



General Manager
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7b(1)

TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Lacey G. Simpson, Acting General Manager

DATE: July 12, 2022

RE: **Approving Amendment No. 1 to Contract No. 19-43 Three-Year Publication of the Ketchikan Telephone Directory – Directory Publishing Solutions, Inc.**

At its meeting of February 6, 2020, the City Council adopted a motion authorizing the General Manager's office to enter into Contract No. 19-43, Three-Year Publication of the Ketchikan Telephone Directory with Directory Publishing Solutions, Inc. of Wildwood, Missouri. The motion detailed below was prepared at the request of Sales, Marketing, and Customer Service Director Kim Simpson, who asked that it be placed before the City Council for consideration at its meeting of July 21, 2022. If adopted by the City Council, the motion provides for approval of Amendment No. 1 to the contract, which modifies the percentage of gross revenues to be retained by/paid to owner from 60% to 40%. Ms. Simpson's transmittal memorandum is attached and requires no elaboration on the part of the General Manager's office. I concur with the Sales, Marketing, and Customer Service Director's recommendation.

A motion has been prepared for City Council consideration.

RECOMMENDATION

It is recommended that the City Council adopt the motion approving Amendment No. 1 to Contract No. 19-43 between the City and Directory Publishing Solutions, Inc., modifying the percentage of gross revenues to be retained by/paid to owner from 60% to 40%; and directing the Acting General Manager to execute the amendment on behalf of the City Council.

Recommended Motion: I move the City Council approve Amendment No. 1 to Contract No. 19-43 between the City and Directory Publishing Solutions, Inc., modify the percentage of gross revenues to be retained by/paid to owner from 60% to 40%; and direct the Acting General Manager to execute the amendment on behalf of the City Council.



KPU Sales, Marketing & Customer Service
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Memorandum

To: Lacey Simpson, Acting KPU General Manager
From: Kim Simpson, KPU Sales & Marketing Division Manager
Date: July 8, 2022
Subject: KPU Directory Sales Share Change

I respectfully request that the KPU General Manager seek City Council approval to reduce the share that KPU receives from directory revenues so that the 2022-23 directory can be produced.

Background:

In February 2020 KPU Sales and Marketing entered into a three year agreement with Directory Publishing Solutions (DPS) to market, print and mail the KPU Telecommunications directory. The agreed upon revenue split was 60% KPU 40% DPS.

DPS was the previous provider of the directory. DPS contracts which businesses must sign a continuation clause that could allow businesses to be billed if a new directory is not produced each year, since old directories are still retained and used by many people. When the COVID pandemic hit, KPU requested that DPS cease all work on the 2020-21 directory. KPU and DPS also decided mutually to NOT use the continuation clause in Ketchikan, because the loss of cruise ships was a hardship on all businesses, so all billings for directory were ended in July 2020 when the previous contract expired. All contracts run August – July. Although other Telecommunications companies continued with their directory publications in 2020-21 and 2021-22, KPU opted to not produce a directory due to the continued loss of tourism in the Ketchikan community.

With the expectation of tourism resuming in 2022, and based on the many requests for directories, KPU decided to publish a 2022-23 directory. DPS began to contact businesses to sell ad spaces in February and March. Many businesses were happy to see the directory published, but some had not survived the pandemic, others did not have time to discuss the directory with the busy upcoming season, and others did not want to make a commitment without knowing what revenue this season would bring. Approximately 30% of businesses did not renew their advertising including a number of national chains. Not surprisingly, materials for the printing of the directory and the shipping costs have increased significantly since KPU and DPS signed the original contract in 2020. Due to the increased costs and reduced revenue, DPS could not profitably produce KPU's directory. Changing the revenue split from KPU receiving 60% and DPS 40%, to KPU 40%/ DPS 60% would allow DPS to produce the KPU directory and receive a small profit. Without this change, there will not be a directory, and KPU will still be responsible for the expenses that DPS has expended. DPS is willing to produce and ship the directory for the 60% revenue split.

When KPU Telecommunications planned the 2022 budget, the cruise season was yet unknown, so no directory revenue was planned in the budget. Therefore, any directory revenue is a plus to the overall KPU revenue line for 2022. With a 40% revenue share, KPU would receive approximately \$90,000 for 2022-23.

KPU recommends that the City Council approve the change of terms for the directory revenue split from KPU 60%/DPS 40% to KPU 40%/DPS 60%.

Recommended Motion:

I move that the City Council authorize the KPU General Manager to change the DPS-KPU Directory Contract 19-43 terms from a revenue share of KPU 60% and DPS 40% to KPU 40% and DPS 60% effective for the 2022-23 year so that the KPU Telecommunications directory can be produced.

cc: Dan Lindgren, Acting KPU General Manager

**AMENDMENT NO. 1
TO
CONTRACT 19-43**

Three-Year Publication of the Ketchikan Telephone Directory – Directory Publishing Solutions, Inc.

Project Reference Original Contract (Agreement) No. 19-43, dated February 12, 2020

This Amendment No. 1 made and entered into this _____ day of _____ 2022, by and between the City of Ketchikan dba Ketchikan Public Utilities, a municipal corporation, 334 Front Street, Ketchikan, Alaska 99901, and Directory Publishing Solutions, Inc., a firm organized and existing under the laws of the State of Missouri, whose address is 2630 Highway 109, Wildwood, MO, 63040, and licensed and qualified to do business within the State of Alaska.

Attachment 5-Bid Schedule is modified as follows.

1. The OWNER shall retain/receive from the publisher as Owner's share of the revenues the following percentage or minimum (whichever is greater) of the annual gross revenues derived for the sale of all advertising in all directories published under this contract. The balance remaining after the deduction of Owner's share shall be paid to/retained by the publisher as compensation under the contract:

<u>Year</u>	<u>Projected Annual Gross Revenues</u>	<u>Percentage of Gross Revenues to be Retained by/Paid to Owner</u>	<u>Minimum Annual Share of Gross Revenues to be Retained by/Paid to Owner</u>
2020-2021	COVID-opted out of production		
2021-2021	KPU opted to not produce a directory		
2022-2023	\$310,000	40% (was 60%)	\$0.00

Except as provided in this amendment, the terms and conditions in the original Agreement are hereby ratified and affirmed and remain in full force and effect without any other amendment.

Directory Publishing Solutions, Inc.

City of Ketchikan dba Ketchikan Public Utilities

Matt Dufour, Principal

Lacey G. Simpson, Acting General Manager

February 6, 2020

Resolution No. 20-2767 - Adopting An Alternative Allocation Method for the FY20 Shared Fisheries Business Tax Program and Certifying that this Allocation Method Fairly Represents the Distribution of Significant Effects of Fisheries Business Activity in the Fisheries Management Area 19: Southern Southeast

Moved by Coose, seconded by Kiffer the City Council approve Resolution No. 20-2767 adopting an alternative allocation method for the FY20 Shared Fisheries Business Tax Program; certifying that this allocation method fairly represents the distribution of significant effects of fisheries business activity in the Fisheries Management Area 19: Southern Southeast and establishing an effective date.

Motion passed with Gage, Zenge, Chapel, Flora, Kiffer and Coose voting yea.

Resolution No. 20-2768 – Amending the 2020 General Government Operating and Capital Budget to Provide Supplemental Appropriations for the Museum Department in the Amount of \$36,541

Moved by Coose, seconded by Kiffer the City Council approve Resolution No. 20-2768 amending the 2020 General Government Operating and Capital Budget to provide a supplemental appropriation for the Museum Department in the amount of \$36,541; authorizing certain budget transfers; and establishing an effective date.

Motion passed with Gage, Zenge, Chapel, Flora, Kiffer and Coose voting yea.

Liquor License Renewal Applications – Clearwater Bay Corporation d/b/a Newtown Liquor, and Pioneer Entertainment, LLC d/b/a Red Snapper

Moved by Coose, seconded by Kiffer the City Council approve the Liquor License Renewal Applications for Package Store, License No. 771 – Clearwater Bay Corporation d/b/a Newton Liquor, 2417 Tongass Ave – Space 101, Ketchikan, AK 99901, and License No. 870 – Pioneer Entertainment, LLC d/b/a Red Snapper 123 Betty King Alley, Ketchikan, AK 99901; Beverage Dispensary, License No. 864 – Pioneer Entertainment, LLC d/b/a Red Snapper, 123 Betty King Alley, Ketchikan, AK 99901.

Motion passed with Gage, Zenge, Chapel, Flora, Kiffer and Coose voting yea.

Award of Contract No. 19-43, Three-Year Publication of the Ketchikan Telephone Directory – Directory Publishing Solutions, Inc.

Moved by Coose, seconded by Kiffer the City Council award Contract No. 19-43, Three-Year Publication of the Ketchikan Telephone Directory, to Directory Publishing Solutions, Inc. and direct the general manager to execute the contract documents on behalf of the City Council.

Motion passed with Gage, Zenge, Chapel, Flora, Kiffer and Coose voting yea.

Appointments to Boards and Commissions – Mayor Sivertsen

Vice-Mayor Zenge brought forward the name of Teri Hoyt for reappointment to the Museum Advisory Board. No objections were heard.