



**BUDGET WORKSHOP AT 5:30 PM AND
CITY COUNCIL SPECIAL MEETING AT 7:00 PM**

Thursday, April 16, 2026 at 5:30 PM

AGENDA

Our Vision. To have an infrastructure and city workforce that supports a sustainable, diversified and growing economy. We will partner with others to achieve economic development and other common goals that assure a high quality of living, and excellence in education.

MEETING INFORMATION

Budget Workshop at 5:30 PM and City Council Special Meeting at 7:00 PM

CITY HALL COUNCIL CHAMBERS / 5:30 p.m. and 7:00 p.m.

141 Main Street, Dillingham, AK 99576 (907) 842-5212

This meeting will also be available at the following online location: Zoom

Meeting ID: 920 483 0473; passcode: 99576

Or dial: 1(719)359-4580 or 1(253)205-0468

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

APPROVAL OF AGENDA

CITIZEN'S DISCUSSION (Prior Notice or Agenda Items)

SPECIAL BUSINESS

1. Resolution No. 2026-12: GCI Lease

A Resolution of the Dillingham City Council Authorizing the Mayor to Execute a Lease Agreement with GCI Communication Corp. for City-Owned Property Located at 412 W. 2nd Avenue

2. Resolution No. 2026-13: Approval of Change Order No. 1 to the RESPEC Airport Waterline Extension Contract

3. Introduction: Ordinance No. 2026-06: FY26 Budget Amendment 2

An Ordinance of the Dillingham City Council Adopting Budget Amendment No. 2 and Appropriating Funds for the FY 2026 City of Dillingham Budget

Set Public Hearing date for May 7th

COUNCIL COMMENTS

MAYOR'S COMMENTS

ADJOURNMENT

CITY OF DILLINGHAM, ALASKA

RESOLUTION NO. 2026-12

A RESOLUTION OF THE DILLINGHAM CITY COUNCIL AUTHORIZING THE MAYOR TO EXECUTE A LEASE AGREEMENT WITH GCI COMMUNICATION CORP. FOR CITY-OWNED PROPERTY LOCATED AT 412 W. 2ND AVENUE

WHEREAS, the City of Dillingham owns real property located at Lot 3, Block 17, Plat 2023-04, Bristol Bay Recording District, commonly known as 412 W. 2nd Avenue, Dillingham, Alaska; and

WHEREAS, the property includes a commercial retail/office building of approximately 936 square feet; and

WHEREAS, the City of Dillingham previously leased the property to GCI Communication Corp. for telecommunications retail and office use; and

WHEREAS, the prior lease expired on December 31, 2024, and the City Council authorized administration to negotiate a new lease agreement through Resolution No. 2025-29; and

WHEREAS, the City has obtained a market lease rate analysis indicating a fair market rental rate for the property consistent with current conditions; and

WHEREAS, a proposed lease agreement between the City of Dillingham and GCI Communication Corp. has been prepared and is attached to this resolution; and

WHEREAS, the lease establishes updated rental terms and conditions consistent with market value and City policy;

NOW, THEREFORE, BE IT RESOLVED by the Dillingham City Council:

Section 1. Authorization.

The Mayor is hereby authorized to execute the lease agreement between the City of Dillingham and GCI Communication Corp. for the property located at 412 W. 2nd Avenue, in substantially the form attached to this resolution.

Section 2. Effective Date.

This resolution shall become effective immediately upon adoption.

PASSED and ADOPTED by a duly constituted quorum of the Dillingham City Council on April 16th, 2026

ATTEST:

Alice Ruby, Mayor
[SEAL]

Abigail Flynn, City Clerk

Mayor
Alice Ruby

City Manager
Jack Savo Jr.



Dillingham City Co

Section . Item 1.

Triston Chaney
Jean Barrett
Steven Carriere
Curt Armstrong
Kaleb Westfall
Kevin McCambly

MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: Abigail Flynn, City Clerk's Department
Through: Jack Savo Jr, City Manager
Date: April 3, 2026
Re: Resolution 2026-12, Authorizing the Mayor to Execute Lease Agreement with GCI Communication Corp.

SUMMARY: Staff is requesting Council approval of Resolution No. 2026-12 authorizing the Mayor to sign an attached lease agreement between the City of Dillingham and GCI Communication Corp. for the property located at 412 W. 2nd Avenue.

The lease establishes updated rental terms consistent with current market conditions and formalizes continued use of the property for retail and office telecommunications services.

Council action is needed to approve the resolution and authorize execution of the lease.

PREVIOUS COUNCIL ACTION:

- Resolution No. 2025-29 authorized City Administration to negotiate a lease agreement with GCI Communication Corp and bring it back to the Council as a resolution.
- Previous lease agreements between the City of Dillingham and GCI have governed use of the property, with earlier terms expiring December 31, 2024

BACKGROUND:

The City owns the property located at **412 W. 2nd Avenue (Lot 3, Block 17, Plat 2023-04)**, consisting of approximately 936 square feet of commercial retail/office space .

GCI has historically leased the property for telecommunications retail and office use. The proposed lease formalizes updated terms following expiration of the prior agreement.

A market lease rate analysis was conducted to determine fair rental value. The analysis concluded a **most probable market rental rate of approximately \$2.65 per square foot per month (\$2,480/month)** for the property under a triple-net lease structure

DISCUSSION: The attached lease agreement includes the following key terms:

- Property: 412 W. 2nd Avenue, Dillingham, Alaska
- Use: Retail store and office for telecommunications services
- Term:
 - Initial backdated term beginning August 1, 2025
 - One-year term for calendar year 2026
 - Options for renewal up to five total years
- Rent:
 - \$930/month for remainder of 2025
 - \$2,480/month for 2026
 - Increase to \$2,575/month upon renewal
- Structure: Triple-net lease, with tenant responsible for utilities and operating costs

The lease aligns with market conditions identified in the appraisal and reflects updated rental values compared to prior below-market rates.

ALTERNATIVES:

1. Approve Resolution No. 2026-12 and authorize the Mayor to execute the lease.
2. Amend the resolution or lease terms.
3. Decline to approve the lease.

FINANCIAL IMPLICATIONS:

A fiscal note is attached.

The lease will generate revenue to the City consistent with current market rates. The updated rental rate represents a significant increase from prior below-market lease amounts and aligns with the appraised fair market value.

LEGAL:

The lease agreement has been reviewed and is consistent with Dillingham Municipal Code provisions governing leasing of City property.

STAFF RECOMMENDATION:

Staff recommends approval of Resolution No. 2026-12 authorizing the Mayor to execute the lease agreement with GCI Communication Corp.

PROPOSED MOTION:

“I move to adopt Resolution No. 2026-12 authorizing the Mayor to execute a lease agreement between the City of Dillingham and GCI Communication Corp. for the property located at 412 W. 2nd Avenue.”

ATTACHMENTS:

- Lease Agreement (GCI Communication Corp.)
- Market Lease Rate Analysis (412 W. 2nd Ave)
- Resolution No. 2025-29
- Fiscal Note

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") made this _____ day of _____, 2026, by and between, the City of Dillingham, whose address is PO Box 889, Dillingham, Alaska, 99576 ("Lessor"), and GCI COMMUNICATION CORP., whose address is 2550 Denali Street, Suite 1000, Anchorage, AK 99503 ("Lessee").

WITNESSETH:

WHEREAS, Lessor is the owner of certain property located in Dillingham, Alaska, which includes the land more fully described below and the building thereon, which together are hereinafter referred to as the "Premises"; and

WHEREAS, Lessor desires to lease the Premises to Lessee for use as a retail store and office providing wireless communications services and for the sale of retail and commercial products related thereto; and

WHEREAS, Lessee desires to lease the Premises from Lessor for operating a retail store and office providing wireless communications services and the sale of retail and commercial products related thereto.

NOW THEREFORE, in consideration of the Premises, the covenants made herein, and the acts to be performed by the parties hereto, the parties have agreed and by this lease do agree as follows:

I. RECITALS

The recitals hereinabove set forth are incorporated herein by reference for all purposes.

II. LEASED PROPERTY

Lessor hereby leases to Lessee and Lessee hereby leases from Lessor the following described property:

A parcel of land located within U.S. Survey 2732A, Section 20, Township 13 South, Range 55 West, Seward Meridian, State of Alaska; said property more particularly described as Lot 3, Block 17, Plat 2023-04, Bristol Bay Recording District, Third Judicial District, State of Alaska,

which has the following address: 412 2nd Avenue West, Dillingham, Alaska 99576.

Containing 5,403 square feet, more or less, with all appurtenances including the building containing approximately 936 rentable square feet.

III. LEASE TERM

The first term of this Lease shall be for five (5) months beginning on August 1, 2025, and ending on December 31, 2025. The parties agree this lease shall be backdated and effective back to August 1, 2025. The second term shall be for one (1) year beginning on January 1, 2026, and ending on December 31, 2026.

IV. OPTION TO RENEW

Lessor agrees that Lessee has the option to extend this Lease for four (4) additional terms for a period of one (1) year per term at the end of the second Lease term on the same conditions as provided herein. The maximum lease duration is five years and five months. The Lessee shall automatically be renewed at the end of each term unless Lessee notifies Lessor at least 60 days in writing prior to the expiration of the then-current term that Lessee does not intend to renew the Lease.

V. RENTAL PAYMENTS

For the first lease term (last five months of 2025) the monthly rental payment shall be Nine Hundred Thirty Dollars (\$930). For the second lease term (2026), the monthly rental payment shall be \$2,480. If the option to renew is exercised, the rental payment shall increase to \$2,575 per month. Monthly rent must be paid in advance of the first calendar day of each month without demand. Rent shall be prorated for any partial month.

VI. SECURITY DEPOSIT

No security deposit is required.

VII. USE OF PREMISES/QUIET ENJOYMENT

The Premises shall be used by Lessee for the purpose of conducting and operating a retail store and office providing wireless communications services and for the sale of retail and commercial products related thereto. Lessee shall not use or permit the Premises or any part thereof to be used for any other purpose or in violation of any municipal, state, or federal law.

No use will be made upon the Premises, or acts done which will Increase the existing rate of insurance upon the property or cause cancellation of the insurance policies covering the Premises.

VIII. TAXES AND ASSESSMENTS

- (a) Lessor shall pay all taxes and assessments upon the Premises and upon the buildings and improvements thereon, which are assessed during the Lease Term or any extension thereof.
- (b) Lessee shall pay all taxes on its trade or other fixtures on the Premises, any license and excise fees or occupation taxes concerning any business conducted on the Premises, any sales tax which may become payable as a result of this Lease, and timely remit all sales taxes owed to the City of Dillingham. Failure to timely remit sales taxes owed to the City shall constitute a violation of this Lease.

IX. UTILITIES AND SERVICES

- (a) Lessor shall at its expense furnish structural, building, and mechanical systems maintenance to the Premises.
- (b) Lessee shall at its expense furnish all utilities, including but not limited to heat and cooling, electricity, water, sewer, trash, snow removal, janitorial, interior maintenance, and light bulbs.
- (c) Lessor shall not be liable for any loss or damage caused by or resulting from any violation, interruption, or failure of such utility or services due to any cause whatsoever.

X. INDEMNIFICATION OF LESSOR

Lessee shall indemnify Lessor against all liabilities, expenses, and losses incurred by Lessor as a result of:

- (a) failure by Lessee to perform any covenant required to be performed by Lessee hereunder.
- (b) any accident, injury, or damage which may occur In or about the Premises caused by the condition, maintenance obligations, or operation of the Premises, or from any act or omission of Lessee or Lessee's agents;
- (c) Lessee's failure to comply with any requirement of any governmental authority; and
- (d) any mechanic's liens or security agreement filed against the Premises, any equipment therein, or any materials used in the construction or alteration of any building or improvements thereon to the extent such lien or security agreement is

caused by Lessee's construction, alteration, or use of the Premises pursuant to this Lease.

XI. INSURANCE

- (a) Lessee, during the Lease Term, shall carry, at its sole expense, plate glass, public liability, general liability, and property damage insurance covering the Premises insuring Lessor and Lessee with minimum liability limits of \$1,000,000.
- (b) All insurance policies required to be maintained by Lessee under subsection (a) above shall name Lessor (or Lessor's designee) and Lessee as the insured, as their respective interests appear. All such policies shall contain an agreement by the insurer(s) that such policies shall not be cancelled without at least ten (10) days' prior written notice to Lessor. Certificates or copies of all insurance policies shall be furnished to Lessor promptly after the issuance thereof.
- (c) Lessor shall not be liable to Lessee, its sub-lessee, or their respective agents, employees, licensees, and invitees for any loss or damage caused by fire or any of the risks enumerated in a standard fire insurance policy with a broad form extended coverage.
- (d) Lessee may self-insure against the risks undertaken herein. .

XII. CASUALTY

In case of damage by fire or other casualty to the building in which the Premises are located, without the fault of Lessee, if the damage is so extensive as to amount practically to the total destruction of the Premises or of such building, this Lease shall terminate, and the rent shall be apportioned to the time of the damage. In all other cases where the Premises are damaged by fire or other casualty without the fault of Lessee, Lessor may repair the damage or terminate this Lease at Lessor's sole option, if the damage has rendered the Premises untenable, in whole or in part, there shall be an apportionment of the rent until the damage has been repaired.

XIII. DEFAULT BY LESSEE AND REMEDIES

- (a) The following events shall be deemed to be events of default by Lessee under this Lease:
- (1) Lessee fails to pay any installments of rent, sales tax, or other obligation hereunder involving the payment of money and such failure shall continue for a period of ten (10) days after the due date.
 - (2) Lessee fails to comply with any material term, provision, or covenant of this lease, other than as described in subsection (a) above, and shall not cure such failure within fifteen (15) days after written notice thereof to Lessee or, if

such failure is not reasonably capable of being cured within such fifteen (15) day period, if Lessee has failed to diligently pursue the cure .

- (3) Lessee or any guarantor of Lessee's obligations under this Lease becomes insolvent, or makes a transfer in fraud of creditors, or makes an assignment of this Lease for the benefit of creditors.
- (4) Lessee or any guarantor of Lessee's obligations under this Lease files a petition under any section or chapter of the National Bankruptcy Act, as amended, or under any similar law or statute of the United States or any state thereof, or Lessee or any guarantor of Lessee's obligations under this Lease shall be adjudged bankrupt or insolvent in proceedings filed against Lessee or any guarantor of Lessee's obligations under this Lease.
- (5) A receiver or Trustee is appointed for the Premises or for all or substantially all of the assets of Lessee or of any guarantor of Lessee's obligations under this Lease.
- (6) Lessee deserts or vacates, or commences to desert or vacate, the Premises or any substantial portion of the Premises, or removes or attempts to remove without the prior written consent of Lessor all or a substantial portion of Lessee's goods, wares, equipment, fixtures, furniture, or other personal property.
- (7) Lessee does or permits to be done anything which creates a lien upon the Premises.

(b) Upon the occurrence of any such events of default, Lessor shall have the option to pursue one or both of the following remedies:

- (1) Without any notice or demand whatsoever, Lessor may take any action permissible at law to ensure performance by Lessee of Lessee's covenants and obligations under this Lease. In this regard, it is agreed that if Lessee deserts or vacates the Premises, Lessor may enter upon and take possession of such premises in order to protect them from deterioration and continue to demand from Lessee the monthly rentals and other charges provided in this Lease, subject to Lessor's obligation to attempt to mitigate its damages by making commercially reasonable efforts to re-let the Premises at fair market value. Lessee hereby acknowledges that Lessor shall be re-letting as Lessee's agent, and Lessee hereby agrees to pay to Lessor on demand any deficiency that may arise between the monthly rentals and other charges provided in this Lease and that actually collected by Lessor, provided that Lessor has made commercially reasonable efforts to re-let the Premises at fair market value as provided herein. It is further agreed that in the event of any default described in this Section XIII, Lessor has the right to enter upon the Premises by force if necessary without being liable for prosecution or any claim for damages therefore, and do whatever Lessee is obligated to do under the terms of this lease; and Lessee agrees to reimburse Lessor on demand for any reasonable expenses which Lessor may incur in thus effecting compliance with Lessee's obligations under this lease, and

Lessee further agrees that Lessor shall not be liable for any damages resulting to Lessee from such action, provided such damages were directly related to and necessary for Lessor to protect its interest under this Lease.

- (2) Lessor may terminate this Lease by written notice to Lessee, in which event Lessee shall immediately surrender the Premises to Lessor, and if Lessee fails to do so, Lessor may, without prejudice to any other remedy which Lessor may have for possession or arrearages in rent, enter upon and take possession of the Premises and expel or remove Lessee and any other person who may be occupying said premises or any part thereof, by force if necessary, without being liable for prosecution or any claim for damages therefore. Lessee hereby waives any statutory requirement of prior written notice for filing eviction or damage suits for nonpayment of rent. In addition, Lessee agrees to pay Lessor on demand the amount of all loss and damage which Lessor may suffer by reason of any termination conducted pursuant to this subsection (2), including actual reasonable attorney's fees.

It is further agreed that Lessee shall compensate Lessor for all expenses incurred by Lessor in effecting such repossession (including among other expenses, reasonable actual attorney's fees and any increase in insurance premiums caused by the vacancy of the Premises), provided that Lessor has actively attempted to mitigate its damages and re-let the Premises as provided herein, all expenses incurred by Lessor in re-letting (including among other expenses, repairs, remodeling, replacements, advertisements, and brokerage fees), all concessions granted to a new tenant upon re-letting (including among other concessions, renewal options) and all losses incurred by Lessor as a direct or indirect result of Lessee's default.

XIV. LESSOR MAY CURE DEFAULTS

In the event of any breach hereunder by Lessee, Lessor may, on reasonable notice to Lessee, cure such breach at the expense of Lessee. If Lessor, at any time, by reason of such breach, is compelled to pay or elects to pay any sums or money, or is compelled to incur any expenses, including reasonable attorney's fees, in instituting, prosecuting, and/or defending any action or proceeding to enforce Lessor's rights hereunder, or otherwise, the sum or sums paid by Lessor, with all interest, costs, and damages, shall be deemed to be additional rent hereunder and shall be due from Lessee to Lessor on the first day of the month following the incurring of such respective expenses.

XV. DEFAULT BY LESSOR

Lessor shall not be in default unless Lessor fails to perform its obligations under this Lease within thirty (30) days after written notice by Lessee, or if such failure is not reasonably capable of being cured within such thirty (30) day period, Lessor shall not be in default unless Lessor has failed to diligently pursue the cure to the extent possible.

XVI. SUBORDINATION

Lessee accepts that this Lease is subject and subordinate to any mortgage, deed of trust or other lien presently existing upon the Premises and to any renewals and extensions thereof.

XVII. LIENS AND ENCUMBRANCES

Lessee shall keep the Premises free and clear from any liens and encumbrances arising or growing out of the use and occupancy of the Premises by Lessee.

XVIII. ADDITIONS, ALTERATIONS, OR IMPROVEMENTS TO PREMISES

Lessee shall not make any structural alterations, additions, or improvements in or to the Premises without first obtaining the express written consent of Lessor, which shall not be unreasonably withheld. Any such alterations, additions or improvements approved by Lessor shall be made at Lessee's expense, and Lessor may require, as a condition of approval, that Lessee agrees to return the Premises to its original condition before expiration of the term of this Lease. In addition, Lessor may require, as a condition for such approval, that Lessee deposit with Lessor sufficient security to protect Lessor from any and all liens for materials or labor supplied to the Premises and require Lessee to furnish proof prior to the commencement of any work on the Premises that the persons employed in connection with the work have Workmen's Compensation Insurance and liability insurance sufficient, in Lessor's sole and absolute discretion, to protect Lessor from any liability in connection with the making of such alterations, additions or improvements. Notice is hereby given that Lessor will not be responsible for payment for any labor or materials furnished to the Premises at Lessee's request, and no mechanic's or materialman's liens for such labor or materials shall attach to Lessor's interest in the Premises.

XIX. MAINTENANCE OF PREMISES

Lessor shall, at his expense, maintain and keep in good repair the foundations, exterior walls, roof, electrical systems, HVAC and plumbing systems, parking lots, and other structural portions of the Premises. Lessee shall, at its expense, maintain the interior of the premises at all times in good condition and repair, and shall commit no waste of any kind in, on or about the Premises, nor create or suffer a nuisance to exist on the Premises. At the expiration of the term

of this Lease, Lessee shall surrender the Premises to Lessor in good condition, normal wear and tear excepted. Lessee shall pay for any and all damage to the Premises, the building located on the Premises and its appurtenances, and the personal property of Lessor. If abnormal wear and tear, abuse or waste of the Premises is found during the term of this Lease, Lessee shall, upon demand by Lessor, immediately eliminate such abnormal wear and tear, abuse or waste and restore the Premises to its condition at the beginning of the Lease, normal wear and tear excepted. Lessee shall be responsible for repair and replacement of doors and windows located on the Premises for any cause except for causes attributable to Lessor. At the end of the leased period, Lessee shall leave the rental space clean, including the repair of any abnormal wear and tear damage to the interior walls.

**XX. LESSEE'S OWNERSHIP OF TRADE FIXTURES,
MACHINERY AND EQUIPMENT**

It is expressly understood and agreed that any and all trade fixtures, machinery and equipment of whatsoever nature at any time constructed, placed or maintained upon any part of the Premises shall be and remain the property of Lessee or its tenants and may be removed or replaced at any time during the Lease Term, provided Lessee or its tenants repair any and all damage to the building or Improvements resulting from such removal or replacement.

**XXI. LESSEE'S RIGHT TO REMOVE IMPROVEMENTS AND
LESSOR'S OWNERSHIP THEREOF**

Neither Lessee nor its tenants shall have the right to remove any buildings or improvements constructed or placed upon the Premises without the prior written consent of Lessor, and, at the expiration of the Lease Term, all buildings and improvements on the Premises shall become the property of Lessor without the payment of any compensation to Lessee or its tenants. Lessee shall have the right to remove any and all of its personal property and fixtures, including furniture not permanently attached to the Premises.

XXII. ASSIGNMENT & SUBLEASE

Neither Lessee nor Lessee's legal representatives or successors in interest shall assign or mortgage this Lease, or sublet the whole or any part of the Premises, or permit the Premises or any part thereof to be used by others without the express written consent of Lessor. Any consent by Lessor to any act of assignment or subletting shall be held to apply only to the specific transaction thereby authorized and shall not relieve or release Lessee from its obligations or duties to Lessor under this Lease; that is, the assignor Lessee continues to be liable hereunder. Such consent shall not be construed as a waiver of the duty of Lessee, or its legal representatives, or the assigns of Lessee, to obtain from Lessor consent to any other or subsequent assignment or subletting, or as modifying or limiting the rights of Lessor under the foregoing covenant by Lessee not to assign or sublease without such consent. Any violation of any provision of the Lease, whether by act or omission, by any assignee, subtenant or

undertenant, or occupant shall be deemed a violation of such provision by Lessee, it being the intention and meaning of the parties hereto that Lessee shall assume and be liable to Lessor for any and all acts and omissions of any and all assignees, subtenants, undertenants, and occupants. If this Lease is assigned, Lessor may and is hereby empowered to collect rent from the assignee. If the premises or any part thereof be under-let or occupied by any person other than Lessee, Lessor, in the event of Lessee's default, may and is hereby empowered to collect rent from the undertenant or occupant. In either of such events, Lessor may apply the net amount received by it to the rent herein reserved, and no such collection shall be deemed a waiver of the covenant herein against assignment and under-letting, or the acceptance of the assignee, undertenant, or occupant as tenant, or a release of Lessee from the further performance of the covenants herein contained on the part of Lessee. Notwithstanding the foregoing, Lessee may assign its interests, rights, and obligations under this Lease upon notice, and without Lessors consent, to a parent, wholly owned subsidiary, corporate affiliate entity, or successor in interest.

XXIII. SIGNS

(a) Lessee shall be entitled at its sole cost and expense to place commercially appropriate signage on the exterior walls of the premises, subject to Lessor's written approval. Approval will not be unreasonably withheld.

(b) During the three (3) months prior to the expiration of the Lease Term, Lessor may place upon the Leased Land reasonably sized notices "To Rent" or "For Sale", which notices Lessee shall permit to remain without molestation.

XXIV. NOTICE OF NON-RESPONSIBILITY

Notice is hereby given that Lessor shall not be liable for any labor or materials furnished or to be furnished to Lessee on credit and no lien of any nature or type shall be attached to or affect the reversion or other estate of the Lessor in and to the premises herein let. At least twenty (20) days before commencing any work that is or may be the subject of a lien for work or materials furnished to the Premises, Lessee shall notify Lessor in writing thereof, to allow Lessor, if Lessor desires, to post and record notices of non-responsibility or to take other steps the Lessor deems appropriate to protect Lessor's Interests. The provisions of this section do not eliminate the requirement for written consent(s) of Lessor.

XXV. TIMELINESS REQUIRED

Time is of the essence in all actions required to be performed under this Lease.

XXVI. "AS IS, WHERE IS"

Lessee leases the Premises "as is" and "where is" and assumes the responsibility for and risks of all defects and conditions, including but not limited to environmental hazards occurring after the commencement date of the Lease. The intent of the parties is that Lessee has had already and shall continue to have a thorough opportunity to inspect and study the Premises before signing this Lease, but that once the Lease is signed, Lessor shall have no further responsibility or liability to Lessee or any third party for any claims of any kind that may arise as to the Premises.

XXVII. COSTS UPON DEFAULT

In the event either party shall be in default in the performance of any of its obligations under this Lease, and an action is brought for the enforcement thereof, the defaulting party shall pay to the other all the expenses incurred therefore, including full, actual, reasonable attorney's fees. Any sums due from the Lessee under this lease shall accrue interest at 10.5% per annum from the date they are due until paid in full.

XXVIII. NO WARRANTIES PROVIDED BY LESSOR

Neither Lessor, nor any of its officers, employees, agents, attorneys, or representatives have previously nor does under this agreement make any representations or warranties, and none of the people or entities described above shall in any way be liable for or with respect to:

- (1) the condition of the real property or the suitability of the real property for Lessee's intended use, or for any use whatsoever.

XXIX. NOTICES

All notices hereunder may be delivered or mailed. If mailed, they shall be sent by certified or registered mail to the following respective addresses:

LESSOR:
City of Dillingham
PO Box 889
Dillingham, AK 99576

With a courtesy copy to:
Munson, Cacciola & Severin, LLP
1029 West 3rd Ave., Suite 402
Anchorage, AK 99501
2026 COD/GCI Lease

LESSEE:
GCI Communication Corp,
2550 Denali Street, Suite 1000
Anchorage, AK 99503
Attn: Corporate Properties

GCI Communication Corp.
2550 Denali Street, Suite 1000

Anchorage, AK 99503

Attn: Corporate Counsel

or to such other respective addresses as either Lessor or Lessee may hereafter from time to time designate in writing. Notices sent by mail shall be deemed to have been given when properly mailed.

XXX. COMPLIANCE WITH LAWS

Lessee shall comply with all applicable laws, ordinances, and regulations of duly constituted public authorities then in force in any manner affecting the Premises, whether or not any such laws, ordinances, or regulations which may be hereafter enacted involve a change of policy on the part of the governmental body enacting same. Lessee further agrees it will not permit any unlawful occupation, business, or trade to be conducted on said premises, or any use to be made thereof, contrary to any law, ordinance, or regulation.

XXXI. WAIVER

Neither the acceptance of rent nor any other act or omission of Lessor at any time or times after the happening of any event which would enable Lessor to cancel this Lease or declare Lessee's interest hereunder forfeited, shall operate as a waiver of any past or future violation, breach or failure to keep or perform any covenant, agreement, term or condition hereof or to deprive Lessor of right to cancel or terminate this Lease at any time that cause for cancellation or termination may exist, or be construed so as to at any future time estop Lessor from promptly exercising any other option, right or remedy that it may have under any term or provision of this Lease.

XXXII. HOLDING OVER

In the event Lessee remains in possession of the Premises after expiration of this Lease and all renewal terms without a written Lease, Lessee shall be deemed to be occupying the Premises as a tenant from month-to-month, subject to all the conditions, provisions and obligations of this Lease insofar as they may be applicable to such month-to-month tenancy.

XXXIII. BENEFIT

Subject to the restrictions stated In Article XXII hereof, all the terms, conditions, covenants and agreement in this Lease shall extend to and be binding upon the Lessor, Lessee and their respective successors and assigns and upon any person, firm or corporation coming into ownership or possession of any interest in the Premises by operation of law or otherwise, and shall be construed as covenants running with the land.

XXXIV. DEFINITIONS

The words "Lessor", "Lessors", and "Lessee", "Lessees" as used in this Lease shall include both the singular and plural, the masculine, the feminine and the neuter whenever appropriate and shall include any individual or person acting in a fiduciary capacity as an executor, administrator, and trustee or in any other representative capacity. The titles of paragraphs herein are for identification only and are not to be considered to a part of this Lease nor to be restrictive in any manner of the provisions of any of the paragraphs of this Lease.

XXXV. SEVERABILITY

If any provision of this Lease shall be found to be invalid, the remainder hereof shall nevertheless be carried into effect.

XXXVI. APPLICABLE LAW

This Lease is made under and shall be construed in accordance with the laws of the State of Alaska. Any legal proceedings arising out of this Lease shall be heard by the Court for the State of Alaska in the Third Judicial District at Anchorage.

Signed by Lessor on the _____ day of _____ 2026,

Lessor: City of Dillingham

By: _____

Alice Ruby, Mayor

THIS IS TO CERTIFY that on this ____ day of _____, 2026, before me, the undersigned Notary Public in and for the State of Alaska, personally appeared **Alice Ruby**, who is known to me to be the Mayor of the City of Dillingham, and the person who executed the instrument on behalf of said organization, and affirmed that he or she was authorized to do so.

IN WITNESS HEREOF. I have hereunto set my hand and seal the day and year first hereinabove written.

NOTARY PUBLIC, State of Alaska

My Commission Expires:

Signed by Lessee on the _____ day of _____ 2026,

Lessee: GCI COMMUNICATION CORP.,

By: _____

Name & Title: _____

THIS IS TO CERTIFY that on this ____ day of _____, 2026, before me, the undersigned Notary Public in and for the State of Alaska, personally appeared _____, who is known to me to be the _____ of the Lessee, and the person who executed the instrument on behalf of said organization, and affirmed that he or she was authorized to do so.

IN WITNESS HEREOF. I have hereunto set my hand and seal the day and year first hereinabove written.

NOTARY PUBLIC, State of Alaska

My Commission Expires:



“GCI Building”
412 West 2nd Ave. - Dillingham, Alaska 99576



January 12, 2026

City of Dillingham

Jack Savo – City Manager & Abigail Flynn – City Clerk

P.O. Box 889 Dillingham, Alaska 99576

Re: Fair Market Rental Analysis of:

**“GCI Building” – Potato House - 412 W. 2nd Ave – 936 SF Retail Building,
(Block 17, Lot 3, Plat 2023-4, Bristol Bay R.D.) - approx. 5,403 SF site
Dillingham, Alaska 99576**

Mr. Savo & Ms. Flynn,

At your request, we have prepared an analysis to summarize the **current fair market lease rates** of the property referenced above, known locally as the “GCI Building – Potato House” in downtown Dillingham, Alaska. We have considered and analyzed **market rental lease data** for similar above-average quality and condition **mixed-use office** facilities in more remote / rural areas in western Alaska – concentrating our analysis on Dillingham. We have considered all competing properties in more rural / remote villages within the Bristol Bay area and similar size / style / type lease space statewide. The data gathered and analyzed represents numerous comparable rentals of similar size, similar use facilities, all having similar floorplans / layouts / uses and challenges of access



considered with remote / rural locations providing good indicators of market lease rates in rural / remote Alaska. We have come up with the most probable market rental rate for the subject property, which establishes the most probable market rental rate. The subject consists of commercial mixed-use office / retail space, and we have analyzed and considered many mixed-use office spaces in collecting data and coming to a conclusion on the market value of the subject space.

Our analysis and conclusions will be presented in the following report, with a brief discussion of the subject property characteristics, photographs, sketches and diagrams. We inspected the subject property **November 25, 2025**, with additional data from our client, the City of Dillingham, all data deemed and assumed accurate.

The Dillingham GCI Building is located on West 2nd Ave in the central part of town, less than a block north of Main Street. The building consists of a generally rectangular-shaped **single-story mixed-use commercial building** totaling approx. **936 SF (24' x 37')**, located on a small, **5,403 SF generally rectangular shaped lot** for the neighborhood. The building was constructed purpose-built as a mixed-use show-room / office, with an open room / reception, office area, ½ bathroom and support areas. The subject appears to be above average to good quality and condition for a commercial building in Dillingham, Alaska. We will briefly discuss the site and improvements and then discuss / analyze the market lease / rental rates for the subject based on the most similar market rentals.

Intended Use / Intended Users

The intended user of the report is the City of Dillingham, and any additional intended users identified by the client. The intended use is to establish a fair market rental rate for the retail / office property at 412 W. 2nd Ave. No other intended users or uses are allowed. The client is the owner / current lessor - City of Dillingham, therefore, they are familiar with the building and overall facility attributes. We will summarize the improvement and site descriptions, concentrating our analysis on the market rental rate analysis as requested. **We assume the site is environmentally clean**, and that there are no contamination issues on site, and that there are no long-term leases encumbering the subject – building is leased short term to GCI.

Community Characteristics

Dillingham, Alaska, is a remote coastal city in the Bristol Bay region, serving as the economic and administrative hub for the surrounding census area. As of 2025, its population stands at approximately 2,121, reflecting a continued decline of about 1.12% annually and a 5.31% drop since the 2020 census figure of 2,240. The demographics feature a median age of 31.3 years, with a diverse racial makeup dominated by Native American residents. The local economy revolves heavily around commercial salmon fishing, which yields millions of fish annually from Bristol Bay's prolific waters,

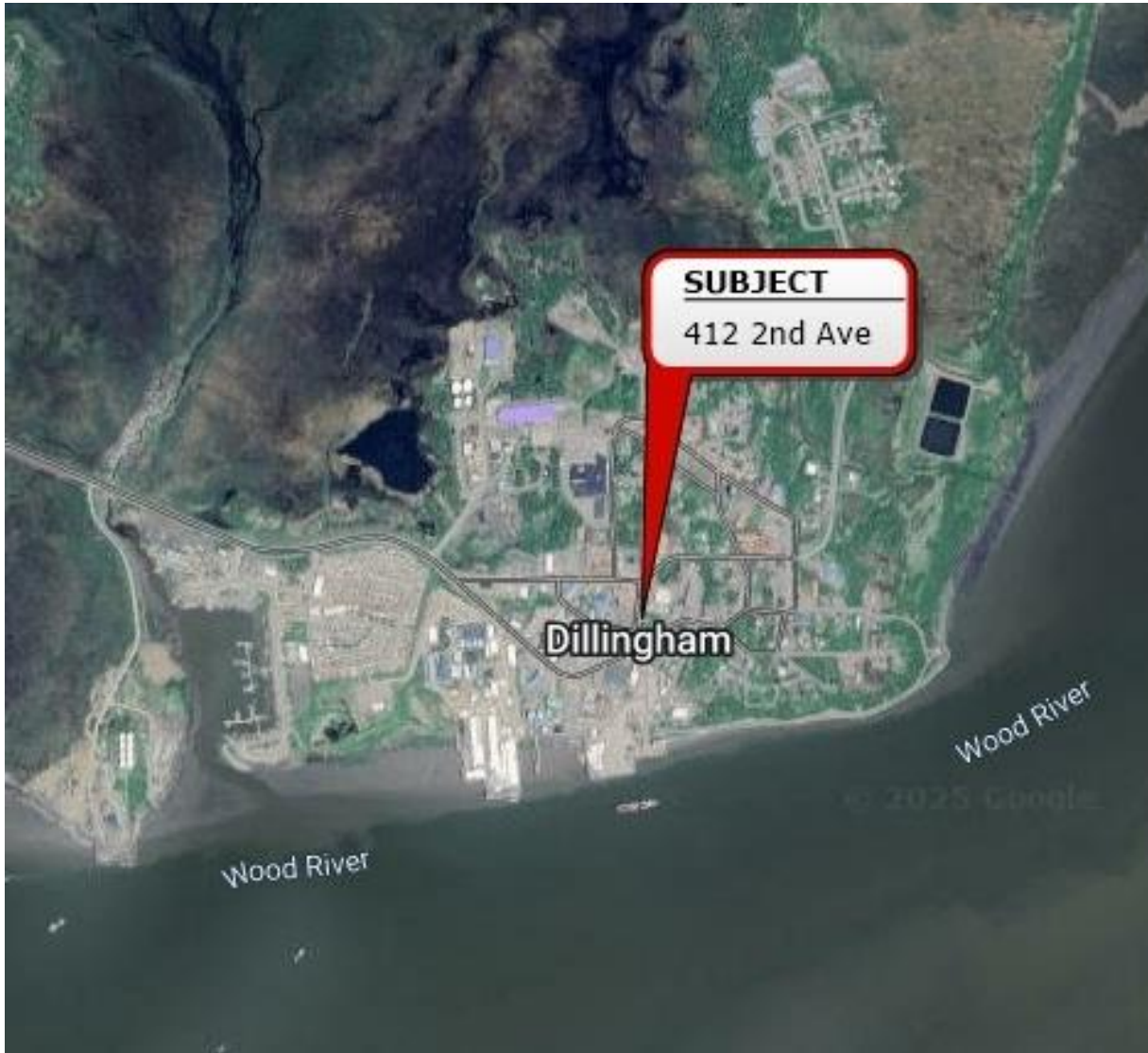


supplemented by seafood processing, sport fishing, eco-tourism in nearby Wood-Tikchik State Park, and government employment tied to wildlife refuges. Median household income hovers around \$100,000, with per capita income at \$65,640 and a poverty rate of 9.86%, underscoring a resilient but volatile resource-based livelihood.

Current trends indicate persistent challenges for Dillingham's workforce and population dynamics, mirroring broader Alaska patterns of rural outmigration and an aging demographic shift. The labor force totals about 1,052 individuals, boasting a high employment rate of 95.1% and a low unemployment rate of 4.9%, though seasonal fluctuations in fishing dominate job availability, prompting diversification efforts into tourism and processing. Educational attainment supports this, with 49% holding high school diplomas and 16% possessing bachelor's degrees, yet statewide workforce shortages—exacerbated by a shrinking working-age population through 2050—pose recruitment hurdles, leading to higher wages and reliance on retirees for skilled roles. Population projections suggest stabilization around 2,153 by mid-decade if growth edges up to 0.4%.



Downtown Dillingham Map





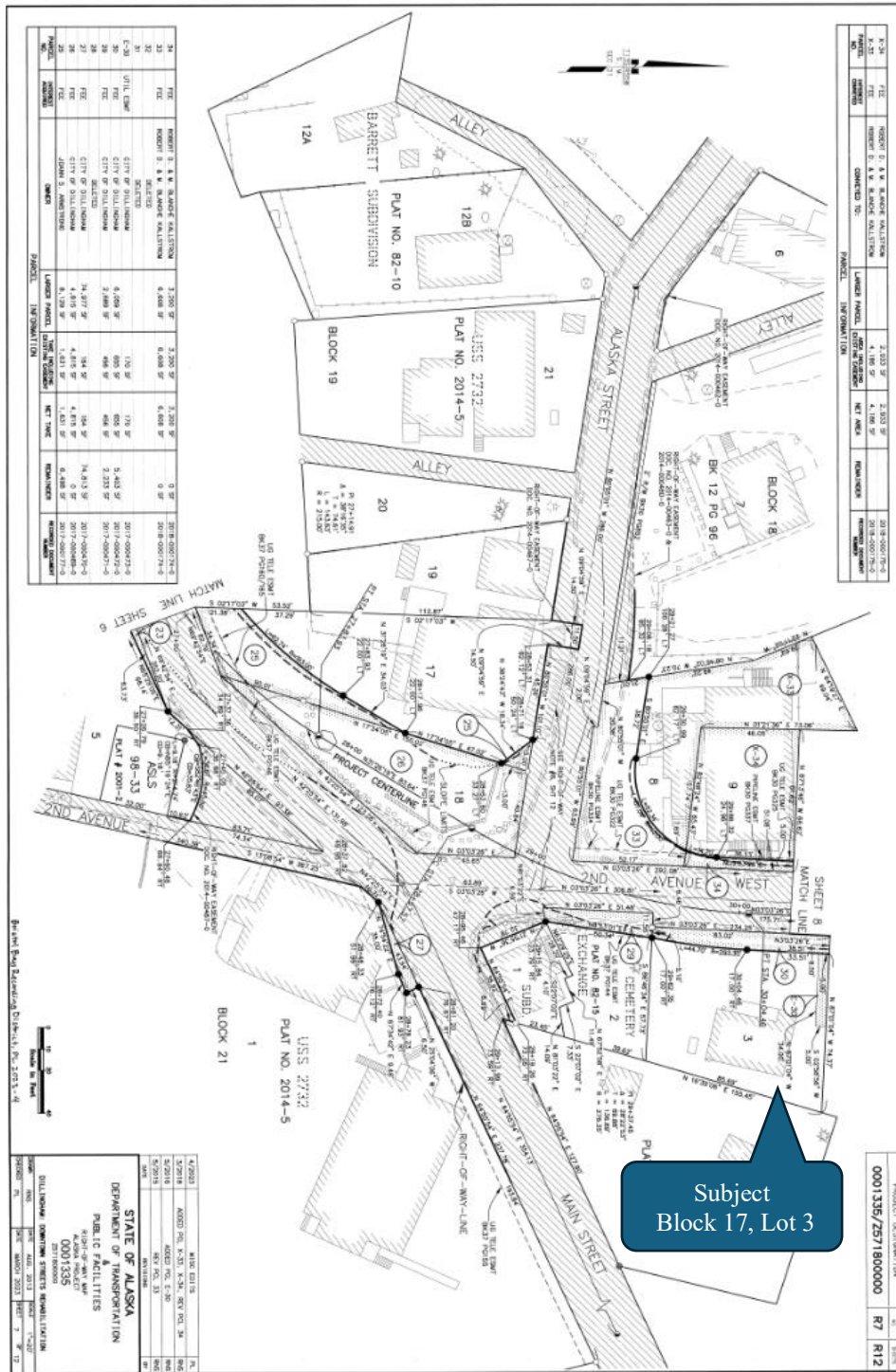
Aerial Downtown Dillingham

** Highlighted Area is Approximate ONLY**





Plat 2023-4 Bristol Bay Recording District – Legal / Plat Map

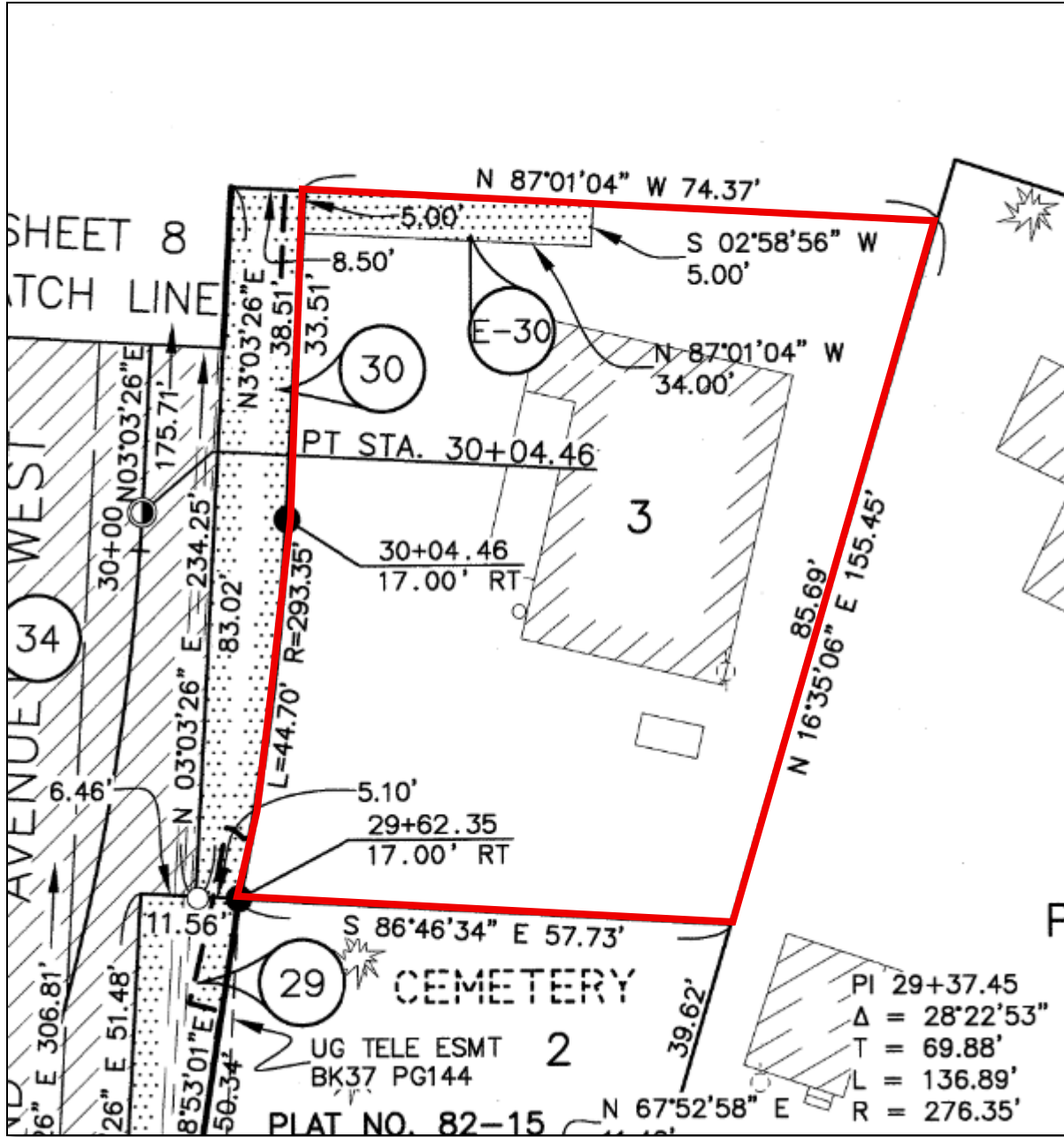


Alaska Appraisal & Consulting Group, LLC
 4305 Old International Airport Rd., Anch. AK 99502
 907.677.1133 clint@akacg.com

Market Lease Rate Analysis
 "GCI Building" 412 W. 2nd Ave
 Dillingham, AK 99576



Plat 2023- 4 Close up



SUBJECT PHOTOGRAPHS

Photographs taken by Reed Whitmore November 25, 2025



Looking East from W. 2nd Ave



Looking East/ SE



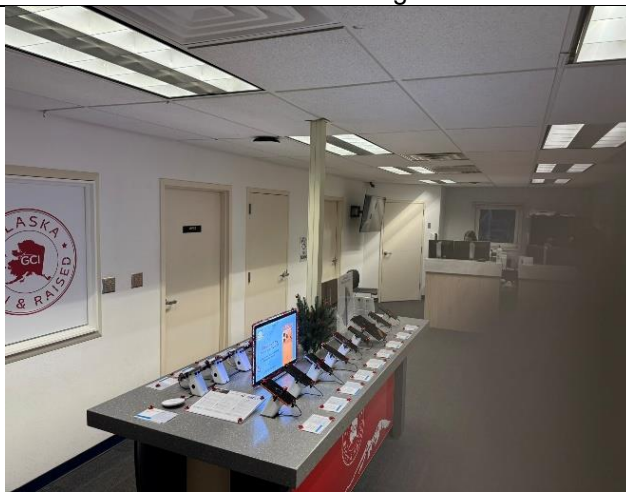
South Side



West 2nd Ave Looking South



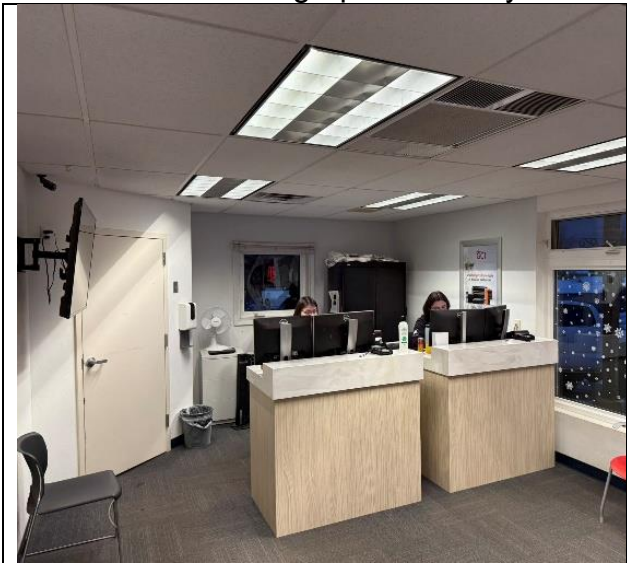
W. 2nd Ave Looking North



Show Room

SUBJECT PHOTOGRAPHS

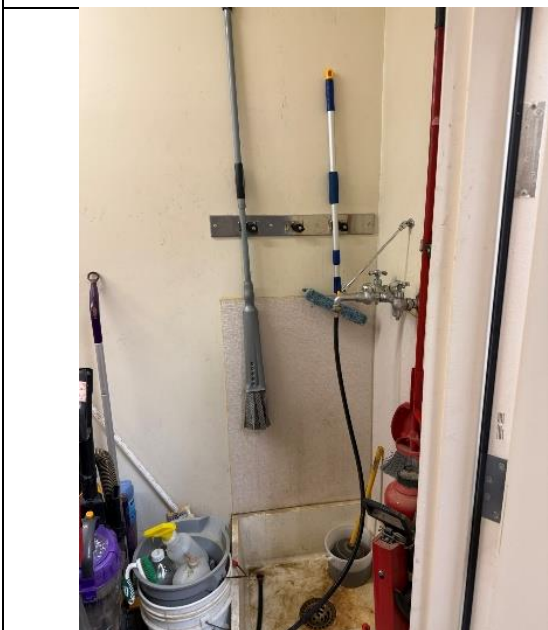
Photographs taken by Reed Whitmore November 25, 2025



Show Room Reception



Forced Air heating



Janitor Closet



Mechanical Room

SUBJECT PHOTOGRAPHS

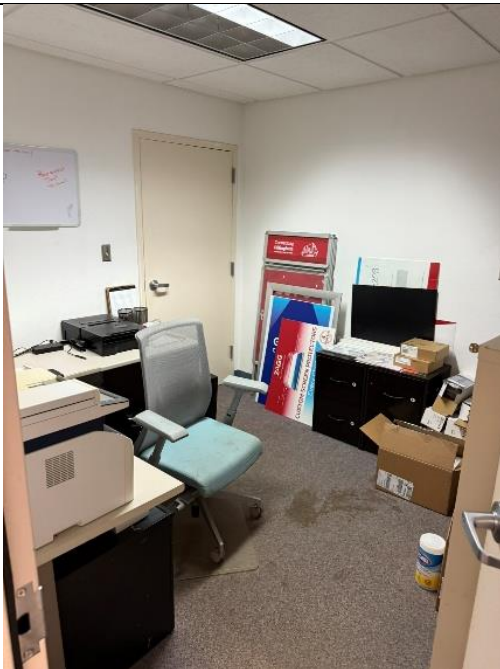
Photographs taken by Reed Whitmore November 25, 2025



1/2 Bathroom



Break Room



Back Office



Storage Room

412 West 2nd Avenue, Dillingham – GCI Building / Potato House

Site Characteristics

This mixed-use commercial Retail / Office Building is located on a 5,403 SF size site, a typical, smaller lot for the central, downtown Dillingham market. The site is located next to the City Maintenance Shop and City Hall, near Main Street in downtown Dillingham, with other commercial and residential buildings, including the U.S. Post Office, in the immediate area. Good overall access attributes, with direct access off West 2nd Ave, that connect Main St. and “D” Street, the two main arterials in the area – considered a good location for a small retail store or office. The site is large enough to support the building, with 5-8 on-site parking spots in the front / side of the building – overall, above-average curb appeal. The site slopes west to 2nd Ave and to the south. The site has city water and sewer, with public electricity, with fuel oil (500 Gallon tank on the south side of the improvement) used for heating – all typical utilities for the local Dillingham market. Overall, the site appears to be adequate size and utility for the purpose and provides good proximity and access from the downtown district, schools, airport, businesses, and houses in the community, with good access and visibility – see photos.

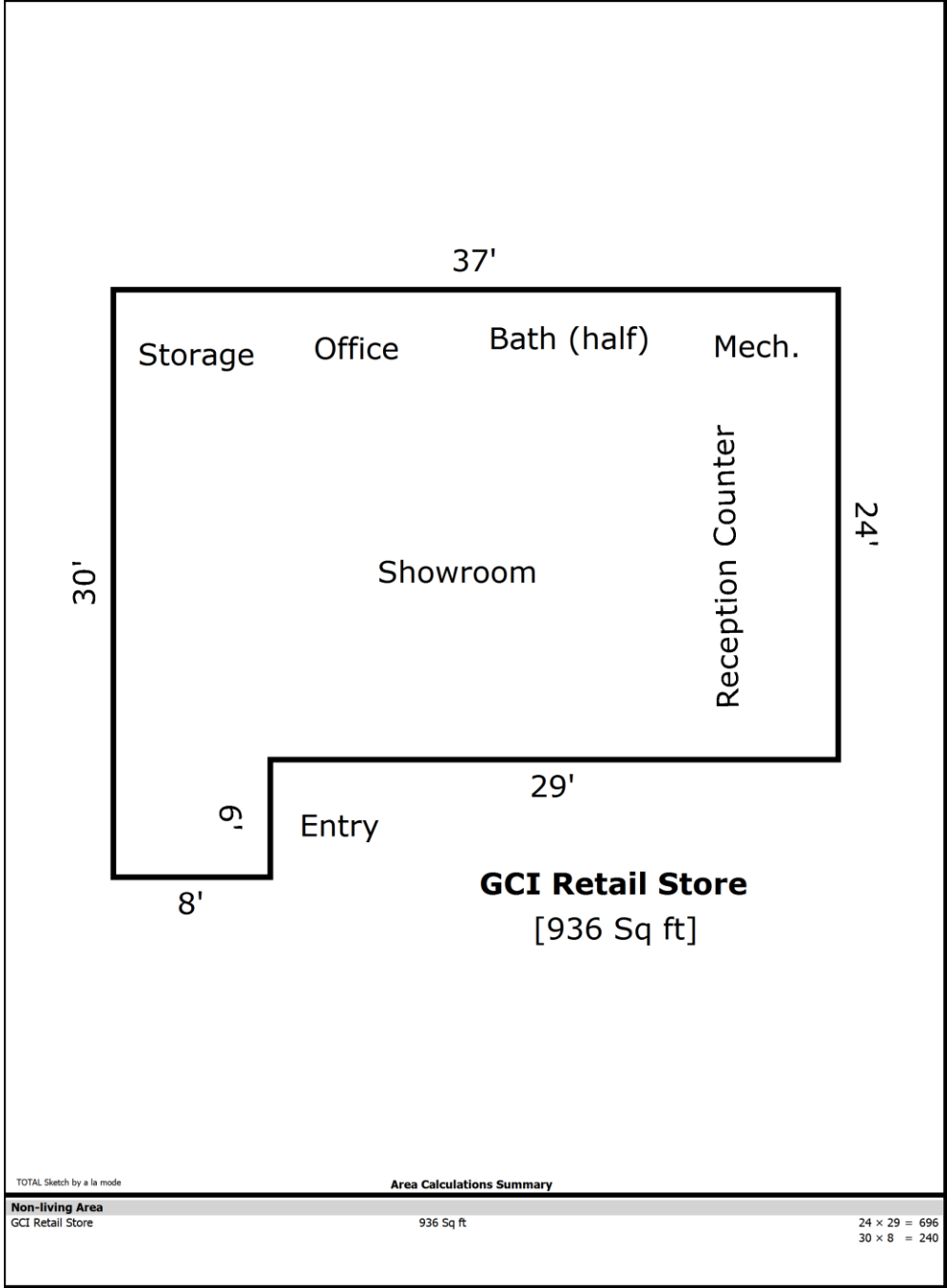
Improvement Description & Characteristics

The subject consists of a **5,403 SF / 0.12 Ac. site improved with an existing 936 SF office building, built in 2000.** The building appears to be in above average to good condition and is located in the town center area, with good access off W. 2nd Ave. The building is a 24’ x 37’ stick frame, rectangular-shaped retail /office building with vinyl siding and windows, metal exterior doors, metal roof, all on concrete slab. There is a 6’ x 23’ covered porch leading to a 6’ x 8’ extended entry. The building has exterior lighting under the covered porch and on the west and south exterior walls to illuminate the parking areas. According to the Plat, the building is located on the NE portion of the lot, which provides the west and southern parking areas.

The building has a large showroom area with display and sales counters, with metal doors separating the back rooms (a storage room, office, ½ bathroom and mechanical) that run along the north / back portion of the building. There are painted sheetrock walls, and fluorescent lights in the drop ceiling with commercial carpet squares covering the floors. The exception is the mechanical room which has a higher sheetrock ceiling, industrial light fixtures, all on the open concrete slab. The building has fuel oil fired forced air heating. The subject is an above average to good quality and condition commercial retail / office for the community of Dillingham, with an above average location and overall high functional utility for the smaller building.

In the following section, we will analyze comparable market rates for similar style and type properties in the local market, to derive a “Market Value” rental rate for the subject property identified in this analysis.

Building Sketch – 936 SF



Current Rent Analysis and Discussion

The subject is currently leased short term (month to month) to GCI – most recent contract amount of \$0.62/SF, with the tenant paying all variable costs (utilities, taxes and insurance) – NNN lease (triple net lease). This lease is well below market, and not given any weight in this analysis, with City of Dillingham representatives indicating the proposed lease rate will be closer to \$1.75/SF, with escalators up to \$2.75/SF (NNN) – much closer to actual market rates for the area and style / type / condition in the market.

Market Rental Analysis and Discussion

At your request, we are providing a **market rental analysis** of the subject property 412 W 2nd Ave, owned by the City of Dillingham, leased to GCI. The intended use is to determine a **fair market rental rate** for the purpose of establishing a current market value lease rate for the subject property. This report is intended to meet all City of Dillingham Facility Lease requirements. We have summarized our findings, data, and conclusions, with the primary focus being to provide a **most probable fair market rental rate** for the type of space in the Dillingham, Alaska market – based on a NNN lease, with the tenant paying all utilities (taxes, insurance, electric, fuel, water, sewer, etc.) We have completed a number of appraisals in rural cities/villages of similar mixed-use retail / office properties, and we have researched our appraisal files, MLS data, and had discussions with the City of Dillingham – client / owner and realtors owning / managing similar properties in the similar marketing areas, including rental / lease data from current leases and compared values for similar office / retail buildings in more rural / remote areas, all providing good market rental lease data for analysis.

We will discuss our findings and conclusions below, with supporting documentation located in the appraisers' file. The data below summarizes our rental analysis and conclusion based on the data discovered in analyzing western Alaska rural / remote leases of similar type mixed use office / retail space, considered adequate to provide a reliable market rental range for the subject building. Locally we have discovered four office spaces near the subject in Dillingham, including office space, and mixed-use hangar / office building in the Naknek / King Salmon area with similar potential utility of use, providing good data for analysis. The comparable properties analyzed reflect a range of quality, condition, and location similar remote warehouse / office space, providing good data for analysis. We will summarize the data analyzed, discuss respective attributes / comparability, and conclude the most reasonable and supportable price per SF rental rate for the subject space.

“Market Rent” is defined in The Dictionary of Real Estate Appraisal as “The rental income that a property would most probably command in the open market; indicated by the current rents paid and asked for comparable space as of the date of the appraisal.” **All of the leases analyzed have been adjusted to reflect a similar triple net leases (NNN),**

where the tenant pays all variable expenses (taxes, insurance, heat, electric, telephone, water & sewer) and possessory taxes while owner/ landlord is responsible for major building expenses. This is a typical arrangement in the market for similar single tenant buildings. We have appraised and have good rental data on similar rural properties – therefore our estimates are reliable. All leases analyzed were adjusted to triple net leases, similar to the subject.

Dillingham Mixed-Use Warehouse / Office Space - Analysis of Lease Data

Market rent for the Subject is governed by the existing and asking rental rates of the Subject, as well as those of similar utility properties in the Subject's area and similar marketing areas. We were not provided with a current lease, but a City of Dillingham representative indicated that the tenant has been paying \$0.62/SF/Mo., or about \$580/Mo., with the tenant responsible for all other major expenses. This historical rate is well below market and was not given any weight in the analysis.

Dillingham Mixed Use Office Space - Conclusion of Market Rent

We have analyzed a total of 16 current mixed-use office / retail leases of similar style / type / various size / quality / condition / utility of use mixed-use space in Dillingham and competing rural communities in western - northwestern Alaska, ranging in size from 135 SF to 4,000 SF – bracketing the subject's size. In an effort to analyze and consider the most similar, most applicable comparable rentals. These leases have allowed us to estimate a rental range and the most probable market value rental rate for the subject's retail / office space – totaling approx. **936 SF**.

All of the rental rates analyzed have been adjusted to reflect triple net leases, with the tenant paying all variable expenses, taxes and insurance. **We have adjusted all leases to reflect similar triple net leases** based on actual & historical costs from actual variable costs experienced by similar mixed-use office space in competing markets – providing good data for support of leases similar to the subject. The data discovered indicate that the **overall adjusted range** of similar retail / office space in the market is \$2.45/SF/ mo. to \$4.30/SF/ mo., with an overall adjusted average of \$2.57/SF/ mo. The most similar, best office / retail comparable is located in downtown Dillingham at 333 W. Main Street – less than a block from the subject – with rental rates ranging from \$2.43/SF to \$3.30/SF.

The five Dillingham office rentals representing the middle of the range and given significant weight in the analysis provide good overall support. The subject is bracketed by the comparables' attributes, with a concluded market rental rate near the mid-range of the indicators. The subject is a smaller (936 SF) stand-alone office space property with good location, access and visibility that is above-average to good in quality workmanship & condition creates upward rental rate pressure.

Final Reconciliation & Conclusion of Market Rent – 412 W. 2nd Ave.

Considering the good location, access, visibility and above-average quality and condition of the building, with more weight given to the Dillingham comparables, the subject falls near the mid-range of the market rental rates of similar type properties.

In conclusion, the most applicable rental rate range concluded for 412 W 2nd Ave – 936 SF Office/ Retail Building, considering the buildings characteristics is **\$2.50/SF/ mo. to \$2.75/SF /mo.**, with **the most probable rental rate** near the mid-range **at \$2.65/SF**, (NNN Lease) with the tenant paying all taxes, insurance and utilities (variable costs).

Range: \$2.50 / SF/ month x 936 SF = \$2,340 / month **RD \$2,340/ month**
 \$2.75 / SF/ month x 936 SF = \$2,574 / month **RD \$2,575/ month**

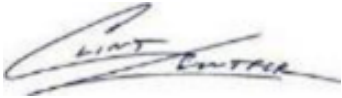
Most Probable Market Rental Rate:

\$2.65 / SF/ month x 936 SF = \$2,480 / month (\$2.65/ SF)
\$29,760 – Annually

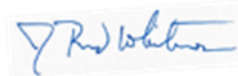
Appraiser Certification

We certify that, to the best of our knowledge and belief:

1. We have no present or prospective interest in the property that is the subject of this report. We have no personal interest or bias with respect to the parties involved with this assignment. We have no bias with respect to the property that is the subject of this report.
2. Our engagement in completing this assignment is not contingent upon the development or reporting of a predetermined result. Our compensation for completion of this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
3. The reported analysis, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased, professional analysis, opinions, and conclusions.
4. J. Reed Whitmore completed a full site inspection of property that is the subject of this report on November 25, 2025. Additional discussions with the owner / manager provided detailed further supporting information and photographs that allowed us to accurately ascertain the quality, condition, and extent of the improvements on site, with an effective date of the appraisal report / inspection being November 25, 2025.
5. The statements of fact contained in this report are true and correct.
6. Unless otherwise stated, this report is presented in a summary style appraisal type format. This report sets forth all of the limiting conditions (imposed by the terms of the assignment or by the author) affecting the analysis, opinions, and conclusions contained in this report. Only the intended users may rely on the findings within this appraisal report.
7. This Report conforms with and is subject to the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
8. Our analysis, opinions and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
9. The appraisers have the appropriate knowledge and experience required to complete the assignment competently.
10. The use of this Report is subject to the requirements of the Appraisal Institute relating to review by its authorized representatives.
11. No assistance other than the undersigned, or those whose services are specifically acknowledged herein, prepared the analysis, conclusions, and opinions concerning the real estate that are set forth in this Appraisal Report.
12. Clint H. A. Lentfer is currently certified by the State of Alaska as General Real Estate Appraiser (Certificate No. AA-506). J. Reed Whitmore is currently certified by the State of Alaska as General Real Estate Appraiser (Certificate No. 214040).
13. The Appraisal Institute conducts a program of continuing education, and members who meet the minimum standards of this program are awarded periodic education certification. As of the date of this Report, Clint H.A. Lentfer and Reed Whitmore have completed the requirements under the continuing education program of the Appraisal Institute.



Clint H. A. Lentfer, MBA, SRA, APRG506



J. Reed Whitmore, # 214040

QUALIFICATIONS OF APPRAISER
CLINT H.A. LENTFER, MBA, SRA

EDUCATION:

University of Wyoming

University of Alaska Anchorage

- BA Business Management (1995)
- MBA Business Administration (2000)
- SRA Designation – Appraisal Institute (2019)

EXPERIENCE:

1997 to 2010: Certified General Real Estate Appraiser / Consultant, Appraisal Company of Alaska

2010 to Present: Partner / Owner, Alaska Appraisal & Consulting Group, LLC

QUALIFICATIONS:

29 years' experience in real estate appraisal work for local and national mortgage lending institutions. Residential properties include single-family residences, multi-family income properties, remote properties including Lodges, cabins, vacant land - statewide. Commercial properties including remote fishing, hunting and adventure lodges, apartment buildings, warehouses, large and small retail and office complexes, and commercially zoned vacant land. Qualified expert witness in State of Alaska Supreme Court. Board of Directors & Treasurer Alaska Chapter Appraisal Institute. Appointed Board Member of Certified Real Estate Appraisers - State of Alaska. Commercial Contract tax assessment work for Various State of Alaska Municipalities.

ACCREDITATIONS, COURSES AND LICENSES:

- State of Alaska - Certified General Real Estate Appraiser Certificate, AA-506
- FHA/HUD Approved Appraiser
- Course 311 - Residential Modeling Concepts
- Course 101 - Fundamentals of Real Property Appraisal
- Course 151 - Standards of Practice and Professional Ethics
- Course 112 - Income Approach to Valuation II
- Appraisal Institute Course – Highest & Best Use and Market Analysis
- Appraisal Institute Course – Advanced Sales Comparison
- Appraisal Institute Course – Narrative Report Writing & Valuation Analysis
- Appraisal Institute Course – Advanced Applications
- Appraisal Institute Course – Advanced Income Capitalization
- Appraisal Institute Course – Advanced Residential Applications, Case Studies & Report Writing
- The Technical Inspection of Real Estate, The Beckman Company
- Land Valuation Assignments, Adjustment & Procedures
- Effective Banker – Appraiser Communication
- Subdivision Valuation – Seminar
- Appraisal of Local Retail Properties – Seminar
- Appraisal Institute – SRA Designation 2019
- State of Alaska – Board Approved Supervisory Appraiser

Alaska Appraisal & Consulting Group, LLC
 4305 Old International Airport Rd., Anch. AK 99502
 907.677.1133 clint@akacg.com

Market Lease Rate Analysis
 "GCI Building" 412 W. 2nd Ave
 Dillingham, AK 99576

Page 17

QUALIFICATIONS OF APPRAISER

J. Reed Whitmore M.A.T, M.Ed

Alaska Appraisal & Consulting Group www.akacg.com

Education	Bachelor of Science	Trinity College, Chemistry	1987
	Master of Arts- Teaching	University of Alaska -Anchorage	1994
	Master of Educational Leadership	University of Alaska -Anchorage	2001
Experience	Certified General Real Estate Appraiser		January 2024
	Alaska Appraisal & Consulting Group		2021 - Present
	Secondary School Principal & Teacher Anchorage School District		1994- 2021

Qualifications

Five years of experience in real estate appraisal focused on commercial and rural /remote properties in Central, Southcentral and Western Alaska. Residential properties include urban, suburban, rural, and remote homes, recreational cabins, and remote vacant land. Commercial properties include warehouses, aircraft hangars, remote fishing lodges, motels, small office buildings, hunting and fishing lodges, commercial vacant land.

Accreditations, Courses and Licenses

- State of Alaska - Certified General Real Estate Appraiser Certificate, #214040
- General Appraiser Market Analysis Highest and Best Use
- General Appraiser Income Approach/Part 1 & Part 2
- Expert Witness for Commercial Appraiser
- Supervisory Appraiser/Trainee Appraiser Course
- 2020-2021 15-Hour Equivalent USPAP
- General Appraiser Market Analysis Highest and Best Use
- General Appraiser Sales Comparison Approach
- General Appraiser Site Valuation and Cost Approach
- General Appraiser General Writing & Case Studies
- Commercial Appraisal Review
- Statistics, Modeling & Finance
- 2020-2021 7-hour National USPAP Update
- Fair Housing, Bias, and Discrimination
- Valuation of Residential Green Buildings
- Appraiser Law in the Real World
- Basic Appraisal Procedures
- Basic Appraisal Principles
- Business Practices and Ethics
- Business Ethic of Appraisers
- 2022-2023 7 hours USPAP

License #: APRG506
Effective: 5/15/2025
Expires: 06/30/2027

State of Alaska
Department of Commerce, Community, and Economic Development
Division of Corporations, Business, and Professional Licensing

Board of Certified Real Estate Appraisers

Licensee: **CLINT HERMAN LENTFER**

License Type: **Certified General Real Estate Appraiser**

Status: **Active**

Note: Board approved supervisor as of 9/15/2021.

Commissioner: Julie Sande



License #: 214040
Effective: 5/25/2025
Expires: 06/30/2027

State of Alaska
Department of Commerce, Community, and Economic Development
Division of Corporations, Business, and Professional Licensing

Board of Certified Real Estate Appraisers

Licensee: **JAY REED WHITMORE**

License Type: **Certified General Real Estate Appraiser**

Status: **Active**

Commissioner: Julie Sande



**CITY OF DILLINGHAM, ALASKA
RESOLUTION NO. 2025-29**

**A RESOLUTION OF THE DILLINGHAM CITY COUNCIL AUTHORIZING CITY
ADMINISTRATION TO NEGOTIATE A LEASE AGREEMENT WITH GCI
COMMUNICATION CORP.**

WHEREAS, the City of Dillingham is the owner of real property described as a parcel of land located within U.S. Survey 2732A, Section 20, Township 13 South, Range 55 West, Seward Meridian, State of Alaska; said property more particularly described as USS 2732A, Lot 3, Bldg. 17, Latitude 59.10092, Longitude-158.43093, which is located at 414 2nd Avenue West, Dillingham, Alaska 99576, containing .67 acres or 29,080 square feet, more or less, with all appurtenances including the Building containing approximately 1,500 rentable square feet, more or less ("Premises"); and

WHEREAS, the City of Dillingham and GCI entered into a lease agreement for the Premises on January 21, 2019; and

WHEREAS, this lease expired on December 31, 2024; and

WHEREAS, Dillingham Municipal Code 5.30.080 authorizes the disposal, including by lease, of city land to promote local trade or industry; and

WHEREAS, Dillingham Municipal Code § 5.30.100 provides, in part, that the terms and conditions of leases, easements and rights-of-way will be established by the city council for each disposal; and

WHEREAS, the City Administration has determined that this lease, like other current city leases, is no longer consistent with reasonable market values, which the City Administration seeks to bring current with reasonable market values; and

WHEREAS, a draft lease with key terms open is attached to this Resolution; and,

WHEREAS, the City Administration will utilize comparable properties and leases to negotiate an appropriate rate with GCI.

NOW, THEREFORE, BE IT RESOLVED the Dillingham City Council:

Meeting: September 4th, 2025

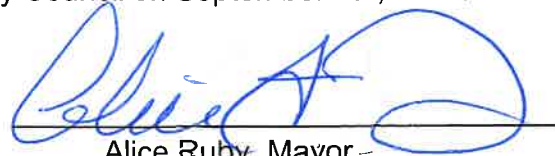
Section 1. Authority to Engage in Negotiations. The Council authorizes the Administration to negotiate a lease with GCI regarding renting the Premises described above, in substantially the same form as the attached draft lease, with substantially similar terms as the Council directed. The Administration will return to the Council for final approval of said lease by resolution.

Section 2. Effective Date. This resolution shall be effective immediately after its adoption.

PASSED and ADOPTED by the Dillingham City Council on September 4th, 2025.

ATTEST:


Abigail Flynn, Acting City Clerk


Alice Ruby, Mayor
[SEAL]

City of Dillingham
Fiscal Note

Agenda Date: April 16, 2026

GCI Communication Copr Lease of 412 W. 2nd Avenue

ORIGINATOR: Finance Director

FISCAL ACTION (TO BE COMPLETED BY FINANCE)		FISCAL IMPACT <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	
AMOUNT REQUESTED: \$0		FUNDING SOURCE City of Dillingham	
FROM ACCOUNT		Project	
TO ACCOUNT:	VERIFIED BY: Anita Foran	Date:	10/30/2025

EXPENDITURES

OPERATING	FY26	FY27	FY28	FY29
General Fund				
TOTAL OPERATING	\$ -	\$ -	\$ -	\$ -

CAPITAL	\$ -			
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REVENUE	19,530.00	30,330.00	30,900.00	30,900.00
---------	-----------	-----------	-----------	-----------

FUNDING

SRF Forgivable Loan	\$ -	\$ -		
TOTAL FUNDING	\$ -	\$ -	\$ -	\$ -

POSITIONS

Full-Time				
Part-Time				

Analysis: (Attach a separate page if necessary)
Increases revenue by \$9,250 for FY26 budget

See Resolution 2026-12

PREPARED BY: Anita Foran *AF* April 15, 2026
 DEPARTMENT: Finance
 APPROVED BY: *[Signature]* 04/15/2026

CITY OF DILLINGHAM, ALASKA

RESOLUTION NO. 2026-13**A RESOLUTION OF THE DILLINGHAM CITY COUNCIL AUTHORIZING THE CITY MANAGER TO APPROVE CHANGE ORDER NO. 1 TO THE PROFESSIONAL SERVICES AGREEMENT WITH RESPEC COMPANY, LLC FOR THE AIRPORT WATERLINE EXTENSION PROJECT, INCREASING THE CONTRACT AMOUNT BY \$103,611.20 FOR A REVISED TOTAL NOT TO EXCEED \$998,997.30**

WHEREAS, the City of Dillingham (City) identified the need to extend its potable water system to the Dillingham Municipal Airport and nearby properties whose groundwater has been contaminated by per- and polyfluoroalkyl substances (PFAS), to protect public health and provide safe drinking water to affected residents and airport users; and

WHEREAS, the Dillingham City Council adopted Resolution No. 2024-09 on February 1, 2024, and Resolution No. 2024-47 on November 7, 2024, authorizing application to the Alaska Drinking Water Fund (ADWF) and appropriating up to \$1,400,000.00 for design services related to the Airport Waterline Extension Project; and

WHEREAS, the City issued Request for Proposals No. 2025-02 (RFP 2025-02) for professional engineering design services for the Airport Waterline Extension Project, and following competitive evaluation, the selection committee identified RESPEC Company, LLC (RESPEC) as the highest-ranked proposer; and

WHEREAS, the Dillingham City Council adopted Resolution No. 2025-38 on November 6, 2025, authorizing the City Manager to award and execute a Phase 1 (35% design) professional services agreement with RESPEC for the Airport Waterline Extension Project in an amount not to exceed \$895,386.10; and

WHEREAS, the Agreement between the City of Dillingham and RESPEC Company, LLC became effective November 7, 2025, with a Phase 1 scope comprising a Design Analysis Report (DAR), 35% schematic design drawings and specifications, geotechnical investigation, environmental review, and alignment alternatives analysis; and

WHEREAS, RESPEC completed the Design Analysis Report in February 2026, and that report identified that the proposed waterline extension requires the construction of a new water storage tank and pump house at a site tentatively selected to ensure adequate pressure and flow to serve the airport and affected properties—infrastructure that was not yet fully defined at the time of original contract execution due to significant project unknowns acknowledged in Resolution 2025-38; and

WHEREAS, the Design Analysis Report further identified that the proposed waterline alignment must cross Kanakanak Road from the south side to the north side, a crossing condition not fully anticipated in the original geotechnical investigation scope, and that collection of additional geotechnical boring and PFAS analytical sample data is required

to confirm the suitability of both the Kanakanak Road crossing and the proposed water tank and pump house site; and

WHEREAS, RESPEC has prepared Change Order No. 1, dated March 2026, which details the following additional services required to complete Phase 1 of the project: (a) additional agency consultation deliverables necessitated by the expanded project scope; (b) three additional geotechnical soil borings—two borings to 30 feet below ground surface at the Kanakanak Road crossing and one boring to 100 feet below ground surface at the new water tank and pump house site—plus collection of two additional PFAS analytical soil samples; and (c) geotechnical analysis and a foundation engineering report addressing building pad and foundation design recommendations for the water tank and pump house site; and

WHEREAS, Change Order No. 1 increases the Phase 1 contract amount by \$103,611.20, consisting of \$94,192.00 in subcontract costs to Shannon & Wilson, Inc. for geotechnical and environmental field services and laboratory analysis, plus a 10% subconsultant markup of \$9,419.20, resulting in a revised Phase 1 contract total of \$998,997.30; and

WHEREAS, the revised Phase 1 contract total of \$998,997.30 remains within the \$1,400,000.00 design appropriation authorized by Resolutions 2024-09 and 2024-47, and no additional appropriation is required to fund Change Order No. 1; and

WHEREAS, the additional geotechnical and environmental services authorized by Change Order No. 1 are directly necessary for the responsible completion of Phase 1 design, are consistent with the terms of the Agreement and the standard of care for engineering services of this nature in Alaska, and are required by the Alaska Department of Environmental Conservation (ADEC) and the Alaska Drinking Water Fund program as a condition of project approval; and

WHEREAS, Article 1, Section 1.01(E) of the Agreement between the City and RESPEC provides that any change in the Work or Services shall be authorized in writing by a change order as determined by mutual acceptance, and the parties have negotiated Change Order No. 1 in accordance with that provision; and

WHEREAS, the City Council finds that approving Change Order No. 1 is in the public interest, advances the City's obligation to provide safe drinking water to residents affected by PFAS contamination, and is consistent with applicable procurement and contracting requirements;

NOW, THEREFORE, BE IT RESOLVED that the Dillingham City Council:

1. Authorizes the City Manager to approve and execute Change Order No. 1 to the professional services agreement with RESPEC Company, LLC for Phase 1 (35% design) of the Airport Waterline Extension Project, increasing the contract amount by \$103,611.20 for a revised Phase 1 total not to exceed \$998,997.30.

2. Finds that the additional geotechnical borings, PFAS analytical sampling, environmental agency consultation, and geotechnical foundation engineering analysis described in Change Order No. 1 constitute necessary and reasonable additional services arising from design development discoveries not fully foreseeable at the time of original contract execution, and are required to responsibly complete Phase 1 of the Project.
3. Confirms that the revised Phase 1 contract total of \$998,997.30 is within the design appropriation authorized by Resolution No. 2024-47, and directs the Finance Director to confirm available appropriations prior to execution.
4. Clarifies that this authorization applies solely to the additional Phase 1 services described in Change Order No. 1 and does not constitute authorization for subsequent design phases (65%, 95%, or Issued for Construction) or construction administration, which shall each require separate Council action.
5. Directs the City Manager to provide the Council with updates on Phase 1 progress, including the results of the additional geotechnical and environmental investigation, upon completion of the Design Analysis Report and 35% schematic design documents.

PASSED and ADOPTED by a duly constituted quorum of the Dillingham City Council on April 16, 2026.

ATTEST:

Alice Ruby, Mayor
[SEAL]

Abigail Flynn, City Clerk

TO: Dillingham City Council

FROM: Jack A. Savo Jr., Acting City Manager

DATE: April 17, 2026

RE: Staff Recommendation — Resolution No. 2026-13: Approval of Change Order No. 1 to the RESPEC Airport Waterline Extension Contract

SUBJECT: Airport Waterline Extension Project — Change Order No. 1 (\$103,611.20); Revised Phase 1 Total: \$998,997.30

STAFF RECOMMENDATION: Approve Resolution No. 2026-13, authorizing Change Order No. 1 to the RESPEC professional services agreement for the Airport Waterline Extension Project.

EXECUTIVE SUMMARY

The City of Dillingham is taking a critical step toward resolving one of the most serious public health crises in our community's recent history. PFAS contamination—originating from decades of firefighting foam use at the Dillingham Municipal Airport—has rendered private groundwater wells unsafe for dozens of families living in the airport vicinity. The Airport Waterline Extension Project is the City's primary remedial action: a municipal water main connecting the existing distribution system to the airport and surrounding properties, eliminating reliance on contaminated private wells and delivering safe, treated drinking water to affected residents.

The City awarded Phase 1 engineering services to RESPEC Company, LLC in November 2025 following a competitive RFP process. RESPEC completed the Design Analysis Report (DAR) in February 2026. That report—the product of the engineering work the Council funded—has now given us something we did not have before: a factual, engineered understanding of exactly what this system must include to function. The DAR concluded that the project requires a new water storage tank and pump house to achieve adequate pressure and flow to the airport area, and that the proposed alignment must cross Kananak Road in a location requiring additional subsurface investigation.

Change Order No. 1 funds the additional geotechnical borings, PFAS soil sampling, agency coordination, and foundation engineering necessary to complete Phase 1 in light of those findings. At \$103,611.20, the change order increases the Phase 1 total to \$998,997.30—still comfortably within the \$1,400,000.00 design appropriation this Council authorized through Resolution No. 2024-47.

Staff recommends approval.

THE PFAS CRISIS DEMANDS ACTION

Per- and polyfluoroalkyl substances (PFAS) are a class of synthetic chemicals that do not break down in the environment or in the human body. They have been linked to kidney and testicular cancers, thyroid disease, immune dysfunction, elevated cholesterol, and adverse developmental effects in children. There is no safe level of PFAS exposure recognized by federal health authorities, and the U.S. Environmental Protection Agency has established enforceable maximum contaminant levels of 4 parts per trillion for the most common PFAS compounds—a standard many wells in the airport vicinity exceed.

PFAS contamination in Dillingham is directly attributable to the use of aqueous film-forming foam (AFFF) at the Dillingham Municipal Airport over many years. That foam infiltrated the soil and

groundwater beneath and around the airport, and has migrated into private wells serving residential properties along the airport corridor. Affected families have been living with this contamination. Some have received bottled water or point-of-use treatment systems as interim measures. None of those are permanent solutions.

Extending the municipal water system to these properties is the only durable fix. It is the solution the Alaska Department of Environmental Conservation (ADEC) has identified as appropriate, the solution the Alaska Drinking Water Fund was accessed to support, and the solution this Council committed to when it authorized the design funding. Change Order No. 1 keeps that commitment on track.

Key Fact

PFAS contamination at the airport has been confirmed to exceed ADEC drinking water action levels in private wells serving affected residents. Municipal water service is the only permanent remedy.

WHY CHANGE ORDER NO. 1 IS NECESSARY

Resolution 2025-38 specifically recognized that "significant project unknowns remain" and that Phase 1 was the appropriate vehicle for resolving those unknowns through engineering analysis. That is exactly what happened. RESPEC's Design Analysis Report did its job—it identified what the system actually needs—and what it found requires additional investigation before 35% design can be responsibly completed.

Two specific discoveries drove Change Order No. 1:

- The system requires a new water storage tank and pump house. Without adequate storage volume and pump pressure, the extended water main cannot reliably serve the airport area at the flow rates required for both domestic use and fire protection. The DAR identified a tentative site for this infrastructure. Before design can proceed, RESPEC and subconsultant Shannon & Wilson must conduct a 100-foot geotechnical boring at that site and collect PFAS soil samples to confirm its suitability.
- The waterline alignment must cross Kananak Road. This crossing introduces subsurface conditions not captured in the original investigation scope. Two additional 30-foot borings are required to evaluate soil conditions, groundwater, and potential contamination at the crossing location—information essential to selecting the correct installation method and designing the crossing to ADEC and ADOT standards.

These are not scope additions born of poor planning. They are the expected and appropriate result of an engineering process that moves from unknowns to knowns. The Council structured Phase 1 precisely to allow this kind of iterative discovery.

FINANCIAL ANALYSIS

The table below summarizes the contract financial position before and after Change Order No. 1:

	Amount
Original Phase 1 Contract (Resolution 2025-38)	\$895,386.10
Change Order No. 1 — Shannon & Wilson subcontract	\$94,192.00
Change Order No. 1 — Subconsultant markup (10%)	\$9,419.20
Change Order No. 1 Total	\$103,611.20
Revised Phase 1 Total	\$998,997.30
Council-Authorized Design Appropriation (Res. 2024-47)	\$1,400,000.00
Remaining Design Appropriation After CO1	\$401,002.70

No additional appropriation is required. The revised Phase 1 total represents 71.4% of the authorized design budget, leaving \$401,002.70 in reserve to support subsequent design phases (65%, 95%, and Issued for Construction documents) which will each require separate Council authorization consistent with Resolution 2025-38.

LONG-TERM BENEFITS: MORE THAN A PFAS REMEDY

While the immediate driver of this project is PFAS remediation, the infrastructure being designed will deliver lasting benefits to the community that extend well beyond the affected properties. The Council should consider this investment in full context:

Approximately 100 New Service Connections

The extended water main has the capacity to serve approximately 100 additional connections in the airport corridor and adjacent areas. Each connection represents a household or business that gains access to treated, monitored municipal water—increasing system revenue, distributing fixed costs across a larger customer base, and strengthening the long-term financial sustainability of Dillingham's water utility.

Platform for Future Expansion

The airport waterline extension is designed as a backbone infrastructure investment, not a dead-end stub. The main can serve as the foundation for future extensions into additional subdivisions and developing areas of the community. Rather than requiring entirely new infrastructure for future growth, the City will have a distribution main already in the ground from which future connections and lateral extensions can be made at a fraction of the cost of new standalone systems.

Fire Protection Infrastructure

Perhaps the most immediate public safety benefit beyond drinking water is fire protection. The airport corridor and adjacent residential properties currently lack adequate fire hydrant coverage. The new water main—combined with the storage tank and pump house that Change Order No. 1 helps design—will support the installation of fire hydrants along the extended alignment. This is life-safety infrastructure that the Dillingham Volunteer Fire Department has long identified as a need in this part of the community. The capacity of the system is being designed to accommodate fire flow requirements, not just domestic demand.

Airport Operations and Economic Development

Reliable water service to the Dillingham Municipal Airport supports airport operations and positions the facility for future development. Water infrastructure is a prerequisite for expanded terminal services, hangars, fueling facilities, and the commercial activity that flows through a regional hub airport serving Bristol Bay's commercial fishing economy. Investing in this infrastructure now reduces barriers to airport-area development for decades to come.

Bottom Line	This project remediates a federal-level public health crisis, brings 100 new customers onto the water system, lays backbone infrastructure for future growth, and puts fire hydrants in an area that currently has none — all within an already-authorized budget.
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UPDATED SCHEDULE

With Change Order No. 1 approved, RESPEC and Shannon & Wilson will mobilize promptly for the additional field investigation. The updated Phase 1 schedule is:

Milestone	Target Date
Change Order No. 1 Approved	April 17, 2026
Additional Geotechnical Field Work (S&W)	Spring/Summer 2026
35% Schematic Design Documents Complete	August 21, 2026
Council Briefing on Phase 1 Results	Upon Completion
Phase 2 (65% Design) — Separate Council Action Required	TBD

The original Phase 1 schedule was extended as a direct result of the Design Analysis Report's findings—findings that are actionable and within the City's control to address. Approval of Change Order No. 1 at the April 17 meeting allows field work to proceed during appropriate seasonal conditions for subsurface investigation in Dillingham.

RISK OF INACTION

The Council should weigh the consequences of delay or denial:

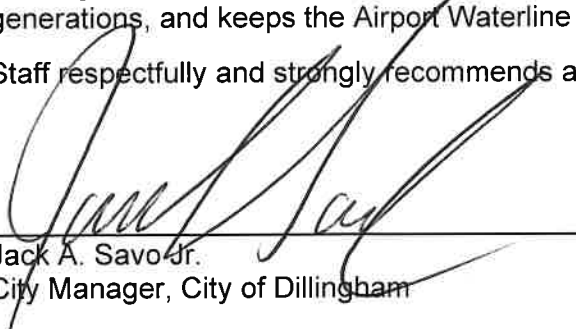
- Failure to approve Change Order No. 1 halts Phase 1 design. RESPEC cannot complete the 35% schematic design without the foundation engineering data and Kakanak Road crossing information that the change order funds. A stalled Phase 1 means no Phase 2, no construction, and no connection of PFAS-affected residents to safe water.
- Delay risks Alaska Drinking Water Fund compliance. ADWF-funded projects carry obligations for timely progress. Unexplained delays can jeopardize loan terms or eligibility for future funding tranches.
- Families remain on contaminated water longer. Every month of delay is another month that affected residents rely on wells that exceed PFAS action levels. The City has a moral and legal obligation to act with urgency.
- Infrastructure costs increase with time. Construction cost inflation in rural Alaska is persistent and significant. The faster Phase 1 is completed, the sooner the City can move to competitive bidding before material and labor costs escalate further.

CONCLUSION

Change Order No. 1 is not a surprise or a sign of project difficulty. It is the anticipated result of a well-structured engineering process discovering facts on the ground and responding appropriately. The Council authorized this project knowing that Phase 1 would resolve unknowns. It has. The answer is that this system needs a water tank and pump house, needs to cross Kakanak Road, and needs the geotechnical and environmental data to do both correctly.

For \$103,611.20—within an already-authorized budget—the City maintains its commitment to safe drinking water for PFAS-affected families, builds infrastructure that will serve the community for generations, and keeps the Airport Waterline Extension Project on the path to completion.

Staff respectfully and strongly recommends approval of Resolution No. 2026-13.


 Jack A. Savo Jr.
 City Manager, City of Dillingham


 Date

Attachments: Resolution No. 2026-13; Change Order No. 1 (RESPEC, March 2026); Resolution No. 2025-38; Resolution No. 2024-47



CHANGE ORDER #1

AIRPORT WATERLINE EXTENSION DILLINGHAM, ALASKA



MARCH 2026





AIRPORT WATERLINE EXTENSION – CHANGE ORDER #1 DILLINGHAM, ALASKA

RESPEC Company, LLC is under agreement to provide the City of Dillingham with a 35% schematic design for the extension of their water system to service properties near the airport that have had their groundwater contaminated with PFAS. This Statement of Services identifies additional work items to those included in the original agreement effective November 7, 2025.

The design analysis report completed in February 2026 identified the need to include a new water tank and pump house in the design of such a system. A tentative location for this infrastructure has been selected. Collection of additional geotechnical and environmental information is required to confirm the suitability of this site.

The need for the proposed waterline extension to cross from the south side to the north side of Kanakanak Road has also necessitated the collection of additional geotechnical and environmental information.

1.0 ADDITIONAL GEOTECHNICAL AND ENVIRONMENTAL SERVICES SUMMARY

The additional geotechnical and environmental services scope includes the following subtasks.

1.1 ADDITIONAL AGENCY CONSULTATION

The updated project requires corresponding updates to agency consultation deliverables and additional agency coordination/consultation based on the expanded project scope and updated submittals.

1.2 ADDITIONAL GEOTECHNICAL AND ENVIRONMENTAL SAMPLING, LABORATORY TESTING, AND ANALYSIS

The updated project scope will require additional geotechnical borings and the collection of additional PFAS analytical samples as follows:

- / Two additional geotechnical soil borings to 30-foot below ground surface at the Kanakanak Road crossing and one boring to 100-foot below ground surface at the new water tank and pump house site.
- / Two additional PFAS soil samples.

1.3 ADDITIONAL GEOTECHNICAL ANALYSIS AND FOUNDATION REPORTING

Upon completion of laboratory tests and geotechnical engineering analyses, a geotechnical engineering report will be provided. The report will include recommendations for building pad and foundation design for the water tank and pump house site.



RESPEC

2.0 UPDATED SCHEDULE

The updated schedule for the project is as follows:

1. 35% Schematic Design:

August 21, 2026

3.0 COST

The cost attributable to the additional services identified in section 1 on a lump sum basis is \$103,611.20 for an updated budget of \$998,997.30 for the current 35% schematic design phase.

Phase	Shannon & Wilson	Subconsultant Total	Subconsultant Markup	Total
#410 - Schematic Design (35%)	\$94,192.00	\$94,192.00	\$9,419.20	\$103,611.20

END OF CHANGE ORDER 1

Meeting Date. November 6, 2025

CITY OF DILLINGHAM, ALASKA

RESOLUTION NO. 2025-38

**A RESOLUTION OF THE DILLINGHAM CITY COUNCIL AUTHORIZING THE CITY MANAGER TO
AWARD A CONTRACT TO RESPEC FOR PHASE 1 (35% DESIGN) ENGINEERING SERVICES FOR
THE AIRPORT WATERLINE EXTENSION PROJECT, RFP 2025-02**

WHEREAS, the City of Dillingham issued Request for Proposals (RFP 2025-02) for professional engineering design services for the Airport Waterline Extension Project to extend the City's potable water system to the Dillingham Municipal Airport and nearby properties to address PFAS contamination and provide safe drinking water; and

WHEREAS, funding for this project is available pursuant to Resolution 2024-09 adopted on February 1, 2024, and Resolution 2024-47 adopted on November 7, 2024; and

WHEREAS, proposals were received and evaluated in accordance with the RFP criteria, interviews were conducted, and the selection committee completed the scoring process; and

WHEREAS, following evaluation, the City issued a Notice of Intent to Award identifying RESPEC as the highest-ranked proposer for RFP 2025-02; and

WHEREAS, Phase 1 services include preparation of a Design Analysis Report (DAR), completion of 35% design drawings and specifications, environmental review, alignment alternatives analysis, and associated permitting; and

WHEREAS, the Council recognizes that significant project unknowns remain, and that later phases of design (65%, 95%, and Issued for Construction) and construction administration shall be considered separately after Phase 1 is complete; and

WHEREAS, under Dillingham Municipal Code (DMC) 4.30.090(B), professional services estimated to exceed the threshold are procured by competitive sealed proposal, and 4.30.100 sets out the competitive proposal procedure, which the City followed for this RFP; and

WHEREAS, the contract and supporting documents have been reviewed by the City's legal counsel to ensure compliance with applicable procurement and contracting requirements;

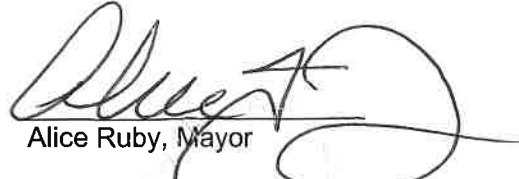
NOW, THEREFORE, BE IT RESOLVED that the Dillingham City Council:

1. Authorizes the City Manager to award and execute a professional services contract with RESPEC for Phase 1 (35% design) of the Airport Waterline Extension Project, RFP 2025-02, in an amount not to exceed the negotiated contract sum, subject to legal review and available appropriations.
2. Clarifies that this authorization applies only to Phase 1. Any subsequent phases (65%, 95%, Issued for Construction) and construction administration will require separate Council approval based on information and recommendations provided upon completion of Phase 1.
3. Directs the City Manager to execute all necessary documents to proceed with Phase 1 work and to provide periodic updates to the Council.

PASSED and ADOPTED by a duly constituted quorum of the Dillingham City Council on November 6, 2025.

ATTEST:


Abigail Flynn, Acting City Clerk


Alice Ruby, Mayor
[SEAL]

CITY OF DILLINGHAM, ALASKA**RESOLUTION NO. 2024-47**

A Resolution of City of Dillingham, Alaska, authorizing the City Manager to apply to the State of Alaska, Department of Environmental Conservation (ADEC) for a loan from the Alaska Drinking Water Fund for the project entitled Municipal Water-Line Extension Design to the State of Alaska Dillingham Airport.

WHEREAS, the Municipal Water-Line Extension to the State of Alaska Dillingham Airport project would include the following work: design water line extension to the State of Alaska Airport to supply homes and the airport lease holders with municipal water; and

WHEREAS, the City of Dillingham, seeks to obtain the necessary financial assistance for the project; and

WHEREAS, the State of Alaska, Department of Environmental Conservation (ADEC) is able to offer funding through the Alaska Drinking Water Fund; and

WHEREAS, the project currently is included on an Alaska Drinking Water Fund project priority list for the current fiscal year; and

WHEREAS, the loan of up to \$1,400,000 to do Design work from the Drinking Water State Revolving Fund (DWSRF) Bipartisan Infrastructure Law (BIL) Emerging Contaminants Funds, which is 100 % subsidized in a form of principal forgiveness minus the 0.5% administration fee; and

WHEREAS, the PFAS contamination is result from the State of Alaska's airport operations use of Aqueous Film Forming Foam (AFFF) at various locations at the Dillingham Airport; and

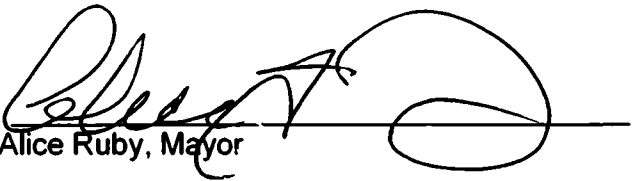
WHEREAS, the City of Dillingham is requesting a waiver to the payback provisions of any loan obligations due to the PFAS contamination being the responsibility of the State of Alaska; and

WHEREAS, upon receiving the loan agreement document, the Dillingham City Council authorization will be required by resolution to accept the money,

NOW, THEREFORE, BE IT RESOLVED, that the City of Dillingham, authorizes the City Manager to apply to ADEC for a loan from the Alaska Drinking Water Fund for the project entitled Municipal Water-Line Extension Design to the State of Alaska Dillingham Airport.

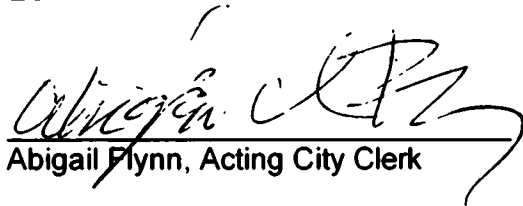
NOW, THEREFORE, BE IT FURTHER RESOLVED, the City of Dillingham authorizes the City Manager to execute the loan agreement which will become a binding obligation in accordance with its terms when signed by both parties. The City Manager is authorized to represent the City of Dillingham in carrying out the City's responsibilities under the loan agreement. The City Manager is authorized to delegate responsibility to appropriate City staff to carry out technical financial, and administrative activities associated with the loan agreement.

PASSED and ADOPTED by Adopted by a duly constituted quorum of the Dillingham City Council on this 7th day of November, 2024.


Alice Ruby, Mayor

EST:

[SEAL]


Abigail Flynn, Acting City Clerk

NON-CODE ORDINANCE

Introduced:

April 16, 2026

Public Hearing Scheduled for:

May 7, 2026

Enacted:

CITY OF DILLINGHAM, ALASKA

ORDINANCE NO. 2026-06

AN ORDINANCE OF THE DILLINGHAM CITY COUNCIL ADOPTING THE BUDGET AMENDMENT NO. 2 AND APPROPRIATING FUNDS FOR THE FY 2026 CITY OF DILLINGHAM BUDGET

WHEREAS, the City Council has approved the Operating Budget and Capital Improvement Budget for FY26 to the City Council in accordance with Title 4 of the Dillingham Municipal Code pursuant to A.S. 20.20.500(3); and

WHEREAS, duly advertised public workshops were held and the City Council reviewed the budget amendment recommendations presented; and

WHEREAS, the City Council has set the rate of levy of property tax for the City of Dillingham for FY 2026 budget at 13 mills; and

WHEREAS, the budget presented, reviewed and changed is in accordance with sound and efficient municipal management principles. The City Council should have the power to transfer appropriated monies from one General Government Fund or Special Revenue Fund to another and from one Capital Project to another by resolution and the City Manager should have the power to transfer funds from one line item object to another object code within a fund and within a Capital Improvement Project; and

WHEREAS, additional FY 2026 funds are available for appropriation by ordinance;

NOW, THEREFORE, BE IT RESOLVED by the Dillingham City Council that:

1. The FY 2026 Operating Budget and Capital Improvement Amendment No.2 as recommended by the City Manager is hereby adopted for the City of Dillingham.
2. The amounts set forth in the budget by the City Council for the respective departments and/or funds shall be, and hereby are, appropriated for the fiscal year ending June 30, 2026.
3. The City Council shall have the power to transfer approved and appropriated General Fund or Special Revenue Fund monies from one to another and from one Capital Project to another by resolution.
4. The City Manager shall have the power to transfer funds from one line item object code to another within a fund and within a Capital Improvement Project.

BE IT ENACTED BY THE COUNCIL OF THE CITY OF DILLINGHAM that:

Section 1. Classification. This ordinance is a non-code ordinance.

Section 2. Severability. If any portion of this ordinance or any application thereof to any person or circumstances is held invalid, the remainder of the ordinance and the application to other persons or circumstances shall not be affected thereby.

Section 3. Appropriation summary. The total appropriation from the Treasury in Section 6 was a total of \$ 28,293,545

Section 4. Revenues

General Fund

Taxes

General Sales Taxes	3,000,000
Remote Sales Taxes	700,000
Alcohol Sales Taxes	280,000
Transient Lodging Sales Taxes	175,000
Gaming Sales Tax	23,000
Tobacco Tax	204,000
Marijuana Tax	94,000
Penalty & Interest – Sales Tax	17,000
Real Property Taxes	2,600,000
Personal Property Taxes	700,000
Penalty & Interest – Property Tax	130,000
Business License	17,000

Other Revenue

Telephone Gross State Tax	70,000
Raw Fish Tax	150,000
Shared Fisheries	7,900
Revenue Sharing (community support)	83,543
Payment in Lieu Taxes (PILT)	540,000
Jail Contract Revenue	584,764
Motor Vehicle Tax	25,000
Ambulance Fees	60,000
Lease and Rental Income	35,000
Administrative Overhead	172,705
PERS on Behalf	266,499
PERS Forfeiture Fund	25,000
All Other Revenues	252,050

Total General Fund Revenues

10,212,461

Special Revenue & Other Funds Revenues

Water	231,200	
Waste Water	422,100	
Landfill	321,100	
Port – Dock	801,180	
Port – Harbor	187,100	
Asset Forfeiture	400	
E-911	67,000	
Senior Center (Includes grants)	102,494	
Library Grants	65,477	
Debt Service	594,000	
Mary Carlson Estate	10,000	
Ambulance Reserve	0	
Total General Fund & Special Revenues		<u>2,802,051</u>

Project Revenue

EPA Federal Grant - Landfill	3,882,500	
State Jail Medical Funding	11,000	
AML Energy Efficiency Grant	50,000	
State Appropriations	1,357,500	
Curyung - Ice Machine	6,000	
BBEDC Intern	107,400	
EPA Federal Grants	3,209,387	
SOA SRF Loan - Lagoon Aeration	0	
SOA SRF Loan - Water Improv PFAS	200,000	
Total General Fund & Special Revenues		<u>8,823,787</u>

TOTAL REVENUES **21,838,299**

Section 5. Transfers

Transfers from General Fund to Other Funds

Water	0	
Wastewater	0	
Landfill	597,400	
Harbor	0	
Senior Center	265,047	
Ambulance Replacement	70,000	
Equipment Replacement	113,800	
Capital Projects	121,000	
SRF Loans Payments	82,011	
Streets Bond Payment	156,000	
Firehall Bond Payment	47,000	
School Bond payment	550,750	
Total Transfers from Gen. Fund		<u>2,003,008</u>

Transfers from Dock Fund to Harbor Funds		
Harbor Operations	225,480	
Ice Machine	0	
Bathhouse	10,920	
Total Transfers from Dock Fund	236,400	
Transfers from Department to Department		
From E-911 to Dispatch	67,000	
From Mary Carlson Estate to Library	4,000	
From Landfill to Landfill Closure	25,000	
From Wastewater to Water	0	
Total Transfers between Departments	96,000	
TOTAL TRANSFERS	2,335,408	
TOTAL REVENUES, TRANSFERS, AND FUNDS		24,173,707

Section 6. Appropriations.

General Fund Government Operations

City Council	75,100	
City Clerk	317,000	
Administration	502,050	
Finance	1,457,850	
Legal	126,400	
Insurance	344,000	
Planning	312,700	
Foreclosures	20,000	
IT	365,900	
PS Administration	447,850	
PS Dispatch	751,450	
PS Patrol	1,535,550	
PS Corrections	873,300	
PS DMV	92,980	
PS Animal Control Officer	96,490	
PS Fire Department	597,800	
PS Volunteer Fire Donation	5,000	
PS K-9	2,000	
PW Administration	449,000	
PW Buildings & Grounds	904,100	
PW Shop	450,700	
PW Streets	441,450	
Library	177,320	
City School District	1,702,000	
Grandma's House	89,900	
Transfer Subsidy for Special Revenue	2,003,008	
Total General Fund Appropriations	14,140,898	

Special Revenue & Other Funds Appropriations

Water	393,350
Waste Water	462,700
Landfill	918,500
Port-Dock	831,146
Port-Harbor	503,430
Port Harbor – Ice Machine	700
Port Harbor – Bathhouse	16,200
Asset Forfeiture	25,000
E-911	67,000
Senior Center	367,541
Library Grants	65,477
EPA Federal Grant Landfill	3,882,500
State Jail Medical Funding	3,000
AML Energy Efficiency Grant	50,000
State Appropriations Grants	1,357,500
SRF Loans	200,000
EPA Federal Grant Snagpoint	3,209,387
BBEDC Grants	107,400
Curyung Grant	6,000
Mary Carlson Estate	6,255
Ambulance Replacement Fund	15,000
Debt Service	1,429,761
Equipment Replacement/Reserve	113,800
Capital Project (Planning) Fund	121,000

Total Special Rev & Other Appropriations	14,152,647	
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TOTAL APPROPRIATIONS

28,293,545

Total Revenues and Transfers

24,173,707

Total Appropriations

28,293,545

Net Increases (Decreases) to Balance

(4,119,838)

Section 7. Fund Balance Explanation

(3,857,437) General Fund Reserves
(202,750) Water/Sewer Fund Reserves
(29,966) Port-Dock Fund Reserves
(96,830) Port-Harbor Fund Reserves
(24,600) Asset Forefeiture
3,745 Mary Carlsons Estate
55,000 Ambulance Reserve Capital Project
8,000 Jail Contract Medical Reimb
25,000 Landfill Closure Fund Reserves

(4,119,838)

Section 8. Effective Date. This Ordinance is effective upon passage

PASSED and ADOPTED by a duly constituted quorum of the Dillingham City Council on _____.

SEAL

Alice Ruby, Mayor

ATTEST:

Abigail Flynn, City Clerk

Mayor
Alice Ruby

Manager
Jack Savo Jr.



Dillingham City Co

Section . Item 3.

Triston Chaney
Jean Barrett
Steven Carriere
Curt Armstrong
Kaleb Westfall
Kevin McCambly

MEMORANDUM TO COUNCIL

To: Mayor and Council Members
From: Anita Foran, Finance Director
Through: Jack Savo Jr, City Manager
Date: April 13, 2026
Re: FY26 Budget Amendment #2

SUMMARY:

Budget revisions throughout the year allow for adjustments that happen over the fiscal year as needs change.

PREVIOUS ACTION:

The original FY26 budget O 2025-01, was adopted 06/19/2025 with revenues at \$18,831,317 and expenditures of \$23,191,120, this reduces the fund balance by \$4,359,803.

FY26 budget amendment #1 O 2025-03, was adopted 11/06/2025 with revenues at \$23,917,197 and expenditures of \$28,197,223, changes the reduction of the fund balance to be \$4,280,026.

BACKGROUND: City of Dillingham adopts budget annually with budget revisions as needed.

DISCUSSION: All budget revisions have been discussed in Finance and Budget workshops held on 04/06/2026 and 04/09/2026.

ALTERNATIVES: None

FINANCIAL IMPLICATIONS: This action will change the revenues to \$24,173,707 and expenditures of \$28,293,545, this reduces the fund balance by \$4,119,838.

Revenue changes based on current activity:

- 6% Sales Tax reduction of \$500,000
- 6% Sales Tax remote sales increase of \$50,000
- 10% Transient Lodging increase of \$50,000
- 6% Gaming tax increase of \$8,000
- Tobacco Excise tax decrease of \$76,000
- Marijuana Excise tax increase of \$4,000
- Shared Fisheries Business tax decrease of \$12,100 based on the amount received
- Administrative Overhead reduction of \$27,400 based on reduction of expenses for

- special revenue funds
- PERS on Behalf from SOA of \$9,300
- Other revenue reduction of \$47,150 including but not limited to:
 - Apartment rent reduction of \$10,950
 - Reduction of patrol grant revenue of \$12,400
 - Reduction of investment income of \$20,000
- General Fund appropriation changes
 - Council reduced by \$46,450 due to lobbying contract reduced
 - City Clerk budget is reduced by \$1,600. Includes a decrease in wages and benefits of \$2,900 and an increase in codification by \$1,000
 - Administration budget is increased by \$29,500 which includes an increase of wages and benefits by \$52,00 as a result of manager changes and a decrease in advertising, travel and training, food and supplies and minor tools for \$20,000
 - Finance is reduced by \$90,090 which is due to a reduction in wages and benefits of \$71,000 in wages and benefits due to open positions and a further reduction of \$19,000 due to advertising, travel, training and building rent.
 - Legal is increased by \$26,400 due to general legal fees of \$23,000 and union negotiations of \$3,400.
 - Insurance is decreased by \$31,000 due to a reduction in general liability and property insurance.
 - Planning is increased by \$15,700 due to an increased need in wages and benefits.
 - IT Budget is decreased by \$6,600 mainly due to a decrease in hardware purchases.
 - Public Safety is decreased by \$1,000 which involves a decrease in contractual/professional by \$10,000 and an increase in refuse and equipment maintenance of about \$9,300.
 - PS Dispatch is a decrease of \$91,400 as a result in a reduction in wages and benefits because of changes in supervisors.
 - PS Patrol has decreased by \$36,150 due to a decrease in wages and benefits due to open positions. This involves a decrease of \$71,700 in wages and an increase to overtime by \$97,000. Further changes include a decrease of \$7,500 for recruiting bonuses and a decrease of \$9,750 in vehicle leases.
 - PS Correction budget is an increase of \$53,255 due to an increase of wages and benefits due to positions being filled for most of the year and a period of time when staff incurred overtime due to an open position.
 - PS DMV budget was increased by \$830 due to an increase in wages and benefits.
 - PS ACO budget was increased by \$8,140 due to an increase in wages and benefits due to cost of training as well as a decrease in Gas, oil and grease of \$2,500
 - Fire Department budget decrease of \$6,700 due to a combination of wages and benefit increase due to overtime and a decrease of \$4,000 in emergency response. There is an increase in equipment maintenance of \$22,000 to repair radios and a decrease in required inspections of \$35,000.
 - Volunteer Fire Department Donation is decreased by \$5,000 in member recognition.
 - PW Administration is decreased by \$24,700 due to a decrease in wages and benefits due to an open position and increase in \$7,500 for computer

- software.
- PW Buildings & Grounds has a decrease of \$72,700 due to an increase of \$27,500 in wages and benefits and an increase of \$9,000 for AED machines and \$8,000 for refuse services. There is also a decrease in travel of \$2,500, used oil management of \$12,000 and minor tools of \$10,000 and a decrease of \$96,000 in building maintenance. There is a decrease in vehicle maintenance of \$40,000
 - PW Shop budget has a decrease of \$159,900 as a result of a decrease in wages and benefits of \$49,400, There is a decrease in supplies of \$10,000 and an increase in gas, oil and grease of \$20,000 and a decrease in equipment maintenance of \$80,000 largely due to an open position for the entire year.
 - PW Streets budget has a decrease of \$184,650 due to a decrease in wages and benefits of \$75,200 and a decrease of \$90,000 in gravel due to the current stockpile that is available. Remaining decreases are contractual/professional of \$8,000, general liability of \$1,700 and travel and training of \$8,000
 - The Library budget has a decrease of \$9,555 due to recognition of the linked grant of \$25,000. Wages decreased as a result in staffing changes; however, benefits did increase for a net increase of \$16,820.
 - Grandma's House budget decreased by \$1,000 with an increase in heating fuel.
 - Transfer changes are an increase from the general fund of \$215,392
 - Landfill is an increase of \$3,000
 - Senior Center is an increase of \$37,192
 - Equipment replacement is an increase of \$2,800
 - Capital Project is an increase of \$121,000 for the PW Septic System
 - Lagoon loan is an increase of \$31,000
 - Special Revenue fund changes are:
 - Water revenue is a decrease of \$600 based on a reduction of hookup fees charged. Appropriations decreased by \$90,050, this a combination of benefit increases of \$6,100 due to employee election options, an increase of minor tools of \$20,000, and a decrease of major equipment of \$80,000 as we delayed the purchase of a new vehicle. In addition, there is an increase in building maintenance of \$10,000, an increase of \$5,000 for equipment maintenance and \$7,500 for sample testing and a decrease of required inspections of \$50,500 that ARWA can assist with for free. Administrative overhead is decreased by \$8,200.
 - Wastewater budget revenue decreased \$36,200 due to a reduction in connect fees, wastewater sales. The appropriations are decreased by \$21,700 due to an increase in wages and benefits by \$7,400. Contractual/professional costs increased by \$70,000 to cover the manual required for operation of the lagoon aeration improvements. Chemicals increased by \$5,000 and minor tools increased by \$7,000, major equipment decreased by \$90,000 as vehicle purchase is delayed to FY27. Heating fuel increased by \$6,000 to cover winter needs. Building maintenance decreased by \$25,000 and sample testing increased by \$10,000 and construction increased by \$3,000. Administrative overhead is decreased by \$4,800.
 - Landfill revenue decreased by \$6,600. Appropriations decreased by \$17,900 which includes a decrease in wages and benefits by \$40,300 and is further decreased by \$5,000 for contractual/professional and travel and training of \$7,000 for travel and training. Further increases are permitting fees by \$6,000, miscellaneous supplies by \$4,000; gravel needs are

increased by \$60,000 for cover at the landfill cell. There is a decrease uniform costs of \$1,000 and a decrease in gas for the incinerator for \$35,000 due to timing of repairs.

- Dock budget revenue is increasing by \$6,180 due to AML contract which at the time of this document is unsettled. Terminal use fees are added for a value of \$30,000, equipment sales are projected for \$70,000. Handling is reduced by \$47,340; fuel flowage fees are increased by \$20,000 and equipment rental is reduced by \$2,000. Appropriations are reduced by \$2,000 for unemployment. Membership and travel are increased by \$2,100. Gas, oil and grease is decrease by \$7,000 and equipment sales decreased by \$140,000 to defer to FY27. Building rent and heating fuel are both increased by \$3,000 while building maintenance is decreased by \$10,000 and equipment maintenance is decreased by \$15,000. Administrative overhead is decreased by \$16,400 and transfers to the harbor are decreased by \$74,100 based on excess available funds.
- Harbor budget appropriations increased by \$22,300. Unemployment compensation decreased by \$1,000, contractual professional increased by \$4,000 to assist with review of the tariff, there is an increase of bad debt of \$10,000 to reduce liability of unpaid charges that are older than 7 years. Building rent and internet costs are each increased by \$3,000. Electricity is increased by \$5,000, heating fuel is increased by \$6,000. Refuse fees are decreased by \$5,000 and administrative overhead is increased by \$2,000.
- Harbor Ice Machine is increased by \$500 for electricity.
- Harbor Bath house is decreased by \$800 with a combination of electricity decrease of \$300, water/sewer decrease of \$1,000 and building maintenance increase of \$500.
- Assess forfeiture funds had no appropriations change but did reallocate expenses from supplies to training of \$6,500.
- The Senior Center budget has had many changes. The revenue has an increase of \$11,608 from the NTS granting agency. The NSIP is reduced by \$2,000 due to reduced funding per meal. The two office spaces were not rented for a decrease of \$14,400 as well as a decrease in fundraising and aluminum recycling of \$2,500. Increased revenue is happening in all areas of rides & donations, congregate, home and guest meals for \$7,250. Appropriations are increased by \$37,100 by a combination of an increase in benefits and wages due to turnover of staffing by \$5,450. Increased operating costs are recognized in food items for \$11,000, propane of \$1,800, gas oil and grease of \$1600, electricity of \$2,900. Heating fuel of \$11,400, refuse of \$2,600 and equipment maintenance of \$1,500.
- Mary Carlson Estate investment revenue is projected to be \$11,000 less than expected.
- Equipment replacement funding increased by \$2,800 to recognize the remaining purchase for FY25 ACO vehicle for items that arrived in FY26.
- Capital Project was increased to move the public works septic system development of \$121,000. Refer to Resolution 2025-03 adopted 04/03/2025.
- Debt services budget increase for the SOA Loan program Lagoon Aeration project reimbursement with an estimate of \$31,000 to be paid on 05/01/2026. Final documents are still in process.
- Grant changes are:
 - Removal of the SOA continuation grant for training of \$1,250.
 - Addition of \$50,000 Alaska Municipal League energy efficiency pass through grant for building improvements to City Hall, Senior Center and

- Public Safety building.
- Addition of jail medical expense reimbursements for a revenue of \$11,000 and expenditures of \$3,000. \$8,000 was recognized in FY25.
- Addition of \$600,000 for State Appropriations Grant for designs of the new firehall. Refer to Resolution 2026-01 adopted 01/08/2026
- Increase of \$13,100 for BBEDC summer internship programs and \$20,900 for BBEDC Fire Department training reimbursement.

LEGAL: None at this time.

STAFF RECOMMENDATION: Passing this ordinance will allow the city to revise the FY26 budget for a final time.

PROPOSED MOTION: I move to Introduce ORDINANCE 2026-06, An ordinance of the Dillingham City Council Authorizing the introduction of FY26 Budget Amendment revision number 2.

PROPOSED ALTERNATE MOTION: There is no alternate motion recommended.

CITY MANAGER COMMENTS: City Manager recommends approval of Ordinance 2026-06.

ATTACHMENTS: None.