



City of Valdez

212 Chenega Ave.
Valdez, AK 99686

Meeting Agenda - Final

Economic Diversification Commission

Wednesday, June 21, 2017

7:00 PM

Council Chambers

Regular Meeting - CANCELLED

REGULAR AGENDA - 7:00 PM

I. CALL TO ORDER

II. ROLL CALL

III. PUBLIC BUSINESS FROM THE FLOOR

IV. NEW BUSINESS

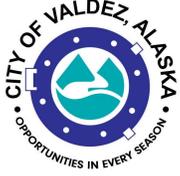
1. [Election of Commission Chair and Chair Pro Tempore](#)
2. [Discussion Item: Recommendations to City Council Regarding Future Commission Goals](#)

V. REPORTS

1. [Report: Update Regarding Commission Questions From the June 7, 2017 Regular Economic Diversification Commission Work Session](#)

VI. COMMISSION BUSINESS FROM THE FLOOR

VII. ADJOURNMENT



Legislation Text

File #: 17-0337, **Version:** 1

ITEM TITLE:

Election of Commission Chair and Chair Pro Tempore

SUBMITTED BY: Martha Barberio

FISCAL NOTES:

Expenditure Required: N/A

Unencumbered Balance: N/A

Funding Source: N/A

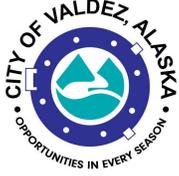
RECOMMENDATION:

Elect Commission Chair and Chair Pro Tempore

SUMMARY STATEMENT:

With the departure and addition of several commissioners, a new Commission Chair and Chair Pro Tempore must be elected.

Commissioners must verbally nominate candidates for these two positions and then a vote will be held.



Legislation Text

File #: 17-0338, **Version:** 1

ITEM TITLE:

Discussion Item: Recommendations to City Council Regarding Future Commission Goals

SUBMITTED BY: Martha Barberio, Economic Development Director

FISCAL NOTES:

Expenditure Required: N/A

Unencumbered Balance: N/A

Funding Source: N/A

RECOMMENDATION:

Discussion item.

SUMMARY STATEMENT:

During the June 7, 2017 work session, the Commission discussed future goals for Economic Diversification.

Today's discussion item will build upon the work session conversation to more clearly articulate the original purpose of the Commission, what has been accomplished by the Commission thus far, and recommendations to City Council regarding the future of the Commission.

Please find the Ordinance creating the Commission attached for reference. The original Commission charter is also attached for reference.

Following today's discussion, Ms. Barberio will draft a memo to City Council regarding the Commission's history, completed initiatives, and future project or advisory role recommendations. This memo will be presented to the Commission at the next regular meeting for approval. Following approval of the recommendations, a joint work session with City Council will also be scheduled.

CITY OF VALDEZ, ALASKA

ORDINANCE #14-3

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF VALDEZ,
ALASKA, CREATING CHAPTER 2.60 OF THE VALDEZ MUNICIPAL
CODE CREATING AN ECONOMIC DIVERSIFICATION COMMISSION

WHEREAS, the City of Valdez has found diversification of the economy to be important; and

WHEREAS, a cohesive approach to economic diversification planning is necessary for success; and

WHEREAS, no group currently exists to provide an advisory role for comprehensive economic diversification in Valdez; and

WHEREAS, the 2002 Northern Economics report, *Economic Impacts of Alyeska Layoffs and Economic Development Plan for Valdez*, identified the need for an economic development body of some type; and

WHEREAS, the 2009 McDowell Group study, *Valdez Community GAP/Market Analysis*, identified a gap in the community due to lack of a structured economic development leadership; and

WHEREAS, the 2009 McDowell Group study further recommended development of a formal, structured economic development leadership group; and

WHEREAS, the 2013 *Valdez Community Strategic Plan* identified economic diversification as one of four broad goals for the community; and

WHEREAS, following numerous work sessions, in February 2014 the City Council gave direction that economic diversification is the City's top priority; and

WHEREAS, Valdez needs to implement "Interim measures" to develop a comprehensive economic diversification strategy, to determine the structure of a community economic diversification organization, and the implementation plan for both; and

WHEREAS, the City of Valdez has determined an Economic Diversification Commission will best suit the needs of the community as an initial Interim Measure, and perhaps a longer term solution.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF VALDEZ ALASKA, that:

Chapter 2.60 of the Valdez Municipal Code is created as follows:

Chapter 2.60

ECONOMIC DIVERSIFICATION COMMISSION

Sections:

2.60.010	Establishment – Composition – Appointment of members.
2.60.020	Powers and duties.
2.60.030	Quorum and voting.
2.60.040	Limitations.
2.60.050	Definitions.

2.60.010 Establishment – Composition – Appointment of members.

A. There is established an Economic Diversification Commission which shall consist of seven members who shall be appointed by the mayor, with the approval of the city council. The terms of the commission members shall be for three years or until their successors have been appointed and approved. The term of two members shall expire each year with the additional term expiring every third year. Vacancies shall be filled in the same manner as the commissioners are appointed.

B. Appointment to the commission shall be adjusted by the mayor and city council to ensure continuity. In this regard, initial appointments may be made for terms other than three years, to ensure that the terms of no more than three members expire in any one year.

C. Members of the commission shall be diversified to the maximum extent possible and appointed to represent specific industry sectors of the economy. No two members may be appointed to serve concurrently from the same industry sector. Representatives will be selected from among the following industry sectors:

1. Accommodations
2. Commercial Fishers
3. Contracting/Trades
4. Food & Beverage
5. Healthcare
6. Micro Business/Non-Professional Sole Proprietors
7. Oil & Gas
8. Professional Services (attorney, engineer, banker, real estate, media, etc.)
9. Retail
10. Seafood Processing
11. Sport Fisheries
12. Summer Tours & Attractions
13. Transportation
14. Utilities
15. Winter Tours & Attractions

D. The commission shall elect its chairman from among the appointed members.

E. There may be an additional appointed ex-officio position to represent the military members of the community. This position may be held by a local active-duty member of the United States Coast Guard or National Guard. This seat is a non-voting, advisory position.

Section 2.60.020 Powers and duties.

The commission is an advisory commission to the city council. It shall:

- A. Have the authority to prepare and submit to the city council for its approval a comprehensive economic diversification strategy for the overall economic diversification of the community. The commission shall recommend modifications of such plan from time to time, as it deems in the city's interest;
- B. Prepare and recommend to the city council for approval reports and plans regarding socio-economic data and specific sectors of the economy;
- C. As directed by the city council, review and make recommendations to the council for approval of strategic plans, plans of work and funding requests of agencies, organizations, and event sponsors;
- D. Review and make recommendations to the city council for approval on projects submitted for economic development grant funding opportunities;
- E. Receive, consider and evaluate public input, opinions and recommendations regarding economic diversification programs of the city and advise the city council of any findings or recommendations;
- F. Monitor progress and report to council the status of capital improvement projects, programs and activities outlined as goals, objectives or action items in the community's economic strategy;
- G. Have the authority to prepare and submit to council for approval regular quarterly or annual reports documenting economic trends in the community;
- H. Make recommendations to the city council regarding the economic diversification portion of the annual city budget;
- I. Meet at least once a month and cause minutes of each meeting to be recorded and forwarded to the city council through the city manager;
- J. Perform such other activities as may be requested of it by the city council.

2.60.030 Quorum and voting.

A quorum of the economic development commission for the conduct of any meeting or public hearing shall be a majority of the commission. No actions shall be taken by the commission except by concurrence of at least four members.

2.60.040 Limitations.

The commission has only those powers and duties set forth in this chapter and those necessarily implied from those enumerated. In particular, the commission may not:

- A. Expend or obligate city funds without prior approval of the city council; or
- B. Act in any manner inconsistent with the requirements of Section 2.60.020.

2.60.050 Definitions.

For the purposes of this chapter, the following words and phrases shall have the meanings respectively ascribed to them by this section:

"Economy" means the process or system by which goods and services are produced, sold, and bought.

"Economic development" means the process by which the economy is caused to grow, or a sector of the economy is made more advanced.

"Economic diversification" means the process by which the economy is changed to increase the variety of goods or services produced or offered.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA THIS 7th DAY OF April 2014.

CITY OF VALDEZ, ALASKA



David C. Cobb, Mayor

ATTEST:



Sheri L. Pierce, MMC, City Clerk

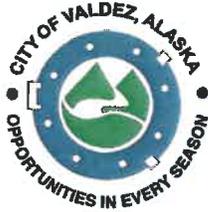
APPROVED AS TO FORM:



William M. Walker, City Attorney
Walker & Richards, LLC

First Reading: 3/18/14
Second Reading: 4/7/14
Yeas: 5
Nays: 0
Absent: 2
Abstain: 0





An Introduction to
The City's new
Economic Diversification Commission

Introduction

During the community's two-year Strategic Planning process one of the four goals established was "Valdez will have a healthy, diverse economy." In February of this year the City Council determined development of a comprehensive economic diversification program to be a top priority. To that end the City has adopted what are being called "Interim Measures." To address economic diversification and development opportunities in a comprehensive manner the community needs an economic diversification strategy, and a way to implement it. Implementation includes having the appropriate resources and organizational structure to address needs and opportunities. The community currently lacks both of these key components.

Interim Measures

Through Interim Measures (IM) we hope to solve these deficiencies. During IM the newly formed Economic Diversification Commission will lead the public process to develop an economic diversification strategy and determine the best permanent structure for organizational implementation of the work associated with the strategy. It is anticipated IM will last between 12-18 months. The Commission will accomplish this with the assistance of leadership/mentorship by the University of Alaska Center for Economic Development (UACED), likely with the use of a process called Strategic Doing. Temporary staff (either City or contract) will also be assigned to work with the Commission.

Strategic Doing

Strategic Doing is a process developed by Ed Morrison with the Purdue University Center for Regional Development that guides groups through accomplishing action items associated with long term goals, rather than just developing another "shelf-sitter" plan. During mid-April Mr. Morrison was in Valdez and provided an introduction to the process at both a Council work session and a community workshop. Strategic Doing is very simple in concept, but takes considerable discipline. Once appointed, the Commission will go through an intensive training workshop on Strategic Doing. That is anticipated to happen sometime in June or July. There will also be another community workshop to provide an additional opportunity for the public to learn about the process. Information about Strategic Doing is included on the City's website as one of the downloadable documents available with the information about the new Commission.

Commission Longevity

The Council established the Economic Diversification Commission through ordinance. A copy of the ordinance is also available for review on the website. While the Commission is initially being seated as an interim body, the ordinance was written such that the Commission could remain in place in perpetuity if necessary. The role and responsibility of the Commission, as outlined in the ordinance, is also suggestive of long-term engagement. But it is important that prospective commissioners understand that the Commission may sunset following the completion of work on Interim Measures. The development of an organizational implementation plan will include exploring all options of economic development organizations (EDO). This will include, but certainly may not be limited to, a private non-profit organization, a public-private partnership, or a new/expanded City department. The preferred structure may, or may not include the continuation of the Commission.

Initial Commission Roles & Responsibilities

During Interim Measures (again 12-18 months) the Commission will be responsible for leading the public process in:

- ✓ Development of a Comprehensive Economic Diversification Strategy
- ✓ Determination of a preferred permanent organizational structure for strategy implementation
- ✓ Recommendations for implementation funding
- ✓ Oversight of gathering and tracking of baseline socio-economic data for the community and region
- ✓ Oversight of some economic diversification/development opportunities currently in play

Estimated Timeline

The estimated timeline for tasks leading up to the “official” start of work by the Commission is outlined in the following table. These dates are subject to change.

Task	Timeline Estimate
Advertise for Economic Diversification Commission Members	Early May 2014
Council Appointment of ED Commission Members	Early June 2014
Negotiation of Agreement with UACED	Early June 2014
Council Approval of ED Budget	June 2014
Council Approval of UACED Agreement	June 2014
Advertise RFP or Position for ED Staff	June 2014
RFP Review or Interviews for ED Position	Late June 2014
Additional Strategic Doing Community Workshop	TBD
Council Approval of ED Staff Contract (if necessary)	Early July 2014
Strategic Doing Intensive Training for Commissioners & Staff	Early July 2014
Interim Measures Work Officially Begins	Late July 2014

Commission Membership

The Commission is made up of seven members. Each member must work within one of 15 industry sectors identified in the ordinance. No more than one person from each sector may serve on the Commission at the same time. Those 15 sectors are:

- ✓ Accommodations
- ✓ Commercial Fishers
- ✓ Contracting/Trades
- ✓ Food & Beverage
- ✓ Healthcare
- ✓ Micro Business/Non-Professional Sole Proprietors
- ✓ Oil & Gas
- ✓ Professional Services (attorney, engineer, banker, real-estate, media, etc.)
- ✓ Retail
- ✓ Seafood Processing
- ✓ Sport Fisheries
- ✓ Summer Tours & Attractions
- ✓ Transportation
- ✓ Utilities
- ✓ Winter Tours & Attractions

Commissioner Appointment & Terms

In the event the Commission survives the IM process, the term of each Commission seat will be for three years. To keep all Commission seats from expiring at the same time the initial terms will be staggered (2-1 year terms; 2-2 year terms; 3-3 year terms). The Council will appoint seven members from the pool of candidates, again only one from each industry sector. At the time of appointment the term length for each seat will be drawn randomly. Please remember, the Commission may sunset at the completion of Interim Measures.

Applications

An application may be downloaded from the City website. Fully completed applications should be returned to the City Clerk's office either by email to Holly Wolgamott at hwolgamott@ci.valdez.ak.us or in person at the Front Counter in City Hall located at 200 Chenega Avenue. Applications are due by 5:00pm on Wednesday, May 28, 2014.

Questions

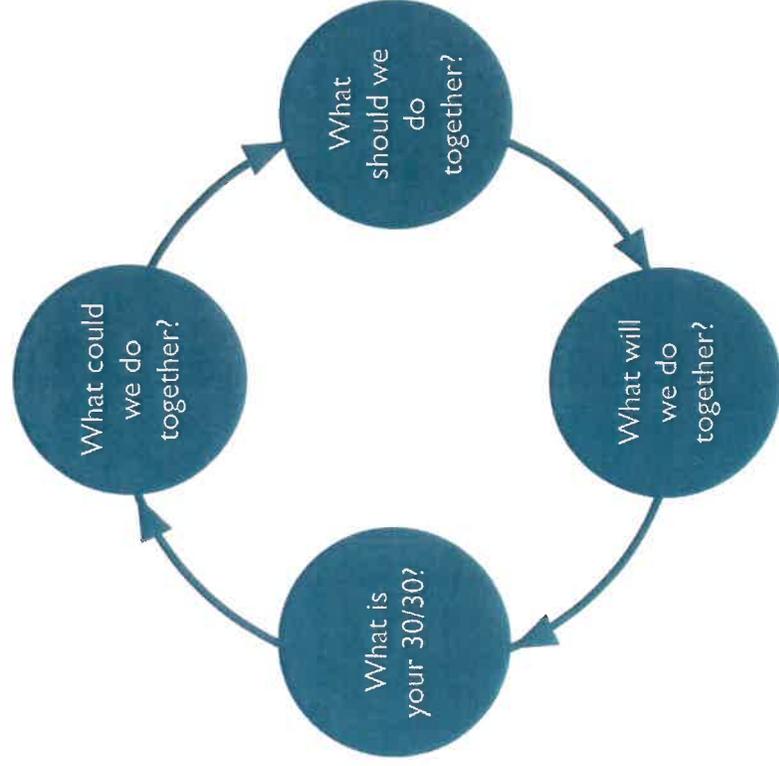
Questions should be directed to Lisa Von Barga in the Community Development Department by email at lvonbarga@ci.valdez.ak.us or by phone at 834-3425.

Strategic Doing in a Nutshell

Our economy is undergoing fundamental shifts. The integration of global markets, coupled with the explosion of the Internet in the late 1990's, created a "perfect storm" of deep economic change. To thrive in this environment, regional economies need balanced strategies that encourage new conversations, open networks, and collaborative investments that share risks and returns. Yet, the old approaches to strategy -- strategic planning -- do not work very well in moving us forward. The reason is simple. Strategic planning was designed to guide hierarchical organizations. It does not work in loosely connected networks where no one can tell anyone what to do.

Strategic Doing is an alternative.-- Strategic Doing enables networks of people to collaborate on complex projects. By following a discipline of guided conversations, a loose assembly of people can quickly generate a strategic action plan to keep their collaborations focused and on track. Strategic Doing involves answering four simple (but not easy) questions.

What could we do?-- In networks, opportunities emerge when we connect our assets. Strategic Doing begins with careful listening, so we can identify the assets in our network. We explore how we could "link and leverage" these assets in new and different ways. As we conduct these conversations, new opportunities emerge.



What should we do?-- We cannot pursue every opportunity. We need to start our collaborations by focusing on one. Deciding on what we should do involves defining a clear outcome with concrete characteristics that we can measure. In this way, we can agree on what success looks like. We forge agreement on what we should do.

What will we do?-- Translating ideas into actions involves defining a project with clear milestones to mark our path forward. In a network, execution is a shared responsibility. By making our commitments transparent, our network becomes resilient. We know quickly how we can adjust our actions when we run into obstacles.

What's your 30/30?-- Strategy is an ongoing challenge, a set of experiments that never ends. It is a continuous process of "learning by doing". Only by committing to this continuous learning and adjustment can we figure out what works. Transformation takes place when we grow our successful experiments.



Purdue Center for Regional Development

STRATEGIC DOING:

**THE ART AND PRACTICE
OF STRATEGIC ACTION
IN OPEN NETWORKS**

Staff Publication 2010-1

**Ed Morrison
Economic Policy Adviser
Purdue Center for Regional Development**

February 2010

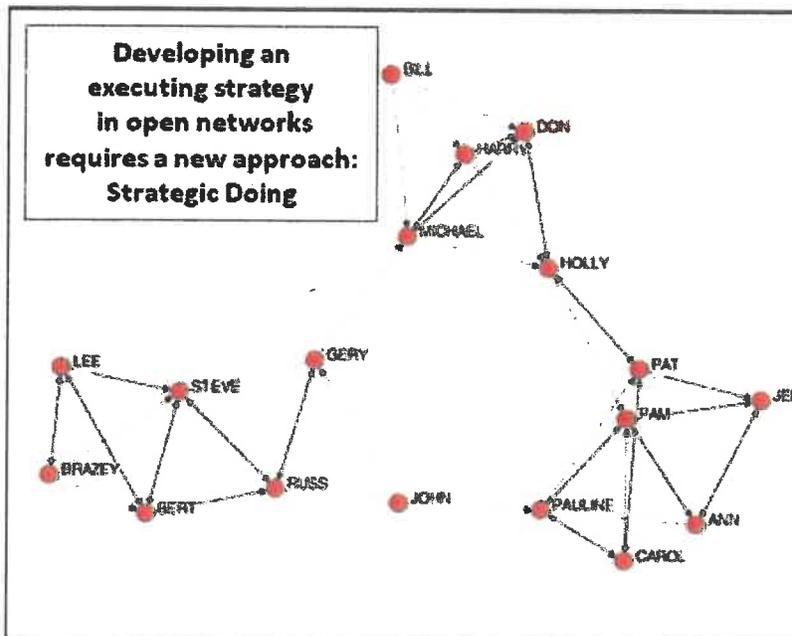
Economies are not just metaphorically *like* open systems, they literally and physically *are* a member of the universal class of open systems.

Eric D. Beinhocker,
The Origin of Wealth: Evolution, Complexity and the Radical Remaking of Economics

The future ain't what it used to be.
Yogi Berra

Strategic doing guides strategy in open innovation networks

As we move into the world of networks, we need to find new ways of thinking together. Strategic thinking and the capacity to translate ideas into action have never been more important. Yet, traditional approaches of strategic planning, developed by corporations 40 years ago, are too slow, too rigid for today's fast cycle world. Command-and-control management styles also don't work very well. Long, drawn-out exercises sap our energy and predictably lead to frustration and discouragement.



Networks are different. In a world of open networks, strategy becomes the art of guiding purposeful conversations. Effective strategy translates ideas into action quickly, so we can learn what works. That's what strategic doing is all about. It's a roadmap for guiding conversations to a deeper level very quickly. Strategic doing

balances both open participation and leadership direction. It helps us identify and keep focused on the transformational questions that move people. At the same time, strategic doing is never far from execution: What's our next step?

While inflexible approaches to strategic planning are becoming obsolete, we still need practical strategies. We need to find fast ways to link and leverage our assets in order to achieve transformational outcomes. How do we reduce high school dropouts and by 30% in three years? How do we accelerate the number of start-ups in our region by a factor of ten? How do we double or triple the number of health care technicians or machinists we are training? These are the big questions, the transformative questions.

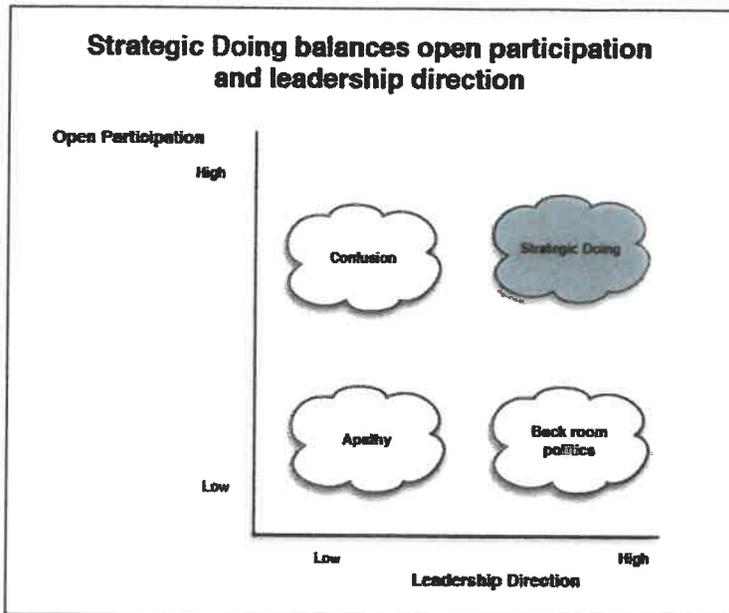
Strategic doing can help us answer them. Strategic doing is a set of principles, practices and disciplines for implementing strategy in a network. Old models of strategic planning were designed for hierarchical organizations, and they do not work well. Strategic doing is different. It guides strategy across organizational and political boundaries with a discipline to build collaborations quickly. Strategic doing answers four questions:

- What could we do together?
- What should we do together?
- What will we do together?
- When will we get back together?

Sounds simple, yet, it is not easy. Too few of us have learned the civic habits of keeping our conversations focused and on track. Too few of us have learned the skills of thinking together. Too few of us follow the handful of simple rules we need to manage complex projects in an open network. This should not surprise us. Hitting a golf ball straight looks easy, but it's not. Cooking a good meal from scratch looks easy, but it's not. Like any new skill, strategic doing takes practice.

Here's the good news. Once we learn the discipline of strategic doing, the process of strategy becomes faster, much faster...and a lot more fun. Translating ideas into action is no longer an obstacle, but an opportunity. Moving ideas to action becomes an integral part of how we work together. Once we understand the process, we can move ideas into action quickly. And not just a few ideas. We can move a lot of them. That's what creativity, innovation and learning are all about.

Action plans are still important for a simple reason: We tend to get lost unless we write down our tasks and next steps. At the same time, our strategic plan is no longer a thick dust collector on the shelf. Rather, it becomes a concise guide that quickly explains



where we are going and how we are going to get there. It's fast to read and easy to understand. At the same time, with strategic doing, there is no final strategic plan. Instead, our plans are more like strategic agendas that we can quickly revise to reflect midcourse corrections, new insights from what we have learned, and new opportunities that pop up from time to time. Learning is what

makes strategic doing fun. Making connections, learning, collaborating: this "work" is hardly work at all. It's both gratifying and rewarding, because it takes place in an atmosphere of trust, mutual respect, and enduring relationships. We collaborate and learn from people whom we trust and respect. At the same time, we are willing to share what we know when we sense that others value our insights and perspectives.

Strategic doing is also a skill that we can teach to others, once we have learned it ourselves. So, strategic doing is low cost and scalable. It can become a convenient framework for igniting and managing creative collaborations. We need enduring collaborations to integrate education, workforce development, and economic development. Strategic doing can deliver them. It helps us set quality standards for our civic collaborations. It becomes how we get stuff done when we venture outside the four walls of our own organizations.

There's more good news. Strategic doing is flexible. You can start the process in as little as an hour. Of course, as with most things, more time is better. But in today's world, we need to adjust to the fact that everyone's time is both scarce and precious. So we need to be flexible. We need to be prepared to do our strategic thinking on-the-fly.

The Simple, Guiding Questions of Strategic Doing

Let's look at more detail to the questions that guide strategic doing.

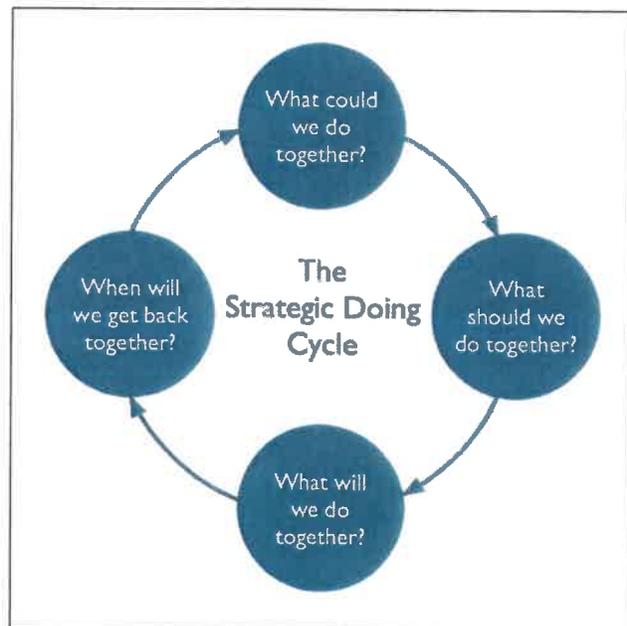
What could we do together? Strategic doing starts with our assets. Asset mapping is a critical first step, but it is not enough to list our assets. We need to probe. We need to ask questions about how our assets -- our strengths -- could be combined in new and different ways. This step calls us to creativity. We need to see new patterns in our assets, new connections that we could form, new collaborations that align our interests and help us achieve some mutually beneficial outcomes.

During this first step, we gain some insights about the importance of purposeful conversation.

First, we learn that the key to deep conversation is not speaking, it's listening. (Another Yogi Berra quote comes to mind: "It was impossible to get

a conversation going, everybody was talking too much.") We also learn another important lesson: Our thinking follows the direction of our conversation. That's why focusing on our assets is so important. Our future prosperity will flow from the opportunities we see by linking, leveraging and aligning our assets.

Every person, every organization has an infinite list of deficiencies: things we do not have or cannot do. At the same time, every individual, organization, community



possesses some clear and unique attributes, a set of assets that define who you are, what you can do, and how you live your life.

To understand the power of linking assets, follow a small thought experiment. Consider a group of three people: you and two of your friends. The combination of your attributes your skills, your experiences, your intelligences -- is unique on the planet. No group has quite the same mix. How can you combine your assets to create something new? Only your friends and you can answer that question, of course. And you'll need some deep, engaging conversation to do it.

Now add another dimension: your networks. Each one of you has a group of trusted people in your networks. One of your friends might have a small network, ten people or so. Another might have a network that is considerably larger, fifty people or more. In any case, these networks are also assets on which you can call for an important purpose. Now, we are not talking just about three unique individuals. We are all of the sudden engaging a network twenty to thirty times as large. Our thought experiment started with a small group of three people. Now let's go back and consider what would happen if we started with a community group of twenty, fifty or two hundred. You can begin to see the possibilities that open networks create.

What should we do together? Once we start focusing on our assets and how we can combine them in new and different ways, we inevitably come up with a lot of different ideas about how we could collaborate. We have all been in brainstorming sessions in which we have covered the wall with new ideas. Then reality hits. None of us has the time to pursue all of these ideas. We need to decide. We need to choose one two or three things that we can do together.

Simply choosing is not enough. We also need to focus on defining clear outcomes. We need to distill and integrate our thinking. We need to be clear about where we are

heading. We need practical, tangible outcomes. Visions can be vague. Outcomes are not.

There's an important reason to focus on practical outcomes. If we want others to follow our leadership, we will need to explain our outcomes concretely. Most people are intensely practical. They will only spend their time on projects they think can succeed. Our verbal picture of a strategic outcome needs to be specific enough to move people. We need to give people the opportunity to experience our outcomes in their mind's eye. They need to picture in concrete terms how things will be different.

Clear, concise strategic outcomes have another benefit. Clarity points us to the metrics we need to measure our progress. For example, if we have a strategic outcome of teaching every third grader to read and comprehend well, we will clearly measure our progress by following third grade reading scores.

What will we do together? Now comes the step of translating ideas into action. To move forward, we need to make mutual commitments. We need to come up with an action plan of who does what, when. Action plans map our path ahead. They are also critical if we are going to enlist the support of others.

By definition, transformation requires us to step outside our comfort zones, outside the familiar patterns of how we lead our lives. People will not move in a new direction without a clear strategic outcome. They need to feel an emotional investment in a strategic outcome. Yet, that is not enough. Before they begin altering old patterns, people also need confidence that there is a practical path to get to our outcome.

People -- rightfully -- see some risk if they are asked to abandon old patterns, old habits, in favor of something new. What if the new path leads nowhere? What if we fail? What if I fail? These are all legitimate concerns. A clear, concise action plan helps us

understand the magnitude of the risks we face and make a decision about whether we will personally commit to moving ahead.

When will we get back together? An action plan and even executing an action plan is not enough. We need to chart out a process for learning together; we need to create a “learning loop”. No one is clear what works. What we learn, we learn by doing. So the last question of strategic doing is probably the most important: “How will we learn together?”

In practical terms, this comes down to answering two questions. First, how we will leverage the Internet to share information and experiences before we meet again? Second, how and when will we come together to assess our progress? To be an effective discipline, we must map a process by which we will reconnect -- both in person and on-line – to continue our learning and the strategic doing cycle.

A continuous commitment to learning and sharing also distinguishes the process of strategic doing from traditional strategic planning. In the traditional approaches to strategy, decisions rest in the hands of a few. With strategic doing, decisions continuously emerge through focused conversation and consensus. We listen to opposing views and reach new insights by integrating new perspectives. Then, we move toward action. Consensus emerges from a shared understanding that talking has its limits. If we are going to transform, it's less important what we do, and it is more important that we do something.

Consensus does not mean unanimity. It does, however, mean open participation in the process of choosing among alternatives. Not everyone needs to agree, but everyone who wishes to participate needs to be heard. We need full open and full debate of our strategic alternatives. Managing these conversations, guiding consensus, and moving toward action quickly requires leadership direction. So, open participation needs to be balanced with leadership: The ability to see patterns, restate issues, integrate diverse perspectives, and move ahead. Good leaders give voice to new insights. They move us

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A pre-publication draft currently undergoing peer review.

toward shared outcomes, and they see the tensions that inevitably emerge as new opportunities for creativity and innovation.

One last point: Throughout the strategic doing process, transparency becomes a critical component of successful collaborations. As trust builds within a community or network, gaining consensus becomes faster. Transparency has other benefits. Not everyone can be everywhere. For people who must momentarily step outside the process -- or for latecomers to a strategic doing process -- transparency helps people engage more quickly. They can quickly make up for what they have missed.

Developing New Civic Spaces with Strategic Doing

To promote innovation, we need new habits to think and act together. In region after region, the central challenge involves moving people out of old patterns of thought and behavior. The best way to move past these old traps is to form new collaborations across organizational and political boundaries.

The irony is, of course, that these boundaries are, for the most part, no longer boundaries at all. In a world of global competition and the Internet, traditional boundaries -- boundaries often drawn decades ago -- simply limit our thinking of what is possible. When you think about it, submitting our thinking to these boundaries doesn't make much sense. It's a little like driving your car by looking in the rear view mirror.

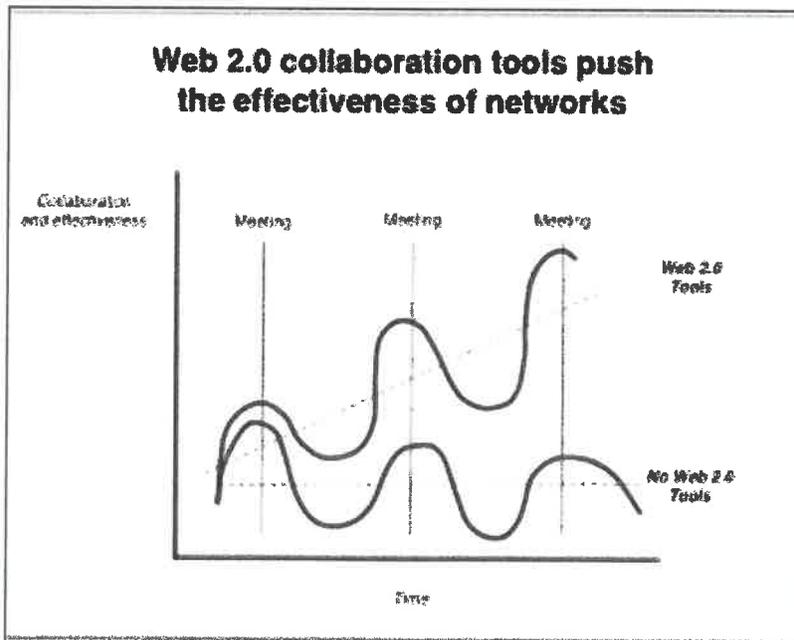
In crossing our traditional organizational and political boundaries, we face some very practical problems, though. Again, it may sound simple, but it is not easy. As a first matter, we often do not have a habit of coming together on a regular basis to explore the big opportunities of transformation. A trusted convener may be hard to find. Or, simply locating a place where people feel comfortable poses problems. More typically, though, we often do not know how to act. We do not behave toward each other in ways that build trust and mutual respect.

Incivility emerges in a wide range of behaviors. People withhold information from each other. People may shout at each other. People may simply ignore each other. Recall a time when you left a civic or public meeting angry or frustrated. Now think about the behaviors (not the people) that gave rise to your frustration. Chances are, at the core, someone's incivility pushed you over the edge.

The irony, of course, is that we do not have to put up with incivility. We can agree to behave toward each other in ways that build trust and mutual respect. We can agree to follow some simple rules. It's not hard. Libraries do it every day.

Leveraging the Collaborative Power of Web 2.0

Strategic doing is not an event. It's a process. Indeed, with strategic doing, the process is the product. By connecting assets to our emerging opportunities, defining clear outcomes, setting action plans, and committing to learning, we are strengthening the habits we need to build networks and the trust that powers them.



The collaborative tools of Web 2.0 -- blogs, wikis, RSS feeds, and others -- energize strategic doing. These tools enable us to collaborate remotely. Web 2.0 unleashes the true power of the Internet – its interactivity. Web 2.0 tools make the two way flow of information easy. We can now communicate “one-to-one”, “one-to-many” and

“many-to-one”. We can embed or stream video and audio files, so that people can be “in the room”. We can share files and co-author documents. All this power is now in the hands of everyone. These tools are now simple enough for anyone who can type.

This interactivity creates profound implications. Information is freely available, and we can locate just what we need quickly. We can filter vast amounts of information and receive only what we want. Continuous learning is open to anyone with a connection to the Internet. People with similar interests can now find each other easily. Equally important, these tools enable on-line communities to thrive. They facilitate creativity, collaboration and sharing among members of a community. Strategic doing quickly leads to the formation of new communities. Web 2.0 tools empower these communities to continue their collaborations.

***Different Mental
Models of
Regional Leadership***

An Appreciative mindset:
Focus on our assets, on what we do want, do have, can do, what is working & why, what we want to move toward, what matters to us.

A Deficiency mindset:
Focus on what we don't want, don't have, can't do, what's not working & why, what we want to move away from, what we feel constrains us.

Strategic Doing and Regional Leadership

Finally, strategic doing requires a different kind of leader, someone who understands the importance of distributing responsibility and decision making widely. With strategic doing, leaders understand that a big part of the job involves helping others to learn. Leaders lead by helping others find and follow their passions. Effective leaders understand that creativity and innovation is not the product of a single mind but the blending of diverse perspectives.

Leaders skilled in strategic doing understand when they must lead from the front and when to lead from the rear. They are comfortable doing both.

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A pre-publication draft currently undergoing peer review.

Regional leaders can play a range of roles. The following table outlines the key roles. As we move toward new models of strategic doing, these roles will evolve.

NEW NETWORK LEADER ROLE	RESPONSIBILITIES
Convener	Maintains the civic spaces
Connector	Links people, networks and assets
Civic entrepreneur	Sees new opportunities
Guide, mentor	Maps a complex process
Strategist	Reveals larger patterns
Knowledge keeper	Distills face-to-face conversations into key points and patterns
Web 2.0 Maven	Applies Web 2.0 power tools

Some Frequently Asked Questions

Can I practice strategic doing?

You can practice strategic doing with your friends, co-workers and your family. Start a conversation about doing something complex together: a writing project, preparing a presentation, planning a family vacation. Notice how your conversation naturally moves from a general sense of linking together strengths to focusing on the outcome – what we want to achieve. We then naturally move to a checklist of next steps. Finally, we figure out when we will next check in with each other.

We are all familiar with the disciplines of strategic doing in our personal life, but we do not naturally apply these disciplines when we are working together. Conversations are easily blown off course and – before you know it – our time is gone. The key to becoming really good at guiding conversations is becoming clearly aware of the

direction your conversation is heading. If it is moving off course, you can redirect it by asking questions to raise the awareness of other that “Hey, folks, we are off course”.

Why do you say that these questions are strategic?

These questions define a strategic direction and action plan for a people in a loosely joined network. By answering these questions clearly and concisely, we are generating all the components we need for a strategic action plan.

Why do you say that strategic planning doesn't work?

Strategic planning is a process of strategic thinking and action that was designed for hierarchical organizations. We are focused on guiding strategy in open networks. While strategic thinking and action has never been more important, how we do strategy must be faster and more iterative than a traditional strategic planning process allows. There are a number of other differences between strategic planning and strategic doing, but speed is the core difference.

What is the most difficult part of strategic doing?

The biggest challenge comes in defining an outcome. Most people are comfortable talking about their destination in broad, general terms: “We want an entrepreneurial community”, or “We are building a seamless workforce system.” These outcomes are too vague to inspire commitment in a loosely joined network. We need specific outcomes. Interestingly, as we get more clarity – as we define our outcomes with tangible characteristics – our points of potential agreement actually increase. It is a bit counterintuitive, but as we get clearer about where we are going, our opportunities for consensus improve.

Where can I learn more about strategic doing?

You can contact Peggy Hosea or Ed Morrison at the Purdue Center for Regional Development. In addition, you might be interested in watching some videos on strategic doing here: <http://vimeo.com/channels/strategicdoing>

Contacts

Contact Ed Morrison or Peggy Hosea at the Purdue Center for Regional Development

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765.236.0955

phosea@purdue.edu

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A pre-publication draft currently undergoing peer review.



Legislation Text

File #: 16-0236, **Version:** 1

ITEM TITLE:

Approval of Partnership with the UAA Small Business Development Center as part of the ED Commission 2017 Plan of Work

ED BY:

Lamar Cotten, Commission Staff Advisor
Lisa Von Bargaen, CED Director

FISCAL NOTES:

Expenditure Required: \$25,000 Investment in SBDC + \$8,160 Travel
Unencumbered Balance:
Funding Source: 2017 Budget

RECOMMENDATION:

Approve Partnership with the UAA Small Business Development Center as part of the ED Commission 2017 Plan of Work.

SUMMARY STATEMENT:

Listed below is a summary of two state business assistance programs and a model of a similar private sector program.

1. State of Alaska Business Retention and Expansion (BRE) program. BRE is a state business assistance program operated at the local level to collect and analyze local business data. Such data is derived from a state created on-line survey taken by individual businesses. This step is followed by direct technical assistance and suggested approaches to outside funding assistance (loans and grants) and other relevant program tools. Possible business technical assistance could be provided from either local business volunteers or from a City or PWS College contractor. In some other regions the Alaska Regional Development Organization (ARDOR) has taken the operational lead for the program. The ARDOR for Valdez is the Prince William Sound Economic Development District. There is no outside funding available to operate this program.

Recommendation. The program objectives appear to be solid. However, staff and operational funding, as well as, program oversight does not seem to be a good fit for Valdez. Consequently, I would suggest at this time, EDC does not pursue this program.

2. Alaska Small Business Development Center (SBDC)-UAA. SBA provides both loan subsidies

and technical advice to new and existing business. UAA's program <https://aksbdc.org> involves a series of practical steps to evaluate establishing or expanding a business. At last week's presentation Julie Nolen, SBDC, agreed to explore online services and possibly be in Valdez for two days a month working with local businesses and individuals seeking technical assistance on establishing a business. We agreed to communicate next week on the matter. This will entail the City covering SBDC travel and per diem expenses. Dan O'Connor offered access to classrooms. Lastly, as a relevant side note, there seems to be genuine interest in the program by some younger business people who attended the luncheon. Moreover, they indicated a strong interest among other younger residents of investigating or starting a business in Valdez.

In a subsequent conversation with Julie Nolan at SBDC, the organization is willing to offer contractual services with the City. However, the scope is different than the preliminary ideas we talked about last month during my visit to Valdez. The scope is as follows: SBDC...

- Seeks to develop a strategic partnership with communities and local organizations by having a staff person travel to Valdez once a month. In order to best serve the Valdez community, a fair amount of ground work would be necessary for Julie to better understand the economic climate and business barriers;
- Commonly receives a local contribution of \$25,000 plus travel expenses for cost of staff involvement for one year. It's apparently the same amount other communities contribute;
- Will provide a series of small business workshops-minimum of six workshops;
- Will provide at no charge in person confidential one-on-one business advise; and
- Would commence the program at the beginning of 2017.

The fiscal note required for this program travel is estimated at \$8,160 for the year if SBDC staff is in Valdez once a month. This budget includes 1) 12 Round-trip Tickets @ \$330 = \$3,960; 2) 12 Hotel Nights @ \$200 = \$2,400; and 3) 24 Days Per Diem @ \$75 = \$1,800.

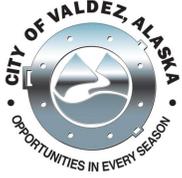
Recommendation. Work with SBDC to schedule a series of Valdez visits by its staff. Work to accommodate this expense into the ED Budget.

3. Sealaska Inc. Path to Prosperity(P2P). Per the website (p2pweb.org) The Path to Prosperity Sustainable Business Concept Development Competition was introduced in 2013 by the Haa Aaní Community Development Fund, Inc. (HACDF) and The Nature Conservancy. This year, two winning entrepreneurs will receive an award of up to \$40,000 in seed funding for consulting/technical assistance to develop their business concept, along with support in finding investor funding. The competition aims to launch growth companies that will increase local employment, have a positive social and economic impact on their communities, promote sustainable use of local resources, and increase entrepreneurial know-how and business leadership in Southeast Alaska.

The competition consists of two rounds. In Round 1, participants register and submit a description of their business concept. Up to 12 entries from this round are invited to continue to Round 2, where they will receive substantial coaching in business basics and individualized advice in developing their

idea into a written business plan. The final business plans will be judged by an independent panel of business leaders.

Recommendation. The P2P has a positive track and appears to be well thought out. I would suggest EDC revisit such an effort after better understanding the interest in new businesses through such programs as the SBDC.



Legislation Text

File #: 16-0197, **Version:** 1

ITEM TITLE:

Discussion Item: Regrouping & Prioritizing Prior to Work Session with Council

SUBMITTED BY: Lisa Von Bargaen, CED Director

FISCAL NOTES:

Expenditure Required: N/A

Unencumbered Balance: N/A

Funding Source: N/A

RECOMMENDATION:

None. Discussion item only.

SUMMARY STATEMENT:

The anticipated timeframe for Economic Diversification Interim Measures is about to sunset. The Commission has overseen the scope and contracts for several milestone tasks including 1) Baseline Socio-Economic Indicator Study; 2) Year-Round Mountain Recreation Site Study; and 3) Visitor Statistics Study. The Commission has also informally determined the best on-going route forward is to keep the Commission in place and hire a full time economic development staff person. The Commission has worked a number of issues in some or great detail. At this time though it is appropriate to re-group and meet with the Council to determine clear direction moving forward.

Staff has been trying to schedule a joint work session with the Council to have this discussion, but it is important the Commission have a clear and united voice going in to meet with Council. This is an opportunity to start that discussion within the Commission.

In addition to charting a way forward the Council would like to have a recommendation from the Commission about staffing. The City Manager has requested an economic development position for the 2017 budget. The Council has asked for the Commission to weigh in on this decision. Is a contractor (like we have had) or a dedicated FTE better? Is a position within Community & Economic Development answering to the existing director the right place for that staff person; or is it better to bring someone in at the Department Head level? How does the Commission envision the existing strategic initiatives worked by the Commission fitting into the newly proposed planning effort to be led by consulting firm Kimley Horn? What role will the Commission play in this planning effort?

These are just a few questions to get the conversation started. As a reminder, the existing strategic initiatives are:

- Promote housing affordability and availability

- Enhance senior and developmental disability services and opportunities
- Downtown beautification and redevelopment
- Improve marine-related facilities and industries
- Link and expand College programs to existing and new industries
- Reduce energy costs and increase access to power
- Improve year-round recreation and tourism opportunities



To: Chairperson Haase and P&Z Commission Members
From: Lisa Von Bargen, CEDD Director
Date: February 21, 2016
Re: 2016 Workload & Priorities Report - Update

At the last meeting the Commission was presented with the Council's goal for the year – many of which fall under the realm of Community & Economic Development Department. Although I was not at the last meeting it is clear from the minutes, and from staff reporting to me, the Commission is eager to move along with work toward accomplishing these goals. There is also frustration on the part of the Commission at the slow pace at which work seems to be progressing.

I am asking for the Commission's patience as we work through some things. The last couple of weeks have been extremely busy with three key items:

- 1) Commercial Marijuana Use;
- 2) Aleutian Village; and
- 3) ADEC Alaska Clean Water Fund & Clean Drinking Water Loan Applications

As the Commission is aware the City held a town hall meeting last Thursday to take input on the proposed zoning regulations. There were healthy opinions shared on all sides of the issue. At this time staff is planning to move forward with the draft zoning regulations as presented. One major issue that needs to be addressed is some type of "setback" from residential dwellings (like mobile home parks) in the industrial zoning districts. Staff also expects there to be an initiative brought forward for Valdez to opt out. Timing is such that it cannot meet the deadline for the regular election, so this might come forward at a special election. If we know this is imminent it may be wise to consider a moratorium on commercial marijuana businesses. Friday was a very busy day in community development. The phone, email and front counter were literally "lit up" with people interested in considering marijuana operations.

The Council was initially scheduled to have a work session and take action on an agreement between the Aleut Corporation and the City on February 29th. An additional legal review and the need to establish more appropriate cost estimates have pushed this back to March 15th. While in Juneau this week City Administration (including me) and Council members will be meeting with the ADOT Commissioner about purchasing the property where the mobile home park is currently located. Jason Miles, Capital Facilities Director is working on two things with AnnMarie and Rob Comstock, Public Works Director: 1) realistic infrastructure cost estimates; and 2) a CAD drawing of an example redeveloped subdivision in the area.

Finally, although it may seem as if no work is being completed on moving forward with Airport Industrial Subdivision, that is actually the furthest thing from the truth. To accomplish the full installation of all water/sewer infrastructure within the subdivision, the estimated cost is \$3,432,539. Last summer the Council allocated \$1.5 million for the project in the Capital Budget. That leaves \$1,932,539 remaining to fund. Last summer the City also applied for a \$1 million Municipal Matching Grant (MMG) from ADEC. The MMG program was not funded in this year's budget due to the State's fiscal condition. However, ADEC staff expects approximately \$4 million in unused grant funds to be available for distribution this year. The problem is we don't know how we scored compared to other projects also submitted for funding. Normally the list has been released to the public by now. For some reason ADEC is hanging on to it. Luckily, there are two federally funded loan programs managed by ADEC – the Alaska Clean Water Fund & the Alaska Drinking Water Fund. Granted these are loans, not grants, but having them frees up general fund dollars to be put toward other projects. Over the past two weeks three days of time has been spent by Jason Miles and me submitting these loan applications. The City has requested the full remaining amount necessary to complete the project - \$1,932,539. I do not have a specific timeframe by which we will know if we are successful.

Below is the list from the Council work session. Staff is still working to address and prioritize the projects which fall within the department purview. Although some are currently in progress, others are going to have to wait until the Senior Planner/and or Housing Planner are hired. The Administration is still working on how to find space for the new employees. Once we have the ability to house the new employees we will get moving on hiring them as soon as possible.

Thank you for your patience.

1. Develop Vision/Brand for Valdez
 2. Valdez Housing & Improvement Authority Housing Strategy Program
 3. Implement HR Study
 4. Economic Diversification Strategic Doing (ED Strategy)
 5. Healthcare Delivery Strategy
 6. Funding Analysis (Reserve Funds, Permanent Fund, Debt Strategy)
 7. Prioritize Deferred Maintenance Plan
 8. Address Local Cost of Living & Doing Business
 9. Expand Governmental Relations
 10. Improve Purchasing/Contract Procedures
 11. Community Involvement and Communication
 12. Community Marketing & Promotion
 13. Community Events and Outcomes
-
- a. Community Weatherization Program
 - b. Management/Supervisory Training
 - c. CSO Grant/Reporting Contracts
 - d. Aleutian Village Redevelopment Options

- e. Comprehensive Plan Update
- f. Airport Industrial Subdivision Redevelopment
- g. Community Transportation Plan
- h. City Land Sale/Lease Plan
- i. Zoning Code Streamlining & Compliance
- j. Economic Diversification Program (Organizational Structure)
- k. Emergency Management Exercise
- l. Police Policies/Staffing Review
- m. Valdez New Small Boat Harbor Construction & Project Tracking
- n. 5-Year CIP Forecast
- o. PVMC Building Maintenance Transfer
- p. Parks & Recreation Master Plan
- q. Septic Program Revisions
- r. Flood Mitigation Program
- s. Marijuana Regulations

As the Commission can see, Community & Economic Development staff, and the Commission are going to be extremely busy this year. Right now staff is trying to put together a work plan that will be brought back to the Commission at the next meeting. Along with that, the next meeting will start the clock on beginning to execute some of the tasks associated with these goals.

DRAFT Notes. Policy-General Guideline Statement

Question: How do we clearly and succinctly the city is open for business?

Valdez

Existing Policy Statement

1. Lease of land;
2. Fast permitting process (ie Staff has a fast turn around. Council will have special meeting);
3. No permitting cost;
4. utility support;
5. No sale taxes; and
6. Maximum property tax reductions.

Possible Policy Statement Elements

1. Possible tax relief support for select investments;
2. Infrastructure support;
3. City land for lease and sell;
4. Resident property owners are eligible for maximum tax reduction;
4. Fast construction permitting process at no cost; and
5. City amenities- low utilities, top notch schools, modern hospital, boat harbor/docks, senior homes, low crime, convention center, modern airport.

AGENDA STATEMENT

Economic Diversification Commission

AGENDA ITEM NO. _____

MEETING DATE: March 25, 2016

ITEM TITLE:
Discussion Item: Draft ED Strategy

SUBMITTED BY: Lamar Cotten, ED Staff
Lisa Von Bargaen, CED Director

CEDD Director: _____

FISCAL NOTES:	Expenditure Required: \$0	Amount Budgeted:\$0	Funding Source: N/A
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EXHIBITS ATTACHED:

Resolution ___ Ordinance ___ Other: Draft Strategy; 2016 Workload Memo

SUMMARY STATEMENT:

BACKGROUND

The Economic Diversification Commission (EDC) charter calls for an interim goal of the Development of an Economic Diversification Strategy;

CURRENT STATUS

The City of Valdez conducted a series of community based strategic planning meetings through Spring 2012 in an effort to create the Valdez Strategic Plan 2013-2018. Through this process four broad goals along with a series of objectives and preliminary measures were identified. This effort was followed up with the creation of the interim EDC which in turn uses the process know as Strategic Doing to identify key potential economic diversification opportunities and to develop pathways to advancing such projects. Thirdly, over the past 11 months the City/EDC have conducted a number of meetings, and initiated a series studies linked to the community's economic future. They include:

- Port of Valdez-Competitive Market Analysis and Long Range Planning;
- City Valdez Baseline Socioeconomic Indicator Study;
- City of Valdez Online Business Survey;
- City Valdez Summer-Winter Visitor Survey;
- Valdez Quality of Service Survey;
- EDC business community focus group sessions;
- EDC Strategic Doing Process and follow-up research and analysis;
- Year Round Mountain Recreation Site Study;

- City/EDC member participation in the International Economic Development Conference; and
- Quality of Customer Service focus group sessions

From these completed and on-going studies along with the other communities based efforts, City/EDC staff has created a draft matrix of strategic economic initiatives, goals and tasks along with a road map of milestones or metrics to track their success. Once in final form this document would be updated-periodically as projects and programs are completed or established along with new milestones or metrics. Upon EDC direction, a draft copy would be presented to the public for review, comments and amendments. From there the strategy will be presented to the Council for approval.

Today's meeting is taking place for the Commission to review these ideas developed by staff, amend or delete them, and add items which may have been missed. Melissa Houston will be attending the meeting to help facilitate the Strategic Doing brainstorming process for any topics the Commission feels need more detailed work.

EDC Tasks and Follow-Up Action Items.

Task #1 Socio-Economic Indicators Study/On-line Business Survey

Follow Up Action Items

1. Presentation at Business Luncheon.
2. Expanded study to include detailed Valdez Business Survey.
3. Findings from both studies were used to place a high priority on housing issues and senior services.
4. Use select key indicators from data for future tracking of Valdez socio-economic changes.
5. Worked with city's efforts to address housing matters (Please Note: The housing challenges in Valdez has been identified in nearly every meeting, focus group, and all types of surveys in the last two years).

Task #2. Valdez Visitor's Statistics Study

Follow Up Action Items

1. Presentation at Business Luncheon.
2. Data is being used by VCVB to change marketing strategy including booking and tracking approaches. The report confirms the changing make-up of visitors.
4. Data will be used with CoV on advancement of Community Branding Project.

Task #3 Year Round Mountain Recreation Site Study

Follow Up Action Items

1. Presentation at Business Luncheon.
2. EDC staff has tentatively set up a meeting with AIEDA staff and two of the project champions.
3. Use data directly and indirectly with the development of Valdez training platform materials and winter visitor industry.

Task #4 Survey of Visitor Service Quality matters with Tour Operators and Business Focus Groups

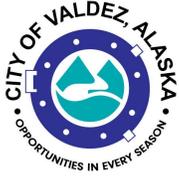
Follow Up Action Items

1. Direct contact with select visitor industry representatives.
2. Continued efforts to work with the Fairbanks ADA advocacy group along with local efforts in address public access issues.

Task #5 Evaluation Business Training and Assistance Program Options

Follow Up Action Items

1. Per Council approval, UAA/BDC-SBA will provide a series of business training classes in Valdez over a 12 month period starting in winter, 2017.
2. EDC staff will work with UAA/BDC-SBA on class evaluations and long term relevance and efficiency evaluation.
3. Work with UAA/BDC-SBA and other on future relevant training for key new and old as well as large and small businesses in Valdez.



Legislation Text

File #: 17-0339, **Version:** 1

ITEM TITLE:

Report: Update Regarding Commission Questions From the June 7, 2017 Regular Economic Diversification Commission Work Session

SUBMITTED BY: Martha Barberio, Economic Development Director

FISCAL NOTES:

Expenditure Required: N/A
Unencumbered Balance: N/A
Funding Source: N/A.

RECOMMENDATION:

Receive and File

SUMMARY STATEMENT:

Ms. Barberio will provide a verbal update on the following items during the Commission meeting:

1. RFQ for restoration of the yellow museum annex building.

Dean Day is in the process of writing an RFQ for concept design regarding the future of the yellow museum annex building near the Kelsey Plaza.

Once the RFQ draft is reviewed by the City Manager, Ms. Barberio will provide a copy to the Commission for reference.

2. Local bidder preference

Excerpts from City Code regarding local bidder preference are attached to this agenda item for Commission reference.

3. Buy local

Mr. Brian Carlson has asked to meet with the Commission during the first meeting in July to explain and expand upon the “buy local” memo provided to the Commission during the June 7th meeting.

4. Water to Corbin Creek and Robe River subdivisions

Per the Community Development Department, Robe River subdivision is already on the City water system.

Ms. Barberio will provide a verbal report at the meeting regarding plans for connecting the Corbin Creek subdivision to City water. This verbal report will be based upon information provided by the City Community Development Department.

Chapter 2.80 PROCUREMENT POLICY

Sections:

- 2.80.010 Purpose.**
- 2.80.020 Definitions.**
- 2.80.030 Manner of making procurements generally.**
- 2.80.040 Approval of city council required—Procurements.**
- 2.80.045 Emergency procurements.**
- 2.80.050 Approval of city council required—Change orders.**
- 2.80.060 Competitive procurement procedure.**
- 2.80.070 Open market purchases/procurements.**
- 2.80.075 Professional services.**
- 2.80.080 Contractor bonding requirements.**
- 2.80.090 Award of contract for competitively bid procurements.**

2.80.010 Purpose.

The purpose of this chapter is to:

- A. Establish consistent procurement principles for all agencies of the city;
- B. Maximize to the fullest extent practicable the purchasing value of city funds;
- C. Clearly define authority for the purchasing function within the city organization; and
- D. Encourage local industry, strengthen and stabilize the economy, decrease unemployment, and strengthen the tax and revenue base of the city. (Ord. 12-09 § 1 (part): Ord. 09-05 § 1 (part): Ord. 93-19 § 1: prior code § 20-1)

2.80.020 Definitions.

As used in this chapter:

“Architectural and engineering services” means those professional services within the scope of the practice of architecture, engineering or land surveying, as defined by the law of the state.

“Bid” means any response to a public solicitation for the purpose of acquiring goods or services that provides an opportunity for qualified vendors to compete, either monetarily or based on other predetermined criteria.

“Construction” means the on-site erection, alteration, extension, repair, improvement or demolition of any public structure, building, facility, road or highway, or other improvements of any kind to any public real property. This includes painting and redecorating of structures, buildings or real property, but does not include routine operation, minor repair or maintenance of existing buildings, improvements, or roads and highways which are recurring services normally performed in connection with the ownership, occupancy or use of the building or improvements.

“Contract” means all types of city agreements, regardless of what they may be called, for the procurement or disposal of supplies, services, professional services or construction.

“Contract amendment” means any change or modification in the terms of a contract accomplished by agreement of the parties, including change orders.

“Contractor” means the person or firm who has entered into a binding contract or agreement with the city to provide supplies, services, professional services, construction or disposal of surplus supplies.

“Contractual services” means services performed for the city by persons not in the employment of the city and may include the use of equipment or the furnishing of commodities in connection with such services under express or implied contract. Contractual services shall include travel; freight; express; parcel post; postage; telephone; telegraph; utilities; rents; printing and binding; repairs; alterations and maintenance of buildings, equipment, streets, bridges and other physical facilities of the city; and other services performed for the city by persons not in the employment of the city.

“Crisis” means an unanticipated event or set of circumstances that requires immediate action to avoid threats to life or property or to avoid an immediate, significant liability to the city.

“Local bidder” means a business who:

1. For a period of eighteen consecutive months immediately prior to the opening of a competitive city bid for which the bidder wishes to utilize the local bidder preference:
 - a. Has owned, rented or leased real property within the city limits from which the business operates as verified by appropriate documentation;
 - b. Has advertised a local mailing or street address and local phone number for the business in a manner reasonably accessible to city residents;
 - c. Has current state business licenses and city business registrations;
 - d. Has maintained year-round employment of one or more city resident(s);
2. Is not delinquent in the payment of any taxes, fees, assessments, or other charges owing the city.

“Person” means an individual, group of individuals, business, nonbusiness association, other governmental entity, or advisory board created by the city.

“Procurement” means buying, purchasing, renting, leasing or otherwise acquiring supplies, services, professional services or construction, including description of requirements, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration.

“Professional services” means all advisory, consulting, technical, research or other services, such as architectural, engineering, land surveying, legal and financial, which involve the exercise of discretion and independent judgment together with an advanced or specialized knowledge, expertise or training gained by formal studies or experience.

“Supplies” means any tangible personal property or consumables. (Ord. 12-09 § 1 (part); Ord. 10-04 § 1 (part); Ord. 09-05 § 1 (part); Ord. 93-19 § 2; prior code § 20-2)

2.80.030 Manner of making procurements generally.

A. The procurement of all supplies, materials, equipment and contractual services for the offices, departments and agencies of the city government shall be made by the city manager or by other personnel in accordance with purchase authorizations issued by the city manager.

B. All provisions of this chapter are subject to, and subordinate to, procurement requirements of the state or federal government when state or federal grant revenues are used. (Ord. 12-09 § 1 (part); Ord. 09-05 § 1 (part); prior code § 20-3)

2.80.040 Approval of city council required—Procurements.

Every contract for, or procurement of, budgeted supplies, materials, equipment or contractual services for more than forty thousand dollars shall require the approval of the city council. (Ord. 12-09 § 1 (part); Ord. 09-05 § 1 (part); prior code § 20-4)

2.80.045 Emergency procurements.

The provisions of this chapter may be waived during times of emergency or disaster when operating under a declaration of emergency issued by the mayor. The city manager or authorized successor shall have the responsibility to protect the interest of the city consistent with prudent and appropriate emergency responses. All provisions of this chapter waived while operating under a declaration of emergency shall be reported to the city council as soon as practicable. (Ord. 12-09 § 1 (part); Ord. 09-05 § 1 (part))

2.80.050 Approval of city council required—Change orders.

A. Change orders in existing city contracts shall require the approval of the city council when the change order:

1. Increases the contract amount by forty thousand dollars or more.

B. The council shall be advised at its next regular meeting of all modifications or change orders in excess of fifteen thousand dollars or twenty-five percent of the price specified in the contract which do not require council approval and which were made by the city.

C. Modifications and change orders shall not be arbitrarily divided into smaller amounts to avoid council approval thereof.

D. Notwithstanding any of the foregoing provisions of this section, the city may make modifications or change orders in any city contract without council approval where in the judgment of the city manager a crisis as defined in Section 2.80.020 exists which requires immediate action to remedy and where there is insufficient time or it is impractical to obtain council approval. Such crisis modifications or change orders shall be presented to the council no later than its next regular meeting. (Ord. 12-09 § 1 (part); Ord. 09-05 § 1 (part); Ord. 03-02 § 1; Ord. 99-18 § 1; prior code § 20-4.1)

2.80.060 Competitive procurement procedure.

A. Before the procurement of, or contract for, supplies, materials, equipment or contractual services in an amount of forty thousand dollars or less is made, except as otherwise provided in this chapter, the city procurement authority shall attempt to submit to at least three persons dealing in and able to supply the same a request for quotation (or invitation to bid) and specifications to give them opportunity to bid. In the event that three suppliers cannot reasonably be found, fewer may be used when it is deemed to be in the best interest of the city.

B. For procurement of, or contract for, supplies, materials, equipment or contractual services in an amount greater than forty thousand dollars, an invitation to bid will be published in a newspaper of general circulation within the city. Requests for bids, quotations, qualifications, and/or proposals shall be made both inside and outside the city when this may be necessary to create competitive conditions, or when a savings can be made for the city. The city may repeatedly reject all solicitations, and again may submit to the same or other persons the request for solicitation, or again publish notice of the proposed purchase.

C. The city shall procure from the supplier or contractor whose offer is most advantageous to the city. This determination does not have to only consider price, but may also account for quality, date of delivery, or any other factor(s) deemed relevant by the city manager to the particular procurement.

D. Except where prohibited by state or federal grant requirements, a local bidder, as defined in Section 2.80.020, may be given consideration as low bidder where the offer is the lesser of ten percent or fifty thousand dollars in excess of the lowest offer received from a bidder having its place of business located outside the city. The city may split the award between two or more suppliers in any manner the city deems to be in its best interest.

E. Procurement of, or contract for, supplies, materials, equipment, contractual services, or capital projects that could be subject to potential future grant reimbursements may be restricted to the procurement requirements of such grants as understood at the time of procurement. (Ord. 14-01 § 1: Ord. 12-09 § 1 (part): Ord. 10-04 § 1 (part): Ord. 09-05 § 1 (part): Ord. 05-04 § 1: Ord. 93-19 § 3; prior code § 20-5)

2.80.070 Open market purchases/procurements.

The following may be purchased without competitive bidding:

A. Supplies, materials, equipment or contractual services when combined cost does not exceed five thousand dollars in a single transaction;

B. Supplies, materials, equipment or contractual services which can only be furnished by a single dealer, or which has a uniform price wherever bought;

C. Supplies, materials, equipment or contractual services procured from another unit of government at a price deemed below that obtainable from private dealers, including war surplus;

D. Contractual services procured from a public utility corporation at a price or rate determined by state or other government authority;

E. Contractual services of a professional nature, such as medical services, or insurance policies whose nature demands immediate action;

F. Supplies, materials or equipment which cannot be procured locally and which can be procured from a source selected by another unit of government within the state pursuant to competitive bidding procedures to provide the same or similar supplies, materials or equipment if:

1. The award was made by the governmental unit within the past six months; and

2. The item(s) can be procured at the same price plus additional freight or delivery charges if applicable;

G. The local supplier preference set forth in Section 2.80.060(C) may be applied by the city to purchases made under this section;

H. Professional services. (Ord. 12-09 § 1 (part): Ord. 09-05 § 1 (part): Ord. 96-03 § 1: prior code § 20-6)

2.80.075 Professional services.

A. Due to the nature of professional services, it is in the best interest of the city to use a qualitative selection process when in need of these services.

1. For professional services estimated by the city manager to be one hundred thousand dollars or less, direct solicitation of contractors or consultants may be made from a roster maintained by the city, or to such other vendors who may be known to the city as possessing the required expertise. These solicitations will seek to evaluate the qualifications, experience, and availability of particular vendors. When more than one vendor is considered, the city manager will appoint a selection panel to evaluate the potential vendors and offer a recommendation for selection.

2. For professional services estimated by the city manager to be more than one hundred thousand dollars, a formal request for proposals will be solicited. Public notice of requests for proposals will be given in accordance with the same procedures used to advertise competitive bids. The city manager will develop and publish qualitative selection criteria for evaluating all proposals received.

B. The provisions of Sections 2.80.040 and 2.80.050 apply to all professional services contracts. (Ord. 12-09 § 1 (part): Ord. 09-05 § 1 (part))

2.80.080 Contractor bonding requirements.

A. Before a contract exceeding one hundred thousand dollars for the construction, alteration, or repair of a public building or public work is awarded to a general or specialty contractor, the contractor shall furnish to the city the following bonds, which become binding upon the award of the contract to that contractor:

1. A performance bond with a corporate surety qualified to do business in the state, or at least two individual sureties who shall each justify in a sum equal to the amount of the bond; the amount of the performance bond shall be equivalent to the amount of the payment bond.

2. A payment bond with a corporate surety qualified to do business in the state, or at least two individual sureties who shall each justify in a sum equal to the amount of the bond, for the protection of all persons who supply labor and material in the prosecution of the work provided for in the contract. When the total amount payable by the terms of the contract is not more than one million dollars, the payment bond shall be in a sum of one-half the total amount payable by the terms of the contract; when the total amount payable by the terms of the contract is more than one million dollars and not more than five million dollars, the payment bond shall be in a sum of forty percent of the total amount payable by the terms of the contract; when the total amount payable by the terms of the contract is more than five million dollars, the payment bond shall be in the sum of two million five hundred thousand dollars.

B. The city hereby exercises its option to exempt contractors from compliance with the provisions of subsection A of this section and AS 36.25.010(a) if the estimated cost of the project does not exceed four hundred thousand dollars and:

1. The contractor is, and for two years immediately preceding the award of the contract has been, a licensed contractor having its principal office in the state;
2. The contractor certifies that it has not defaulted on a contract awarded to the contractor during the period of three years preceding the award of a contract for which a bid is submitted;
3. The contractor submits a financial statement, prepared within a period of nine months preceding the submission of a bid for the contract and certified by a public accountant or a certified public accountant licensed under AS 08.04, demonstrating that the contractor has a net worth of not less than twenty percent of the amount of the contract for which the bid is submitted;
4. The total amount of all contracts that the contractor anticipates performing during the term of performance of the contract for which a bid is submitted does not exceed the net worth of the contractor reported in the certified financial statement prepared and submitted under subsection (B)(3) of this section by more than seven times. (Ord. 12-09 § 1 (part); Ord. 09-05 § 1 (part); prior code § 20-7)

2.80.090 Award of contract for competitively bid procurements.

Contracts awarded through a competitive bid process shall be awarded to the lowest responsible bidder. In determining "lowest responsible bidder," in addition to price, there shall be considered:

- A. The ability, capacity and skill of the bidder to perform the contract;
- B. Whether the bidder can perform the contract within the time specified, without delay or interference;
- C. The character, integrity, reputation, judgment, experience and efficiency of the bidder;
- D. The quality of performance by the bidder of previous contracts;
- E. The previous and existing compliance by the bidder with laws and ordinances relating to the contract;
- F. The sufficiency of the financial resources and ability of the bidder to perform the contract;
- G. The number and scope of conditions attached to the bid. (Ord. 12-09 § 1 (part); Ord. 09-05 § 1 (part); Ord. 05-04 § 2; Ord. 93-19 §§ 4, 5; prior code § 20-8)

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