

h. Notification of Local Government Lost Revenue Performance Period

TRANSMITTAL MEMORANDUM

TO:	The Honorable Mayor & City Council	Initials:	
FROM:	Delilah A. Walsh, City & General Manager	File #:	MGR24-693
DATE:	October 30, 2024	Mtg. #:	11/07/24 MRh
RE:	Notification of Local Government Lost Revenue Performance Period		

This memorandum provides an update on the utilization of local government lost revenue funds (LGLR/APRA) funds allocated for two capital projects: Schoenbar Storm Drain and Port Improvements. Finance Director Michelle Johansen has raised concerns with me regarding the potential challenges in meeting the encumbrance and expenditure deadlines for the Port Improvement projects.

Ms. Johansen has proposed reallocating a portion of the LGLR funds to cover operating costs for 2023 and 2024 in the Port. This action would allow the Port to utilize the remaining funds for future capital projects, regardless of the encumbrance timeline and achieve the Port projects directed by Council during the regular meeting on September 7, 2023, which included focusing on repairs of the promenade, corrosion protection and waterfront assessment. This action was following the failure to come to an agreement with CLIAA for the Berth III improvement project.

Essentially, we will be usurping Port funds with LGLR funds to cover 2023 and 2024 operating costs then redirecting those Port fund savings to the projects approved last year. This will allow the City to meet the encumbrance deadline of 2024 and spending deadline of 2026.

To that end, I've directed Ms. Johansen to pursue her solution of contacting the grant agency to inform them of the proposed reallocation and seek their approval. A formal resolution may be necessary to document the Council's decision and authorize the reallocation at a later date.

Summary

1. **Schoenbar Storm Drain Project:**
 - o All allocated funds of \$1,950,000 will be utilized by the end of 2024.
2. **Port Improvement Project:**
 - o Total allocated funds: \$2,506,187
 - o Original intent of grant: Assist with operation, maintenance, and capital improvements for the city's port.
 - o Current allocation: Promenade Stabilization, corrosion protection, waterfront assessment, and port improvement projects.
 - o Deadlines: Encumbrance deadline is the end of 2024, and spending by the end of 2025.
 - o Solution: Direct grant funds to 2023 and 2024 Port operations for full spend-down and use saved Port funds to fund Port improvement projects.

MEMORANDUM
CITY OF KETCHIKAN, ALASKA
Finance Department
Office of the Finance Director

Michelle L. Johansen, Finance Director
Meghan Traudt, Financial Analyst
Phone: (907) 228-5621
Facsimile: (907) 228-5617

TO: Delilah A. Walsh, City Manager/KPU General Manager

FROM: Michelle L. Johansen, Finance Director

DATE: October 30, 2024

SUBJECT: Notification of Local Government Lost Revenue Performance Period

At its meeting of March 17, 2022, the City Council approved resolution 22-2841 accepting Local Government Lost Revenue funds from the State of Alaska Department of Commerce, Community, Economic Development. The LGLR award terms and conditions state the performance period for the funds ends December 31, 2024. The funds were directed to the Public Works Sales Tax Fund and the Port Fund due to the significant revenue loss, as approved by the Council at its March 3, 2022 meeting. Council further directed the use of these funds towards the Schoenbar Culvert Replacement project and the Berth III Mooring Dolphin. In the 2024 Operating and Capital Budget, the Council then redirected funds from the Berth III Mooring Dolphin project to the Promenade Stabilization project due to the urgency of the Promenade Stabilization project. To date the Promenade Stabilization project is still in the design/bid phase. To ensure the funds are disbursed prior to end of the performance period staff is recommending the funds remain in the Port Fund but re-directed to operating costs. Re-directing the funds to operating costs will use the restricted funds an increase unrestricted funds that will then be directed towards the Promenade Stabilization project as time permits, while also satisfying the performance period for the LGLR award terms. Unless the Council objects staff will proceed as outlined above.

If you have any questions, please let me know.

Local Government Lost Revenue Relief Grant FINANCIAL/PROGRESS REPORT

Department of Commerce, Community, and Economic Development, Division of Community and Regional Affairs

Grantee: City of Ketchikan	Grant Number: 22-LGLR-17
Project Title: Local Government Lost Revenue Relief Grants	CFDA # 21.027
Report No: 7	From: 10/01/2023 To: 12/31/2023

Government Services	Grant Expenditures
Improving the storm water collection system	\$ -
Assist with operation, maintenance, and capital improvements for the city's port	\$ -
	\$ -
	\$ -
Total	\$ -

	Total Grant Award	\$ 4,456,187.09
	LESS Total Grant Expenditures	\$ -
	TOTAL Grant Funds Remaining	\$ 4,456,187.09

Progress Report: Describe activity that supports the expenditures during the period. Identify any problems you have experienced and accomplishments utilizing the LGLR funding. Attach additional pages if necessary.

Storm Water Project - No expenses for the Schoenbar Culvert Rehabilitation Project have been made this period. A single bidder responded to our request for bids in December, 2023 and we are in the process of negotiating a final contract. We are still on track for construction to begin 2Q in 2024.
 Port Project - The City has not issued any contracts for the Port project and we have re-prioritized Port projects and are now planning on using the Port funding for a Promenade Stabilization and Improvements project.

Grantee Certification: *I certify that the above information is true and correct, and that expenditures have been made for the purpose of, and in accordance with, applicable grant agreement terms and conditions.*

Authorized Signature

Name and Title: Michelle Johansen, Finance Director

DCCED Staff Use:	
General Accounting Encumbrance No: 220004106	
Payment Amount:	
GA Approval:	Date
DCCED Signature	Date

Regular Ketchikan City Council meeting was called to order by Mayor Kiffer at 7:01 p.m., March 17, 2022, with the following members present: Riley Gass, Jai Mahtani, Abby Bradberry, Lalette Kistler, Janalee Gage, Mark Flora and Judy Zenge.

The Pledge of Allegiance was given by all persons in Council Chambers.

Mayor Kiffer stated the Recital of Native Lands Acknowledgement.

Staff present were Acting City Manager Simpson, City Attorney Seaver, Finance Director Johansen, Public Works Director Hilson, Police Chief Walls, Deputy Police Chief Mattson, Human Resources Manager Miller, Safety Coordinator Alderson, Port & Harbors Director Verfaillie, Acting Electric Division Manager Bynum, Water Division Manager Kleinegger, Acting Fire Chief Brainard, Assistant Public Works Director Jurczak, Public Works Engineering Project Manager Robinson, Deputy Clerk Lee and City Clerk Stanker.

PUBLIC HEARING ON RESOLUTION NO. 22-2841 – AMENDING THE 2022 GENERAL GOVERNMENT OPERATING AND CAPITAL BUDGET TO PROVIDE A SUPPLEMENTAL APPROPRIATION FOR THE PUBLIC WORKS DEPARTMENT IN THE AMOUNT OF \$1,950,000 AND THE PORT DEPARTMENT IN THE AMOUNT OF \$2,506,187

Mayor Kiffer called a public hearing on Ordinance No. 22-2841 at 7:02 p.m. and requested testimony.

As there was no testimony, Mayor Kiffer declared the public hearing closed at 7:02 p.m.

COMMUNICATIONS

Mayor Kiffer read a proclamation for Women’s History Month and presented it to Hillary Koch the historian for the Pioneers of Alaska women’s group. She thanked the City of Ketchikan for honoring the long history of hard-working women who have done so much for our community.

Acting City Manager Simpson said she wanted to recognize and thank some of our staff who have been filling in for some of our key positions. She informed Eric Mattson has been filling in as Acting Police Chief since June 2021 and has done an outstanding job. She thanked him for stepping up and dedicating his time. She recognized Kara Jurczak who has been the acting public works director since October of 2020 and has done a wonderful job of making sure the Public Works Division, and all of its subdivisions, continue to move forward and has taken on many new challenges. Lastly, Mark Hilson the man who wears far too many hats. She said over the last eighteen months he has taken on the positions of Acting Port & Harbors Director and was still involved with the Public Works and major projects. She thanked him for all the work he has done for an open-ended period of time.

Acting City Manager Simpson introduced the new Police Chief Jeffrey Walls and the new Port & Harbors Director Darryl Verfaillie, and thanked them both for coming on board.

Mayor Kiffer stated there were several items laid on the table, including; a memorandum from the Acting City Manager Simpson informing of the two congressionally directed spending allocations the City of Ketchikan received, a letter from Mike Harpold regarding the naming of the park across from Berth III and correspondence regarding the 2022 Alaska cruise season from the Alaska Department of Health and Social Service.

March 17, 2022

to be addressed in order for FCHS to receive their Community Agency Grant funding, and staff is waiting for their response on a timeline and associated grant levels.

Public Works Director Hilson answered questions from the Council, noting FCHS is responsible for freezers, range and some kitchen shelving. He believed the range hood, washer and dryer were installed and the rest will be their responsibility.

Project Manager Amanda Robinson answered questions from the Council regarding types of ranges and certifications that work with the commercial fire suppression hood.

City Attorney Seaver answered questions regarding the lease provisions.

Deb Asper, Chair of the FCHS, said she understands the Council's concerns, but their services are the shelter and providing basic needs such as beds, nutritional food, showers, and human connection to those who frequent the shelter. She said they also offer a low-barrier shelter so anyone can come in. She indicated they are not set up to support families, but they can separate the men from the women.

Motion passed with Zenge, Bradberry, Flora, Mahtani, Kistler, Gass and Gage voting yea.

Resolution No. 22-2841 – Amending the 2022 General Government Operating and Capital Budget to Provide a Supplemental Appropriation for the Public Works Department in the Amount of \$1,950,000 and the Port Department in the Amount of \$2,506,187

Moved by Mahtani, seconded by Flora, the City Council approve Resolution No. 22-2841 amending the 2022 General Government Operating and Capital Budget to provide a supplemental appropriation for the Public Works Department in the amount of \$1,950,000 and the Port Department in the amount of \$2,506,187; and establishing an effective date.

Motion passed with Gage, Gass, Kistler, Mahtani, Flora, Bradberry and Zenge voting yea.

Amendment No. 4 to Contract No. 19-44 – Professional Services Agreement for Negotiation of a Compliance Order by Consent for Water Filtration, Jacobs Engineering, Inc.

Moved by Kistler, seconded by Flora, the City Council approve Amendment No. 4 to Contract No. 19-44, Professional Services Agreement for Negotiation of a Compliance Order by Consent for Water Filtration, between the City of Ketchikan d/b/a Ketchikan Public Utilities and Jacobs Engineering, Inc. consistent with the firm's proposal dated March 4, 2022 at a cost not to exceed \$130,000, bringing the total contract amount to \$596,885; authorize funding from the Water Division's 2022 Filtration Facility – Preliminary Preparation Tasks Capital Account; and direct the Acting General Manager to execute the amendment on behalf of the City Council.

Motion passed with Flora, Mahtani, Kistler, Gass, Gage, Zenge and Bradberry voting yea.

VOUCHERS - None

CITY MANAGER'S REPORT

Acting City Manager Simpson referenced the items that were laid on the table for Council information. She indicated the City was informed that we received two congressionally directed spending awards courtesy of the work of Senator Murkowski and Representative Don Young. She

MEMORANDUM
CITY OF KETCHIKAN, ALASKA
Finance Department
Office of the Finance Director

Michelle L. Johansen, Finance Director
Camille Nelson, Financial Analyst
Phone: (907) 228-5621
Facsimile: (907) 228-5617

TO: Lacey G. Simpson, Acting City Manager/KPU General Manager

FROM: Michelle L. Johansen, Finance Director

DATE: March 8, 2022

SUBJECT: Resolution No. 22-2841, Amending the 2022 General Government Operating and Capital Budget to Provide a Supplemental Appropriation for the Public Works Department in the amount of \$1,950,000 and the Port Department in the amount of \$2,506,187; and Establishing an Effective Date

Attached is Resolution No. 22-2841 that has been prepared for the purpose of amending the 2022 General Government Operating and Capital Budget to provide a supplemental appropriation for the Public Works Department and the Port Department.

At its meeting of March 3, 2022, the City Council directed staff regarding the use of American Rescue Plan Act Funds through the State of Alaska's Local Government Lost Revenue Relief Program. Per the eligible uses under Section II C of the Interim Final Rule – Revenue Loss “Recipients may use payments from Fiscal recovery Funds for the provision of government service to the extent of the reduction in revenue experienced due to the COVID-19 public health emergency.” The City has been awarded \$4,456,187.09, of which \$1,950,000 will be used as revenue replacement to offset revenue losses recognized in the Public Works Sales Tax Fund from 2020 and \$2,506,187.09 will be used as revenue replacement to offset losses recognized in the Port Fund in 2020.

The Council further directed the use of Public Works Sales Tax Funds in the amount of \$1,250,000 for the Schoenbar Culvert Project and the use of Port Funds in the amount of \$2,506,187 for the Berth III Additional Mooring Dolphin Project. A budget transfer will be forthcoming at a later date.

I recommend that the City Council pass Resolution No. 22-2841 amending the 2022 General Government Operating and Capital Budget to provide a supplemental appropriation for the Public Works Department and Port Department. As required by the Ketchikan Municipal Code, a public hearing for the budget amendment must be held. The City Clerk, Kim Stanker, has been requested to schedule a public hearing for March 17, 2022 and to provide for the proper public notice of such hearing.

Recommended Motion:

I move that the City Council pass Resolution No. 22-2841, amending the 2022 General Government Operating and Capital Budget to provide a supplemental appropriation for the Public Works Department in the amount of \$1,950,000; the Port Department in the amount of \$2,506,187; and establishing an effective date.

CITY OF KETCHIKAN, ALASKA

RESOLUTION NO. 22-2841

A RESOLUTION OF THE CITY OF KETCHIKAN, ALASKA AMENDING THE 2022 GENERAL GOVERNMENT OPERATING AND CAPITAL BUDGET TO PROVIDE A SUPPLEMENTAL APPROPRIATION FOR THE PUBLIC WORKS DEPARTMENT IN THE AMOUNT OF \$1,950,000; AND THE PORT DEPARTMENT IN THE AMOUNT OF \$2,506,187; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the City of Ketchikan, Alaska General Government Operating and Capital Budget and appropriations for the year 2022 were adopted by the City Council with the passage of Resolution No. 21-2828; and

WHEREAS, funds in the amount of \$1,950,000 is available in 2022 from the Department of Commerce, Community and Economic Development – American Rescue Plan Act funds awarded through the Local Government Lost Revenue Relief Program to offset revenue loss as a result of the coronavirus pandemic, and the Council of the City of Ketchikan desires to use these funds to replenish a portion of the public works sales tax reserves as result of revenue lost in 2020.

WHEREAS, funds in the amount of \$2,506,187 is available in 2022 from the Department of Commerce, Community and Economic Development – American Rescue Plan Act funds awarded through the Local Government Lost Revenue Relief Program to offset revenue loss as a result of the coronavirus pandemic, and the Council of the City of Ketchikan desires to use these funds to replenish a portion of the port reserves as result of revenue lost in 2020.

THEREFORE, BE IT RESOLVED by the Council of the City of Ketchikan, Alaska as follows:

Section 1: The 2022 revenues and appropriations of the Public Works Sales Tax fund are hereby amended as follows:

Revenues:

Intergovernmental Revenues-DCCED (Ca) (111-1530-418.401) \$1,950,000

Appropriated Reserves (111-999.000) \$1,950,000

Section 2: The 2022 revenues and appropriations of the Port Enterprise fund are hereby amended as follows:

Revenues:

Intergovernmental Revenues-DCCED (Ca) (510-4000-418.401) \$2,506,187

Appropriated Reserves (510-999.000) \$2,506,187

Section 3: This resolution shall become effective immediately upon passage.

PASSED AND APPROVED this 17th day of March, 2022.

David Kiffer, Mayor

ATTEST:

Kim Stanker, City Clerk

UNFINISHED BUSINESS

This item was moved to the Consent Agenda. No objections were heard.

NEW BUSINESS

Alternative 2023 Port Projects

Moved by Bradberry, seconded by Flora the City Council authorize staff to pursue alternate capital improvement projects for the Port of Ketchikan as to be named by the City Council.

Manager Walsh clarified the Council had appropriated funds to specific projects in the budget and from Council direction tonight, staff will bring back a proposal to re-appropriate those funds.

Port & Harbors Director Berg answered questions from the Council. He said in regards to the damage done to the promenade, it is an unintended consequence of the number and size of ships the industry has grown into, that use that Berth. He said there are seven to eight feet of overburden that is missing from underneath the promenade in that area, which is alarming and is not due to a design flaw. He said the engineers who looked at that project recommended that it be fixed within the next six months.

A lengthy discussion ensued amongst the Councilmembers.

Manager Walsh summarized Council's direction, to pursue the projects as recommended by focusing on the promenade, corrosion protection and a waterfront assessment.

Moved by Bradberry, seconded by Mahtani to amend the main motion to focus repairs on the Promenade North – Rock Slope failure and inspection and corrosion protection of the entire Port and Harbor infrastructure.

Motion to amend passed with Finnegan, Gass, Mahtani, Gage, Bradberry, Kistler and Flora voting yea.

Main motion as amended passed with Gass, Gage, Bradberry, Flora, Mahtani, Kistler and Finnegan voting yea.

Use of Berth III Visitors Center Building

Moved by Finnegan, seconded by Gage the City Council direct staff regarding the use of the Berth III Visitors Information Center building by the Ketchikan Visitors Bureau.

Councilmember Mahtani asked to be recused as he is a board member of the Ketchikan Visitors Bureau. Mayor Kiffer said he would honor that request.

Manager Walsh answered questions from the Council regarding the placement of the new Tourism Manager.

It was the consensus of the Council to continue its current use to the end of 2023.