

Seldovia City Council

Laydown

January 13, 2020

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5 AAC 95.310. Personal watercraft use prohibited

(a) A person may not operate a personal watercraft within the following legislatively designated areas:

(1) Fox River Flats Critical Habitat Area established in [AS 16.05.580](#) ;

(2) Kachemak Bay Critical Habitat Area established in [AS 16.05.590](#) .

(b) In this section, "personal watercraft" means a vessel that is

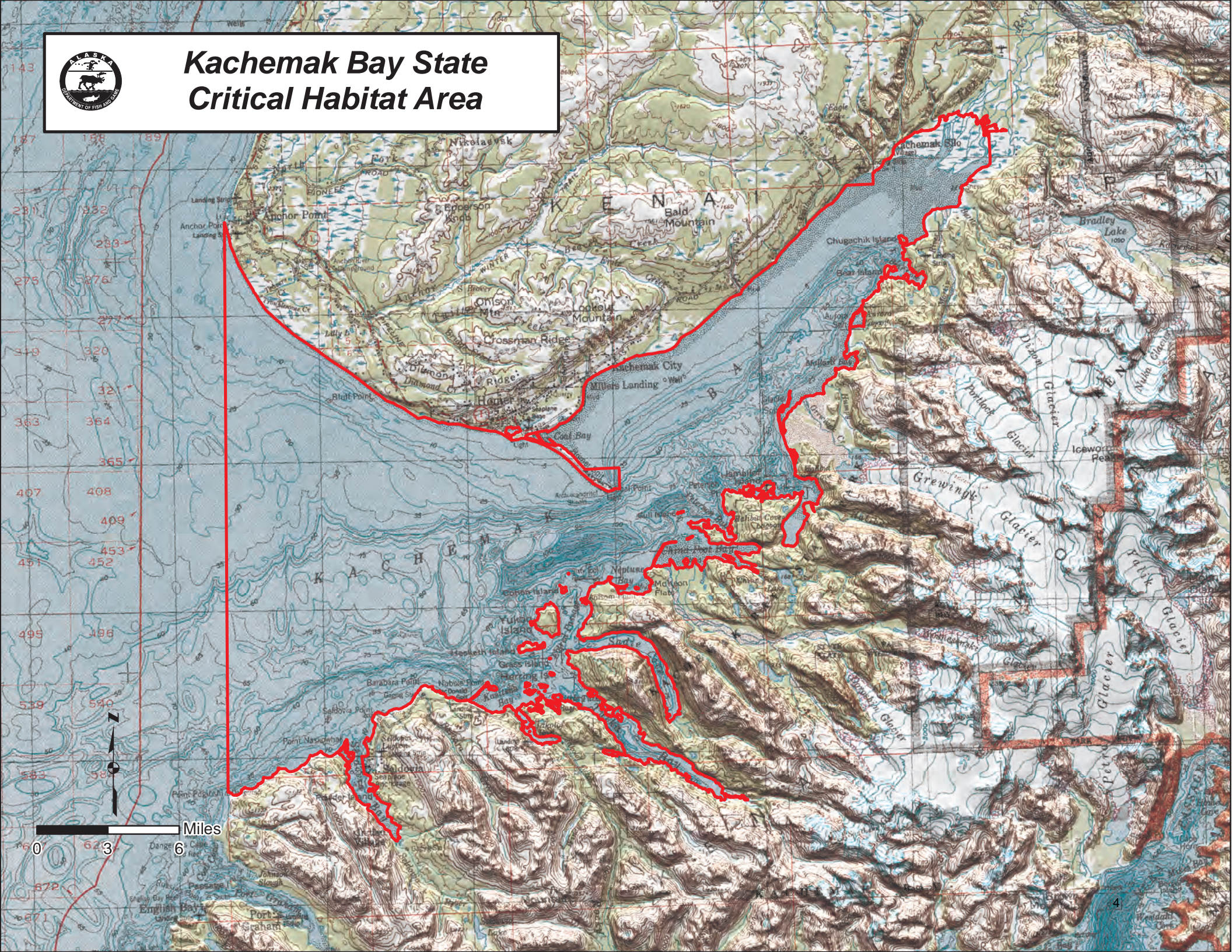
(1) less than 16 feet in length;

(2) propelled by a water-jet pump or other machinery as its primary source of motor propulsion; and

Title 5 Fish and Game
Part 5 Protection of Fish and Game Habitat
Chapter 95 Fish and Game Habitat
Article 3 Prohibited Activities



Kachemak Bay State Critical Habitat Area



1 **CITY OF HOMER**
2 **HOMER, ALASKA**

3 Evensen

4 **RESOLUTION 20-007**
5

6 A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA
7 OPPOSING THE STATE’S REPEAL OF ALASKA ADMIN CODE 5 AAC
8 95.310 WHICH WOULD REMOVE THE PROHIBITION ON
9 PERSONAL WATERCRAFT USE IN THE FOX RIVER FLATS AND
10 KACHEMAK BAY CRITICAL HABITAT AREAS AND AFFIRMING THE
11 DELETERIOUS CONSEQUENCES FOR COMMUNITY AND
12 ECONOMY IF PERSONAL WATERCRAFT ARE ALLOWED IN
13 KACHEMAK BAY.
14

15 WHEREAS, The Alaska Department of Fish and Game (ADFG) issued a notice of the
16 Department’s intent to repeal 5 AAC 95.310, which would remove the prohibition on personal
17 watercraft (PWC) use in the Fox River Flats and Kachemak Bay Critical Habitat Areas; and
18

19 WHEREAS, ADFG issued this notice with an unusually shortened timeline, scheduled to
20 occur slyly during seasonal holidays, bearing non-existent technical policy (which contradicts
21 core management and conservation principals of the Department), and staffed with
22 individuals who have dismissed – in a wholesale manner – public and scientific feedback
23 regarding Fox River Flats and Kachemak Bay Critical Habitat Areas; and
24

25 WHEREAS, Homer City Council passed Resolution 19-091(A), which requested ADFG to
26 extend the public comment period by 90 days, provide scientific and technical information
27 supporting the Department’s proposed rule change, and provide an explanation why the rule
28 change should not be considered as part of the ongoing revision process for the Kachemak
29 Bay Critical Habitat Area Management Plan;
30

31 WHEREAS, ADFG agreed to extend the public comment period by 15 days (January 21,
32 2020 deadline) but failed to address the other informational requests made; and
33

34 WHEREAS, Nautical speeds of PWC, which are often called ‘thrillcraft’, are extreme and
35 allow such “vessels” to reach 65 mph or more; these vessels change course frequently and
36 require minimum speeds to keep stable (owing to low “primary stability” but high “secondary
37 stability”); their qualities differ sharply from all other vessels commonly used in Kachemak
38 Bay including boats, skiffs, and kayaks; their purpose for “thrill recreation” also differs
39 sharply from established marine use within Fox River Flats and Kachemak Bay Critical
40 Habitat Areas; and
41

42 WHEREAS, Owing to markedly different vessel character, vessel operation, type and
43 direction of produced noise, and operational goals or purpose, these vessels represent a new

44 type of marine vessel in the Homer Area; their usage alone comes with risks for human safety
45 and their usage within mixed-use maritime environments can pose issues for human safety
46 aboard other vessels; and

47

48 WHEREAS, Economy of Homer stems upon its surrounding natural resources
49 including commercial fishing, sport fishing, wildlife tourism, world-class scenery, and general
50 tourism; visitors from around the world flock to Homer for wildlife, fishing and pristine,
51 unspoiled landscapes; and

52

53 WHEREAS, Economy of Homer stems upon its surrounding natural resources including
54 commercial fishing, sport fishing, wildlife tourism, world-class scenery, and general tourism;
55 visitors from around the world flock to Homer for wildlife, fishing and pristine, unspoiled
56 landscapes; and

57

58 WHEREAS, Homer is ranked approximately #55 Fishing Port in the United States by
59 value; on annual economic basis it sees substantial commercial landings (e.g., 6.7 million
60 pounds in 2016), substantial commercial revenues (e.g., \$18.1 million in 2016), and
61 substantial tax revenue generated from commercial fisheries businesses (> \$43,000 in 2017);
62 and

63

64 WHEREAS, Commercial fishing taxes are anticipated in fiscal budgeting and critically
65 needed for City of Homer operations including Port & Harbor; and

66

67 WHEREAS, Unlike other ports, Homer is positioned near and within common fishing
68 grounds, so that any activity by PWC directly impacts activities by commercial fishermen; and

69

70 WHEREAS, Personal watercraft operations deleteriously interfere with commercial
71 fishing activities, driving salmon away from active setnets and open seines, and create
72 underwater torrents of jet-bubbles, which are known to scare off and change course of
73 traveling salmon (cf. “plunge poles” used discretely in seining) as well as produce multi-
74 directional, high-frequency bursts of noise that impact fish at shallow water depths; and

75

76 WHEREAS, Noise generated by PWC is multi-directional in character, can be a
77 nuisance to wildlife, may cause harm to marine mammals, may destroy habitat and cause
78 resident and migratory species to flee the area; U.S. National Parks have identified noise
79 sources as being destructive to the environmental maintenance of their protected habitats;
80 and

81

82 WHEREAS, Noise generated by PWC is multi-directional in character, and can readily
83 distract operations of commercial and sport fishing, boaters, activities by tourists and others
84 can create unsafe conditions that lead can to injury, death – particularly within mixed-use

85 maritime regions of Kachemak Bay that, for example, may already involve interactions
86 among float planes, sea kayakers, boaters, sport and commercial fishermen; and

87
88 WHEREAS, Numerous businesses within and around the City of Homer were founded
89 on and rely critically upon the preservation and sustainability of natural resources
90 surrounding the Homer Area; many small businesses such as wilderness lodges and wildlife
91 tours have branded business to successfully and dependably attract customers who seek
92 quiet tourism (such as sea kayaking while identifying seabird calls); and

93
94 WHEREAS, Homer is a gateway community with access to deep, blue-colored waters
95 of Lower Cook Inlet, Fox River Flats and Kachemak Bay Critical Habitat Areas, Kachemak Bay
96 State Park, and several National Parks; tourism activities to these locations tend to begin at
97 Homer; and

98
99 WHEREAS, Founded in 1970 Kachemak Bay State Wilderness Park was the first State
100 Park to be established within the Great State of Alaska, and to this date remains the State's
101 only officially designated Wilderness Park; and

102
103 WHEREAS, The City of Homer has urged the State of Alaska to prohibit the use of PWC
104 in Kachemak Bay and Fox River Flats critical habitat areas since 1999 through substantial
105 scientific conclusion and ultimately the adoption of Resolution 99-111; and

106
107 WHEREAS, Resolution 99-111 stated that "extensive research from around the country
108 demonstrates that personal watercraft pose threats to waterfowl, seabirds, shorebirds,
109 marine mammals, other wildlife, and their habitat; cause excessive noise and water
110 pollution; create increased accident rates and user conflicts and could have a negative
111 impact on Homer's visitor industry;" and

112
113 WHEREAS, Since the passage of 99-111, Homer has observed ADFG's periodic studies
114 and assessments have reached the same conclusion, upholding the PWC ban; and

115
116 WHEREAS, Since 1999 Homer Area businesses have prospered by being positioned
117 along the singular, unique waterway in the State of Alaska that explicitly bans PWC; such
118 business branding and reputation for "serene settings" has led to business and residential
119 investment and given Homer unique status for facilitating future economic growth; and

120
121 WHEREAS, Kachemak Bay and Fox River Flats are local, national, and international
122 treasures, providing important recreational and economic opportunities for local residents;
123 Homer has demonstrated sustainable levels tourism by attracting tens of thousands of
124 visitors each year who support a broad range of local businesses and; and

125

126 WHEREAS, Existing jobs and businesses in Homer are directly and immediately
127 threatened by this economically thoughtless proposal; and

128
129 WHEREAS, City of Homer does not appreciate having its greater operational economy
130 and established fiduciary strategy threatened by its own State and Governor’s Office, from
131 which the platform “open for business” seems to rely on destroying scores of existing, multi-
132 generational, and substantially profitable businesses in exchange for a grossly inferior
133 economy based on, at most, sales of personal watercraft from a single store; and

134
135 WHEREAS, The City of Homer hopes the State of Alaska, in the future, will
136 cooperatively work with the City and local stakeholders on issues that impact Kachemak Bay
137 and Fox River Flats through mechanisms like the Kachemak Bay Critical Habitat Area
138 Management Plan rather than use an overtly undemocratic, un-American, top down
139 approach that does not provide adequate time or information for informed public input nor
140 follows legal and State procedures governing change in public policy.

141
142 NOW, THEREFORE, BE IT RESOLVED that the Homer City Council hereby opposes the
143 State’s repeal of Alaska Admin Code 5 AAC 95.310, which would remove the prohibition on
144 personal watercraft use in the Fox River Flats and Kachemak Bay Critical Habitat Areas.

145
146 PASSED AND ADOPTED by the Homer City Council this ___ day of _____, 2020.

147
148 CITY OF HOMER

149
150
151 _____
152 KEN CASTNER, MAYOR

153 ATTEST:
154
155
156 _____
157 MELISSA JACOBSEN, MMC, CITY CLERK

158
159 Fiscal information: N/A

01/10/2020

Re: Personal Statement on the Personal Watercraft Ban

I am in support of doing away with the ban on personal watercraft in the Kachemak Bay and we are not apart of the Kachemak Bay we are apart of the Lower Cook Inlet and Seldovia Bay.

A handwritten signature in cursive script, appearing to read "John Colberg".

John Colberg

Council Member

From: kzinck@alaska.net
To: [Heidi Geagel](#)
Subject: Letter of Support Requested by PWSRCAC
Date: Wednesday, January 8, 2020 1:06:02 PM
Attachments: [2020 Recert request Ltr to SCC 1-8-2020.docx](#)
[Sample base text for letter of support.docx](#)
[2017 Seldovia Recert Support Letter.pdf](#)

Hello Heidi,

I have attached a letter that requesting support from the City of Seldovia for the PWSRCAC.
In addition there are two attachments that provide sample text for a letter of support.

Would you please distribute these items as appropriate?

and

Can you schedule this item for consideration at the upcoming city council meeting?

If you need something else, in relation to this request, please ask.

Thanks for your assistance.

Kirk

January 8, 2020

To: Cassidi Cameron, Seldovia City Manager
Dean Lent, Seldovia Mayor
Members of the Seldovia City Council

From: Kirk Zinck, Seldovia Representative
Prince William Sound Regional Citizens' Advisory Council

Each year, the U.S. Coast Guard (USCG) is required to review the certification for the Prince William Sound Regional Citizens' Advisory Council (PWSRCAC) under the Oil Pollution Act of 1990. Every three years, of which this is one, a more extensive application process is conducted, followed by a public comment period.

In November, PWSRCAC submitted our application for review and the public comment period has now opened. **It is extremely important that the USCG hears from our member organizations, partners, and the public during this process and we are hoping City of Seldovia would be willing to provide a letter of support.**

The letter doesn't need to be long – just a few paragraphs emphasizing how important the work of PWSRCAC is to preventing oil spills like the Exxon Valdez and ensuring a prompt, effective cleanup should a similar event happen in the future.

For your reference I have attached some sample text, plus a letter of support written by the Seldovia City Manager in 2017.

Letters must reach the USCG by **February 10, 2020**, by email to LT Ian McPhillips at Ian.P.McPhillips@uscg.mil or by mail addressed to:

***Commander, 17th Coast Guard District (dpi)
PO Box 25517
Juneau, AK 99802
Attn: LT Ian McPhillips
Inspections & Investigations***

Letters should reference **DOC NUMBER USCG-2019-0946**, which is the document number of the Coast Guard's Federal Register notice about our recertification.

If you have any questions, please contact me or our Director of Communications, Brooke Taylor (brooke.taylor@pwsrcac.org or 907-273-6228), who is organizing our recertification efforts.

Thank you for considering our request,

Kirk Zinck
Seldovia Representative, PWSRCAC
kzinck@alaska.net
907-234-7655

Attachments: Sample base text for letter of support.
Letter of support from Tod Larsen, City Manager, written in 2017.

Sample base text for letter of support:

The [organization] supports recertification of the Prince William Sound Regional Citizens' Advisory Council (PWSRCAC).

The PWSRCAC was established after the Exxon Valdez oil spill and has worked diligently since then to fulfill its mission: citizens promoting environmentally safe operation of the Alyeska terminal and associated tankers.

PWSRCAC works with industry and regulators to ensure response readiness, evaluate risks, and propose solutions. We hope you will recertify PWSRCAC as the citizens' advisory group for Prince William Sound.

Examples of PWSRCAC work that can be referenced:

Monitoring and review of marine services transition: The oil tanker escort system in Prince William Sound is an essential oil spill prevention measure that reduces the risk of another catastrophic event such as the 1989 Exxon Valdez oil spill. In 2018, after several years of preparatory work, Edison Chouest Offshore took over as the marine services contractor for Alyeska's Ship Escort/Response Vessel System, known as SERVS. Under this contract, Edison Chouest now provides key oil spill prevention and response assets for the Valdez Marine Terminal and associated oil tankers operating in Prince William Sound. The Council has monitored, evaluated, and provided advice on many components of this transition, including new vessels and technology, training, exercises, and other concerns.

Environmental monitoring: PWSRCAC continues its Long Term Environmental Monitoring Program (LTEMP), initiated in 1993. The council also supports citizen-based monitoring efforts in its region, particularly for the European green crab and invasive tunicates. In June 2019, working with the Prince William Sound Science Center, the Council sponsored an aerial survey of PWS for forage fish including herring, sandlance, capelin, and eulachon (smelt). These forage fish species are critical components of the Prince William Sound marine ecosystem. Similar fish survey work has been conducted since the 1990s and the Council plans to continue this work at least through 2022. The forage fish location information from the June 2019, historic, and future surveys can be used to identify environmentally sensitive areas in the event of an oil spill in the region.

Monitoring of cleanup drills and spill response: PWSRCAC devotes considerable effort to monitoring drills, exercises, and training events, as well as to the responses to actual incidents, which fortunately are relatively rare in Prince William Sound. Staff often participate as a member of drill planning teams along with ADEC, USCG, and industry, and drill monitoring reports are prepared by staff and contractors. Two significant oil spills occurred from the Valdez Marine Terminal in the past three years, one in September 2017 and another in February 2018. After each of those spills, Council staff, Board members, and volunteers worked with Alyeska staff to understand why these spills occurred, and how Alyeska would prevent

similar incidents in the future. In addition to verbal communications, after each spill Alyeska wrote investigation reports that were provided to and reviewed by the Council.

Piping and tank inspections monitoring and advocacy: PWSRCAC continues to monitor piping and tank inspection work and advocate for increased frequency and increased technical rigor regarding the maintenance of aging terminal piping and storage tanks and other associated crude oil infrastructure. This is essential for the continued safe spill-free operation of these Valdez Marine Terminal assets into the future.

Oil Dispersant Guidelines: PWSRCAC worked extensively for decades to conduct much needed oil dispersants research. PWSRCAC has also provided substantial assistance and input into the multi-year development of updates to new dispersant usage guidelines, and most recently our outreach to stakeholders throughout the EVOS region to increase public awareness of the ARRT's identification of dispersant use avoidance areas. In 2018 and 2019, the Council also facilitated a literature review of scientific studies about chemical dispersants.

Monitoring Weather in Prince William Sound: In 2018-2019, PWSRCAC worked with regional partners to deploy new weather buoys at two locations in Port Valdez: the Alyeska Valdez Marine Terminal and the Valdez Duck Flats. Partners included Alyeska, the Prince William Sound Science Center (PWSSC), the City of Valdez, Prince William Sound Aquaculture Corporation, and Valdez Fisheries Development Association. These buoys will improve understanding of weather conditions in Port Valdez that could affect marine vessel safety and movement of spilled oil, as well as help with decisions regarding the timing of protecting environmentally sensitive sites in the area. The installation has been permitted by several agencies and facilitated by the USCG in granting the Council access into the marine security zone that borders the terminal.

Fishing vessel oil spill training outreach: Over the past several years, PWSRCAC has received extensive positive feedback on a project, in conjunction with Alyeska/SERVS staff, to share the fishing vessel program's annual oil spill training with local citizens. PWSRCAC charters a passenger vessel out of regional communities which take youth and residents to learn about SERVS' oil spill training for local fishermen and mariners. This project is being supported in future years in other communities within PWSRCAC's region due to its great success.

Review of Valdez Marine Terminal and Prince William Sound Tanker Oil Spill Contingency Plans: As part of our OPA 90 mandate, PWSRCAC reviews and comments on changes to oil spill prevention and response plans that cover the Valdez Marine Terminal and tankers that transit Prince William Sound. PWSRCAC participates in a workgroup consisting of industry, regulators, and stakeholders, which meets on a quarterly basis to discuss conditions of approval and improvements to the terminal plan. Additionally, PWSRCAC participates on drill and exercise design teams with industry and regulators that test response readiness.

Potential Places of Refuge: In 2019, the Council released a report evaluating Potential Places of Refuge (PPOR), focusing on those suitable for use by crude oil tankers transiting PWS. This

project was initiated from work originally done in 2004, when the Council partnered with ADEC to develop a matrix listing potential places a vessel in distress could be taken that could provide it shelter. The work was further continued in 2015, using the AVTEC Maritime Training Center and experienced marine pilots to reevaluate these sites. Evaluation of these PPORs showed that there are only three sites available that would allow for the safe anchoring of a distressed tanker. The final report and its recommendations were forwarded to the ARRT and NOAA for their consideration.



City of Seldovia

P.O. Drawer B, Seldovia, Alaska 99663
Phone: (907) 234-7643, Fax: (907) 234-7430
Email: citymanager@cityofseldovia.com

Commander, 17th Coast Guard District (M)
PO Box 25517
Juneau, AK 99802
Attn: Lt. Patrick Grizzle, Inspections & Licensing
Re: PWSRCAC Recertification

Greetings Lt. Grizzle,

I am writing today on behalf of the Council of the City of Seldovia. At the meeting of Feb. 8, 2017, the Council unanimously voted to recommend the recertification of the Prince William Sound Regional Citizens' Advisory Council.

It is the Council's belief the PWSRCAC promotes valuable, environmentally safe operation of the Valdez Marine Terminal and the oil tankers that use it. Established after the Exxon Valdez oil spill, PWSRCAC has worked diligently to maintain safe oil transport in Prince William Sound ensuring the health of the environment and the industries which are supported by the pristine waters of the Sound.

Below are a few points the Council of the City of Seldovia believe to be of upmost importance to continue with the recertification of PWSRCAC;

Fishing vessel oil spill training outreach: This past year, PWSRCAC piloted a project, in conjunction with Alyeska/SERVS staff, to share the fishing vessel program's annual oil spill training with local citizens. PWSRCAC chartered a passenger vessel out of Seward which took over 90 local youth and residents to learn about SERVS' oil spill training for local fishermen and mariners. This project is being supported in future years in other communities within PWSRCAC's region due to its great success.

Review of tug and escort system technologies and marine services transition: PWSRCAC efforts to identify and advocate for the newest safety and capability standards for the tug escorts and other vessels associated with preventing or responding to oil tanker accidents, are exemplary, timely, and merit the strongest consideration for implementation by both industry and cognizant regulatory agencies. This has never been more important than now, as the marine services transition from Crowley Maritime to Edison Chouest Offshore proceeds through 2018.

Environmental monitoring: PWSRCAC continues its Long Term Environmental Monitoring Program (LTEMP), initiated in 1993. The council also supports citizen-based monitoring efforts in its region, particularly for the European green crab and invasive tunicates. This summer, PWSRCAC placed settling plates in Port Valdez to collect bottom dwelling organisms to monitor for invasive species. Additionally, they also worked with the Smithsonian Environmental Research Center to perform underwater surveys of local piers and harbors to look for marine invasive species, and educate citizens in the identification and effects these species can have on aquatic ecosystems.

These are only a few of the many important projects the PWSRCAC provides as well as working with industry and regulators to ensure response readiness, evaluate risks, and propose solutions. We hope you will recertify PWSRCAC as the citizen's advisory group for Prince William Sound.

Thank you for your time and consideration on this matter,



Tod Larson
City Manager
City of Seldovia



www.cityofseldovia.com

P.O. Drawer B Seldovia, Alaska 99663 Phone: (907) 234-7643, Fax: (907) 234-7430 email: citymanager@cityofseldovia.com

City of Seldovia
Water Shortage Management Plan
DRAFT

Findings:

- A. In order to maintain a supply of safe, treated water for the City of Seldovia's citizens and businesses and to meet fire protection needs during periods of either low water supply or high water use, it is necessary to implement a water shortage management plan which identifies specific actions to be taken by the City of Seldovia to manage water available for distribution.
- B. The City of Seldovia has limited water storage capacity. The maximum capacity of the reservoir is estimated at 16.0-acre feet (5.21 million gallons). The average ("normal") capacity of the reservoir is 11.2-acre feet (3.65 million gallons). Of that _____ is usable. The storage tank located at the water treatment plant property holds 500,000 gallons of water, with tank level at 22 feet.
- C. Seldovia is located in a temperate climate with an average annual rainfall of 44 inches. Drought conditions periodically occur and practices to conserve water are necessary.
- D. High demand coupled with drought conditions and/or water system constraints may reduce water available to Seldovia's water supply system to the point of creating a water shortage;
- E. The City of Seldovia has developed a water shortage management response plan that is a layered contingency plan that provides for a systematic response, restricting customer water use, and moderating water waste to meet the essential needs of the community.
- F. It is necessary to provide the City of Seldovia staff with flexibility to implement measures to restrict water use as deemed appropriate to conserve the water

supply of the City of Seldovia, to protect the health, safety and general welfare of the citizens during periods of potential water shortage.

Purpose and Intent:

It is the purpose and intent of this part to proactively establish procedures for systematically managing water demand through conservation measures and measures designed to limit water use during a system constraint or hydrological-related shortage. The procedures listed in this part are designed to be used during atypical and irregular events, and are not intended for use as a substitute for developing water supply projects.

Waste of Water Prohibited:

No water conservation shall allow, permit or cause the waste of water, which shall include any use of water in violation of this part.

Authorization:

- A. The City Manager, along with the Public Works Director and Water Department staff are authorized to enforce this part.
- B. The City Manager may declare a Stage I, Stage II or Stage III shortage when either a hydrologic or emergency shortage exists as defined below:
 - 1. Hydrologic Shortage: a hydrological shortage exists at a point that the draw down from the reservoir exceeds the input from the watershed
 - 2. Emergency Shortage: an emergency shortage exists when conditions such as storage tank levels, operational constraints, infrastructure failure, natural disaster, regulatory issues or other factors hinder the City's ability to meet customer water demands.
- C. The City Manager may propose and implement additional water shortage response measures, beyond those contained in this part, or modify existing water shortage response measures, as deemed necessary.

Action for Hydrological Shortage:

If the total reservoir system storage is projected to be below _____ of demand, then City of Seldovia staff will conduct an analysis. The analysis will consider system demands, water supply indicators such as long-range weather forecasts, snowpack, precipitation, temperature, evaporation, stream flow, soil moisture, projected storage levels, operational constraints, and risk tolerance. If the analysis reveals a substantial risk of shortage, then the results will be reported to the City Manager with a recommendation for implementation of water shortage response

measures, including declaration of a Stage I, Stage II, or Stage III shortage as listed in this part.

Action for Emergency Shortage:

If an emergency shortage exists when conditions such as reduced storage tank levels, operational constraints, infrastructure failure, natural disaster, regulatory issues, fire risk or other factors hinder the City's ability to meet customer water demands, then the results will be reported to the City Manager with a recommendation for implementation of water shortage response measures, including declaration of a Stage I, Stage II, or Stage III shortage as listed in this part.

Public Awareness for Conservation Measures:

The Water Department continually monitors water levels. Prior to Stage I or preceding periods of known, high demand, the City will increase public communication and education efforts aimed at water conservation and, will encourage the community to conserve water wherever possible in the hopes of thwarting a Stage I watch measure.

Stage I Shortage (WATCH – YELLOW ALERT):

A Stage I shortage may be declared when the Water Department and Public Works Director inform the City of Seldovia Manager that the analysis required under section Authorization, part B of a water shortage indicates that proactive measures should be taken to avoid or reduce the severity of a shortage. During a Stage I shortage, the City of Seldovia will increase public communication and education efforts aimed at water conservation and will encourage the community to conserve water wherever possible.

Stage I, in relation to water storage tank levels, will automatically be triggered when the tanks' levels fall below a sustainable level of _____ Feet _____ days.

During a Stage I shortage, water customers are encouraged to follow the voluntary water conservation measures set forth below:

- A. Water landscaped areas and/or gardens only between the hours of 5:00 a.m. and 8:00 a.m.
- B. Do not use water to clean outdoor hard surfaces such as sidewalks, walkways, driveways, decks and patios, with a hose that lacks an active positive shut-off nozzle.
- C. Do not wash motor vehicles, trailers, boats and other types of equipment with a hose that lacks an active positive shut-off nozzle.
- D. Repair or disable any detectable water system line, component, or plumbing fixture that is leaking or damaged, as soon as possible.

- E. Restaurants, hotels, cafes, or other public places where food is sold, served or offered for sale, are encouraged not to serve drinking water from the tap unless expressly requested by a patron.

During a Stage I shortage, major water customers will be required to follow the mandatory water conservation measures set forth below:

A. Major industrial and commercial water customers using water for their business operations shall submit a water conservation plan to City of Seldovia staff which identifies measures to be implemented at each of the three stages of water shortage, and shall begin implementing Stage 1 measures. The industrial or commercial user must develop, maintain on site, and comply with a water conservation plan that demonstrates optimal use of water. This plan must be available for review and approval upon request by the City of Seldovia at all reasonable times. At a minimum, these customers shall include city dock services (including AMHS, commercial fishing vessels and bulk water sales) and all harbor facilities.

B. Commercial water sales to Alaska Marine Highway, large vessels or commercial boats, or other large purchases for use outside of the water enterprise fund service area, shall be prohibited.

STAGE II SHORTAGE (WARNING – ORANGE ALERT):

A Stage II shortage may be declared when the Water Department and Public Works Director inform the City of Seldovia Manager that the analysis required under section Authorization, Part B of a water shortage indicates that the Stage I response is insufficient to reduce demands to a level in proportion to the severity of the shortage.

Stage II, in relation to water storage tank levels, will automatically be triggered when the tanks' levels fall below a sustainable level of **20 feet for a period of three days**.

The following restrictions on the use of water by water customers and water conservation measures shall be in effect, required and enforced during a Stage II shortage:

- A. Outdoor landscape watering is prohibited.
- B. Washing of sidewalks, walkways, patios, driveways, rights of ways, decks, parking areas or other hard surfaces is prohibited. Power washing shall only be used for protection of public health, safety or welfare.
- C. Washing of motor vehicles, trailers, boats and other types of equipment shall be prohibited. Vehicles contained in commercial operation or fleets may be washed if public safety requires it.
- D. No water customer shall fail to repair or disable any detectable water line, water system component, or plumbing fixture that is leaking or damaged, within 48-hours of discovery. Failure to comply shall cause the water service to be shut-off by the City of Seldovia until such repairs are made.

E. Filling or refilling any outdoor water feature or hot tub shall be prohibited.

F. No restaurant, hotel, cafe, or other public place where food is served, or offered for sale, shall serve drinking water from the tap, unless expressly requested by a patron.

G. Industrial and commercial water customers, in particular ports and harbor's industrial facilities, seafood processors, and dock-fueling stations may utilize water for their business operation needs according to their business' previously submitted water conservation plan. The City of Seldovia will require periodic reporting by the customer to demonstrate optimal use of water and to help project water shortage trends.

If Stage II water shortage is related to reduced storage tank levels, industrial and commercial water customers shall have water flow reduced by 25% of the water service limits, in coordination with the customers, to assist in recovering water levels in the storage tanks. Throttling will be monitored and only implemented as long as necessary.

H. City of Seldovia Facilities:

1. All boat harbors shall have all individual boat slips' water service discontinued.
2. The Fire Department will be notified of the reduced service, allowing them to implement an alternative fire response plan.
3. The Swimming Pool shall have limited hours of water service.

STAGE III SHORTAGE (CRITICAL – RED ALERT):

A Stage III shortage may be declared when the Water Department and Public Works Director inform the City of Seldovia City Manager that the analysis required under section Authorization, Part B of a water shortage indicates that the Stage II response is insufficient to reduce demands to a level in proportion to the severity of the shortage.

Stage III, in relation to water storage tank levels, applies when the tanks' levels fall below a sustainable level of 15 feet for a period of three days.

In addition to the Stage II restrictions and water conservation measures set forth above, the following restrictions on the use of water by water customers shall be in effect and required during a Stage III shortage:

A. All outdoor use of water is prohibited.

B. Any water customer found to have a leak or damaged water line, water system component, or plumbing fixture shall have water service disconnected until such repairs are made.

C. Industrial and commercial water use shall be reduced by an amount, to be determined by the Borough, in relationship to the severity of the shortage. If Stage III water shortage is related to reduced storage tank levels, industrial and commercial water customers shall have water flow reduced by a further 25% of

the water service limits (total of 50% at Stage III), in coordination with the customers, to assist in recovering water levels in the storage tanks. Throttling will be monitored and only implemented as long as necessary.

D. City of Seldovia Facilities:

1. Dock and Harbor Facilities (all Boat Harbors, City Dock and the Boat/Vessel Washdown Facility) shall have water service discontinued as long as necessary.
2. The Fire Department will be notified of the reduced service, allowing them to implement an alternative fire response plan.
3. Multi-Purpose Building: services housed within MPB may be abbreviated as necessary

DURATION OF WATER USE RESTRICTIONS:

The City of Seldovia will regularly evaluate the estimated supply of water available to the water system in an effort to determine whether it is necessary to continue the water use restrictions of a declared stage or level. Stages and levels may be declared in accord with this chapter and, if water supply conditions warrant, the City of Seldovia Manager may either downgrade or withdraw a declaration of a Stage I, Stage II, or Stage III shortage. Updates regarding water status and restrictions will be posted regularly on the City's website to maintain community communication.

EXCEPTIONS:

- A. Water customers may use water when a critical need is approved by the City of Seldovia Manager, which may include when water use is essential to protect public health, safety or welfare, or when water use is related to a commercial activity and disruption would cause economic harm.

ACCESS TO PREMISES:

Whenever necessary for the purposes of investigating any alleged violation of this part, the City of Seldovia shall have the power, upon the presentation of proper credentials, to enter and inspect at any reasonable time, and in any reasonable manner, the exterior of a water customer's premises. If entry to or inspection of the premises is denied or not promptly permitted, the City of Seldovia is authorized to terminate the water customer's water service to the premises, for willful violations of mandatory restrictions and regulations in this chapter, until the required inspection is made and the City of Seldovia is satisfied that a water waste situation does not exist.

LIABILITY:

Each water customer shall be responsible for compliance with this part with respect to the water customer's premises, and shall be responsible for applicable charges for noncompliance with this part. In the event of an alleged violation of this part, proof of the existence of a declared water shortage and proof of any violation of any restriction set forth in this part, together with proof that the violation originated at any water customer's premises, shall constitute a rebuttable presumption that the water customer is responsible for the violation.

VIOLATIONS AND CHARGES:

A. Every law enforcement officer having jurisdiction in the Seldovia area shall have the authority to enforce the provisions of this section. In addition, the City of Seldovia Manager may also delegate enforcement responsibility for this section to other agencies and departments of city government, utilizing a variety of enforcement methods, including but not limited to, conducting customer education, issuing warnings and the addition of charges to water bills. The City of Seldovia Manager shall determine the stage of shortage at which the addition of charges to water bills will be used as an enforcement mechanism.

B. In the event the City of Seldovia determines that an observed violation of this part has occurred on a water customer's premises during a Stage II, or Stage III shortage, the water customer may be subject to the following:

1. For a first observed violation of a Stage II, or Stage III restriction as set forth in this chapter, the City of Seldovia shall notify the water customer in writing of the violation and issue a written warning to the water customer. Enforcement officials shall provide violators with no more than one written warning. Each day in violation of this section shall constitute a separate offense.

2. For a second and any subsequent observed violation of a Stage II restriction as set forth in this chapter, the City of Seldovia shall notify the water customer in writing of the violation and shall add a two hundred and fifty-dollar (\$250.00) charge to the water bill for the premises. Each day in violation of this section shall constitute a separate offense.

3. For a second and any subsequent observed violation of a Stage III restriction as set forth in this chapter, the City of Seldovia shall notify the water customer in writing of the violation and shall add a five hundred-dollar (\$500.00) charge to the water bill for the premises. Each day in violation of this section shall constitute a separate offense.

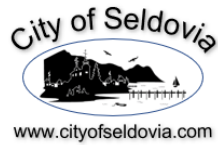
C. For repeated observed violations of this part occurring during any Stage II or Stage III shortage, the City of Seldovia may, in its discretion:

a) disconnect water service to the premises for which the violations occurred in accord with the code of the utility; or b) restrict water flow to the water customer at the premises at which the violations occurred. Any flow restriction shall remain in place for a period determined by the Borough, based upon the severity of the violation as well as the applicable declared stage.

- D. Whenever the City of Seldovia finds a water customer to be in violation of this part, a notice of violation must be issued. Every reasonable effort will be made to notify the water customer of the violation, and a notice requiring the customer to cease the violation and take remedial action will be posted at the point of entry into the property. Failure to comply may result in temporary termination of water service pursuant to applicable water codes.
- E. The notice of violation must be served upon the water customer by fixing the notice to the premises of the water customer in a conspicuous place, by personal delivery, or by sending the notice electronically or by U.S. mail. If sent electronically or by mail, service shall be deemed complete upon sending or mailing. Service of the notice of violation by affixation has the same force and effect and is subject to the same penalties for disregarding a notice, as if the notice of violation were personally served on the water customer. For purposes of this part, a person who is of full legal age and who resides at the premises is deemed to be the agent of the water customer to receive a notice of violation.
- F. Whenever a water customer fails to correct a violation within the correction period set forth on a notice of violation, this failure to correct shall constitute an additional violation.
- G. Any charge assessed pursuant to this chapter shall be collectible in the same manner as a water charge under the water rates related to the Seldovia Water Department, and if unpaid, water service for the premises may be discontinued in accord with the Borough's codes.
- H. Any charge assessed an industrial or commercial user, pursuant to this chapter, shall be equal to three (3) times the applicable charge.

DISPUTE RESOLUTION:

Any water customer's dispute with the City of Seldovia concerning this part shall first be addressed through review by the City of Seldovia Manager. If the review by the City of Seldovia Manager does not resolve the dispute, the water customer may, within five days of the demand made upon them for the water shortage violation, demand a hearing before the City of Seldovia Assembly on this matter. The City of Seldovia City Council shall, after receiving a report from the City of Seldovia City Manager of water shortage violation charges, afford an opportunity for such hearing and shall make a determination to uphold, alter or remove the water shortage violation charges. Any remaining violation charges shall be collected according to standard City of Seldovia collection procedures.



P.O. Drawer B Seldovia, Alaska 99663 Phone: (907) 234-7643, Fax: (907) 234-7430 email: citymanager@cityofseldovia.com

To: Mayor Lent and Seldovia City Council
From: Cassidi Cameron
Subject: City Manager's Report
Date: January 13, 2020

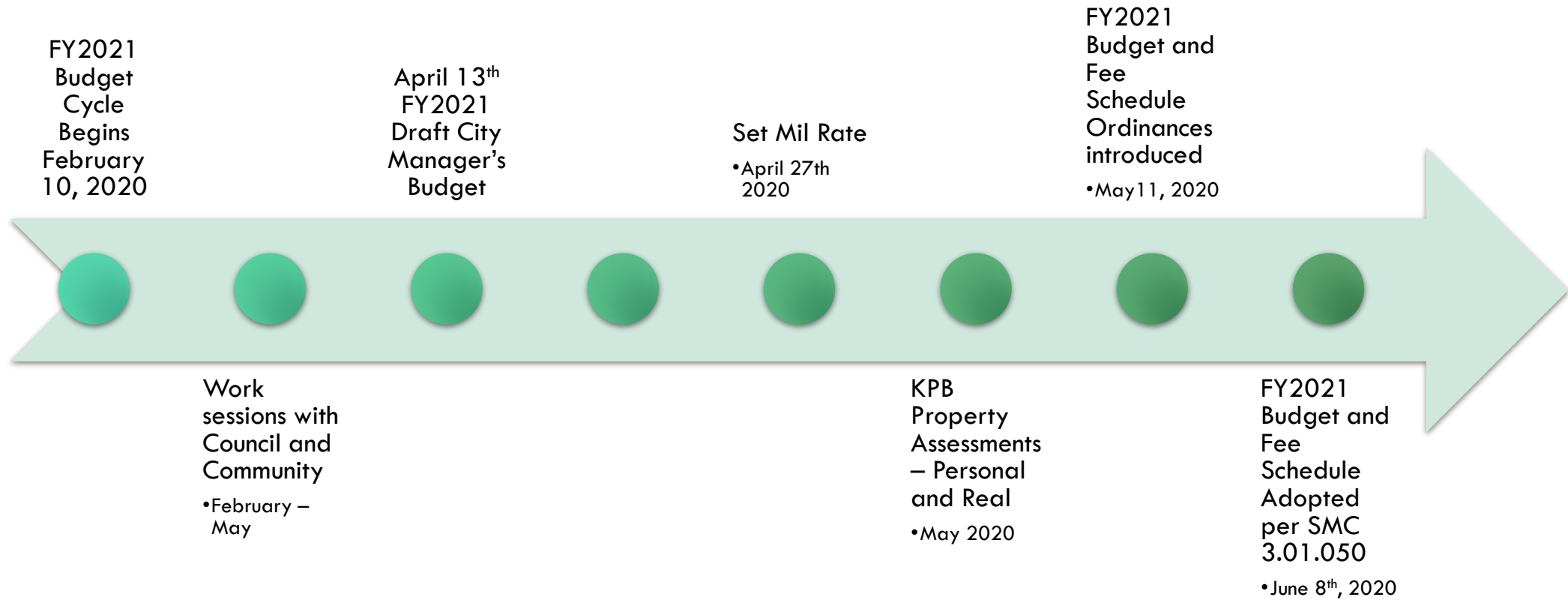
CITY MANAGER REPORT

- FY2021 Budget Season
- AML AMHS Caucus – AMHS Advocacy, House Transportation Committee Juneau January 21, 2020
- 2020 Alaska Counts Census Outreach
- DOT Memorandum of Agreement Amendment: data collection
- SVFD and BHVFD Memorandum of Agreement and Mutual Aid Agreement development
- Seldovia Space – Update
- LED Indoor Light Conversion Plan – Phase I: Rescheduled TBD
- Remote Sellers Sales Tax Commission
- Economic Development for Seldovia;
 - How can we collaboratively develop an economic plan for Seldovia's future?
 - Involve Seldovia Chamber of Commerce, Seldovia Village Tribe, KPEDD, Homer Chamber of Commerce? Others?
 - How will the plan coincide with our Comprehensive Plan?
- KPEDD Industry Outlook Forum
- Land Use Management Plan
- Harbor Parking Lot Plan

City Department Projects:

- Right Of Way clearing of fallen trees project plan– Public Works Department
- Harbor Float and Finger Repair Plan – Small Boar Harbor and Jakalof Harbor
- Water Infrastructure Projects
 - Water line repair plan development
 - Main Street around 275 Main Street
 - Dock Street at hydrant
- Personnel Policy Development
- City Document and Archive Project

FY2021 BUDGET CYCLE TIMELINE



FY2021 WORK SESSIONS

Proposed Budget Work Sessions

•February 10th 2020:

- 4:00pm Multi-purpose Room
- Overview of Budget Position as of January 31st 2020, Set budgetary Goals for FY2021

•February 24th 2020:

- 4:00pm Multi-purpose Room
- Fee Schedule Overview, A look at Special Revenue Funds – Revenues and Expenditures

•March 9th 2020:

- 4:00pm Multi-purpose Room
- Fee Schedule continued, General Fund Revenues and Expenditures; Mil Rate Deep Dive

•March 23rd 2020:

- 4:00pm Multi-purpose Room

•April 9th 2020:

- 4:00pm Multi-purpose Room -
- FY2021 City Manager Proposed Budget DRAFT

DEPARTMENT HEADS — BUDGET MEETING

This meeting will require the department heads to meet with City Manager and Finance Officer to analyze current budget as well as the upcoming FY21 budget.

Topics of discussion will include lists of necessary operating supplies, materials, tools, possible projects that will be included in the FY21 expenditures for that department. It is vital for the success of an accurate and realistic budget.

Meeting Date: January 30th 2020; additional meeting dates may be required.

IMPORTANT DATES DURING FY2021 BUDGET CYCLE

February 10th 2020: Marks the beginning of FY2021 Budget Cycle

Work Sessions: February – May; will be held prior to regular council meetings, see schedule for details

March 23, 2020 Regular Council Meeting: FY2021 Fee Schedule DRAFT

April 13, 2020: City Manager Draft Budget

April 27, 2020: Mil Rate Set By Resolution

May 11, 2020: Introduction FY2021 Fee Schedule Non-Code Ordinance and FY2021 Budget Non-Code Ordinance

June 8, 2020: FY2021 Fee Schedule Ordinance and FY2021 Budget Ordinance Adoption

From: Robert Venables <robert@seconference.org>
Date: December 31, 2019 at 4:45:21 PM AKST
To: Robert Venables <robert@seconference.org>
Subject: Fwd: Juneau Empire AMHS Corp

Greetings AMHS Reform stakeholders and steering committee:

It has been a frustrating year for everyone involved with AMHS. But if ever there was a time for us to be engaged to reform and save AMHS, that time is now. We are still waiting for the Northern Economics report but expect it prior to the MTAB meeting on January 15 (info on that meeting below). Once those findings are known, we can then work with the Administration and Legislature to move forward toward a more certain future.

It will likely be a two-pronged track of work: (1) continuing to develop the long-range plan for a public corporation which will involve legislative action and new vessels - both of those tasks likely taking years to set in motion and accomplish, which makes it even more important to (2) work quickly and diligently on a "triage-track" that helps businesses and communities grapple with the continuing disruption and higher costs to stay connected and conduct commerce over the next 2-5 years? We will need input from each of you and your communities to understand those service gaps and critical base level of service needed (and develop possibly creative solutions). My hope is to develop a scope of work over the next few weeks that will assist in each of these 2 tasks.

The Southeast Conference Mid-Session Summit will be in Juneau on February 4-5 and we will discuss what those needs are. The AMHS Reform initiative has the very best marine and economic consultants along with each of you (individuals, businesses, community leaders and legislative champions), which gives the effort hope. The body of work created over the last 4 years is credible and actionable (which could not be done without the active participation from AMHS management AND labor). We will continue to refine that work and propose the best path forward and network across the state to produce the support needed to sustain the political will to accomplish what needs to be done. Thanks to you all for the ongoing efforts. In just the last few months we have added resolutions of support from AFN, the Alaska State Chamber of Commerce, ATIA and support from the Alaska Municipal League. We will need to continue these types of efforts as we head into the legislative session.

At the bottom of this email is a recent article that is well written and summarizes our work with the acknowledgment that the status quo is unacceptable. We are committed to continue the work and wanted to take a moment as this year ends to thank each of you for the role you have played - and continue to play in support of AMHS.

Thank you. Wishing you all the best in the coming year.

Robert Venables
Southeast Conference

The Marine Transportation Advisory Board will be holding a board meeting in **Anchorage**, Alaska on **January 15, 2020**. The meeting will take place at **Ted Stevens Anchorage International Airport**.

Address: 4600 Postmark Drive, North Terminal
McKinley Conference Room, 3rd floor
North Terminal, Ted Stevens Anchorage International Airport
Anchorage, AK

The meeting will begin at **9:30 a.m.** with a lunch break from 12 p.m. - 1 p.m. Members of the public are welcome to attend in person or via teleconference.

To access the meeting via teleconference please call:
1-800-315-6338 and use conference code 3905#.

Recent (bad) news - <https://www.ktoo.org/2019/12/20/gov-dunleavys-ferry-budget-will-provide-significantly-less-service/>

Former Gov. Murkowski wrote this editorial for today's
ADN: <https://www.adn.com/opinions/2019/12/31/through-the-fog-a-case-for-the-alaska-ferry-system/>

<https://www.juneauempire.com/news/can-a-public-corporation-save-the-marine-highway-system/>



The Alaska Marine Highway System's Tazlina sits at the Auke Bay Terminal on Monday, Dec. 9, 2019. (Michael Penn | Juneau Empire)

Can a public corporation save the Marine Highway System?

The ferries are in trouble, remaking the system could be the answer

With an aging fleet, fewer riders and major budget reductions, the Alaska Marine Highway System is feeling the hurt. Six of the state's 11 ferries have been taken out of service as of Dec. 9 and service to coastal communities has been reduced a multiple times.

Lawmakers on both sides of the aisle have said they believe ferries are a vital economic engine for Southeast Alaska, but how to keep that engine running is up for debate.

One proposal, or at least the idea of it, has gotten the attention of a number of stakeholder groups dependent on the ferry system: a public corporation.

Public corporations are companies which are structured and operate just like any other private company, but are ultimately owned by a government entity. One example already operating in the state is the Alaska Railroad Corporation.

But public corporations can take many forms and a potential ferry corporation may look nothing like the ARRC. The idea is to free the ferry system from the whims of the political process and provide long-term stability.

“The No. 1 issue with the Marine Highway is the governance,” said Robert Venables, executive director of Southeast Conference. “The goal is to make the tenure of the (Board of Directors) longer than the political cycle.”

Venables is part of the AMHS Reform Project, a collaboration of municipalities, tribes, business groups and others that are looking at ways to reform the ferry system. The City and Borough of Juneau is listed as one of the group’s sponsors, along with Central Council Tlingit and Haida Indian Tribes of Alaska, and the Masters Mates and Pilot Union.

While sponsors have donated money — \$10,000 in the case of CBJ (CBJ has given considerably more than \$10K as has the Haines Borough - and especially Ketchikan - both City and Borough) — Venables said he wouldn’t consider that an endorsement of any plan the project might ultimately design.

The concept

Having a corporate structure similar to a private business would allow a potential corporation flexibility to make (decisions) more quickly and with greater latitude than the Department of Transportation and Public Facilities, which currently runs AMHS, Venables said.

“The board would be (able) to better control the costs,” Venables said. “Perhaps be able to structure in a more business-like manner, raise new revenue streams.”

New revenue could involve partnerships with private corporations, in some cases outsourcing certain runs to private companies. It could potentially mean bringing private companies onboard to provide certain services, such as bar service, Venables said.

Venables was emphatic that a public corporation was not a private company with a profit motivation. A public corporation would have to balance a fiduciary responsibility to sustain itself while maintaining a public service mission, Venables said.

Cautious interest

The Legislature would ultimately be responsible for defining the structure of the public corporation, and that’s where things get murky.

“We’re not completely shut out to the idea,” said Robb Arnold, regional vice chair for the Inland Boatman’s Union of the Pacific, who members work on the ferries. But, “there’s so many questions,” he said.

Arnold said IBU was somewhat skeptical of the idea because there isn't yet a concrete plan. He did say the union would like to be involved in future discussions but emphasized the importance of keeping ferries a public institution focused on serving the public.

Ben Goldrich, Juneau representative for the Marine Engineers' Beneficial Association, was similarly cautiously interested in the idea.

"We don't know what we might have," Goldrich said when asked if his union supported the idea. MEBA has participated in talks with the reform project but is waiting to see what the ultimate result might be.

"The union felt it was better to participate than to not," Goldrich said. "We chose to participate in the program because we wanted to have some say in the process."

Labor would have a seat at the table as part of the management team, Venables said.

'A decade behind'

The Dunleavy administration has said it's waiting on a report commissioned earlier this year from Anchorage-based Northern Economics before making any major decisions about the ferry system.

That report was meant to come out this month but has been delayed until the new year. But studies of the system have been done before, and Goldrich was skeptical it would produce anything new.

"I don't know that the Northern Economics study would provide any insight that's not been provided for already," Goldrich said.

Dunleavy and former Office of Management and Budget Director Donna Arduin have suggested privatizing the system outright as a way of taking the financial burden off the state. But some legislators have expressed skepticism that a private company would be able to make a profit and provide an affordable service to the state.

"Every significant ferry system requires some public investment," Sen. Jesse Kiehl, D-Juneau, recently told the Empire. Kiehl said he supports the private corporation model.

"It's an unfortunate perfect storm, we're a decade behind where we should be," Venables said of the Marine Highway. Venables said he understood the skepticism arising from the fact the project still lacks so much definition.

"There's so many unknowns, that's understandable," he said. "But I don't think there's anyone who supports the marine highway system that thinks the status quo is acceptable."

AML AMHS Caucus

Goal: To foster coordinated communication and collaboration between local governments in Alaska in support of a sustainable, funded and dependable ferry system that enhances local and statewide community and economic development.

Actions: The following are potential actions to be organized within and by AML, in partnership with member municipalities.

AML will strengthen communications:

- collect resolutions, letters to state officials and legislators, or other materials produced by local governments regarding the ferry system
- dedicate a webpage on our site to ferry issues, in order to share these communications
- share individual and collective resolutions with appropriate legislators

AML will strengthen collaboration:

- hold teleconference calls to discuss legislative strategy
- hold a teleconference call to discuss the Northern Economics report, and include a discussion at our February winter meeting (February 18-20) on this topic

AML will coordinate an advocacy campaign:

- raise funds for an advocacy or lobbying campaign
- coordinate an advocacy or lobbying campaign
- coordinate a ferry fly-in during the legislative session
- coordinate opportunities to communicate the value of the ferry system with the rest of the state
- establish and maintain a communication structure with ferry legislators
- communicate the value of the ferry system to non-ferry legislators
- organize communications and lobbying to achieve a veto override at the beginning of session

AML will conduct all of this in partnership with members, and in partnership with other organizations:

- keeping this group together is important, both in terms of communication and decision-making
- our ability to organize is in response to 2020 resolutions and position statement, and in the interest of members
- statewide and system-wide interest
- actions taken by this group will not negatively impact other members within AML
- while there is no formal voting process for action, we'll work to achieve consensus when possible
- we recognize that others have a strong role to play in the overall effort to address challenges facing AMHS
 - Southeast Conference – already a leader in this area, representing the majority of the system, SE Conference should be in a position to continue and expand on their current outreach efforts, focus on the ferry system as an important aspect of economic development, and provide expertise to state officials and lawmakers
 - AMHS reform – statewide initiative, managed by Southeast Conference, current contributions by local governments and others allow this effort to advocate for future solutions, including and especially legislation to develop the system as an enterprise of the State; separate and intentional efforts to that effect

- SWAMC and PWSEDD – representing the other half, roughly, of the ferry system, needs to be able to advocate for the ferry system on behalf of its members, both in terms of community and economic development. Undetermined its current or potential resources applied to ferry advocacy.
- Marine Transportation Advisory Board – not an advocacy organization; a necessary planning body established by the State and necessary to protect for its role at the table, contributing legitimate and authoritative information to DOT and State decision-making as a community and industry liaison
- Others – explore the efficacy of groups like “Friends of the Ferry” and avoid duplication; grassroots effort that may have a role in “getting the message out”

Thanks to the following local governments who were able to join us for this initial call:

Petersburg Borough

City of Pelican

City of Cordova

City of Homer

City and Borough of Sitka

City of Kodiak

Haines Borough

City of Whittier

City of Valdez

City of Seldovia

City of Gustavus

City of Tenakee Springs

City of Angoon

City and Borough of Yakutat

Aleutians East Borough

Ketchikan Gateway Borough

Alaska's Local Governments Address Revenue and Economic Development

By Nils Andreassen

January 13, 2020

Many Alaskans are aware of the changes that have occurred in the last year with regards to the collection of taxes on remote sales. Numerous media reports have commented on the Supreme Court decision that paved the way for States across the U.S. to set up processes that have allowed them to start collecting sales tax from online and other remote retailers. The justification that has allowed this to occur is based on the scale, really, of internet sales. It's an entirely different landscape than it was just a few decades ago.

The guidelines that the Supreme Court set out for the collection, now, of sales tax on remote sales, correspond to avoiding undue burden on interstate commerce. This means that states have to provide some criteria for what economic nexus should look like – instead of being physically located in a state, this criteria needs to establish presence by setting out a total number of transactions or total amount of sales that constitute a level of economic activity in a state that triggers the collection of sales tax. This protects small businesses. The Court also calls for streamlined, statewide administration of tax collection.

While the State of Alaska does not have a sales tax in place, its local governments do – this is unique in the nation. Instead of the State setting up a system to collect sales tax on remote sales (which has occurred so far in the majority of U.S. states), Alaska's local governments have been working together to set up a system that complies with the Supreme Court's guidance.

A Commission has been established to provide governance of the overall administration. This ensures that due diligence occurs, with an active board of directors and members contributing to solutions that work for everyone. These solutions depend, too, on software that will remove what might otherwise be an undue burden on those retailers. The Commission is committed to delivering a service that meets the requirements of local governments that is in the interest of Alaskans.

Make no mistake, taking this step benefits Alaska. Most importantly, it benefits Alaska's businesses. For years, Alaska retailers have been penalized relative to online retailers. Online sales have had an automatic discount – a competitive advantage – over buying locally. The growth of online sales, too, has meant that Alaska's businesses are facing an uphill battle. By leveling the playing field, local businesses can now compete on cost as well as quality.

Yes, Alaskans are the ones paying this sales tax, but the system that is set up 1) avoids them paying sales tax incorrectly, and 2) has the potential to avoid increases in taxes. One of the Commission's roles is to establish a tax look-up map, which includes rates and exemptions based on GIS-based delivery coordinates. The Commission will also establish a statewide exemption registry, which will provide a clear pathway for seniors, nonprofits, and others to register as tax-exempt with those online retailers.

How does this avoid increases in taxes? Local governments have seen an erosion of state and federal revenue over the last five years. The application of current sales taxes to remote sales will result in stronger local governments, reduce the need for increased or additional taxes, and help ensure that the

services you depend on – public safety, education, roads, libraries, etc. – continue. Local governments, as well, have a role to play in economic development; by removing a disincentive to buying locally they contribute to a local economy that will ultimately benefit residents.

In the weeks to come Alaskans will see many local governments take up the adoption of a uniform remote sales tax code, which will streamline collection. There will be important conversations to occur at the local level, across the state, as communities weigh costs and benefits. This is historic, in many ways, as local governments have coordinated on an unprecedented level to accomplish something that no other state has had to.

Nils Andreassen is the Executive Director of the Alaska Municipal League (AML). AML is comprised of 165 incorporated cities and boroughs, and provides a range of services to its members. AML's newly launched Alaska Municipal Sales Tax Program will administer the collection and remittance of remote sales taxes on behalf of local governments in Alaska.

KENAI PENINSULA ECONOMIC DEVELOPMENT DISTRICT, INC.

KPEDD MICROLOAN PROGRAM

Purpose: *The intent of the program is to provide financing for small businesses for which other types of financing might not be available. This program is designed to indentify the needs of applicants when traditional funding sources have been denied and help applicants become viable candidates for traditional commercial lending. The intent is not for hobbyists or other personal use. Loans from this program should help new and existing business create jobs, expand services, or operational capabilities that enhance, foster and promote responsible economic development, which is the mission of this organization.*

Who is Eligible?

Potential Borrowers Include:

Minority, Woman and Veteran owned businesses, and/or businesses located on the Kenai Peninsula Borough.

Loan Features:

- * Loan amounts of \$2,500 - \$25,000
- * 3- 4 year term – Fully amortized
- * Collateral is required
- * Interest Rate based on Wall Street Journal prime + 4.00%
- * \$50 processing fee – deducted from loan proceeds.
- * Annual servicing contribution will be required for all loans.
- * Borrowers will pay all closing costs (filing fees, credit reports fees, titling fees, title insurance, etc) at closing.
- * No prepayment penalty – 10-day payoff notification required.
- * All borrowers with over 50% ownership must certify that they are not more than 60 days delinquent with regard to income tax and child support payments.
- * Borrowers should inject a minimum of 10% equity (non-borrowed) investment into the business or project.
- * Owners with 51% interest will be required to personally guarantee the loan.
- * Technical Assistance Included

Eligibility Requirements:

- * Business must be physically located in the Kenai Peninsula Borough
- * Business must be for-profit.
- * Start-up businesses allowed.
- * Loan proceeds for business acquisition not allowed
- * Loan proceeds for businesses, which have defaulted on any Federal financing

Ineligible Business:

- * Financial businesses primarily engaged in lending
- * Life Insurance Companies
- * Pyramid sale distribution plans or multi-level marketing plans.
- * Businesses engaged in gambling activities.
- * Private club and businesses, which limit the number of members for any reason other than capacity
- * Government owned entities (except for businesses owned or controlled by a Native American Tribe).
- * Consumer and marketing cooperatives
- * Businesses with an applicant or co-applicant who have been convicted of a felony (exceptions may be made to this but must have strong and reasonable justification).
- * Businesses which present live performances of prurient sexual nature; or the sale of products or services, or the presentation of any depictions or displays, of a prurient sexual nature.
- * Businesses engaged in political or lobbying activities.
- * Businesses in which any of the following parties have an equity interest:
Board Members of the KPEDD; Employees of KPEDD; Any of the relatives, by blood or marriage, of the employees of the KPEDD and members of the Finance Committee.

Loan Application Process;

- * Completed application submitted by applicant.
- * A business plan outline with an explanation of the purpose of the loan.
- * Personal financial statements for applicants.
- * 2-years of personal tax returns for all participants.
- * Resumes for all owners and management
- * Two years of business tax returns and financial statements (if applicable).
- * A current interim financial statement for the business.
- * Copy of licenses and permits
- * Documents establishing authority (Articles of Incorporation, Articles of Organization, Partnership Agreement, etc.).
- * Funding occurs once all executed documents are received.