00	\$14,725.34	\$215,269.89	\$69,330.11	75.64%
		<u>-\$2,534.35</u>	<u>-\$28,223.69</u>		
FUND 62 HARBOR/PORT OPERATIONS					
Revenue	\$567,700.00	\$35,334.51	\$498,797.01	\$68,902.99	87.86%
Expenditure	\$557,487.00	\$54,117.67	\$536,756.37	\$20,730.63	96.28%
		<u>-\$18,783.16</u>	<u>-\$37,959.36</u>		
FUND 65 REFUSE COLLECTION					
Revenue	\$141,200.00	\$10,210.88	\$139,479.57	\$1,720.43	98.78%
Expenditure	\$156,094.00	\$8,977.00	\$121,288.44	\$34,805.56	77.70%
		<u>\$1,233.88</u>	<u>\$18,191.13</u>		
FUND 70 SCHOOL LOOP ROAD & PAVING PROJ					
Revenue	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Expenditure	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
		<u>\$0.00</u>	<u>\$0.00</u>		
FUND 79 HARBOR CONSTRUCTION					
Revenue	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Expenditure	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
		<u>\$0.00</u>	<u>\$0.00</u>		
Report Total		<u>-\$28,353.34</u>	<u>-\$79,550.65</u>		

TO: Mayor Gardner
City Council Members

FROM: Andy Varner
City Administrator

DATE: July 6, 2016

SUBJ: Monthly Report for July 2016



I apologize for not being at July's meeting in person. Here are a few issues and items of note we've been working on since the last report:

ANNEXATION

- I submitted several clarifying comments to the LBC on our annexation petition on June 17. They have one month to perform the technical review on this latest version so I expect to hear from them any day now.

CLINIC

- I had a meeting last week with EAT, and the City recently received an additional \$9,400 in Village Built Clinic money through the IHS. According to Jennifer Harrison, the FY17 level should be even bigger. We will review our MOA with EAT once that amount is determined, as it will likely have some bearing on our existing agreement.

DOCK REPLACEMENT

- DOT, PND and I had a meeting at the end of June to go over the latest with the project. The design is progressing along well. They are shooting to have another interim design review set submittal towards the end of July, and there are no issues to report on the design end. Their geotechs and the drillers will be onsite in about mid-July to perform the site investigation. HDR has been selected to assist with the marine mammal take permit application and endangered species consultation with NMFS. Everything seems to be on schedule.

WATER/SEWER PLAN

- CRW submitted the draft Preliminary Engineering Report: Sanitation Facilities on our Water & Wastewater system. Their report was 75% funded by a USDA grant. The intent of this report is to develop a priority list of improvement projects for this system and to apply for USDA Rural Development for the projects. This report provided priority options and also cost estimates for all improvements. I've gone over it a bit with Allen. Once the report is finalized I will work with Allen, Dave, the Mayor and others to determine what level of funding and what projects we want to pursue, primarily through the USDA.

ENERGY

- The energy auditor performed his audit inspections of our buildings last month and is finishing up his audit reports. I intend to apply for another round of Dept of Energy funding (due August 31) to help us implement his suggested energy-saving measures.
- I met with TDX a couple weeks ago about the electric boiler installations in the school and clinic, and their engineer did a walk-through of the clinic with Ken and had a meeting about the project. One twist on this project from the previous plan is that TDX would now propose to own and maintain the equipment in the clinic, rather than the City.

I am helping EAT connect with TDX to come to terms on a heat sales agreement between the two. Right now TDX will treat these “excess wind-heat” installations as demonstration projects and use a year’s worth of data to see if additional community facilities in Sand Point make sense for installations.

INVESTMENTS

- One of the City’s three CDs expires in December (statements are under FYI). That is still several months away but I am bringing this up now for the Council to consider other potential uses with the City savings. One of those uses could involve establishing a Permanent Fund. Many boroughs and communities in Alaska have one, and some starting with a relatively minor amount of seed funding (\$500,000). SWAMC just established one, and Adak is considering an ordinance to do the same. Our finance code already contains an ordinance to establish a Permanent Fund Reserve Account so we would not have to tinker with that. We certainly would want to consider liquidity (would we need the cash?) and also risk, but I think it is worth a discussion, especially if we could earn several more percentage points in interest. (Alaska Permanent Capital Management projects 4% return, see their slide under FYI). To recap:
 - o Our AMLIP account with KeyBank right now stands at nearly **\$1.9M** and earns us under **\$400** in monthly interest at **0.28%**.
 - o Comparatively, our **\$600,000** in CDs at AlaskaUSA gains about **\$450** monthly in total at **0.90%**.



JOHN H. LUCKING, JR
CHIEF OF POLICE

SAND POINT DEPARTMENT of PUBLIC SAFETY

Post Office Box 423
Sand Point, Alaska 99661
EMAIL: sppd@arctic.net



TEL: (907)383-3700
FAX:(907)383-5496

MEMORANDUM

To: Honorable Glen Gardner, Mayor, City of Sand Point
Mr. Andy Varner, City Administrator, City of Sand Point
Mr. Danny Cumberlandidge, City Councilperson, City of Sand Point
Mr. Allan Starnes, City Councilperson, City of Sand Point
Ms. Shirley Brown, City Councilperson, City of Sand Point
Mr. Jack Foster Jr, City Councilperson, City of Sand Point
Ms. Marita Gundersen, City Councilperson, City of Sand Point
Mr. Emil Mobeck, City Councilperson, City of Sand Point

From: John H. Lucking, Jr., Public Safety Manager

Date: July 8th, 2016

Ref: Department of Public Safety's Monthly Report for June 2016

Police Department

Public Safety Manager

- John H. Lucking, Jr.

Police Officers

- Efen Thao, Police Officer (Community Oriented Policing Grant Position)
- Michael Chiesa, Sergeant
- Open Officer Position, (Officer XXX to arrive and start in Mid July)
- Open Officer Position, (currently recruiting)

Administrative Assistant

- Denise Mobeck/Day Dispatcher

Dispatchers

- Alfred 'Jesse' Pesterkoff, 911 Dispatcher.
- Christine Nielsen, 911 Dispatcher.

Police Division Activity

JUNE 2016:

5 case files were generated

- 1 Firearms disposal
- 1 Driving While License Revoked
- 1 Violating Conditions of Release
- 1 DUI
- 1 Arrest Warrant

There were 2 persons jailed

- Driving While License Revoked
- DUI

There were 47 calls to 911

- 19 MOC (Medic on Call) requests
- 3 ambulance requests
- 19 hang up or mis-dials
- 1 theft
- 1 REDDI report
- 1 welfare check
- 1 trespass
- 1 criminal mischief
- 1 reckless driving
- 5 MOC requests called into dispatch directly, not 911

Officer Calls for Service

- Suspicious activity at school

Other Officer Activity

- Abandoned vehicle checks
- Summons services
- Several security checks on buildings
- Arrest warrant searches
- Fireworks violation complaints
- Civil Paper services
- Warnings given to owners for dogs at large

2 traffic stops

- 1 DWLR on 4-wheeler, ending with arrest
- 1 DUI ending with arrest

EMS Division

Chief of EMS Division:

- Denise Mobeck, EMS Coordinator

EMS Activity:

EMS activity:

Rescue1 transported 3 patients to clinic

Rescue1 transported 1 patient to and from residence to clinic

Rescue1 transported 3 patients to airport for medivac

Fire Division

Chief of Fire Division:

- Vacant, administrative duties being fulfilled by DPS Manager and supported by DPS and DPW personnel.

Activity:

- Recruitment efforts continue as the department seeks to fill the vacant fire chief position.
- All monthly incident reports were filed with the State Fire Marshal's Office meeting obligations and maintaining agency certification.

June 2016 Public Works Report

Shop

- Fixed grove crane motor for the harbor
- Changed tires on roller
- Welded up roller
- Change the ignition coil harness on landfill explorer
- Grade roads
- Hauled engines to old rock quarry
- Fixed track on landfill excavator
- Replaced hub assembly on 08 chevy
- Replaced heater core on recycling center truck
- Fuel buildings
- Hauled dirt for water and sewer
- Sweep roads
- Assisted in tying up ferry
- Assisted in working coastal freight boats

Landfill

- Clean up around dumpsters
- Work and maintenance on excavator

Recycling

- Recycling center is running fine
- Replaced belts and ordered bearings

June 2015 W&S Report

Fixed:

- Jetted Kelly Avenue sewer plant drain to sludge pond and drained both tanks for first time in two years. Back to monthly schedule!
- Cleaned strainer on effluent relief valve that reacts to pressure variations on the pipe going to water storage tanks from the water plant. Relief valve stopped opening at odd times and is functioning normally again.
- Replaced 4-function valve on chlorine pump, ran new line to chlorine injection point and replaced top half of chlorine injection quill. Stopped nuisance chlorine leaks.
- Helped Jeremy replace missing hose bibs on one of the floats. The Dominator pulled them off while leaving the harbor.
- Installed new larger conduit from Trident L/S to control panel. This will allow us to install the rebuilt pump in the lift station in early July.
- Replaced missing nuts and bolts on the floating dock in the intake Reservoir.

Fixed with help:

- Steven Evavold, our Remote Maintenance Worker, showed Allen Young and the ANTHC Sanitarians how to clean and calibrate the 5 turbidimeters at the water plant.
- Steven Evavold worked with Allen Young to replace the influent water turbidimeter with one we had sent out last year to be rebuilt by Hach. The influent turbidimeter lost power while Steven was here.
- Martin Wortman from ANTHC figured out how to replace the zone valve controller for the water plant office heat. He also asked us to reprogram the boiler temperatures to 140 degrees. The thermostat would only drop to 180 degrees. I turned the water temperature on the water heater down to 85 degrees from 120 degrees. We are maintaining an impressive drop in fuel oil consumption. We'll know more when it gets cold again.

ANTHC Sanitarians were out and reviewed our water and sewer systems looking for problems to put in their report. We enjoyed working with them and supplying them with information on problems.

Worked with the school superintendent to begin lead testing at the school. He wants to make sure new sinks in the kitchen are not a problem and is committed to replacing other fixtures as needed. We turned in 5 samples including one from a water fountain in the high school wing. Also gave Donnie Eubank a Hach lead test sample kit so he can take tests at other AEB schools, as well.

Received an Engineering Report from CRW. We have been too busy to review it yet.

Completed the Consumer Confidence Report for 2015 on time. Thanks Shannon and Kurtis for turning in the Certificate to ADEC on time!

HARBOR MASTER

No report given at this time.

HEARINGS, ORDINANCES AND RESOLUTIONS

City of Sand Point



ORDINANCE 2016-04

AN ORDINANCE OF THE SAND POINT CITY COUNCIL AMENDING CODE OF ORDINANCES OF THE CITY OF SAND POINT

BE IT ENACTED by the City Council of the City of Sand Point:

Section 1. **Form.** This is a Code ordinance.

Section 2. **Repeal and reenactment of Section 1.10.070.** The Code of Ordinances of the City of Sand Point, Alaska, is hereby amended by the repeal and reenactment Section 1.10.070 to read as follows:

1.10.070 GENERAL PENALTY.

(a) Every act prohibited by city ordinance is unlawful. Unless another penalty is expressly provided by this code for a particular act or offense, every person who commits an infraction or violation of any provision of this code, or any rule or regulation adopted or issued pursuant to this code, commits a minor offense as that term is defined in the Alaska Rules of Minor Offense Procedure and may be punished by a fine of not more than five hundred (\$500) dollars, unless the penalty is established by fine schedule, in which case the maximum penalty shall be \$1,000.

(b) In addition to any other remedies or penalties that may be provided in this code, or may otherwise be available, the city or any aggrieved person may institute a civil action to obtain injunctive or compensatory relief against a person who violates any provision of the code. An action to enjoin a violation may be brought notwithstanding the availability of any other remedy. On application for injunctive relief and a finding of violation or threatened violation, the superior court shall grant the injunction. The City shall be entitled to collect all reasonable attorney's fees in any successful civil action to enforce the laws of the City.

(c) Each act of violation and every day upon which the violation shall occur will constitute a separate offense. A separate citation must be issued for each calendar day upon which a violation is alleged to have occurred.

Section 3. Amendment of Section 1.10.075. Section 1.10.075 of the Code of Ordinances of the City of Sand Point, Alaska, is hereby amended to read as follows [deleted language is ~~struck~~, added language is underlined]:

1.10.075 SURCHARGE.

In addition to any fine or penalty prescribed by law, a defendant who [~~pleads guilty or nolo contendere to, forfeits bail for, or~~] is convicted of violating this code or any rule or regulation adopted or issued in pursuance thereof shall [~~be assessed a~~] pay the surcharge [~~in the amount, if any, prescribed~~] required by A.S. 12.55.039 and AS 29.25.074. The surcharge shall be collected as provided in A.S. 12.55.039 and A.S. 29.25.075. The failure to pay the surcharge is punishable as contempt of court as provided in A.S. 12.55.039.

Section 4. Repeal and reenactment of Section 1.10.080. The Code of Ordinances of the City of Sand Point, Alaska, is hereby amended by the repeal and reenactment Section 1.10.080 to read as follows:

1.10.080 PROCEDURE.

(a) The charge for the violation of a code provision may be brought by any peace officer, the city manager, or that city official responsible for the administration and enforcement of the code provision which has been violated.

(b) The city shall use the Alaska Uniform Citation form, or the electronic version if authorized, to provide notice of a minor offense to anyone accused of violating any provision of this Code.

Section 5. Amendment of Chapter 1.10. The Code of Ordinances of the City of Sand Point, Alaska, is hereby amended by the addition of new Sections 1.10.082, 1.10.085, and 1.10.087 to read as follows:

1.10.082 DISPOSITION OF MINOR OFFENSES.

A person charged with a minor offense listed on a fine schedule may appear in court to contest the charge. If an offense is not listed on a fine schedule, or if the citation indicates that a court appearance is mandatory, the defendant must appear in court to answer the charges. As a minor offense, trial is by the court without a jury, and there is no right to court-appointed defense counsel.

1.10.085 MINOR OFFENSE FINE SCHEDULE.

In accordance with AS 29.25.070(a), citations for the following offenses may be disposed of as provided in AS 12.25.195-.230, without a court appearance, upon payment of the fine amounts listed below, plus the state surcharge required by AS 12.55.039 and AS 29.25.074. Fines must be paid to the court. The Rules of Minor Offense Procedure in the Alaska Rules of Court apply to all offenses listed below. Rules of Minor Offense Procedure in the Alaska Rules of Court. If a person charged with one of these offenses appears in court and is found guilty, the penalty

imposed for the offense may not exceed the fine schedule amount listed below for that offense. If an offense is not listed on this fine schedule or another fine schedule, the defendant must appear in court to answer to the charges. The fines set forth below may not be judicially reduced.

<u>Code Section</u>	<u>Offense Description</u>	<u>Fine Amount</u>
12.04.030(a)	Permit Marijuana Use in Restaurant/Bar/Lodging/Retail	\$100
12.04.040	Public Use of Marijuana	\$100
12.04.050	Use of Marijuana In/On Motor Vehicle/Aircraft/Watercraft	\$100
12.04.060	Possession/Consumption of Marijuana by Minor (under 21)	\$100
12.10.030(b)	Unlicensed Dog at Large	\$50
12.10.050(b)	Nuisance Dog	\$100
12.10.070(c)	Release/Attempt to Release Impounded Animal	\$299
12.20.010(b)	Intoxicated on Public Street/In Public Place- 1 st Offense	\$100
12.20.010(b)	Intoxicated on Public Street/In Public Place- 2 nd Offense	\$150
12.20.010(b)	Intoxicated on Public Street/In Public Place 3 rd + Offense	\$200
12.20.010(d)	Discharge Firearm Undesignated Area- 1 st Offense	\$100
12.20.010(d)	Discharge Firearm Undesignated Area- 2 nd Offense	\$150
12.20.010(d)	Discharge Firearm Undesignated Area- 3 rd + Offense	\$200
12.20.010(e)	Window Peeping – 1 st Offense	\$100
12.20.010(e)	Window Peeping – 2 nd Offense	\$150
12.20.010(e)	Window Peeping – 3 rd + Offense	\$200
12.20.010(i)	Entice Person into Automobile- 1 st Offense	\$100
12.20.010(i)	Entice Person into Automobile- 2 nd Offense	\$150
12.20.010(i)	Entice Person into Automobile- 3 rd + Offense	\$200
12.20.010(q)	Stealing Less than \$100 of Property	\$100
12.20.010(r)	Obstruct/Conceal/Tear Down Official Notice/Placard	\$100
12.20.010(bb)	Consumption Alcohol in Public- 1 st Offense	\$100
12.20.010(bb)	Consumption Alcohol in Public- 2 nd Offense	\$150

12.20.010(bb)	Consumption Alcohol in Public- 3 rd + Offense	\$200
12.20.060(a)	Furnish Alcohol to Prohibited Persons- 1 st Offense	\$100
12.20.060(a)	Furnish Alcohol to Prohibited Persons – 2 nd Offense	\$150
12.20.060(a)	Furnish Alcohol to Prohibited Persons- 3 rd + Offense	\$200
12.20.065	Licensed Premise Sell/Serve Alcohol During Closed Hours-1st	\$100
12.20.065	Licensed Premise Sell/Serve Alcohol During Closed Hours-2nd	\$150
12.20.065	Licensed Premise Sell/Serve Alcohol During Closed Hours-3rd	\$200
12.20.070(a)	Consuming Alcohol in Public – 1 ST Offense	\$100
12.20.070(a)	Consuming Alcohol in Public – 2nd Offense	\$150
12.20.070(a)	Consuming Alcohol in Public –3rd +Offense	\$200
12.20.070(b)	Consume Alcohol in Prohibited Area – 1 st Offense	\$100
12.20.070(b)	Consume Alcohol in Prohibited Area – 2 nd Offense	\$150
12.20.070(b)	Consume Alcohol in Prohibited Area – 3 rd + Offense	\$200
12.20.080(d)	Loiter on Private Property & Peek in Door/Window-1 st	\$100
12.20.080(d)	Loiter on Private Property & Peek in Door/Window-2nd	\$150
12.20.080(d)	Loiter on Private Property & Peek in Door/Window-3 rd +	\$200
12.20.080(e)	Lodge in Public/Private Place Without Permission-1 st	\$100
12.20.080(e)	Lodge in Public/Private Place Without Permission-2 nd	\$150
12.20.080(e)	Lodge in Public/Private Place Without Permission-3 rd +	\$200
12.20.080(f)	Disturb the Peace- 1 st Offense	\$100
12.20.080(f)	Disturb the Peace- 2nd Offense	\$150
12.20.080(f)	Disturb the Peace- 3 rd Offense	\$200
12.20.090	Intoxicated on Roadway – 1 st Offense	\$100
12.20.090	Intoxicated on Roadway – 2 nd Offense	\$150
12.20.090	Intoxicated on Roadway – 3 rd +Offense	\$200

12.20.130	Fireworks-Posses/Use Without Permit-1 st Offense	\$100
12.20.130	Fireworks-Posses/Use Without Permit-2 nd Offense	\$150
12.20.130	Fireworks-Posses/Use Without Permit-3 rd + Offense	\$200
12.20.150(a)	Littering-Private or Public Property-1 st Offense	\$100
12.20.150(a)	Littering-Private or Public Property-2 nd Offense	\$150
12.20.150(a)	Littering-Private or Public Property-3 rd + Offense	\$200
12.20.160	Public Excretion- 1 st Offense	\$100
12.20.160	Public Excretion- 2nd Offense	\$150
12.20.160	Public Excretion- 3 rd + Offense	\$200
12.40.030(a)	Operating establishment in violation of marijuana laws	\$100
12.40.040	Marijuana use in public place	\$100
12.40.050	Marijuana use in vehicle, watercraft, or aircraft	\$100
12.04.60	Marijuana possession and consumption less than 21 years of age	\$100
12.50.010	Juvenile Violates Curfew- 1 st Offense	\$100
12.50.010	Juvenile Violates Curfew- 2nd Offense	\$150
12.50.010	Juvenile Violates Curfew- 3 rd + Offense	\$200
12.50.020(A)	Parent/Guardian Allow Juvenile Violate Curfew-1 st Offense	\$100
12.50.020(A)	Parent/Guardian Allow Juvenile Violate Curfew-2 nd Offense	\$150
12.50.020(A)	Parent/Guardian Allow Juvenile Violate Curfew-3 rd +	\$200

1.10.087 ORDINANCES AFFECTING MINOR OFFENSES SENT TO CITY ATTORNEY

Immediately after the City Council enacts a code ordinance affecting, creating, or eliminating a minor offense, the City Clerk shall transmit the ordinance to the City Attorney. The City Attorney shall submit any necessary updates to the Alaska Court System for inclusion in the Uniform Table of Minor Offenses.

Section 6. Amendment of Section 6.10.360. Section 6.10.360 of the Code of Ordinances of the City of Sand Point, Alaska, is hereby amended to read as follows [deleted language is ~~struck~~, added language is underlined]:

6.10.360. **VIOLATIONS OF A MINOR OFFENSE. CRIMINAL PENALTIES.**

(a) A person who violates any of the provisions of this chapter is **guilty of a minor offense** [~~upon conviction,~~] punishable by a fine not to exceed \$500 **for each violation.** [~~except, for a subsequent violation of any provision of this chapter, whether similar to or different from a prior conviction, is subject to a maximum fine of \$1,000 if the subsequent conviction is for a violation that occurred within three years after the conviction for the prior violation.~~] Any such penalties **shall not affect the city's ability to recover unpaid taxes, civil penalties, and interest** [~~are in addition to any civil penalties~~] assessed under this chapter.

(b) Each day upon which a violation of this chapter continues is a separate offense.

Section 7. Amendment of Section 10.20.080. Section 10.20.80 of the Code of Ordinances of the City of Sand Point, Alaska, is hereby amended to read as follows [~~deleted language is struck, added language is underlined~~]:

10.20.080. DUMPING OF REFUSE.

It shall be unlawful for any person to dump refuse within the corporate limits of the city except in designated locations at the city landfill. Failure to comply with this section shall constitute a **minor offense** [~~misdemeanor~~], punishable, upon conviction, by a fine not to exceed \$500.

Section 8. Amendment of Section 11.20.100. Section 11.20.100 of the Code of Ordinances of the City of Sand Point, Alaska, is hereby amended to read as follows [~~deleted language is struck, added language is underlined~~]:

11.20.100. PENALTIES.

(a) Violation of any provision of this Title shall be a **minor offense** [~~misdemeanor~~] punishable by a fine [of] **as provided in SPCO 1.10.085, or if no fine is there established, a fine not to exceed** \$500. Each act of violation and every day upon which such violation shall occur shall constitute a separate offense. [~~In addition to any fine, violators shall also pay any surcharge as required by § 1.10.075 of the City of Sand Point's Code of Ordinances.~~]

(b) Persons violating this title may **lose** [~~loose~~] the privilege of using the boat harbor facilities for up to one year.

Section 9. Repeal and reenactment of Chapter 12.30. The Code of Ordinances of the City of Sand Point, Alaska, is hereby amended by the repeal and reenactment of Chapter 12.30 to read as follows:

12.30.010 DEFINITIONS

Definitions. Unless the context clearly indicates a different meaning was intended, the following words and phrases used in this chapter shall have the meanings set out in this section.

ALL-TERRAIN VEHICLE and **ATV.** A motorized all-terrain vehicle primarily designed for off-road use. The term includes "four wheelers," snowmachines, golf carts, tractors, six- and eight-wheeled

vehicles such as an ARGO, UTV (side-by-side), a Max, and six-wheeled vehicles that are configured the same as a “four wheeler” or “three wheeler” as well as Off-Highway Vehicles.

HIGHWAY. The entire width between the boundary lines of every way that is publicly maintained when a part of it is open to the public for vehicular travel, including, but not limited to, all city streets and alleys, but not including vehicular ways or areas.

MOTOR VEHICLE. A vehicle which is self-propelled except a vehicle moved by human or animal power.

MOTORCYCLE. A vehicle having a seat or saddle for the use of the rider and designed to travel on not more than three wheels in contact with the ground. The term does not include a tractor.

MOTOR-DRIVEN CYCLE. A motorcycle, motor scooter, motorized bicycle or similar conveyance with a motor attached and having an engine with 50 or less cubic centimeters of displacement.

OFF-HIGHWAY VEHICLE. A motor vehicle designed or adapted for cross-country operation over unimproved terrain, ice or snow and which has been declared by its owner at the time of registration and determined by the Alaska Department of Public Safety to be unsuitable for general highway use, although the vehicle may make incidental use of a highway as provided by Alaska Uniform Vehicle Code or this chapter; it includes snowmobiles but does not include implements of husbandry and special mobile equipment.

SNOWMOBILE. A motor vehicle designed to travel over ice or snow, and supported in part by skis, belts, cleats or low-pressure tires.

VEHICULAR WAY OR AREA. A way, path or area, other than a highway or private property, which is designated by official traffic control devices or customary usage and which is open to the public for purposes of pedestrian or vehicular travel, and which way or area may be restricted in use to pedestrians, bicycles or other specific types of vehicles as determined by the city of other governmental agency having jurisdiction over the way, path or area.

12.30.020 STATE TRAFFIC LAWS AND REGULATIONS ADOPTED BY REFERENCE.

(a) The City adopts all vehicle and traffic statutes and regulations of the state of Alaska, as they presently exist and as they may be revised in the future, including those which apply to motorcycles and all-terrain and off-highway vehicles as such vehicles are defined in section 12.30.010 of this Code unless such statute or regulations directly conflicts with any provision of this chapter. In the event of such a conflict, the city ordinance shall control to the extent it is not preempted by state law.

(b) Notwithstanding subsection A of this section, the City does not adopt those state traffic laws that establish misdemeanor and felony offenses which are not listed on Alaska Supreme Court bail forfeiture schedules, including AS 28.35.030.

(c) All citations issued under this chapter shall use the appropriate “AS” or “AAC” or CFR statute or regulation numbers, include a description of the offense, indicate that the offense was

adopted by reference as a city ordinance, and the charging entity or plaintiff is the City of Sand Point.

(d) Additional traffic ordinances of the city that are necessary to meet specific local requirements shall be incorporated in other chapters of this title.

(e) When the context requires, the term “Alaska State trooper” or “peace officer” when used in a provision incorporated by reference under subsection (A) of this section shall be deemed to mean and construed as identical with chief of police, police officer, or such other local police officer sworn to enforce the laws of the city. When the context requires, the term “department” appearing in the Alaska Statutes and Alaska Administrative Code provisions adopted by reference shall be construed to mean the Sand Point police department.

12.30.030 STATE TRAFFIC BAIL FORFEITURE SCHEDULES ADOPTED BY REFERENCE.

The city adopts as its traffic fine schedule for state offenses the "Traffic Bail Forfeiture Schedule" and the "Oversize Vehicle Bail Forfeiture Schedule" in Administrative Rules 43.1 and 43.6 of the Alaska Rules of Court and any other bail forfeiture schedules relating to vehicles adopted by the Alaska Supreme Court. In addition, the city adopts all amendments of those schedules that become effective after the effective date of this ordinance. Citations for offenses listed on these schedules may be disposed of as provided in AS 12.25.195-.230, without a court appearance, upon payment of the amounts listed plus the state surcharge required by AS 12.55.039 and AS 29.25.074. Fines must be paid to the court. If a person charged with one of these offenses appears in court and is found guilty, the penalty imposed for the offense may not exceed the amount listed for that offense on the schedule. Citations charging these offenses must meet the requirements of Minor Offense Rule 3 of the Alaska Rules of Court. If an offense is not listed on the fine schedule, the defendant must appear in court to answer to the charges.

12.30.040 STATE FINE SCHEDULE FOR LOCAL TRAFFIC MINOR OFFENSES.

(a) In accordance with AS 28.05.151(a), citations for the following offenses may be disposed of as provided in AS 12.25.195-.230, without a court appearance, upon payment of the fine amounts listed below plus the state surcharge required by AS 12.55.039 and AS 29.25.074. Fines must be paid to the court. The Alaska Rules of Minor Offense Procedure apply to all offenses listed below. Citations charging these offenses must meet the requirements of Minor Offense Rule 3. If a person charged with one of these offenses appears in court and is found guilty, the penalty imposed for the offense may not exceed the fine amount for that offense listed below. These fines may not be judicially reduced. If an offense in Chapter 12.30 is not listed on the fine schedule, or if the citation indicates a court appearance is required, the defendant must appear in court to answer to the charges.

The fine amounts listed below are doubled for motor vehicle or traffic offenses committed in a highway work zone or traffic safety corridor, as those terms are defined in AS 28.90.990 and 13 AAC 40.010(b).

An offense listed in this schedule may not be disposed of without court appearance if the offense is in connection with a motor vehicle accident that results in the death of a person.

SECTION	OFFENSE TITLE	FINE
12.30.010		
12.30.025(a)	Parent Permit Juvenile Violate Traffic Code-1st	\$100.00
12.30.025(a)	Parent Permit Juvenile Violate Traffic Code-2nd	\$150.00
12.30.025(a)	Parent Permit Juvenile Violate Traffic Code-3 rd +	\$200.00
12.30.025(b)	Permit Person to Operate Vehicle Without License-1st	\$100
12.30.025(b)	Permit Person to Operate Vehicle Without License-2nd	\$100
12.30.025(b)	Permit Person to Operate Vehicle Without License-3rd	\$100

12.30.050. OPERATION OF ALL-TERRAIN VEHICLES ON HIGHWAYS.

(a) An all-terrain vehicle may be driven on a roadway or shoulder of a highway only under the following circumstances:

(1) When crossing a highway as provided in division (b) of this section, or when traversing a bridge or culvert on a highway, but then only by driving at the extreme right-hand edge of the bridge or culvert and only when the traverse can be completed with safety and without interfering with other traffic on the highway;

(2) When use of the highway by other motor vehicles is impossible because of snow or ice accumulation or other natural conditions or when the highway is posted or otherwise designated by the city as being open to travel by all-terrain vehicles; or

(3) When driven on the right-of-way of a highway which is not a controlled-access highway, outside the roadway or shoulder, and no closer than three feet from the nearest edge of the roadway; night driving may be only on the right-hand side of the highway and in the same direction as the highway motor vehicle traffic in the nearest lane of the roadway; no person may drive an all-terrain vehicle within the area dividing the roadways of a divided highway except to cross the highway as provided in division (b) of this section.

(b) An all-terrain vehicle may make a direct crossing of a highway if:

(1) The crossing is made approximately at a right angle to the highway and at a location where visibility along the highway in both directions is clear for a sufficient distance to assure safety, and the crossing can be completed safely and without interfering with other traffic on the highway; and

(2) The vehicle is brought to a complete stop before crossing the shoulder or highway, and the driver yields the right-of-way to all traffic on the highway.

(c) No all-terrain vehicle may cross or travel on a sidewalk a location intended for pedestrian or other non-motorized traffic, an alley, or a vehicular way or area which is not open to all-terrain vehicle operation except as provided in division (b) of this section or as otherwise specifically authorized under this chapter.

(d) *REPEALED*

(e) Notwithstanding divisions (a) through (d) of this section, an all-terrain vehicle may be driven on the public roadways and streets of the city, but only in accordance with §§ 12.30.063 through 12.30.068.

12.30.060. REGULATIONS CONCERNING OPERATION OF ALL-TERRAIN VEHICLES UPON THE PUBLIC STREETS AND ROADWAYS OF THE CITY OF SAND POINT.

All-terrain vehicles may operate on the public streets and roadways of the City of Sand Point, subject to the following conditions:

(a) *License.* The person operating the all-terrain vehicle must be:

(1) a duly licensed driver in the State of Alaska and at least 16 years of age;

(2) at least 14 years of age and duly licensed with a State of Alaska driver's instruction permit and completed a City-approved safety education certification course; or

(3) under the direct supervision of the operator's licensed parent or guardian.

(b) *Safety Equipment.* The all-terrain vehicle must be equipped with the appropriate safety equipment, including headlights, taillights, mufflers, fenders, and brakes all in operating order and which meet or exceed state or local regulations. Headlights must be illuminated between one-half hour after sunset and one-half hour before sunrise, and at any other time when, because of insufficient light or other atmospheric conditions, persons or vehicles on the highway are not clearly discernable at a distance of 1,000 feet.

(c) *Protective Equipment.* Operators and passengers under the age of 18 must wear protective headgear and an eye-protective device that meet the requirements of 13 AAC 04.350.

(d) *Traffic Laws.* The operator of an all-terrain vehicle must observe all state and city traffic laws and codes which pertain to the operation of motor vehicles upon a highway.

(e) *Hours of Operation for minors.*

(1) Minors (persons 14 to 17 years of age) shall only be permitted to operate all-terrain vehicles on the public streets and roadways of the City of Sand Point during the following times, unless under licensed adult supervision or adhering to the exceptions listed below:

(A) From 6:00 a.m. to 10:00 p.m. Sunday through Thursday, and

(B) From 6:00 a.m. to 12:00 a.m. Friday and Saturday.

(2) Operation of all-terrain vehicles at all other times is prohibited except when circumstances exist which justify an exception because operation of the all-terrain vehicle was necessary or unavoidable. Exceptions are limited to non-recreational use of all-terrain vehicles and may only be allowed when:

(A) On an errand at the written direction of his or her parent or guardian without any detour or stop (written direction must be signed, timed, and dated by the parent or guardian and must indicate the specific errand):

(B) Involved in an emergency: or

(C) Engaged in an employment activity, or going to or returning from an employment activity, without detour or stop.

12.30.070. CITATION FOR DEFECTIVE EQUIPMENT.

(a) A police officer may issue a citation to the operator or owner of an all-terrain vehicle, which is not in safe mechanical condition or properly equipped as required by Title 28 of the Alaska Statutes, Title 13 of the Alaska Administrative Code, or the safety provisions of this chapter. A citation issued under this section shall specify the repair or adjustment to be made.

(b) An operator or owner cited under this section shall within a time specified by the inspecting officer appear at the offices of the Sand Point Police Department and present acceptable evidence of having made the repairs or adjustment or present the vehicle for re-inspection. If the defective part or item is at that time determined to be in good repair, and the vehicle otherwise meets the requirements of Title 28 of the Alaska Statutes, Title 13 of the Alaska Administrative Code and the safety provisions of this chapter, the inspecting officer shall void the citation. Failure to present evidence of repair or adjustment or to present the vehicle for re-inspection within the time specified shall result in the revocation of registration.

12.30.080 MOTORCYCLES.

It shall be unlawful for any person or persons to ride motorcycles or motorbikes or any vehicles so classed, upon any public sidewalks or any dock area. However, workers going to or from work or those persons on business (such as gas, repairs, and provisions) may ride to the dock area or on sidewalks, provided they observe a five mile per hour speed limit.

12.30.090. PROTECTIVE HEADGEAR AND EYE PROTECTION REQUIRED.

(a) All persons who drive or ride as a passenger on a motorcycle or motor-driven cycle shall wear protective headgear which complies with the U.S. American National Standards Institute Safety Code Z 90.1 1971, U.S. Motor Vehicle Safety Standard No. 218 (49 CFR 571.218) or approved by the Snell Memorial Foundation; provided, the wearing of protective headgear is not required for the driver if the driver is 18 years of age or older; and provided further, the wearing of protective headgear is not required for a driver or passenger during off-road riding of a motorcycle or motor-driven cycle.

(b) No person may drive a motorcycle or motor-driven cycle unless the person is wearing an eye-protective device which complies with the standards provided by American National Standards Institute Safety Code Z 2.1 - 1959, except when the motorcycle or motor-driven cycle is equipped with a windscreen or windshield meeting the requirements of 13 AAC 04.355 (b).

12.30.100. SOUND CONTROL.

No person shall operate a motor vehicle in such a way as to disturb the peace between the hours of 10:00 p.m. and 6:00 a.m. except when hauling supplies. Revving and racing of engines in residential areas shall be considered a violation.

12.30.110. SPEED LIMITS.

The speed limit for all vehicular traffic within the city shall be as follows:

- (a) Sand Point Avenue (Main Road) unless otherwise posted 25 mph
 - (b) Boat Harbor Road 25 mph
 - (c) Red Cove Road 25 mph
- *with the exception of the section of road 300 feet before and 300 feet after the school turn off which shall be 20 mph
- (d) All remaining residential, commercial and other areas not specifically identified 20 mph
 - (e) Airport Road 45 mph
 - (f) Humboldt Slough Bridge Road 20 mph

12.30.120. CROSSING BOARDWALKS.

Persons crossing boardwalks with cars and trucks must use planks or some means of protecting the boardwalk.

Section 10. Repeal and reenactment of Section 13.07.060. The Code of Ordinances of the City of Sand Point, Alaska, is hereby amended by the repeal and reenactment of Section 13.07.060 to read as follows:

(a) It is unlawful to do or perform any work in violation of a stop order, except as may be necessary to prevent injury or damage to persons or property. Such stop order may be revoked by the administrative official, City Administrator, or the City Council.

(b) Violation of any provision of this chapter shall be a minor offense punishable as provided in SPCO 1.10.070. Each act of violation and every day upon which such violation occurs shall constitute a separate offense.

Section 11. Amendment of Subsection 13.08.110(a). Subsection 13.08.110(a) of the Code of Ordinances of the City of Sand Point, Alaska, is hereby amended to read as follows [deleted language is ~~struck~~, added language is underlined]:

(a) Any person entitled to service under § 13.08.060 may appeal from any notice and order or any action of the Abatement Official concerning abatement of a public nuisance **except a citation issued for a minor offense pursuant to SPCO Chapter 1.10** by filing at the office of the City Clerk within 15 days from the date of service of such order a written appeal to the City Council.

Section 12. Amendment of Subsection 13.08.120(a). Subsection 13.08.120(a) of the Code of Ordinances of the City of Sand Point, Alaska, is hereby amended to read as follows [deleted language is ~~struck~~, added language is underlined]:

(a) Generally. After any order of the Abatement Official or the Council [~~shall have~~] becomes final no person to whom any such order is directed shall fail, neglect or refuse to obey any such order. Any such person who fails to comply with any such order **is guilty of a minor offense punishable** [~~shall be punished~~] as provided in § 1.10.070.

Section 13. Amendment of Section 13.08.170. Subsection 13.08.170 of the Code of Ordinances of the City of Sand Point, Alaska, is hereby amended to read as follows [deleted language is ~~struck~~, added language is underlined]:

13.08.170. APPEAL.

The owner may appeal any decisions of the board of adjustment, whether involving removal or demolition or repair or alteration, to the Superior Court, Third Judicial District at Anchorage, State of Alaska **except that any citation issued for a minor offense under this chapter and SPCO Chapter 1.10 shall be governed by the Alaska Rules of Minor Offense Procedure.**

Section 14. Effective Date. This ordinance shall be effective upon adoption.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE SAND POINT CITY COUNCIL THIS 9th DAY OF AUGUST, 2016.

ATTEST:


Glen Gardner, Jr., Mayor

Shannon Sommer, City Clerk

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MEMORANDUM

TO: City of Sand Point
Andy Varner
John Lucking
Glen Gardner

FROM: Patrick W. Munson, Esq. 
Boyd, Chandler & Falconer, LLP

RE: Draft Minor Offense and Fine Schedule Ordinance

DATE: June 30, 2016

This memo summarizes the draft Minor Offense Ordinance (“MOO”) and fine schedule. The MOO is intended to make enforcement of the City’s existing Code more efficient and consistent by establishing uniform procedures to apply to the vast majority of violations of City laws. It also harmonizes those procedures with the recently enacted Alaska State Court Rules of Minor Offense Procedure. Finally, it establishes fixed fines for certain violations of law so that offenders can pay fines by mail or without being required to appear in court (a “fine schedule”). Other than establishing fine amounts, the MOO is not intended to create new laws or prohibit any activity or action that is not already prohibited under existing code.

This ordinance is in draft form and is only a recommendation. The Council will make the final decision on all the proposed changes, including whether to make any changes at all. We would be happy to discuss all of the proposals in more detail and recommend receiving input from Chief Lucking and other relevant staff department heads regarding enforcement issues. The primary issues for the Council to consider are described in general terms below and included as comments throughout the annotated version of the draft. We have also included a clean copy for ease of reference.

A. Goals of the proposed ordinance

First, an overview of what this ordinance seeks to accomplish. In 2013, the Alaska Court system enacted the Rules of Minor Offense Procedure (RMOP). These new Rules established a uniform system for processing low level infractions known as “minor offenses.” Minor offenses are defined in Rule 2 of the RMOP to essentially include minor violations of law that are not so serious as to rise to the level of a misdemeanor. They are sometimes called “quasi-criminal” infractions or violations. Common examples are traffic tickets or leash law violations. The

punishment for a minor offense cannot include incarceration, loss of a valuable license,¹ or a fine greater than either \$1,000 or \$500 depending on the circumstances (see section D, below). Most violations (namely, those listed in the fine schedule at proposed SPCO 1.10.085) result in citations that can simply be paid by remitting a fixed amount to the court if the person does not wish to appear in court (*i.e.*, an “optional appearance” offense). If a person chooses to contest the citation, the court conducts a simplified proceeding (codified and explained in the new RMOP) that is fully consistent with due process requirements. Because the possible punishment for these violations is limited, the defendant is not entitled to a jury trial or a court-appointed attorney, but is entitled to appear in court to argue that he or she did not commit the violation (and may hire his or her own attorney if desired). People may be familiar with this process from contesting traffic tickets.

This system is used to enforce the vast majority of ordinances in Alaskan cities. Therefore, many cities have updated their ordinances to incorporate the new Rules, just as we propose to do in this ordinance. The court system will not process citations for violations of ordinances that are not consistent with the new Rules. At the very least, municipalities must use terminology that is consistent with the Rules to designate violations of local laws as “minor offenses” and ensure that the penalties for those offenses are no more severe than permitted by the Rules.

The current City code designates violations of Sand Point ordinances as “unlawful” or a “violation.” SPCO 1.10.070. These terms are not entirely inconsistent with the new minor offenses terminology, but we have recommended language that incorporates and tracks the RMOP more precisely (see Sections 2-5 of the proposed MOO). We have also proposed updating the maximum fines to be consistent with the Rules. Our primary goal is to eliminate any language and penalties that are not consistent with those Rules so that the courts will continue to correctly process violations of City law.

As a result, most of the proposed code amendments in this ordinance do nothing more than (1) adopt certain language used by the new court Rules, and (2) set a penalty for a violation. That is why this long and seemingly complex ordinance actually does not change existing law in any substantial way: it just changes the language used in existing ordinances to ensure that the courts will continue to process citations for violations. It would also eliminate ordinances that

¹ This limitation means that a court cannot take away a valuable privilege (such as a driver’s license) as a result of a single conviction or no contest plea. If the court can take away a license or privilege as a result of a violation, the violation cannot be designated a minor offense. Note that the City will retain authority to administratively revoke certain permits or licenses based on violations of the law, but the revocation would be separate from the court proceeding adjudicating the minor offense.

are redundant or unnecessary now that the RMOPs and the proposed new SPCO Ch. 1.10 establish rules and procedures for almost all violations of City ordinances.

The result will be simplified enforcement (for the City and the offender alike) because the vast majority of City ordinance violations will be processed by the court as minor offenses, many payable by mail with no court appearance. Existing code requires almost all violators of city law to appear in court even if the person does not dispute that he or she committed the violation.² In our opinion, a court appearance is unnecessary for most city ordinance violations if the offender does not dispute the violation. If the City adopts the proposed MOO (as it may be amended), only significant violations will require a court appearance, which allows offenders and City officers to avoid court time for minor infractions. However, all accused offenders may appear in court to contest the charge if they want to; the proposed ordinance simply makes such an appearance optional in most cases.

Another significant result of enforcing laws as minor offenses is that the City, rather than the State, will be the prosecuting entity for most violations of city law. When an officer issues a citation for a violation of any law designated as a minor offense under city law (including but not limited to traffic laws), the citation will indicate that the offender violated a city ordinance, not a state law. The City will be the prosecuting entity and will therefore receive any fine that is paid. Neither a prosecutor nor public defender is required for minor offense court appearances; police officers (or the city official who issued the ticket if others are empowered to do so; *e.g.*, a zoning officer) appear in court to support their own citations. This is the case under current law anyway (at least with regard to traffic laws), so there should be very little practical change except that the City will receive the fine money instead of the State.

Note that these changes should decrease, not increase, the time city employees and officers spend on enforcement. When officers write citations for minor offenses, the citations are filed with the court system for processing. The court handles everything else. Staff's only involvement would be to appear at a brief court hearing to explain the basis for the citation so the judge can adjudicate guilt or innocence (if that is contested, which it often is not).

Equally important, collection of fines will improve. If the offender pleads or is found guilty he pays the court, which conveys the payment to the City. The court system retains a 10% administrative fee of all penalties collected through it. We believe this fee is well worth the simplicity of enforcing laws through the court system and will be more than offset by the

² See SPCO 1.10.070(a), which establishes fines of "not more than" a certain amount. This "not more than" language indicates that the fine is not fixed at a certain amount, and therefore a court appearance is required in order to determine the appropriate fine (again, even if the offense is not disputed).

increased fine payments the City receives. We therefore recommend that as many ordinances as possible be enforced as minor offenses.

B. Choosing ordinances to designate as minor offenses

The Council ultimately decides which ordinances to designate as minor offenses. The attached draft proposes those that we believe are most likely appropriate, but they are only suggestions. Some of these suggestions apply the correct terminology to violations that are already treated as minor offenses by definition under City law. Other proposed amendments would re-categorize certain violations that are not currently minor offenses but probably should be. This includes some offenses currently designated “misdemeanors”, but which do not seem quite serious enough to qualify for that designation (such as certain violations of harbor regulations in SPCO 11.10.440).

Also, where a state law forbids the exact conduct covered by an existing city ordinance purporting to create a misdemeanor, we have recommended deleting those sections from City code so that the state law will control. These offenses can be handled more efficiently under state law because the State will carry out the prosecution, provide a public defender, *etc.* Such laws are already enforced as state law violations anyway in practice, so this is primarily a house-cleaning exercise. The City does not have the resources or institutional infrastructure to prosecute many misdemeanors because it would have to provide a prosecutor, public defender, and conduct a jury trial for all such offenses. Since the State *does* have that infrastructure in place and is already using it to prosecute the same activities these city ordinances outlaw, we recommend deleting the city laws that are not actually enforced as misdemeanors.

If these changes are made, the State will continue to prosecute misdemeanors and felonies under state law. If there are any misdemeanors in existing Code that are *not* adequately covered by state law, we can include them as City minor offenses or misdemeanors, depending on the Council’s preference. We recommend consulting with Chief Lucking to ensure that the MOO adequately addresses each of these issues. In particular, we would appreciate input regarding the miscellaneous provisions in existing Chapter 12.20, many of which may be more appropriate to enforce as misdemeanors under state law. Those that are should be deleted from city code. Some of these are suggested in the annotated draft ordinance.

C. Traffic offenses

One of the most significant aspects of this ordinance is restructuring the City’s traffic Code. Existing SPCO Chapter 12.30 is a piece-meal collection of laws that are intended to apply within city limits, but also incorporates state laws (AS Ch. 28 and AAC Ch. 13) at SPCO 12.30.015. It also purports to establish both misdemeanors and “infractions” (which now should

be called “minor offenses”) along with procedures applicable to the latter.

We recommend the City adopt a more efficient and consistent traffic code as set forth in proposed new SPCO Ch. 12.30. We first recommend the City “incorporate by reference” (1) all the traffic laws of the state that are set forth in a bail schedule, and (2) the associated bail schedules that establish penalties for those offenses. This will essentially make all state traffic minor offenses apply as city ordinances. When a City police officer writes a ticket for any such violation, he or she will check the box indicating that the violation was of a law that has been incorporated by reference into city code and that the City is the prosecuting entity. The City will therefore receive the fine money, which we believe is more appropriate anyway because city police officers are performing the work of enforcing such laws.

This amended traffic code will achieve two other notable results. First, it allows the City to eliminate the redundant sections in existing Chapter 12.30 that list individual offenses. These are almost all already illegal under State law, so there is no need to set them out individually in city Code (because they will be considered the law of the city as a result of being incorporated by reference). Deleting these redundant sections avoids confusion and significantly “cleans up” the Code. Second, adopting minor traffic offenses by reference eliminates confusion regarding enforcement of more serious offenses. The proposed MOO only incorporates traffic offenses that are *not* on a bail schedule, which are generally not very serious. More serious crimes, such as drunk driving, will be prosecuted exclusively by the State (as a violation of a state law, not a city ordinance). This is already the case anyway because the State prosecutes such crimes itself rather than the City (again, due to practical and economic constraints of prosecuting misdemeanors and felonies). So again, these amendments would not change the substance of Sand Point traffic laws, but would make enforcement/prosecution responsibility more clear and delete unnecessary provisions from the City’s traffic code. It would also eliminate penalty provisions that may not be consistent with state law (SPCO 12.30.210).

Note that we have proposed including a few of the existing individual ordinances that may not be covered by state law or which are slightly different from state law (see proposed SPCO 12.30.050 - .120). City management, Chief Lucking, and the City Council should review these ordinances to determine whether to include or reject them from the updated City Code. Particular attention should be paid to ATV or motorcycle laws as these are often handled more on a local level than under state law. Chief Lucking should be able to provide more information on those topics if desired.

D. Fine schedule - mandatory and optional appearances

The final significant change is the fine schedule. Proposed SPCO § 1.10.085 sets forth a table called a fine schedule that will ultimately include every offense for which the City wishes to

set a fixed fine amount. An offender can resolve a citation for a violation of any ordinance listed in the table simply by paying the amount listed there. These violations are therefore called “optional court appearance” offenses because an offender is not required to appear in court if he does not contest the charge (but can if desired).

Any minor offense not listed in the table is a “mandatory court appearance” offense. There are two main reasons why offenses require court appearances. Most frequently, mandatory appearance violations have a fine that falls within a range (*i.e.*, “up to” or “not to exceed” a certain amount), rather than a single fixed amount. These offenses are mandatory appearance offenses because the fine is defined by a range, so a judge must set the specific fine in each individual case. The other reason to require a court appearance is to compel compliance or change behavior. Failing to connect to City sewer, for example, could be an appropriate mandatory appearance offense because the judge could order the offender to connect to the sewer system.

The Council must ultimately decide which offenses to designate optional or mandatory appearance offenses. Typically, optional appearance offenses are those for which a single penalty is sufficient because all violations of that law are basically the same (such as failure to obtain a dog license). If, on the other hand, a particular offense is likely to vary widely in severity (such as unlawful trash dumping), the City might designate those offenses as mandatory court appearance offenses because it might be best to let a judge decide whether a harsh or lenient fine is most appropriate.

Finally, the Council should set an appropriate fine amount for each optional appearance offense included in the fine schedule. Some are already set in Code. The current draft includes only the offenses and fine amounts proposed by Chief Lucking, but we can review this together in more detail. The maximum fine under the new Rules for a “scheduled offense” (*i.e.*, one set by a fine schedule) is \$1,000. The maximum for a non-scheduled offense is “up to \$500”.

Note that many of the proposed penalties call for “escalating fines” that set a certain fine amount for the first offense, and which increases for subsequent violations. However, these types of escalating fines are being eliminated in many communities because they require the police officer to know how many violations a person has been convicted of and/or require a court appearance. In short, under the new Rules, escalating fines seem to create more work than their deterrent effect justifies (*i.e.*, does a slightly higher fine for a second violation really deter enough second offenses to justify having an officer appear in court for the second offense?). It is also necessary to identify each escalating penalty individually in the fine schedule, which results in a longer, more complicated fine schedule. Our office therefore recommends eliminating these escalating fines, but this too is a Council decision and one that is not critical either way.

City of Sand Point



RESOLUTION 16-05

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAND POINT
AUTHORIZING AND INSTRUCTING THE CITY MANAGER AND CITY
ATTORNEY TO TAKE ALL NECESSARY ACTIONS TO DISPOSE OF THE
CITY'S INTEREST, IF ANY, REAL PROPERTY DESCRIBED AS SAND
POINT ADDITION, MOBILE HOME COURT, P77-4, LOT 18.**

WHEREAS, the City of Sand Point formerly owned an interest in the real property now owned by Sam O. Brandal and more particularly described as Sand Point Addition, Mobile Home Court, P77-4, Lot 18 (the "Property"); and

WHEREAS, the City conveyed or intended to convey its interest in said property many years ago; and

WHEREAS, a title search recently revealed that there is a cloud on the current owner's property's title as a result of the city's former ownership; and

WHEREAS, the City Council wishes to terminate and convey any interest it has in the Property to the current owner, Mr. Brandal; and

WHEREAS, to the extent the City owns any interest in the property, if any, that interest is not necessary for municipal purposes; and

WHEREAS, Sand Point Code of Ordinances Section 8.10.070(f) allows the City to convey an interest in real property for less than market value to a person who has a valid claim of equitable interest in the property upon a finding by the City Council that the conveyance is in the public interest; and

WHEREAS, the City Council believes the City intended to convey all of the City's interest in the property to Mr. Brandal many years ago; and

WHEREAS, the City Attorney therefore advises that Mr. Brandal has a valid equitable and legal claim to the property based on his long-standing ownership and occupation of the property; and

WHEREAS, the monetary value of the city's interest is believed to be approximately zero dollars; and

WHEREAS, the City Council has determined that it is in the public interest to extinguish any City-owned interest in the Property; and

WHEREAS, the disposal shall be accomplished by Quitclaim Deed not less than 30 days after notice of this disposal is posted within the City;

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

1. The City Council hereby find it is in the public interest to extinguish and dispose of any legal interest it may have, if any, in the Property more particularly described as Sand Point Addition, Mobile Home Court, P77-4, Lot 18 to Mr. Sam O. Brandal.
2. The Mayor is hereby authorized and instructed to execute all documents reasonably necessary to dispose of the City's interest in the above named property.
3. This Resolution shall be effective not earlier than 30 days after the date a notice of this proposed disposal was first posted in three conspicuous places within the City.

PASSED AND APPROVED THIS 12th DAY OF JULY, 2016.

CITY OF SAND POINT

Glen Gardner Jr., Mayor

ATTEST:

Shannon Sommer, City Clerk

Memo

To: Mayor Gardner
From: Andy Varner, Administrator
cc: City Council
Date: July 1, 2016
Re: Real Property Disposal Resolution 2016-05

Several months ago the Mayor was doing some research on the property where a recently retired City employee, Sam Brandal, resides. It was thought that the property belonged to Mr Brandal – and had for decades – but a recent title search revealed that the property was still in City ownership. Our code allows the City to “convey an interest in real property for less than market value to a person who has a valid claim of equitable interest in the property upon a finding by the City Council that the conveyance is in the public interest.” By passing Resolution 2016-05, the Council will extinguish and dispose of any legal interest in the property, giving Mr Brandal equitable and legal claim.

City of Sand Point



RESOLUTION 16-06

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAND POINT AUTHORIZING THE EXTENSION OF AIRPORT LAND LEASES WITH THE STATE OF ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES.

WHEREAS, the City of Sand Point leases two properties near the Sand Point Airport from the Alaska Department of Transportation and Public Facilities; and

WHEREAS, these properties are used for City storage and provide a public good; and

WHEREAS, the City has existing leases dating to 2011 with ADOT&PF, and approving this resolution will signify approving a supplement for the current leases for an additional five years.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

1. The City Council wishes to continue leasing property from the Alaska Department of Transportation and Public Facilities at the Sand Point Airport by approving a five year supplement to the current leasing agreements.

PASSED AND APPROVED THIS 12TH DAY OF JULY, 2016.

CITY OF SAND POINT

Glen Gardner Jr., Mayor

ATTEST:

Shannon Sommer, City Clerk

Memo

To: Mayor Gardner
From: Andy Varner, Administrator
cc: City Council
Date: July 1, 2016
Re: Airport Lease Extensions

The City currently leases a couple of lots from Alaska DOT down at the airport. The leases on those lots expired back in March (even though we've paid them up for this year), and this resolution gives authority to extend those 2011 leases by another 5 years. I will have them line up the terms and the payments so they expire at the same time. I included our currently expired lease under FYI as a reference.

City of Sand Point



RESOLUTION 16-07

A RESOLUTION OF SAND POINT CITY COUNCIL, SITTING AS THE SAND POINT PLATTING BOARD, WAIVING PREPARATION, SUBMISSION FOR APPROVAL AND RECORDING OF A FINAL PLAT

WHEREAS, Code of Ordinances of the City of Sand Point § 13.05.130 defines the platting board as the City Council; and

WHEREAS, §13.05.020 provides that, upon submission of a subdivision plat and request for waiver, the platting board shall waive the preparation, submission for approval and recording of a final plat when the platting board is satisfied that conditions stated in Subsection (c)(1) exist or makes a determination concurring with the petitioner relative to Subsection (c)(2); and

WHEREAS, the petitioner has submitted a subdivision plat of Lots 38A-1, 38B-1 and 38-1, USS 3585, Section 8, T56S, R73W, Seward Meridian, Aleutian Recording District, State of Alaska dated May 2016; and

WHEREAS, the platting board finds that the petitioner has submitted satisfactory evidence that:

1. the plat represents the sale or exchange of parcels of land between owners of adjoining property which will not result in additional lots being created and the lots resulting will not be reduced below the minimum required by the municipal code or other applicable laws, as required for waiver by Subsection (c)(1) e; and
2. the transaction involved does not fall within the general intent of A.S. 29.40.070 through 29.40.160 and A.S. 40.15, and that it is not made for the purpose of or in connection with a present or projected subdivision development and no dedication of a street, alley, thoroughfare, park or other public area is involved or required, as required for waiver by Subsection (c)(2).

THEREFORE, BE IT RESOLVED that, in accordance with the land subdivision regulations of the City of Sand Point, the subdivision plat will not result in additional lots being created, that the lots resulting will not be reduced below the minimum required by the Sand Point

Code of Ordinances or other applicable laws, and that the platting board concurs that the transaction involved does not fall within the general intent of A.S. 29.40.070 through 29.40.160 and A.S. 40.15, and that it is not made for the purpose of or in connection with a present or projected subdivision development and no dedication of a street, alley, thoroughfare, park or other public area is involved or required and that therefore the preparation, submission for approval and recording of a final plat is waived.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE SAND POINT CITY COUNCIL, SITTING AS THE SAND POINT PLATTING BOARD, THIS 12th DAY OF JULY, 2016.

CITY OF SAND POINT

Glen Gardner Jr., Mayor

ATTEST:

Shannon Sommer, City Clerk

Memo

To: Mayor Gardner
From: Andy Varner, Administrator
cc: City Council
Date: July 1, 2016
Re: Brown Replat Waiver

The City does not have an active Planning Commission, nor a Platting Board. Therefore, the City Council has authority to act as those bodies when the need arises. Councilmember Brown and her husband Jim have requested a waiver to submit a replat of their property. They are moving their lot line 40' south, and since this action meets the conditions outlined in our code for a waiver (see Resolution 2016-07), I recommend the Council approve this request to waive the preparation, submission for approval, and recording of the final plat.

Sand Point

Subject: FW: Replat Lot 38

From: Jim Brown [mailto:mrfabulousjamesbrown@hotmail.com]

Sent: Wednesday, June 22, 2016 4:44 PM

To: Andy Varner <avarner@sandpointak.org>

Cc: walatkas@aol.com

Subject: RE: Replat Lot 38

To: The City of Sand Point,

I am requesting a waiver to the platting board to waive submission requirements in regard to moving the property line 40' between Lots 38A and 38C. If there is anything else I need to do, please let me know.

**Thank you,
James Brown**

From: Andy Varner [mailto:avarner@sandpointak.org]

Sent: Tuesday, June 21, 2016 9:53 AM

To: 'walatkas@aol.com' <walatkas@aol.com>

Subject: RE: Replat Lot 38

Then this seems like a simple issue between the landowners. I believe that this replat is *most likely* eligible for a waiver of the otherwise rather elaborate subdivision plat requirements in our code. As you said, the applicants seek to push the property line between Lot 38 A and Lot 38 C 40 feet further into Lot 38 C. Therefore, the replat should be eligible for waiver because “the sale or exchange of parcels of land between owners of adjoining property will not result in additional lots being created and that the lots resulting will not be reduced below the minimum required by this section or other applicable laws.” 13.05.020(c)(1)(e).

This conclusion is based on my review of the proposed plat and our ordinances. **The waiver procedure begins with the applicant requesting the platting board waive the submission requirements.** According to SPCO 13.05 (Subdivision Requirements), the definitions section specifies that the City Council is the Platting Board. I don't believe you (or the applicants) requested a waiver, but that is the next step to resolving this replat and the Platting Board (ie Council) has 60 days to act upon that waiver. Once the waiver is requested, the “platting board” shall waive the requirements in accordance with 13.05.020(c).

Given the limited purpose of the replat this should be relatively simple and can be taken up at the next scheduled Council meeting.

If you have any questions let me know.
Regards,

Andy Varner | City of Sand Point
City Administrator

From: walatkas@aol.com [<mailto:walatkas@aol.com>]

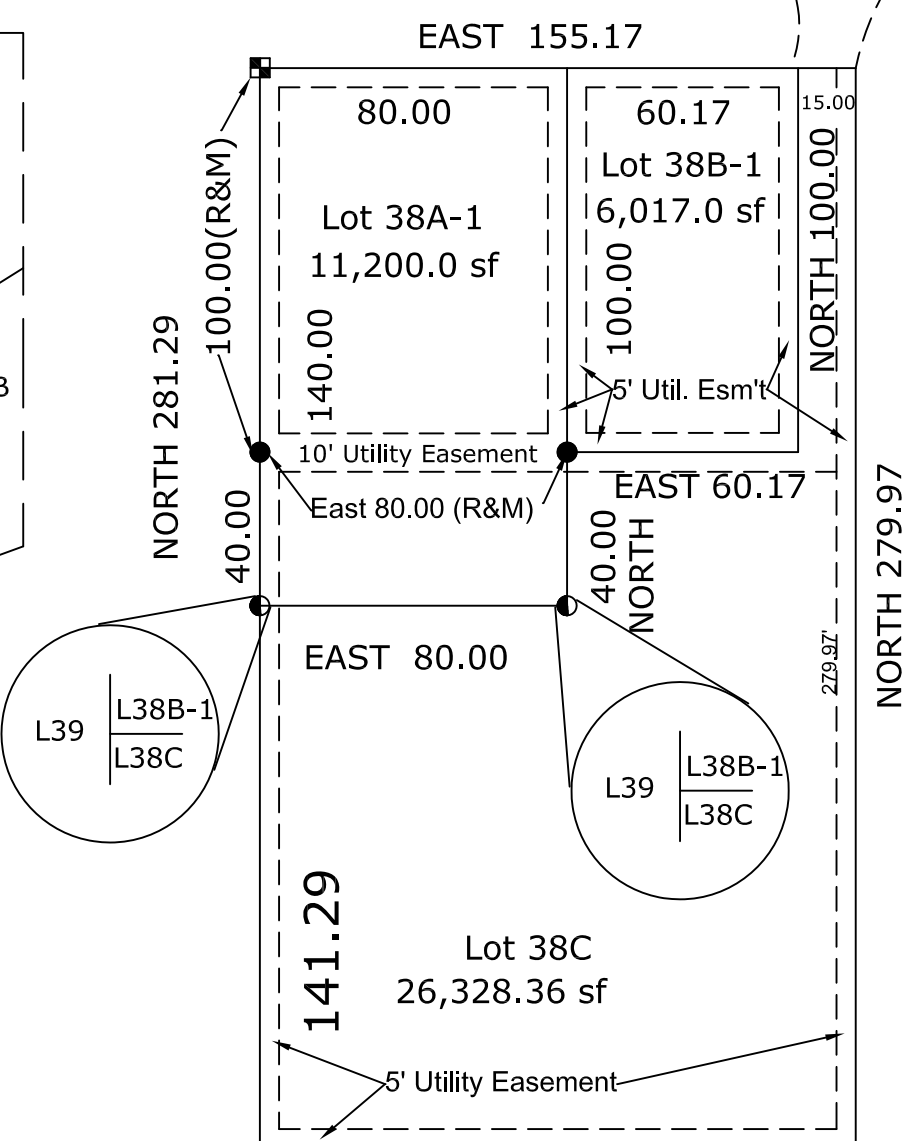
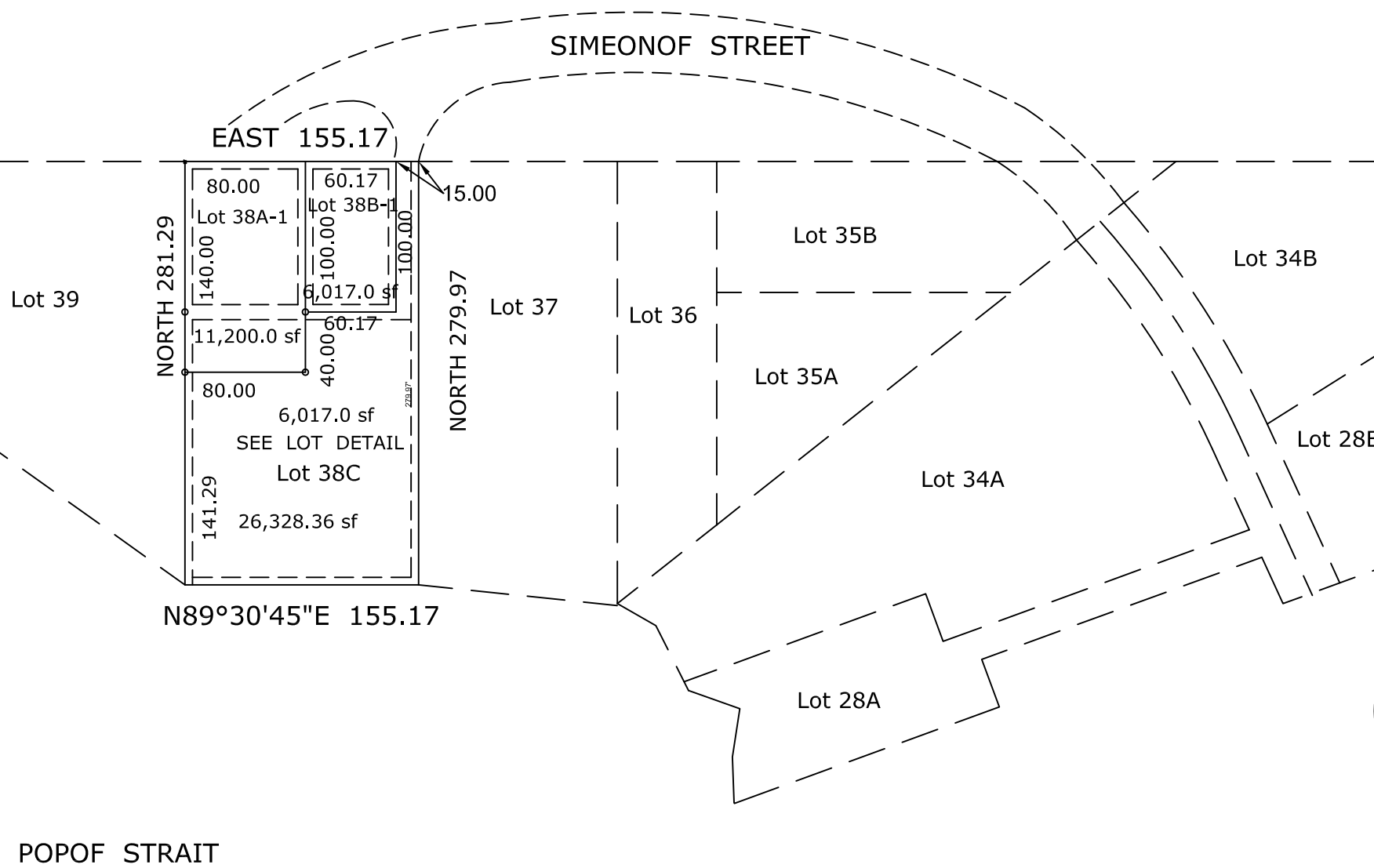
Sent: Monday, June 20, 2016 5:12 PM

To: avarner@sandpointak.org

Subject: Re: Replat Lot 38

All we are doing with this replat is moving the lot line 40' south.

Peter



N 89°30'45"E 155.17

LOT DETAIL
SCALE; 1" = 50'

LEGEND

- Found 2" x 2" Wood Hub
- Found 5/8" Rebar , 0.1 below ground
- Set 5/8" x 30" Rebar with 2" Aluminum Cap, 0.1 below ground
- (R) Record per Plat No. 82-93
- (M) Measured

SURVEYOR'S CERTIFICATE

I, Fred Walatka, professional land surveyor, do hereby certify that the plat of Lots 38A-1, 38B-1 & 38C is a true and correct representation of lands actually surveyed and that the distances and bearings are shown correctly and that all permanent exterior control monuments, all other monuments, and lot corners have been set and staked, as shown hereon

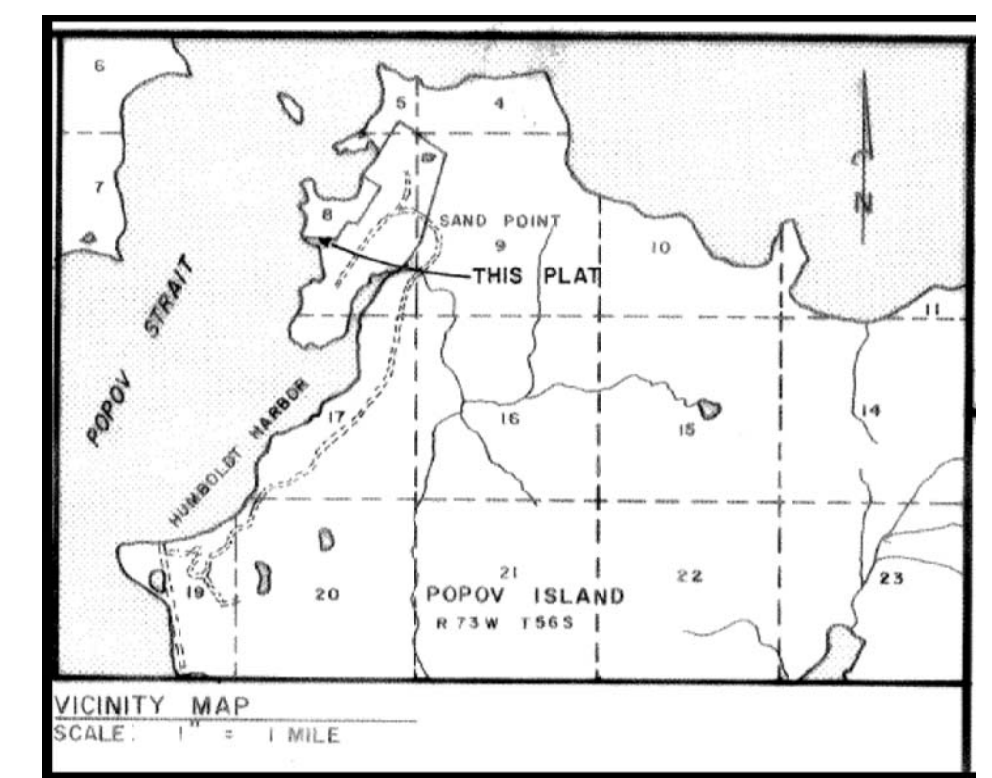
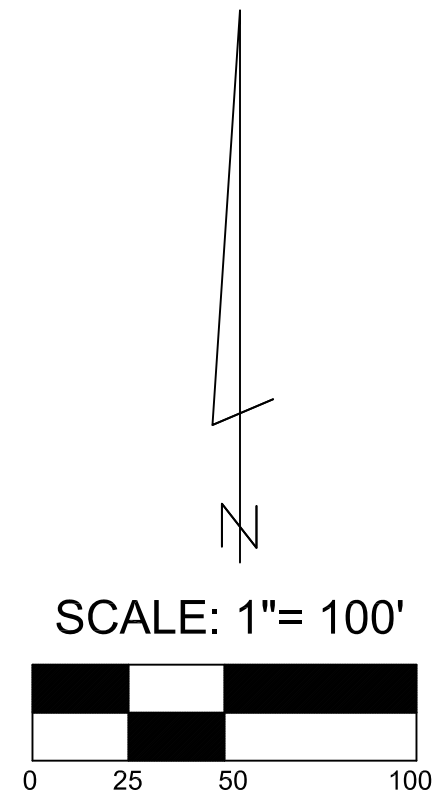
Date _____

APPROVALS

Platting Officer _____
Municipal Surveyor _____

PLATTING OFFICER'S CERTIFICATE
I CERTIFY THAT THIS SUBDIVISION PLAT HAS BEEN FOUND TO COMPLY WITH THE LAND SUBDIVISION REGULATIONS OF THE CITY OF SAND POINT AND THAT THE PLAT HAS BEEN APPROVED BY THE PLATTING AUTHORITY BY RESOLUTION NUMBER _____ DATED _____, 2016, AND THAT THIS PLAT HAS BEEN APPROVED FOR RECORDING IN THE ALEUTIAN JUDICIAL DISTRICT AT SAND POINT, ALASKA, IN WHICH THE PLAT IS LOCATED.

CITY SAND POINT PLATTING OFFICER _____ DATE _____



CERTIFICATE OF OWNERSHIP
WE, THE UNDERSIGNED, HEREBY CERTIFY THAT I AM THE OWNER (OR THE REPRESENTATIVE THEREOF) OF LOT 38A-1, AND LOT 38C, U.S. SURVEY 3585, AS SHOWN ON THIS PLAT. WE HEREBY APPROVE THIS SURVEY AND PLAT.

FOR LOT 38A-1 James Brown Shirley A. Gardner Vaughn Brown

NOTARY'S ACKNOWLEDGEMENT

For: _____
Subscribed and sworn before me this _____ day of _____, 20____.

Notary Public for Alaska
My Commission Expires: _____

FOR LOT 38C

John P. Gardner, III

NOTARY'S ACKNOWLEDGEMENT

For: _____
Subscribed and sworn before me this _____ day of _____, 20____.

Notary Public for Alaska
My Commission Expires: _____

BENEFICIARY:

Alaska USA Federal Credit Union
PO Box 196613
Anchorage, AK 99519-6613

NOTARY'S ACKNOWLEDGEMENT

For: _____
Subscribed and sworn before me this _____ day of _____, 20____.

Notary Public for Alaska
My Commission Expires: _____

Plat of LOTS 38A-1, 38B-1 AND 38-1, USS 3585			
Located within Section 8, T56S, R73W, Seward Meridian, AK ALEUTIAN RECORDING DISTRICT STATE OF ALASKA and containing 3 Lots, and 1.00 Acre			
FRED WALATKA & ASSOCIATES 3107 W. 29th Avenue Anchorage, Alaska 99517			
DRAWN: BE	SCALE: 1"= 100'	DATE: MAY 2016	F.B.:16- Pg.
CHECKED FW	W.O. NO. 8428H	CASE:	

City of Sand Point



RESOLUTION 16-08

A RESOLUTION OF THE SAND POINT CITY COUNCIL, EXPRESSING A SENSE OF URGENCY FOR THE ALASKA STATE LEGISLATURE TO TAKE IMMEDIATE ACTION DURING THE FIFTH SPECIAL SESSION OF THE 29TH LEGISLATURE TO PASS ALL NECESSARY FISCAL LEGISLATION REQUIRED TO PROVIDE FOR A FAIR, BALANCED, AND SUSTAINABLE STATE BUDGET

WHEREAS, the combination of reduced oil production in Alaska, reduced oil prices, and an overreliance on oil revenue as state government's primary source of funding has resulted in a massive state fiscal deficit; and

WHEREAS, the State of Alaska's credit rating has dropped due to the current fiscal imbalance, and will continue to be downgraded, if the Legislature fails to take appropriate action in 2016; and

WHEREAS, Governor Walker has introduced a complete fiscal plan to provide for a sustainable and predictable balanced budget, using the strength of our existing financial assets, a balanced blend of spending reductions, and additional new revenues; and

WHEREAS, following adjournment of the 2016 regular session and fourth special session of the 29th Legislature, the Legislature failed to enact any component of any fiscal plan, and instead continued past practice of funding the FY2017 budget from dwindling cash reserves; and

WHEREAS, without immediate enactment of a balanced fiscal plan, the Permanent Fund Dividend program will end in approximately four years, and the inevitable dramatic state cost shifts to municipalities will require significant local tax increases, endangering the viability of many Alaskan communities.

NOW, THEREFORE, BE IT RESOLVED BY THE SAND POINT CITY COUNCIL, that:

Section 1. The **Council** calls upon the Alaska State Legislature to take affirmative and immediate action during the fifth special session of the 29th Legislature to enact a comprehensive

package of initiatives that will provide for a sustainable, balanced state budget for the foreseeable future.

Section 2. The **Council** appreciates the difficult work of the Administration to put forth one possible comprehensive fiscal solution; and while the community may not support every aspect of this plan, does recognize it as the appropriate foundation for legislative deliberation.

Section 3. The **Council** insists that the Alaska State Legislature engage in meaningful discussions of all fiscal options without regard to perceived negative political fallout.

PASSED AND APPROVED BY THE SAND POINT CITY COUNCIL, this 12th day of July, 2016.

CITY OF SAND POINT

Glen Gardner Jr., Mayor

ATTEST:

Shannon Sommer, City Clerk

Memo

To: Mayor Gardner
From: Andy Varner, Administrator
cc: City Council
Date: July 1, 2016
Re: Legislative Fiscal Solution

Resolution 2016-08 was being passed around by AML and the Governor's office, urging the Legislature to make some hard decisions in their latest special session (the 5th session started yesterday) to meet the challenges of the State's gaping fiscal gap. If the can continues getting kicked down the road, those decisions will ultimately trickle down to communities and it will be on local governments to enact tax increases to make up for lost revenues and services. The PFD could potentially be in peril after a few years of reserves spending, as well.

OLD BUSINESS

None at this time.

NEW BUSINESS

Sand Point Silver Salmon Derby

PO Box 314
Sand Point, AK 99661
907-386-6165

jadegundersen@hotmail.com

June 28, 2016

City of Sand Point
P.O. Box 249
Sand Point, Alaska 99661



Dear Mayor and City Council Members:

The 11th Annual Silver Salmon Derby is only a few short months away! Last year, the City donated \$950 and hope you will continue doing so again this year. We appreciate your annual support. You can take pride in being a contributor to the 11th Annual Sand Point Silver Salmon Derby and your contribution will have a positive impact in our community.

Sand Point Silver Salmon Derby continues to be one of the biggest fundraising events of the year for the community, which takes place in the Sand Point Boat Harbor over Labor Day weekend, September 2nd-5th. As you know, the residents of Sand Point not only benefit from the derby activities but also benefit from the programs it raises funding for. The Sand Point Silver Salmon Derby raises funding for the following programs; Culture Camp which serves children and adults of the Aleutians East Borough, Volunteer Sand Point Emergency Medical Services, Boys and Girls Club of Alaska-Sand Point, and Sand Point Teen Center.

Fish Packets can be purchased Friday evening during the dessert kick-off. Fishing will begin Saturday, September 3rd at 8:00 am and continue until Monday, September 5th at 3:00 pm. The prize ceremony will be held immediately following. All the activities and events will be posted prior to the beginning of the derby.

Past derby photos can be seen on Facebook-Sand Point Silver Salmon Derby.

Thank you for your thoughtful consideration of this request.

Sincerely,


Jade Cromer
Chairperson

City of Sand Point, Alaska
Proposal to Provide Accounting Assistance

For the Fiscal Year Ending
June 30, 2016

VIP Taxes & Consulting, LLC.
1029 W 16th Avenue,
Anchorage, AK 99501
(907) 770-1331

June 29, 2016

Contact: Irina Morozova, CPA

City of Sand Point, Alaska

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June 29, 2016

Mr. Andy Varner
City Administrator
City of Sand Point
3380 C Street, Suite 205
Anchorage, Alaska 99503

RE: Accounting Assistance and Audit Prep for 2016 Audit

Dear Andy:

We want to thank you for giving our firm the opportunity to submit a proposal to perform the following professional services for the City of Sand Point.

- Audit preparation assistance for the 2016 audit
- Assistance and support for the City of Sand Point's accounting personnel during the 2016 audit
- Training of the City of Sand Point's accounting personnel on best practices and accounting close-out
- Assistance with gaming reports and compliance with the State of Alaska gaming statutes and regulations
- Assistance with developing and implementing policies and procedures whereby all subsidiary ledgers and/or supporting schedules are reconciled to the general ledger
- Telephone conferences on an as-needed basis to discuss the operations of the City of Sand Point, business matters, accounting matters, and any other topics
- Unlimited phone and email support for the City of Sand Point's personnel regarding accounting assistance, general questions, and other matters that do not require changes to the scope of this engagement

The professional services will begin on July 1, 2016 and will continue for a period of twelve months until June 30, 2017.

The price for the above professional services will be \$18,480, payable on the last day of each month in equal installments of \$1,540. The price does not include any out-of-pocket expenses, such as travel, postage, courier services, etc.

City of Sand Point
June 29, 2016

Because our proposal provides ongoing access to the accounting advice you need on a fixed-price basis, you will not be concerned about escalating costs. Our service is built around fixed pricing, as opposed to hourly rates, and offers you access to the accumulated intellectual capital of our firm.

We, at VIP Taxes & Consulting, LLC, take great pride in the level of experience, competence, and professionalism we can offer. We understand the importance of meeting deadlines and the effect it has on the annual audit of a government entity.

We look forward to your favorable consideration of our proposal and welcome the opportunity to discuss it with you in person. Please feel free to call if you have any questions about the contents of our proposal. We would be happy to discuss it with you in detail.

Very truly yours,

VIP Taxes & Consulting, LLC

A handwritten signature in black ink that reads "Irina Morozova". The signature is written in a cursive style with a large initial 'I'.

Irina V. Morozova, CPA

PROFILE OF VIP TAXES & CONSULTING, LLC.

We are an accounting firm located in Anchorage. Because our firm is small, our clients benefit by getting personalized quality service. Client communication is very important to us, and we listen to our clients and strive to fulfill their individual accounting needs. We also work closely with your auditors to minimize multiple requests for information, frequent inquiries, and other time-consuming inefficiencies.

All of our work is performed or reviewed by a licensed CPA in the State of Alaska. We have experience with clients throughout Alaska in the nonprofit, governmental, and commercial sectors. We also understand the challenges of communication with remote areas in our state.

We combine our in-depth understanding of the audit process with a philosophy of client-oriented service to save you time and money. We also tailor our services to meet your individual accounting support needs.

WORK PLAN

It is our understanding that the upcoming task facing the City of Sand Point is the preparation of accounting records for the 2016 audit and the training of the City's accounting personnel. Accordingly, we have outlined a work plan. Other accounting services will be performed when requested.

- Obtain reports and records from the City's accounting personnel, reconcile beginning balances and set up new 2016 work papers for the audit prep – July, 2016
- A one-week travel to Sand Point to perform audit prep work and to provide on-site training of the City's accounting personnel – August 2016
- Assist the City's accounting personal with compliance with the State of Alaska gaming statutes and regulations – August 2016
- Complete audit prep work and deliver accounting records to the auditor with sufficient time to begin and complete the 2016 audit – beginning of September, 2016
- Support the City's accounting personnel during the 2016 audit – September, 2016

- Answer auditors questions and provide additional information requested by the auditors – on-going basis until the financial statements are issued
- Assist the Finance Officer and the City Administrator with reviewing audited financial statements – upon the 2016 audit completion
- Assure that June 30, 2016 balances per general ledger agree to the auditors' records - upon the 2016 audit completion
- A one-week travel to Sand Point to assist with year-end gaming reports, yearly and quarterly reconciliations, payroll reports and provide on-site training of the City's accounting personnel –January 2017

We appreciate the opportunity to submit this proposal and are available to discuss any items or questions you may have regarding it. If this proposal is acceptable to you, please sign where indicated below and return it to our office.

Very truly yours,

VIP Taxes & Consulting, LLC



Irina V. Morozova, CPA

ACCEPTED:

City of Sand Point

Title:

Date:

Memo

To: Mayor Gardner
From: Andy Varner, Administrator
cc: City Council
Date: July 1, 2016
Re: VIP Consulting Accounting Assistance Proposal

Irina submitted a proposal to assist Krista with audit preparation and other accounting tasks, including gaming reporting and compliance. It runs the full fiscal year and includes two week-long visits to Sand Point. This year's proposal is \$1320 less than last year's.

She helps Krista, Shannon and me with basically every question we ask, and I recommend approval.

**STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
STATE EQUIPMENT FLEET HEADQUARTERS**

INVOICE

2200 E. 42ND AVENUE ROOM 318
ANCHORAGE, ALASKA 99508
Phone 907-269-0786 Fax 907-269-0801

INVOICE #38022-16
DATE: JULY 6, 2016

SOLD TO:

Buyer: City of Sand Point
Attn: Andy Varner
Address: PO Box 423
City, State, Zip: Sand Point, AK 99661
Phone:
Email: avarner@sandpointak.org

AUCTION NUMBER	P.O. NUMBER	REQUISITIONER	PICK UP LOCATION	TERMS
14-16N		Andy Varner	Anchorage, AK	Due on receipt

QTY	DESCRIPTION	VIN #	TOTAL
1	V-38022 Desc:2011 Chevrolet Tahoe	1GNSK2E0XBR245434	\$4,354.00
	Pick Up Location Contact: Brian Flaherty		
	Pick Up Location Phone: 907-269-5969		
TOTAL DUE			\$4,354.00

Make all checks payable to:
STATE OF ALASKA DOT/PF STATE EQUIPMENT FLEET
2200 E. 42nd Avenue
Anchorage, Alaska 99508

If paying by credit card please contact us directly for processing information.

Once payment is received any title and bill of sale will be mailed.
If you have any questions concerning this invoice, contact Abby Applebee 907-269-0786

Thank you for your business!

Light Duty Pre Sale Sheet

Once a vehicle is in CAS status and has been decommissioned, Please complete this form and e-mail it along with pictures of the vehicle to the Surplus Sale Coordinator alberta.breshears@alaska.gov

Asset Selling Location

Contact Name

Phone

E-mail

Asset ID #

Attachment ID # (list all)

Year, Make, Model

Serial or VIN Number

Mileage or Hours

Engine size

Fuel Type

Transmission

Automatic

Manual

Drive Train

Front Wheel Drive

Rear Wheel Drive or Two Wheel Drive

All Wheel Drive

Four Wheel Drive

Options (select all that apply)

Power Windows

Power Door Locks

Air Conditioning

Tilt Wheel

Cruise Control

3rd Row Seating

Rear Heat

Auto Start System

Running Boards

Canopy

AM/FM Stereo R

AM/FM Stereo with CD

Other

Other options or items included with vehicle (light bar, partitions, winch, etc.)

Describe any known problems with this vehicle.

Exterior Condition

Interior Condition

Tire Condition (Overall)

Extra Tires w/ vehicle	Yes	No
------------------------	-----	----

Type of extra tires w/ vehicle	Winter Tires
	Summer Tires

All State Markings Removed	Yes	No
----------------------------	-----	----

License Plates Removed	Yes	No
------------------------	-----	----

Vehicle File Purged of Sensitive Documents	Yes	No
--	-----	----

Vehicle/Maintenance File Available for Viewing	Yes	No
--	-----	----

Extra Keys Available	Yes	No
----------------------	-----	----

Include pictures of exterior, interior (When taking pictures, think as if you were the buyer and what pictures would you like to see of the vehicle. There is no limit to the amount of pictures or video of the vehicle that we can upload) When completing this form, the more detail that is provided the fewer questions buyers tend to ask about the vehicle during the sale.

If you have any questions please call Abby Breshears @ 907-269-0786







48022



48022

SLT 4x4





ALASKA STATE

TROOPERS

LITVINSKI'S EQUIPMENT



38022

State Equipment Fleet
This vehicle is the property of the State of Texas. It is to be used only for official state business. It is not to be used for private purposes. It is not to be sold, transferred, or otherwise disposed of without the approval of the State Office of Information Management. For more information, contact the State Office of Information Management at (512) 861-1000.

TRANSIT



NOV 2012
AIR BAGS
ALSO

ADJOURNMENT

FYI



P.O. Box 196613 • Anchorage, Alaska 99519 • www.alaskausa.org

STATEMENT OF ACCOUNT

ACCOUNT 1957756
 STATEMENT PERIOD
 FROM 06-01-16
 THROUGH 06-30-16
 PAGE 1

CITY OF SAND POINT, ALASKA
 PO BOX 249
 SAND POINT AK 99661-0249

ACCOUNT SUMMARY

SHARE ACCOUNTS		DIVIDENDS YEAR-TO-DATE	WITHHOLDING YEAR-TO-DATE	PREVIOUS BALANCE	NEW BALANCE
10	SHARE SAV	0.00	0.00	0.00	0.00
80	CERTIFICATE	898.68	0.00	201,752.85	201,901.26
81	CERTIFICATE	895.79	0.00	201,101.15	201,249.08
82	CERTIFICATE	0.00	0.00	0.00	0.00
83	CERTIFICATE	78.47	0.00	0.00	200,078.47
TOTAL SHARE ACCOUNTS					603,228.81

SHARE SAV - 10

Effective	Posted	TRANSACTION DESCRIPTION	AMOUNT	BALANCE	EXPANDED TRANSACTION DESCRIPTION
		PREVIOUS BALANCE		0.00	
		NEW BALANCE		0.00	
		DIVIDEND YEAR TO DATE	0.00		

CERTIFICATE - 80 (MATURITY DATE 12-11-2016) DIV RATE 0.895%

Effective	Posted	TRANSACTION DESCRIPTION	AMOUNT	BALANCE	EXPANDED TRANSACTION DESCRIPTION
		PREVIOUS BALANCE		201752.85	
06-30	06-30	DEPOSIT DIVIDEND 0.895%	148.41	201901.26	ANNUAL PERCENTAGE YIELD EARNED 0.90% FROM 06/01/16 THROUGH 06/30/16 BASED ON AVERAGE DAILY BALANCE OF 201,752.85
		NEW BALANCE		201901.26	
		DIVIDEND YEAR TO DATE	898.68		

CERTIFICATE - 81 (MATURITY DATE 04-21-2017) DIV RATE 0.895%

Effective	Posted	TRANSACTION DESCRIPTION	AMOUNT	BALANCE	EXPANDED TRANSACTION DESCRIPTION
		PREVIOUS BALANCE		201101.15	
06-30	06-30	DEPOSIT DIVIDEND 0.895%	147.93	201249.08	ANNUAL PERCENTAGE YIELD EARNED 0.90% FROM 06/01/16 THROUGH 06/30/16 BASED ON AVERAGE DAILY BALANCE OF 201,101.15
		NEW BALANCE		201249.08	
		DIVIDEND YEAR TO DATE	895.79		

CERTIFICATE - 82 (MATURITY DATE 12-15-2017) DIV RATE 0.895%

Effective	Posted	TRANSACTION DESCRIPTION	AMOUNT	BALANCE	EXPANDED TRANSACTION DESCRIPTION
		PREVIOUS BALANCE		0.00	
		NEW BALANCE		0.00	
		** THIS SHARE IS CLOSED			
		DIVIDEND YEAR TO DATE	0.00		



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STATEMENT OF ACCOUNT

ACCOUNT 1957756
 STATEMENT PERIOD
 FROM 06-01-16
 THROUGH 06-30-16
 PAGE 2

CERTIFICATE - 83 (MATURITY DATE 12-15-2017) DIV RATE 0.895%

Effective	Posted	TRANSACTION DESCRIPTION	AMOUNT	BALANCE	EXPANDED TRANSACTION DESCRIPTION
		PREVIOUS BALANCE		0.00	
06-15	06-15	DEPOSIT CHECK	200000.00	200000.00	
06-30	06-30	DEPOSIT DIVIDEND 0.895%	78.47	200078.47	
		NEW BALANCE		200078.47	ANNUAL PERCENTAGE YIELD EARNED 0.90% FROM 06/15/16 THROUGH 06/30/16 BASED ON AVERAGE DAILY BALANCE OF 200,000.00
		DIVIDEND YEAR TO DATE	78.47		

END OF STATEMENT

ALASKA USA FEDERAL CREDIT UNION

PLEASE USE ALASKA USA'S ULTRABRANCH SERVICE
TO CONFIRM AUTOMATIC TRANSFERS AND DEPOSITS

alaskausa.org • (888) 258-7228 or (907) 258-7228

FOR OTHER QUESTIONS, CALL THE MEMBER SERVICE CENTER
(800) 525-9094 or (907) 563-4567 • TTY/Hearing Impaired (800) 742-7084
7 days a week • 6 a.m. – 10 p.m. Alaska time • 7 a.m. – 11 p.m. Pacific time

TO PROVIDE WRITTEN NOTICE REGARDING ERRORS OR QUESTIONS, SEND INQUIRIES TO:

Alaska USA Federal Credit Union
P.O. Box 196613
Anchorage, Alaska 99519-6613

- INCLUDE:
1. Your name and account number.
 2. The transaction involved, including the date and check number, if applicable.
 3. The dollar amount of the check, transaction, or suspected error.
 4. A detailed description of the question, error, or other problem.

- **In Case of Errors or Questions About Your Share Accounts:** Call us at the above number or write us at the above address as soon as you can if you think your statement is wrong or if you need more information about a transaction on the statement. You must notify Alaska USA of errors or other problems IN WRITING no later than sixty (60) days after the FIRST statement of account containing an error or problem is made available to you. However, if the error or problem involves more than one unauthorized signature or alteration by the same individual, you must notify Alaska USA IN WRITING no later than thirty (30) days after the FIRST statement containing the FIRST unauthorized transaction is made available to you. If you do not notify the credit union IN WRITING within these established time frames, you will have waived your right to assert any claim against Alaska USA for errors, unauthorized transactions or signatures, alterations or other problems; and Alaska USA shall not be liable for these or any related payments or charges made from or to your account.
- **In Case of Errors or Questions About Your Electronic Transfers:** Call us at the above number or write us at the above address as soon as you can if you think your statement or receipt is wrong or if you need more information about a transfer on the statement or receipt.

	Consumer Accounts	Non-Consumer (Business) Accounts
We must hear from you:	No later than sixty (60) days after the FIRST statement on which the error or problem occurred is made available to you.	No later than one (1) business day after the effective date of the transaction.

We will investigate your complaint and will correct any error promptly. If we take more than ten (10) business days to do this, we will credit your account for the amount you think is in error so that you will have the use of the money during the time it takes us to complete our investigation. (Business days are Monday through Friday, excluding Federal holidays.)

- **In Case of Errors or Questions About Your Credit Line Loan Bill and Statement:** If you think your bill and statement is wrong, or if you need more information about a transaction on your bill and statement, WRITE us on a separate sheet at the above address as soon as you can. We must hear from you no later than sixty (60) days after the FIRST bill and statement on which the error or problem appeared is made available to you. You may call us, but doing so will not preserve your rights.

You do not have to pay any amount in question while we are investigating your claim, but you are still obligated to pay the parts of your bill that are not in question. During the investigation, we cannot report you as delinquent or take any action to collect the amount in question.

IMPORTANT INFORMATION REGARDING CREDIT LINE LOAN BILL AND STATEMENT

- **Outstanding Loan Balance:** The outstanding loan balance is the unpaid loan balance at the close of each calendar day after all payments and advances for the day have been posted to the account.
- **Finance Charges:** Finance charges are calculated whenever any change in the outstanding loan balance occurs by multiplying the outstanding loan balance by the annual percentage rate (calculated as daily factor) times the number of days the loan balance was outstanding since the last computation of finance charges. Finance charges are collected upon receipt of payments.
- **Late Fees:** Loans in default seven (7) days or more will be assessed a late fee of 20% of the interest due upon receipt of payment with a minimum of five (5) cents and a maximum of \$25.00. There is no maximum late fee on loans in default three (3) payments or more.
- **Minimum Payment:**
 - Unsecured credit line loans: A minimum scheduled payment is due each billing cycle, whether or not the loan was paid ahead or the balance increased during the cycle. This minimum payment shall be \$10.00 or 3% of the outstanding balance, whichever is greater, plus any amount in excess of the authorized credit limit at the time of billing.
 - Secured credit lines loans: A minimum scheduled payment is due each billing cycle, whether or not the loan was paid ahead or the balance increased during the cycle. The minimum payment shall be \$25.00 or 1.5% of the outstanding balance, whichever is greater, plus any amount in excess of the authorized credit limit at the time of billing.
- **Prepayments:** Credit line loans may be paid in full or prepaid in any amount at any time.

Alaska Permanent Capital Management

- **SEC Registered Investment Advisor** serving Alaska institutions
- **Founded in July 1992** by Dave Rose
- Owned and operated by Alaskans, located in Anchorage
- **\$3.5 Billion** in assets under management and advisement
- Conservative investments tailored to each client
- Investment advisor for **AMLIP** (\$500 million)
- **A fiduciary**, acting in the client's best interest only and completely **free of any conflicts of interest**

Alaska Permanent Capital Management AUM

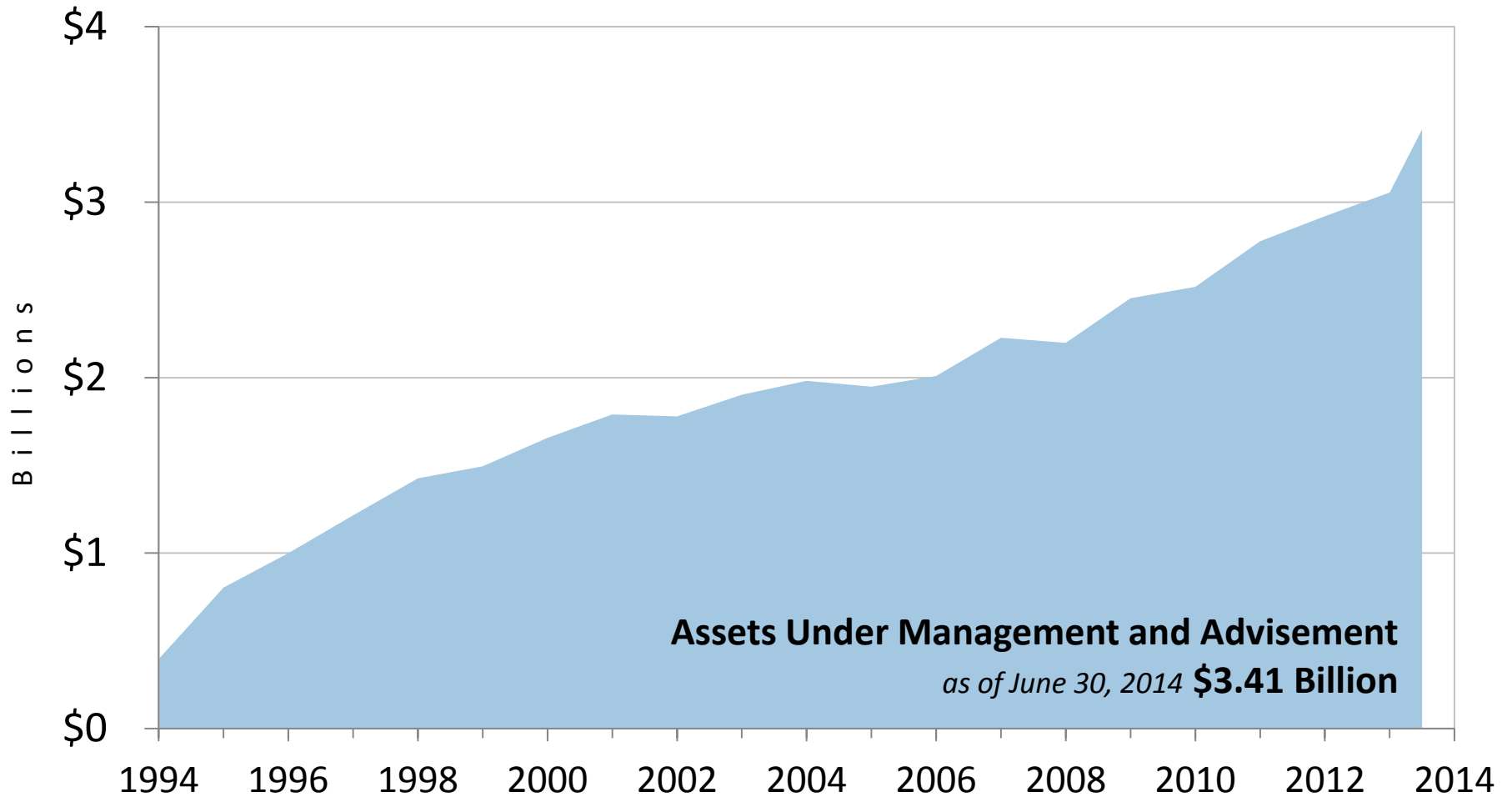
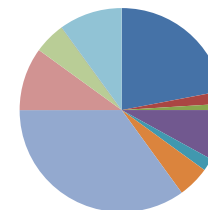
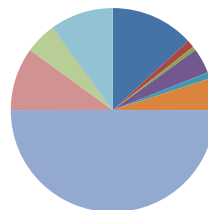
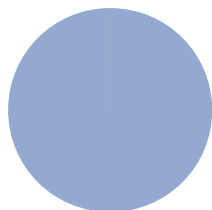


Chart shows annual year end figures except for 2014, which is as of June 30, 2014.

Model Portfolio Asset Allocations



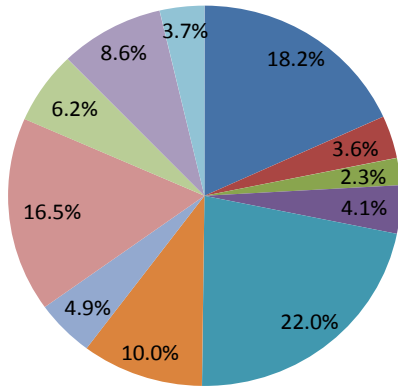
Asset Class		Fixed Income: 1-5 Gov	25% Equity	40% Equity
Large Cap Equity		-	13.2%	22.0%
Mid Cap Equity		-	1.2%	2.0%
Small Cap Equity		-	0.6%	1.0%
International Equity		-	4.0%	8.0%
Emerging Markets Equity		-	1.0%	2.0%
REITs		-	5.0%	5.0%
U.S. Fixed Income		100%	50.0%	35.0%
TIPS		-	10.0%	10.0%
Int'l Fixed Income		-	5.0%	5.0%
Commodities		-	-	-
Cash		-	10.0%	10.0%
APCM's Forward Looking Assumptions	Return	0.9%	4.2%	5.1%
	Risk	2.9%	5.7%	7.8%
	Ratio	0.33	0.74	0.66
Annualized Historical Returns 3/1997 - 12/2013	Return	3.1%	6.6%	7.0%
	Risk	2.1%	5.0%	7.1%
	Ratio	1.48	1.31	0.98
Best 12 Month Period		9.5%	22.9%	30.2%
Worst 12 Month Period		-0.6%	-11.7%	-18.9%

Risk and return data from Windham Portfolio Advisor.

**PORTFOLIO
REVIEW**

Asset Allocation as of June 30, 2014

Example Client



- U.S. Fixed Income
- U.S. TIPS
- International Bonds
- Cash
- Large Cap
- Mid Cap
- Small Cap
- International
- Emerging Markets
- Real Estate
- Commodities

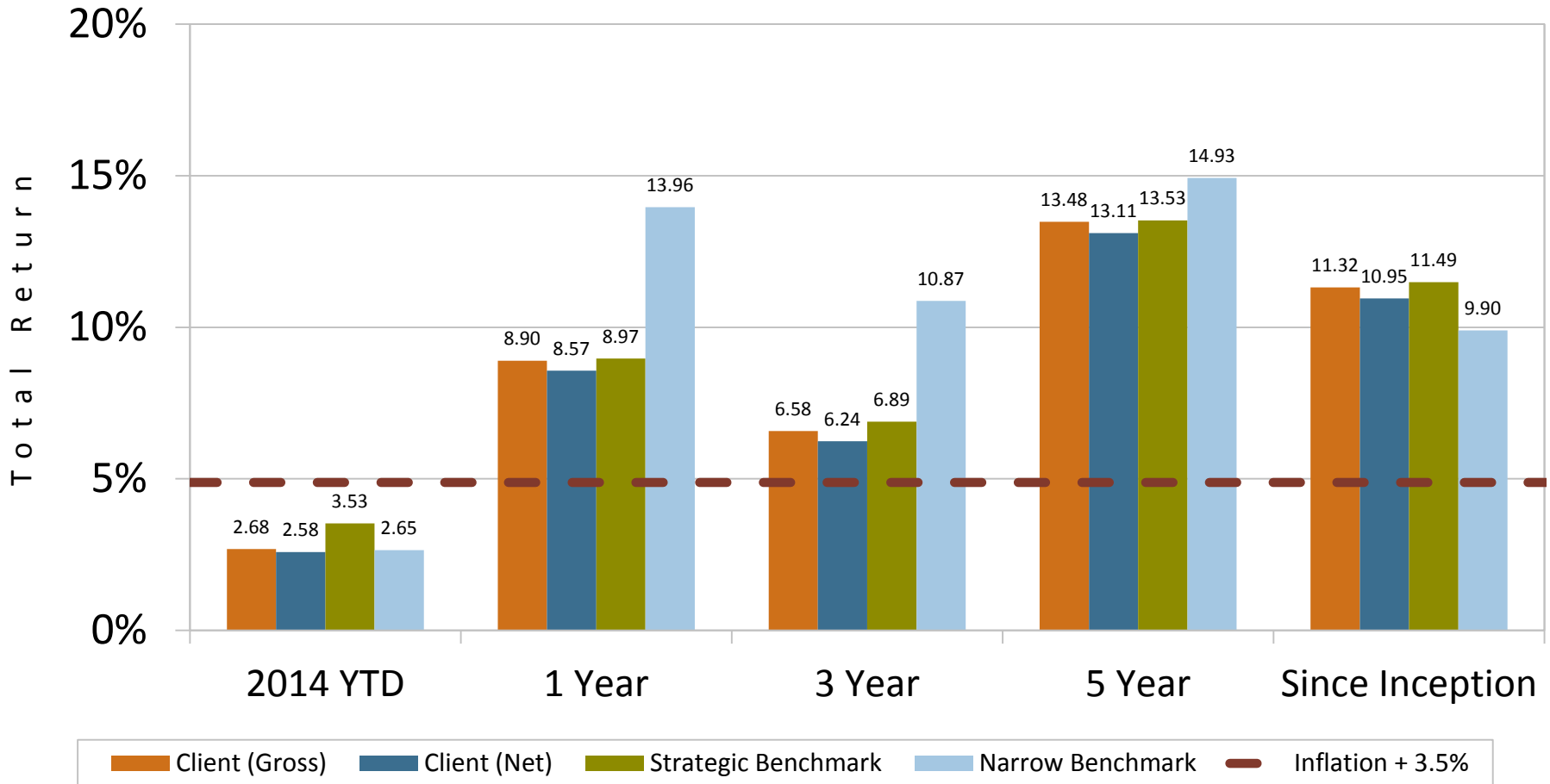
Asset Class	% Assets	Strategic Benchmark	Range	Market Value
Fixed Income	28.2%	30%		\$9,608,753
U.S. Fixed Income	18.2%	15	5-25%	\$6,193,925
U.S. TIPS	3.6%	5	0-10	\$1,236,013
International Bonds	2.3%	5	0-10	\$789,982
Cash	4.1%	5	0-10	\$1,388,833
Equities	71.8%	70%		\$24,465,017
Large Cap	22.0%	20	10-30%	\$7,496,698
Mid Cap	10.0%	10	5-15	\$3,412,733
Small Cap	4.9%	5	0-10	\$1,653,534
International	16.5%	15	10-20	\$5,631,458
Emerging Markets	6.2%	5	0-10	\$2,098,225
Real Estate	8.6%	10	5-15	\$2,922,737
Commodities	3.7%	5	0-10	\$1,249,632

Total

\$34,073,770

Account Performance as of June 30, 2014

Example Client



Performance is annualized for periods greater than one year. Portfolio inception performance begins on 6/30/2008. Strategic benchmark is a blended return of the account's target allocation. Narrow benchmark is a blended return of 70% S&P 500 and 30% Barclays Aggregate and begins on 6/30/2008. Inflation was +1.49% as measured by the annualized change in the CPI from 6/30/2008 to 6/30/2014.

**STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES**

SAND POINT AIRPORT

ADA-08760

LAND LEASE

The State of Alaska, Department of Transportation and Public Facilities (Lessor), whose address is P.O. Box 196900, Anchorage, Alaska 99519-6900, and City of Sand Point (Lessee), whose address is 3380 C Street, Suite 205, Anchorage, Alaska 99503, enter into this lease (Lease), including exhibit(s) and signature page(s), and agree as follows:

**ARTICLE I
DEFINITIONS**

For the purposes of this Lease the following terms are defined as follows:

1. Certified Activity Report (CAR) - means a report that the Lessee must submit to the Lessor to report, when applicable, gross sales, fuel deliveries, passenger and cargo volumes, or other information.
2. Contamination - the unpermitted presence of any released Hazardous Substance.
3. Environmental Assessment - an assessment of property, prepared in a manner consistent with generally accepted professional practices, that is supported by reports and tests that determine the environmental condition of property and the presence, type, concentration, and extent of a Hazardous Substance in, on, and under the surface of the property.
4. Environmental Law - any applicable federal, state, or local statute, law, regulation, ordinance, code, permit, order, decision, judgment of any governmental entity relating to environmental matters, including littering and dumping.
5. Environmental Liability Baseline - a document based on an Environmental Assessment that identifies Contamination in, on, or under the surface of the Premises that was neither caused nor Materially Contributed To by the Lessee, nor assumed by the Lessee by reason of assignment. If an Environmental Assessment determines the presence of Contamination in, on, or under the surface of the Premises that was Materially Contributed To by the Lessee, the Environmental Liability Baseline will

include only that portion of the Contamination not caused or Materially Contributed To by the Lessee or the Lessee's operations, nor assumed by the Lessee by reason of assignment.

6. Fueling - delivering or dispensing fuel, defueling and refueling, or any other transfer of fuel on Airport property.

7. Hazardous Substance - any substance that is defined under an Environmental Law as hazardous waste, Hazardous Substance, hazardous material, toxic, pollutant, contaminant, petroleum, petroleum product, or oil.

8. Materially Contributed To - to cause the release or migration of a Hazardous Substance in a reportable quantity as defined under applicable Environmental Law.

9. Permanent Improvement - a fixed addition or change to land that is not temporary or portable, including a building, building addition, retaining wall, storage tank, and well.

ARTICLE II **PREMISES**

A. The Lessor leases to the Lessee, and the Lessee leases from the Lessor, the following described property (Premises), located on the Sand Point Airport (Airport), in Section 19, Township 56 South, Range 73 West, Seward Meridian, within the Aleutian Recording District, Third Judicial District, Alaska:

Lot 1A, Block 300, consisting of approximately 3,096 square feet of land as shown on Exhibit A, which consists of 2 pages, dated February 16, 2011.

B. Except as may be provided in this Lease, the Lessor makes no specific warranties, expressed or implied, concerning the condition of the Premises including its title, survey, soils, wetlands, access, and suitability for any use including those authorized by this Lease, its environmental condition, or the presence or absence of Hazardous Substance in, on, and under the surface. The Lessee takes the Premises on an "as is" basis and without warranty, subject to any and all of the covenants, terms, and conditions affecting the Lessor's title to the Premises.

C. Lessor and Lessee acknowledge the site has a Conditional Closure with Institutional Controls status issued by the State of Alaska Department of Environmental Conservation (ADEC), Contaminated Sites Program on August 8, 2006 as shown in Exhibit C. In accordance with the Conditional Closure status, Lessee is prohibited from installation of groundwater wells and digging, removing, exposing or penetrating the subsurface unless reviewed, granted express written consent and monitored by Lessor and ADEC and Lessor.

ARTICLE III
RIGHTS AND USES

A. **AUTHORIZED USES**

1. The Lessor authorizes the Lessee to use the Premises for the following uses only:

Maintenance and operation of Tenant owned sand and cold storage building and vehicle parking.

B. **RESERVED RIGHTS OF LESSOR**

1. The Lessor reserves the right to grant to others any rights and privileges not specifically granted to the Lessee. The rights and privileges granted to the Lessee in this Lease are the only rights and privileges granted to the Lessee by this Lease.

2. The Lessor reserves the right to make grants to third parties or reserve to the Lessor easements or rights of way through, on, or above the Premises. The Lessor will not grant or reserve any easement or right of way that unreasonably interferes with the Lessee's authorized uses of the Premises.

3. The Lessor reserves the right of ingress to and egress from the Premises and the right to enter any part of the Premises, including buildings, for the purpose of inspection or environmental testing at any time. Except in the case of an emergency, all inspections and environmental testing will be coordinated with the Lessee to minimize interference with the Lessee's authorized uses of the Premises.

4. There is hereby reserved to the Lessor, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises. This public right of flight will include the right to cause in the airspace any noise inherent in the operation of any aircraft used for navigation or flight through the airspace or landing at, taking off from, or operation on the Airport.

C. **PROHIBITED USES**

Unless specifically authorized by this Lease the following uses of the Premises are prohibited:

1. Any use of the Premises other than those authorized in this Lease unless specifically authorized in writing by Lessor.

2. The establishment or maintenance of any kind of living quarters or residence on the Premises.
3. The outside storage on the Premises of junk, salvage aircraft or vehicle parts, non-operational support equipment, unused or damaged equipment or material, or solid waste or debris.
4. The disposal on the Airport of waste materials generated by the Lessee, including Hazardous Substance, slash, overburden and construction waste.
5. The stripping, wasting, or removing any material from the Premises without the prior written approval of the Lessor.
6. Erecting structures or allowing growth of natural objects that would constitute an obstruction to air navigation, or allowing any activity on the Premises that would interfere with or be a hazard to the flight of aircraft, or interfere with air navigation or communication facilities, serving the Airport.
7. Installation of a groundwater well and digging, penetration, removal or exposure of subsurface, unless approved, in accordance with the Conditional Closure Institutional Controls status by ADEC.

ARTICLE IV
TERM AND HOLDOVER

A. **TERM**

The term of this Lease is five (5) year(s), beginning April 1, 2011 and ending March 31, 2016. All rights and liabilities under this Lease become effective on the date this Lease is executed. The Lessor reserves the right to reduce the term of this lease upon written notice to Lessee pursuant to Article X. A.

B. **HOLDOVER**

If the Lessee, with the written consent of the Lessor, holds over and remains in possession of the Premises after the expiration, cancellation or termination of this Lease, the holding over will not operate as an extension of the term of this Lease, but only creates a month to month tenancy, regardless of any rent payments accepted by the Lessor. The Lessee's obligations for performance under this Lease will continue during the month-to-month tenancy. The Lessor or Lessee may terminate the Lessee's holdover with thirty (30) days' advance written notice.

ARTICLE V
RENTS AND FEES

A. **RENT**

1. The rent for the Premises is **\$550.00** per year, the minimum fee, payable annually in advance of the first day of each year of the term of this Lease as specified in Article IV (Term). Any additional fees are specified elsewhere in this Lease. All payments required by this Lease must be made in U.S. dollars.

2. Checks, bank drafts, or postal money orders are to be made payable to the State of Alaska and delivered to Finance Office, Revenue Section, Department of Transportation and Public Facilities, P.O. Box 196900, Anchorage, AK 99519-6900, or any other address the Lessor may designate in writing.

3. Beginning the day payment is due, all unpaid rents, charges, and fees required under this Lease will accrue interest at the rate of 10.5% per annum. Interest on disputed amounts will not be charged to the Lessee if the dispute is resolved in the Lessee's favor.

4. In addition to the interest, the Lessor will charge an administrative fee of \$50.00 each time the Lessor issues a late notice to the Lessee for failure to pay when due a payment of rent, by the date required in the Lease.

5. Lessee acknowledges that Lessor's billing statements are provided only as a courtesy. The Lessee is obligated to pay all rents and fees when due, with or without a billing statement.

6. Any rent, charge, fee, or other consideration which is due and unpaid at the expiration, termination, or cancellation of this Lease will be a lien against the Lessee's property, real or personal.

7. The Lessee will pay all reasonable actual expenses, costs, and attorney fees Lessor may incur, with or without formal action, to enforce, defend, or protect this Lease or Lessor's rights under this Lease, including any expense incurred with respect to environmental compliance, bankruptcy or any proceeding that involves the Lessee, the Lease, the Premises, improvements or personal property on the Premises. The Lessee will make payment within 30 days of the date of each notice from Lessor of any amounts payable under this provision.

B. RENT ADJUSTMENT

1. During the first year of the term of this Lease, the Lessor may not change the rent payable under this Lease. At any time after the end of the first year of the Lease term, the Lessor may, in its sole discretion, increase or decrease the rent provided that the Lessor may not change the rent more than once in any 12-month period. Any change is effective 30 days after the date of the Lessor's notice of rent adjustment. If the Lessee believes that the changed rent exceeds the fair market rent for the Premises, the Lessee may protest to the Lessor according to 17 AAC 45.297.
2. The Lessee must pay the changed rent beginning on the effective date stated in the Lessor's rent adjustment notice and continue paying the adjusted rent throughout the protest process.
3. The Lessor has no obligation to appraise the Premises under any circumstances.
4. A rent adjustment under this section will not be applied for the first ten (10) years of the term of this lease if the rate was established by competitive award. Beginning with the eleventh (11) year of the lease term, the Lessor will charge and the Lessee will pay the rate then applicable under 17 AAC 45.127.
5. A rent adjustment under this section will not be applied to this Lease if the adjustment would result in a reduction of the fee or rent to below the rate established by competitive award.

ARTICLE VI
MAINTENANCE, UTILITIES & SNOW REMOVAL

A. MAINTENANCE

1. Lessee will keep the Premises and all improvements neat and presentable.
2. All structures on the Premises must be painted, finished, or covered with a permanent exterior surface and be maintained in good condition by the Lessee.
3. At no cost to the Lessor, the Lessee will provide for all maintenance and services at the Premises necessary to facilitate the Lessee's use of the Premises.

4. The Lessee further agrees to comply with all reasonable decisions and directions of the Lessor's Airport management personnel regarding maintenance and general use of the Airport by the Lessee.

B. UTILITIES

At no cost to the Lessor, the Lessee will provide for all utilities at the Premises necessary to facilitate the Lessee's use at the Premises.

C. SNOW REMOVAL

1. At no cost to the Lessor, the Lessee will be responsible for plowing, removing and disposing of snow from the Premises to a Lessor-approved location, or providing suitable storage within the boundaries of the Premises in accordance with all applicable federal and state laws.

2. Lessee agrees to coordinate its snow removal activities on the Airport with the Lessor's Airport personnel.

3. Lessee agrees to not allow an accumulation of snow on the Premises that would cause interference with adjoining leaseholders or other users of the Airport.

ARTICLE VII
OWNERSHIP AND DISPOSITION OF IMPROVEMENTS

A. OWNERSHIP OF PERMANENT IMPROVEMENTS

Permanent improvements on the Premises, excluding fill material, gravel, and paving, constructed, placed, or purchased by the Lessee remain the Lessee's property during the term of this Lease, any extension, and any period of holdover under this Lease.

B. DISPOSITION OF FILL MATERIAL, GRAVEL, AND PAVEMENT

The Lessee acknowledges that the removal from the Premises of fill material, gravel, or pavement can damage the Premises, adversely affect surface water drainage patterns, and destabilize adjacent structures. When placed on the Premises by the Lessee, fill material, gravel, and pavement, including building pads, parking areas, driveways, and similar structures:

1. become a part of the realty and the property of the state;

2. must be maintained by the Lessee throughout the term of this Lease, including any extensions and periods of holdover; and

3. may not be removed from the Premises by the Lessee without the prior written approval of the Lessor.

C. DISPOSITION OF PERSONAL PROPERTY AND PERMANENT IMPROVEMENTS OTHER THAN FILL MATERIAL, GRAVEL, AND PAVEMENT

1. Unless the Lessor otherwise directs under Paragraphs 1.a. or 5 of this section, when this Lease expires, terminates, or is cancelled and is neither extended nor followed by a successive lease to the same Lessee, the Lessee may do one or more of the following:

a. by express written direction of Lessor, leave Permanent Improvements where-is as-is.

b. remove Lessee-owned Permanent Improvements from the Premises, remediate any Contamination for which the Lessee is responsible, and restore the Premises to a clean and neat physical condition acceptable to the Lessor within 60 days after the expiration, cancellation, or termination date of this Lease;

c. sell Lessee-owned Permanent Improvements to the succeeding lessee, remove all personal property, remediate, consistent with applicable law, any Contamination the Lessee caused, Materially Contributed To, or assumed by reason of assignment and restore the Premises to a clean and neat physical condition acceptable to the Lessor within 60 days after notice from the Lessor that the Lessor has approved an application for a lease of the Premises by another person or such longer period specified in the notice, but in no event more than 180 days after the expiration, termination, or cancellation date of this Lease; and/or

c. elect to have the Lessor sell Lessee-owned Permanent Improvements at public auction under Paragraph 3 of this section.

2. If the Lessee elects to have the Lessor sell Lessee-owned Permanent Improvements at public auction under Paragraph 3 of this section, the Lessee will, within 30 days after the expiration, cancellation, or termination of this Lease:

a. submit to the Lessor a written request and authorization to sell the Permanent Improvements by public auction;

b. provide to the Lessor an executed conveyance document transferring clear title to the Permanent Improvements to the successful bidder at the public auction, along with authorization to the Lessor, as agent for the Lessee for purposes of the sale only, to endorse the name of the successful bidder on the conveyance document upon receipt of payment of the successful bid price; and

c. before the date of the public auction, remove all personal property and leave the Premises in a neat and clean physical condition acceptable to the Lessor.

3. When selling Lessee-owned Permanent Improvements at public auction for the Lessee, the Lessor will establish the terms and conditions of the sale as provided under 17 AAC 45.333. The Lessor will pay the Lessee any proceeds of the sale of the Permanent Improvements, less the administrative costs of the public auction and any financial obligation the Lessee owes to the Lessor under this Lease. Payment will be made within a reasonable time after the Lessor completes the sale transaction and receives the proceeds, but not to exceed 60 days. If all or a portion of the Permanent Improvements do not sell at public auction, the Lessee will remove those Permanent Improvements and restore the Premises to a clean and neat physical condition acceptable to the Lessor within 60 days after the auction.

4. If the Lessee shows good cause to the Lessor and if it is not inconsistent with the best interest of the state, the Lessor will grant an extension of time that is sufficient to allow the Lessee to remove or sell Lessee-owned Permanent Improvements or to restore the Premises under this section.

5. The Lessor will, by written notice, direct the Lessee to remove Lessee-owned Permanent Improvements from the Premises, to remediate, consistent with applicable law, any Contamination that the Lessee caused, Materially Contributed To, or assumed by reason of assignment, and to restore the Premises to a clean and neat physical condition acceptable to the Lessor if the Lessor determines that:

a. the Permanent Improvements are not consistent with

(1) the applicable provisions of 17 AAC 45 and of any other statute or regulation, including any relating to noise or airport land use; or

(2) any written airport program or plan required for compliance with applicable federal or state law;

b. the continuation of the Permanent Improvements on the Premises is not in the best interest of the state; or

c. the Lessor makes a written finding that the Permanent Improvements present a hazard to public health or safety.

6. The Lessee will comply with the Lessor's direction issued under Paragraph 5 of this section within 60 days after issuance of the direction and at no cost to the Lessor. If the Lessee shows good cause to the Lessor and if it is not inconsistent with the best interest of the State, the Lessor will allow in writing a longer period that is sufficient to allow the Lessee to comply with the Lessor's direction. If the Lessee fails to comply with a direction issued by the Lessor under Paragraph 5 of this section, the Lessee will, within 30 days of being billed by the Lessor, reimburse the Lessor for any costs reasonably incurred by the Lessor, including legal fees and administrative costs, to enforce the Lessor's direction or to

a. remove and dispose of unremoved Lessee-owned Permanent Improvements;

b. remediate, consistent with applicable law, any Contamination the Lessee caused, Materially Contributed To, or assumed by reason of assignment; and

c. restore the Premises.

7. If the Lessee does not timely remove or sell the Lessee-owned Permanent Improvements on the Premises in accordance with the requirements of this section, any remaining Permanent Improvements and any remaining personal property of the Lessee will be considered permanently abandoned and title will automatically vest in Lessor unless the Premises is contaminated or rejected by the Lessor by a written notice to the Lessee or the automatic vesting would violate a statute or regulation. The Lessor may sell, lease, demolish, dispose of, remove, or retain the abandoned property for Airport use as the Lessor determines is in the best interest of the state. The Lessee will, within 30 days after being billed by the Lessor, reimburse the Lessor for any costs reasonably incurred by the Lessor, including legal fees and administrative costs, to demolish, remove, dispose, clear title to, or sell the abandoned property and to remediate, consistent with applicable law, any Contamination the Lessee caused, Materially Contributed To, or assumed by reason of assignment and restore the Premises.

8. After the expiration, termination, or cancellation of this Lease, the Lessee remains responsible to pay rent to the Lessor and to abide by all other Lease obligations, including maintenance of the Premises and provision to the

Lessor of evidence of insurance coverage, if required, for the Lessee's activities and operations on the Airport, through the date on which the Lessee relinquishes possession of and completely vacates the Premises. The Lessee will not be considered to have relinquished possession and completely vacated the Premises until

- a. the Lessee has
 - (1) remediated, consistent with applicable law, any Contamination the Lessee caused, Materially Contributed To, or assumed under an assignment;
 - (2) restored the Premises to a clean and neat physical condition acceptable to the Lessor; and
- b. either
 - (1) all of the Lessee's Permanent Improvements and personal property on the Premises have been removed or sold to a succeeding lessee under the provisions of this section; or
 - (2) title to the Lessee's Permanent Improvements and personal property that remain on the Premises has vested in the Lessor.

ARTICLE VIII
ENVIRONMENTAL PROVISIONS

A. **HAZARDOUS SUBSTANCE**

1. If Hazardous Substances are handled on the Premises, the Lessee agrees to have properly trained personnel and adequate procedures for safely storing, dispensing, and otherwise handling Hazardous Substances in accordance with all applicable federal, state, and local laws.

2. Lessee will promptly give the Lessor notice of proceedings to abate or settle matters relating to the presence or release of a Hazardous Substance on the Premises or from the Lessee's operations on the Airport. The Lessee will allow the ADEC and Lessor to participate in such proceedings or discussions.

B. ENVIRONMENTAL LIABILITY BASELINE

The Lessee has the sole responsibility under this Lease to ascertain the environmental condition and presence of Hazardous Substance existing in, on, and under the surface of the Premises, and is conclusively presumed to have caused or Materially Contributed To any Contamination of or originating on the Premises except as identified in an Environmental Liability Baseline accepted by the Lessor.

1. Lessee and Lessor acknowledge the Site Characterization report by Shannon & Wilson, Inc. dated June 2006 in Exhibit B. Lessee and Lessor also acknowledge the findings may or may not have materially changed since Lessee took occupancy of the Premises under ADA-08257.

2. Lessee is authorized, upon written approval from Lessor, to perform an Environmental Assessment to determine if any Contamination of the Premises exists. The Environmental Assessment will be performed according to acceptable industry procedures.

3. If the Lessee caused or Materially Contributed To the presence or release of a Hazardous Substance in, on or under the surface of the Premises, the Lessee's Environmental Liability Baseline report must indicate the portion of the Contamination not attributed to the Lessee or its operations. If Lessee discovers Contamination in, on, or under the surface of the Premises the Lessee must prove by clear and convincing evidence to the satisfaction of the Lessor that the Contamination was not caused or Materially Contributed To by the Lessee or Lessee's operations nor assumed by the Lessee by reason of assignment.

4. When the Lessor receives the Lessee's Environmental Assessment to establish the Environmental Liability Baseline, the Lessor, in its sole discretion, will do one of the following:

a. accept the findings of the Lessee's Environmental Assessment as the Environmental Liability Baseline for that portion of the Premises being assessed; or

b. require the Lessee to perform additional environmental testing(s) if the Lessor determines in writing that the findings of the Environmental Assessment are inadequate to develop an Environmental Liability Baseline for that portion of the Premises being assessed. The Lessor's written rejection of the Lessee's submittal(s) will be based on generally accepted professional practices necessary to determine the environmental condition and presence of any Hazardous Substance in, on, or under the surface of the Premises or failure to demonstrate the portion of the Contamination not attributed to the Lessee or its operations.

C. SUPPLEMENTS TO THE ENVIRONMENTAL LIABILITY BASELINE

If, after an Environmental Liability Baseline is established for any portion of the Premises, the Lessee discovers additional Contamination or the presence of any Hazardous Substance in, on, or under the surface of that portion of the Premises having an Environmental Liability Baseline that has not, by clear and convincing evidence to the satisfaction to the Lessor, been caused by the Lessee or its operations, the Lessee may, at its own cost, submit an Environmental Assessment reflecting this to the Lessor for the Lessor's consideration to add to the Environmental Liability Baseline. The Lessee's Environmental Assessment must prove by clear and convincing evidence, to the satisfaction of the Lessor that the additional Contamination or presence of any Hazardous Substance on the Premises was not caused or Materially Contributed To by the Lessee or its operations or activities nor assumed by the Lessee by reason of assignment.

1. If the Lessee Materially Contributed To the presence or release of any Hazardous Substance on the Premises, the Lessee's Environmental Assessment must indicate the portion of the Contamination not attributed to the Lessee.
2. The Environmental Liability Baseline may only be amended to include that portion of Contamination not attributed to the Lessee or its operations.
3. When the Lessor receives the Lessee's Environmental Assessment to add to the Environmental Liability Baseline, the Lessor, in its sole discretion, will do one of the following:
 - a. accept the findings of the Lessee's Environmental Assessment to add to the Environmental Liability Baseline; or
 - b. require the Lessee to perform additional environmental testing(s) if the Lessor determines in writing that the findings of the Environmental Assessment are inadequate to determine if additional Contamination or the presence of any Hazardous Substance should be added to the Environmental Liability Baseline. The Lessor's written rejection of the Lessee's submittal(s) will be based on generally accepted professional practices necessary to determine the environmental condition and presence of any Hazardous Substance in, on, or under the surface of the Premises or failure to demonstrate the portion of the Contamination not attributed to the Lessee or its operations.

4. If, after the Environmental Liability Baseline for any portion of the Premises is established, it is discovered that the presence of a Hazardous Substance identified in the Environmental Liability Baseline was caused or Materially Contributed To by the Lessee or its operations, the Environmental Liability Baseline may be amended to delete that portion of the Contamination that is attributed to the Lessee or its operations. The Lessor will have the burden of proof in establishing that the Lessee caused or Materially Contributed To this Contamination.

5. If Contamination not attributed to the Lessee is discovered, or if it is discovered that the Contamination identified in the Environmental Liability Baseline is attributed to the Lessee, the parties agree to negotiate a supplement to the Environmental Liability Baseline.

D. ENVIRONMENTAL INDEMNIFICATION

1. If Contamination of the Premises or other properties by a Hazardous Substance occurs from the Lessee's operations on the Premises that is not in Lessee's Environmental Baseline, the Lessee will indemnify, defend, and hold the Lessor harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses, including, but not limited to, sums paid in settlement of claims, attorney's fees, consultant fees, and expert fees, which arise during or after the term of this Lease as a result of such Contamination. This indemnification of the Lessor by the Lessee includes, but is not limited to, costs incurred in connection with any investigation of site conditions or any cleanup, remediation, removal, or restorative work required by any federal, state, or local governmental agency because of a Hazardous Substance being present in the soil or groundwater on or under the Premises or other properties affected by the Contamination.

2. If the Lessee discovers Contamination or the presence of a Hazardous Substance in, on, or under the surface of the Premises, including but not limited to, substances in quantities greater than that reported in Exhibit B or substances not identified in Exhibit B, the Lessee must prove by clear and convincing evidence, to the satisfaction of the Lessor, that the Contamination or presence of the Hazardous Substance was not caused, or Materially Contributed To, by the Lessee or its operations.

E. REMEDICATION

1. In the event of a Hazardous Substance spill on the Premises, the Lessee will immediately notify the Lessor and the Alaska Department of Environmental Conservation and act promptly, at its sole expense, to contain the spill, repair any damage, absorb and clean up the spill area, and restore the Premises to a condition satisfactory to the Lessor and otherwise comply with the applicable portions of Title 17 and Title 18 of the Alaska Administrative Code.

2. In addition to any notices required by this Lease, the Lessee will immediately notify and copy the Lessor in writing of any of the following:

a. any permit, enforcement, clean up, lien, removal or other governmental or regulatory action instituted, completed, or threatened pursuant to any Environmental Law;

b. any claim made or threatened by any person against the Lessee or arising from the Lessee's operations authorized by this Lease, relating to damage, contribution, compensation, loss or injury resulting from, or claimed to result from, any Hazardous Substances in, on, or under the Airport; or

c. any report made to any environmental agency arising out of or in connection with any Hazardous Substances in, on, or removed from the Premises, including any complaints, notices, warnings or asserted violation.

3. The Lessor is under no obligation to remediate Contamination identified in an Environmental Assessment; except, the Lessor agrees to remediate, or have responsible parties remediate, the Contamination identified in the Environmental Liability Baseline if the Lessee or Lessor is required to remediate by an agency with such authority. In the event of such required remediation, the Lessor will make a reasonable effort to coordinate the remediation with the Lessee to minimize disruption of the Lessee's operations and damage to the Lessee's improvements and property. The Lessee releases and holds the Lessor harmless for all costs associated with the damage to, relocation and removal of, and the repair of Lessee's improvements and property that results from this remediation.

4. Remediation and restoration of the affected area must meet all applicable state and federal laws and regulations and must meet the requirements of all governing regulatory authorities.

F. ENVIRONMENTAL AUDIT

Lessee will provide Lessor all investigative data, test results, reports, and any other information gathered or analyzed as part of or in relation to any Environmental Assessment, characterization or audit which Lessee performs or causes to be performed after the starting date of this Lease. The Lessee will submit the data, result, report or information to the Lessor within 60 days following the date on which it becomes available to the Lessee.

G. RELEASE OF LESSEE

The Lessor releases the Lessee from liability to the Lessor for Contamination and the presence of Hazardous Substances identified by the Environmental Liability Baseline that was not caused or Materially Contributed To by the Lessee nor assumed by the Lessee by reason by assignment.

H. SURVIVAL OF OBLIGATIONS - LESSOR

The Lessor's release of the Lessee and the Lessor's covenant to remediate as discussed in this Article will survive the cancellation, termination or expiration of this Lease.

ARTICLE IX
OPERATIONS

A. SECURITY AND CERTIFICATION

1. If the Airport is operated under 49 CFR Part 1542 (Security) & 14 CFR Part 139 (Certification), the Lessee will follow all applicable requirements of the Lessor's Airport Security Program, Airport Certification Manual, and Airport Emergency Plan that are regulated by said Parts 1542 and 139. The Lessee will coordinate any Airport security matter with the Lessor.

2. At its sole expense, Lessee will promptly, upon written notice from Lessor, correct any violation or omission under the security program or certification manual within the time specified in the notice.

3. If the Transportation Security Administration (TSA) or the Federal Aviation Administration (FAA) fines the Lessor for a violation under the TSA/FAA approved security program or certification manual as a result of a Lessee violation or omission, regardless of advance notification by the Lessor, the Lessee will reimburse the Lessor for the amount of the fine and any legal or other costs incurred by the Lessor in responding to the violation. The Lessee will

reimburse the Lessor for fines paid within 30 days after receipt of written notice from the Lessor.

B. AIRPORT OPERATIONS

The Lessee will ensure that the Lessee, its employees, and guests, and anyone else acting by, on behalf of, or under the authority of the Lessee on the Airport including any contractor(s), sublessee(s), and vendor(s) of the Lessee that perform any construction, repairs, maintenance, remediation, or operations and activities authorized under this Lease in a manner that ensures the safety of people, the protection of public health and the environment, and the safety and integrity of the Airport and the Premises. The Lessee will employ qualified personnel and maintain equipment sufficient for the purposes of this provision. The Lessee will immediately notify the Lessor of any condition, problem, malfunction or other occurrence that threatens the safety of people or the Airport, harm to public health or the environment, or the safety or integrity of the Premises.

C. LESSEE'S CONTROL AND RESPONSIBILITY

1. The Lessee will assume full control and sole responsibility as between Lessee and Lessor for the activities of the Lessee and the activities of the Lessee's personnel and employees, and anyone else acting by, on behalf of, or under the authority of the Lessee on the Airport, and the Lessee's contractors, sublessees, and guests, including any vendor or customer, on the Premises.
2. The Lessee will ensure that the Lessee, the Lessee's personnel and employees, or anyone else acting by, on behalf of, or under the authority of the Lessee on the Airport, and the Lessee's contractors, sublessees, and guests, including any vendor or customer, on the Premises comply with 17 AAC 45 and all other applicable laws and operational orders that the Lessor issues under state or federal law; and instructions, requirements, and restrictions that the Lessor has posted or indicated by sign, signal, or other control device, unless otherwise directed by an Airport police officer or other authorized person directing aircraft, vehicles, or pedestrian traffic.
3. The Lessee will perform all operations authorized under this lease, or applicable regulations, in a manner that ensures the safety of people and the airport, the protection of public health and the environment, and the safety and integrity of the Premises. Lessee will immediately notify Lessor or Lessor's airport personnel of any condition, problem, malfunction, or other occurrence that threatens the safety of people or the airport, harm to public health or the environment, or the safety or integrity of the Premises.

D. RADIO INTERFERENCE

The Lessee will discontinue the use of any machine or device that interferes with any government-operated transmitter, receiver, or navigation aid until the cause of the interference is eliminated.

E. WILDLIFE

The Lessee acknowledges that a concentration of birds or other wildlife on an airport constitutes a significant hazard to aircraft operations. The Lessee agrees to keep the Premises clean of fish slime, fish waste, or any other material that might attract birds or other wildlife. The Lessee accepts full responsibility to maintain the Premises, control operations, and take all prudent measures to prevent birds or other wildlife from entering the Premises.

F. PARKING

The Lessee will provide adequate vehicle, equipment, and aircraft parking space on the Premises for Lessee's business or activities, or confine parking to such other places on the Airport as designated in writing by the Lessor.

ARTICLE X
TERMINATION OF LEASE

A. CANCELLATION

The Lessee acknowledges and accepts the Lessor retains the right to cancel this Lease with one year's written notice if the Premises are needed for Aviation purposes. The Lessor may, after 30 days' written notice to the Lessee, cancel this Lease and recover possession of the Premises if any of the following violations occur, unless the violation is cured within the 30 days:

1. The Lessee fails to pay when due the rents, charges, or fees specified in this Lease, including any increases made under this Lease.
2. The Lessee's checks for payment of rents, charges, or fees are returned for insufficient funds; or if the Lessee's credit or debit card is not accepted by the issuing financial institution.
3. The Lessee uses or authorizes the use of the Premises for any purpose not authorized by this Lease.

4. The Lessee fails to fully perform and comply with any provision in this Lease.
5. The court enters a judgment of insolvency against the Lessee.
6. A trustee or receiver is appointed for the Lessee's assets in a proceeding brought by or against the Lessee.

B. CONTINUED OCCUPANCY

The Lessee will continue to pay Lessor rent after the expiration, termination, or cancellation of this lease and to abide by the lease obligations, through the date Lessee relinquishes possession of and completely vacates the Premises. Lessor will consider the Premises vacated if

1. Lessee has remediated any environmental Contamination for which the Lessee is responsible;
2. Lessee has removed or otherwise disposed of any Lessee-owned permanent or removable improvements and personal property; and
3. restored the Premises to a neat and clean physical condition acceptable to Lessor.
4. Lessee, by express written direction from Lessor, vacates the Premises in where-is as-is condition.

C. REASONABLE CURE

1. In the case of a violation that cannot be reasonably cured within 30 days, a notice of cancellation issued by the Lessor to the Lessee under this Article is stayed if, within the 30-day notice period, the Lessee begins and continues expeditious action to cure the violation. The Lessor will determine if a violation cannot be reasonably cured within 30 days and what constitutes expeditious action.
2. In the case where, in Lessor's sole determination, Lessee's violation is considered an imminent threat to the airport, public health or safety, or the environment, Lessor will direct the Lessee to stop the activity immediately and may reduce the period to cure the violation, or the Lessor may correct the violation pursuant to D of this section.

D. RIGHT OF LESSOR TO PERFORM

1. If, after 30 days following notice, the Lessee fails or refuses to perform any action required by this Lease, the Lessor will have the right, but not the obligation, to perform any or all such actions required by this Lease at the sole expense of the Lessee. The Lessor will not take action if the Lessee begins and continues expeditious action to perform any action required by this Lease that cannot be reasonably completed within 30 days. The Lessor will, at its sole discretion, determine what constitutes expeditious action and if an action cannot be reasonably performed in 30 days. The Lessor will submit to the Lessee an invoice for the expenses incurred by the Lessor in the performance by the Lessor of any required action. The Lessee will pay the amount of each invoice within 30 days from issuance.

2. If Lessee fails or refuses to perform any action that has been deemed an imminent threat the Lessor will have the right, but not the obligation, to perform any or all such actions required to expeditiously correct the imminent threat. Lessee will reimburse Lessor for any cost, including legal fees and administrative costs reasonably incurred by Lessor in acting to correct the imminent threat violation.

E. WAIVER

A waiver by the Lessor of any default by the Lessee of any provision of this Lease will not operate as a waiver of any subsequent default. If the Lessor waives a default, the Lessor is not required to provide notice to the Lessee to restore or revive any term or condition under this Lease. The waiver by the Lessor of any provision in this Lease cannot be enforced or relied upon unless the waiver is in writing and signed on behalf of the Lessor. The Lessor's failure to insist upon the strict performance by the Lessee of any provision in this Lease is not a waiver or relinquishment for the future, and the provision will continue in full force.

F. AIRPORT CLOSURE

Pursuant to AS 02.15.070(b) and 17 AAC 45.700, the Lessor may abandon or temporarily or permanently close the Airport for aircraft operations if the Lessor finds that is in the best interest of the State.

1. If Lessor closes the airport for aircraft operations for sixty (60) days or less, this lease will remain in full force and effect without adjustment

2. If Lessor closes the Airport for aircraft operations for more than sixty (60) days, but not permanently, and the Lessee's lease is for aviation or auxiliary uses, the Lessee may either terminate the lease or retain the lease and receive a

fifty (50%) percent rent reduction or credit for that portion of the closure that exceeds sixty (60) days.

3. If Lessor permanently closes the Airport for aircraft operations and Lessee's lease is for aviation or auxiliary uses, Lessee may terminate this agreement by written notice to Lessor.

4. If Lessee's lease is for non-aviation uses, Lessee may request in writing to have the lease terminated. Lessor will consider Lessee's request and either terminate the lease, or deny Lessee's request in writing.

G. DISASTERS

The Lessee or Lessor may cancel this lease upon written notice to the other party if

1. the Premises becomes unusable through no fault of either party and performance under this lease becomes impossible; or

2. the Airport becomes unusable through no fault of either party and the performance under this lease becomes impossible.

If the Lessee elects in writing that it will continue to operate after notice from Lessor to Lessee that the Airport has become unusable, the lessee's obligations under the lease will continue but Lessor is under no obligation to continue to perform.

Causes for termination of the lease under this provision include acts of God, the public enemy, and the United States.

H. NATIONAL EMERGENCY

If the federal government declares a national emergency, neither party may hold the other liable for any inability to perform any part of this Lease as a result of the national emergency.

ARTICLE XI **INDEMNIFICATION AND INSURANCE**

A. INDEMNIFICATION

1. The Lessee will indemnify, save harmless, and defend the Lessor, its officers, agents, and employees from and against any and all liabilities, losses, suits, administrative actions, claims, awards, judgments, fines, demands, damages, injunctive relief or penalties (specifically including civil penalties assessed by the FAA, TSA, USDOT or any other federal agency) of any nature

or kind to the full extent of the loss or obligation for property damage, personal injury, death, violation of any regulation or grant agreement, or any other injury or harm, including sums paid in settlement of claims, attorney fees, consultant fees, expert fees, or other costs and expenses, directly or indirectly arising from, connected to or on account of this Lease as it relates to the Lessee, the Lessee's activities at or relating to the Airport, or any act or omission by the Lessee, or by any of its officers, employees, agents, contractors or sublessees.

2. The Lessee shall give the Lessor prompt notice of any suit, claim, action or other matter affecting the Lessor to which Paragraph 1, above, may apply, together with a copy of any letter by an attorney on behalf of a complainant, any complaint filed in court, and any notice or complaint by any regulatory agency. The Lessee shall also use counsel acceptable to the Lessor and the Alaska Department of Law in carrying out its defense obligations under this paragraph, and the Lessor shall also have the right, at its option, to participate cooperatively in the defense of and settlement negotiations regarding any such matter, without relieving the Lessee of any of its obligations under this provision. These indemnity obligations are in addition to, and not limited by, the Lessee's obligation to provide insurance, and shall survive the expiration or earlier termination of this Lease.

3. As to any amount paid to others for personal injury or property damage with respect to which an act or omission of the Lessor is a legal cause, notwithstanding Paragraph 1 of this section, the Lessee and the Lessor shall reimburse each other according to the principles of comparative fault. If liability to a third party is subject to apportionment according to comparative fault under this provision, the Lessee and the Lessor shall seek in good faith to achieve non-judicial agreement as to apportionment of fault as between themselves. This apportionment of liability between the Lessor and the Lessee shall not be construed to affect the rights of any person who is not a party to this Lease.

B. INSURANCE

The Lessee is not required to provide proof of insurance coverage as a condition of this Lease; however, if the Lessor determines the activity, construction, or operation of the Lessee under this lease will expose the Lessor to a liability risk greater than the risk typically posed by the activity, construction, or operation of lessees that are not required to obtain insurance, the Lessor may require the Lessee to provide proof of insurance coverage in amounts determined by the lessor.

ARTICLE XII
LAWS, TAXES AND CLAIMS

A. **COMPLIANCE WITH LAW**

This Lease is issued subject to all applicable requirements of State statutes and regulations in effect during the term of this lease and to all requirements of the laws and regulations of the State of Alaska applying to the leasing of lands and facilities and the granting of privileges at State airports.

1. The Lessee agrees to comply with applicable requirements imposed on the Airport by federal law to ensure that eligibility for federal money or for participation in a federal aviation program by the Airport is not jeopardized and with all applicable orders issued by the Lessor.

2. The Lessee will obtain all necessary licenses and permits, pay all taxes and special assessments lawfully imposed upon the Premises, and pay other fees and charges assessed under applicable law. Nothing in this Lease prevents the Lessee from challenging any taxes or special assessments to the appropriate authority.

3. The laws of the State of Alaska will govern in any dispute between the Lessee and Lessor. If a dispute continues after exhaustion of administration remedies, any lawsuit must be brought in the courts of the State of Alaska, in Anchorage within the Third Judicial District.

B. **CLAIMS**

The Lessee will promptly notify the Lessor of any claim, demand, or lawsuit arising out of the Lessee's occupation or use of the Airport or the Premises. Upon the Lessor's request, the Lessee will cooperate and assist in the investigation and litigation of any claim, demand, or lawsuit affecting the Airport or the Premises.

ARTICLE XIII
ASSIGNMENT OR SUBLEASE

A. **ASSIGNMENT OR SUBLEASE**

1. The Lessee will not assign, sublet, or grant a security interest either by grant or implication, the whole or any part of this Lease, the Premises, or any improvement on the Premises without the written consent of the Lessor. Any proposed assignment, sublease, or security interest must be submitted to the Lessor for approval in three copies, each bearing the original, notarized signature of all parties. All provisions in this Lease extend to and bind the sublessees and assignees of the Lessee.
2. The Lessor's consent to one assignment, sublease, or security interest will not waive the requirement of obtaining the Lessor's consent to any subsequent assignment or sublease.
3. An assignment must include a provision stating that the assignee accepts responsibility for all of the assignor's obligations under this Lease, including environmental liability and responsibility.
4. Any single or cumulative transfer of more than 50 percent interest in a joint venture, partnership, Limited Liability Company, corporation, or other multi-party entity which is a Lessee under this Lease is an assignment of an interest subject to approval by the Lessor under this Article.
5. An assignee or sublessee may not occupy the Premises before the Lessor consents to the assignment or sublease in writing.
6. In the event of a conflict between this Lease and an assignment or a sublease, the terms of this Lease control.
7. Consent to a sublease by the Lessor does not relieve or otherwise alter the obligations of the Lessee under this Lease.

ARTICLE XIV
GENERAL PROVISIONS

A. **LIENS**

The Lessee will keep the Premises and improvements placed on the Premises free of all liens for any obligations incurred by Lessee. The Lessee will pay all costs for labor and materials arising out of any construction or improvements by the Lessee on the

Premises, and hold the Lessor harmless from liability for any liens, including costs and attorney fees. The Lessor does not recognize that it is in any way liable for any liens on the Premises or improvements placed on the Premises. This restriction does not prohibit the assignment of interest for security purposes if the Lessor approves the assignment in writing.

B. CONDEMNATION AND RELOCATION

If all or any part of the Premises is condemned by any authority or person vested with the power of Eminent Domain, including Lessor, the term of this Lease will end on the date the Lessee is required to surrender possession of the Premises under 17 AAC 45.255. Nothing within this Lease will diminish Lessee's rights, if any, under applicable relocation laws.

C. NOTICES

The Lessor will send by first class or higher priority mail, or hand deliver written notices to the Lessee at the address set out on page one of this Lease or any other address that the parties subsequently designate in writing. Unless otherwise agreed to in writing, the Lessee will also supply the Lessor, as promptly as possible, and in any event, within 15 days after the Lessee first receives or sends the same, copies of all claims, reports, complaints, notices, liens or warnings, or asserted violations relating in any way to the Premises or the Lessee's use of the Airport.

D. MODIFICATION

Upon written notification to Lessee, the Lessor may modify this Lease to meet the revised requirements of federal or state grants or to conform to the requirements of any revenue bond covenant to which the Lessor is a party; provided that a modification may not reduce the rights or privileges granted to the Lessee by this Lease, or cause the Lessee financial loss.

E. VALIDITY OF PARTS

If any provision of this Lease is declared to be invalid by a court of competent jurisdiction, the remaining provisions will continue in force.

F. INTERRELATIONSHIP OF PROVISIONS

All provisions of this Lease including exhibits, supplements, and addenda are essential parts of this Lease and are intended to be cooperative, provide for the use of the Premises, and describe the respective rights and obligations of the Lessor and Lessee. In case of a discrepancy, written dimensions govern over scaled dimensions unless obviously incorrect.

G. INTEGRATION AND MERGER

This Lease sets out all the terms, conditions, and agreements of the parties and supersedes any previous understandings or agreements regarding the Premises whether oral or written. No modification or amendment of this Lease is effective unless in writing and signed by both the parties.

H. EXECUTION BY THE PARTIES

This Lease is of no effect until the Lessee or a duly authorized representative of Lessee and the Commissioner of the Department of Transportation and Public Facilities or a designated representative has signed it.

I. CAPTIONS

The captions of the provisions of this Lease are for convenience only and do not necessarily define, limit, describe, or construe the contents of any provision.

J. ADDITIONAL INFORMATION

The Lessor may, from time to time, require the Lessee to provide such documentation as the Lessor may reasonably require establishing the Lessee's continuing qualification for this Lease.

K. RIGHTS OF CONSTRUCTION

This Lease is intended to make public property available for private use, while at all time protecting the public interest to the greatest extent possible. Following the rule that transfers of interest in public property are to be strictly construed in favor of the Lessor, all rights granted to the Lessee under this Lease will be strictly construed, and all rights of the Lessor and protections of the public interest will be liberally construed.

L. LESSEE ACKNOWLEDGEMENT

The Lessee acknowledges that the Lessee has read this Lease and fully understands its terms, that the Lessee has been fully advised or has had the opportunity of advice by separate legal counsel, and voluntarily executes this Lease. Lessee also acknowledges and agrees that the rule of interpretation under which a document is construed against the drafter will not apply to this lease.

M. APPROVAL BY LESSOR

Any approval required of the Lessor by this Lease will not be unreasonably withheld. The Lessor's approval does not waive the Lessee's legal responsibility or liability to comply with all applicable federal and state laws and regulations.

N. DISCRIMINATION

The Lessee will not discriminate on the grounds of race, color, religion, national origin, ancestry, age, or sex against any patron, employee, applicant for employment, or other person or group of persons in any manner prohibited by federal or state law. The Lessee recognizes the right of the Lessor to take any action necessary to enforce this provision, including actions required pursuant to any federal or state law.

O. AFFIRMATIVE ACTION

If required by 14 CFR Part 152, subpart E, the Lessee will undertake an affirmative action program to insure that no person will be excluded from participating in any employment activities offered by the Lessee on the grounds of race, creed, color, national origin, or sex. No person may be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by subpart E. The Lessee further agrees that it will require its suborganization(s) provide assurance to the Lessor to the same effect that they will also undertake affirmative action programs and require assurances from their suborganization(s) as required by 14 CFR, Part 152, subpart E.

P. DAMAGES, COSTS, AND FEES INCURRED TO ENFORCE LEASE

The Lessee will pay, within 30 days of the Lessor's billing date, any cost or damage, including legal fees and administrative costs, that the Lessor incurs due to a failure of the Lessee to comply with a provision of this Lease, or otherwise to enforce this Lease. Any amount payable under this paragraph is in addition to rent, including interest, and will be subject to default for nonpayment.

Q. QUIET ENJOYMENT & RIGHT OF INSPECTION

The Lessee is entitled to Quiet Enjoyment of the Premises subject to the Lessor's right of ingress to and egress from the Premises, including buildings, and the right to enter any part of the Premises for the purpose of inspection at any reasonable time, subject only to the Lessor's best efforts, except in the case of an emergency, to coordinate its inspection with the Lessee to minimize interference with the Lessee's activities on the Premises.

ARTICLE XV
IMPROVEMENTS AND PERFORMANCE BOND

A. **IMPROVEMENTS**

1. Including but not limited to the following activities, all construction, improvement, utility and demolition work penetrating or exposing the subsurface of the Premises must be expressly authorized in writing in advance by Lessor and the ADEC.

2. All construction on the Premises must be neat, presentable, and compatible with the use of the Premises as determined by the Lessor. Lessee is authorized to place gravel fill on the Premises in such a manner that the surface drainage does not flow towards an adjoining lease lot.

3. The Lessee must first obtain the Lessor's written approval in the form of an approved Airport building permit before beginning any land development, construction or demolition of any improvements on the Premises, or before beginning any alterations, modifications, or renovation of existing structures on the Premises. The Lessee must submit to the Lessor detailed drawings of the proposed development, alteration, modification, or renovation. Further, the Lessee will submit to Lessor evidence of the Lessee's compliance with the FAA regulation 14 CFR Part 77.

4. Approval of any construction, alteration, modification, or renovation will not be withheld unless the Lessee does not demonstrate adequate financial resources to complete the project, the project plans, specifications, and agency approvals are incomplete; the proposed project would result in a violation of applicable statute or regulation; the proposed project would interfere with or is incompatible with the safety, security, maintenance, or operation of the airport; the proposed project is inconsistent with sound airport planning; the proposed project is inconsistent with the terms of the lease; the project plans do not make sufficient provision for drainage, aircraft, vehicle, and equipment parking, or for snow storage; or the proposed project does not conform with generally recognized engineering principles or applicable fire or building codes or the project must be denied under 17 AAC 45.010(g).

5. Prior to any demolition of any structure(s) on the Premises, Lessee will deliver to Lessor a scope of work that, at a minimum, lists the structure(s) that are to be demolished and the timeframe for demolition and removal of the debris from the Airport. Lessor will review Lessee's scope for demolition and issue Lessee written approval for the work to be done.

6. No building or other permanent structure may be constructed or placed within twenty (20) feet of any boundary line of the Premises without Lessor's prior written approval.

7. Within thirty (30) days after completion of construction or placement of improvements upon the Premises, the Lessee will deliver to the Lessor 1) photographs (digital format preferred) of all aboveground improvements and 2) a copy of an as-built drawing, acceptable to the Lessor, showing the location and dimensions of the improvements, giving distances to all Premises' boundaries. If the Lessee constructs underground improvements, the Lessee will appropriately mark the surface of the land with adequate surface markers. The type, quantity, and distance between such markers will be subject to approval of the Lessor.

8. If applicable, the Lessee agrees to erect or modify a security fence, according to standards approved by the Lessor and the TSA around the sides of the Premises necessary to maintain the airport security program. The fence may be tied to the Lessor's Airport security fence. The fence around the Premises must be constructed at the sole expense of the Lessee and must be maintained by the Lessee in an attractive condition.

9. If Lessee's improvements are damaged or destroyed, Lessee will cause the improvements to be repaired or rebuilt, and restored to normal function within two (2) years of the destruction or damage. Failure of the Lessee to rebuild or restore the improvements will be cause for Lessor to reduce the term of this Lease commensurate with Lessee's remaining investment costs for land development and improvements.

10. If Lessee's improvements are damaged to the extent that more than 50% of the space is unusable and the damage occurs within five years of the expiration of the term of this Lease, Lessee may terminate this Lease, remove the damaged improvements, and restore the Premises.

B. PERFORMANCE BOND

The Lessee may be required to submit a performance bond, deposit, personal guarantee, or other security if the Lessor determines that such security is necessary or prudent to ensure compliance with any provision of this lease or completion of construction or remediation within the time period set under Section B of this Article or completion of any additional or subsequent construction or remediation. The Lessor will determine the form and amount of the security considering the compliance under the provision or nature and scope of the construction or remediation and the financial responsibility of the Lessee.

ARTICLE XVI
FUELING

A. FUELING

If fuel is stored on the Premises, the fuel storage facility must be installed and plumbed according to all Environmental Laws, 13 AAC 50, 14 Code of Federal Regulations (CFR) Part 139 (if applicable), and all applicable federal and state laws.

1. If Lessee fuels aircraft or vehicles, all dispensing operations will meet current requirements for Fueling and fire safety as described in applicable federal and state laws and regulations.
2. The Lessee will keep all equipment used in conjunction with the Lessee's Fueling operations on the Airport in a safe and properly functioning condition.
3. At any time, the Lessor has the right to inspect all Fueling equipment use by the Lessee on the Airport to determine if the Lessee's Fueling equipment and operations conform to the applicable laws, regulations, and codes. The Lessee, prior to any further Fueling operations, will accomplish any corrective action deemed necessary by the Lessor.

B. FUEL SPILL PREVENTION AND RESPONSE PLAN

In compliance with 40 CFR Part 112, Lessee will provide to Lessor an acceptable fuel Spill Prevention, Control and Countermeasure (SPCC) plan and will maintain fuel spill and response capability. Lessee further agrees to have a copy of the SPCC plan located at Lessee's fuel storage facility at all times.

ARTICLE XVII

INTENTIONALLY DELETED

ARTICLE XVIII
SPECIAL PROVISIONS

A. CONDITIONAL CLOSURE WITH INSTITUTIONAL CONTROLS

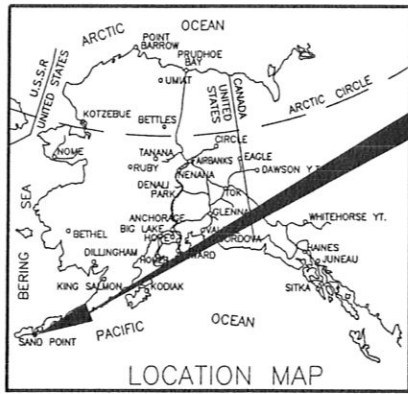
1. Lessee's use of Lot 1A, Block 300, shall be limited to vehicle parking and storage of Lessee's equipment and supplies in Lessee owned building. Lessee agrees that no other use of this portion of the Premises is allowed.
2. Lessee shall not install a groundwater well or dig, remove or penetrate below the surface without, review, express written consent and monitoring by Lessor and the State of Alaska, Department of Environmental Conservation. Failure to comply with these Institutional Controls will result in Lessee being named a Potentially Responsible Party and incurring liability for contamination.
3. The provisions of this Article XVIII A. shall run with the land in perpetuity and shall be binding upon all successors, assigns, and all future transferees and holds of interest in the Premises. All future transferees and holders of an interest in the Premises shall include in any instrument conveying any interest in the Premises or a part there of adequate disclosure of the Institutional Controls.
4. This Institutional Controls may be enforced by Lessor in a court of law and the interpretation and performance of the Institutional Controls shall be governed by the laws of the State of Alaska.

B HOLDOVER AND CONTINUATION OF OCCUPANCY UNDER ADA-08256.

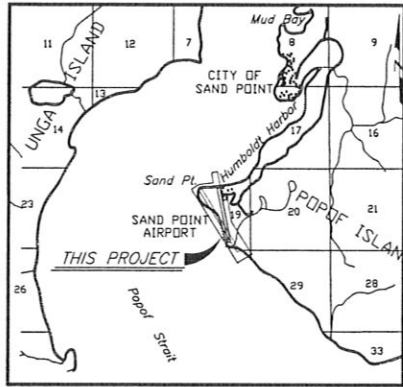
Lessee and Lessor acknowledge Lessee has continued occupancy of the Premises in Holdover status from the expiration of ADA-08256 on October 14, 2010 to the commencement of ADA-08760 on April 1, 2011.

- EXHIBIT A – PREMISES DRAWINGS DATED 02/16/2011, 2 pages
EXHIBIT B - SHANNON & WILSON, INC SITE CHARACTERIZATION DATED 6/06,
86 pages
EXHIBIT C – ADEC CONDITIONAL CLOSURE LETTER WITH INSTITUTIONAL
CONTROLS, 4 pages

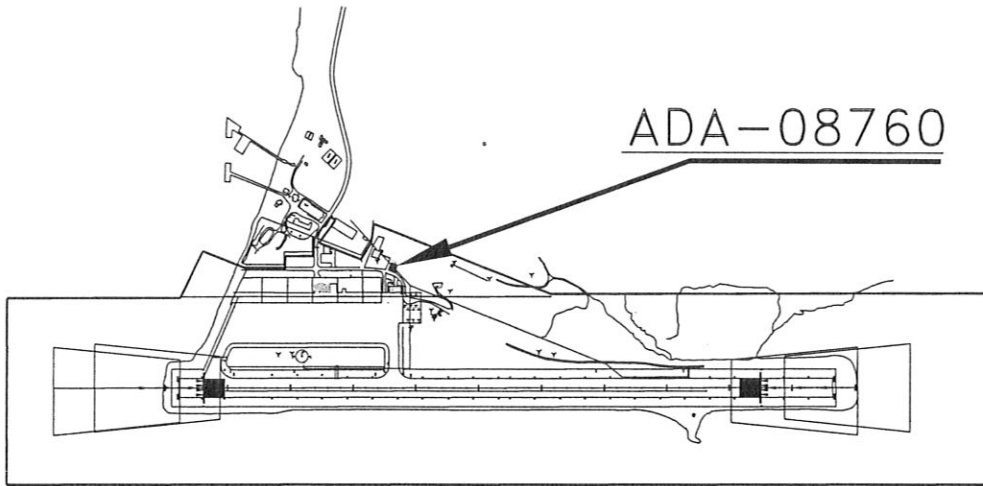
EXHIBIT A



S
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VICINITY MAP

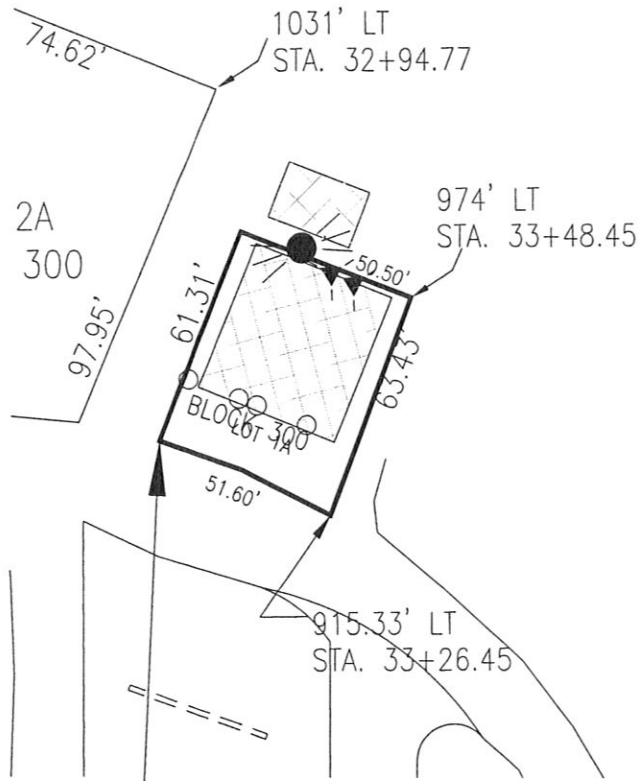


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STATE OF ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES AVIATION LEASING	
LEASE ADA-08760	
BLOCK 300, LOT 1A	SAND POINT AIRPORT
DATE DRAWN: 2/16/11	SCALE: 1" = 1450'
PAGE OF	PAGES

EXHIBIT A



ADA-08760

LOT 1A, BLOCK 300
3,096 SQ. FT.



STATE OF ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES AVIATION LEASING	
LEASE ADA-08760	
LOT 1A, BLOCK 300	SAND POINT AIRPORT
DATE DRAWN: 2/16/11	SCALE: 1" = 50'
PAGE OF	PAGES

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IN WITNESS WHEREOF, the parties hereto have set their hands on this day and year stated in the acknowledgments below.



LESSEE: City of Sand Point

) SIGNATURE: Glen Gardner Jr.
)ss.

BY: _____
TITLE: MAYOR

THIS IS TO CERTIFY that on this 12 day of April, 2011, before the undersigned, a Notary Public in and for Alaska, duly commissioned and sworn, personally appeared Glen Gardner Jr., known to me and to me known to be an officer of the above mentioned corporation, and who executed the same for an on behalf of said corporation, and that s/he is fully authorized by said corporation so to do.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year above written.

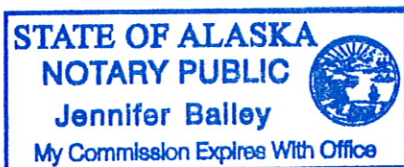
Jade Cromer
Notary Public in and for Alaska
My Commission Expires: with office

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES

STATE OF ALASKA)
)ss.
(THIRD JUDICIAL DISTRICT)

Tina Schimschat

THIS IS TO CERTIFY that on this 15th day of April, 2011, before, the undersigned, a Notary Public in and for Alaska, personally Tina Schimschat, known to me and to me known to be the Central Region Chief, Anchorage Office, Aviation Leasing, Department of Transportation and Public Facilities, and he acknowledged to me that he executed the foregoing instrument freely and voluntarily on behalf of the State of Alaska, Department of Transportation and Public Facilities, for the uses and purposes therein set forth and that he is authorized by said State of Alaska so to do.



Jennifer Bailey
Notary Public in and for Alaska
My Commission Expires: with office



June 21, 2016

Dear Lessors of Village Built Clinics;

I am writing today to re-introduce myself and to bring long awaited news. First off, my name is Paula Poncho and I work for the Indian Health Service (IHS), Alaska Area Native Health Service (AANHS). I am the Realty Officer/Lease Contracting Officer responsible for the Village Built Clinics (VBC) lease program, the Realty Management Program and the Housing Program since arriving in Alaska in November 1989.

I am enrolled member of the Bishop Paiute Indian Tribe of California and I've worked for the IHS for 35 years. I started working for the IHS when I was very young, first in Sacramento, California, then in Rockville, Maryland and now in my current position here in Anchorage, Alaska. Although I am eligible to retire from IHS, I still love my job and am honored to be in a position to help the Alaska Native people further their healthcare delivery to the Alaska Native/American Indian beneficiaries.

I am responsible for leasing 93 clinics, purchasing land for new construction of hospitals and clinics, transferring ownership of IHS land and buildings to Alaska Tribes/Tribal Health Organizations (T/THOs) and I provide help, guidance and training to Tribal Housing Officers where IHS owns and rents housing to healthcare delivery workers. I hope to keep working as long as I can, as long as I can keep contributing to the IHS mission.

Over the many years, I have had conversations with most of you, mostly about the lack of VBC funds for the clinics or reminding you to keep the SAM registration current! I listened to the many stories of hardship trying to keep the clinics operating with the lack of funding, but today I am here to share some good news.

For fiscal year (FY) 2016, the IHS were allocated funds appropriated from the Consolidated Appropriations Act of 2016, which states;

“to supplement funds available for operational costs at tribal clinics operated under an Indian Self-Determination and Education Assistance Act (ISDEAA) compact or contract where health care is delivered in space acquired through a full service lease, which is not eligible for maintenance and improvement and equipment funds from the Indian Health Service”.

A decision was made by the IHS based on recommendations from consultation with the Alaska Tribes and Tribal Health Organizations, to distribute the 2016 funding to all locations that are currently participating in the VBC program or had previously participated but are now being managed by the T/THOs which equates to 165 locations. The IHS, Alaska Area office has been authorized to make a one-time payment of \$9,393.93 to the 165 locations during the last week of June, 2016. In locations where IHS have current VBC leases in place, this amount will be deposited into your bank during the last week of June 2016. In locations where the T/THOs manage the clinics directly, a lump sum will be paid to the T/THOs for whom will determine the proper disbursement to the clinics in their region. Please ensure your SAM registration is active in order to receive your payment.

The 2016 funding came to the IHS Alaska area as “non-recurring” funds, but we have been assured by staff from IHS Headquarters Finance, that in FY 2017, the funding will be “recurring”, which means the

funds will become a part of the regular IHS funding base. Once the allocation of funds is received by IHS and distributed to the AANHS, I will add the \$9,393.93 to each lease agreement and notify you of this change. It is a strong possibility the IHS will not receive the allocation of funds until well after January 2017. If that is the case, payments will be made retroactively to the effective date of October 1, 2016.

In addition to the 2016 appropriation for tribal clinics, a more substantial amount of funding has been identified in the President's 2017 budget for the VBC program and for Tribally managed clinics. This is a long time coming and I'm extremely happy to finally see the clinics get the financial help they most deservingly require.

Until the IHS actually receives the 2017 appropriation, we will not be able to identify the individual increased amounts for each lease or to establish a time frame when the new payment may be effective. For now, it is important for you to keep records of your actual costs of operating the clinic, such as costs and copies of invoices for expenses such as: water/sewer, electric, janitorial, maintenance & repair, snow removal, water hauling, sewage haul, insurance, property management fees and fuel for the clinic. Costs associated with the operation of the community health aide program are not allowable costs under the lease agreement. I have included a list of suggested items that are allowable under the lease agreement. This information may be requested a future date, but I wanted to give you as much information as possible of what is to come.

I know this is a lot of information, but you are always welcome to send me an email (paula.poncho@ihs.gov), or call me at (907) 729-3612 with any questions. I'm looking forward to the future of this program more than I ever have. Thanks for all your help and understanding.

With much respect,



Paula M. Poncho
Realty Management Officer
Alaska Area Native Health Service, IHS

ALLOWABLE USES OF VBC LEASE FUNDS

Maintenance & Repair

- All clinic facility maintenance
- All grounds maintenance
- Snow Removal
- Wall Repair
- Floor repair
- Painting
- Ice Melting Salt
- Fix or Install Cabinets
- Fire extinguishers
- Clinic Expansion (Renovation)
- Plumbing Repairs
- Electrical Repairs
- Energy Conservation
- Weather Stripping
- Caulking, Insulation
- Energy Saving Devices
- Exhaust Fans
- Fix light fixtures
- Fire alarms

Cleaning

- Paper towels
- Cleaning Solutions
- Gloves
- Mops
- Garbage containers and lids
- Brooms
- Anything associated with cleaning
- Toilet paper
- Drain cleaners
- Double Mop Buckets
- Safety glasses
- Chemical Spill Kits
- Dust Pans

Utilities

- Electrical costs
- Emergency light fixtures
- Telephone Hookups Only
- Monthly Water/Sewer Charges
- Light fixtures
- Electrical fire alarms
- Hauling water costs
- Garbage Removal

Heating

- Fuel Costs
- Costs for Wood (In emergency situations where heaters need repair)
- Portable Heaters or monitors
- Laser Heaters

Other

- Insurance for building only
- Administrative Costs (i.e., A portion of the City Clerk salary for monitoring the janitor's work hours, preparing the checks for the janitors salary),

UNALLOWABLE USES OF VBC LEASE FUNDS

- Telephone/Facsimile Calls
- Health Aide salaries
- Medical equipment (* only the supplemental amount received in September may be used for equipment)
- Medicines
- Health Aide Clothing
- Office Supplies for Clinic (Ex: Paper, files, paper clips, pens, etc.)
- Postal Supplies
- Answering machines
- Fax machines
- Copy Machines
- Loans
- Collateral for Loans
- Coffee supplies
- Decorative Art for Clinic
- Office Furniture (* only the supplemental amount received in September may be used for furniture)
- Food for Clinic
- Appliances (* only the supplemental amount received in September may be used for appliances)
- Stipends for City Council Members for attending meetings concerning clinic
- Travel for City Council Members to meetings
- Snowmobiles & 4-Wheelers (* only the supplemental amount received in September may be used for Snowmobiles & 4-Wheelers)
- Personal Property Insurance (Government is self-insured)
- Allow use of clinic for private physicians (government has exclusive right to space)
- Additional Utility Costs due to private physician use
- Personal use (i.e., paying for private fuel use for homes, cars; loans to private individuals, etc.)

* Note: The funds remaining in the Village Built Clinic budget, at the end of each Fiscal Year is equally divided among all the villages participating in the Village Built Clinic Leasing Program. This amount is known as the "Supplemental Amount" . The supplemental amount varies year to year.

AUDIT PLANNING

YEAR ENDING JUNE 30, 2016



The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., City Council and Audit Committee) and, if appropriate, management of the City and is not intended and should not be used by anyone other than these specified parties.

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www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

June 28, 2016

Honorable Mayor and
Members of the City Council
City of Sand Point, Alaska

Professional standards require us to communicate with you regarding matters related to the financial statement audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. This report provides an overview of our plan for the audit of the financial statements of City of Sand Point (the City), Alaska as of and for the year ending June 30, 2016, including a summary of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

We are pleased to be of service to the City. Please feel free to contact Joy Merriner should you have any questions regarding the audit plan, or if you would like to discuss any other matters that may be of interest to you.

Respectfully,

BDO USA, LLP

Discussion Outline

	Page
Client Service Team	3
Management’s Responsibilities.....	4
Engagement Objectives	5
Overall Audit Strategy - Planned Scope.....	6
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Independence Communication	9
Significant Accounting and Reporting Matters.....	10
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Client Service Team

Our client service team members for this year’s audit are listed in the organizational chart below. As a matter of policy, we attempt to provide continuity of service to our clients to the greatest extent possible. Where engagement team rotation is necessary, we will discuss this matter with management and those charged with governance and determine the appropriate new individuals to be assigned to the engagement based on particular experience, expertise, and engagement needs.



In addition to the Anchorage audit team, we will be teaming with BDO national personnel to provide you with the most experienced expertise. These individuals will provide technical consultation and review as needed throughout the engagement.

- Technical Reviews - John Bost and Patricia Duperron

Management's Responsibilities

Management is responsible for preparing, with the oversight of those charged with governance, the financial statements and disclosures in conformity with accounting principles generally accepted in the United States of America (GAAP). Management's responsibilities also include the following:

- Establish and maintain effective internal control over financial reporting and proper accounting records.
- Identify and ensure compliance with relevant laws and regulations.
- Safeguard the City's assets.
- Select appropriate accounting principles.
- Use reasonable judgments and accounting estimates.
- Complete a GAAP disclosure checklist to ensure there are no significant financial statement disclosure deficiencies.
- Evaluate whether there is substantial doubt about the City's ability to continue as a going concern and the impact on the presentation and disclosure within the financial statements.
- Make all financial records and related information available to BDO.
- Record material audit adjustments and affirm to BDO that the impact of uncorrected misstatements, if any, is immaterial to the financial statements taken as a whole.
- Provide BDO with a letter confirming representations made during the audit.

Engagement Objectives

Our objectives with respect to the audit of the City's annual financial statements are summarized below:

- Plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatements, whether caused by error or fraud. An audit in accordance with auditing standards generally accepted in the United States of America does not provide absolute assurance relative to or any guarantee of the accuracy of the financial statements and is subject to the inherent risk that errors or fraud, if they exist, may not be detected.
- Obtain a sufficient understanding of the City's internal control to plan the audit of the financial statements. However, such understanding is required for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.
- Communicate our responsibilities in relation to the audit and establish an understanding of the terms of the engagement.
- Provide an overview of the overall audit strategy and planned scope and timing of the audit.
- Inquire of those charged with governance about risks of material misstatement, including fraud risks, and whether those charged with governance are aware of other matters that may be relevant to the audit such as, but not limited to, violations or possible violations of laws or regulations and complaints or concerns raised regarding accounting or auditing matters.
- Coordinate with others within the City, as appropriate, to optimize audit effectiveness and efficiency.
- Consult regarding accounting and reporting matters as needed throughout the year.
- Communicate with management and those charged with governance regarding significant deficiencies and material weaknesses identified during our audit and other timely observations that are significant and relevant to the financial reporting process.
- Work with management toward timely issuance of financial statements.
- Maintain our independence with respect to the City.
- Ensure that those charged with governance are kept appropriately informed in a timely manner of the City's financial reporting matters; comply with professional standards as to communications with those charged with governance.

Overall Audit Strategy - Planned Scope

Overall, our audit strategy is to focus on higher risk areas of material misstatement (whether due to error or fraud) and other areas of concern for management and those charged with governance.

Our audit strategy includes consideration of:

- Prior year audit results together with interim results, including discussions with management and those charged with governance regarding the City's operations, business activities, and risks.
- Inherent risk within the City (i.e., the susceptibility of the financial statements to material error or fraud) before recognizing the effectiveness of the control systems.
- A continual assessment of materiality thresholds based upon qualitative and quantitative factors affecting the City.
- Recent developments within the industry, regulatory environment, and general economic conditions.
- Recently issued and effective accounting and financial reporting guidance.
- The City's significant accounting policies and procedures, including those requiring significant management judgments and estimates and those related to significant unusual transactions.
- The control environment, risk management and monitoring processes, and the possibility that the control systems and procedures may fail to prevent or detect a material error or fraud. We intend to place reliance on internal controls, where applicable, in determining the degree of detailed substantive testing required.
- Information about systems and the computer environment in which financial records and related systems operate.

Overall Audit Strategy - Planned Scope

Based upon our initial assessment, our audit will entail a combination of testing controls for reliance and substantive testing. The primary areas of focus in our overall audit strategy include the following.

- Fraud Risk
- Internal Control Over Financial Reporting
- Revenue Recognition
- Accounts Receivable and Allowances
- Investments
- Capital Assets
- Debt
- Solid Waste Landfill
- Pension Benefits
- Evaluation of Going Concern
- Evaluation of Related Party Relationships and Transactions
- Other Matters, Including Significant Unusual Transactions

Non-Audit Services Provided

In addition to the audit, we will assist management with the following non-audit services.

- We will assist management in preparing the financial statements and related footnote disclosures based on information in the trial balance and other information that comes to our attention during the course of the engagement.
- These services provided do not constitute an audit under *Government Auditing Standards*.
- We will not perform management functions or make management decision on behalf of the City. However, we will provide advice and recommendations to assist management of the City in performing its functions and fulfilling its responsibilities.
- The City agrees to make all management decisions and perform all management functions with respect to the financial statements provided by us.
- The City agrees to accept responsibility for the results of financial statement preparation.

Overall Audit Timeline

The following represents our anticipated schedule with regard to our audit of the annual financial statements of the City:

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Periodic Meetings and Discussions With Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Develop Audit Strategy, and Determine Nature and Scope of Testing			✓			✓						
Internal Control Assessment and Testing						✓						
Substantive Testing (confirmation procedures, etc.)						✓						
Review Draft Financial Statements						✓	✓					
Final Communications With Those Charged With Governance							✓	✓				
Release Opinions on Financial Statements						✓	✓					

* Final issuance of the financial statements may be dependent on the availability of the PERS information from the State of Alaska.

Independence Communication

Our engagement letter to you dated May 24, 2016 describes our responsibilities in accordance with professional standards and certain regulatory authorities with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the City with respect to independence as agreed to by the City. Please refer to that letter for further information.

Significant Accounting and Reporting Matters

- GASB 72 - Fair Value Measurement and Application - Effective for year-end June 30, 2016 - This statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. This statement is expected to primarily affect investment disclosures.
- GASB 73 - Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 - This statement contains certain clarifications and amendments to GASB 67 and 68 as well as establishing requirements for both defined benefit and defined contribution pensions not within the scope of GASB 68. Effective for fiscal - year end June 30, 2016—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for year ending June 30, 2017.
- GASB 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans - Effective for year-end June 30, 2017, with earlier application encouraged - This statement contains financial reporting guidelines for Postemployment Benefit Plans. This is the Plan side requirements applicable to OPEB benefits and generally brings the OPEB reporting rules into alignment with the new GASB 67 Pension rules.
- GASB 76 - The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments - Effective for year-end June 30, 2016, with earlier application encouraged - This statement clarifies the hierarchy of generally accepted accounting principles to be used in the preparation of state and local government financial statements. This statement supersedes the previous hierarchy established in GASB 55.
- GASB 77 - Tax Abatement Disclosures - Effective for year-end June 30, 2017, with earlier application encouraged - This statement requires local governments to provide financial disclosures relating to tax abatements affecting the government. This includes information about abatement agreements entered into directly by the government, including conditions and criteria under which taxes can be abated, and the type and dollar amount of the tax. In addition, the statement requires disclosure of tax abatements issued by other governments that affect the local government's revenue recognition and reporting.

Contact Information

We would be happy to answer any questions you might have regarding the audit. And also, this a good opportunity for you to communicate any specific areas of focus or concern that you might have regarding the audit and audit plan.

You can contact us at (907)-278-8878 any time with issues or concerns. You can also reach us by email at the following:

- Joy Merriner - jmerriner@bdo.com
- Sam Thompson - sthompson@bdo.com
- Susan Peterson - speterson@bdo.com