



Petersburg Borough

12 South Nordic Drive
Petersburg, AK 99833

Meeting Agenda Borough Assembly Regular Meeting

Monday, November 20, 2023

6:00 PM

Assembly Chambers

You are invited to a Zoom webinar.
When: November 20, 2023 06:00 PM Alaska
Topic: November 20, 2023 Borough Assembly Meeting

Please click the link below to join the webinar:

https://petersburgak.gov.zoom.us/j/82124884712?pwd=wlutNeK81mRfG3IT_ntygcJyCl6DbA.eTWJlJp6tJwRwW0J

Passcode: 736830

Or Telephone:

(720) 707-2699 or (253) 215-8782

Webinar ID: 821 2488 4712

Passcode: 736830

1. **Call To Order/Roll Call**
2. **Voluntary Pledge of Allegiance**
3. **Approval of Minutes**
 - A. November 6, 2023 Assembly Meeting Minutes**
4. **Amendment and Approval of Meeting Agenda**
5. **Public Hearings**
6. **Bid Awards**
7. **Persons to be Heard Related to Agenda**

Persons wishing to share their views on any item on today's agenda may do so at this time.
8. **Persons to be Heard Unrelated to Agenda**

Persons with views on subjects not on today's agenda may share those views at this time.
9. **Boards, Commission and Committee Reports**
10. **Consent Agenda**

11. Report of Other Officers

12. Mayor's Report

A. November 20, 2023 Mayor's Report

13. Manager's Report

Manager Giesbrecht is taking some personal time off this week so there is no written Manager's Report for this meeting.

14. Unfinished Business

15. New Business

A. Ordinance #2023-15: An Ordinance Adjusting the FY 2024 Budget for Known Changes

If approved in three readings, Ordinance #2023-15 will 1) assign \$50,199 of Homeland Security grant revenue accepted by the Assembly on November 6, 2023 to the FY24 budget for School District Radios; 2) authorize additional funds of \$86,876 from the E911 fund to cover the cost of an upgrade to the Police Department access control system; 3) increase the budgeted amounts to cover actual costs for purchase of a new pump to replace the leaking leisure pool filtration pump (\$10,398) and replacement of two benches at the South Harbor viewing platform that were damaged (\$3,629); 4) transfer \$880,000 from the Electric Department reserves to the Blind Slough Hydro fund to finish out the project; 5) increase the FY24 budget amount for work on the EMD 16 generator that had been budgeted for in FY23 but not invoiced until now (\$5,850); 6) increase the Diesel Plant Maintenance line item to cover unanticipated work on the Caterpillar 398 generator rebuild (\$20,981); 7) increase the Motor Pool O&M budget by \$20,056 to cover unanticipated repairs on the line trucks; 8) increase the Electric Travel and Training budget by \$13,000 to cover online training of staff on the Eaton Yukon AMI program; 9) transfer Wastewater reserves in the amount of \$144,000 to the Pump Station 4 project to award a professional services contract for pump station control panels and control programming; and 10) increase the Electric Department payroll budget by \$132,366 for FY24 to cover the cost of ratifying the new IBEW Collective Bargaining Agreement.

B. Wikan Enterprises Leased Land Purchase

On August 21, 2023, the Assembly directed Manager Giesbrecht to commence direct negotiations with Wikan Enterprises, Inc. for sale of the property they currently lease from the Borough, with the terms of the negotiations to be brought back before the Assembly for final approval. Because the Borough has not sold leased tideland property in recent years and there is no specific procedure to follow, Manager Giesbrecht consulted with the Borough Attorney, Finance Director Tow and Clerk Thompson to develop a process to follow on this transaction and any future similar transactions.

An appraisal of the property was used to determine the value of the parcel because appraisals are for setting the value on a specific piece of property, while an

assessment is used for establishing valuations for groups of properties. The appraisal of the parcel is \$100,000. Borough Code Section 16.12.090 provides that the applicant shall pay the actual costs of processing the application and sale. The cost of the appraisal is \$4,500. Manager Giesbrecht also requested the present value of the Wikan Enterprises lease (amortized), which has 23 of the 55 years left. The present value of the lease is \$49,507.22.

The proposed purchase price offered to Wikan Enterprises by Manager Giesbrecht is \$154,107.22.

Wikan Enterprises countered Manager Giesbrecht's offer by proposing to pay the assessed value of the parcel (\$75,300) and two more years of lease payments (\$8,064) for a total of \$83,364.

A copy of the Wikan lease amortization schedule, Wikan Enterprises' counter offer, and the Wikan Enterprises lease document are provided in this packet.

The Assembly is now asked to determine whether to confirm the purchase price of the lease and land as proposed by Manager Giesbrecht or to adjust the total cost of purchasing the lease and land.

C. Letter of Support for Petersburg Medical Center's Submission to Governor Dunleavy's FY 2025 Capital Budget for \$37 Million for Construction of Phase 4 - Main Hospital Building Shell & Core of the New Healthcare Facility Project

If approved, the Assembly will send Governor Dunleavy a letter of support for PMC's request for \$37 million from the Governor's FY 2025 Capital Budget for construction of Phase 4 of the new facility project.

D. Appointment to the Southeast Alaska Power Agency Board of Directors for 2024 of Two Voting and Two Alternate Members

In 2024, the Petersburg Borough is entitled to two voting member seats and two alternate seats on the SEAPA Board of Directors. Letters of interest have been received from Bob Lynn and Karl Hagerman for the voting member seats, from Mark Jensen for an alternate member seat, and from Thomas Fine-Walsh for either a voting or alternate member seat.

16. Communications

A. Correspondence Received Since November 2, 2023

17. Assembly Discussion Items

A. Assembly Member Comments

B. Recognitions

18. Adjourn



Petersburg Borough

12 South Nordic Drive
Petersburg, AK 99833

Meeting Minutes Borough Assembly Regular Meeting

Monday, November 06, 2023

12:00 PM

Assembly Chambers

1. Call To Order/Roll Call

Mayor Jensen called the meeting to order at 12:00 p.m.

PRESENT

Mayor Mark Jensen
Vice Mayor Bob Lynn
Assembly Member Thomas Fine-Walsh
Assembly Member Donna Marsh
Assembly Member Rob Schwartz
Assembly Member Jeigh Stanton Gregor

EXCUSED

Assembly Member Scott Newman

2. Voluntary Pledge of Allegiance

The Pledge was recited.

3. Approval of Minutes

A. October 16, 2023 Assembly Meeting Minutes

The October 16, 2023 Assembly meeting minutes were unanimously approved.

4. Amendment and Approval of Meeting Agenda

The agenda was approved as submitted.

Motion made by Assembly Member Marsh, Seconded by Vice Mayor Lynn.
Voting Yea: Mayor Jensen, Vice Mayor Lynn, Assembly Member Fine-Walsh, Assembly Member Marsh, Assembly Member Schwartz, Assembly Member Stanton Gregor

5. Public Hearings

There were no public hearings.

6. Bid Awards

There were no bid awards.

7. Persons to be Heard Related to Agenda

Persons wishing to share their views on any item on today's agenda may do so at this time.

Sarah Fine-Walsh, representing herself, spoke in favor of a direct sale to Skylark Park, LLC.

Sven Westergard, IBEW Assistant Business Manager, and Sam Caulum, PMP&L Lead Lineman and IBEW negotiator, encouraged the Assembly to ratify the tentatively agreed upon Collective Bargaining Agreement between the Petersburg Borough and the International Brotherhood of Electrical Workers for the period of November 11, 2023 through June 30, 2027.

Beverly Richardson, representing herself, shared some personal history regarding Andy Mathisen's gift of tidelands and funds to the City of Petersburg to be used for a fishing park. She informed the Assembly that if the donated funds were used to purchase property along Blind Slough the donated tidelands would be returned to the Mathisen family as outlined on the Quit Claim Deed.

8. Persons to be Heard Unrelated to Agenda

Persons with views on subjects not on today's agenda may share those views at this time.

Acting District Ranger Castro and Tyler Shaw, Petersburg Lake Trail Lead, provided an update on US Forest Service activities.

Eve Fredrick with the BBC, (who is working on Project Outlast at Little Duncan Bay), shared that the project will be finished on November 11th. She thanked the community of Petersburg and the business owners who worked with them during their stay.

Note: Mayor Jensen has internet issues and turns the meeting over to Vice Mayor Lynn to Chair. Mayor Jensen stays on Zoom to participate in the meeting.

9. Boards, Commission and Committee Reports

There were no reports.

10. Consent Agenda

A. The Trees Liquor License Transfer

The Alcohol and Marijuana Control Office (AMCO) has received two liquor license transfer of ownership applications from The Trees RV LLC to The Trees, LLC, and then from The Trees, LLC to PAH, LLC. The Assembly may support or protest the applications. A protest may not be arbitrary, capricious or unreasonable.

The Assembly unanimously supported the liquor license transfers for The Trees, LLC.

Motion made by Assembly Member Stanton Gregor, Seconded by Assembly Member Marsh.

Voting Yea: Mayor Jensen, Vice Mayor Lynn, Assembly Member Fine-Walsh, Assembly Member Marsh, Assembly Member Schwartz, Assembly Member Stanton

Gregor

B. Acceptance of a Grant Award in the Amount of \$50,199 from the Division of Homeland Security and Emergency Management

This grant provides funding for the purchase and installation of an antenna with repeater, 2 base stations, 20 portable radios and the fees for FCC licensing of the School District's own frequency. This grant was not budgeted for in the FY24 Adopted Budget and if approved will be placed in the next supplemental budget which will be presented at a later date.

The Assembly unanimously approved acceptance of the Homeland Security grant in the amount of \$50,199.

Motion made by Assembly Member Marsh, Seconded by Assembly Member Stanton Gregor.

Voting Yea: Mayor Jensen, Vice Mayor Lynn, Assembly Member Fine-Walsh, Assembly Member Marsh, Assembly Member Schwartz, Assembly Member Stanton Gregor

11. Report of Other Officers

A. Petersburg Medical Center

PMC CEO Hofstetter gave an update on and answered questions regarding the Medical Center.

B. US Forest Service

Acting District Ranger Castro provided his report under Persons to be Heard Unrelated to the Agenda.

C. Human Resources

Human Resource Officer/Deputy Clerk Regula updated the Assembly on the Borough's progress addressing recommendations from the APEI review.

12. Mayor's Report

A. November 6, 2023 Mayor's Report

Vice Mayor Lynn read the Mayor's Report into the record.

13. Manager's Report

A. November 6, 2023 Manager's Report

Manager Giesbrecht read his report into the record, a copy of which is attached and made a permanent part of these minutes.

14. Unfinished Business

- A. Ordinance #2023-14 - An Ordinance Amending the Official Zoning Map for Service Area 1 of the Petersburg Borough to Rezone Lot GL 14, Section 33, Township 58 South, Range 79 East, Copper River Meridian, (Parcel #01-010-600) from Public Use (P-1) to Single-Family Mobile Home (SFMH), with Conditions - Third and Final Reading**

Ordinance #2023-14 was unanimously approved in its third and final reading.

Motion made by Mayor Jensen, Seconded by Assembly Member Stanton Gregor.
Voting Yea: Mayor Jensen, Vice Mayor Lynn, Assembly Member Fine-Walsh, Assembly Member Marsh, Assembly Member Schwartz, Assembly Member Stanton Gregor

15. New Business

- A. Resolution #2023-13A: A Resolution Authorizing the Borough Manager to Apply to the State of Alaska, Department of Environmental Conservation, for a Loan from the Alaska Clean Water Fund for the Design and Construction of the Pump Station 4 Force Main Project**

Resolution #2023-13A is an amended version of Resolution #2023-13, which allows the Borough to apply for a loan increase from ADEC for the Pump Station 4 Force Main Project and was approved by the Assembly on October 9, 2023. This amended version references the amount of overall indebtedness to the water and wastewater funds that was approved by the voters with Proposition #1 at the 2019 municipal election (up to \$8 million).

The Assembly unanimously approved Resolution #2023-13A.

Motion made by Assembly Member Stanton Gregor, Seconded by Assembly Member Marsh.

Voting Yea: Mayor Jensen, Vice Mayor Lynn, Assembly Member Fine-Walsh, Assembly Member Marsh, Assembly Member Schwartz, Assembly Member Stanton Gregor

- B. Resolution #2023-14: A Resolution in Support of Southeast Alaska Power Agency's Southeast Alaska Grid Resiliency Project Including Installation of a Third Turbine and Generator at the Tyee Hydroelectric Facility**

By unanimous roll call vote, Resolution #2023-14 was approved.

Motion made by Assembly Member Marsh, Seconded by Assembly Member Fine-Walsh.

Voting Yea: Mayor Jensen, Vice Mayor Lynn, Assembly Member Fine-Walsh, Assembly Member Marsh, Assembly Member Schwartz, Assembly Member Stanton Gregor

C. Resolution #2023-15: A Resolution in Support of Raising the Maximum Available Alaska Department of Transportation Harbor Facility Grant to \$7,500,000 for Eligible Projects on an Annual Basis

Resolution #2023-15 shows the Borough's support for Governor Dunleavy and the Alaska Legislature to amend Alaska Statute 29.60.800 to raise the maximum Harbor Facility Grant Fund award from \$5,000,000 to \$7,500,000 per eligible project to account for inflation since 2006.

The Assembly unanimously approved Resolution #2023-15.

Motion made by Mayor Jensen, Seconded by Assembly Member Marsh.
Voting Yea: Mayor Jensen, Vice Mayor Lynn, Assembly Member Fine-Walsh, Assembly Member Marsh, Assembly Member Schwartz, Assembly Member Stanton Gregor

D. Skylark Park LLC Application to Purchase Borough Land (Lots 2, 3, 5, 5A, and 6, Skylark II Subdivision, and Government Lot 21, Section 33, T58S, R79E)

A motion was made to approve Skylark Park's application to purchase Borough land to move forward in the process.

Motion made by Assembly Member Fine-Walsh, Seconded by Assembly Member Schwartz.

The motion was amended to negotiate a direct sale with Skylark Park, LLC.

Motion made by Assembly Member Stanton Gregor, Seconded by Assembly Member Schwartz.

Voting Yea: Mayor Jensen, Vice Mayor Lynn, Assembly Member Fine-Walsh, Assembly Member Schwartz, Assembly Member Stanton Gregor

Voting Nay: Assembly Member Marsh

The original motion, as amended to approve the purchase application to move forward by negotiated direct sale, was unanimously approved.

Motion made by Assembly Member Fine-Walsh, Seconded by Assembly Member Schwartz.

Voting Yea: Mayor Jensen, Vice Mayor Lynn, Assembly Member Fine-Walsh, Assembly Member Marsh, Assembly Member Schwartz, Assembly Member Stanton Gregor

E. Mental Health Trust Lot 37 on Blind Slough

The Alasa Mental Health Trust Land Office is offering for sale South Mitkof Lot 37 for a minimum bid of \$102,500. The lot fronts Blind Slough and is located in a popular recreational area for Petersburg's residents and visitors. In 2008 the Andy Mathisen family donated approximately \$95,000 to the Borough to be used towards a fishing park on the Wrangell narrows by Eagles Roost Park. The project never progressed due to costs above and beyond the gifted funds. The Andy Mathisen Fishing Park

investment fund currently has a balance of \$99,327.90 and the Mathisen estate is willing to use these funds to help purchase the Blind Slough property to ensure public access on Blind Slough is maintained. The Assembly was asked to determine whether or not the Borough should participate in the sealed bid land sale for the parcel.

A motion to approve the Borough to participate in the auction for South Mitkof Lot 37 failed by a vote of 4-2.

Motion made by Assembly Member Stanton Gregor, Seconded by Assembly Member Fine-Walsh.

Voting Yea: Vice Mayor Lynn, Assembly Member Stanton Gregor

Voting Nay: Mayor Jensen, Assembly Member Fine-Walsh, Assembly Member Marsh, Assembly Member Schwartz

F. Request to Negotiate Purchase of 50-Foot Public Access Easement on Lots 37, 38 and 39 Fronting Blind Slough

A motion to approve sending a letter to ADNR to request the Borough be allowed to purchase a 50 foot public access easement on South Mitkof Lots 37, 38 and 39 failed to receive a second.

G. Petro Building Acquisition Status

The Borough (Staff and Attorney) has been working with Petro 49 since 2018 to acquire the old Union Oil building and property at 703 S. Nordic Drive for use as a maintenance facility for our Harbor Department. The Borough and Petro 49 have also been working with ADEC as a clear letter of conditions on the property is required before the Borough follows through with the acquisition. The Borough was recently informed that the process of receiving a clear letter of conditions on the property from ADEC may not be completed for several more years. Manager Giesbrecht requested direction from the Assembly whether the Borough should continue with the acquisition or look for other alternatives.

The Assembly unanimously voted to not continue with acquisition of the old Union Oil building from Petro, 49.

Motion made by Mayor Jensen, Seconded by Assembly Member Stanton Gregor.

Voting Yea: Mayor Jensen, Vice Mayor Lynn, Assembly Member Fine-Walsh, Assembly Member Marsh, Assembly Member Schwartz, Assembly Member Stanton Gregor

H. Housing Task Force

The Assembly thanked the members of the Housing Task Force for their time and efforts and voted to dissolve the task force at this time.

Motion made by Mayor Jensen, Seconded by Assembly Member Fine-Walsh.

Voting Yea: Mayor Jensen, Vice Mayor Lynn, Assembly Member Fine-Walsh, Assembly Member Marsh, Assembly Member Schwartz, Assembly Member Stanton

Gregor

I. Election of Vice Mayor

A motion to appoint Bob Lynn as Vice Mayor failed by a vote of 3 to 3.

Motion made by Assembly Member Stanton Gregor, Seconded by Assembly Member Fine-Walsh.

Voting Yea: Vice Mayor Lynn, Assembly Member Fine-Walsh, Assembly Member Stanton Gregor

Voting Nay: Mayor Jensen, Assembly Member Marsh, Assembly Member Schwartz]

A motion to appoint Donna Marsh as Vice Mayor passed by a vote of 4 to 2.

Motion made by Mayor Jensen, Seconded by Assembly Member Schwartz.

Voting Yea: Mayor Jensen, Assembly Member Fine-Walsh, Assembly Member Marsh, Assembly Member Schwartz

Voting Nay: Vice Mayor Lynn, Assembly Member Stanton Gregor

J. Assembly Member Appointments to Boards

The Assembly made the following appointments:

Southeast Conference: Mayor Jensen (voting member) and Assembly Member Fine-Walsh

Alaska Municipal League: Mayor Jensen and Assembly Member Lynn

Liaison to the Harbor Board: Assembly Member Newman

Liaison to the Hospital Board: Assembly Member Lynn

Liaison to the Public Safety Advisory Board: Assembly Member Schwartz

Elected Official to the Local Emergency Planning Committee: Vice Mayor Marsh

Elected Official to the Early Childhood Education Task Force: Assembly Member Stanton Gregor

K. Alaska Municipal League 73rd Annual Local Government Conference

By unanimous roll call vote, the Assembly approved Manager Giesbrecht and Assembly Member Fine-Walsh to attend the Alaska Municipal League Annual Conference in December.

Motion made by Assembly Member Stanton Gregor, Seconded by Assembly Member Schwartz.

Voting Yea: Mayor Jensen, Vice Mayor Lynn, Assembly Member Fine-Walsh, Assembly Member Marsh, Assembly Member Schwartz, Assembly Member Stanton

Gregor

L. Letter of Support for the Alaska Municipal League's Reducing Impact of Rural Boardwalk Barriers Project

The letter of support for AML's Thriving Communities Regional Grant program was unanimously approved.

Motion made by Assembly Member Stanton Gregor, Seconded by Mayor Jensen.
Voting Yea: Mayor Jensen, Vice Mayor Lynn, Assembly Member Fine-Walsh, Assembly Member Marsh, Assembly Member Schwartz, Assembly Member Stanton Gregor

16. Communications

A. Correspondence Received Since October 12, 2023

17. Assembly Discussion Items

A. Seafood Market Update

Assembly Member Schwartz shared what he heard at a recent webinar held by OBI and Trident Seafoods, which was that the seafood industry is in crisis.

B. Assembly Phone Numbers Posted on Borough Website

The Assembly discussed whether or not to add their personal phone numbers to the Borough website.

C. Assembly Member Comments

Assembly Member Fine-Walsh stated he was disappointed the acquisition of the old Union Oil building from Petro is not able to move forward and that Petro continues to allow a usable building to sit unused.

Manager Giesbrecht thanked Petro for all they have done to try to move the acquisition forward, clarifying that it is the State of Alaska, Department of Environmental Conservation making things too difficult.

D. Recognitions

Assembly Member Marsh thanked our Police Department and SEACAD for the recent arrests and for making Petersburg a safer and better place to live.

Note: Mayor Jensen had to leave the meeting due to internet issues.

18. Executive Session

The Assembly adjourned to Executive Session at 2:06 p.m. to discuss with members of the Borough negotiating team the status of the negotiations for a new labor agreement between the Borough and the International Brotherhood of Electrical Workers.

Motion made by Assembly Member Stanton Gregor, Seconded by Assembly Member Marsh.

Voting Yea: Vice Mayor Lynn, Assembly Member Fine-Walsh, Assembly Member Marsh, Assembly Member Schwartz, Assembly Member Stanton Gregor

The Assembly exited Executive Session at 2:42 p.m.

19. Ratification of the International Brotherhood of Electrical Workers Collective Bargaining Agreement for November 11, 2023 through June 30, 2027

By unanimous roll call vote, the Assembly ratified the November 11, 2023 through June 30, 2027 Collective Bargaining Agreement between the Borough and the International Brotherhood of Electrical Workers.

Motion made by Assembly Member Stanton Gregor, Seconded by Assembly Member Marsh.

Voting Yea: Vice Mayor Lynn, Assembly Member Fine-Walsh, Assembly Member Marsh, Assembly Member Schwartz, Assembly Member Stanton Gregor

20. Executive Session

The Assembly adjourned to Executive Session at 2:52 p.m. to receive advice and recommendations from attorneys in regard to pending litigation (Koenigs v. Petersburg Borough, 1PE-22-00046 CI; James Kerr v. Petersburg Borough, 1JU-22-00856 CI).

The Assembly exited Executive Session at 3:40 p.m.

21. Adjourn

The meeting was adjourned at 3:40 p.m.

Motion made by Assembly Member Marsh, Seconded by Assembly Member Schwartz.

Voting Yea: Vice Mayor Lynn, Assembly Member Fine-Walsh, Assembly Member Marsh, Assembly Member Schwartz, Assembly Member Stanton Gregor

**Mayor's Report
For
November 20, 2023 Assembly Meeting**

- 1. Happy Thanksgiving:** The Borough Assembly wishes everyone a happy and healthy Thanksgiving holiday. May we all remember and cherish what we are thankful for in our lives.

- 2. Chamber Tree Lighting Event:** The Chamber of Commerce will be hosting the Tree Lighting Event on November 24th in the Municipal Building parking lot. The event begins with food vendors on Nordic Drive at 5:00 p.m., parade line-up with goodies and candles between IGA and Petersburg Properties at 5:15 p.m., and the parade kick-off at 5:30 p.m. Come and enjoy the fun!



**PETERSBURG BOROUGH
ORDINANCE #2023-15**

**AN ORDINANCE OF THE PETERSBURG BOROUGH ADJUSTING
THE FY 2024 BUDGET FOR KNOWN CHANGES**

Section 1. Classification: This ordinance is not of a permanent nature and shall not be codified in the Petersburg Municipal Code.

Section 2. Purpose: The purpose of this ordinance is to adjust the FY 2024 budget for known changes.

Section 3. Substantive Provisions: In accordance with Section 11.09(a) of the Charter of the Petersburg Borough, the budget for the fiscal period beginning July 1, 2023 and ending June 30, 2024 is adjusted as follows:

Explanation: Necessary revisions in the FY 2024 budget identified after adoption of the Budget. This is the second supplemental budget of the year.

Account Number	Account	Original Budget	Increase (Decrease)	Amended Budget
<u>FISCAL YEAR 2024 REVENUE / EXPENSE BUDGET ADJUSTMENTS</u>				
Homeland Security Grant Fund – Fund 711				
711.000.402277	Homeland Security Grant Revenue	0	\$50,199.	\$50,199.
711.000.501460	School District Radios & Base Station Expense	0	(\$50,199.)	(\$50,199.)
The Borough Assembly approved acceptance of this grant in the consent agenda at the 11/6/23 assembly meeting. This grant provides funding for the purchase and installation of an antenna with repeater, 2 base stations, 20 portable radios and the fees for FCC licensing of the School District's own frequency.				
E911 Surcharge Fund – Fund 270				
270.000.506520	Police Facility Access Control System	\$0	(\$86,876)	(\$86,876)
Use E911 Fund to cover the cost of Arctic Fire & Security's proposal to provide installation services and access control system upgrade to facility.				
Parks & Recreation – Leisure Pool Filtration & South Harbor Viewing Platform				
110.574.501330	Maintenance Supplies - Pump & Shipping	(\$24,000.)	(\$9,161.)	(\$33,161.)
110.574.501410	Professional Services – Labor to install pump	(\$32,000.)	(\$1237.)	(\$33,237.)
110.574.501480	Repairs & Maintenance – Benches & Shipping	(\$10,000.)	(\$3,619)	(\$13,619.)

Purchase of a new pump was needed to replace the leaking leisure pool filtration pump. The South Harbor viewing platform was damaged in a driving incident and replacement was needed of the two benches.

Blind Slough Hydro Project – Fund 747

410.000.501960	Electric Reserves Transfer to Capital Project	\$0	(\$880,000)	(\$880,000)
747.000.402240	Blind Slough Hydro Transfer In	\$0	\$880,000	\$880,000

Transfer funds from Electric Enterprise reserves to capital project fund to finish out the project.

PMPL Electric Department Misc. Accounts

410.405.501352	Diesel Plant Maintenance - Supplies	(\$9,500)	(\$5,850)	(\$15,350)
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To cover late invoices sent by Marine Services that were budgeted for in FY23 for work on the EMD 16 Generator.

410.405.501353	Diesel Plant Maintenance – Services	(\$8,300)	(\$20,981)	(\$29,281)
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To cover unanticipated work by NC Machinery on the Caterpillar 398 generator rebuild and invoicing received after the fiscal year had ended.

410.000.501449	Motor Pool Charges – O&M	(\$63,440)	(\$20,056)	(\$83,496)
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To cover unanticipated repairs by Altec for our line trucks. The digger had an issue with the boom controls and both bucket trucks need replacement platforms (buckets) to remain safe to operate.

410.000.501430	Travel and Training	(\$28,400)	(\$13,000)	(\$41,400)
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To cover online training of PMPL staff on the Eaton Yukon AMI program,

Wastewater Pump Station 4 Project – Fund 739

430.000.501960	Wastewater Transfer to Capital Project	\$0	(\$144,000)	(\$144,000)
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739.000.402240	Pump Station #4 Project Transfer In	\$0	\$144,000	\$144,000
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Transfer needed in order to award a professional services contract for pump station control panels and control programming while waiting for a loan increase from ADEC.

Electric Department – IBEW Contract - Payroll

410.XXX.500110	IBEW Contract Payroll	(\$818,657)	(\$170,678)	(\$989,335)
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410.XXX.500120	IBEW Contract Payroll Overtime	(\$50,893)	(\$12,309)	(\$63,202)
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410.XXX.500200	IBEW Contract Payroll Benefits	(\$500,903)	\$50,621	(\$450,282)
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Cost of ratifying the IBEW contract and the health insurance adjustment switching to Moda.

Section 4. Severability: If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and application to any person and circumstance shall not be affected.

Section 5. Effective Date: This ordinance shall become effective immediately after the date of its passage.

Passed and approved by the Petersburg Borough Assembly, Petersburg, Alaska this 18th day of December, 2023.

Mark Jensen, Mayor

ATTEST:

Debra K. Thompson, Borough Clerk

Adopted:
Published:
Effective:



Police Department Access Control System Proposal

The Petersburg Police Department's access control system/electronic locking system has failed. The locking system computer software will not allow any modifications to the system and will not allow any access to the software. Chief Kerr contacted HID who provided electronic keycards and asked for a new software program. HID explained they only provide hardware and not the software system. HID checked the job code which revealed the contractor who installed the system installed 1996 technology into the municipal building when it was remodeled. HID explained the security concerns with the current system and recommended changes to the system to reflect industry standards.

HID sent out Petersburg Police Department's request to vendors servicing Alaska. Chief Kerr received two responses one from Arctic Fire & Security and the other from a different vendor. Arctic Fire & Security was the only vendor to show up in person to conduct an evaluation of the current needs and see what equipment could be reused in the updated access control system. Arctic Fire & Security is also the same vendor the Petersburg School District used for their access control proposal.

The Petersburg Police Department is proposing to use E911 funds for this project in the amount of \$86,876.00. The use of E911 funds is an appropriate funding source since the Petersburg Dispatch Center is housed inside the Petersburg Police Department. Current E911 fund balance is \$242,823 as of November 13, 2023.

If you have any question or want more information on this project please contact Chief James Kerr.

Petersburg Borough Police Department

PO Box 329 Petersburg, AK 99833 · Phone (907)772-3838 Fax (907)772-3504

www.petersburgak.gov



PROPOSAL

TO: Petersburg Police Department
Petersburg, AK

DATE: 10/16/2023

ATTN: James Kerr

PROPOSAL NUMBER: AFS.101623

SCOPE: New Access Control System Installation and Upgrade

Arctic Fire & Security (AFS) appreciates the opportunity to submit the following proposal to provide installation services and access control system upgrade. The following proposal information breaks down our scope of work based on the walk-through conducted and information provided for the Petersburg Police Department. Based on this information, we propose to provide a new Genetec access control platform that will utilize most of the existing hardware such as security enclosures, controller boards, power supplies, electrified and wired door hardware, and cabling. We have the following project deliverables and project overview that encompasses key phases of this project:

Scope of Work:

Demo of Existing Access Control System Details:

Demo the existing Best Stanley/Lenel access control field hardware throughout the Police Department which includes:

- Removal of (26) Best Stanley wired card reader keypads
- Removal of (6) Best Stanley wireless lock sets
- Removal of (1) Lenel LNL-2220 two door network controller board

New Access Control Material Details:

Provide a new access control platform that will utilize Genetec Security Center with Synergis access control management platform. The Genetec system will be capable of reusing the existing (4) Lenel security enclosures, (16) two door controller boards, (1) 16 input/output board, all hard-wired electrified door hardware, door contacts, network switch, and security cabling. New hardware that will be provided and installed for the Genetec access control system will include:

- (1) Genetec Security Center 5.11 with Synergis Standard Access Control Management Platform
- (1) Genetec Cloudlink Controller
- (1) Mercury LP1502 Two Door Network Controller
- (26) HID Signo Card Reader Keypads
- (6) Assa Abloy Sargent IN100 Series Wireless Locksets with Cover Plate Kits and Batteries
- (3) Assa Abloy PoE Wireless Hubs
- (1) USB Enrollment Card Reader
- (100) HID Seos Credential Badges
- (100) HID Seos Key Fobs
- (1) Access Control 1U Management Server and
- (1) Workstation with Monitor
- (1) Partial CAT6 Cable



Installation Details:

The new access control server will be programmed and configured to the extent possible prior to installation in the police department Comm Room. AFS will work with the Police Department personnel to establish door names, door access rules, door schedules, door overrides, personnel access groups, employee names, etc. The Genetec Cloudlink controller and LP1502 will be installed in the existing Lenel enclosure located in the main Comm Room and the new server will be rack mounted in an exiting equipment rack. (26) new HID Signo card reader keypads will be installed at each door that currently has the Stanley reader keypads. The doors with wireless Stanley card reader/locks will be removed and the (6) new Assa Abloy Aperio wireless locks will be installed on the same doors. Three new wireless security hubs will be installed in strategic areas to connect the wireless locks to the Genetec system. New CAT6 cable will be installed from each wireless security hub back to the existing security network switch. A new client workstation will be installed in a room designed by the Police Department what will be used to enroll new badges and allow for management of the overall access control system. AFS will work with Professional Computer Services (PCS) and ProComm for networking information, coordination, remote system access, and to ensure the remote touch-screen features remain intact with the new Genetec access control system.

Once the system is installed, AFS will thoroughly test each door, card reader, and electrified lock for proper operations, functions, and system reporting. AFS will work with Police personnel to test the touch-screen functionality and make sure doors unlock like the current sequence of operations. Once testing is complete, AFS will provide end user training on the Genetec access control daily operations, badge enrollment, and system features.

Alternate Option – Install (6) Wired Doors Instead of Wireless Readers and Locks: \$13,680.00 (not included in base price)

As an alternate to installing the wireless Assa Abloy card reader and locks, provide and install (6) new electric mortise locksets, (6) electrified hinges, (3) Mercury two door controller boards, (6) HID Signo standard card readers, (1) door lock power supply with back-up batteries, and new access control cable to each of the six doors. Each door will be core drilled, new electrified mortise locksets, hinges, and card readers will be installed at each of the six doors. A new door lock power supply and (3) new two-door controller boards will be installed in the main comm room where the new security cables will be terminated. Once installation is complete, AFS will thoroughly test each door, card reader, and electrified lock for proper operations, functions, and system reporting.

Project Remarks:

- Standard warranty 1 year provided, which includes labor and materials. Warranty takes effect upon substantial completion, which is defined as beneficial use of the systems provided above.
- Petersburg Police Department agreed to provide vehicle and ladders during installation.
- Removed equipment to be turned over to the Police Department.
- All air fare, lodging, vehicle costs for the duration of the project are included.
- Remote service and support will be billed separately as time and material.

Scope of Work Total Project Amount: \$86,876.00



Project Exclusions:

- Lifts, Ladders, Bucket trucks
- Ceiling tile replacement
- Performance & Payment Bonding cost
- Permits and Permit fees
- Warranty on existing equipment, cabling, hardware
- Network switches, equipment racks
- Additional cost incurred due to COVID-19 restrictions, delays, quarantine requirements
- Videography of testing or training, if required
- Patching, touchups, and painting
- Cost incurred due to weather delays, product delays, or delays by others
- All work not mentioned in this proposal will be billed out at Time and Materials

This proposal is hereby accepted, thus allowing Arctic Fire & Security authorization to proceed with the work mentioned in this proposal.

This proposal is valid until: 11/30/2023

Purchaser:

Arctic Fire & Security

Signature:

Signature:

Brandon Skeel

Name:

Brandon Skeel

Title:

Director of Operations

Date:

Date: 10/16/23



ARCTIC FIRE & SECURITY

7133 Arctic Blvd. Unit 15
Anchorage, AK 99522
907-229-4614
www.afs-ak.com

TERMS AND CONDITIONS.

1. **SCOPE OF WORK:**
 - Customer shall permit AFS, free and timely access to areas and equipment, and allow contractor to start and stop the equipment as necessary to perform required services. All planned work under this agreement will be performed during AFS normal working hours.
 - Any alteration to, or deviation from, this agreement involving extra work, cost of material or labor will become an extra charge (fixed amount to be negotiated or on a time and material basis at AFS street rate then in effect) over the sum stated in this agreement.
 - AFS will not be required to move, replace or alter any part of the building structure in the performance of this agreement.
2. **TERMINATION OF CONTRACT:**
 - Either Party may terminate the contract with a thirty (30) day written notice. Customer agrees to pay for all work and material purchased for work rendered during the length of the agreement.
3. **MODIFICATIONS:**
 - No change or modification to the contract or terms & agreement stated herein shall be binding upon AFS unless accepted by AFS in writing.
4. **WARRANTY:**
 - In case of any failure to perform its obligations under this agreement, AFS liability is limited to repair or replacement as its option, and such repair or replacement shall be customer's sole remedy. This warranty is conditioned upon proper operation and maintenance by customer and shall not apply if the failure is caused or contributed to by accident, alteration, abuse or misuse, act of God and shall not extend beyond the term of this agreement.
 - Third party parts will carry manufacturer's warranty only.
5. **ENTIRE AGREEMENT:**
 - This proposal, upon acceptances shall constitute the entire agreement between the parties and supersedes any prior representations or understanding.
 - The annual agreement price is subject to adjustment on each commencement anniversary to reflect increasing labor, material and other costs.
6. **INVOICE & PAYMENT:**
 - Customer will promptly pay invoice within 20 days of customer receipt. Should payment become 30 days or more delinquent contractor may stop all work under this agreement without notice, and/or cancel this agreement, and the entire agreement amount shall become due and payable immediately upon demand.
7. **TAXS:**
 - Customer shall be responsible for all taxes, applicable to the service, and/or material hereunder.
8. **LIABILITY:**
 - In the event AFS must commence legal action in order to recover any amount payable under this agreement, customer shall pay AFS all court costs and attorney's fees incurred by AFS.
 - Under no circumstances, whether arising in contract, tort (including negligence), equity or otherwise, will AFS be responsible for loss of use, loss of profit, increased operating or maintenance expenses, claims of customer's tenants or clients, or any special, indirect or consequential damages.
9. **INDEMNITY:**
 - To the fullest extent permitting by law, customer shall indemnify and hold harmless AFS, its agent and employees from and against all claims, damages, losses and expenses, including but not limited to attorney's fees, arising out of or resulting from the performance of work hereunder, providing that such claim, damage, loss or expense is caused in whole or in part by an active or passive act or omission of customer, anyone directly or indirectly employed by customer, or anyone for whose acts customer may be liable, regardless of whether it is caused in part by negligence of AFS.
 - AFS should not be liable for any delay, loss, damage or detention caused by unavailability of machinery, equipment or materials, delays of carriers, strike, including those by AFS employees, lockouts, civil or military authority, priority regulations, insurrection or riot, action of these elements, force of nature, or by any cause beyond its control.
10. **OCCUPATIONAL SAFETY:**
 - Customer shall make available to contractor's personnel all pertinent Material Safety Data Sheets (MSDS) pursuant to OSHA's Hazard Communication Standard Regulations.
 - AFS expressly disclaims any and all responsibility and liability for the indoor air quality of the customer's facility, including without limitation, injury or illness to occupants of the facility or third parties, or any damage to the customer's facility, arising out of or in connection with AFS work. Under this agreement, including without limitation any illness, injury, or damage resulting in any manner from any fungus(es) or spore(s), any substance, vapor or gas produced by or arising out of any fungus(s) or spore(s), or any material, product, building component or structure that contains, harbors, nurtures or acts as a medium for any fungus(es) or spore(s).
 - AFS obligation under this proposal and any subsequent contract does not include the identification, abatement or removal of asbestos or any other toxic or hazardous substances, hazardous waste or hazardous material, or any fungus (s) or spore(s); substance, vapor or gas produced by or arising out of any fungus(es) or spore(s); or any material, product, building component or structure that contains, harbors, nurtures or acts as a medium for any fungus (s) or spore(s). In the event such substance, waste and materials are encountered, AFS sole obligation will be to notify the owner of their existence. AFS shall have the right thereafter to suspend its work until such substance; waste or material and the resultant hazards are removed. The time for completion of the work shall be extended to the extent caused by the suspension and the contract price equitably adjusted.

INTEROFFICE MEMORANDUM

TO: JODY TOW, FINANCE DIRECTOR

FROM: KARL HAGERMAN, UTILITY DIRECTOR

SUBJECT: FY 2024 SUPPLEMENTAL BUDGET ITEMS

DATE: 11/12/23

CC: STEVE GIESBRECHT, BOROUGH MANAGER
DEBRA THOMPSON, BOROUGH CLERK

I'm providing this memo to go over my proposed inclusions in the next supplemental budget ordinance. As some of these are quite large, a detailed explanation that can be attached to the ordinance and forwarded to the Assembly seemed prudent.

PMPL Blind Slough Hydro project

Increase/transfer **\$880,000** from electric fund reserves to capital project fund 747 to finish out the project. I have waited for a long time to request this transfer as I believed that the department would hear favorable news about the \$2.7 million grant from the DOE Section 243 program that would nullify the need for a transfer at all. The definitive news has not come, although we recently heard that we have been found eligible to proceed with the next phase of the award process, which includes ranking and awarding of grant funds. The project is fast approaching conclusion, with the current goal to have the hydro fully operational by December 13th. Many invoices will be coming due in concurrence with project completion so it is necessary to ensure the project budget can support payments to our vendors, contractors, and engineers.

Often there are transfers needed at the conclusion of a project but usually not this large. Many issues have contributed to this large transfer, including a bond ordinance that was based on the best estimate for the construction contract that we had at the time. The bond planned on a construction cost of \$5,098,800 and the construction award was for \$5,744,000. Also, there were many ancillary services and expenses that were not estimated at the time of the bond ordinance discussion but were needed in the project. These included purchasing long lead time project valves and a flow meter, as well as ensuring that the Crystal Lake Hatchery had reliable equipment and a backup pump for the project period. Many professional service contracts were needed to ready the project for bidding and to support the project during construction, including welding inspections, concrete testing, SCADA integration and commissioning support, hazardous materials evaluations of existing equipment and paint, onsite powerhouse crane testing/certification, and payments to the bond counsel. Lastly, our project engineering firm, McMillen, is fast approaching the limits of their contract and this needs to be increased in order to get the project to close out. McMillen has provided excellent support to the project but the largest issue that we've had with their contract is that the construction support line item was not sufficient. The onsite engineer and inspector was estimated to be needed for 3 months total and instead he

needed to be onsite for 5 ½ months. An increase to McMillen's contract will be forthcoming to the Assembly so the project can be completed.

Although this is a big transfer, Electric fund reserves can support it. It will be the intent of the department to transfer these supplemental funds back to electric reserves when the grant money is received.

PMPL Increase 410 405 501352 by \$5,850.00 to cover invoices from Marine Services Inc. for work on the EMD 16 generator that were received after the fiscal year had ended.

PMPL Increase 410 405 501353 by \$20,981.00 to cover additional unanticipated work by NC Machinery on the Caterpillar 398 generator rebuild and also for invoicing that was received after the fiscal year had ended.

PMPL Increase 410 000 501449 by \$20,055.89 to cover unanticipated repairs by Altec for our line trucks. The digger derrick had an issue with the boom controls and both bucket trucks need replacement platforms (buckets) to remain safe to operate.

PMPL Increase 410 000 501430 by \$13,000.00 to cover online training of PMPL staff on the Eaton Yukon AMI program. Staff were trained by Eaton when the AMI metering system was first installed, but turnover has resulted in a lack of sufficient training that must be resolved. The training is offered online by live trainers with no travel required by PMPL staff.

Wastewater Dept Pump Station 4 Force Main Project

Transfer \$144,000 to capital project fund account 739 000 501410 in order to award a professional services contract for pump station control panels and control programming.

I am working on a loan increase with ADEC for this project, but it will be some time before that process is complete. In order to keep the project moving forward toward a bid date this winter, a budget increase is needed to award a professional services contract to RMC Engineering of Juneau. As has been the department's practice on large WW pump station projects, we are able to reduce overall costs to the project and ensure that new control systems are compatible with department standards by directly soliciting a vendor with extensive experience with our system. This reduces design development costs and gives us access to engineers and technicians that understand our system very well. The current loan for the project is being consumed by the principal design engineering firm, so an increase to the project budget of \$144,000 is needed to engage RMC and move forward with control design and control panel construction. I am pulling the loan increase application documents together and planning to see this project out to bid this winter with a 2024 construction period.

Wikan Lease Amortization Schedule

		Payment	Interest	Principal	Balance
			Beginning Balance		\$52,428.77
1	2021	\$4,032.00	\$3,145.73	\$ 886.27	\$51,542.49
2	2022	\$4,032.00	\$3,092.55	\$ 939.45	\$50,603.04
3	2023	\$4,032.00	\$3,036.18	\$ 995.82	\$49,607.22
4	2024	\$4,032.00	\$2,976.43	\$ 1,055.57	\$48,551.66
5	2025	\$4,032.00	\$2,913.10	\$ 1,118.90	\$47,432.76
6	2026	\$4,032.00	\$2,845.97	\$ 1,186.03	\$46,246.72
7	2027	\$4,032.00	\$2,774.80	\$ 1,257.20	\$44,989.53
8	2028	\$4,032.00	\$2,699.37	\$ 1,332.63	\$43,656.90
9	2029	\$4,032.00	\$2,619.41	\$ 1,412.59	\$42,244.31
10	2030	\$4,032.00	\$2,534.66	\$ 1,497.34	\$40,746.97
11	2031	\$4,032.00	\$2,444.82	\$ 1,587.18	\$39,159.79
12	2032	\$4,032.00	\$2,349.59	\$ 1,682.41	\$37,477.38
13	2033	\$4,032.00	\$2,248.64	\$ 1,783.36	\$35,694.02
14	2034	\$4,032.00	\$2,141.64	\$ 1,890.36	\$33,803.66
15	2035	\$4,032.00	\$2,028.22	\$ 2,003.78	\$31,799.88
16	2036	\$4,032.00	\$1,907.99	\$ 2,124.01	\$29,675.87
17	2037	\$4,032.00	\$1,780.55	\$ 2,251.45	\$27,424.42
18	2038	\$4,032.00	\$1,645.47	\$ 2,386.53	\$25,037.89
19	2039	\$4,032.00	\$1,502.27	\$ 2,529.73	\$22,508.16
20	2040	\$4,032.00	\$1,350.49	\$ 2,681.51	\$19,826.65
21	2041	\$4,032.00	\$1,189.60	\$ 2,842.40	\$16,984.25
22	2042	\$4,032.00	\$1,019.06	\$ 3,012.94	\$13,971.31
23	2043	\$4,032.00	\$ 838.28	\$ 3,193.72	\$10,777.58
24	2044	\$4,032.00	\$ 646.66	\$ 3,385.34	\$ 7,392.24
25	2045	\$4,032.00	\$ 443.53	\$ 3,588.47	\$ 3,803.77
26	2046	\$4,032.00	\$ 228.23	\$ 3,803.77	\$ 0.00

\$49,607.22	Total
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Dear Steve,

We'd like to submit a response to the pricing proposal sent last week for the leased land our building is permanently situated on.

You previously informed us that the purchase price is subject to a commercial appraisal and cannot fall below that appraisal's value as per municipal regulations. You also mentioned that direct negotiations would only be possible following the completion of this appraisal. Consequently, we have been in a holding pattern for nearly three months, eager to proceed with the purchase. It is important to draw your attention to the language of the resolution that was adopted during the assembly meeting on August 21, 2023, which reads as follows:

"Borough Code Section 16.16.070, Sale of Tidelands, states:

- 1) In isolated and necessary instances, the Assembly may sell tracts of tide and submerged lands which are not needed for public purposes; and
- 2) **Sales of tide and submerged land shall not be made for consideration less than the assessed full and true value as established by the borough assessor;** and
- 3) The Assembly shall hold a public hearing to consider the disposal of the tidelands; and
- 4) At the hearing, the benefits of sale of the subject tideland that could not be realized through leasing must be clearly demonstrated; and
- 5) An applicant for purchase of tidelands must conclusively demonstrate that outright sale of a tideland, as contrasted with lease of the tideland, is in the Borough's best interests."

When Resolution #2023-11, was put into motion at the August 21st meeting, it was not altered or amended, so the wording stands, that the **Sales of tide and submerged land shall not be made for consideration less than the assessed full and true value as established by the borough assessor.** Nowhere in the resolution is there a stipulation or directive that mandates the Borough Manager to commission an expensive commercial appraisal as a prerequisite for entering into direct negotiations.

Further, this excerpt taken directly from municipal code states the same:

"16.12.010 - Power to acquire and dispose of real property.

The borough assembly, by resolution, may authorize the acquisition and disposal of real property in accordance with the provisions of this chapter and on terms and conditions as the assembly shall determine. No acquisition or disposal shall be made until the assessor has assessed the affected property and given the assembly an opinion as to the property's full and true value. Except as otherwise provided herein, real property shall not be disposed of for less than its assessed value, plus any applicable costs of sale. The equivalency of value of property to be acquired and disposed of by land exchange shall be determined by appraisal, under the provisions of [section 16.12.140.](#)"

Now that we have clarified that there was no obligation to procure a commercial appraisal, we won't be including that amount in our counter offer. Furthermore, in the event that we need to secure funds from a financial institution for the land acquisition, it's common knowledge that a privately obtained appraisal is ineligible and will not be considered in the financing process. This appraisal that was ordered serves no purpose for us. Moreover, as per municipal code, any estimated costs and fees related to the property purchase should have been provided to the buyer in advance in written form, which was not done.

Allow us to emphasize that this property holds significance solely for the Borough as a leased parcel or disposal property, as well as for us, the proprietors of the permanent structure and the concrete pad that occupies the premises. No other parties could potentially express interest in acquiring this property without also acquiring our building. Moreover, it is legally impermissible to lease the property itself to any other entity because we own the permanent structure and the concrete pad atop it. Considering all these factors, a *fair* commercial appraisal would require an identical comparison to derive the value that was provided. Given that no other situations closely resemble ours, the appraisal presented holds little relevance and does not demonstrate fair market value.

We were informed that among the comparable properties used, one was a main street commercial parcel and another was located just off the main street; these do not appear to be suitable comparisons. A glance at the assessed values of neighboring properties in proximity to ours reveals that the commercial value is already factored into the borough's assessments. Our assessed value stands at \$11.20 per square foot, whereas the property immediately behind us, situated on the waterfront, which is currently used as commercial storage, is assessed at \$7.84 per square foot. Furthermore, industrial properties located within a quarter of a mile south of us, also on the waterfront and hosting active businesses, have assessed values ranging from \$4.21 to \$8.00 per square foot. This demonstrates that the commercial value we have personally invested and cultivated is already reflected in the assessed value per square foot, surpassing it by \$3, \$4, and in certain instances, as much as \$7 per square foot.

Now, addressing the alleged *mandatory* lease "buy-out." We have diligently combed through the borough municipal code and our lease agreement with the borough, seeking any provision that mandates the payment of the remaining (4) five-year lease terms, or even a portion thereof, without success. We have also requested from your office the specific section in the municipal code that stipulates such a requirement, but have not been furnished with this language. However, since we possess the option to terminate the lease before the commencement of each five-year term, it seems reasonable to settle the outstanding balance for the current five-year term. The lease is prepaid on an annual basis, and we have already covered three out of the five payments for the current lease term, so we are prepared to remit payment for the remaining two years as part of the property purchase.

Taking into consideration everything stated above, we are setting our counter offer at the full and most current assessed value on record, plus the final two years of our five-year lease term.

Current Property Value: \$75,300.00

Lease "buy-out": $\$4032 \times 2 = \$8,064.00$

Counter Offer Total: \$83,364.00

We kindly request that you carefully consider our proposal. The original proposal you presented lacks financial feasibility from our perspective. The total value of the individual components, at the offered amount, does not align with the market value of the entire real property package when considered as a whole. We have made substantial investments in this property, surpassing those made by the Borough itself, and our only desire is to be treated fairly and equitably. This is needed for the continuation of our essential business and to enable us to retire in a proper manner after over three decades of serving our community.

Respectfully,

John & Sheri Wilkan



Record in the Petersburg Recording District

BOOK 0039 PAGE 572

TIDELANDS LEASE

THIS AGREEMENT is made on the date last below signed between the City of Petersburg, a municipal corporation organized and existing under the laws of the State of Alaska, whose mailing address is P. O. Box 329, Petersburg, Alaska 99833, hereinafter referred to as the "Lessor" or "City", and JOHN B. AND SHERI L. WIKAN, whose mailing address is P.O. Box 929, Petersburg, Alaska 99833, hereinafter referred to as the "Lessee."

RECITALS

WHEREAS, the tidelands subject to this lease lie within the boundaries of the City of Petersburg, Alaska, First Judicial District, Petersburg Recording District; and

WHEREAS, Lessor holds title to such tidelands; and

WHEREAS, the City Council has classified such tidelands for leasing; and

WHEREAS, the land use plan governing the use of the tidelands subject to this lease has been prepared and approved by the City Council and thereafter publicly posted in the office of the City Clerk for a period of not less than ten (10) calendar days; and

WHEREAS, the tidelands subject to this lease have been classified for particular land uses and the uses allowed under this lease are within such classified and permitted land uses; and

WHEREAS, the tidelands subject to this lease have been appraised within six (6) months prior to the date fixed for the beginning of the term of this lease; and

WHEREAS, the particular tract subject to this lease has been nominated for lease by an application of Lessees demonstrating: (1) the strong likelihood that the nominated parcel is not subject to a valid tideland preference right claim being asserted; (2) the proposed use of the nominated parcel is a beneficial use in terms of highest and best use; and (3) it is in the City's interests to lease the nominated parcel; and

WHEREAS, Lessees have submitted a development plan with their application showing: (1) the purpose of the proposed lease; and (2) whether the intended use complies with the zoning ordinance and the comprehensive plan of the City; and

WHEREAS, public notice of this lease has been given as required by the City Code; and

WHEREAS, this lease has been offered at public auction as required by the City Code; and

WHEREAS, this lease contains such restrictions and reservations as are necessary to protect the public interest; and

WHEREAS, Lessees desires to lease the parcel described herein for the construction of diesel engine repair and machine shop.

NOW THEREFORE, in consideration of the mutual covenants and conditions herein contained, the parties agree as follows:

ARTICLE I - Demise and Description of Premises

Section 1.1: Demise and Description. Lessor hereby leases to Lessees those premises, herein called the "demised premises," as shown on the Tideland Lease Plat prepared by Rick G. Braun, entitled Wikan Enterprises, Inc. Tidelands Lease Plat and filed as Plat No. 92-23 on the 25TH day of SEPTEMBER, 1992, Petersburg Recording District, First Judicial District, ~~a copy of which is attached hereto and incorporated herein by this reference as Exhibit A.~~

ARTICLE II - Term of Lease

Section 2.1: Term. The term of this lease shall extend for a period of five (5) years, commencing on September 15, 1992 and ending at midnight on September 14, 1997.

Section 2.2: Renewal. This lease may be renewed at the option of Lessee for ten (10) additional five (5) year terms, for a combined allowable duration of fifty-five (55) years, through September 14, 2050 provided that Lessee give written notice to Lessor of Lessee's intention to exercise these options at least ninety (90) days and not more than one hundred and fifty (150) days prior to the expiration of the original lease term or any renewable term. All covenants and conditions of this lease shall remain in effect during any renewal term, except that the rental amount owing shall be subject to adjustment in accordance with Section 3.5 below, and shall be subject to review and approval by the City whose approval shall not be unreasonably withheld.

Section 2.3: Appraisal Required. The demised premises shall be appraised within six months prior to the date fixed for the beginning of any renewal term of this lease.

ARTICLE III - Rent

Section 3.1: Rent. Lessees shall pay to Lessor rent for the demised premises at the annual rate of six percent (6%) of the appraised fair market value of the demised premises and any improvements thereon owned by the City, which shall amount to \$2,520.75 (Two thousand, five hundred and twenty dollars and seventy-five cents) per year during the first five-year term of this lease. Rent owed for the first year of this lease shall be paid in a single payment upon execution of this agreement. Rental payments shall be due and owing, without the submittal of an invoice by the City, on the anniversary date each year of the execution of this agreement.

Section 3.2: Appraisal for Determination of Rent. The City shall cause the demised premises and any improvements thereon owned by the City to be appraised at their fair market value by an independent appraisal, acceptable to both parties to this lease. Said appraisal shall determine the value of the tract and any improvements thereon owned by the City.

Section 3.3: Dispute regarding Acceptable Appraiser. In the event the parties are unable to agree on an acceptable appraiser of the subject property, then each party shall select a third appraiser, which third appraiser shall then be employed for the purpose of assessing the fair market value of the demised premises and any improvements thereon owned by the City.

Section 3.4: Appraisal Costs. Lessee agrees to assume the cost of appraisal of the demised premises.

Section 3.5: Rent Adjustment. The annual rental rate payable pursuant to this lease shall be subject to adjustment by the City on the fifth anniversary of the commencement date of the initial term of this lease, and each anniversary date (based on the number of years the lease shall have been in effect) thereafter which is divisible by the number five. For the purposes of this lease, the fifth-year anniversary adjustments shall be based on increases in the fair market value of the demised premises and any improvements thereon owned by the City. All adjusted rates shall be computed at six percent (6%) of the then current fair market value of the land and any improvements owned by the Lessor and leased hereunder. Such fair market value shall be determined in accordance with the procedure set out in Sections 3.2 and 3.3 above. In the event the parties are unable to agree on an adjusted rental rate prior to such fifth-year anniversary date, the subsequently established rental rate shall be retroactively effective to such anniversary date.

ARTICLE IV -Use of Premises

Section 4.1: Use of Premises. The demised premises are to be only for the construction of a diesel repair and machine shop.

Section 4.2: Compliance with Law. Lessees shall comply with and abide by all federal, state, municipal and other governmental statutes, laws, ordinances, rules and regulations affecting the demised premises, the improvements thereon or any activity or condition on such premises.

Section 4.3: Uses Prohibited. This lease grants to Lessees only the surface use of the demised premises. Lessees shall not use, or permit the demised premises, or any part thereof, to be used for any purpose or purposes other than the purpose or purposes for which the demised premises are hereby leased; and no use shall be made or permitted to be made of the demised premises, or acts done, which may be considered ultra-hazardous on account of fire or otherwise. Any use not authorized by this lease shall constitute a trespass against the Lessor. No fuel storage shall be allowed on the demised premises other than fuel necessary for heating the building.

Section 4.4: Waste and Nuisance Prohibited. Lessees shall not commit, or suffer to be committed any waste on the demised premises, or any nuisance. Lessees shall not use or occupy the premises for any unlawful purpose.

Section 4.5: Environmental and Water Quality Protection.

(a) If the City has cause to believe that environmental or water quality damage has occurred or is threatened, the City may give 24 hours notice of such damage or threatened damage after which time, unless the City and Lessee mutually agree otherwise, the City shall have the right to require the Lessee, or its employees, representatives and agents to cease operations immediately and require Lessee to take immediate action, pursuant to its oil spill contingency plan, if applicable, to correct or eliminate said damage or threat thereof. Failure of Lessee to comply with such requests will be treated as a material breach of this agreement, entitling the City to terminate this agreement as provided. The City's rights under this provision shall not be construed as creating an obligation on the City's part to provide for any inspection as to environmental practices, it being agreed that compliance is the sole responsibility of Lessee.

(b) Liability for any environmental or water quality damage that is caused by Lessee or its employees, agents and representatives shall be borne by and at the sole expense of Lessee. If Lessee fails or refuses to correct or repair said damage pursuant to the Lessee's oil spill contingency plan, or otherwise, within a reasonable time, then after reasonable notice to Lessee, the City shall have the right to contract with any party to correct said condition and collect payment from Lessee for all actual costs of said correction or repair.

(c) In addition to the City's right to indemnification as stated herein, Lessee shall indemnify and hold the City harmless for any and all civil or criminal liabilities or penalties, including costs of defense, resulting from Lessee's acts or omissions which cause, threaten or are alleged to cause or threaten, environmental or water quality damage, or sanctions to be incurred because of environmental or water quality damages.

Section 4.6: Utilities. Lessees shall fully and promptly pay all costs associated with public services used by Lessees, for example, power and any other utilities of any kind furnished to the demised premises throughout the term hereof, and all other similar costs and expenses of any kind whatsoever, arising from the use, operation and maintenance of the premises and all activities conducted thereon.

ARTICLE V - Improvements

Section 5.1: Required Improvements. No improvements are required as a condition of this lease. However, any improvements made by the Lessee shall comply with all federal, state, municipal and other governmental statutes, laws, ordinances, rules and regulations.

Section 5.2: Proper Placement of Improvements. Lessees shall bear all responsibility for the proper placement of improvements on the demised premises, so as to avoid any encroachment on other lands of the Lessor or on lands owned or leased by another.

Section 5.3: Maintenance of Improvements. Lessees shall, throughout the term of this lease, at their own cost, and without any expense to Lessor, keep and maintain the premises, including all improvements of any kind which may be or become a part thereof, in good, neat, clean and sanitary order, condition and repair. Lessor shall not be obligated to make any repairs or replacements of any kind, nature or description, whatsoever, to the demised premises or to any improvements thereon.

Section 5.4: Avoidance of Pollution. Every effort shall be made by Lessees to prevent the pollution of waters.

Section 5.5: Damage to and Destruction of Improvements. The damage, destruction, or partial destruction of any improvement on the demised premises shall not release Lessees from any obligation hereunder, except as hereinafter expressly provided. In the event the improvements on the demised premises are destroyed to such an extent as to be rendered untenable by fire, storm, earthquake, or other casualty, Lessees may elect to terminate this lease by providing Lessor with written notice

within thirty (30) of the destruction of the improvements. Should Lessees elect to so terminate this lease, such termination shall be effective thirty (30) days after such notice.

Section 5.6: Removal or Reversion of Improvements Upon Termination. Improvements and/or personal property located on the demised premises and owned by Lessees may, within sixty (60) calendar days after termination of this lease, be removed by them; provided, that the City Council may extend the time for removing improvements in cases where hardship is proven. The retiring Lessees may, with the consent of the City Council, sell their improvements to any succeeding Lessee(s). All periods of time granted Lessees to remove improvements and/or personal property are subject to Lessee's payment to the Lessor of pro rata lease rentals for said periods. If any improvements and/or personal property are not removed within the time allowed, such improvements and/or personal property shall either remain the property and responsibility of Lessees or shall revert to, and absolute title shall vest in, Lessor, at the election of Lessor. Should Lessor elect to treat said improvements and/or personal property as continuing within the ownership and control of Lessees, said improvements may be removed at the expense of Lessees and under the direction of Lessor after reasonable notice from Lessor to Lessees. Should Lessor elect that said improvements and/or personal property revert to Lessor, Lessor shall provide reasonable notice to Lessees of said election.

Section 5.7: Repair of Premises. If Lessees should elect to remove any improvements and/or personal property from the demised premises upon termination of this lease, Lessees shall, at their own expense, repair any injury to the premises resulting from such removal.

ARTICLE VI - Encumbrances

Section 6.1: Lessee's Duty to Keep Premises Free of Liens. Lessees shall keep the demised premises and every part thereof and all improvements at any time located thereon free and clear of any and all mechanics, materialmen's and other liens arising out of or in connection with work or labor done, services performed, or repairs or additions which Lessees may make or permit or cause to be made, or any work or construction, by, for, or permitted by Lessees on or about the premises, or any obligations of any kind incurred by Lessees, and Lessees agree, at all times promptly and fully to pay and discharge any and all claims on which any such lien may or could be based. By this provision the parties do not in any way recognize or acknowledge the authority or right of any person to impose any such lien.

Section 6.2: Contesting Liens. If Lessees desire to contest any such lien, they shall notify Lessor of their intention to do so within fifteen (15) days after the filing of such lien. In such case, and provided that Lessees shall on demand protect Lessor by a good and sufficient surety bond against any such liens and any cost, liability or damage arising out of such contest, Lessees shall not be in default hereunder until thirty (30) days after the final determination of the validity thereof, within which time Lessees shall satisfy and discharge such lien to the extent held valid; but the satisfaction and discharge of any such lien shall not, in any case, be delayed until execution is had on any judgment rendered thereon, and such delay shall be a default of Lessees hereunder.

Section 6.3: Encumbrance of Lessee's Leasehold Interest. Lessees may encumber their leasehold interest in the demised premises, together with any improvements of Lessees. Any such encumbrance, or a foreclosure or other conveyance arising from such encumbrance, shall not relieve Lessees from its liability hereunder.

Section 6.4: Right to Notice to Mortgagee or Lienholder. If Lessees shall encumber their leasehold interest in the demised premises, and in the event of cancellation or forfeiture of this lease for cause, the holder of a properly recorded mortgage of the improvements on the land and every sublessee thereof shall be given a duplicate copy of any notice of default in the same manner as notices given to Lessees, provided however that such mortgagee or sublessee has given the City Clerk written notice of such mortgage or sublease. Such mortgagee or sublessee may, at its option, at any time before the rights of Lessees shall be terminated as provided herein, pay any of the rents due hereunder, or pay any taxes and assessments, or do any other act or thing that may be necessary and proper to be done in the observance of the covenants and conditions hereof, or to prevent the termination hereof. All payments so made, and all things so done and performed shall be as effective to prevent a termination of the rights of Lessees hereunder as the same would have been if done and performed by Lessees.

ARTICLE VII - Reservation of Rights

Section 7.1: Mineral Reservations. Lessor hereby expressly saves, excepts and reserves out of the grant hereby made, unto itself its successors, assigns and other lessees, forever, all oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils of every name, kind or description, and which may be in or upon the lands subject to this lease, or any part thereof, and the right to explore the same for such oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils. Lessor also hereby

expressly saves and reserves out of the grant hereby made, unto itself its successors, assigns and other lessees, forever, the right by itself, or its or their agents or other representatives, to enter upon the lands subject to this lease, or any part thereof, at any and all times, for the purpose of making beneficial use of these reserved rights and to remain and to occupy as much of said lands as may be necessary or convenient for such purpose, hereby expressly reserving to itself, its lessees, successors and assigns, as aforesaid, generally all rights reasonably necessary or convenient to render beneficial and efficient the complete enjoyment of the property and rights hereby expressly reserved.

Section 7.2: Surface Reservations. All deposits of stone, earth or gravel valuable for extraction or utilization are reserved by Lessor and shall not be removed from the land. Lessees shall not sell or remove for use elsewhere any of the surface resources of the demised premises, for example, stone, sand, gravel or any other material valuable for building or commercial purposes; provided, however, that material required for the development of the leasehold may be used if its use is first approved by the City Council.

Section 7.3: Lessor's Right of Entry. Lessees shall permit Lessor, its agents, employees and other representatives, to enter into and upon the demised premises and Lessee's upland parcel at all reasonable times for the purpose of inspecting the demised premises and improvements thereon.

ARTICLE VIII - Eminent Domain

Section 8.1: Effect of Condemnation. If the whole or any part of the demised premises is taken by any authorized body vested with the power of eminent domain, the following provisions control:

Section 8.1.1: Taking of the Entire Premises. If the entire premises are taken by condemnation, the terms of this lease and all rights of Lessees will terminate at the time of the taking; i.e., at the time title finally vests in the governmental agency exercising the power of eminent domain. Lessor is entitled to all condemnation proceeds, except that Lessees shall be paid the portion of the proceeds attributable to the fair market value of the improvements placed on the condemned premises and owned by Lessees.

Section 8.1.2: Taking of Substantial Part of Premises. If the taking is of a substantial part of the premises, the following shall apply:

(a) If the taking by condemnation reduces the ground area of the demised premises by at least 30% or materially affects the use being made by Lessees of the parcel, Lessees may elect to terminate the lease by written notice to Lessor not later than ninety (90) days after the date of taking.

(b) If Lessees elect to terminate, the provisions in Section 8.1.1 shall govern the condemned portion of the demised premises and the terms of the lease govern disposal of the remainder of any improvements made by Lessees.

(c) If Lessees elect not to terminate, this lease continues and Lessor is entitled to the full condemnation proceeds except the portion attributable to the fair market value of the improvements placed on the condemned portion of the premises and owned by Lessees. Rent for the balance of the lease will be adjusted by Lessor to reflect the taking.

Section 8.1.3: Taking of Insubstantial Part of Premises. If the taking by condemnation reduces the ground area of the demised premises by less than 30% and Lessor determines that the taking is of such an insubstantial portion that Lessee's use of the demised premises is not materially affected, an election to terminate by Lessees is not allowed and the provisions of Section 8.1.2(c) will govern.

Section 8.2: Authority. By this Article, the parties do not in any way recognize or acknowledge the authority or right of any governmental entity to exercise a power of eminent domain over the demised premises or any interest created by this lease.

ARTICLE IX - Assignment and Subletting

Section 9.1: Assignment. Lessees may assign this lease, provided that the proposed assignment shall be first approved by formal action of the City Council. The assignee shall be subject to all the provisions of the lease and Lessees-assignors shall not be relieved of its obligations hereunder. However, the council may, in its discretion, approve an assignment made solely as security for a loan, whereby the lender/assignee shall not be liable for the obligations of the Lessees unless the lender/assignee is or becomes in possession of the leased property. Lessees shall not transfer, convey or otherwise dispose of this lease or the rights hereunder without the prior written consent of Lessor. Lessor may accept rent from the assignee or other transferee, but no such collection of rent shall be deemed a waiver of any term or condition of this lease, nor an acceptance of the assignee or other transferee as Lessees.

Section 9.2: Subletting. Lessees may sublease the demised premises or any part thereof leased to it under this agreement, provided that Lessees first obtain the approval by formal action of the City Council to such sublease. All subleases shall be in writing and shall include all the terms and conditions of this original lease. Lessees shall continue to be liable hereunder in accordance with the terms and conditions of this lease. Lessor may collect rent from the sublessee, but such collection shall not be deemed a waiver of any term or condition of this agreement nor an acceptance of the sublessee as Lessees. A copy of the sublease shall be filed with City Clerk.

ARTICLE X - Warranties

Section 10.1: Title and Quiet Possession. Lessor covenants that Lessor is seized of the demised premises in fee simple and that Lessees shall have quiet and peaceable possession of the demised premises during the term hereof. Prior to entering into this lease, if Lessees so request, Lessor shall provide, at Lessees' expense, title evidence sufficient to satisfy Lessees that Lessor has title to the land and can guarantee Lessees' peaceable possession.

Section 10.2: Authority of Agents. Each party to this agreement warrants that the individual signing this lease has written authority to enter into this agreement from the parties sought to be bound.

ARTICLE XI - Taxes

Section 11.1: Taxes. Lessees shall pay and discharge as they become due, promptly and before delinquency, all taxes, assessments, charges, fees, of every kind which may be levied, assessed or charged, or which may become a lien or charge on or against the land hereby demised, or any part thereof, the leasehold of Lessees herein, the premises described herein, or any improvements now or hereafter thereon or on or against Lessor by reason of its ownership of the fee underlying this lease, during the entire term hereof.

Section 11.2: Contesting Taxes. If Lessees shall in good faith desire to contest the validity or amount of any tax, assessment or other governmental charge herein agreed to be paid by Lessees, Lessees shall be permitted to do so and to defer payment of such tax or charge, the validity or amount of which Lessees is so contesting, until final determination of the contest, after giving to Lessor written notice thereof prior to the commencement of any such contest, which shall be at least thirty (30) days prior to delinquency and on protection of Lessor on demand by a

good and sufficient surety bond against any such tax, levy, assessment or other governmental charge, and from any costs, liabilities or damage arising out of any such contest.

ARTICLE XII - Insurance

Section 12.1: Insurance. Lessees shall, for any claims that may occur or be made during the initial and any extended term of this lease, at its own expense, keep in force by advance payment of premiums, the following-described insurance for protection against the claims of employees or other persons, insuring both Lessees and Lessor against any liability that may accrue against them or either of them arising from or in any way connected with the acts or omissions of Lessees, its agents, sublessees or other representatives under this Lease:

(a) Should any individual be employed in connection with this lease or the use of the demised premises, insurance in at least the required statutory amounts covering claims under workers' compensation disability benefits and other similar employee benefit act; and

(b) Comprehensive general liability insurance covering bodily injury, death and property damage with a combined single limit of not less than \$500,000.00, which insurance shall include coverage for XCU (explosion, collapse and underground) hazards and contractual liability.

Section 12.2: Insurance Certificate. The insurance shall be placed with an insurance carrier or carriers satisfactory to Lessor and shall not be subject to cancellation or any material change except after thirty (30) days written actual notice to Lessor. Lessor shall be specifically named as an additional insured on policies required by Section 12.1, Paragraph (b), above. A certificate of insurance reflecting full compliance with these requirements shall, at all times during this lease, be kept on deposit at the general offices of Lessor. If Lessees fail to comply with these insurance requirements, Lessor may terminate this agreement on ten (10) days written notice to Lessees, or may, but shall not have any duty to, obtain and pay for such insurance and keep the same in force and effect, and Lessees shall pay Lessor on demand for the premium costs thereof.

Section 12.3: Maintenance of Coverage. All public liability, property damage, and other casualty policies shall be written as primary policies; they shall not be contributing with, or in excess of, any insurance coverage that Lessor may otherwise carry. In order to maintain the same level of coverage that will exist at the commencement of this lease, the amounts and types of

coverage called for herein shall be subject to review at the end of each five-year period from the commencement date of this lease, and, if appropriate, the insurance requirement shall be increased or extended at the request of Lessor to provide the amounts and types of coverage that are at least equal to the amounts and types of coverage then carried by prudent owners of similar property. The insurance required by this Agreement shall cover all claims arising from or in any way connected with the acts or omissions of Lessees under this Agreement, whether or not such claim is asserted during the term of this Agreement or the applicable insurance policy and even though judicial proceedings may not be commenced until after the expiration of this Agreement or the applicable insurance policy. On policies as to which City is an additional insured, all coverages must apply to claims between insureds on the policy. Lessees shall maintain insurance written on an occurrence basis such that any loss does not deplete the policy limit; Lessees shall maintain insurance policies whereby at least the above-described available amounts of insurance shall be in effect throughout the time during which such insurance is required under this Agreement, even if successful claims are asserted against any such policies during their term(s).

ARTICLE XIII - Default and Remedies

Section 13.1: Default/Breach. Each of the following shall be deemed a default by Lessees and a breach of this lease:

(a) Lessees shall fail to pay any installment of rent or perform any other obligation hereunder involving the payment of money on the date the same is due.

(b) Lessees shall fail to comply with any term, provision or covenant of this lease.

(c) Lessees shall desert or vacate or shall commence to desert or vacate the demised premises or any substantial portion thereof or shall remove or attempt to remove, without the prior, written consent of Lessor, all or a substantial portion of Lessees' improvements on the demised premises.

Section 13.2: Default Remedies. If Lessees default in their performance or observance of any of the lease terms, covenants or stipulations, or the terms of any ordinances of the City Code or other legal requirements, and the default continues for thirty (30) calendar days after service of written notice by Lessor, without remedy of the default, Lessor shall take such action as is necessary to protect its rights and best interests, including the exercise of any and all rights after default permitted by

this lease. No improvements may be removed by Lessees or any other person during any time Lessees are in default under this lease.

Section 13.3: Rights upon Default after Notice. After notice has been given and the default remains uncorrected for a period of thirty (30) days, Lessor, in addition to any rights and remedies that Lessor may otherwise be given by statute, common law or otherwise, may:

(a) Reenter the demised premises and take possession of and remove all property from the same, without liability for any damage therefor, remove all persons and property therefrom, either by summary proceedings, suitable action at law, or other legal means, provided that any entry or reentry, possession, repossession or dispossession by Lessor, whether taken by summary proceedings or otherwise, shall not be deemed to absolve, relieve, release, or discharge Lessees, either in whole or in part for the monetary liability under this lease;

(b) Declare the lease cancelled and the term ended;

(c) Relet the Demised premises in whole or in part for any period equal to or greater or less than the remainder of the original term of this lease, for any sum which may be reasonable;

(d) Collect any and all rents due or to become due from sublessees or other occupants of the demised premises;

(e) Recover from Lessees the following items of damage:

(1) Actual attorney's fees and other expenses reasonably incurred by reason of the breach or default by Lessees,

(2) The cost of performing any covenant on the Lessees' part to be performed,

(3) Interest at the maximum allowable rate on all amounts owing to Lessor from the date due until payment thereof in full, and

(4) An amount equal to all rents due for the remainder of the term without reduction for anything other than the amount in fact received on releasing of the demised premises;

(5) Obtain specific performance of this lease.

Section 13.4: Remedies Cumulative. The remedies of Lessor hereunder shall be deemed cumulative and not exclusive of each other.

ARTICLE XIV - Termination and Holding Over

Section 14.1: Redelivery of Premises. Lessees shall, at the expiration or sooner termination of this lease, peaceably and quietly quit and surrender to Lessor the demised premises in as good a state and condition as the premises were at the commencement of the term.

Section 14.2: Cancellation by Agreement Due to Unlawful Purpose or Upon Notice. Leases in good standing may be cancelled in whole or in part, at any time, upon mutual written agreement by Lessees and the City Council, or by the City Council acting alone if the subject premises are used for any unlawful purpose or upon one year's written notice to Lessees, as described in 2.1 above.

Section 14.3: Reentry by Lessor. In the event the lease is terminated, or in the event that the demised premises, or any part thereof, are abandoned by Lessees during the term of this lease, Lessor or its agents, servants or representatives, may, immediately or at any time thereafter, reenter and resume possession of said lands or such part thereof, and remove all persons and property therefrom, either by summary proceedings, a suitable action or proceeding at law or other legal means, without being liable for any damages therefor. No reentry by Lessor shall be deemed an acceptance of a surrender of lease.

Section 14.4: Disposal Upon Termination. In the event that this lease is terminated, the City Council may offer the demised premises for lease or other appropriate disposal pursuant to the provisions of the City Code.

Section 14.5: Forfeiture of Rental Upon Termination. In the event that this lease shall be terminated because of any breach of Lessees, the annual rental payment last made by Lessees shall be retained by Lessor.

Section 14.6: Holding Over. Upon failure of Lessees to surrender possession of the demised premises at the termination of this lease, Lessees' possession of the demised premises shall continue on a month-to-month tenancy at the yearly rental rate charged in the last year of the last term of the agreement, on a monthly pro rata basis. Lessees shall acquire no additional rights to, or interest in, the demised premises by holding-over after termination of this lease, and shall be subject to legal action by Lessor to require the surrender of the demised premises. All terms of this Agreement shall apply during the hold-over period. The receipt by Lessor of any rent or any other sum of money after the termination in any manner of the term demised, or after the giving by Lessor of any notice hereunder to effect such termination, shall not reinstate, continue or extend the resultant term herein demised, or in any manner impair the

efficacy of, any such notice or termination as may have been given hereunder by Lessor to Lessees prior to the receipt of any such sum of money or other consideration, unless so agreed to in writing and signed by Lessor.

ARTICLE XV - General Provisions

Section 15.1: Disclaimer. Lessor's consent to Lessees' use of the demised premises shall not be construed as approving or endorsing the use of the demised premises for the purposes proposed by Lessees and the City disclaims any such express or implied approval or warranty.

Section 15.2: Notices. Any notice or demand, which under the terms of this lease or under any statute or City Code provision must be given or made by the parties hereto, shall be in writing and shall be given or made certified mail, return receipt requested, addressed to the other party at the address of record, designated as follows:

(a) The Lessor:

City of Petersburg
Attention: City Manager
P. O. Box 329
Petersburg, Alaska 99833

(b) The Lessees:

John B. and Sheri L. Wikan
P.O. Box 929
Petersburg, Alaska 99833

Either party may designate in writing another address to which such notice or demand shall hereafter be given. Any notice given under this provision shall be deemed delivered when deposited in a United States general or branch post office enclosed in a certified-mail prepaid wrapper or envelope, addressed as provided in this section.

Section 15.3: Inspection of Premises. Lessees acknowledge that they have been given unlimited opportunity to inspect the demised premises and accept said premises as is, in their present condition.

Section 15.4: Non-Waiver. No failure on the part of Lessor to enforce any covenant or provision herein contained, nor any waiver of any right hereunder by Lessor, unless in writing and signed by the parties sought to be bound, shall discharge or

invalidate such covenants or provisions or affect the right of Lessor to enforce the same in the event of any subsequent breach or default. The receipt of rent by Lessor with knowledge of any breach of the lease by Lessees or any default on the part of Lessees in observance or performance of any of the conditions or covenants of this lease shall not be deemed to be a waiver of any provision of this lease.

Section 15.5: Responsibility/Indemnification. Lessees agree to assume full control and responsibility for all activities connected with this lease. Lessees shall defend and save harmless Lessor from and against any and all losses, damages, liabilities, expenses, claims and demands of whatsoever character, direct or indirect, arising out of or in any way connected with this lease.

Section 15.6: Integration. This lease sets forth all the covenants, terms, conditions and understandings between the parties hereto, and there shall be no covenants, terms, conditions or understandings, either oral or written, between them other than as herein set forth.

Section 15.7: Modification. This lease may not be modified orally or in any manner other than by an agreement in writing signed by all parties in interest or their successors in interest.

Section 15.8: Recording of Lease. Lessees shall record this lease at their own expense as soon as possible after its execution by both parties. Directly after recording this lease, Lessees shall provide Lessor with a copy of the lease stamped by the Recorder's Office showing the date and time of recording.

Section 15.9: Attorney's Fees. If Lessor must institute any action to recover any payment due under this lease, or on account of any breach of this lease, or to recover possession of the leased premises, Lessor shall be entitled to recover its actual attorney's fees and all costs and expenses reasonably incurred by it in connection with such action and on any appeal therefrom.

Section 15.10: Severability of Terms. The invalidity or unenforceability of any provisions of this agreement shall not affect or impair any other provisions.

Section 15.11: Binding Effect. The terms, provisions and covenants contained in this lease shall apply to, inure to the benefit of, and bind the parties and their respective successors, except as otherwise herein expressly provided.

Section 15.12: Effect of Headings. The captions, section headings and numbers, and article headings and numbers in this lease are inserted only as a matter of convenience and in no way define, limit or describe the scope or intent of the sections or articles of this agreement, nor in any way affect the agreement.

Section 15.13: Time of the Essence. Time is of the essence in all provisions of this lease.

IN WITNESS WHEREOF the City of Petersburg, Alaska as Lessor, acting through its City Manager, being duly-authorized, and John & Sheri Wikan, being duly-authorized, as Lessees, having authority to execute this lease, have hereunto set their respective hands, agreeing to keep, observe and perform all the terms, conditions and provisions herein contained or attached.

DATED this 15 day of September 1992.

LESSOR:
CITY OF PETERSBURG
By: Patricia L. Curtiss
Patricia L. Curtiss

Its: Acting City Manager

ATTEST:

Frances A. Jones
Frances A. Jones
Deputy City Clerk

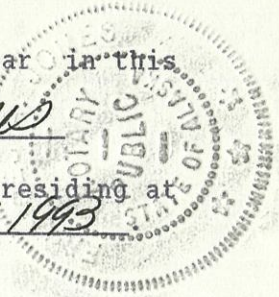
STATE OF ALASKA)
) ss.
FIRST JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 15 day of Sept., 1992, before the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared Patricia Curtiss and Frances A. Jones to me known to be the Acting City Manager and Deputy City Clerk of the City of Petersburg respectively, which executed the above and foregoing instrument, and acknowledged to me said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation



WITNESS My Hand and Official Seal the day and year in this certificate first above written.

Francis Jones



Notary Public in and for the State of Alaska, residing at Petersburg, Alaska. My commission expires Nov 21, 1993

DATED THIS 15th day of September, 1992.

LESSEES:

JOHN B. WIKAN

By: *J.B. Wikan*

SHERI L. WIKAN

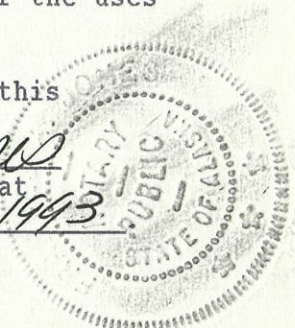
By: *Sheri L. Wikan*

UNITED STATES OF AMERICA)
) ss.
STATE OF ALASKA)

THIS IS TO CERTIFY that on this 15 day of Sept, 1992, before the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared John & Sheri Wikan to me known to be the person described in and who executed the above and foregoing instrument, and acknowledged to me that th signed the same freely and voluntarily for the uses and purposes therein mentioned.

WITNESS My Hand and Official Seal the day and year in this certificate first above written.

Francis Jones



Notary Public in and for the State of Alaska, residing at Petersburg, Alaska. My commission expires Nov 21, 1993

Company Name NATIONAL FIRE & MARINE INSURANCE COMPANY
3024 Harney Street • Omaha, Nebraska 68131-3580

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CERTIFICATE OF INSURANCE

This certificate of insurance is NOT an insurance policy and does not amend, extend or alter the coverage afforded by the policies listed herein. Notwithstanding any requirement, term or condition of any contract or other document with respect to which this certificate may be issued or may pertain, the insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies which may substantially limit coverage. Where reference is made to an Aggregate Limit, those limits are Company's maximum liability under the Policy for the entire policy period regardless of the number of insureds, claimants or occurrences.

Date 9-11-92

NAME OF INSURED WIKAN ENTERPRISES, INC. & JOHN & SHERI WIKAN, INDIVIDUALLY
P.O. ADDRESS P.O. BOX 929
PETERSBURG, AK. 99833

Table with columns: POLICY NUMBER, KINDS OF INSURANCE, LIMITS, EFFECTIVE, EXPIRES. Includes rows for Commercial General Liability, Automobile Liability, Garage Liability, Excess Liability, Workers Compensation, and Employer's Liability.

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES MACHINE SHOP
30 DAYS CANCELLATION NOTICE WILL BE GIVEN IN THE EVENT POLICY IS CANCELLED BY THE INSURED.

In the event of any material change in or cancellation of said policies, the COMPANY intends to, but is not obligated to, notify the party to whom this Certificate is addressed of such change or cancellation, and COMPANY undertakes no responsibility by reason of any failure to do so.

This Certificate issued to:

CITY OF PETERSBURG
P.O. BOX 329
PETERSBURG, AK. 99833

POOR FILMING QUALITY

By [Signature] Title PRESIDENT, SUPERIOR UNDERWRITERS

PETERSBURG INSURANCE CO
P. O. Box 830
Petersburg, Alaska 99830

NOTE TO AGENT - Mail Copy to Home Office Immediately

BOOK 0039 PAGE 591

Return to: P. Curtiss
City of Petersburg
PO Box 329
Petersburg, Alaska
99833

92-816 CC

RECORDED - FILED	
PETERSBURG REG. DIST.	
DATE	Sept. 25, 19 92
TIME	2:07 P.M.
Requested by	City of
Address	PETERSBURG



November 20, 2023

Dear Governor Dunleavy,

The Petersburg Borough Assembly would like to express our support for the recently submitted FY2025 Capital Budget request made by Petersburg Medical Center for the construction of their new healthcare facility.

Petersburg Medical Center (PMC) has provided medical services to the community of Petersburg for more than 100 years. The hospital was originally built in 1955 and became a federally designated Critical Access Hospital in 2001. PMC is a vital part of the community, providing critical medical services to all residents of the region, as well as supporting seasonal fishing and cannery workers.

PMC employment is a significant part of the local economic engine. 97% of employees and 100% of the medical staff live in Petersburg, injecting \$11-\$12 million per year in salaries into the local economy. According to the Alaska Hospital & Healthcare Association 2022 Workforce Analysis, healthcare has become the most important economic sector in the state, driving growth in other industries. Petersburg Borough listed PMC as their top priority for capital projects this year.

PMC's building is outdated, inefficient, and past its useful life. Petersburg needs a modern, efficient healthcare facility that will enhance patient privacy, provide greater accessibility, and ensure the availability of critical services that support our residents here at home.

A total of \$29 million has been secured for the project to date and site work will begin this month. PMC is requesting \$37 million in next year's State Capital Budget for **Phase 4 – Main Hospital Building Shell & Core**, leaving only about \$30 million of additional funding needed to complete the project. Due to southeast Alaska weather, getting the shell and core of the main building built as quickly as possible is a priority. This will lead to overall savings and improve overall quality control by working and storing materials in a dry building. During Phase 4 it will also be important to procure certain long lead items for the final phase. In today's market, many mechanical and electrical equipment items have extremely long procurement times (e.g., Air Handling Units are 30 - 40 weeks out and electrical switch gear is 36 – 80 weeks). The state can play a key role in the project and maintain the overall project schedule by funding Phase 4.

We sincerely thank you for your consideration and all that you do for Alaskans.

Respectfully,

Mark Jensen
Mayor
On behalf of the Petersburg Borough Assembly

October 25, 2023

To: Petersburg Borough Assembly


Thru: Ms. Debra Thompson, Borough Clerk
Petersburg Borough
P.O. Box 329
Petersburg, Alaska 99833

Subject: Letter of Interest to Continue as a Voting Member on the SEAPA Board of Directors

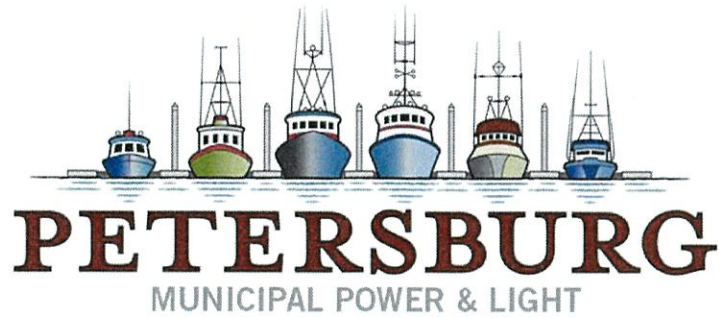
I would like to continue serving Petersburg's interests as a voting member on the SEAPA Board of Directors for calendar year 2024. As stated in my 2023 Letter of Interest, Mr Hagerman and I were successful in obtaining support for two studies, one looking at load growth and one looking at the need for future rate increases. Both have been completed.

The analysis and projections on load growth show the need for more power for the three communities. At the last Board meeting we authorized the CEO to develop plans and costs for the installation of a third turbine at the Tyee hydroelectric facility. With my experience and background in hydrology, I would like to continue as Petersburg's voting member to the SEAPA board. I also recommend that Mr. Hagerman be appointed as the other voting member for calendar year 2024 due to his experience with ongoing issues and upcoming projects of the agency.

Thank You,



Bob Lynn



October 23, 2023

Ms. Debra Thompson, Borough Clerk
Petersburg Borough
PO Box 329
Petersburg, Alaska 99833

Re: Letter of Interest to Serve on the SEAPA Board of Directors

Dear Debbie,


I would like to express my interest in continuing to represent Petersburg on the SEAPA Board of Directors for calendar year 2024.

I look forward to maintaining continuity on the Board of Directors as the Agency implements the next increment of regional hydro power – including a third turbine at Tye Lake and other projects that would aid SEAPA customers in future years, as well as other important reliability and resiliency projects. It is also important to support SEAPA staff as they begin the process of relicensing both Tye and Swan Lakes in the coming years.

As 2024 is Petersburg's next opportunity to have the rotating voting member and alternate on the Board, I would request that I be considered as one of Petersburg's voting members for calendar year 2024. As Petersburg's Utility Director and alternate Board member for the last four years, I have weekly contact with SEAPA on an operational level and have knowledge of the Agency's current overarching goals and objectives. I believe I can be an effective and informed representative for Petersburg as a voting member in 2024.

Please let me know if you have any questions for me and please forward my interest to the Mayor and Borough Assembly for their consideration.

Thank you,


Karl Hagerman
Utility Director

Cc: Bob Lynn, SEAPA Board of Directors, Petersburg Voting member

November 15, 2023

To: Petersburg Borough Assembly

Re: Letter of Interest to Serve on the SEAPA Board of Directors

Dear Assembly,

I would like to be appointed as an alternate member on the SEAPA Board of Directors for Petersburg for calendar year 2024.

I have been involved in the hydroelectric intertie for Petersburg since we divested from the 4-Dam Pool and created SEAPA in 2009. I have past experience serving on the SEAPA Board in 2016 and 2017 and would like to be involved on the Board again.

Thank you for your consideration.

Respectfully,



Mark Jensen
Mayor

October 19, 2023

To the Assembly,

I would like to put myself up for consideration by the assembly for the open SEAPA board seat.

I think SEAPA and the work it does is vitally important to the future of Petersburg, and I would like to be more involved so I can help advance Petersburg's interests. I was really fascinated by the new SEAPA CEO's presentation, and I would welcome the opportunity to represent our community on the board.

Sincerely,

Thomas Fine-Walsh

Debra Thompson

From: Sarah Fine <sarah@finewalshlaw.com>
Sent: Friday, November 3, 2023 9:16 AM
To: Assembly
Cc: ambreburrell@hotmail.com
Subject: In Support of Direct Sale to Skylark for Good Cause

Dear Assembly:

I would like to voice my support for a Direct Sale to Skylark for the requested purchase of borough-owned property, as I believe there is Good Cause to do so. This new single-family affordable subdivision by Skylark addresses an urgent and well-documented need for affordable housing in our community. Minimizing Skylark's costs to purchase these lots is critical for the central goal that this new division be Affordable. Therefore, I believe there is Good Cause for the Assembly to authorize a Direct Sale to Skylark, and support that action by the Assembly.

Sincerely yours,
Sarah Fine-Walsh

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Sarah Fine-Walsh, Attorney
Partner | Fine & Walsh, Attorneys at Law

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Debra Thompson

From: Madonna Parks <madonna.parks@yahoo.com>
Sent: Monday, November 6, 2023 11:03 AM
To: Assembly
Subject: Borough Safety Committee

Below is an item taken from the HR Progress Report for the November 6th assembly meeting.

"The first all-department Borough Safety Committee meeting was held on October 24, 2023. Each department has posted the list of committee members and their contact information. All employees are encouraged to contact any member with concerns and/or ideas."

We are requesting please a copy of the list of committee members on the Borough Safety Committee.

Thank you,
Madonna and RD Parks

Debra Thompson

From: Mika hasbrouck <mikahasbrouck907@gmail.com>
Sent: Monday, November 6, 2023 11:17 AM
To: Assembly
Subject: Rezoning and purchase applications

Dear Petersburg Borough Assembly,

I realize I'm a little behind in reiterating a few of my concerns pertaining to the proposal for rezoning and sale of borough lots to Skylark LLC. However, I want to remind you as you move forward in important and impactful decision making today and in the future for this plan of a few points in the October 10th Planning and Zoning Meeting concerning the 2nd set of applications that coincide with LOT 14's application for re-zoning.

Many questions were asked and re asked as answers created new questions and changed perspectives. I felt the meeting productive and informative. A few points that I would like to make sure are part of the consideration, approval and planning of this project are the fact that it was asked by adjacent property owners and the P&Z Commission and verbally agreed to by Sig Burrell that 5 parcels zoned Single Family Residential PID's 01010752, 01010247, 01010245, 01010764, 01010766 would be kept as their current zoning of Single Family Residential.

I expressed Concern about the intended roads location, as the Burrell's many times indicated that it may not be built exactly where it's currently mapped out to be. When I mentioned the big sign (cable area do not excavate) in the middle of the small muskeg where these properties and road map are located there was kind of a "deer in the headlights" look and no clear answers. My concern being that this is a large scale project with no guarantees to the adjacent established home and property owners that the integrity of their property values and quality of the current neighborhood will be upheld by the project. Specifically by potentially placing a busy new road with construction traffic close enough to homes to have a negative impact on quality and value.

I'm still confused why no one seemed to be familiar with this cable area and have no answers to its possible impact on the current road mapping. All that was made clear was that the proposed road would likely not be where the Borough currently has it mapped out to be.

While I support this project in many aspects I also understand business and unforeseen challenges and changes in plans. There needs to be more than simple "consideration" of adjacent property owners. There needs to be definitive and agreeable parameters within the purchase agreement to protect the integrity and value of the existing neighborhood and properties. Such as keeping roads and parcels as close to their original intended locations and designations as feasibly possible.

Respectfully,

Mika Hasbrouck

1101 Odin Street
Petersburg, Ak 99833

Item 16A.

Debra Thompson

From: Alisa Jestel <chefalisajestel@gmail.com>
Sent: Saturday, November 11, 2023 5:54 AM
To: Assembly
Subject: Affordable housing subdivision in PSG

Good morning,

I am writing in support of the Burrell's proposal to create some affordable housing in Petersburg. It seems to me that our community has been struggling with having available housing for sale in general, let alone affordable housing. If we don't start thinking ahead and making choices that allow for and encourage new growth we run the risk of watching our town stagnate. If we want young families to stay in Petersburg, or move to town we have to have places for them to live. It is with some regularity that I talk with friends who are struggling to help someone they know find a place to live. The Burrell's have a unique skill set and available resources which enable them to more efficiently and effectively create a new subdivision in town. If we as a community allow them to move forward with their proposal to subdivide and create lots, I have no doubt that they will stay true to their vision to create a neighborhood in our town that first and foremost gives locals an option to fulfill their dreams of home ownership. They are looking to create a neighborhood that while it is low income, it will still require a substantial financial commitment and investment to buy in, which I believe will create pride and therefore a valuable addition to our community. This neighborhood will also provide some new homes that may encourage some downsizing around town which would then in return free up some larger family homes.

I would like to see us as a community look at this opportunity and realize how much the Burrell's can bring to the table if we allow them to move forward. We are lucky to have community members that are seeing a need and realizing that they have the means to make a difference and are looking at this project not only from an investment perspective but also through a selfless lens focusing on the needs of Petersburg.

Thank you!
Alisa Jestel
Sent from my iPhone

Debra Thompson

From: Gwynne Samuelson <gwynne.samuelson@yahoo.com>
Sent: Saturday, November 11, 2023 8:40 PM
To: Assembly
Subject: Affordable housing

We are in full support of Sig and Ambre Burrell's efforts to move forward with affordable housing in our community. We believe that Petersburg would benefit greatly from having affordably priced lots in our community, and hope to see the Burrell's move forward with a project that is sure to be of great benefit to many.

Sincerely,

Gwynne and Dennis Jones

Debra Thompson

From: fvlaurier@gci.net
Sent: Wednesday, November 15, 2023 12:52 PM
To: Assembly
Subject: Affordable housing

Greetings assembly members,

We would like to take a moment to let you know that we are in favor of the Burrell's proposed subdivision that would help to provide affordable housing opportunities for Petersburg residents.

The lack of housing and more so, affordable housing, has long been a topic of concern in Petersburg. But it seems every time someone attempts to try to work towards alleviating it, they have a multitude of road blocks thrown in their path and the costs balloon to a point they just drop it. The Burrell's have tried to be completely transparent about what they are trying to do, and have answered all the questions and criticism with clear and concise responses.

We really feel that the Borough and Assembly should be helping to make this project happen, it would add many new properties to the Borough tax base. Now we hear the assessor has priced the lots needing to be purchased for access to this new subdivision above the assessed value of the other, comparable lots in the immediate area. Please, sell these lots at less than assessed value, so that this project can continue to move forward.

Thank you for your consideration,
Steve and Kris Thynes