

P.O. Box 46
Kotzebue, Alaska 99752

City Hall
(907) 442-3401

Police Dept.
(907) 442-3351

Fire Dept.
(907) 442-3404

Public Works
(907) 442-3401

CITY OF KOTZEBUE NOTICE

**MAYOR GAYLE RALSTON HAS
SCHEDULED THE NEXT REGULAR
MEETING OF THE KOTZEBUE
CITY COUNCIL FOR THURSDAY
AUGUST 16, 2018 AT 5:15 P.M.**

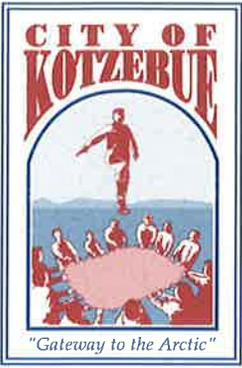
***IN THE COUNCIL CHAMBERS
258 A Third Avenue***

THE PUBLIC IS ENCOURAGED TO ATTEND

For additional information, contact the City Clerk at 442-3401

Posted: 08-10-18

City Hall, KOTZ
Department Heads
City Councilors



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CITY OF KOTZEBUE NOTICE

**MAYOR GAYLE RALSTON HAS SCHEDULED THE
FIRST PUBLIC HEARING ON ORDINANCE 19-01: A
code ordinance adding Section 7.02.010 'Local
Regulatory Authority' to Chapter 7.02
to the Kotzebue Municipal Code
DURING THE MEETING OF THE
KOTZEBUE CITY COUNCIL
*August 16, 2018 at 5:15 p.m.***

THE PUBLIC IS INVITED TO ATTEND

For further information or a copy of these ordinances
contact the City Clerk's Office at 442-3401

Posted: 08-10-18
USPO
AC Store
City Hall
City Council
Department Heads
KOTZ Radio

**CITY OF KOTZEBUE
REGULAR CITY COUNCIL MEETING
CITY HALL CHAMBERS
August 16, 2018
AGENDA**

- I. CALL TO ORDER**
- II. ROLL CALL**
- III. INVOCATION**
Pastor Beau Abernathy, Assembly of God
Pledge of Allegiance
- IV. ADOPTION OF THE AGENDA**
- V. ADOPTION OF MINUTES**
July 19, 2018 regular meeting minutes
- VI. CORRESPONDENCE**
- VII. CITIZENS COMMENTS**
- VIII. UNFINISHED BUSINESS**
 - a. First Public Hearing: Ordinance 19-01: a code ordinance adding Section 7.02.010, Local Regulatory Authority to Chapter 7.02 of the Kotzebue Municipal Code**
- IX. NEW BUSINESS**
 - a. Northwest Arctic Borough (NAB) Utility Financial Support and Technical Assistance Agreement**
 - b. Resolution 19-02: a resolution of the City Council of the City of Kotzebue authorizing the City Manager, or his designee, to enter into a Payment Contract with the Alaska Municipal League, Joint Insurance Association (AML/JIA) for the City's FY2019 Liability Insurance, and to authorize the State of Alaska to transfer a portion of Municipal Assistance, Revenue Sharing, Safe Cities, or any other State and Federal Funds paid by the State to the City of Kotzebue for use as payment in the event the City becomes delinquent on payments to the AML/JIA for its FY2019 liability insurance**
 - c. Resolution 19-03: a *nunc pro tunc* resolution of the City Council of the City of Kotzebue ratifying the City Manager's acceptance of and signature on the July 19, 2017 BDO Agreement to provide Auditing Services for the year ending June 30, 2017**

d. Resolution 19-04: a resolution of the City Council of the City of Kotzebue authorizing the City Manager and Finance Director to submit to BDO the executed FY2018 BDO Agreement to provide Auditing Services for the year ending June 30, 2017

X. CITY MANAGER'S REPORT

XI. COUNCIL MEMBERS COMMENTS

Seat C: Matthew Tekker

Seat A: Eugene Smith

Seat B: Lewis Pagel

Seat F: August Nelson, Sr.

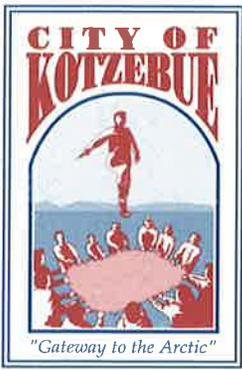
Seat G: Johnson Greene

Seat E: Sandra Shroyer-Beaver

Seat D: Gayle Ralston

XII. EXECUTIVE SESSION

XIII. ADJOURNMENT



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**CITY OF KOTZEBUE
CITY COUNCIL MEETING
MINUTES
CITY COUNCIL CHAMBERS
July 19, 2018**

I. CALL TO ORDER

Vice-Mayor Lewis Pagel called the meeting to order at 5:15 p.m.

II. ROLL CALL

In attendance were Vice-Mayor Pagel; Councilors: Johnson Greene, Matthew Tekker, August Nelson, Sr., Sandra Shroyer-Beaver and Eugene Smith.

Mayor Gayle Ralston was absent.

A quorum was established.

The excusal request from Mayor Ralston for the July 19, 2018 was reviewed by the council.

A motion was made by Councilor Smith, seconded by Councilor Beaver to approve the request for excusal from Mayor Ralston.

The motion carried unanimously by voice vote.

III. INVOCATION/PLEDGE OF ALLEGIANCE

A moment of silence was observed.

The Pledge of Allegiance was recited.

IV. ADOPTION OF THE AGENDA

The agenda was reviewed. There were no changes to it.

A motion was made by Councilor Smith, seconded by Councilor Nelson to adopt the agenda as read.

The motion passed unanimously by voice vote.

V. ADOPTION OF MINUTES

The regular meeting minutes of May 17, 2018 and special meeting minutes of May 31, 2018 were reviewed.

A motion was made by Councilor Tekker, seconded by Councilor Greene to adopt the regular meeting minutes of May 17 and special meeting minutes of May 31, 2018 as read.

The motion carried unanimously by voice vote.

VI. CORRESPONDENCE

Vice-Mayor Pagel stated that there is a letter from Alaska Governor Bill Walker that mentions his meeting with the council recently as well as thanking it for the kuspuk made by Emma Snyder given to him. He mentioned the fund raiser for Fibrodysplasia Ossificans Progressiva (FOP) that affects a child in Kotzebue which will be held on July 21, 2018. Vice-Mayor Pagel asked City Attorney Joe Evans to provide a synopsis of the pamphlet regarding Sales Tax On Internet Purchases. Mr. Evans informed the council the pamphlet is provided to the council for informational purposes as the United States Supreme Court overturned a law suit involving sales tax on internet purchases. He stated that this topic can be discussed in a work session set by the council if it so desires to have one.

VII. CITIZENS COMMENTS

Ernest Hyatt stated that he is present to bring to the council's attention rate increases it instituted in an ordinance regarding water, sewer and garbage. He said that with the current table and calculated increase in them, the cost went up 40% when the ordinance was adopted and now the increase is at 51% which is incorrect. Mr. Hyatt requested that the council review the ordinance again as he feels it needs to be amended to correct the errors. City Attorney Joe Evans stated that he will make recommendations to the council after he has read that ordinance. United States Coast Guard (USCG) Lieutenant Dominic Traina, Kotzebue Liaison Officer, expressed his appreciation for the reception it has received in Kotzebue. He reminded the council of the meeting held on Thursday, July 12, 2018 with Vice Admiral Fagan who assumed command of the USCG Pacific Area recently. Lt. Traina also mentioned that Rear Admiral Bell was here and assumed command of USCG District 17 that includes Alaska in May 2018. He informed the council that the coast guard has responded to nine emergencies to date here in Kotzebue. Lt. Traina reported that the Canadian Coast Guard has a ship

patrolling in the Chukchi Sea and a Russian ship will be in the Chukchi Sea later this summer. He explained the coast guard inspection and licensing program for boats. Lt. Traina stated that the guard enjoyed participating in the 4th of July celebration and led the parade with its members and carried the United States, Alaska, and Guard flags. Councilor Smith suggested that the coast guard conduct its inspections of boats in the boat harbor before fishermen set out to commercial fish. Lt. Traina said the guard would take that suggestion under consideration. Councilor Tekker asked for contact information of the coast guard. Lt. Traina gave the telephone number of 907-500-2831.

VIII. UNFINISHED BUSINESS

There was no Unfinished Business before the council.

IX. NEW BUSINESS

a. Oath of Office: Chief of Police

Vice-Mayor Pagel administered the Oath of Office to newly hired Chief of Police Thomas Milliette. The council congratulated Chief Milliette.

b. Introduction of Ordinance 19-01: a Code ordinance adding Section 7.02.010, Local Regulatory Authority, to Chapter 7.02 of the Kotzebue Municipal Code (KMC)

Vice-Mayor Pagel stated that a motion was in order to introduce Ordinance 19-01.

A motion was made by Councilor Greene, seconded by Councilor Nelson to introduce Ordinance 19-01.

The roll call vote was:

Matthew Tekker	yes	August Nelson	yes
Eugene Smith	yes	Gayle Ralston	yes
Lewis Pagel	yes	Johnson Greene	yes
Sandra Beaver	yes		

The motion carried unanimously.

Vice-Mayor Pagel set the first public hearing on Ordinance 19-01 for August 16, 2018.

c. Resolution 19-01: a resolution of the City Council of the City of Kotzebue approving renewal of the City Attorney Contract with Joseph W. Evans for legal services nun pro tunc for the period July 1, 2018 through June 30, 2021

Vice-Mayor Pagel read the resolution into the record.

City Attorney Joe Evans informed the council that he has been its attorney since 1999.

A motion was made by Councilor Greene, seconded by Councilor Beaver to adopt Resolution 19-01.

The roll call vote was:

Matthew Tekker	yes	August Nelson	yes
Eugene Smith	yes	Gayle Ralston	yes
Lewis Pagel	yes	Johnson Greene	yes
Sandra Beaver	yes		

The motion carried unanimously.

d. Banning Plastic Bags – Discussion

City Attorney Joe Evans stated that councilors requested this item be put on the agenda for discussion. He said that if the council so desires the banning of plastic bags could take place in Kotzebue within six to eight months. Mr. Evans reported that the City of Anchorage and City of Kodiak has implemented the ban. He stated that information on the City of Kodiak's ordinance is included in the council packet. Mr. Evans suggested that the council hold a work session and invite retailers to participate in it. Vice-Mayor Pagel stated that a member of a retail management of a business is present and asked Rob Boudreau to address it. Mr. Boudreau said it is a good idea but alternatives need to be suggested. He stated that Anchorage charges three cents to make up the difference in cost from plastic to paper. Mr. Boudreau stated that he does not to Alaska Commercial Company to have to absorb the cost. Councilor Beaver stated that she requested a discussion to go from plastic to paper bags as she supports banning plastic. Councilor Smith stated that the work session needs to be advertised widely within the city to get members of the community to participate in the meeting. Vice-Mayor Pagel stated that the administration needs to coordinate with retailers and suggested that the work session be held sometime in the month August.

X. CITY MANAGER'S REPORT

City Manager Bill Reich informed the council that he received a text message from Mayor Ralston. He stated that Mayor Ralston reported that surgery went well and he is recovering from it. Mr. Reich read his report dated July 15, 2018. He reported that Thomas Milliette was promoted to Chief of Police on July 10,

2018 and it is Chief Milliette's intention to do a good job. He informed everyone that during a meeting on the Cape Blossom Road Project the city was notified that funding is available to begin developing the Iggy Hill gravel source and the project will go out to bid in spring. Mr. Reich noted that the ice road will be developed in the fall and/or winter of 2019. The Safe Routes to School project is moving forward. The report indicates that new Water Plant funding for the first phase is at \$3,218,546 and information was provided to EPA by Christ Dillion with the Alaska Native Tribal Health Consortium (ANTHC). Mr. Reich noticed the council that the docks at the harbor are installed and in use. The security cameras purchased last season are being inventoried and Leo Greene with Building Maintenance is making certain that the supplies are there to install them. He reported that Jason Miles, City Engineer, has located a business that constructs custom gates in Washington. The city may have the added feature of locking gates on rows to discourage vandalism and theft from boats. Mr. Reich mentioned the meeting with Vice Admiral Fagan and Rear Admiral Bell where the administration learned about the area of Alaska and West Coast Vice Admiral Fagan is in charge of for the Coast Guard. The main discussion focused around fishermen, their fishing vessels and being in compliance with regulations of the guard. Mr. Reich reminded the council that the clerk will be taking Declaration of Candidacy applications for Seats D and E on the council. Vice-Mayor Pagel asked who holds the seats now. Mr. Reich stated that Gayle Ralston and Sandra Shroyer-Beaver currently are seated on the council. Vice-Mayor Pagel mentioned the Borough's Village Improvement Committee (VIC) and asked about the City, IRA and KIC priorities. City Attorney Joe Evans informed the council that a letter was sent to the Indian Health Service (IHS) signed by the three representatives of the Tri-lateral Committee requested that funds for repair of Lift Stations 1 and 7 be held until the VIC can make a decision on whether to assist with funding for repairs. Mr. Evans stated that IHS will not hold funding and ANTHC was notified of its decision. He further stated that resolutions will be written for the next Tri-lateral meeting in regard to E911 and land fill issues. Mr. Evans mentioned that the City needs to rid the land fill of metals per DEC.

XI. COUNCIL MEMBERS COMMENTS

Seat C: Matthew Tekker: Councilor Tekker mentioned that boat ramps on Front Street need repair. He stated that he hoped the Cape Blossom Road is still moving forward. Councilor Tekker stated that gravel on the boat ramp in Swan Lake needs to be removed. He said that spring cleanup was very good this year. he expressed thanks to the clerk for getting bike donations and encouraging local agencies to get involved in the cleanup effort.

Seat A: Eugene Smith: Councilor Smith thanked Public Works for its road maintenance effort. She said that on the new road various spots need to be graded as there a lot of 'speed bumps' present. Public Works Director Dennis Jennings informed the council that the road crew will be working on the new road as well as Ted Stevens Way and the road to the beach.

Seat B: Lewis Pagel: Vice-Mayor Pagel stated he counted twenty-seven trailers not connected to a vehicle in the boat harbor parking area that need to be moved. He said he is ready to move them with his own vehicle. Vice-Mayor Pagel mentioned the electrical work being done to get lift stations up to par. He stated that a red light continues to blink on one of them.

Seat F: August Nelson, Sr.: Councilor Nelson said he is concerned vehicles blocking the road especially in the area where the Buteras lived. There is a connex in the roadway.

Seat G: Johnson Greene: Councilor Greene thanked the Coast Guard for its presence in Kotzebue. He congratulated Chief Milliette on his promotion.

Seat E: Sandra Shroyer-Beaver: Councilor Beaver congratulated Chief Milliette for his promotion to that position and thanked his family for sharing him with the city. She said water and sewer issues are of great concern of hers. Councilor Beaver stated that she agreed with Councilor Smith's comments about the road but that for safety reasons she appreciated the bumps. She thanked the clerk and crew that helped with the spring cleanup effort and remains concerned with the large items that have not been picked up yet. City Manager Reich stated that he would meet with Ernie Hyatt to discuss the plans to remove items outside of town.

Seat D: Gayle Ralston: Mayor Ralston was not present at the meeting.

XII. EXECUTIVE SESSION

A motion was made by Councilor Tekker, seconded by Councilor Smith to go into executive session to discuss matters the immediate knowledge which would have an adverse effect upon the finances of the city and to discuss subjects that tend to prejudice the reputation and character of any persons that are required by law to be kept confidential.

The motion passed unanimously by voice vote.

The council went into executive session at 5:58 p.m.

Councilor Smith recused himself from the meeting at 6:20 p.m.

The meeting reconvened in open session at 6:55 p.m.

NO FURTHER BUSINESS.

XIV. ADJOURNMENT

A motion was made by Councilor Smith, seconded by Councilor Beaver to adjourn.

The motion passed unanimously by voice vote.

The meeting adjourned at 6:56 p.m.

Respectfully submitted,

Linda B. Greene
City Clerk

Accepted by:

Gayle D. Ralston
Mayor

CITY OF KOTZEBUE
REGULAR CITY COUNCIL MEETING
CORRESPONDENCE DIRECTORY
August 16, 2018

Letter: Kotzebue IRA
Funds for Nikaitchuat Illisagviat school
in the amount of \$10,000

Nicole Stoops, Executive Director

e-mail: Kotzebue IRA
Funds for social services/child welfare
with IRA Resolution 13-82
requesting \$50,000

Nicole Stoops, Executive Director

Letter: State of Alaska, Department of
Environmental Conservation,: Division
of Water

Carrie Bohan, Technical
Assistance & Financing
Program Manager



August 7, 2018

City of Kotzebue
Council Members
P.O. Box 49
Kotzebue, AK 99752

Dear Members of the Council,

The Native Village of Kotzebue will be celebrating Nikaitchuat Ilisagviat's 20th Anniversary this fall for the 2018-2019 school year. We are kindly requesting \$10,000 from our city government to help keep our school doors open. Our school year expenses, which include teacher, teacher aide, and substitute teacher salaries as well as office utilities, supplies, is \$306,000 per year.

We get funding from the National Johnson O'Malley grant of \$75,000/year, the Maniilaq Living Healthy grant of \$78,050/year, and approximately \$63,000/year in parent tuition payments.

For the 2017-2018 school year, we also received \$3,500 from the Wells Fargo Foundation.

We have not received funding from any other organization for the 2018-2019 school year, although we've requested \$150,000 from the Northwest Arctic Borough, \$5,000 from the Kikiktagruk Inupiat Corporation, and \$5,000 from the NANA Regional Corporation, Inc. We also applied for the Wells Fargo Foundation grant for \$5,000.

We rely heavily on parent volunteer hours, as well as fundraising year-round that includes a booth at each 4th of July event in Kotzebue.

Any left over funding rolls into the next school year, goes into our summer camp for middle and high school students, and our cultural after school programs every spring. The camp typically costs \$25,000 per summer to run, and our after school programs cost from \$12,000 to \$15,000 per year depending on how many classes we offer.

Again, we are requesting \$10,000 from the City of Kotzebue, as we've graciously received in the past. Please kindly consider this request to support our Inupiaq language and culture.

Respectfully,

Nicole N. Stoops
Executive Director

Linda Greene

From: Billy Reich
Sent: Friday, August 10, 2018 3:37 PM
To: Linda Greene; Esther Greene
Subject: FW: Social Services grant
Attachments: Resolution 13-82.pdf

Good afternoon,
I just got this from Nicole can either one of you put some light on this for me and Nicole?
Billy

From: Nicole Stoops [<mailto:nicole.stoops@qira.org>]
Sent: Friday, August 10, 2018 3:35 PM
To: Billy Reich
Subject: Social Services grant

Hi Billy,

I hope you had a good week. We were going through our programs that we operate, and our medical assistance program is run off of funds we received from the City in the amount of \$50,000 in 2013. We've received one payment to date, which we appreciate. However, the language in the attached resolution says that it's an annual payment. Do you have any paperwork or agreement on your side that states that we'd be receiving money from the City every year?

Thank you for your time,

Nicole *Atanan* Stoops
Executive Director
Native Village of Kotzebue
P.O. Box 296
Kotzebue, AK 99752

Office direct: (907) 442-5302
Cell phone: (907) 229-2126



Native Village of Kotzebue Kotzebue IRA

RESOLUTION 13-82

A RESOLUTION REQUESTING CITY OF KOTZEBUE FUNDS TO SUPPORT SOCIAL SERVICES AND CHILD WELFARE CASES

Knowledge of Language

WHEREAS, The Native Village of Kotzebue is a federally-recognized tribe and is the governing body of the Tribal members of Qikiqtagruk or Kotzebue, Alaska; and

Knowledge of Family Tree

Sharing

WHEREAS, The Tribe provides social and child welfare services with our tribal members and community which are considered under-funded based upon the case loads and demand for services; and

Humility

Respect for Others

WHEREAS, The majority of social and child welfare services directly involve family use of alcohol as a source of the problems associated with neglect, abuse and child in need of aid (CINA) cases; and

Love for Children

Cooperation

WHEREAS, The City of Kotzebue operates a distribution center for alcohol that provides economic benefits to the city that should support the provision of local/community social services in the community as a result of alcohol sales.

Hard Work

Respect for Elders

NOW THEREFORE BE IT RESOLVED, That the Native Village of Kotzebue requests the City of Kotzebue to provide \$50,000 annually to support the social services and child welfare cases to improve the availability of resources to impacted families, particularly children, in the community.

Respect for Nature

Avoid Conflict

Family Roles

Humor

Spirituality

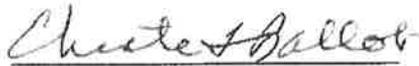
Domestic Skills

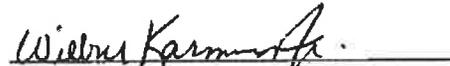
Hunter Success

Responsibility to Tribe

CERTIFICATION

A vote of 7 for and 0 against and 1 not voting adopt this resolution 13-82 at a regular meeting of the Native Village of Kotzebue, Kotzebue Council held this 16th day of July, 2013.


Chester L. Ballot, Chairman


Wilbur Karmun Jr. Secretary



THE STATE
of ALASKA
GOVERNOR: BILL WALKER

Department of Environmental
Conservation

DIVISION OF WATER
Technical Assistance and Financing

110 Willoughby Avenue, Suite 303
P.O. Box 111800
Juneau, Alaska 99811-1800
Main: 907 465 4139
Fax: 907 465 5177



August 7, 2018

Dear Community Leader,

Your Fall 2018 Operations and Maintenance Best Practices score is enclosed. Please take a few moments to review your score for accuracy. If you find errors, please contact me immediately.

While considering your score, here are important points to keep in mind:

- ***The most effective way to increase your community's chance of receiving project funding is by improving your Best Practices score.*** Best Practices scores accounts for 40% of the points possible for state Capital Improvement Project (CIP) project scoring, and 15% of the points possible for federal Sanitation Deficiency System (SDS) project scoring.
- ***Communities with a Best Practices score of less than 60 are not eligible for CIP construction project funding.*** Communities must also score at least two point in both the Worker's Compensation Insurance and Payroll Liability. The application process takes place each spring. Please note that there is no Best Practices score requirement to apply for planning project funding.
- ***Best Practices scores are updated twice each year in spring and fall.*** Spring scores are used for capital project scoring and eligibility. Fall scores provide an update to communities and let them know where improvement efforts should be focused. ***Now is the time to work on improving your score to be eligible for funding in the spring.***
- ***Remote Maintenance Workers (RMWs) are assigned to help with Preventative Maintenance scores.*** If your community does not have a Preventative Maintenance Plan, contact your assigned RMW for assistance.
- ***Rural Utility Business Advisors (RUBAs) are assigned to assist with Managerial and Financial scores.*** You must provide the required documentation to your assigned RUBA to receive points.
- ***You can find out which RUBA and RMW are assigned to your community online here:*** <http://dec.alaska.gov/water/pdf/AlaskaSanitationContactList.pdf>.

Should you have any questions, please contact me at (907) 465-5143 or carrie.bohan@alaska.gov.

Sincerely,

Carrie Bohan
Technical Assistance & Financing Program Manager

Find more Best Practices information online at: <http://dec.alaska.gov/water/Op.Assist/BestPractices.html>.

Category		O&M Scoring Criteria	Possible	Score		
Technical	Operator Certification	Utility has more than one operator certified to the level of the water system	10	7		
		Primary operator is certified to the level of the water system and the backup operator holds some level of certification in water treatment or distribution	7			
		Primary operator is certified to the level of the water system and the backup operator holds no certification or there is no backup operator	5			
		Utility has one or more operators certified at some level in water treatment or distribution	3			
		Utility has no certified operators	0			
	Preventive Maintenance Plan	Utility has a written PM plan; PM is performed on schedule; records of completion are submitted on a quarterly basis and have been verified	25	25		
		Utility has a written PM plan; performance of PM and record keeping are not consistent	15			
		Utility has no PM plan or performs no PM	0			
	Compliance	Utility had no Monitoring and Reporting violations during the past year	10	5		
		Utility had up to five Monitoring and Reporting violation during the past year	5			
Utility had more than five Monitoring and Reporting violation during the last year		0				
Managerial	Utility Management Training	A person who holds a position of responsibility for management of the utility has completed a DCRA approved Utility Management course or other utility management training course within the last five years	5	5		
	Meetings of the Governing Body	The utility owner's governing body meets routinely consistent with the local ordinance/bylaw requirements and receives a current report from the operator	5	5		
		The utility owner's governing body meets routinely consistent with the local ordinance/bylaw requirements	2			
		The utility owner's governing body does not meet	0			
Financial	Budget	Utility owner and the Utility have each adopted a realistic budget and budget amendments are adopted as needed; Accurate monthly budget reports are prepared and submitted to the governing body	15	15		
		Either the Utility or the Utility owner has adopted and implemented a budget, the other has not	13			
		Either the Utility or the Utility owner has adopted a budget, but it is not being implemented	10			
		Utility owner and the Utility have not adopted a budget	0			
	Revenue	Utility is collecting revenue sufficient to cover the Utility's operating expenses and to contribute to a repair and replacement account	20	15		
		Utility is collecting revenue sufficient to cover expenses	15			
		Utility has a fee schedule and a collection policy that is followed	5			
		Utility has no fee structure or collection policy	0			
	Worker's Compensation Insurance	Utility has had a worker's compensation policy for all employees for the past two years and has a current policy in place	5	5		
		Utility has a current worker's compensation policy in place for all employees	2			
Utility has no worker's compensation policy		0				
Payroll Liability Compliance	Utility has no past due tax liabilities and is current with all tax obligations	5	5			
	Utility owes back taxes, but has a signed payment agreement, is current on that agreement, and is up-to-date with all other tax obligations	2				
	Utility is not current with its tax obligations and/or does not have a signed repayment agreement for back taxes owed	0				
CIP O&M Score		27	SDS O&M Score	14	TOTAL SCORE	87

Practices Score

2018

2018

Explanation of Score	How to Improve Score	Contact
<p>System Classification: Water Treatment 3 Primary Operator: <i>Matthew Lazarus</i> Certification Level: <i>WT 4</i> Backup Operator: <i>Olaf Walker</i> Certification Level: <i>WT 2</i></p> <p>Matthew Lazarus is certified at the correct level. Olaf Walker and Russell Ferguson hold certifications but not at the correct level.</p>	<p>Matthew Lazarus needs 3.0 CEUs by 12/31/20 to renew his certificate. Olaf Walker needs to take and pass the WT3 exam. Please see enclosed flier with more information about certification.</p>	<p>ADEC Operator Certification Program 465-1139</p>
<p>The operator is performing important maintenance on a regular basis and keeping records. Each month, the operator is submitting maintenance records to the assigned RMW.</p>	<p>Full points have been awarded in this category. Continue to perform maintenance according to the PM plan and send monthly records to the assigned RMW.</p>	<p>Shyler Johnson MHC RMW 442-7172</p>
<p>The utility had 1 Drinking Water Monitoring and reporting violations in 2017.</p>	<p>The Drinking Water Program provides you with an Annual Monitoring Summary with all of the required samples for your water system. All samples and reports must be collected and submitted in a timely manner.</p>	<p>Clarissa Bearden ADEC Drinking Water Program 451-2137</p>
<p>Matthew Lazarus attended personnel training on 6/1/2018.</p>	<p>To maintain the full points in this category, consider sending someone to one of the free RUBA trainings each year.</p>	
<p>The city meets monthly per ordinance and reviews the monthly operator report.</p>	<p>To maintain full points, the governing body must continue to meet according to ordinance and provide RUBA with meeting minutes.</p>	
<p>The city adopted a realistic budget who approves accurate monthly financial reports.</p>	<p>Full points have been awarded. Continue to provide monthly financial reports to RUBA for verification.</p>	<p>Margaret Hansen DCRA RUBA Program 442-3696</p>
<p>The city is receiving enough revenue to cover their expenses but do not contribute to and repair and replacement account.</p>	<p>To received additional points, the utility must establish a utility repair and replacement account and make regular contributions to be prepared for future needs.</p>	
<p>Current policy verified 6/1/2018.</p>	<p>Full points have been awarded. Maintain active Worker's Compensation policy to continue receiving these points.</p>	
<p>Current on all payroll tax liabilities.</p>	<p>Full points have been awarded. Continue to submit timely reports and payments to maintain these points.</p>	



ROADMAP TO ACCESS FUNDING FOR VILLAGE WATER & SEWER IMPROVEMENTS

Follow these key steps to ensure funds are requested for your community's water and sewer needs:



STEP # 1: Contact the **ENGINEER** assigned to your community



STEP # 2: Learn about the **BEST PRACTICES** score for your community.

SEE REVERSE for more information about each step.



STEP #1: Contact the ENGINEER assigned to your community

Who is your assigned engineer? Where do they work?

View the Community Water and Sewer Improvements Contact List at <http://dec.alaska.gov/water/vsw/>

Contact the engineer who is assigned to work with your community, and communicate the water and sewer needs in your village. A lead agency (either the Alaska Native Tribal Health Consortium or the State Village Safe Water Program) and engineer has been established to work with each community to address water and sewer needs. A long-term relationship between communities, agencies and engineers helps ensure consistent, historical experience and familiarity with projects.

STEP #2: Check the Operation & Maintenance BEST PRACTICES scores for your community

What is the BEST PRACTICES score for my community and how can I improve my score?

Learn about BEST PRACTICES scores at <http://dec.alaska.gov/water/OpAssist/BestPractices.html>

Operation and Maintenance Best Practices scores are tied to funding eligibility and project scores. Pay attention to the scores throughout the year. Learn how to improve scores to ensure eligibility and boost your project priority. Keep an eye on the mail in September for a letter with your Fall score. Scores will be finalized again at the beginning of the year, so there's time to work with the Remote Maintenance Worker (RMW) and Rural Utility Business Advisor (RUBA) to improve your score before then.

The calendar below gives you an overview of Best Practices timeline throughout the year. Pay special attention to Community Deadlines and Community Activity:

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Community Deadlines	★ January 1: Deadline to provide information to RUBA & RMW						★ July 1: Deadline to provide information to RUBA & RMW					
Release of Scores			★ March 1: Spring Scores are posted (<i>Used for funding eligibility & project scoring</i>)						★ September 1: Fall Scores are posted (<i>NOT used for funding eligibility & project scoring</i>)			
Agency Activity	Compile scores						Compile scores					
Community Activity			Work with RUBA & RMW to improve Spring score						Work with RUBA & RMW to improve Fall score			
<i>Year Round: Communities are familiar with their latest Best Practices score, and work consistently with technical assistance providers to improve the score before each community deadline</i>												

Best Practices Scores: Important deadlines and activities throughout the year

Maintaining and Improving your Operator Certification Best Practices Score



Step 1: Operators Prepare for Exams

Operators can take both classroom and correspondence courses. Links to suggested study materials are available on our website.

Step 2: Register for and Take Exams

Operators must submit a registration form along with an exam fee. We will arrange for a proctor to administer the exam in your community.



Step 3: Apply for Certification

After passing the exam, operators must submit applications documenting their experience.

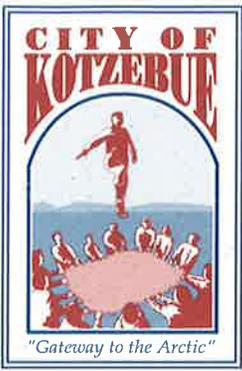
Step 4: Keep Certifications Current

Operators must earn continuing education units and pay a renewal fee every three years to renew their certificates.



For more information about these steps, please visit our website at:

alaska.gov/water/operator-certification/best-practices



P.O. Box 46
Kotzebue, Alaska 99752

City Hall
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Police Dept.
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Fire Dept.
(907) 442-3404

Public Works
(907) 442-3401

CITY OF KOTZEBUE, ALASKA ORDINANCE NO. 19-01

ENTITLED: "AN ORDINANCE ADDING SECTION 7.02.010, 'LOCAL REGULATORY AUTHORITY,' TO CHAPTER 7.02 OF THE KOTZEBUE MUNICIPAL CODE."

BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF KOTZEBUE, ALASKA:

- Section 1.** This is a Code Ordinance.
- Section 2.** On June 21, 2018, in Emergency Ordinance 18-04, the City Council added Section 7.02.010 to the Kotzebue Municipal Code ("KMC"). Pursuant to KMC 1.12.050(C), this Emergency Ordinance is only effective for sixty (60) days, until August 20, 2018.
- Section 3.** This Section 7.02.010, attached hereto as Exhibit "A," needs to be a permanent part of the Kotzebue Municipal Code.
- Section 4.** KMC 7.02.010, "Local Regulatory Authority," is hereby added to the Kotzebue Municipal Code.
- Section 5.** The title page for Title 7, Marijuana, of the Kotzebue Municipal Code shall be revised to read as set out in Exhibit "B," attached hereto.
- Section 6.** Pursuant to the Kotzebue Municipal Code, Section 1.12.030(B), this Ordinance shall become effective upon passage.

ENACTED this _____ day of August, 2018.

CITY OF KOTZEBUE

Gayle Ralston, Sr., Mayor

[SEAL]

ATTEST:

Linda B. Greene, City Clerk

ATTESTATION: I, Linda B. Greene, Clerk for the City of Kotzebue, hereby attest that the above Ordinance, No. 19-01, was duly presented to the Kotzebue City Council, duly published and that a valid public hearing was held and that it was duly enacted on _____.

Published/Posted: 7/13/18
Introduction: 7/19/18
First Public Hearing: 8/16/19
Passage:

Attachments:

Exhibit "A" -- Section 7.02.010 of Title 7 of the Kotzebue Municipal Code [1 page]

Exhibit "B" -- Title Page for Title 7 of the Kotzebue Municipal Code [1 page]

Chapter 7.02

LOCAL REGULATORY AUTHORITY

Sections:

7.02.010 Local Regulatory Authority Established

7.02.010 Local Regulatory Authority Established

The Local Beverage Control Board, established and codified in Kotzebue Municipal Code Title 4, Alcohol, Chapter 4.01, Local Beverage Control Board (“LBCB”), is designated as the “local regulatory authority” as that term is used in Alaska Statutes, Chapter 17.38, The Regulation of Marijuana, 3 Alaska Administrative Code, Chapter 306, Regulation of Marijuana Industry and any other implementing legislation or rule making, within the corporate boundaries of the City of Kotzebue. (Ord. No. 19-01 §4 (Exhibit A), 8-16-2018)

Title 7

MARIJUANA

Chapters:

- 7.01 Marijuana in a public place**
- 7.02 Local regulatory authority established**

IX. NEW BUSINESS:

- a. Northwest Arctic Borough (NAB) Utility Financial Support and Technical Assistance Agreement

NORTHWEST ARCTIC BOROUGH UTILITY FINANCIAL SUPPORT AND TECHNICAL SERVICES AGREEMENT

This Northwest Arctic Borough Utility Financial Support and Technical Services Agreement (the "Agreement"), is made effective July 1, 2018, by and between the City of Kotzebue, P.O. Box 46, Kotzebue, Alaska, 99752 ("Community"), and the Northwest Arctic Borough, 163 Lagoon Street, Kotzebue, Alaska 99752 (the "Borough") (each referred to individually a "Party" and collectively as the "Parties").

RECITALS

WHEREAS: the Borough has adopted the Community Utility Assistance Program (the "Program") under Chapter 10.20 of the Borough Code to assist Northwest Arctic Borough villages with financial and technical support for their utilities in order to provide for the health, safety, and welfare of Northwest Arctic Borough village residents; and

WHEREAS: Community understands and acknowledges that participation in the Program does not guarantee continued assistance from the Borough after termination or expiration of this Agreement; and

WHEREAS: Community understands and acknowledges that the Program is subject to annual appropriations from the Borough Assembly through approval and adoption of the Borough's annual operating budget. In the event that the Borough Assembly does not allocate funds for the Program, it will be suspended until such time that funds are allocated through the annual operating budget; and

WHEREAS: Community understands and acknowledges the Program will facilitate financial support, but the Community will retain sole ownership and responsibility for its utilities and remain ultimately responsible for the operation, maintenance, management of its utilities; and

WHEREAS: the Parties wish to establish the terms and conditions for the Community's Participation in the Program.

NOW, THEREFORE, in consideration of the mutual benefits to be derived and the terms and conditions contained in this Agreement, the Borough and Community agree as follows:

1. PURPOSE OF AGREEMENT.

1.1 Program Purpose. This Agreement establishes the terms and conditions under which the Borough will provide financial support for the operation and maintenance of Community's water and wastewater systems as outlined in Chapter 10.20 of the Borough Code.

2. OBJECTIVES OF THE PARTIES.

2.1 Objectives of the Borough. The objectives of the Borough in this Agreement include, but are not limited to, the following:

- a. To reduce utility user fees Community residents;
- b. To reduce utility emergencies, thereby reducing cost and illnesses within the Community;
- c. To improve Community's chances for obtaining grant funding for utility projects;
- d. To support the Community in funding a utility reserve account for future capital projects, repair, and emergency response; and
- e. To ensure that preventative maintenance and other utility best practices are completed to ensure efficient operation of the Community utility system.

2.2 Objectives of Community. The objectives of the Community in this Agreement include, but are not limited to, the following:

- a. To reduce Community residents' utility user fees;
- b. To protect the health of Community's people through a sustainable utility;
- c. To provide utility services to as many households as possible;
- d. To increase reliability and efficiency of Community's utility;
- e. To prolong the life of Community's utility; and

- f. To develop local expertise in the technical, financial, and managerial operation of Community's utility.

3. ACCESS TO COMMUNITY UTILITY AND REVIEW OF UTILITY DOCUMENTS.

3.1 The Borough may, upon reasonable notice, enter and inspect any part of the Community utility for purposes related to this Agreement.

3.2 Upon request, Community will provide the Borough access to all financial, operational, and compliance information and documentation relating to Community utility.

4. ANNUAL WORKPLAN.

4.1 As soon as practicable after the commencement of this Agreement, the Borough and Community will develop a mutually-agreeable Annual Workplan, describing revenue and expense projections for the Community utility. This will be the basis of the annual budget. Revenue will include user fees and additional contributions from other revenue sources. It may include third-party funding obtained for Community's utility (e.g., grant funds). Upon execution by the Parties, the Annual Workplan will be attached and included as Exhibit A to this Agreement.

5. RESPONSIBILITIES OF COMMUNITY.

Community will own, maintain, operate, and provide day-to-day management of the Community utility and will perform other responsibilities described below.

5.1 Community Utility Ordinance. In order for the Community utility to operate effectively, Community must adopt and enforce a utility Ordinance.

5.1.1 Adoption of ordinance. Community affirms that its governing body has adopted a utility ordinance. Community's utility ordinance and any associated approval ordinances will be attached as Exhibit B to this Agreement.

5.1.2 Ordinance Revisions. In the event that the Community revises its Ordinance, it must provide the Borough with a copy and evidence of its adoption within 60 days of approval and adoption. The revised ordinance will added as a supplement to Exhibit B.

5.1.3 Enforcement of Ordinance. Community must enforce the terms of its Ordinance and take all reasonable actions to prevent the unauthorized use of water/wastewater services, including shutting off service to those with delinquent accounts and patrolling for and disconnecting all unauthorized connections.

5.2 Ownership, Operation, and Maintenance of Premises. Community will be solely responsible for the operation, maintenance and repair, and day-to-day management of the Community utility.

5.2.1 Employment of Operators. At all times during this Agreement, Community must employ or engage personnel capable of the skillful operation and management of Community utility (the “Operator” or “Operators”).

5.3.2 Fuel Storage, Distribution, and Delivery. Community will be solely responsible for the storage, maintenance, and use of fuel at the Community utility, including but not limited to complying with all applicable federal, state, and local laws and regulations relating to the fuel storage, distribution, and delivery systems for the Community utility.

5.4 Revenue Generation and Shortfall. Community understands and agrees that it is ultimately responsible for ensuring that there is sufficient revenue to operate the Community utility and pay its obligations, including direct expenses, such as Operator’s payroll; the purchase of materials, supplies, equipment, freight, services, and fuel; billing activities; and insurance for the Community utility.

5.4.1 Pursue All Eligible Connections. Community understands the success of its utility depends on providing connections to the maximum number of eligible and paying customers. Community will take all reasonable actions to promote the widespread use of its utility with a goal of at least 75% of all eligible residences in the community as paying customers.

5.4.2 Collection of Delinquent and Closed Accounts. Community understands the success of its utility depends on obtaining user fees from its customers. Community will be responsible for collection on each delinquent and closed account from the first day the service may be disconnected under Community’s Ordinance.

5.5 Provide Information. Community will promptly provide all information and access to personnel and facilities as the Borough may reasonably request, and shall otherwise cooperate with the Borough as is reasonably necessary for the Borough to perform its responsibilities under this Agreement. Community will make all necessary personnel available to discuss revenue cycles, operations, and maintenance. Community also agrees to gather utility and user data upon the Borough's request.

5.6 Collection of Delinquent and Closed Accounts. Community understands that the success of its utility depends on obtaining user fees from its customers. Community will be responsible for collection on each delinquent and closed account.

6. RESPONSIBILITIES OF THE BOROUGH.

The Borough will provide financial support for Community as described below and in the Annual Workplan.

6.1 Financial Support and Technical Services

6.1.1 Rate Recommendations. Community rate schedule will be included in the Annual Workplan.

6.1.2 Borough Funds. The Borough funds provided will not exceed the amount agreed to in the Annual Workplan and as authorized in the Borough's annual Program budget. Community will be solely responsible for all costs in excess of the Annual Workplan.

6.1.3 Funding for Eligible Costs. The Borough will provide funding to Community's account for approved costs, including the Operator salary and benefits; and reimbursement for workers compensation insurance and commercial general liability insurance as provided in sections 10.2.1 and 10.2.2, respectively. No other insurance is reimbursable by the Borough.

7. TERM OF AGREEMENT.

This Agreement will commence on July 1, 2018 and will expire June 30, 2019, unless otherwise terminated sooner as provided in this Agreement. Upon the Borough Assembly budget appropriation for the Community Utility Assistance Program, the Agreement may be renewed upon the date of expiration for one additional one-year term

unless the Agreement is terminated in accordance with section 8 of this Agreement, below.

8. TERMINATION.

8.1 Termination for Default. Either Party may terminate this Agreement in the event of a material breach by the other Party, provided that the defaulting Party is first given notice of default and a reasonable opportunity to cure. A Party may terminate the Agreement if it provides written notice to the defaulting Party and either: (a) the defaulting Party does not cure the default within 60 days of the defaulting Party's receipt of notice of the default, if the default is capable of cure within 60 days; or (b) if the default is not capable of cure within 30 days, the defaulting Party does not both: (i) implement a plan to cure as soon as reasonably practicable the default within 60 days of receipt of notice of the default, and (ii) diligently carry out the plan in accordance with its terms and actually cure such default within the time specified in such plan. The Parties agree that a failure to pay any amount when due under this Agreement shall be a default that is capable of being cured within 30 days. A "material breach" under this section includes, but is not limited to:

- 8.1.1** filing a petition in bankruptcy regarding, or any declaration of insolvency by a Party;
- 8.1.2** Community assigning, encumbering or transferring this Agreement or any rights of ownership or management responsibility of the Premises to any other person or entity whatsoever without the prior written approval of the Borough;
- 8.1.3** Community failing to ensure utility Ordinances are enforced; or
- 8.1.4** a Party breaching any of its obligations under this Agreement.

8.2 Termination upon Expiration of Term, Amendments. This Agreement may be terminated by either Party upon expiration of the term of the Agreement provided that between January 1 and May 1 of the term, the terminating Party gives the other written notice of its intent to terminate. Either Party may propose amendments to this Agreement at any time, however, no amendment to this Agreement will be effective unless it is in writing and signed by both Parties.

8.3 Termination for Convenience. This Agreement may be terminated by either Party upon 120 days written notice, provided they comply with section 8.5 of this Agreement.

8.4 Duties of Parties Upon Termination or Expiration. In the event of a termination or expiration, the Parties shall cooperate in good faith to wind up any and all pending matters, reconcile accounts and resolve any outstanding disputes. At least 30 days before the termination date:

8.4.1 Community shall promptly and diligently:

8.4.1.1 pay to the Borough any loans, bills or other outstanding amounts owed to the Borough (for water and sewer services or otherwise) at the time of termination; and

8.4.1.2 reimburse the Borough for expenses, fees, and other costs incurred in the course of, or as a result of, terminating this Agreement, including without limitation close-out costs (Termination Costs).

8.4.2 Community's obligations under this section 8 shall survive the termination of this Agreement. In no event shall the termination of this Agreement or of the Borough's performance relieve, waive, set-off or otherwise release Community from its obligations under this section 8.

8.5 The Borough to Stop Work upon Termination. Community understands and agrees that the Borough will promptly discontinue all services at the termination or expiration of this Agreement. Community waives and discharges the Borough from any claim for damages, direct or consequential, arising from or relating to the termination of this Agreement.

9. WARRANTIES OF COMMUNITY.

9.1 Ownership. Community warrants that it owns, and during the term of this Agreement will retain, ownership and control of the Community utility, including the water and wastewater utilities, facilities, and equipment referenced in this Agreement. Community warrants that none of the Community utility, including the water and wastewater service operations, facilities, or equipment, have been, or will be during the term of this Agreement, conveyed, transferred, assigned, or otherwise impaired by any encumbrances without the prior written consent of the Borough.

9.2 Organization and qualification. Community warrants that it has all necessary power and authority to carry out the operations that are the subject of this Agreement, including the water and wastewater services as presently conducted, to own or hold its properties, and to enter into and perform its obligations under this Agreement.

9.3 Authorization, approvals, no defaults. Community warrants that the execution, delivery, and performance of this Agreement, and the adoption and implementation of the Ordinances:

9.3.1 have been duly authorized by all requisite governmental action;

9.3.2 to the best of Community's knowledge will not conflict with any provisions of applicable federal, state, tribal or local law; and

9.3.3 will not conflict with, result in the breach of, constitute a default under, or accelerate performance required by, any covenant, bond, grant, financing agreement, contract, understanding, decree or order to which Community is a party or by which it or any of its properties or assets is bound or affected.

10. LIMITATIONS OF AGREEMENT.

10.1 No Dissolution and Transfer of Ownership. Nothing in this Agreement shall dissolve Community or transfer any interest in ownership or title of the Community utility to the Borough.

10.2 Uncollected Utility Fees. The Borough accepts no liability or responsibility for uncollected utility fees and Community accepts full liability for all uncollected fees.

10.3 No Assumption of Debt. The Borough accepts no liability for any debt or other obligation of Community, whether or not related to or arising from Community's construction, operation, or maintenance of the Community utility.

10.4 Force Majeure. Neither Party shall be liable in damages or have the right to terminate this Agreement for any delay or default in performing this Agreement if such delay or default is caused by conditions beyond its control including, but not limited to extreme weather, natural disasters, government restrictions, wars,

insurrections, acts of the public enemy, or any other cause beyond the reasonable control of the Party whose performance is affected.

11. DUTY TO SEEK INFORMAL RESOLUTION.

Prior to filing any claim or action with a court or administrative agency, the Parties agree to make a good faith effort to resolve any issues and disputes arising under this Agreement either informally or through an established the Borough dispute resolution process.

12. WAIVER.

Any waiver by either Party of any provision of this Agreement shall not be construed to be a waiver of any other provision of this Agreement. A waiver of a provision shall not be deemed as an amendment or as an agreement to waive the same provision at a later date unless expressed in writing and signed by the party against whom the waiver or amendment is sought to be enforced.

13. SEVERABILITY.

If any provision of this Agreement is held invalid, that provision shall be severed from the Agreement without invalidating the entire Agreement.

14. NOTICES.

Service of all notices under this Agreement shall be sufficient if in writing and delivered personally or mailed by certified mail, with return receipt requested to:

If to the Borough:

NAB Community Utility Coordinator
c/o Maniilaq Association
PO Box 43
Kotzebue, Alaska 99752

If to Community:

Any notice mailed to the Party's address shall be deemed accepted upon receipt.

The Parties' authorized representatives have signed below.

City of Kotzebue

By: _____

Name: _____

Date

Title: Mayor

Name: _____

Date

Title: Administrator

(Seal)

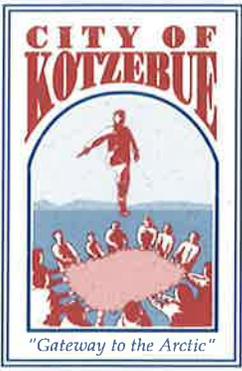
Northwest Arctic Borough

Mayor

Date

Community Utility Coordinator

Date



P.O. Box 46
Kotzebue, Alaska 99752

City Hall
(907) 442-3401

Police Dept.
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Fire Dept.
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Public Works
(907) 442-3401

CITY OF KOTZEBUE RESOLUTION 19-02

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE, TO ENTER INTO A PAYMENT CONTRACT WITH THE ALASKA MUNICIPAL LEAGUE, JOINT INSURANCE ASSOCIATION (AML/JIA) FOR THE CITY'S FY2019 LIABILITY INSURANCE, AND TO AUTHORIZE THE STATE OF ALASKA TO TRANSFER A PORTION OF MUNICIPAL ASSISTANCE, REVENUE SHARING, SAFE CITIES, OR ANY OTHER STATE AND FEDERAL FUNDS PAID BY THE STATE TO THE CITY OF KOTZEBUE FOR USE AS PAYMENT IN THE EVENT THE CITY BECOMES DELINQUENT ON PAYMENTS TO THE AML/JIA FOR ITS FY2019 LIABILITY INSURANCE.

WHEREAS, this resolution is to be used only in the event the City of Kotzebue is delinquent and has not paid any past due account balance; and

WHEREAS, the City of Kotzebue receives Municipal Assistance, Revenue Sharing, safe cities, or any other State or Federal funds paid by the State of Alaska; and

WHEREAS, the not-for-profit Alaska Municipal League Joint Insurance Association, Inc. (AMLJIA) is established under AS 21.76 to provide risk management services for Alaska cities, of which the City of Kotzebue is a member; and

WHEREAS, the AMLJIA provides the pooling of risks, self-insurance management, joint purchase of insurance, claims administration, loss prevention and control, insurance defense and other related risk management services on behalf of its members for workers' compensation, general liability, public officials liability, auto liability and property coverages.

WHEREAS, the City wishes to enter into a payment contract with the AMLJIA for the payment of any outstanding balance, namely for its FY18 Liability Insurance; See Exhibit "B".

NOW, THEREFORE, BE IT RESOLVED that should the City of Kotzebue, as a member and participant in the JIA become delinquent in the payment of the approved payment contract, we hereby authorize the State of Alaska to transfer the city's delinquent amount of anticipated monies, as the AMLJIA shall certify, to the AMLJIA for credit on the City's account.

PASSED AND APPROVED by a duly constituted quorum of the City Council of the City of Kotzebue, Alaska, this 16th day of August 2018.

CITY OF KOTZEBUE

Gayle Ralston, Mayor

ATTEST:

Linda Greene, City Clerk

Attachments: Exhibit "A" – Payment Contract (1)

**Alaska Municipal League Joint Insurance Association, Inc.
PAYMENT CONTRACT**

**City of Kotzebue
Account # 100015-001**

PAYMENT PLAN SUMMARY:

Account Balance: \$552,380.00
1st Payment: \$183,942.54
Amount Financed: \$368,437.46
Annual Interest Rate: 6.75%
Total Finance Charge: \$9,439.90
Total Amount Charged: \$377,877.36
Monthly Payments: \$47,493.73
Number of Payments: 9

**PLEASE RETURN COMPLETED ORIGINAL
RESOLUTION AND PAYMENT CONTRACT TO:**

**AMLJIA
807 G STREET SUITE 356
ANCHORAGE ALASKA 99501
800.337.3682 TOLL FREE
907.258.2625 PH 907.279.3615 FAX**

PAYMENT PLAN:

PAYMENT DUE DATE (Payment Due IN OUR OFFICE)	Unpaid Balance at Beginning of Period	MONTHLY PAYMENT	Interest for 1 month at 6.75% on Unpaid Balance	Reduction in Account Balance	Unpaid Balance at End of Period
8/31/18	552,380.00	183,942.54	2,072.46	181,870.08	370,509.92
9/30/18	370,509.92	47,493.73	2,084.12	45,409.61	325,100.31
10/31/18	325,100.31	47,493.73	1,828.69	45,665.04	279,435.27
11/30/18	279,435.27	47,493.73	1,571.82	45,921.91	233,513.36
12/31/18	233,513.36	47,493.73	1,313.51	46,180.22	187,333.14
1/31/19	187,333.14	47,493.73	1,053.75	46,439.98	140,893.16
2/28/19	140,893.16	47,493.73	792.52	46,701.21	94,191.96
3/31/19	94,191.96	47,493.73	529.83	46,963.90	47,228.06
4/30/19	47,228.06	47,493.71	265.66	47,228.05	0.00

NOTE: This schedule is an estimate only and is based on the original contribution. This contract does not include any coverage changes or supplemental coverages that may renew during the year. You may reference your monthly statement for the current payoff amount.

On behalf of _____, I accept the terms and conditions of the payment contract outlined above.
Name of Participant/organization

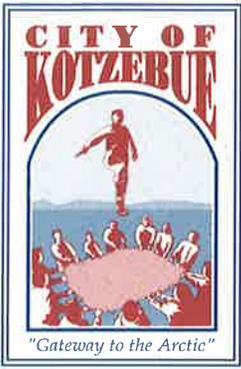
Authorized Signatory

Date

Printed Name

Title





P.O. Box 46
Kotzebue, Alaska 99752

City Hall
(907) 442-3401

Police Dept.
(907) 442-3351

Fire Dept.
(907) 442-3404

Public Works
(907) 442-3401

CITY OF KOTZEBUE RESOLUTION NO. 19-03

A *NUNC PRO TUNC* RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE RATIFYING THE CITY MANAGER'S ACCEPTANCE OF AND SIGNATURE ON THE JULY 19, 2017 BDO AGREEMENT TO PROVIDE AUDITING SERVICES FOR THE YEAR ENDING JUNE 30, 2017.

WHEREAS, BDO USA, LLP, 3601 "C" Street, Suite 600, Anchorage, Alaska 99503 ("BDO") (f/n/a Mikunda Cottrell & Company) has provided auditing services for the City of Kotzebue for several years;

WHEREAS, BDO's services have been of the highest quality during the time that the City of Kotzebue ("City") has used its auditing services;

WHEREAS, the Kotzebue Municipal Code ("KMC"), Section 3.16.090, provides for the awarding of professional contracts such as auditing, based upon competence, skill and experience; and,

WHEREAS, BDO proposed in its July 19, 2017 Agreement to Provide [Auditing] Services for FY2017 (July 1, 2016 to June 30, 2017), a copy of which is attached hereto as Exhibit "A," the City Manager at the time executed the Agreement on July 24, 2017 and BDO performed the auditing services for FY2017 and completed/produced its 95-page FY2017 Basic Financial Statements, Required Supplementary Information, Supplementary Information and Single Audit Reports for Year Ended June 30, 2017, its 15-page Audit Wrap Up for the Year Ended June 30, 2017, the City submitted its 8-page letter of June 29, 2018 to BDO and a 3-page Adjusting Journal Entries has been prepared all of which will be reviewed by the City Council during a Work Session at 5:15pm on Thursday, August 23, 2018.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Kotzebue, *nunc pro tunc* authorizes the City Manager or his designee to pay BDO for the completed FY2017 Audit in current amount of \$83,178.89 and any additional attendant expenses necessary to close out the FY2017 Audit.

PASSED AND APPROVED by a duly constituted quorum of the City Council of the City of Kotzebue, Alaska, this 16th day of August, 2018.

CITY OF KOTZEBUE

Gayle Ralston, Mayor

ATTEST:

Linda B. Greene, City Clerk

Attachments: Exhibit "A" – BDO July 19, 2017 Agreement to Provide Services [12 pages]

financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and our auditor's report will provide an opinion on it in relation to the basic financial statements as a whole.

1. Individual and combining fund statements and schedules
2. Schedule of state financial assistance

Responsibilities of BDO

We will conduct our audit in accordance with GAAS. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement, whether caused by error or fraud. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. Our work will be based primarily upon selected tests of evidence supporting the amounts and disclosures in the financial statements and, therefore, will not include a detailed check of all of the City's transactions for the period. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.

Our audit will also be conducted in accordance with the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of the State of Alaska Audit Guide and Compliance Supplement for State Single Audits (State Audit Guide), and will include tests of accounting records; a determination of major programs in accordance with the State Audit Guide, and other procedures we consider necessary to enable us to express such an opinion and to render the required reports. The State Audit Guide requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable state statutes, regulations, and the terms and conditions of the state awards that may have a direct and material effect on each of its major programs. Our procedures will consist of the applicable procedures described in the State Audit Guide for the types of compliance requirements that could have a direct and material effect on each of the City's major programs. As required by the State Audit Guide, our audit will include tests of transactions related to major state award programs for compliance with applicable state statutes, regulations, and the terms and conditions of state awards. The purpose of these procedures will be to express an opinion on the City's compliance with requirements applicable to major programs in our report on compliance issued pursuant to the State Audit Guide.

Also, an audit is not designed to detect errors or fraud or violations of state statutes and regulations that are immaterial to the financial statements or major programs. However, we will inform you of any material errors or fraud that come to our attention. We will also inform you of possible illegal acts that come to our attention unless they are clearly inconsequential. We will also include such matters in the reports required for an audit performed under the State Audit Guide. In addition, during the course of our audit, financial statement misstatements relating to

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Page 2 of 12

accounts or disclosures may be identified, either through our audit procedures or through communication by your employees to us, and we will bring these misstatements to your attention as proposed adjustments. At the conclusion of our audit we will communicate to those charged with governance (as defined below) all uncorrected misstatements. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

The term "those charged with governance" is defined as the persons with responsibility for overseeing the strategic direction of the City and obligations related to the accountability of the City, including overseeing the financial reporting process. For the City, we agree that the City Council meets that definition.

In making our risk assessments, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances and to evaluate compliance with each direct and material compliance requirement applicable to each major program, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we will express no such opinion. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses in internal control. However, we will communicate to you and those charged with governance in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identify during our audit. We will also inform you of other matters involving internal control, if any, as required by the State Audit Guide.

The objective of our audit is the expression of an opinion about whether the financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the third paragraph of this letter when considered in relation to the basic financial statements as a whole. The objective also includes reporting on the City's:

- Internal control related to the financial statements and compliance with state statutes, regulations, and the terms and conditions of the state awards, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and issuance of an opinion on whether the City complied with state statutes, regulations, and the terms and conditions of the state awards that could have a direct and material effect on each major program in accordance with the State Audit Guide.

We will perform test of controls, as required by the State Audit Guide, to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with each direct and material compliance requirement applicable to each of the City's major state award programs. However, our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the State Audit Guide.

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We are also responsible for communicating with those charged with governance what our responsibilities are under GAAS, an overview of the planned scope and timing of the audit, and significant findings from the audit.

Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Our audit will be conducted on the basis that you and those charged with governance acknowledge and understand that you and those charged with governance have responsibility (1) for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; (2) for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements and relevant state award programs that are free from material misstatement, whether due to error or fraud; (3) for identifying and ensuring that the City complies with the laws and regulations applicable to its activities; and (4) to provide us with access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, additional information we may request for the purpose of the audit, and unrestricted access to persons within the City from whom the auditor determines it is necessary to obtain audit evidence.

Management is also responsible for preparation of the schedule of state financial assistance, including the notes, noncash assistance received and other required information, in accordance with the State Audit Guide. You acknowledge and understand your responsibility for the preparation of all supplementary information, including the schedule of state financial assistance, in accordance with the applicable criteria. Management is responsible for identifying all state awards received and understanding and complying with the compliance requirements, in accordance with the State Audit Guide. Management is also responsible for (1) establishing and maintaining effective internal control, including internal control over compliance and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met, (2) compliance with state statutes, regulations, and the terms and conditions of state awards, (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements, and (4) ensuring that management and financial information is reliable and properly reported. You also agree to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information. You also agree to present the supplementary information with the audited financial statements, or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and our report thereon.

Management's responsibilities also include identifying and informing us of significant contractor relationships in which the contractor is responsible for program compliance and for the accuracy and completeness of that information.

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Management is responsible for adjusting the financial statements to correct material misstatements relating to accounts or disclosures, after evaluating their propriety based on a review of both the applicable authoritative literature and the underlying supporting evidence from the City's files; or otherwise concluding and confirming in a representation letter (as further described below) provided to us at the conclusion of our audit that the effects of any uncorrected misstatements are, both individually and in the aggregate, immaterial to the financial statements taken as a whole. Additionally, as required by the State Audit Guide, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan.

As required by GAAS, we will request certain written representations from management at the close of our audit to confirm oral representations given to us and to indicate and document the continuing appropriateness of such representations and reduce the possibility of misunderstanding concerning matters that are the subject of the representations. Because of the importance of management's representations to an effective audit, the City agrees, subject to prevailing laws and regulations, to release and indemnify BDO, and each of their respective employees from any liability and costs relating to our services rendered under this Agreement attributable to any knowing misrepresentations by management.

Management is also responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the City involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a direct and material effect on the financial statements and/or schedule of state financial assistance. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the City received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the City complies with applicable state statutes, regulations, and the terms and conditions of the state awards. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of state statutes, regulations and the terms and conditions of the state awards, or abuse that we report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying to us, previous financial audit attestation engagements, performance audits, or other studies related to our audit objectives. This responsibility includes communicating to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

Expected Form and Content of the Auditor's Report

At the conclusion of our audit, we will submit to you a report containing our opinion as to whether the financial statements, taken as a whole, are fairly presented based on accounting principles generally accepted in the United States of America. If, during the course of our work, it appears for any reason that we will not be in a position to render an unmodified opinion on the financial

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statements or the State Audit Guide compliance, or that our report will require an Emphasis of Matter or Other Matter paragraph, we will discuss this with you. It is possible that, because of unexpected circumstances, we may determine that we cannot render a report or otherwise complete the engagement. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or decline to issue a report as a result of the engagement. If, in our professional judgment, the circumstances require, we may resign from the engagement prior to completion.

The reports on internal control and compliance will each include a statement that the purpose of these reports is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of *Government Auditing Standards* (GAS) and the State Audit Guide and are not suitable for any other purpose.

Termination

Upon notice to the City, BDO may terminate this Agreement if BDO reasonably determines that it is unable to perform the services described in this Agreement in accordance with applicable professional standards, laws, or regulations. If we elect to terminate our services for any reason provided for in this Agreement, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. If the Agreement is terminated, the City agrees to compensate BDO for the services performed and expenses incurred through the effective date of termination.

Client Continuance Matters

BDO is retaining the City as a client in reliance on information obtained during the course of our client continuance procedures. Lia Patton has been assigned the role of engagement partner and is responsible for directing the engagement and issuing the appropriate report on the City's financial statements.

Email Communication

BDO disclaims and waives, and you release BDO from, any and all liability for the interception or unintentional disclosure of email transmissions or for the unauthorized use or failed delivery of emails transmitted or received by BDO in connection with the services we are being engaged to perform under this Agreement.

External Computing Options

If, at your request, BDO agrees to use certain external commercial services, including but not limited to services for cloud storage, remote control, and/or file sharing options (collectively "External Computing Options"), that are outside of BDO's standard security protocol, you acknowledge that such External Computing Options may be associated with heightened security and privacy risks. Accordingly, BDO disclaims and waives, and you release BDO from, any and all liability arising out of or related to the use of such External Computing Options.

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Ownership of Working Papers

The working papers prepared in conjunction with our audit are the property of BDO, constitute confidential information, and will be retained by us in accordance with BDO's policies and procedures.

However, pursuant to authority given by law or regulation, we may be requested to make certain working papers available to the City's oversight agency, or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such working papers will be provided under the supervision of BDO personnel and at a location designated by BDO. Furthermore, upon request, we may provide photocopies of selected working papers to the aforementioned parties. These parties may intend or decide to distribute the photocopies of information contained therein to others, including other governmental agencies.

Reproduction of Audit Report

If the City plans any reproduction or publication of a document that includes our report, or any portion of it, and that is assembled differently from any paper or electronic version that we may have assembled and provided to you (e.g., by the addition of financial statements and/or accompanying information that you have produced), a copy of the entire document in its final form should be submitted to us in sufficient time for our review and written approval before printing. You also agree to provide us with a copy of the final reproduced material for our written approval before it is distributed. If, in our professional judgment, the circumstances require, we may withhold our written approval.

Posting of Audit Report and Financial Statements on Your Website

You agree that, if you plan to post an electronic version of the financial statements and audit report on your website, you will ensure that there are no differences in content between the electronic version of the financial statements and audit report on your website and the signed version of the financial statements and audit report provided to management by BDO. You also agree to indemnify BDO from any and all claims that may arise from any differences between the electronic and signed versions.

Review of Documents for Sale of Debt or Other Securities

The audited financial statements and our report thereon should not be provided or otherwise made available to recipients of any document to be used in connection with the sale of debt or other securities (including securities offerings on the internet) without first submitting copies of the document to us in sufficient time for our review and written approval. If, in our professional judgment, the circumstances require, we may withhold our written approval.

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Availability of Records and Personnel

You agree that all records, documentation, and information we request in connection with our audit will be made available to us (including those pertaining to related parties), that all material information will be disclosed to us, and that we will have the full cooperation of, and unrestricted access to, your personnel during the course of the engagement.

You also agree to ensure that any third-party valuation reports that you provide to us to support amounts or disclosures in the financial statements (a) indicate the purpose for which they were intended, which is consistent with your actual use of such reports; and (b) do not contain any restrictive language that would preclude us from using such reports as audit evidence.

Assistance by Your Personnel and Internet Access

We also ask that your personnel prepare various schedules and analyses for our staff. However, except as otherwise noted by us, no personal information other than names related to City employees and/or customers should be provided to us. In addition, we ask that you provide high-speed Internet access to our engagement team, if practicable, while working on the City's premises. This assistance will serve to facilitate the progress of our work and minimize costs to you.

Peer Review Reports

Government Auditing Standards requires that we provide you with a copy of our most recent quality control review report. Our latest peer review report accompanies this letter.

Other Services

We are always available to meet with you and other executives at various times throughout the year to discuss current business, operational, accounting, and auditing matters affecting the City. Whenever you feel such meetings are desirable, please let us know. We are also prepared to provide services to assist you in any of these areas. We will also be pleased, at your request, to attend governing board meetings.

In addition to the audit services described above, you have requested that we provide the following non-attest services:

We will assist the City in preparing the financial statements and related footnote disclosures for the year ended June 30, 2017, based on the City's accounting records and other information that comes to our attention during the course of our engagement.

Independence

Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to the City in the performance of our services. Any discussions that you have with personnel of BDO regarding employment could pose a threat to our independence. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

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In order for us to remain independent, professional standards require us to maintain certain respective roles and relationships with you with respect to the non-attest services described above. Prior to performing such services in conjunction with our audit, management must acknowledge its acceptance of certain responsibilities.

We will not perform management functions or make management decisions on behalf of the City. However, we will provide advice and recommendations to assist management of the City in performing its functions and fulfilling its responsibilities.

The City agrees to perform the following functions in connection with our performance in assisting with the preparation of the financial statements:

- a. Make all management decisions and perform all management functions with respect to the financial statements provided by us.
- b. Assign Michael Cooper, Finance Director, to oversee the financial statements and evaluate the adequacy and results of the services.
- c. Accept responsibility for the results of the financial statements.

The services are limited to those outlined above. We, in our professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as making management decisions or performing management functions. The City must make all decisions with regard to our recommendations. By signing this Agreement, you acknowledge your acceptance of these responsibilities.

We will prepare a draft of the financial statements and related notes. In accordance with Government Auditing Standards, you will be required to review and approve those financial statements prior to their issuance and have a responsibility to be in a position in fact and appearance to make an informed judgment on those financials statements. Further you are required to designate a qualified management-level individual to be responsible and accountable for overseeing those services.

Dispute Resolution Procedure

Any dispute or claim between you and BDO arising out of or relating to the Agreement or a breach of the Agreement, including, without limitation, claims for breach of contract, professional negligence, breach of fiduciary duty, misrepresentation, fraud and disputes regarding attorney fees and/or costs charged under this Agreement (except to the extent provided below) shall be submitted to binding arbitration before the American Arbitration Association, and subject to the Commercial Arbitration Rules. The arbitration proceeding shall take place in the city in which the BDO office providing the majority of the services involved under this Agreement is located, unless the parties agree in writing to a different location. The arbitration shall be governed by the provisions of the laws of the State of New York (except if there is no applicable state law providing for such arbitration, then the Federal Arbitration Act shall apply) and the substantive law of such state shall be applied without reference to conflicts of law rules. The parties shall bear their own legal fees and costs for all claims. The arbitration proceedings shall be confidential.

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You acknowledge that by agreeing to this Arbitration provision, you are giving up the right to litigate claims against BDO, and important rights that would be available in litigation, including the right to trial by judge or jury, to extensive discovery and to appeal an adverse decision. You acknowledge that you have read and understand this arbitration provision, and that you voluntarily agree to binding arbitration.

No claim or action arising out of or relating to this Agreement or the services provided under this Agreement may be brought by either party hereto (i) more than 24 months after the claiming party first knows or has reason to know that the claim or cause of action has accrued, or (ii) more than 60 months following the completion of the services provided under this Agreement to which the claim relates. This paragraph will shorten, but in no event extend, any otherwise legally applicable period of limitations on such claims.

Fees

Our charges to the City for the services described above for the year ending June 30, 2017 will be based upon the time required by the individuals assigned to the engagement, plus direct expenses. We estimate a fee of \$50,000 or 340 hours of "basic audit services", plus out of pocket costs estimated at \$7,500. Basic services assume that your personnel will prepare certain schedules and analyses for us and make available to us documents for our examination as and when requested; the books and records are properly closed, there are no significant additions of funds or grant major programs; and there are no unanticipated increases in current operations requiring significant additional audit time. Time in excess of 340 hours will be considered out of scope and will be billed separately.

This engagement includes only those services specifically described in this Agreement; any additional services not specified herein will be agreed to in a separate letter. In the event you request us to object to or respond to, or we receive and respond to, a validly issued third party subpoena, court order, government regulatory inquiry, or other similar request or legal process against the City or its management for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this or any prior engagements, you agree to compensate us for all time we expend in connection with such response, at our regular rates, and to reimburse us for all related out-of-pocket costs (including outside lawyer fees) that we incur.

Our fees and costs will be billed periodically, and invoices are payable upon receipt. If we do not receive any written notice of dispute within 10 days of your receipt of the invoice, we will conclude that you have seen the invoice and find it acceptable. Invoices that are unpaid 30 days past the invoice date are deemed delinquent and we reserve the right to charge interest on the past due amount at the lesser of (a) 1.0% per month or (b) the maximum amount permissible by applicable law. Interest shall accrue from the date the invoice is delinquent. We reserve the right to suspend our services, withhold delivery of any deliverables, or withdraw from this engagement entirely if any of our invoices are delinquent. In the event that any collection action is required to collect unpaid balances due to us, you agree to reimburse us for all our costs of collection, including without limitation, attorneys' fees.

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Third-Party Use

BDO will perform the professional services provided in connection with this engagement solely for the benefit and use of the City. BDO does not anticipate and does not authorize reliance by any other party on its professional services. Any amendment to this provision must be made through a written document signed by the City and BDO.

Miscellaneous

This Agreement is intended to cover only the services specified herein, although we look forward to many more years of pleasant association with the City. This engagement is a separate and discrete event and any future services will be covered by a separate agreement to provide services.

Many banks have engaged a third party to electronically process cash or debt audit confirmation requests, and a few of those banks have mandated the use of this service. To the extent applicable, the City hereby authorizes BDO to participate in this electronic confirmation process through the third party's website (e.g., by entering the City's bank account information to initiate the process and then accessing the bank's confirmation response) and agrees that BDO shall have no liability in connection therewith.

Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable laws, regulations, or published interpretations, but if any provision of this Agreement shall be deemed prohibited, invalid, or otherwise unenforceable for any reason under such applicable laws, regulations, or published interpretations, such provisions shall be ineffective only to the extent of such prohibition, invalidity, or unenforceability and such revised provision shall be made a part of this Agreement as if it was specifically set forth herein. Furthermore, the provisions of the foregoing sentence shall not invalidate the remainder of such provision or the other provisions of this Agreement.

This Agreement may be transmitted in electronic format and shall not be denied legal effect solely because it was formed or transmitted, in whole or in part, by electronic record; however, this Agreement must then remain capable of being retained and accurately reproduced, from time to time, by electronic record by the parties to this Agreement and all other persons or entities required by law. An electronically transmitted signature to this Agreement will be deemed an acceptable original for purposes of consummating this Agreement and binding the party providing such electronic signature.

* * * * *

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We believe the foregoing correctly sets forth our understanding; however, if you have any questions, please let us know. If you find the foregoing arrangements acceptable, please acknowledge this by signing and returning to us a copy of this Agreement and retaining a copy for your files.

Very truly yours,

BDO USA, LLP

Acknowledged:

CITY OF KOTZEBUE

By: 
Michael Cooper, Finance Director

Date: 7/24/17

By: 
Shawn Gilman, City Manager

Date: 7/24/17

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P.O. Box 46
Kotzebue, Alaska 99752

City Hall
(907) 442-3401

Police Dept.
(907) 442-3351

Fire Dept.
(907) 442-3404

Public Works
(907) 442-3401

CITY OF KOTZEBUE RESOLUTION NO. 19-04

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE AUTHORIZING THE CITY MANAGER AND FINANCE DIRECTOR TO SUBMIT TO BDO THE EXECUTED FY2018 BDO AGREEMENT TO PROVIDE AUDITING SERVICES FOR THE YEAR ENDING JUNE 30, 2018.

WHEREAS, BDO USA, LLP, 3601 "C" Street, Suite 600, Anchorage, Alaska 99503 ("BDO") (f/n/a Mikunda Cottrell & Company) has provided auditing services for the City of Kotzebue for several years;

WHEREAS, BDO's services have been of the highest quality during the time that the City of Kotzebue ("City") has used its auditing services;

WHEREAS, the Kotzebue Municipal Code ("KMC"), Section 3.16.090, provides for the awarding of professional contracts such as auditing, based upon competence, skill and experience; and,

WHEREAS, BDO has proposed in its 13-page August 8, 2018 Agreement to Provide [Auditing] Services for FY2018 (July 1, 2017 to June 30, 2018), a copy of which is attached hereto as Exhibit "A," in the amount of \$45,000 or 300 hours of basic audit services, \$5,000 for the state single audit and estimated out of pocket costs of \$7,500 with time in excess of 300 hours considered out of scope and billed separately and the City Manager and Finance Director have reviewed, approved and acknowledged this Agreement with their signatures on Page 13 of Exhibit "A."

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Kotzebue authorizes the City Manager and Finance Director to submit the fully executed 13-page August 8, 2018 Agreement to Provide [Auditing] Services to BDO for the FY2018 Audit, attached hereto as Exhibit "A."

PASSED AND APPROVED by a duly constituted quorum of the City Council of the City of Kotzebue, Alaska, this 16th day of August, 2018.

CITY OF KOTZEBUE

Gayle Ralston, Mayor

ATTEST:

Linda B. Greene, City Clerk

Attachments: Exhibit "A" – BDO August 8, 2018 Agreement to Provide Services [13 pages]



Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

August 8, 2018

Esther Greene
Finance Director
City of Kotzebue
P.O. Box 46
Kotzebue, Alaska 99752

Dear Ms. Greene:

Agreement to Provide Services

This agreement to provide services (the "Agreement") is intended to describe the nature and scope of our services.

Objective and Scope of the Audit

As agreed, BDO USA, LLP ("BDO" or "we") will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of City of Kotzebue, Alaska (the "City" or "you") as of and for the year ending June 30, 2018.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate context. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with auditing standards generally accepted in the United States of America ("GAAS"). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtain during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required and will be subjected to certain limited procedures, but will not be audited:

1. Budgetary Comparison Schedules for the General Fund.
2. Public Employee's Retirement System Pension Liability and Contribution Schedules
3. Public Employee's Retirement System Other Post Employment Benefit Liability and Contribution Schedules

We understand that it is the City's intent not to prepare or present the required Management's Discussion and Analysis. This omission will not affect our audit opinion.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms
BDO is the brand name for the BDO network and for each of the BDO Member F

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Also, the supplementary information accompanying the basic financial statements, as listed below, will be subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and our auditor's report will provide an opinion on it in relation to the basic financial statements as a whole.

1. Individual and combining fund statements and schedules
2. Schedule of state financial assistance

Responsibilities of BDO

We will conduct our audit in accordance with GAAS. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement, whether caused by error or fraud. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. Our work will be based primarily upon selected tests of evidence supporting the amounts and disclosures in the financial statements and, therefore, will not include a detailed check of all of the City's transactions for the period. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.

Our audit will also be conducted in accordance with the standards for financial audits contained in the provisions of the State of Alaska Audit Guide and Compliance Supplement for State Single Audits (State Audit Guide), and will include tests of accounting records, a determination of major program(s) in accordance with the State Audit Guide, and other procedures we consider necessary to enable us to express such an opinion and to render the required reports. The State Audit Guide requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable state statutes, regulations, and the terms and conditions of the state awards that may have a direct and material effect on each of its major programs. Our procedures will consist of the applicable procedures described in the State Audit Guide for the types of compliance requirements that could have a direct and material effect on each of the City's major programs. As required by the State Audit Guide, our audit will include tests of transactions related to major state award programs for compliance with applicable state statutes, regulations, and the terms and conditions of federal and state awards. The purpose of these procedures will be to express an opinion on the City's compliance with requirements applicable to major programs in our report on compliance issued pursuant to the State Audit Guide.

Also, an audit is not designed to detect errors or fraud or violations of federal and state statutes and regulations that are immaterial to the financial statements or major programs. However, we will inform you of any material errors or fraud that come to our attention. We will also inform you of possible illegal acts that come to our attention unless they are clearly inconsequential. We will also include such matters in the reports required for an audit.

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performed under the State Audit Guide. In addition, during the course of our audit, financial statement misstatements relating to accounts or disclosures may be identified, either through our audit procedures or through communication by your employees to us, and we will bring these misstatements to your attention as proposed adjustments. At the conclusion of our audit we will communicate to those charged with governance (as defined below) all uncorrected misstatements. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

The term “those charged with governance” is defined as the persons with responsibility for overseeing the strategic direction of the City and obligations related to the accountability of the City, including overseeing the financial reporting process. For the City, we agree that the City Council meets that definition.

In making our risk assessments, we consider internal control relevant to the City’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we will express no such opinion. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses in internal control. However, we will communicate to you and those charged with governance in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identify during our audit.

The objective of our audit is the expression of an opinion about whether the financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the third paragraph of this letter when considered in relation to the basic financial statements as a whole. The objective also includes reporting on the City’s:

- Internal control related to the financial statements and compliance with state statutes, regulations, and the terms and conditions of the state awards, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and issuance of an opinion on whether the City complied with state statutes, regulations, and the terms and conditions of the state awards that could have a direct and material effect on each major program in accordance with the State Audit Guide.

We are also responsible for communicating with those charged with governance what our responsibilities are under GAAS, an overview of the planned scope and timing of the audit, and significant findings from the audit.

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Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Our audit will be conducted on the basis that you and those charged with governance acknowledge and understand that you and those charged with governance have responsibility (1) for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; (2) for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements and relevant to federal and state award programs that are free from material misstatement, whether due to error or fraud; (3) for identifying and ensuring that the City complies with the laws and regulations applicable to its activities; and (4) to provide us with access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, additional information we may request for the purpose of the audit, and unrestricted access to persons within the City from whom the auditor determines it is necessary to obtain audit evidence.

Management is also responsible for preparation of the schedule of state financial assistance in accordance with the State Audit Guide. You acknowledge and understand your responsibility for the preparation of all supplementary information, including the schedule of state financial assistance, in accordance with the applicable criteria. Management is responsible for identifying all state awards received and understanding and complying with the compliance requirements, in accordance with the State Audit Guide. Management is also responsible for (1) establishing and maintaining effective internal control, including internal control over compliance and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met, (2) compliance with federal and state statutes, regulations, and the terms and conditions of federal and state awards, (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements, and (4) ensuring that management and financial information is reliable and properly reported. You also agree to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information. You also agree to present the supplementary information with the audited financial statements, or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and our report thereon.

Management's responsibilities also include identifying and informing us of significant contractor relationships in which the contractor is responsible for program compliance and for the accuracy and completeness of that information.

Management is responsible for adjusting the financial statements to correct material misstatements relating to accounts or disclosures, after evaluating their propriety based on a review of both the applicable authoritative literature and the underlying supporting evidence from the City's files; or otherwise concluding and confirming in a representation letter (as further described below) provided to us at the conclusion of our audit that the effects of any uncorrected misstatements are, both individually and in the aggregate, immaterial to the financial statements taken as a whole. Additionally, as required by the State Audit Guide, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan.

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As required by GAAS, we will request certain written representations from management at the close of our audit to confirm oral representations given to us and to indicate and document the continuing appropriateness of such representations and reduce the possibility of misunderstanding concerning matters that are the subject of the representations. Because of the importance of management's representations to an effective audit, the City agrees, subject to prevailing laws and regulations, to release and indemnify BDO, its Permitted Assignees (as defined herein under "Assignment"), and each of their respective employees from any liability and costs relating to our services rendered under this Agreement attributable to any knowing misrepresentations by management.

Management is also responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the City involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a direct and material effect on the financial statements and schedule of state financial assistance. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the City received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the City complies with applicable state statutes, regulations, and the terms and conditions of the state awards. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of state statutes, regulations and the terms and conditions of the federal and state awards, or abuse that we report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying to us, previous financial audit attestation engagements, performance audits, or other studies related to our audit objectives. This responsibility includes communicating to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

Expected Form and Content of the Auditor's Report

At the conclusion of our audit, we will submit to you a report containing our opinion as to whether the financial statements, taken as a whole, are fairly presented based on accounting principles generally accepted in the United States of America. If, during the course of our work, it appears for any reason that we will not be in a position to render an unmodified opinion on the financial statements or the State Audit Guide compliance, or that our report will require an Emphasis of Matter or Other Matter paragraph, we will discuss this with you. It is possible that, because of unexpected circumstances, we may determine that we cannot render a report or otherwise complete the engagement. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or decline to issue a report as a result of the engagement. If, in our professional judgment, the circumstances require, we may resign from the engagement prior to completion.

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The reports on internal control and compliance will each include a statement that the purpose of these reports is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of *Government Auditing Standards* (GAS) and the State Audit Guide and are not suitable for any other purpose.

Termination

Upon notice to the City, BDO may terminate this Agreement if BDO reasonably determines that it is unable to perform the services described in this Agreement in accordance with applicable professional standards, laws, or regulations. If we elect to terminate our services for any reason provided for in this Agreement, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. If the Agreement is terminated, the City agrees to compensate BDO for the services performed and expenses incurred through the effective date of termination.

Client Continuance Matters

BDO is retaining the City as a client in reliance on information obtained during the course of our client continuance procedures. Joy Merriner has been assigned the role of engagement partner and is responsible for directing the engagement and issuing the appropriate report on the City's financial statements.

Email Communication

BDO disclaims and waives, and you release BDO from, any and all liability for the interception or unintentional disclosure of email transmissions or for the unauthorized use or failed delivery of emails transmitted or received by BDO in connection with the services we are being engaged to perform under this Agreement.

External Computing Options

If, at your request, BDO agrees to use certain external commercial services, including but not limited to services for cloud storage, remote control, and/or file sharing options (collectively "External Computing Options"), that are outside of BDO's standard security protocol, you acknowledge that such External Computing Options may be associated with heightened security and privacy risks. Accordingly, BDO disclaims and waives, and you release BDO from, any and all liability arising out of or related to the use of such External Computing Options.

Ownership of Working Papers

The working papers prepared in conjunction with our audit are the property of BDO, constitute confidential information, and will be retained by us in accordance with BDO's policies and procedures.

However, pursuant to authority given by law or regulation, we may be requested to make certain working papers available to the City's oversight agency, or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such working papers will be provided under the supervision of BDO personnel and at a location designated by BDO. Furthermore, upon request, we may provide photocopies of selected working papers

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to the aforementioned parties. These parties may intend or decide to distribute the photocopies of information contained therein to others, including other governmental agencies.

Reproduction of Audit Report

If the City plans any reproduction or publication of a document that includes our report, or any portion of it, and that is assembled differently from any paper or electronic version that we may have assembled and provided to you (e.g., by the addition of financial statements and/or accompanying information that you have produced), a copy of the entire document in its final form should be submitted to us in sufficient time for our review and written approval before printing. You also agree to provide us with a copy of the final reproduced material for our written approval before it is distributed. If, in our professional judgment, the circumstances require, we may withhold our written approval.

Posting of Audit Report and Financial Statements on Your Website

You agree that, if you plan to post an electronic version of the financial statements and audit report on your website, you will ensure that there are no differences in content between the electronic version of the financial statements and audit report on your website and the signed version of the financial statements and audit report provided to management by BDO. You also agree to indemnify BDO from any and all claims that may arise from any differences between the electronic and signed versions.

Review of Documents In Connection With Offering of Sale of Debt

The audited financial statements and our report thereon should not be provided or otherwise made available to lenders, other financial institutions or sources of financing, or others (including advisors to such parties) in connection with any document to be used in the process of obtaining capital, including, without limitation, by means of the sale of securities (including securities offerings on the Internet) without first submitting copies of the document to us in sufficient time for our review and written approval. If, in our professional judgment, the circumstances require, we may withhold or condition our written approval.

Availability of Records and Personnel

You agree that all records, documentation, and information we request in connection with our audit will be made available to us (including those pertaining to related parties), that all material information will be disclosed to us, and that we will have the full cooperation of, and unrestricted access to, your personnel during the course of the engagement.

You also agree to ensure that any third-party valuation reports that you provide to us to support amounts or disclosures in the financial statements (a) indicate the purpose for which they were intended, which is consistent with your actual use of such reports; and (b) do not contain any restrictive language that would preclude us from using such reports as audit evidence.

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Assistance by Your Personnel and Internet Access

We also ask that your personnel prepare various schedules and analyses for our staff. However, except as otherwise noted by us, no personal information other than names related to City employees and/or customers should be provided to us. In addition, we ask that you provide high-speed Internet access to our engagement team, if practicable, while working on the City's premises. This assistance will serve to facilitate the progress of our work and minimize costs to you.

Peer Review Reports

Government Auditing Standards requires that we provide you with a copy of our most recent quality control review report. Our latest peer review report accompanies this letter.

Other Services

We are always available to meet with you and other executives at various times throughout the year to discuss current business, operational, accounting, and auditing matters affecting the City. Whenever you feel such meetings are desirable, please let us know. We are also prepared to provide services to assist you in any of these areas. We will also be pleased, at your request, to attend governing board meetings.

In addition to the audit services described above, you have requested that we provide the following non-attest services:

We will assist the City in preparing the financial statements and related footnote disclosure for the year ended June 30, 2018, based on the City's accounting records and other information that comes to our attention during the course of our engagement.

Independence

Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to the City in the performance of our services. Any discussions that you have with personnel of BDO regarding employment could pose a threat to our independence. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

In order for us to remain independent, professional standards require us to maintain certain respective roles and relationships with you with respect to the non-attest services described above. Prior to performing such services in conjunction with our audit, management must acknowledge its acceptance of certain responsibilities.

We will not perform management functions or make management decisions on behalf of the City. However, we will provide advice and recommendations to assist management of the City in performing its functions and fulfilling its responsibilities.

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The City agrees to perform the following functions in connection with our performance of the preparation of the financial statements and related footnote disclosures and cash-to-accrual entries and preparing and submitting the required Form SF-SAC Data Collection Form:

- a. Make all management decisions and perform all management functions with respect to the financial statements and cash-to-accrual entries provided by us.
- b. Assign Esther Greene, Finance Director, to oversee the financial statements and evaluate the adequacy and results of the services.
- c. Accept responsibility for the results of the financial statements and cash-to-accrual entries.

The services are limited to those outlined above. We, in our professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as making management decisions or performing management functions. The City must make all decisions with regard to our recommendations. By signing this Agreement, you acknowledge your acceptance of these responsibilities.

We will prepare a draft of the financial statements and related notes and cash-to-accrual entries. In accordance with *Government Auditing Standards*, you will be required to review and approve those financial statements and cash-to-accrual entries prior to their issuance and have a responsibility to be in a position in fact and appearance to make an informed judgement on those financial statements and cash-to-accrual entries. Further, you are required to designate a qualified management-level individual to be responsible and accountable for overseeing those services.

Limitation of Liability

Except to the extent finally determined to have resulted from the fraud or intentional misconduct of any member of the BDO Group, the BDO Group's liability to the City for any claims arising under this Agreement shall not exceed the aggregate amount of fees paid by the City to BDO during the 12 months preceding the date of the claim for the services giving rise to the claim, regardless of whether such liability arises in contract, statute, tort (including the negligence of any member of the BDO Group), or otherwise. In no event shall the BDO Group be liable for consequential, special, indirect, incidental, punitive, or exemplary losses or damages relating to this Agreement.

Dispute Resolution Procedure

Any dispute or claim between you and BDO arising out of or relating to the Agreement or a breach of the Agreement, including, without limitation, claims for breach of contract, professional negligence, breach of fiduciary duty, misrepresentation, fraud and disputes regarding attorney fees and/or costs charged under this Agreement (except to the extent provided below) shall be submitted to binding arbitration before the American Arbitration Association, and subject to the Commercial Arbitration Rules. The arbitration proceeding shall take place in the city in which the BDO office providing the majority of the services involved under this Agreement is located, unless the parties agree in writing to a different location. The arbitration shall be governed by the provisions of the laws of the State of New York (except if there is no applicable state law providing for such arbitration, then the Federal Arbitration Act shall apply) and the substantive law of such state shall be applied without reference to conflicts of law rules. The parties shall bear their own legal fees and costs for all claims. The arbitration proceedings shall be confidential.

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You acknowledge that by agreeing to this Arbitration provision, you are giving up the right to litigate claims against BDO, and important rights that would be available in litigation, including the right to trial by judge or jury, to extensive discovery and to appeal an adverse decision. You acknowledge that you have read and understand this arbitration provision, and that you voluntarily agree to binding arbitration.

The City shall bring no claim or action arising out of or relating to this Agreement or the services provided under this Agreement more than one (1) year following the completion of the services provided under this Agreement to which the claim relates. This paragraph will shorten, but in no event extend, any otherwise legally applicable period of limitations on such claims.

Fees

Our charges to the City for the services described above for the year ending June 30, 2018 will be based upon the time required by the individuals assigned to the engagement, plus direct expenses. We estimate a fee of \$45,000 or 300 hours of "basic audit services", \$5,000 for the state single audit, plus out of pocket costs estimated at \$7,500. The basic audit fees include our telephonic presentation of the financial statements and audit wrap up to the City Council. Basic services assume that your personnel will prepare certain schedules and analyses for us and make available to us documents for our examination as and when requested; the books and records are properly closed, there are no significant additions of funds or grant major programs; and there are no unanticipated increases in current operations requiring significant additional audit time. Time in excess of 300 hours will be considered out of scope and will be billed separately.

This engagement includes only those services specifically described in this Agreement; any additional services not specified herein will be agreed to in a separate letter. In the event you request us to object to or respond to, or we receive and respond to, a validly issued third party subpoena, court order, government regulatory inquiry, or other similar request or legal process against the City or its management for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this or any prior engagements, you agree to compensate us for all time we expend in connection with such response, at our regular rates, and to reimburse us for all related out-of-pocket costs (including outside lawyer fees) that we incur.

Our fees and costs will be billed periodically, and invoices are payable upon receipt. If we do not receive any written notice of dispute within 10 days of your receipt of the invoice, we will conclude that you have seen the invoice and find it acceptable. Invoices that are unpaid 30 days past the invoice date are deemed delinquent and we reserve the right to charge interest on the past due amount at the lesser of (a) 1.0% per month or (b) the maximum amount permissible by applicable law. Interest shall accrue from the date the invoice is delinquent. We reserve the right to suspend our services, withhold delivery of any deliverables, or withdraw from this engagement entirely if any of our invoices are delinquent. In the event that any collection action is required to collect unpaid balances due to us, you agree to reimburse us for all our costs of collection, including without limitation, attorneys' fees.

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Assignment

BDO shall have the right to assign its rights to perform a portion of the services described above to any of its independent Alliance members, affiliates (including, where applicable, member firms of the international BDO network), agents, or contractors (a "Permitted Assignee") without the City's prior consent. If such assignment is made, the City agrees that, unless it enters into an engagement letter directly with the Permitted Assignee, all of the applicable terms and conditions of this Agreement shall apply to the Permitted Assignee. We agree that we shall not permit the Permitted Assignee to perform any work until it agrees to be bound by the applicable terms and conditions of this Agreement. We further agree that we will remain primarily responsible for the services described above, unless we and the City agree otherwise, and we will properly supervise the work of the Permitted Assignee to ensure that all such services are performed in accordance with applicable professional standards. From time to time, and depending on the circumstances, Permitted Assignees located in other countries may participate in the services we provide to the City. In some cases, we may transfer information to or from the United States or another country. Although applicable privacy laws may vary depending on the jurisdiction, and may provide less or different protection than those of the City's home country, we require that all Permitted Assignees enter into contractual agreements to maintain the confidentiality of the City's information and observe our policies concerning any confidential client information that we provide to them.

Third-Party Use

BDO will perform the professional services provided in connection with this engagement solely for the benefit and use of the City. BDO does not anticipate and does not authorize reliance by any other party on its professional services. Any amendment to this provision must be made through a written document signed by the City and BDO.

Confidentiality

Each of the parties hereto shall treat and keep any and all of the "Confidential Information" (defined below) as confidential, with at least the same degree of care as it accords to its own confidential information of a similar nature, but in no event less than a reasonable degree of care. Each party shall disclose the Confidential Information only to its employees, partners, contractors, consultants, agents, or its legal or other advisors, provided that they have: (A) each been informed of the confidential, proprietary, and secret nature of the Confidential Information, or are subject to a binding, preexisting obligation of confidentiality no less stringent than the requirements of this Agreement, and (B) a demonstrable need to review such Confidential Information. "Confidential Information" means all non-public information that is marked as "confidential" or "proprietary" or that otherwise should be understood by a reasonable person to be confidential in nature that is obtained by one party (the "Receiving Party") from the other party (the "Disclosing Party"). All terms of this Agreement and all information provided pursuant to this Agreement are considered Confidential Information. Notwithstanding the foregoing, Confidential Information shall not include any information that was or is: (a) known to the Receiving Party prior to disclosure by the Disclosing Party; (b) as of the time of its disclosure, or thereafter becomes, part of the public domain through a source other than the Receiving Party; (c) made known to the Receiving Party by a third person who is not subject to any confidentiality obligation known to Receiving Party and such third party does not impose any confidentiality obligation on the Receiving Party with respect to such information; (d) required to be disclosed pursuant to governmental authority,

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professional obligation, law, decree regulation, subpoena, or court order; or (e) independently developed by the Receiving Party. In no case shall the tax treatment or the tax structure of any transaction be treated as confidential as provided in Treas. Reg. sec. 1.6011-4(b)(3). If disclosure is required pursuant to subsection (d) above, the Receiving Party shall (other than in connection with routine supervisory examinations by regulatory authorities with jurisdiction and without breaching any legal or regulatory requirement) provide prior written notice thereof to allow the Disclosing Party to seek a protective order or other appropriate relief. Upon the request of the Disclosing Party, the Receiving Party shall return or destroy any and all of the Confidential Information except for (i) copies in working paper files retained to comply with a party's professional or legal obligations and (ii) such Confidential Information retained in accordance with the Receiving Party's normal back-up data storage procedures. Notwithstanding the foregoing, BDO shall have the right to use the City's Confidential Information in connection with performing BDO's obligations hereunder, and also to create anonymous, aggregated data ("Anonymous Aggregated Data"), which Anonymous Aggregated Data may be used in efforts to improve the services generally, including for benchmarking and analytical purposes, for so long as such use remains in an anonymous aggregated form and does not violate any of BDO's obligations of confidentiality hereunder.

Miscellaneous

This Agreement sets forth the entire agreement between the parties with respect to the subject matter herein, superseding all prior agreements, negotiations, or understandings, whether oral or written, with respect to the subject matter herein. This Agreement may not be changed, modified, or waived in whole or part except by an instrument in writing signed by both parties. This Agreement is intended to cover only the services specified herein, although we look forward to many more years of pleasant association with the City. This engagement is a separate and discrete event and any future services will be covered by a separate agreement to provide services.

Many banks have engaged a third party to electronically process cash or debt audit confirmation requests, and a few of those banks have mandated the use of this service. To the extent applicable, the City hereby authorizes BDO to participate in this electronic confirmation process through the third party's website (e.g., by entering the City's bank account information to initiate the process and then accessing the bank's confirmation response) and agrees that BDO shall have no liability in connection therewith.

Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable laws, regulations, professional standards, or related published interpretations (including, without limitation, the independence rules of the American Institute of Certified Public Accountants, Securities and Exchange Commission, Public Company Accounting Oversight Board, and Government Auditing Standards), but if any provision of this Agreement shall be deemed prohibited, invalid, or otherwise unenforceable for any reason under such applicable laws, regulations, professional standards, or published interpretations, such provisions shall be ineffective only to the extent of such prohibition, invalidity, or unenforceability and such revised provision shall be made a part of this Agreement as if it was specifically set forth herein. Furthermore, the provisions of the foregoing sentence shall not invalidate the remainder of such provision or the other provisions of this Agreement.

Resolution 19-04

The City's signature below represents that it has the full power and authority to enter into this Agreement on behalf of the City and any City affiliate that may rely on the services provided hereunder, or that it shall ensure that each such affiliate agrees to be bound to the terms hereof.

This Agreement may be transmitted in electronic format and shall not be denied legal effect solely because it was formed or transmitted, in whole or in part, by electronic record; however, this Agreement must then remain capable of being retained and accurately reproduced, from time to time, by electronic record by the parties to this Agreement and all other persons or entities required by law. An electronically transmitted signature to this Agreement will be deemed an acceptable original for purposes of consummating this Agreement and binding the party providing such electronic signature.

* * * * *

We believe the foregoing correctly sets forth our understanding; however, if you have any questions, please let us know. If you find the foregoing arrangements acceptable, please acknowledge this by signing and returning to us a copy of this Agreement and retaining a copy for your files.

Very truly yours,

BDO USA, LLP

Acknowledged:

CITY OF KOTZEBUE

By: *Esther Greene*
Esther Greene, Finance Director

Date: 8/9/18

By: *Billy Reich*
Billy Reich, City Manager

Date: 08-09-2018

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X. City Manager Report

Arctic Spirits

Engineer

Parks and Recreation

Public Works

City Planner

Kotzebue Police

City Manager Report

Week ending August 12, 2018

We had our Trilateral meeting the 17th of July and came to an agreement With K.I.C and Kotzebue IRA that the Bio-mass plant would be submitted for funding as well as the lift station 1 & 7 matching fund to the VIF. Unfortunately the 2.9 million for the lift station 1 & 7 went away to other projects with IHS.

Given the disappointing news we now have to nurse the terminus lift stations one thing that we that happened was a reroute for the electrical conductors to the pumps at lift station 7, what this will do is give the Line Crew as well as Building Maintenance ease to replace the pumps.

Number 9 lift station has had problems with pumping the sewage down completely it keeps up but the high level light is constantly on. This lift station was another we looked at to upgrade the original pumps were 3.5 hp and seemed to have problems keeping up since it became on line, we are going to install 5 hp pumps to keep up with the demand, this will require larger starters, larger gauge wire to accommodate the new pumps.

Jason Miles has been working with our Land Fill inspector Neil to reclassify the Land fill because the garbage are not meeting the freeze back requirements, we also have been addressing the needs that were brought up at the last inspection, with the help of the two temporary helpers, the Streets Department its beginning to look a lot better there.

Our Streets Crew are moving the silt pile from Devils Lake and hauling it to the Land Fill, this is one of DEC concerns that we are addressing, the other thing that our Streets Crew did was remove the old equipment from the closed cell that was opened again when they put equipment on the cell so that will be looked at as a closed cell again.

We have a race for the two seats up for grabs on the City Council.

SAMPLE BALLOT

KOTZEBUE CITY COUNCIL
SEAT "D"
THREE (3) YEAR TERM
VOTE FOR ONLY ONE (1)

- Thomas Baker
- Ernest Norton

(Write In)

KOTZEBUE CITY COUNCIL
SEAT "E"
THREE (3) YEAR TERM
VOTE FOR ONLY ONE (1)

- Hans Bernhardt Nelson
- Sandra Shroyer

(Write In)

Arctic Spirits Manager's Report

To: Billy Reich
CC: Esther Greene
From: Tom Atkinson, Arctic Spirits - Manager
Date: August 1, 2018
Re: Arctic Spirits Manager's report and monthly recap comparison.

The following is a calendar recap for July 2018 as compared to July 2017.

Total revenue collected in July of 2018 was \$301,027 compared to \$291,125 in July of 2017. This is an increase of \$9,902 or 3% more revenue than last year. There were 26 sales days in July of 2018 and 26 sales days in July of 2017.

In July of 2018 we had 8,078 customers compared to 7,754 in July of 2017 which is an increase of 324 more customers than the previous year. This is an increase of 4% to LY. The average sale in July of 2018 was \$37.27 compared to \$37.55 in July of 2017 or an average of \$0.28 less spent per customer this year compared to LY.

Cigarette sales in July of 2018 were \$6,525 as compared to \$4,798 in July of 2017. This is an increase of \$1,727 in sales compared to this time LY. Cigarette sales have been trending up substantially TY compared to LY.

The usual seasonal sales drivers helped contribute to the increase in sales. The commercial fishing season is going well with 2 commercial processors buying fish at a higher price per pound than last year. Regular seasonal activities in construction and other projects also helped increase the customer count which also added to sales.

We are bringing in 3 – 20 foot containers of alcohol on the last barge. Two are full of our highest volume hard alcohol, R & R Whiskey and Monarch Vodka. The remaining container is filled with Budweiser 18 and 30 pack beer. Bringing up items on the barge increases our profit margin as we pay less for transportation and also get reduced pricing on the product coming out of Seattle as compared to Anchorage. As a business we could increase the amount of money we make without selling more product just by ordering more to come up on the barge in the summer. Unfortunately we lack adequate storage facilities to do this. This is something the city should look at as it would be an easy opportunity to make more money.

July 2018

The Delivery Site logged 6 transactions.

The number of 10 day permits issued was 554.

The number of 30 day permits issued was 21.

The number of 90 day permits issued was 9.

The number of 180 day permits issued was 14.

The number of one year permits issued was 149.

The number of new permits was 59 for the month.

5 reports of public intoxication were received from the KPD. 9 permits were suspended or revoked due to public intoxication citations and/or background checks.

The July 2018 inventory has been completed and filed.

Please feel free to contact me if you have any questions.

Tom Atkinson
Arctic Spirits Store Manager



To: Billy Reich - City Manager
From: Jason Miles, PE, CFM - City Engineer
Date: August 9, 2018
Re: Capital Projects Update from 7/13/2018 through 8/8/2018

- 1. Replacement of Sewage Lift Stations 1,7,9 and 12**
 - a. Recent discussions with funding agencies indicate the \$1 mill match will remain an obstacle unless ADEC allows for one and possibly two of the lift stations to be combined with the water treatment plant project.
- 2. Swan Lake Boat Harbor**
 - a. Staff is working with the Engineer (AECOM) to address the high-water issues associated with the transition ramps/gangways.
 - b. Security cameras and associated equipment that were purchased last season will be installed soon.
 - c. Working with the vendor of the harbor's transition ramps / gangways, we have settled on an appropriate design. Details and cost from the vendor are forthcoming, with installation of security gates next season due to lead time for fabrication.
- 3. Cape Blossom Road and Deep Water Port**
 - a. Work has been completed for the material stockpile project, material quantities have been confirmed by the Engineer, closeout documents are in process, and final payment to Drake Construction is being advanced by the State.
 - b. The BUILD grant application for Cape Blossom Road, prepared by Remote Solutions with the full support of ADOT, was submitted to the federal government.
 - c. Special thanks to City administration, Finance, our City attorney and Lt. Joe Linger for assistance with the grant submittal.
- 4. Third Avenue Sidewalk**
 - a. Slow progress at ADOT continues regarding funding and project initiation. According to their project representative, we anticipate funding approval and project start-up soon. I will continue to follow up with the ADOT rep.
 - b. City Council desire is to construct the sidewalk along one side of Third Avenue.
- 5. Landfill & Baler Compliance Issues**
 - a. ADEC performed their annual solid waste facilities inspection this week.
 - b. Staff is working through the most recent comments provided by ADEC in response to our last permit application submittal. Our next submittal will be forwarded to ADEC next week.
 - c. The permit renewal will be an ongoing process as ADEC's requirements for permit renewal are much more substantial than in previous years.
 - d. Special thanks to Public Works for their assistance with permit renewal efforts.
- 6. 2018 Scattered Sites – Utility Services to Existing Homes**
 - a. ANTHC will soon bid water and sewer utility services to 6 existing homes.
 - b. This project is managed by ANTHC.



7. New Water Treatment Plant (WTP)

- a. ANTHC has approved the City's project management submittal.
- b. The draft Request for Qualifications (RFQ) for procurement of design/engineering services has been circulated for review and comments. Comments received are being incorporated into the RFQ to be advertised very soon. Special thanks to Public Works for their prompt review comments and suggestions.
- c. The Pre-proposal Conference for procurement of design/engineering services is now set for September 4 at 1pm.
- d. The first phase of construction funding totaling over \$3.2 mill has been approved. This is in addition to the design funds totaling over \$2.2 mill that have already been approved.

8. Swan Lake Loop Water Main Replacement

- a. Design in 2018, construction in 2019.
- b. Selection of engineering consultant will coincide with new WTP design procurement for savings through economy of scale.
- c. See comment 7a above regarding ANTHC approval of our project management submittal, as this project is incorporated into the new WTP project management application.
- d. Special thanks to Matt Lazarus for his suggestions to improve the water main infrastructure associated with this project.

9. Biomass Project

- a. Based on preliminary discussion with agency reps, it may be possible to incorporate the biomass project into the new WTP project. This will be a primary consideration for the new WTP design.

10. Pavement Management

- a. This issue requires discussion of potential funding solutions.
- b. Funding will most likely be in the form of a substantial loan to the City, if approved, but will take considerable effort to secure a loan through USDA or another entity if the decision is made to pursue this.

11. North End Erosion

- a. No progress over the past month.
- b. ADOT has indicated they may be able to assist and are researching potential funding solutions internally.

12. Grants Administration

- a. Grant reporting to pertinent agencies is current.
- b. See item 3b above regarding the BUILD grant application for Cape Blossom Road.
- c. We are awaiting a decision from the grant funding agency regarding our grant application for the E911 System and Dispatch Consoles.

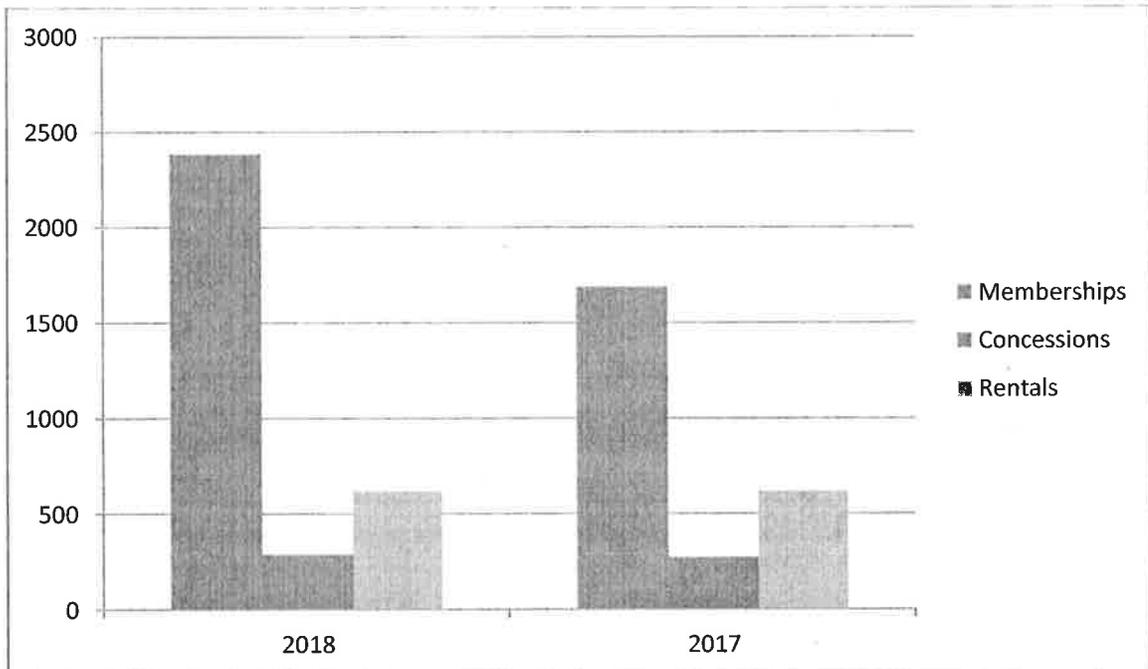
City of Kotzebue Parks and Recreation
 Director Sonia McCabe

Program Monthly Average Attendance:

	Average
Toddler Time	5
Kindergym	7
Rec Center Daily Use	25
Youth Open Gym	16
Teen Night	6

Revenue Collected:

	Membership	Concessions	Rentals	Donations
2017	\$1689.00	\$274.00	\$1050.00	0
2018	\$2384.00	\$289.00	\$620.00	0



Boys and Girls Club Report:
Club Manager Alan Conwell

**DAILY
ATTENDANCE
7/7/2018**

Weekday	Date	Total Daily Attendance	Other Youth Served (*OYS)	Number of Club Snacks Provided	Meal Count - Provided by BGC
Monday		10	0	7	
Tuesday		10	2	6	
Wednesday		0	0	0	
Thursday		17	8	9	
Friday		10	3	10	
Saturday					
Total Average or ADA		9	13	32	0

**DAILY
ATTENDANCE
7/13/2018**

Weekday	Date	Total Daily Attendance	Other Youth Served (*OYS)	Number of Club Snacks Provided	Meal Count - Provided by BGC
Monday		15	6	9	
Tuesday		14	3	10	
Wednesday		29	8	14	
Thursday		20	3		
Friday		26	8	11	
Saturday					
Total Average or ADA		21	28	44	0

**DAILY
ATTENDANCE
7/20/2018**

Weekday	Date	Total Daily Attendance	Other Youth Served (*OYS)	Number of Club Snacks Provided	Meal Count - Provided by BGC
Monday		28	12	14	
Tuesday		39	20	27	
Wednesday		36	16	15	
Thursday		35	16	6	
Friday		34	23	19	
Saturday					
Total Average or ADA		34	87	81	0

**DAILY
ATTENDANCE
8/3/2018**

Weekday	Date	Total Daily Attendance	Other Youth Served (*OYS)	Number of Club Snacks Provided	Meal Count - Provided by BGC
Monday		22	9	0	
Tuesday		17	4	0	
Wednesday		25	9	0	
Thursday		15	3	0	
Friday		29	13	19	
Saturday					
Total Average or ADA		22	38	19	0

Public Works Report
Dennis Jennings Public Works Director
July 2018

Refuse Department: Ernie Hyatt and crew have been working at great length to bring our landfill into compliance. Extensive fence repair and maintenance along with fence-line cleanup has been done, transfer of derelict equipment from our closed cell to the fenced area Northeast of the rip rap pile is near completion along with cover material placement has greatly improved the overall look at the site. Great job Refuse Department!

Laborers: Our laborers have been busy with helping complete the much needed work at our landfill site. Extensive cleanup at the Southern gate entrance and fence-line along with straightening and repairing fences around the perimeter have been completed.

Streets Department: Streets has been working on road maintenance as well as grading Ted Stevens Way. In town maintenance has consisted of cold patch work using asphalt and gravel fill material for larger areas. Dust control has been handled very effectively by watering the gravel roads as well as using Durasol. Terry McCall also worked on Devil's Lake road to prep for the silt pile removal that was agreed on for our Watershed Protection agreement with the USACE

Shop Department: Steadily working on vehicles and equipment as the work orders come in. General maintenance along with emergency repair work has been done for our aging fleet of heavy equipment; this has involved our newer Hydro-Vac, the 150 and 110 loader as well as the excavator out at the landfill.

Line Maintenance: Ricky Watson is the new Line Maintenance Supervisor and is doing a great job stepping up. New critical spare parts are being ordered for having on hand should emergency work need to be done on our Gorman Rupp lift station pumps. Critical back-up pumps should arrive soon and Ricky is also instituting the use of maintenance logs for each lift station along with conducting a physical inventory of all Line Maintenance equipment and parts.

Building Maintenance: Handles all work orders that are generated through the Public Works Department. Leo and Robert have been working on Lift Station electrical needs as well as general building maintenance duties in all of our facilities. The camera system for Swan Lake Boat Harbor will be installed before winter sets in this year, this will involve approximately 1000' of trenching as well as physically installing eight security cameras and associated hardware.



July 2018 City Planner Report By Ed Garoutte

Building Permits

A setback variance had been approved for Sophie Foster through Planning Commission Resolution 2019-01. Sophie received Building Permit 18-04 for construction of an ADA compliant ramp to be constructed by Rural Cap for improving handicapped accessibility. A series of setback variances had been approved for Clayton Gindt through Planning Commission Resolution 2019-02. Clayton received Building Permit 18-10 for construction of an addition to his existing house. Edwin Viglione received Building Permit 19-02 for altering his existing home through demolition of an arctic entry and installing a window. Gordon Strickland received Building Permit 19-03 for construction of a second story addition to his house and an addition to a shop.

Moving Permits

Guy Adams received Moving Permit 19-01 for Drake Construction to move a structure from Tract 2, USS 2645 to Lot 5A, Block 8, USS 2863.

Excavation Permits

Drake Construction received a Permit to Excavate 19-05 located at House #505 Shore Avenue, Lot 9, Block 1, USS 2863 to relocate a transformer post to improve accessibility to the property. Elmer Brown received a Permit to Excavate 19-06 located at House #670 Caribou Drive, Lot 17, Block 6, USS 2645 to remove cut and remove brush.

Subdivision/Re-plat

Paul Roetman who owns property 821 C and D Lake Street, Lot 1B, Block 7, Tract 'A' U.S.S. 4498 is in the process of subdividing creating a zero lot line.

Division of Geological and Geophysical Surveys

Jacquelyn (Jaci) Overbeck, Coastal Hazards Program Manager for Alaska Department of Natural Resources Division of Geological and Geophysical Surveys visited Kotzebue to discuss Kotzebue Flood Hazards. Participants included; Jacquelyn (Jaci) Overbeck, Coastal Hazards Program Manager; Dennis Jennings, Public Works Director; John Chase, Borough Community Planner and myself. Discussion included installing a replacement water level sensor at 2nd Bridge. Elevation of Flood Waters will be recorded in a database under development at Division of Geological and Geophysical Surveys. Data from the water level sensor currently at Kotzebue can be found at: <https://water.weather.gov/ahps2/hydrograph.php?wfo=pafg2&gage=kzta2>



City of Kotzebue, Alaska
Police Department

258B Third Avenue Box 550 Kotzebue, AK 99752-0550

Office: 907-442-3539 Fax: 907-442-3357

www.kotzebuepolice.com

Thomas Milliette, Chief of Police



To: Billy Reich, City Manager
Re: Activity Report

The Kotzebue Police Department has responded to 498 community requests of service since last month's activity report. The police department has investigated multiple serious crimes, to include sexual assault, sexual assault of minors, DUI, theft and domestic violence assaults which resulted in the identification/apprehension or development of investigative leads for persons involved. The police department has also initiated multiple traffic stops on underage drivers and continues to conduct business security checks to help detour burglary and destruction of private property.

The police department continues to work with our local public safety agencies and community service organizations by submitting weekly reports to housing managers in Kotzebue and when requests are made from the Office of Children's Services, State of Alaska Adult Probations and State of Alaska Juvenile Probations. Further, the Kotzebue Police Department and the Kotzebue Regional Jail are partnering with the Northwest Arctic Borough, Village Public Safety Officer program to establish an annual job fair where all departments will jointly advertise for VPSO officers, KPD officers and KRJ corrections/dispatcher positions in Kotzebue and our surrounding region.

Staff Development and Training – Occurred or is scheduled to occur.

1. Officer Chris Cook has been attending the University of Alaska Fairbanks Police Academy since July 9th. I have spoken to him on a weekly basis, and he is doing well; however, he is looking forward to finishing and returning to work in Kotzebue.
2. Sgt. Dave Roberts has attended an evidence training seminar which began on July 30th, and we look forward to implementing what he has learned.

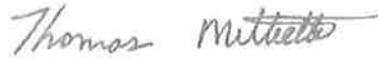
We currently have four police officer positions open, one investigator position open and one corrections officer position open. The police department has received letters of interest to fulfill the investigator position and applications are being processed to fill our other openings. We are hopeful on a few applicants, but it will come down to their suitability within our department and the City of Kotzebue.

Department Facility, Resources, and Personnel – The police department currently has one patrol car out of service due to engine failure. Shop personnel have continued to make patrol car repairs a priority and once an engine arrives our entire fleet will be back in service.

The police departments workstations are dated and out of warranty. The patrol officers have two out of a total of five workstations to prepare reports and conduct investigations. The jail has two APSIN (Alaska Public Safety Information Network) computers inoperable, and the central dispatch computer is crashing on a daily basis.

Animal Control – ACO Arron Arnette received 58 calls for service in July. ACO Arnette has varied his schedule in response to complaints of pets being allowed to run free after 5 PM.

I wanted to extend a thank you for providing me the opportunity to serve as Chief of Police for the City of Kotzebue. I look forward to working with everyone in this new capacity, and I appreciate everyone's willingness to work with me during this transition.

A handwritten signature in cursive script that reads "Thomas Milliette".

Thomas Milliette, Chief of Police