



City of Valdez

212 Chenega Ave.
Valdez, AK 99686

Meeting Agenda

City Council

Tuesday, January 7, 2025

7:00 PM

Council Chambers

Regular Meeting

REGULAR AGENDA - 7:00 PM

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL

IV. SWEARING IN OF VALDEZ POLICE OFFICER

V. PUBLIC BUSINESS FROM THE FLOOR

VI. CITY ADMINISTRATION PRESENTATION

1. [City of Valdez Logo Update](#)

VII. CONSENT AGENDA

1. [Proclamation: National Day of Mourning for President Carter](#)
2. [Approval of Renewal of Retail Marijuana Store License; Coastal Cannabis Company](#)
3. [Approval of Renewal of Marijuana Cultivation Facility License - DKW Farms, LLC](#)
4. [Approval To Go Into Executive Session Re: City Manager Annual Evaluation](#)

VIII. NEW BUSINESS

1. [Approval of Memorandum of Agreement between Prince William Sound College and the City of Valdez for Early Childhood Occupational Endorsement Certificate Student Support](#)
2. [Approval of Management Agreement Between the City of Valdez and Providence Health & Services-Washington dba Providence Health & Services Alaska](#)

3. [Approval of Amendment to Providence Valdez Medical Center 2025 Capital Projects Budget in the Amount of \\$400,000](#)

IX. ORDINANCES

1. [#24-17 - Amending Section 3.12.040 of the Valdez Municipal Code Establishing a Tax Exemption for Economic Development Property. Second Reading. Adoption. \(Reconsideration Requested by Mayor Fleming\)](#)

X. RESOLUTIONS

1. [#25-01 - Waiving 2025 Annual Fishing Vessel Moorage Fees for Valdez Resident Commercial Fishing Vessels Active During the 2024 Commercial Fishing Season](#)

XI. REPORTS

1. [Results of Surplus Auction for 2005 Genie Lift](#)
2. [Procurement Report: Professional Services Agreement With Agnew::Beck Consulting for a Housing Needs Assessment](#)
3. [Merger of AMLJIA and APEI to Single Pool: APRA](#)
4. [Monthly Treasury Report: November 2024](#)

XII. CITY MANAGER / CITY CLERK / CITY ATTORNEY / MAYOR REPORTS

1. City Manager Report
2. City Clerk Report
3. City Attorney Report
4. City Mayor Report

XIII. COUNCIL BUSINESS FROM THE FLOOR

XIV. EXECUTIVE SESSION

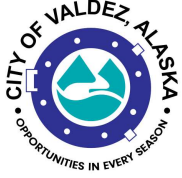
XV. RETURN FROM EXECUTIVE SESSION

XVI. ADJOURNMENT

XVII. APPENDIX

1. [January 2025 Council Calendar](#)

2. [Legal Billing Summary - November 2024](#)
3. [All America City Award Letter of Intent](#)



Legislation Text

File #: 25-0002, **Version:** 1

ITEM TITLE:

Report: City of Valdez logo update

SUBMITTED BY: Bart Hinkle, Assistant City Manager / Chief of Police

FISCAL NOTES:

Expenditure Required: N/A

Unencumbered Balance: N/A

Funding Source: N/A

RECOMMENDATION:

Receive and File

SUMMARY STATEMENT:

Slate Communications, along with City Staff, will present the updated City of Valdez logo. The presentation will include the process, implementation timelines, and how the updated logo benefits the City of Valdez, aligns with institutional priorities, and represents established core values of the organization.

WHY UPDATE THE CITY OF VALDEZ LOGO?

For Valdez, a modernized, updated logo offers an opportunity to honor our unique character while positioning our community for a vibrant future. It will strengthen connections with residents, attract new opportunities, and ensure Valdez stands out as a place of innovation, resilience, and promise.

1) BETTER ALIGNMENT WITH COUNCIL PRIORITIES

a) RECRUITMENT EFFORTS

The updated brand will better represent the organization, attracting the next generation of employees and positioning the City as an innovative, forward-thinking workplace.

b) EMPLOYEE RETENTION

The updated brand will boost morale, motivating employees to showcase it proudly on apparel, swag, and identifiers like nametags, business cards, hats, and safety vests.

c) INNOVATION

Valdez needs a brand that authentically reflects its character, emphasizing credibility, integrity, and alignment with the City's future ambitions.

d) STAYING COMPETITIVE

When competing with neighboring regional port destinations, a vibrant, character-driven brand will attract cruise lines, retail, and new industries more effectively as well as enhance economic development efforts, positioning Valdez as a modern, sustainable hub.

2) BOLSTER COMMUNICATION EFFORTS

a) STRENGTHEN BRAND AWARENESS AND CONSISTENCY

It will provide an excellent opportunity to reinforce overall brand identity and ensure consistency across all City communications.

b) EMPOWER DEPARTMENT COMMUNICATORS

A brand toolkit and templates empower departments to create materials independently while maintaining a consistent brand.

c) ENHANCE CREDIBILITY AND AWARENESS

Consolidating the City's numerous logos and subsequent variations will reduce confusion, reinforce brand identity, and ensure consistent communication.

d) INFLEXIBLE FORMAT

The circular logo and intricate department variations are difficult to adapt to materials and reproduce on apparel.

3) NEEDED REPLACEMENT OF AGING APPAREL AND SIGNAGE

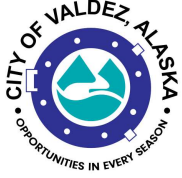
a) BUDGET-MINDED

The City will replace the old logo at the end of its lifecycle or become nonfunctional, ensuring cost-efficiency and sustainability.

b) PHASED APPROACH

The updated brand will be rolled out gradually over time.

NOTE: The updated logo is designed specifically for use by the City organization. It is not intended to replace the community brand, which serves to foster community pride and support tourism marketing.



Legislation Text

File #: 25-0001, **Version:** 1

ITEM TITLE:

Proclamation: National Day of Mourning for President Carter

SUBMITTED BY: Elise Sorum-Birk, Deputy City Clerk

FISCAL NOTES:

Expenditure Required: n/a

Unencumbered Balance: n/a

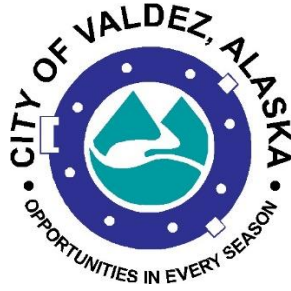
Funding Source: n/a

RECOMMENDATION:

n/a

SUMMARY STATEMENT:

See attached proclamation recognizing January 9, 2025 as the National Day of Mourning for President Carter and honoring his life and work.



PROCLAMATION

WHEREAS, the 39th President of the United States, James Earl Carter, Jr., passed away at the age of 100 on December 29, 2024; and

WHEREAS, following his graduation from the U.S. Naval academy and several years of service in the United States Navy, President Carter returned to his hometown of Plains, Georgia where he took over the family farm and actively engaged in civic life by participating in his church community and serving on his local library and hospital boards; and

WHEREAS, his deep faith inspired a passion for public service that led him to be elected State Senator, Georgia's 76th Governor, and ultimately President of the United States; and

WHEREAS, under President Carter's leadership, the modern Department of Education and the Department of Energy were created, and conservation, education and foreign policy efforts that aimed to create a more just world were championed; and

WHEREAS, his commitment to uplifting the most vulnerable was at the heart of his work throughout his life and he was awarded the 2002 Nobel Peace Prize in honor of his tireless international efforts to broker peace, eradicate disease, house the homeless, and protect human rights, freedom, and democracy; and

WHEREAS, President Biden lauded President Carter's unwavering belief in the power of human goodness and the God-given dignity of every human being and declared January 9, 2025, as a National Day of Mourning in the United States to honor President Carter's selfless legacy.

NOW, THEREFORE, I, Dennis Fleming, Mayor of the City of Valdez, do hereby proclaim that January 9, 2025, the:

National Day of Mourning for President Carter

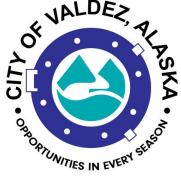
be observed in Valdez and invite our community to reflect on the extraordinary life of President Carter and honor his legacy of faith, service and kindness.

CITY OF VALDEZ, ALASKA

Dennis Fleming, Mayor

ATTEST:

Sheri L. Pierce, MMC, City Clerk



Legislation Text

File #: 25-0003, **Version:** 1

ITEM TITLE:

Approval of Renewal of Retail Marijuana Store License; Coastal Cannabis Company

SUBMITTED BY: Sheri Pierce, MMC, City Clerk

FISCAL NOTES:

Expenditure Required: NA
Unencumbered Balance: NA
Funding Source: NA

RECOMMENDATION:

[Click here to enter text.](#)

SUMMARY STATEMENT:

AMCO has received a complete renewal application and/or endorsement renewal application for a marijuana establishment within our jurisdiction. Notice is required under 3 AAC 306.035(c)(2).

To protest the approval of this application pursuant to 3 AAC 306.060, the city must furnish the director and the applicant with a clear and concise written statement of reasons for the protest within 60 days of the date of this notice and provide AMCO proof of service of the protest upon the applicant.

3 AAC 306.060 states that the board will uphold a local government protest and deny an application for a marijuana establishment license unless the board finds that a protest by a local government is arbitrary, capricious, and unreasonable. If the protest is a "conditional protest" as defined in 3 AAC 306.060(d)(2) and the application otherwise meets all the criteria set forth by the regulations, the Marijuana Control Board may approve the license renewal, but require the applicant to show to the board's satisfaction that the requirements of the local government have been met before the director issues the license.

At the May 15, 2017, Marijuana Control Board meeting, the board delegated to AMCO Director the authority to approve renewal applications with no protests, objections, or notices of violation. However, if a timely protest or objection is filed for this application, or if any notices of violation have been issued for this license, the board will consider the application. In those situations, a temporary license will be issued pending board consideration.



December 12, 2024

From: marijuana.licensing@alaska.gov ; amco.localgovernmentonly@alaska.gov

Licensee: **Cannabis 49 LLC**
 DBA: Coastal Cannabis Company
 VIA email: coastalcannabiscompanyak@gmail.com
 Local Government: Valdez
 Via Email: spierce@valdezak.gov esorumbirk@valdezak.gov
 Community Council:
 Via Email:
 CC: n/a

Re: Retail Marijuana Store #35633 Combined Renewal Notice

License Number:	#35633
License Type:	Retail Marijuana Store
Licensee:	Cannabis 49 LLC
Doing Business As:	Coastal Cannabis Company
Physical Address:	1900 Mineral Creek Loop Rd Valdez, AK 99686
Designated Licensee:	Willam Watson
Phone Number:	907-831-6028
Email Address:	coastalcannabiscompanyak@gmail.com

License Renewal Application Endorsement Renewal Application

Dear Licensee:

After reviewing your renewal documents, AMCO staff has deemed the application complete for the purposes of 3 AAC 306.035(c).

Your application will now be sent electronically, in its entirety, to your local government, your community council (if your proposed premises is in Anchorage or certain locations in the Mat-Su Borough), and to any non-profit agencies who have requested notification of applications. The local government has 60 days to protest your application per 3 AAC 306.060.

At the May 15, 2017 Marijuana Control Board meeting, the board delegated to AMCO Director the authority to approve renewal applications. However, the board is required to consider this application

independently if you have been issued any notices of violation for this license, if your local government protests this application, or if a public objection to this application is received within 30 days of this notice under 3 AAC 306.065.

If AMCO staff determines that your application requires independent board consideration for any reason, you will be sent an email notification regarding your mandatory board appearance. Upon final approval, your 2024/2025 license will be provided to you during your annual inspection. If our office determines that an inspection is not necessary, the license will be mailed to you at the mailing address on file for your establishment.

Please feel free to contact us through the marijuana.licensing@alaska.gov email address if you have any questions.

Dear Local Government:

AMCO has received a complete renewal application and/or endorsement renewal application for a marijuana establishment within your jurisdiction. This notice is required under 3 AAC 306.035(c)(2).

To protest the approval of this application pursuant to 3 AAC 306.060, you must furnish the director **and** the applicant with a clear and concise written statement of reasons for the protest within 60 days of the date of this notice and provide AMCO proof of service of the protest upon the applicant.

3 AAC 306.060 states that the board will uphold a local government protest and deny an application for a marijuana establishment license unless the board finds that a protest by a local government is arbitrary, capricious, and unreasonable. If the protest is a “conditional protest” as defined in 3 AAC 306.060(d)(2) and the application otherwise meets all the criteria set forth by the regulations, the Marijuana Control Board may approve the license renewal, but require the applicant to show to the board’s satisfaction that the requirements of the local government have been met before the director issues the license.

At the May 15, 2017, Marijuana Control Board meeting, the board delegated to AMCO Director the authority to approve renewal applications with no protests, objections, or notices of violation. However, if a timely protest or objection is filed for this application, or if any notices of violation have been issued for this license, the board will consider the application. In those situations, a temporary license will be issued pending board consideration.

If you have any questions, please email amco.localgovernmentonly@alaska.gov.

Dear Community Council (Municipality of Anchorage and Mat-Su Borough only)

AMCO has received a complete renewal application for the above listed license within your jurisdiction. This notice is required under 3 AAC 306.035(c)(2). Application documents will be sent to you separately via ZendTo.

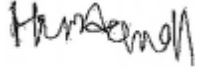
To object to the approval of this application pursuant to 3 AAC 306.065, you must furnish the director **and** the applicant with a clear and concise written statement of reasons for the objection within 30 days of the date of this notice. We recommend that you contact the local government with jurisdiction over the proposed premises to share objections you may have about the application.

At the May 15, 2017, Marijuana Control Board meeting, the board delegated to AMCO Director the authority to approve renewal applications with no protests, objections, or notices of violation. However, if a timely protest or objection is filed for this application, or if any notices of violation have been issued for this license, the board will consider the application independently. In those situations, a temporary license will be issued pending board consideration.

If you have any questions, please email marijuana.licensing@alaska.gov.

Sincerely,

Hunter Carrell

A handwritten signature in black ink that reads "Hunter Carrell". The signature is written in a cursive, slightly slanted style.

For Lizzie Kubitz, Acting Director
907-269-0350



Public Notice

Application for Marijuana Establishment License

License Number: 35633

License Status: Active-Operating

License Type: Retail Marijuana Store

Doing Business As: Coastal Cannabis Company

Business License Number: 2176609

Email Address: coastalcannabiscompanyak@gmail.com

Latitude, Longitude: 61.123600, -146.266235

Physical Address: 1900 Mineral Creek Loop Rd
Valdez, AK 99686
UNITED STATES

Licensee #1

Type: Entity

Alaska Entity Number: 10226109

Alaska Entity Name: Cannabis 49 LLC

Phone Number: 907-831-6028

Email Address: coastalcannabiscompanyak@gmail.com

Mailing Address: PO Box 2078
Valdez, AK 99686
UNITED STATES

Entity Official #1

Type: Individual

Name: Dwain Dunning

Phone Number: 907-255-1463

Email Address: cd_dunning@cvinternet.net

Mailing Address: P.O.Box 1876
Valdez, AK 99686
UNITED STATES

Entity Official #2

Type: Individual

Name: William Watson

Phone Number: 907-831-6028

Email Address: coastalcannabiscompanyak@gmail.com

Mailing Address: P.O.Box 512
Valdez, AK 99686
UNITED STATES

Note: No affiliates entered for this license.

Interested persons may object to the application by submitting a written statement of reasons for the objection to their local government, the applicant, and the Alcohol & Marijuana Control Office (AMCO) not later than 30 days after the director has determined the application to be complete and has given written notice to the local government. Once an application is determined to be complete, the objection deadline and application information will be posted on AMCO's website at

<https://www.commerce.alaska.gov/web/amco>. Objections should be sent to AMCO at marijuana.licensing@alaska.gov or to 550 W 7th Ave, Suite 1600, Anchorage, AK 99501.

POSTING DATE _____



Alaska Marijuana Control Board
Form MJ-20: Renewal Application Certifications

Why is this form needed?

This renewal application certifications form is required for all marijuana establishment license renewal applications. Each person signing an application for a marijuana establishment license must declare that he/she has read and is familiar with AS 17.38 and 3 AAC 306. A person other than a licensee may not have direct or indirect financial interest (as defined in 3 AAC 306.015(e)(1)) in the business for which a marijuana establishment license is issued, per 3 AAC 306.015(a).

This form must be completed and submitted to AMCO's Anchorage office by each licensee (as defined in 3 AAC 306.020(b)(2)) before any license renewal application will be considered complete.

Section 1 – Establishment Information

Enter information for the licensed establishment, as identified on the license application.

Licensee:	Cnnabis 49 LLC	License Number:	35633		
License Type:	Retail Marijuana Store				
Doing Business As:	Coastal Cannabis Company LLC				
Premises Address:	1900 Mineral Creek Loop Rd				
City:	Valdez	State:	AK	ZIP:	99686

Section 2 – Individual Information

Enter information for the individual licensee who is completing this form.

Name:	Dwain Dunning
Title:	entity official/member

Section 3 – Violations & Charges

Read each line below, and then sign your initials in the box to the right of any applicable statements:

I certify that I have **not** been convicted of any criminal charge in the previous two calendar years.

Initials

I certify that I have **not** committed any civil violation of AS 04, AS 17.38, or 3 AAC 306 in the previous two calendar years.

I certify that a notice of violation has **not** been issued for this license.

Sign your initials to the following statement **only if you are unable to certify one or more of the above statements**:

Initials

I have attached a written explanation for why I cannot certify one or more of the above statements, which includes the type of violation or offense, as required under 3 AAC 306.035(b).



Form MJ-20: Renewal Application Certifications

Section 4 – Certifications

Read each line below, and then sign your initials in the box to the right of each statement:

Initials

I certify that no person other than a licensee listed on my marijuana establishment license renewal application has a direct or indirect financial interest, as defined in 3 AAC 306.015(f)(1), in the business for which the marijuana establishment license has been issued.

I certify that I meet the residency requirement under AS 43.23 or I have submitted a residency exception affidavit (MJ-20a) along with this application.

I certify that this establishment complies with any applicable health, fire, safety, or tax statute, ordinance, regulation, or other law in the state.

I certify that the license is operated in accordance with the operating plan currently approved by the Marijuana Control Board.

I certify that I am operating in compliance with the Alaska Department of Labor and Workforce Development's laws and requirements pertaining to employees.

I certify that I have not violated any restrictions pertaining to this particular license type, and that this license has not been operated in violation of a condition or restriction imposed by the Marijuana Control Board.

I hereby certify that I am the person herein named and subscribing to this application and that I have read the complete application, and I know the full content thereof. I declare that all of the information contained herein, and evidence or other documents submitted are true and correct. I understand that any falsification or misrepresentation of any item or response in this application, or any attachment, or documents to support this application, is sufficient grounds for denying or revoking a license/permit. I further understand that it is a Class A misdemeanor under Alaska Statute 11.56.210 to falsify an application and commit the crime of unsworn falsification.

Dwain Dunning

Printed name of licensee

Signature of licensee



Alaska Marijuana Control Board

Form MJ-20a: 2024-2025 Residency Exception

Why is this form needed?

Per 3 AAC 306.035(h), this residency exception may be submitted with a marijuana establishment renewal application for each licensee whose residency status has changed so that the licensee is no longer considered a resident of the state as defined at 3 AAC 306.015(f)(2).

Section 1 – Establishment Information

Enter information for the licensed establishment, as identified on the license application.

Licensee:	Cannabis 49 LLC	License Number:	35633		
License Type:	Retail Marijuana Store				
Doing Business As:	Coastal Cannabis Company LLC				
Premises Address:	1900 Mineral Creek Loop Rd				
City:	Valdez	State:	AK	ZIP:	99696

Section 2 – Individual Information

Enter information for the individual licensee who is completing this form.

Name:	Dwain Dunning
Title:	entity official/member

Section 3 – Changes to Residency

Read each line below, and then sign your initials in the box to the right of all statements:

Initials

I certify that my primary residence is in Alaska.

I certify that I have good cause, as stated below, for not meeting the requirements to be a resident of the state as defined at 3 AAC 306.015(f)(2).

I certify that the cause of not meeting the requirements to be a resident of the state as defined at 3 AAC 306.015(f)(2) is temporary.

I anticipate being able to meet the requirements to be a resident of the state as defined at 3 AAC 306.015(f)(2) at the following time:



Section 4 – Certifications

Read the statement below, and then sign your initials in the box to the right:

Initials

I hereby certify that I am the person herein named and subscribing to this application and that I have read the complete application, and I know the full content thereof. I declare that all of the information contained herein, and evidence or other documents submitted are true and correct. I understand that any falsification or misrepresentation of any item or response in this application, or any attachment, or documents to support this application, is sufficient grounds for denying or revoking a license/permit. I further understand that it is a Class A misdemeanor under Alaska Statute 11.56.210 to falsify an application and commit the crime of unsworn falsification.

Dwain Dunning

Printed name of licensee

Signature of licensee



Alaska Marijuana Control Board

Form MJ-20: Renewal Application Certifications

Why is this form needed?

This renewal application certifications form is required for all marijuana establishment license renewal applications. Each person signing an application for a marijuana establishment license must declare that he/she has read and is familiar with AS 17.38 and 3 AAC 306. A person other than a licensee may not have direct or indirect financial interest (as defined in 3 AAC 306.015(e)(1)) in the business for which a marijuana establishment license is issued, per 3 AAC 306.015(a).

This form must be completed and submitted to AMCO's Anchorage office by each licensee (as defined in 3 AAC 306.020(b)(2)) before any license renewal application will be considered complete.

Section 1 – Establishment Information

Enter information for the licensed establishment, as identified on the license application.

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License Type:	Retail Marijuana Store				
Doing Business As:	Coastal Cannabis Company LLC				
Premises Address:	1900 Mineral Creek Loop Rd				
City:	Valdez	State:	AK	ZIP:	99686

Section 2 – Individual Information

Enter information for the individual licensee who is completing this form.

Name:	William Watson
Title:	entity official/member

Section 3 – Violations & Charges

Read each line below, and then sign your initials in the box to the right of any applicable statements:

Initials

I certify that I have **not** been convicted of any criminal charge in the previous two calendar years.

I certify that I have **not** committed any civil violation of AS 04, AS 17.38, or 3 AAC 306 in the previous two calendar years.

I certify that a notice of violation has **not** been issued for this license.

Sign your initials to the following statement only if you are unable to certify one or more of the above statements:

Initials

I have attached a written explanation for why I cannot certify one or more of the above statements, which includes the type of violation or offense, as required under 3 AAC 306.035(b).



Form MJ-20: Renewal Application Certifications

Section 4 – Certifications

Read each line below, and then sign your initials in the box to the right of each statement:

Initials

I certify that no person other than a licensee listed on my marijuana establishment license renewal application has a direct or indirect financial interest, as defined in 3 AAC 306.015(f)(1), in the business for which the marijuana establishment license has been issued.

WW

I certify that I meet the residency requirement under AS 43.23 or I have submitted a residency exception affidavit (MJ-20a) along with this application.

WW

I certify that this establishment complies with any applicable health, fire, safety, or tax statute, ordinance, regulation, or other law in the state.

WW

I certify that the license is operated in accordance with the operating plan currently approved by the Marijuana Control Board.

WW

I certify that I am operating in compliance with the Alaska Department of Labor and Workforce Development's laws and requirements pertaining to employees.

WW

I certify that I have not violated any restrictions pertaining to this particular license type, and that this license has not been operated in violation of a condition or restriction imposed by the Marijuana Control Board.

WW

I hereby certify that I am the person herein named and subscribing to this application and that I have read the complete application, and I know the full content thereof. I declare that all of the information contained herein, and evidence or other documents submitted are true and correct. I understand that any falsification or misrepresentation of any item or response in this application, or any attachment, or documents to support this application, is sufficient grounds for denying or revoking a license/permit. I further understand that it is a Class A misdemeanor under Alaska Statute 11.56.210 to falsify an application and commit the crime of unsworn falsification.

WW

William Watson

Printed name of licensee

Signature of licensee



Alaska Marijuana Control Board
Form MJ-20a: 2024-2025 Residency Exception

Why is this form needed?

Per 3 AAC 306.035(h), this residency exception may be submitted with a marijuana establishment renewal application for each licensee whose residency status has changed so that the licensee is no longer considered a resident of the state as defined at 3 AAC 306.015(f)(2).

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Licensee:	Cannabis 49 LLC	License Number:	35633		
License Type:	Retail Marijuana Store				
Doing Business As:	Coastal Cannabis Company LLC				
Premises Address:	1900 Mineral Creek Loop Rd				
City:	Valdez	State:	AK	ZIP:	99696

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Enter information for the individual licensee who is completing this form.

Name:	William Watson				
Title:	entity official/member				

Section 3 – Changes to Residency

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Initials

I certify that my primary residence is in Alaska.

I certify that I have good cause, as stated below, for not meeting the requirements to be a resident of the state as defined at 3 AAC 306.015(f)(2).

I certify that the cause of not meeting the requirements to be a resident of the state as defined at 3 AAC 306.015.(f)(2) is temporary.

I anticipate being able to meet the requirements to be a resident of the state as defined at 3 AAC 306.015(f)(2) at the following time:



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I hereby certify that I am the person herein named and subscribing to this application and that I have read the complete application, and I know the full content thereof. I declare that all of the information contained herein, and evidence or other documents submitted are true and correct. I understand that any falsification or misrepresentation of any item or response in this application, or any attachment, or documents to support this application, is sufficient grounds for denying or revoking a license/permit. I further understand that it is a Class A misdemeanor under Alaska Statute 11.56.210 to falsify an application and commit the crime of unsworn falsification.



William Watson

Printed name of licensee

Signature of licensee



Legislation Text

File #: 25-0004, **Version:** 1

ITEM TITLE:

Approval of Renewal Marijuana Cultivation Facility License - DKW Farms, LLC

SUBMITTED BY: Sheri Pierce, MMC, City Clerk

FISCAL NOTES:

Expenditure Required: NA
Unencumbered Balance: NA
Funding Source: NA

RECOMMENDATION:

City Administration has no objection to renewal of this license.

SUMMARY STATEMENT:

AMCO has received a complete renewal application and/or endorsement renewal application for a marijuana establishment within our jurisdiction. Notice is required under 3 AAC 306.035(c)(2).

To protest the approval of this application pursuant to 3 AAC 306.060, the city must furnish the director and the applicant with a clear and concise written statement of reasons for the protest within 60 days of the date of this notice and provide AMCO proof of service of the protest upon the applicant.

3 AAC 306.060 states that the board will uphold a local government protest and deny an application for a marijuana establishment license unless the board finds that a protest by a local government is arbitrary, capricious, and unreasonable. If the protest is a "conditional protest" as defined in 3 AAC 306.060(d)(2) and the application otherwise meets all the criteria set forth by the regulations, the Marijuana Control Board may approve the license renewal, but require the applicant to show to the board's satisfaction that the requirements of the local government have been met before the director issues the license.

At the May 15, 2017, Marijuana Control Board meeting, the board delegated to AMCO Director the authority to approve renewal applications with no protests, objections, or notices of violation. However, if a timely protest or objection is filed for this application, or if any notices of violation have been issued for this license, the board will consider the application. In those situations, a temporary license will be issued pending board consideration.



December 18, 2024

From: marijuana.licensing@alaska.gov ; amco.localgovernmentonly@alaska.gov

Licensee: **DKW Farms LLC**

DBA: DKW Farms LLC

VIA email: cd_dunning@cvinternet.net

CC:

Local Government: Valdez

Via Email: speirce@valdezak.gov; esorumbirk@valdezak.gov

Community Council:

Via Email:

CC: n/a

Re: Standard Marijuana Cultivation Facility #11234 Combined Renewal Notice

License Number:	#11234
License Type:	Standard Marijuana Cultivation Facility
Licensee:	DKW Farms LLC
Doing Business As:	DKW Farms LLC
Physical Address:	4269 Richardson Hwy Valdez, AK 99686
Designated Licensee:	Dwain Dunning
Phone Number:	907-835-2277
Email Address:	cd_dunning@cvinternet.net

License Renewal Application

Endorsement Renewal Application

Dear Licensee:

After reviewing your renewal documents, AMCO staff has deemed the application complete for the purposes of 3 AAC 306.035(c).

Your application will now be sent electronically, in its entirety, to your local government, your community council (if your proposed premises is in Anchorage or certain locations in the Mat-Su Borough), and to any non-profit agencies who have requested notification of applications. The local government has 60 days to protest your application per 3 AAC 306.060.

At the May 15, 2017 Marijuana Control Board meeting, the board delegated to AMCO Director the authority to approve renewal applications. However, the board is required to consider this application independently if you have been issued any notices of violation for this license, if your local government protests this application, or if a public objection to this application is received within 30 days of this notice under 3 AAC 306.065.

If AMCO staff determines that your application requires independent board consideration for any reason, you will be sent an email notification regarding your mandatory board appearance. Upon final approval, your 2024/2025 license will be provided to you during your annual inspection. If our office determines that an inspection is not necessary, the license will be mailed to you at the mailing address on file for your establishment.

Please feel free to contact us through the marijuana.licensing@alaska.gov email address if you have any questions.

Dear Local Government:

AMCO has received a complete renewal application and/or endorsement renewal application for a marijuana establishment within your jurisdiction. This notice is required under 3 AAC 306.035(c)(2).

To protest the approval of this application pursuant to 3 AAC 306.060, you must furnish the director **and** the applicant with a clear and concise written statement of reasons for the protest within 60 days of the date of this notice, and provide AMCO proof of service of the protest upon the applicant.

3 AAC 306.060 states that the board will uphold a local government protest and deny an application for a marijuana establishment license unless the board finds that a protest by a local government is arbitrary, capricious, and unreasonable. If the protest is a “conditional protest” as defined in 3 AAC 306.060(d)(2) and the application otherwise meets all the criteria set forth by the regulations, the Marijuana Control Board may approve the license renewal, but require the applicant to show to the board’s satisfaction that the requirements of the local government have been met before the director issues the license.

At the May 15, 2017, Marijuana Control Board meeting, the board delegated to AMCO Director the authority to approve renewal applications with no protests, objections, or notices of violation. However, if a timely protest or objection is filed for this application, or if any notices of violation have been issued for this license, the board will consider the application. In those situations, a temporary license will be issued pending board consideration.

If you have any questions, please email amco.localgovernmentonly@alaska.gov.

Sincerely,



Regina Cruz for, Director Lizzie Kubitz
907-269-0350



Alaska Marijuana Control Board
Form MJ-20a: 2024-2025 Residency Exception

Why is this form needed?

Per 3 AAC 306.035(h), this residency exception may be submitted with a marijuana establishment renewal application for each licensee whose residency status has changed so that the licensee is no longer considered a resident of the state as defined at 3 AAC 306.015(f)(2).

Section 1 – Establishment Information

Enter information for the licensed establishment, as identified on the license application.

Licensee:	DKW Farms LLC	License Number:	11234		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	DKW Farms LLC				
Premises Address:	4269 Richardson Hwy				
City:	Valdez	State:	AK	ZIP:	99686

Section 2 – Individual Information

Enter information for the individual licensee who is completing this form.

Name:	William Watson
Title:	Partner/member

Section 3 – Changes to Residency

Read each line below, and then sign your initials in the box to the right of all statements:

Initials

I certify that my primary residence is in Alaska.

I certify that I have good cause, as stated below, for not meeting the requirements to be a resident of the state as defined at 3 AAC 306.015(f)(2).

I certify that the cause of not meeting the requirements to be a resident of the state as defined at 3 AAC 306.015.(f)(2) is temporary.

I anticipate being able to meet the requirements to be a resident of the state as defined at 3 AAC 306.015(f)(2) at the following time:



Section 4 – Certifications

Read the statement below, and then sign your initials in the box to the right:

Initials

I hereby certify that I am the person herein named and subscribing to this application and that I have read the complete application, and I know the full content thereof. I declare that all of the information contained herein, and evidence or other documents submitted are true and correct. I understand that any falsification or misrepresentation of any item or response in this application, or any attachment, or documents to support this application, is sufficient grounds for denying or revoking a license/permit. I further understand that it is a Class A misdemeanor under Alaska Statute 11.56.210 to falsify an application and commit the crime of unsworn falsification.

William Watson

Printed name of licensee

Signature of licensee



Alaska Marijuana Control Board

Form MJ-20: Renewal Application Certifications

Why is this form needed?

This renewal application certifications form is required for all marijuana establishment license renewal applications. Each person signing an application for a marijuana establishment license must declare that he/she has read and is familiar with AS 17.38 and 3 AAC 306. A person other than a licensee may not have direct or indirect financial interest (as defined in 3 AAC 306.015(e)(1)) in the business for which a marijuana establishment license is issued, per 3 AAC 306.015(a).

This form must be completed and submitted to AMCO's Anchorage office by each licensee (as defined in 3 AAC 306.020(b)(2)) before any license renewal application will be considered complete.

Section 1 – Establishment Information

Enter information for the licensed establishment, as identified on the license application.

Licensee:	DKW Farms LLC	License Number:	11234		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	DKW Farms LLC				
Premises Address:	4269 Richardson Hwy				
City:	Valdez	State:	AK	ZIP:	99686

Section 2 – Individual Information

Enter information for the individual licensee who is completing this form.

Name:	William Watson
Title:	partner/member

Section 3 – Violations & Charges

Read each line below, and then sign your initials in the box to the right of any applicable statements:

Initials

I certify that I have **not** been convicted of any criminal charge in the previous two calendar years.

I certify that I have **not** committed any civil violation of AS 04, AS 17.38, or 3 AAC 306 in the previous two calendar years.

I certify that a notice of violation has **not** been issued for this license.

Sign your initials to the following statement **only if you are unable to certify one or more of the above statements:**

Initials

I have attached a written explanation for why I cannot certify one or more of the above statements, which includes the type of violation or offense, as required under 3 AAC 306.035(b).



Section 4 – Certifications

Read each line below, and then sign your initials in the box to the right of each statement:

Initials

I certify that no person other than a licensee listed on my marijuana establishment license renewal application has a direct or indirect financial interest, as defined in 3 AAC 306.015(f)(1), in the business for which the marijuana establishment license has been issued.

WW

I certify that I meet the residency requirement under AS 43.23 or I have submitted a residency exception affidavit (MJ-20a) along with this application.

WW

I certify that this establishment complies with any applicable health, fire, safety, or tax statute, ordinance, regulation, or other law in the state.

WW

I certify that the license is operated in accordance with the operating plan currently approved by the Marijuana Control Board.

WW

I certify that I am operating in compliance with the Alaska Department of Labor and Workforce Development's laws and requirements pertaining to employees.

WW

I certify that I have not violated any restrictions pertaining to this particular license type, and that this license has not been operated in violation of a condition or restriction imposed by the Marijuana Control Board.

WW

I hereby certify that I am the person herein named and subscribing to this application and that I have read the complete application, and I know the full content thereof. I declare that all of the information contained herein, and evidence or other documents submitted are true and correct. I understand that any falsification or misrepresentation of any item or response in this application, or any attachment, or documents to support this application, is sufficient grounds for denying or revoking a license/permit. I further understand that it is a Class A misdemeanor under Alaska Statute 11.56.210 to falsify an application and commit the crime of unsworn falsification.

WW

William Watson

Printed name of licensee

William A. Watson

Signature of licensee



Alaska Marijuana Control Board

Form MJ-20: Renewal Application Certifications

Why is this form needed?

This renewal application certifications form is required for all marijuana establishment license renewal applications. Each person signing an application for a marijuana establishment license must declare that he/she has read and is familiar with AS 17.38 and 3 AAC 306. A person other than a licensee may not have direct or indirect financial interest (as defined in 3 AAC 306.015(e)(1)) in the business for which a marijuana establishment license is issued, per 3 AAC 306.015(a).

This form must be completed and submitted to AMCO's Anchorage office by each licensee (as defined in 3 AAC 306.020(b)(2)) before any license renewal application will be considered complete.

Section 1 – Establishment Information

Enter information for the licensed establishment, as identified on the license application.

Licensee:	DKW Farms LLC	License Number:	11234		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	DKW Farms LLC				
Premises Address:	4269 Richardson Hwy				
City:	Valdez	State:	AK	ZIP:	99686

Section 2 – Individual Information

Enter information for the individual licensee who is completing this form.

Name:	Dwain Dunning
Title:	partner/member

Section 3 – Violations & Charges

Read each line below, and then sign your initials in the box to the right of any applicable statements:

I certify that I have **not** been convicted of any criminal charge in the previous two calendar years.

Initials

I certify that I have **not** committed any civil violation of AS 04, AS 17.38, or 3 AAC 306 in the previous two calendar years.

I certify that a notice of violation has **not** been issued for this license.

Sign your initials to the following statement only if you are unable to certify one or more of the above statements:

Initials

I have attached a written explanation for why I cannot certify one or more of the above statements, which includes the type of violation or offense, as required under 3 AAC 306.035(b).



Section 4 – Certifications

Read each line below, and then sign your initials in the box to the right of each statement:

Initials

I certify that no person other than a licensee listed on my marijuana establishment license renewal application has a direct or indirect financial interest, as defined in 3 AAC 306.015(f)(1), in the business for which the marijuana establishment license has been issued.

[Handwritten initials]

I certify that I meet the residency requirement under AS 43.23 or I have submitted a residency exception affidavit (MJ-20a) along with this application.

[Handwritten initials]

I certify that this establishment complies with any applicable health, fire, safety, or tax statute, ordinance, regulation, or other law in the state.

[Handwritten initials]

I certify that the license is operated in accordance with the operating plan currently approved by the Marijuana Control Board.

[Handwritten initials]

I certify that I am operating in compliance with the Alaska Department of Labor and Workforce Development's laws and requirements pertaining to employees.

[Handwritten initials]

I certify that I have not violated any restrictions pertaining to this particular license type, and that this license has not been operated in violation of a condition or restriction imposed by the Marijuana Control Board.

[Handwritten initials]

I hereby certify that I am the person herein named and subscribing to this application and that I have read the complete application, and I know the full content thereof. I declare that all of the information contained herein, and evidence or other documents submitted are true and correct. I understand that any falsification or misrepresentation of any item or response in this application, or any attachment, or documents to support this application, is sufficient grounds for denying or revoking a license/permit. I further understand that it is a Class A misdemeanor under Alaska Statute 11.56.210 to falsify an application and commit the crime of unsworn falsification.

[Handwritten initials]

Dwain Dunning

Printed name of licensee

[Handwritten signature]

Signature of licensee

Alcohol & Marijuana Control Office

License Number: 11234

License Status: Active-Operating

License Type: Standard Marijuana Cultivation Facility

Doing Business As: DKW FARMS LLC

Business License Number: 1042644

Designated Licensee: Dwain Dunning

Email Address: cd_dunning@cvinternet.net

Local Government: Valdez

Local Government 2:

Community Council:

Latitude, Longitude: 61.079370, -146.174367

Physical Address: 4269 Richardson Hwy
Valdez, AK 99686
UNITED STATES

Licensee #1

Type: Entity

Alaska Entity Number: 10041595

Alaska Entity Name: DKW Farms LLC

Phone Number: 907-835-2277

Email Address: cd_dunning@cvinternet.net

Mailing Address: P.O.Box 2078
Valdez, AK 99686
UNITED STATES

Entity Official #1

Type: Individual

Name: William Watson

[REDACTED]

[REDACTED]

[REDACTED]

Email Address: watswi69@gmail.com

Mailing Address: P.O.Box 512
Valdez, AK 99686
UNITED STATES

Entity Official #2

Type: Individual

Name: Kenneth Watson

[REDACTED]

[REDACTED]

[REDACTED]

Email Address: kcwwaldezak@hotmail.com

Mailing Address: P.O.Box 102
Valdez, AK 99686
UNITED STATES

Entity Official #3

Type: Individual

Name: Dwain Dunning

[REDACTED]

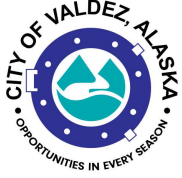
[REDACTED]

[REDACTED]

Email Address: cd_dunning@cvinternet.net

Mailing Address: P.O.Box 1876
Valdez, AK 99686
UNITED STATES

Note: No affiliates entered for this license.



Legislation Text

File #: 24-0505, **Version:** 1

ITEM TITLE:

Approval To Go Into Executive Session Re: City Manager Annual Evaluation

SUBMITTED BY: Elise Sorum-Birk, Deputy City Clerk

FISCAL NOTES:

Expenditure Required: n/a

Unencumbered Balance: n/a

Funding Source: n/a

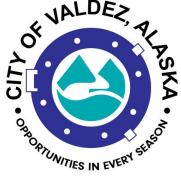
RECOMMENDATION:

n/a

SUMMARY STATEMENT:

Alaska Statute provides an exception to the Alaska Open Meetings Act (AS 44.62.310) under AS 44.62.310(c)(2) "subjects that tend to prejudice the reputation and character of any person, provided the person may request a public discussion" which allows the City Council to meet in executive session to conduct evaluations of contractual employees.

Any formal action related to the discussion requiring a motion and vote of the governing body must be done in open session.



Legislation Text

File #: 24-0501, **Version:** 1

ITEM TITLE:

Approval of Memorandum of Agreement between Prince William Sound College and the City of Valdez for the Purpose Early Childhood Occupational Endorsement Certificate Student Support

SUBMITTED BY: Jake Staser, City Attorney/ Elise Sorum-Birk, Deputy City Clerk

FISCAL NOTES:

Expenditure Required: \$30,000 (not to exceed \$75,000)

Unencumbered Balance: ---

Funding Source: Thread Childcare Grant, 350-3340-49510

RECOMMENDATION:

Approve of MOA with PWSC for ECE Endorsement Certificate Support

SUMMARY STATEMENT:

Attached is the MOA with PWSC to establish terms and conditions for City of Valdez support for students to complete ECE Endorsement Certificate through UAA. This certificate meets the requirements for becoming an administrator of a licensed childcare facility and provides the students with knowledge in early childhood development and family engagement.

A portion of the INNOVATION grant funds (\$30,000) were requested specifically for training early educators to work in the community by subsidizing the cost of education for an initial cohort of early educators. There is additional funding from the portion of grant monies intended as a funding mechanism to support the sustainability of future programs that could be used if the \$30,000 is exceeded.

This MOA will allow for up to 10 Valdez residents to receive full financial support (tuition, fees, textbooks and incidental expenses) in completing their ECE endorsement certificate (or coursework toward the certificate) up to \$7,500. The maximum program cost is \$75,000.

Memorandum of Agreement

Early Childhood Education Occupational Endorsement Certificate Support

The City of Valdez Alaska (“City”), a home rule municipality, and Prince William Sound College (“PWSC”) hereby enter into this Memorandum of Agreement for Early Childhood Education Occupational Certificate Support (“Agreement”) effective the ___ day of _____, 2025.

RECITALS

WHEREAS, The Valdez City Council has recognized the lack of licensed high-quality childcare in our community as a barrier to fostering economic stability and healthy families. One major barrier in the community’s ability to maintain licensed childcare has been a lack of adequately trained staff to serve as center administrators or childcare associates (“CCAs”); and

WHEREAS, the City applied for and received a Community INNOVATION Matching Grant from the State of Alaska through thread in the total amount of \$880,000; and

WHEREAS, \$30,000 of the grant funds were requested specifically for training early educators to work in the community by subsidizing the cost of education for a cohort of 6 to 10 educators. The requested grant amount was based on 8 trainees. The cost estimate was based on 2023 tuition and textbook costs for University of Alaska Anchorage (UAA) for 12 credits of course work. Using the low end of unmet demand for childcare in Valdez identified in the Early Childhood Needs Assessment in 2022, it was estimated that Valdez would need a minimum of 5 qualified CCAs; and

WHEREAS, there is currently an additional \$100,000 in grant funding that is unallocated but intended as a funding mechanism to support the sustainability of future programs. A portion of this funding may be used to support this program’s cost if expenses exceed the \$30,000; and

WHEREAS, all Community INNOVATION Grant funds must be expended by December 31, 2025; and

WHEREAS, the City and PWSC desire to enter into this agreement to facilitate the training of CCAs.

NOW THEREFORE, the parties agree as follows:

AGREEMENT

The City and PWSC agree to create a program based upon the following parameters:

1. Up to 10 students will be admitted to the initial cohort of this program.
2. The initial program will provide financial support to help Valdez residents who are already working in the childcare or education field or those interested in pursuing a future career in early childhood education to earn the UAA Occupational Endorsement Certificate in Infant and Toddler Development (18 credit hours).
3. Participants must satisfy the following requirements to be eligible for this program:
 - a. Residency: Participants must present proof that they reside in Valdez and have a local physical address (Driver's License, Voter Identification, Utility Bill, etc.) or, if residing on campus, participants must be a current PWSC student in good academic standing.
 - b. Age: Participants must be at least 16 years of age or older to enroll in the program- Dual Credit students may enroll.
 - c. Enrollment Eligibility: UAA will require proof of eligibility prior to enrollment.
4. The initial program period shall be the Spring 2025, Summer 2025 and Fall 2025 semesters.
5. The City will pay expenses, as provided herein, for the following UAA classes (with delivery online or to be coordinated in collaboration with PWSC):
 - a. EDEC A105 - Introduction to the Field of Early Childhood Education (3 credits).
 - b. EDEC A106 - Creativity and the Arts in Early Childhood (3 credits).
 - c. EDEC A107 - Child Development and Learning (3 credits).
 - d. EDEC A108 - Health, Nutrition and Wellness for Children Birth-12 (3 credits).
 - e. EDEC A241 - Infant and Toddler Development (3 credits).
 - f. EDEC A242 - Culturally Responsive Family Engagement (3 credits).

6. The City shall pay the following expenses for program participants during the Spring 2025, Summer 2025 and Fall 2025 semesters:
 - a. Tuition.
 - b. Fees.
 - c. Textbooks.
 - d. Cost of required fingerprinting and background checks.
 - e. Child/Infant First Aid CPR Certification, which shall be provided locally.
 - f. Costs associated with meeting course requirements for observation.
7. Costs will be reimbursed to UAA by the City for qualifying program participants at the beginning of each semester. Proof of participant eligibility and enrollment will be included with requests for reimbursement. The City will also reimburse costs incurred by PWSC associated with recruiting and advertising for the program.
8. An invoice accompanied by proof of all reimbursable expenses must be submitted to the City of Valdez Finance Department by November 30, 2025.
9. Total reimbursement for each participant shall not exceed \$7,500.
10. This Agreement may be modified or amended provided that any such modification or amendment is in writing and is signed by the parties to this Agreement.
11. Any civil action arising from this Agreement shall be brought in the trial courts of the State of Alaska in the Third Judicial District at Valdez. The law of the State of Alaska shall govern the rights and duties of parties under this Agreement.
12. Any provision of this Agreement that may be declared invalid or otherwise unenforceable by a court of competent jurisdiction shall be ineffective to the extent of such invalidity without invalidating the remaining provisions of this Agreement.
13. This Agreement shall be governed by the laws of the State of Alaska with venue in the Third Judicial District, State of Alaska at Valdez.

- 14. The failure of either party at any time to enforce a provision of this Agreement shall in no way constitute a waiver of the provision, nor in any way affect the validity of this Agreement or any part hereof, or the right of said party thereafter to enforce each and every provision hereof.

- 15. All terms and conditions of this Agreement are embodied herein. No other terms and conditions will be considered a part of this Agreement unless expressly agreed upon in writing and signed by both parties.

[SIGNATURES TO FOLLOW]

PRINCE WILLIAM SOUND COLLEGE

DATE: _____

BY: _____

TITLE: _____

Date: _____

FEDERAL ID #: _____

ATTEST:

Mailing Address

Sheri L. Pierce, MMC, City Clerk

City, State, Zip Code

Date: _____

Signature of Company Secretary or Attest

APPROVED AS TO FORM:
Brena, Bell & Walker, P.C.

Date: _____

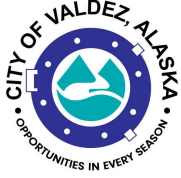
Jake W. Staser

Signature of Company Secretary or Attest

Date: _____

CITY OF VALDEZ, ALASKA
APPROVED:

Dennis Fleming, Mayor



Legislation Text

File #: 25-0005, **Version:** 1

ITEM TITLE:

Approval of Management Agreement between the City of Valdez and Providence Health & Services-Washington dba Providence Health & Services Alaska

SUBMITTED BY: City Administration/City Attorney

FISCAL NOTES:

Expenditure Required: NA
Unencumbered Balance: NA
Funding Source: NA

RECOMMENDATION:

Administration recommends approval of health care facilities management agreement with Providence Health & Services Alaska as presented.

SUMMARY STATEMENT:

The City owns and operates the Valdez acute-care hospital (the "Hospital"), the Valdez Extended Care Center, the Valdez Counseling Center, and the Valdez Primary Care Clinic (the "Clinic") (collectively, the "Health Care Facilities").

The City desires that the Hospital be operated as a stand-alone facility, therefore in the interest of sound fiscal management and to ensure the continued operation of the health care facilities in a professional and efficient manner, has requested that Providence enter into this management agreement.

Providence owns and operates a number of health care facilities and nursing homes that are operated in keeping with its philosophy, mission and values and desires to manage and operate the Valdez Health Care Facilities subject to the terms and conditions contained in the agreement.

Providence and the City executed a Management and Operating Agreement ("Original Agreement") effective January 1, 2015. The Parties amended the Original Agreement by Amendment No. 1 on January 1, 2016, Amendment No. 2 on December 17, 2019, and Amendment No. 3 on May 31, 2023. This Agreement incorporates all previously executed amendments. The redline document depicting modifications to the original agreement is attached for reference.

The Original Agreement provided for one (1) five (5) year extension, which has been exercised by the Parties, and the Original Agreement expires on January 31, 2024. This Agreement provides for an additional five-year term beginning January 1, 2025, with one (1) five (5) year option to extend; and this Agreement replaces the Original Agreement.

MANAGEMENT AND OPERATING AGREEMENT

THIS MANAGEMENT AND OPERATING AGREEMENT (“Agreement”) is made and entered into by and between THE CITY OF VALDEZ, a municipal corporation (the “City”) and PROVIDENCE HEALTH & SERVICES - WASHINGTON dba PROVIDENCE HEALTH & SERVICES ALASKA, a Washington non-profit corporation authorized to do business in Alaska (“Providence”). The City and Providence may be referred to below collectively as “Parties” and individually as “Party.”

RECITALS

WHEREAS, the City owns and operates the Valdez acute-care hospital (the “Hospital”), the Valdez Extended Care Center, the Valdez Counseling Center, and the Valdez Primary Care Clinic (the “Clinic”) (collectively, the “Health Care Facilities”);

WHEREAS, the City, in the interest of sound fiscal management and to ensure the continued operation of the Health Care Facilities in a professional and efficient manner, has requested that Providence enter into this Agreement to manage and operate the Health Care Facilities;

WHEREAS, the City desires to continue to provide quality and affordable health care to the residents of Valdez;

WHEREAS, the City desires that the Hospital be operated as a stand-alone facility;

WHEREAS, Providence owns and operates a number of health care facilities and nursing homes that are operated in keeping with its philosophy, mission and values;

WHEREAS, Providence desires to manage and operate the Health Care Facilities subject to the terms and conditions contained herein;

WHEREAS, Providence and the City executed a Management and Operating Agreement (“Original Agreement”) effective January 1, 2015;

WHEREAS, the Parties amended the Original Agreement by Amendment No. 1 on January 1, 2016, Amendment No. 2 on December 17, 2019, and Amendment No. 3 on May 31, 2023;

WHEREAS, this Agreement incorporates all previously executed amendments and all other terms of the Original Agreement remain unchanged;

WHEREAS, the Original Agreement provided for one (1) five (5) year extension, which has been exercised by the Parties, and the Original Agreement expires on January 31, 2024;

WHEREAS, this Agreement provides for an additional five-year term beginning January 1, 2025, with one (1) five (5) year option to extend; and

WHEREAS, this Agreement replaces the Original Agreement.

Now, therefore, in consideration of the mutual covenants contained herein, and each of the Parties intending to be legally bound hereby, it is mutually agreed as follows:

1. Appointment; Control; Operations; Limitations.

(a) Appointment; Agreement to Operate/Manage. The City hereby contracts with and appoints Providence to be the sole and exclusive operator and manager of the Health Care Facilities for the term of this Agreement. Providence hereby accepts such appointment and agrees to operate and manage the Health Care Facilities on behalf of the City consistent with the terms of this Agreement and all applicable laws, regulations and ordinances. Subject to the terms herein, including but not limited to Section 13, Providence assumes all the rights, duties, liabilities and obligations, which shall arise out of Providence's operation of the Health Care Facilities. Notwithstanding anything to the contrary, both Parties understand and agree that any and all services provided by Providence during the term of this Agreement shall be provided solely for the benefit of the City. During the term of this Agreement and subject to the other provisions of this Agreement, Providence, shall operate the Health Care Facilities, including without limitation, performing or arranging for the provision of the following:

- 1) Ensure timely deposits into the Accounts (as defined in Section 5) of all receipts and moneys arising from the operation of the Health Care Facilities, and shall make disbursements from such accounts in such amounts and at such times as the same are required;
- 2) Establish all prices, price schedules, rates and rate schedules for the Health Care Facilities;
- 3) Negotiate, prepare, and execute any such other contracts reasonably necessary or desirable in connection with the operation of the Health Care Facilities in the usual course of business; provided however, the auditing firm to be retained by Providence in connection with preparation of the annual audited financial statements for the Health Care Facilities requires City approval;
- 4) Hire or retain any consultants, accountants, attorneys, or other professional personnel necessary and appropriate to assist Providence in carrying out its duties and responsibilities in accordance with this Agreement;
- 5) Operate the Health Care Facilities in a manner that is consistent with applicable federal, state and local anti-discrimination laws, including the provision of services to persons at the Health Care Facilities without regard to financial circumstances or race, creed, color, national origin, religion, sex, disability, or any other protected class;
- 6) Operate the Health Care Facilities in a manner consistent with their Medical Staff Bylaws and Rules and Regulations, as applicable. The Parties hereby specifically agree to allow Providence,

- while acting on behalf of the Health Care Facilities, to enter into certain exclusive contracts for the practice of primary care physicians, anesthesiologists, radiologists, pathologists, or other providers for the benefit of the Health Care Facilities;
- 7) Provide provider credentialing services and any and all other services as reasonably required to facilitate and perform credentialing functions (as applicable) at the Health Care Facilities;
 - 8) Employ or otherwise retain and shall be responsible for selecting, hiring, training, supervising, and firing all management, professional, administrative, clerical, secretarial, bookkeeping, accounting, payroll, billing and collections, clinical staff, buildings, grounds and maintenance staff, and other personnel that are reasonably necessary and appropriate for the operation of the Health Care Facilities. Health Care Facilities will maintain parity with geographically competitive market wages, using City of Valdez and related salary scale data to establish salaries for employed personnel;
 - 9) Take all such actions reasonably necessary to cause the Health Care Facilities to continue as participating providers under the Medicare and Medicaid programs;
 - 10) Prepare, execute and file any required documents with governmental or accrediting agencies, including without limitation, any Medicare cost reports, provider agreements, and licensing documents; provided however, that the Medicare cost report consulting firm to be retained by Providence in connection with preparation of the any cost reports for the Health Care Facilities requires City approval;
 - 11) Provide or arrange for the provision of all marketing and public relations services that are reasonably necessary and appropriate for the operation of the Health Care Facilities, as determined by Providence after taking into account the Health Advisory Council's recommendations, if any, related to promoting healthcare and creating awareness of the provision of services and programs by the Health Care Facilities to meet the needs of the local community. The Parties hereby agree that Providence may, during the term of this Agreement, identify the Health Care Facilities as entities under the operational management of Providence;
 - 12) Provide oversight as necessary to assure that building and grounds staff maintain the Health Care Facilities in conformance with applicable fire and life safety codes necessary to maintain each Health Care Facility's respective licensure and accreditation, including but not limited to such standards imposed by the Centers for Medicare & Medicaid Services ("CMS") as a condition of participation in Medicare and/or Medicaid;
 - 13) Subject to the last paragraph of this Section 1 hereof, with written notice to the City, Providence may, in its sole discretion defend, assert, settle, or otherwise dispose of any claims, litigation,

- judgments, or liabilities in connection with the Health Care Facilities, and will notify the City of same;
- 14) Provide to the City Manager an annual budget for each of the Health Care Facilities;
 - 15) Negotiate, contract for, and generally supervise the disposal of all medical waste and/or garbage refuse;
 - 16) Conduct medical educational training programs at the Health Care Facilities, including training of students and residents and other medical/technical personnel, in a manner consistent with applicable governmental regulations and Providence's policies; and
 - 17) Unless otherwise specifically provided in this Agreement, Providence shall be responsible for the performance of all other acts reasonably necessary in connection with the operation of the Health Care Facilities in accordance with their approved annual budgets and the terms and conditions of this Agreement.

Notwithstanding anything to the contrary in this Agreement, Providence shall not have authority to bind the City or the Health Care Facilities as to the following matters or to perform any of the following on behalf of the City or the Health Care Facilities without first obtaining approval from the City Manager pursuant to Valdez City Code: (i) any sale, lease, exchange, mortgage, pledge, or other transfer or disposition of any of the assets of any of the Health Care Facilities other than in the ordinary course of business; (ii) any fundamental change in the nature of the Health Care Facilities' businesses; (iii) any merger, consolidation or affiliation of any of the Health Care Facilities with another entity; (iv) any material change with respect to the insurance coverage obtained or provided through Providence, unless such change is beyond Providence's reasonable control; and (v) settle or otherwise dispose of any claims, litigation, judgments or liabilities in connection with the Health Care Facilities in excess of \$40,000.

- (b) Licenses. The City represents that, as of the Effective Date, it has any and all necessary licenses as owner of the Health Care Facilities, and has listed Providence on such licenses as the manager to operate the Health Care Facilities. Providence agrees that it will take all steps necessary to maintain and continue the Health Care Facilities' licenses, permits and certifications for the term of this Agreement. Providence shall provide the City with copies of such licenses, permits and certifications.
- (c) General Control of the Health Care Facilities and Responsibilities Retained by the City. Although the City has contracted day-to-day operations and management of the Health Care Facilities to Providence during the term of this Agreement, the City shall continue to own and have financial responsibility for the real property and premises that house the Health Care Facilities, as well as the

surrounding grounds, ingress/egress, parking, sidewalks, passageways, and all other common areas adjacent to the Health Care Facilities that are City-owned (the “Health Campus”). The City may allow other tenants to use the Health Campus during the Term of this Agreement, so long as such uses do not interfere with the ongoing provision of health care services on the Health Campus by Providence pursuant to the term of this Agreement. The City’s retained responsibilities associated with the Health Campus shall include the following:

- 1) Costs associated with ownership of the real property on which the Health Care Facilities, and their surrounds are located, as well as the completion of any capital or facility improvements related thereto, except for such alterations undertaken by Providence as specifically authorized by the City pursuant to Section 4(d) and which are payable pursuant to the terms of this Agreement;
- 2) Costs associated with the maintenance, alteration, or improvements to the buildings and grounds surrounding the Health Care Facilities including, but not limited to, labor-related equipment and other costs associated with: grounds maintenance and landscaping for the Health Campus; parking lot maintenance; maintaining traffic flow and signage/indicators for parking and pedestrian areas (e.g., directional striping); snow removal; maintaining safe sidewalks and curbs; and other general maintenance of the grounds, with the exception of front entrance areas maintained by Providence;
- 3) Costs associated with ambulance and delivery vehicles used by the Health Care Facilities;
- 4) Costs associated with equipment used to maintain the exterior grounds associated with the Health Campus;
- 5) Costs associated with maintaining functional and safe operating conditions, consistent with applicable federal or state statutes, rules, and requirements, of the City-owned real property and capital assets located on the Health Campus including, but not limited to: building painting, roofing, siding, plumbing, heating, fire safety, lighting/electrical, ventilation systems, or other maintenance or repairs;
- 6) Costs associated with utilities serving the Health Campus (e.g., electrical, water, and heating) that are invoiced to the City by Providence for all tenants/users, and which shall be allocated among tenants/users based upon metered electrical use, square footage allocation, or such other mutually agreed upon methodology.

(d) Notifications.

- 1) Official notifications, reports and communications related to this Agreement shall be made to the City via the City Manager.

(e) Required Notifications. Providence shall notify the City in writing within twenty-four (24) hours of the occurrence of any one or more of the following events:

- 1) Any loss of licensure by the Health Care Facilities;
- 2) At such time as Providence becomes aware of any material governmental investigation or disciplinary proceeding relating to the Health Care Facilities;
- 3) Any of the Health Care Facilities becomes debarred, suspended, or otherwise ineligible to participate in any federal or state health care program, including the Medicare and Medicaid programs; and/or
- 4) At such time as Providence becomes aware of any act of nature or any other event which has a material adverse effect on Providence's ability to operate any of the Health Care Facilities.

(f) Name of Facilities. The Parties hereby agree that during the term of this Agreement the Hospital, the Valdez Counseling Center, and the Valdez Primary Care Clinic shall be identified and signed as the "Providence Valdez Medical Center," the "Providence Valdez Counseling Center," and the "Providence Valdez Primary Care Clinic" respectively. Upon any termination or expiration of this Agreement, Valdez shall immediately remove any reference to Providence from any ongoing signage, letterhead, and other publications or documents relating to the Hospital, the Valdez Counseling Center, and any of the other Health Care Facilities. Nothing in this Agreement shall be construed as providing Valdez with any rights whatsoever to use the name Providence after any termination or expiration of this Agreement.

(g) Requirements for Providence and City Emergency Medical Services (EMS) Personnel. The Parties hereby agree that during the term of this Agreement they will follow the following requirements with respect to all EMS personnel rendering services on the Health Campus:

- 1) EMS personnel may enter the Health Care Facilities and Health Campus while on duty, to perform their job functions in transporting, escorting, assisting, and when called upon to respond to emergencies at the Health Care Facilities;
- 2) Beyond the regular practice of their responsibilities to transport and hand-off patients to the Hospital staff, specified EMS personnel, with their supervisor/trainer may be located at the

Health Care Facilities to take advantage of education or training opportunities, as long as medical and staff routines can be carried out without disruption;

- 3) In order for EMS personnel to be present on the Health Campus beyond their usual routine of transporting and escorting patients, the Privacy Officer will ensure that each individual has signed a Confidentiality and Privacy Agreement;
- 4) All EMS personnel will comply with all applicable policies and procedures that govern their practices except if there is conflict between agency and/or Providence policies, at which time, reconciliation will be made among the Heads of the departments and to the Valdez Fire Department to ensure standardization of practice and safety of patients/personnel are prioritized at all times;
- 5) EMS personnel will respect and follow the chain of command for decision-making as it relates to their own supervision and in working with Health Care Facility personnel;
- 6) Hospital staff will perform all required duties as outlined in their job description and will not delegate any such duties to non-Hospital staff;
- 7) EMS personnel may only perform functions on Hospital's patients when there are physician orders written specifically for their patients that authorize EMS personnel to perform these clinical tasks (e.g., draw blood work; intubate; start IV's) on them;
- 8) All patients who are subjects of, or included in, EMS personnel training will be consulted for their consent to allow for such training to occur with the patient's involvement;
- 9) EMS Instructors are welcomed to train Health Care Facility staff and physicians to their modalities, equipment, and methodologies in early response scenarios, and are welcomed to join in certification offerings such as BLS, ACLS, PALs, and NRP at the Hospital. Together with Hospital staff, EMS personnel are permitted to access educational resources and pertinent offerings at Hospital;
- 10) Due to the irregularity of EMS activation and type, any Hospital staff seeking to have more exposure to EMS protocols in early response, or to ride with them during their responses, will have to arrange it on their own time; and
- 11) Prior to escorting a patient in an ambulance during a medical evacuation, Hospital staff will be provided with an orientation of the rig and protocols necessary to provide safe care for the patient during the transport.

2. Effective Date and Term. This **Agreement shall become effective on January 1, 2025** (the "Effective Date"). The term of this Agreement shall be five (5) years from the Effective Date unless sooner terminated as

provided herein (“Term”). The Parties may extend the Term for an additional five (5) years based upon mutual written agreement. Such renewal (if applicable) shall be on the same terms and conditions of this Agreement.

3. Admission and Treatment Policy. Providence agrees to treat any and all patients presenting for emergency care to the Hospital in accordance with the Emergency Medical Treatment and Labor Act, 42 USC § 1395dd (EMTALA), and to provide or arrange for services to such patients in accordance with the Hospital’s available space, qualified personnel, capabilities, and applicable policies and protocols. Providence agrees it shall not discriminate in the admission of patients or delivery of outpatient services on the basis of financial circumstances, race, creed, color, national origin, religion, sex, disability, or any other protected class. Providence agrees that any patient seeking treatment at any of the Health Care Facilities has the right to choose the health provider(s) and hospital(s) of the patient’s preference. Where transfer to another provider is necessary for any reason, Providence agrees to honor such determinations by patients to the extent possible and will communicate such directives to attending physician(s) and emergency transportation services.

Providence acknowledges the importance to the people of Valdez of being able to receive care and treatment in a local hospital rather than to be transported out of town and agrees that, except to the extent necessary to meet patient choice or the particular health or safety needs of a patient, Providence will not move or cause patients to move to other facilities arbitrarily. The City has the right to request a retrospective review for any disputed transfer, so long as such review is in compliance with applicable laws and rules governing the security and the confidentiality of individually identifiable patient healthcare information.

4. Reimbursable Expenses. Indirect costs associated with administrative and support services provided to the Health Care Facilities by the Providence Alaska Regional Office and Providence System Office (“System Allocations”) are deemed to be recovered in the form of the Annual Fixed Fee as described in Section 7, and will not be billed to the City in addition to the Annual Fixed Fee. Other than for System Allocations, any and all direct and indirect costs, including without limitation those expenses described below, and budgeted and unbudgeted operating or capital costs actually incurred by Providence in connection with its operation of the Health Care Facilities pursuant to this Agreement, shall be deemed “Reimbursable Expenses” subject to the reimbursement provisions of this Agreement:

- (a) Operating Expenses. In accordance with the operating and capital budgets adopted annually, or as otherwise expressly approved by the City, Providence will incur costs generally associated with the operation of Health Care Facilities (“Operating Expenses”). In the event the City and Providence discontinue their contractual relationship, the costs incurred by the Health Care Facilities in winding

down and closing out its relationship with the City shall be deemed Operating Expenses which are recoverable as Reimbursable Expenses under this Agreement.

- (b) Supplies. Providence shall be entitled to use, as a part of the operations of the Health Care Facilities, the supplies maintained at the Health Care Facilities on the Effective Date. Providence shall, as part of its Operating Expenses, supply and maintain all expendable hospital/medical supplies as may be required in Providence's discretion for the proper operation of the Health Care Facilities. Upon termination of this Agreement, Providence will leave behind all of the supplies in inventory as well as floor stock items maintained at the Health Care Facilities.
- (c) Equipment Expenses. In accordance with the annual operating and capital budgets, or as otherwise expressly approved by the City, Providence will incur costs to maintain equipment (regardless of ownership), or to purchase replacement or additional equipment, used by Providence in the provision of healthcare services within the Health Care Facilities (“Equipment Expenses”), which shall be Reimbursable Expenses under this Agreement. The City will retain title to all Health Care Facilities’ equipment owned by the City, and any replacement or additional equipment purchased by Providence under this Section 4 shall be the City’s property and shall be identified as such.
- (d) Alterations. Providence shall have the right to make alterations, additions, improvements, and renovations to the Health Care Facilities, the costs of which shall be recoverable as Reimbursable Expenses, provided: 1) Providence shall notify the City with respect to any such work requiring any substantial expenditure; 2) such work shall not adversely affect the structural integrity of the Health Care Facilities or diminish the value thereof; 3) any such work shall be performed in a good and workmanlike manner and in conformance with all applicable building, fire and health regulations; 4) the City shall have approved in writing such work in advance, such approval to not be unreasonably withheld; and (5) such work shall comply with the Little Davis-Bacon Act as set forth in Alaska Statutes Title 36, if applicable.

5. Disposition of Funds, Reporting and Administration.

- (a) Funds originating from the operation of the Health Care Facilities and collected by Providence pursuant to this Agreement shall be received, handled, managed, and disposed of as follows:
 - 1) Providence shall deposit all funds received by it from the operation of the Health Care Facilities and all amounts advanced by the City in a jointly held bank account or accounts bearing the name of one or more of the Health Care Facilities (hereinafter the “Accounts”) in a bank or trust company approved by the City and Providence. Such funds shall in no event be commingled

- with other City or Providence funds. Providence shall have no liability or responsibility for any loss resulting from the insolvency, malfeasance, or nonfeasance of the bank or banks in which such funds are deposited;
- 2) Providence has the right to make withdrawals from and use the Accounts for the purposes of operating the Health Care Facilities and performing their obligations hereunder, paying Providence's compensation hereunder, and paying the Reimbursable Expenses described in Section 4, until the expiration or termination of this Agreement, at which time Providence shall resign as co-signatory for the Accounts; and
 - 3) Signatories and approvals as to the amounts on all checks drawn from the Accounts shall be in accordance with the policies and procedures mutually agreed to by Providence and the City.
- (b) Providence will perform all billing and collection activities for the Health Care Facilities' accounts receivables, will process accounts payable, and will provide such other administrative, accounting, and clerical services as are necessary. All revenues and cash collections including those from patients, third-party payors and other sources billed and collected by Providence, and arising out of or related to services rendered during the term of this Agreement, or any predecessor agreement(s) between the parties related to the subject matter hereof, and all grants or portions thereof attributed to the Health Care Facilities arising out of or related to the Health Care Facilities during the term of this Agreement, shall be used first to offset Reimbursable Expenses of the Health Care Facilities incurred on or after the Effective Date. Providence shall appropriately collect all amounts billed for services provided at the Health Care Facilities. The excess, if any, of such revenues over such expenses shall accrue to the Accounts, and be applied in the City's sole discretion, to pay debt service on the City's existing revenue bonds related to the Health Care Facilities, the costs of repairs, renewals, improvements or additions to the Health Care Facilities, or to cover past, present or future losses. Providence and the City agree that, in the absence of exigent circumstances, the Accounts will maintain a balance equal to ninety (90) days of operating expenses.
- (c) Providence shall provide the City with audited year-end financial statements for the Health Care Facilities within 120 days after the end of each year. Within ninety (90) days after the end of the fiscal year, Providence shall prepare and deliver to the City an operational report that shall provide information on services provided, new programs and services that have been initiated, programs and services that have been terminated or relocated to other facilities, statistics on patients treated, and other information of interest to the City and the community. Providence shall provide the City with an electronic copy of the report for distribution among the City officials and members of the

community. Upon request by the City, Providence will make a representative available to make presentations to the Valdez City Council and community groups concerning the annual report. The information to be shared under this paragraph shall not include protected health information covered by applicable federal or state laws and rules governing the security and the confidentiality of individually identifiable patient healthcare information, including, but not limited to, the Health Insurance Portability and Accountability Act of 1996 and regulations adopted there under (“HIPAA”).

- (d) Providence shall maintain all financial, medical, and hospital records, including admitting registers, schedules of room rentals, patients' insurance records, pertinent hospital personnel records and such other information and records as are necessary to the continued operation of the Health Care Facilities. Original copies of medical and hospital records shall be maintained and stored at one or more of the Health Care Facilities or at another facility acceptable to Providence. Record retention and destruction will occur in accordance with the Providence Health & Services Retention Guidelines, which are based on state and federal law.

- (e) By no later than fourteen (14) days prior to the Hospital's scheduled City Council budget work session or other budget hearing, or October 15th, whichever is later, of each Operating Year during the term of this Agreement, Providence shall submit and recommend to the City an operating and capital budget for the Health Care Facilities. Providence will use reasonable efforts to operate the Health Care Facilities consistent with their respective budgets. Under the terms of this Agreement, the City shall have the right to review and approve Providence's proposed annual operating and capital budgets, and the City and the Administrator will meet annually or as requested by the City Manager, to discuss which known or projected expenditures for the Health Campus should be approved. Providence shall provide the City with monthly updates comparing each Health Care Facility's actual financial performance to the approved budget during the course of each year to ensure that the City is fully aware of the financial performance of the Health Care Facilities on a monthly basis.

Providence will provide the City with monthly financial reports, including current revenues, expenses, and cash flow projections, prepared in accordance with generally accepted accounting principles. The monthly reports shall include comparisons to budgeted amounts and prior year historical analysis comparisons. Providence will provide the City with detailed trial balances of each

general ledger account with prior year historical comparisons, upon request. The City shall have access to all financial information related to the Health Care Facilities.

- (f) The City agrees to defend, indemnify, and hold Providence harmless against all claims, liability, and expense resulting from acts or omissions of any of the Health Care Facilities in connection with any agreements assigned to Providence and relating to the period prior to Providence's management and operation of the Health Care Facilities.

6. Working Capital and Cash Flow.

- (a) Providence will pay Reimbursable Expenses as they become due, using funds from the Accounts. Providence will assure that all Reimbursable Expenses will be paid consistent with the various terms and conditions of vendors, as well as the annually approved operating and capital budgets or other express City approvals, and applicable regulations.

Notwithstanding the major maintenance or capital improvement projects elected by the City to manage, or agreed upon by the Parties for the City to manage, upon approval of the annual capital budget, Providence may purchase the approved items subject to its internal procurement policies. Capital items not anticipated in the budget with a cost not in excess of \$40,000 require approval from the City manager or designee prior to purchase. Capital items not anticipated in the budget with a cost in excess of \$40,000 require approval from City Council. Capital items are defined as those costing \$5,000 or more. All capital purchases procured in this manner will be the property of the City.

- (b) Throughout the Term of this Agreement, the City shall ensure that sufficient funds are available in the Accounts to pay Reimbursable Expenses, which for purposes of this Section, shall mean funds sufficient to cover ninety (90) days of Daily Operating Expenses for the Health Care Facilities, as determined in Exhibit A. Reimbursable Expenses include payment of any and all expenses, debts, obligations, and liabilities incurred by Providence relating to the operation of the Health Care Facilities, other than as expressly excluded under Section 4. In the event Providence provides written notice to the City of an actual or likely shortfall or deficit of such funds outside the annual budgeting process, the City agrees to deposit that amount into the Accounts within thirty (30) days to offset such shortfall or deficit.
- (c) The Parties agree that the City may need to advance an annual supplement to the Health Care Facilities during the term of this Agreement, to offset expected operating shortfalls and/or provide a desired reserve capacity. Prior to each fiscal year, Providence shall forecast its annual Operating

Expenses/Revenues and calculate the City's operating supplement pursuant to Exhibit A herein. Supplement requests shall be forwarded to the City in accordance with the City's annual budget schedule. Following adoption of the City budget by the City Council, the City shall pay the entire supplement amount to Providence within the first forty-five (45) days of the City's fiscal year or as otherwise agreed upon by both Parties. In the event (i) the City fails to deposit any required amount under this Section, (ii) the City fails to approve the estimated annual shortfall amount for any Operating Year during the term of this Agreement, or (iii) the Parties are unable to reach mutual agreement in a timely manner (as reasonably determined by Providence) with respect to any Operating Year's estimated annual shortfall amount, Providence may terminate this Agreement by providing the City with thirty (30) days advance written notice of such termination. It is the express intent that sufficient working capital will be present to preclude the need for Providence to advance or fund working capital.

- (d) The Parties agree that it is desirable to allow for the growth of reserve capacity in the Accounts beyond the minimum set forth herein. Therefore, Providence shall be permitted to use surplus operating revenues to increase the total balance in the Accounts to cover up to one hundred and twenty (120) days of Daily Operating Expenses.
- (e) Surplus operating revenues resulting in Accounts balance in excess of one hundred and twenty (120) days of Daily Operating Expenses shall be applied as follows, (i) to the City's next installment of the Annual Fixed Fee and/or subsequent operating supplement, (ii) to any costs associated with the City's retained responsibilities in Section 1(c) of this Agreement, or (iii) to accumulate in the Accounts for future community health care investments, as determined solely by the City.
- (f) Unused funds from approved major maintenance or capital projects may be repurposed to another approved major maintenance or capital project with written approval by the City Manager.

7. Annual Fixed Fee. For each twelve (12) month period beginning as of the Effective Date and continuing throughout the Term of this Agreement thereafter (each such twelve (12) month period, an "Operating Year"), the City shall pay Providence a periodic fixed fee ("Annual Fixed Fee") as compensation to Providence for its management and administrative services under this Agreement, including all System Allocations, but exclusive of any Reimbursable Expenses directly incurred by Providence under Section 4. The Annual Fixed Fee will be payable by the City in equal monthly installments, in arrears, and will be prorated in any partial Operating Year(s). The Annual Fixed Fee for the initial Operating Year, beginning on the Effective Date, will be a total of Seven Hundred Twenty-Three Thousand and Three Hundred and Sixty-Two Dollars (\$723,362). For each

subsequent Operating Year beginning on or after January 1, 2026, the Annual Fixed Fee will be adjusted annually based on the Consumer Price Index for each twelve-month period (Anchorage, Alaska, All Urban Consumers – Not Seasonally Adjusted, Base: 1982-1984. Both Parties understand and agree that the City has other financial obligations to Providence pursuant to the terms of this Agreement.

8. Employment. All personnel of the Health Care Facilities during the term of this Agreement shall be employees of Providence, with the exception of certain temporary labor required from time to time to sustain operations, and EMS personnel employed by the City or other third parties. Providence shall adopt its own employment policies and procedures. Providence agrees to select and hire an individual to serve as the Administrator of the Health Care Facilities (the “Administrator). The City shall have the right to participate in, and ask for a review process regarding, the selection of an Administrator. The Administrator shall be Providence’s primary representative with respect to Communications to the City. All of Providence’s employee costs related to the provision of services under this Agreement are deemed to be Reimbursable Expenses, except as otherwise noted in Section 4.

9. Medicare and Medicaid Reimbursement. From and after the Effective Date, Providence shall maintain Medicare and Medicaid certification and shall prepare all Medicare/Medicaid cost reports relating to the Health Care Facilities in a timely manner. Providence will meet CMS deadlines and will make cost reports available to the City when complete. All expenses incurred within this Section 9 are considered Reimbursable Expenses and shall be paid as such. The City may elect, as an added Reimbursable Expense, to have the cost reports analyzed by a financial consultant.

10. Site Conditions and Environmental Matters.

- (a) The City will provide to Providence any and all requested documentation regarding the construction or expansion of the Hospital as laid out in the Master Facility Plan (MFP), as suggested by the Mayor’s Task Force, and/or as may be approved by the Valdez City Council including but not limited to, plans, drawings, technical specs, and “punch lists” prior to completion. Providence assumes no liability with respect to construction or expansion of the Health Care Facilities, or the condition of the soil or subsoil, or any other conditions of the real property on which the Health Care Facilities are located.
- (b) Providence will not cause or permit the Health Care Facilities to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce, or process any hazardous substances except in compliance with all applicable environmental laws, nor shall Providence cause or permit as a result of any

intentional or unintentional act or omission on the part of Providence the release of any hazardous substances on the Property.

- (c) In undertaking their respective obligations under this Agreement, the Parties will at all times and in all respects comply with all applicable environmental laws.
- (d) Providence agrees to immediately notify the City if Providence becomes aware of (i) any hazardous substance or other environmental problem or liability with respect to the Health Care Facilities, or (ii) any lien, action or notice resulting from violation of any of the laws, regulations, ordinances, or orders defined as environmental laws. Providence shall take all actions that are necessary or desirable to clean up any and all hazardous substances released in, on, or under the Health Care Facilities after the Effective Date and, except as provided in Section 10(e) below, any costs associated thereto shall be a Reimbursable Expense.
- (e) Providence shall indemnify, defend, and hold the City harmless from and against any and all claims, demands, damages, losses, liens, costs, and expenses (including attorneys' fees and disbursements) which accrue to or are incurred by the City arising directly from (i) any activities within the Health Care Facilities during the term of this Agreement caused by Providence's negligence which directly resulted in the Health Care Facilities being contaminated with hazardous substance; (ii) the discovery of hazardous substances at the Health Care Facilities whose presence was caused during the term of this Agreement by Providence's negligence; and (iii) the clean-up of hazardous substances at the Health Care Facilities whose presence was caused during the term of this Agreement by Providence's negligence. Providence's negligence as used in this Section 10(e) includes actions by any officer, agents, contractor, or employee of Providence.
- (f) The City shall indemnify, defend, and hold Providence harmless from and against any and all claims, demands, damages, losses, liens, costs, and expenses (including attorneys' fees and disbursements) which accrue to or are incurred by Providence arising directly or indirectly from or out of or in any way connected with (i) any activities within the Health Care Facilities prior to the Effective Date which directly or indirectly resulted in the Health Care Facilities being contaminated with hazardous substances; (ii) the discovery of hazardous substances at the Health Care Facilities whose presence was caused prior to the Effective Date; (iii) the clean-up of hazardous substances on or at the Health Care Facilities whose presence was caused prior to the Effective Date; and (iv) the clean-up of hazardous substances at the Health Care Facilities whose presence was caused during the term of this Agreement by the City's

negligence. The City's negligence as used in this subsection 10(f) includes actions by any officer, agents, contractor, or employee of the City.

11. Condition on Surrender. Upon termination or expiration of this Agreement, Providence shall surrender the Health Care Facilities to the City in substantially the same condition as exists on the Effective Date, except for reasonable wear and tear, depreciation, construction and demolition required or permitted under the terms of this Agreement or previous agreements between the Parties, and damage by fire and other risks covered by the insurance described in Section 12.

12. Insurance.

(a) Providence shall either obtain or continue occurrence-based, general liability insurance relating to the Health Care Facilities as Providence, in its sole opinion, deems necessary and sufficient, and maintain such liability insurance coverage for the Health Care Facilities during the term of this Agreement. Such insurance shall provide coverage for personal injuries, death, or property damage to the Health Care Facilities in an amount of at least five million dollars (\$5 million) per occurrence and ten million dollars (\$10 million) annual aggregate; provided, however, that Providence's reasonable allocated cost for providing or continuing such insurance on the City's behalf shall be deemed a Reimbursable Expense. In addition, Providence shall maintain insurance, in reasonable amounts, subject to reasonable terms, provisions and customary exclusions, for professional liability and workers' compensation for all Providence employees who provide services at the Health Care Facilities pursuant to this Agreement, as described more fully in Exhibit B. Providence shall also maintain automobile, crime, directors and officers, property, earthquake, and fiduciary insurance coverage (as requested by the City) relating to the Health Care Facilities, and maintain such insurance coverage for the Health Care Facilities during the term of this Agreement. Any insurance obtained or provided by Providence under this Section may be provided by insurance or alternative risk programs which may include self-insurance programs, provided such alternative risk or self-insurance programs are fully funded (as described in Exhibit B) for any reasonably projected liabilities, and contain customary and reasonable deductible and coinsurance amounts. The City hereby acknowledges that Providence has informed it of Providence's insurance's deductible/co-insurance amounts, as required under Exhibit B. The Reimbursable Expenses will include the payment of such deductible/coinsurance amounts. All costs incurred by Providence under the terms of this Section 12(a) shall be deemed Reimbursable Expenses payable by the City pursuant to the terms of this Agreement. The Reimbursable Expenses shall include the payment of such deductibles/co-insurance in the event of any loss or casualty covered under the insurance provided by Providence hereunder.

- (b) The City hereby acknowledges and agrees that upon the earlier of the termination or expiration of this Agreement, Providence shall no longer provide nor arrange for the provision of any insurance of any kind whatsoever to the Health Care Facilities.
- (c) The minimum amounts and types of insurance required under this section shall be subject to revision in accordance with standard insurance practices, in order to provide continuously throughout the Term of this Agreement, a level of protection consonant with good business practice and accepted standards in the industry. Such factors as increases in the cost of living shall be utilized in assessing whether the minimum insurance requirements should be increased.

All insurance policies shall include a waiver of subrogation and shall provide for thirty (30) days notice to the City of cancellation and/or material change in policy terms. All such policies shall be written either by insurance companies legally authorized to do business in the State of Alaska and acceptable to the City, or by self-insurance under the same terms as the policies for healthcare centers or clinics owned or operated by Providence, and acceptable to the City. The City shall be named as an additional insured party on each such policy of insurance, and certificates thereof shall be furnished to the City. Nothing herein shall be construed as a representation by the City as to the sufficiency of any insurance coverage for any purpose.

13. No Assumption of Liability; Indemnification.

- (a) During the term of this Agreement, Providence shall not assume or be liable for any claim, liability, or obligation of the Health Care Facilities, whether known or unknown, fixed or contingent, accrued or unaccrued, arising from Providence's operation of the Health Care Facilities pursuant to this Agreement, except where such claim, liability, or obligation arises from Providence's negligence or material breach of this Agreement.
- (b) During the term of this Agreement, the City shall not assume or be liable for any claim, liability or obligation arising from the Health Care Facilities, except where (i) otherwise provided or contemplated during this Agreement, or (ii) such claim, liability, or obligation arises from the City's negligence or material breach of this Agreement.
- (c) The Parties will defend, indemnify and hold each other harmless from any loss, claim, or damage arising from the negligent acts and omissions of their respective employees, officers, and agents, including negligence connected with performing their obligations under this Agreement. In the event that loss or

damage results from the conduct of more than one Party, each Party agrees to be responsible for its own proportionate share of the claimant's total damages under the laws of the State of Alaska.

- (d) Providence shall have no obligation for, and the City shall indemnify and hold Providence harmless from and against, any and all liability with respect to any claims resulting from the negligence of the City or its agents or employees, or any claims arising out of acts or omissions which occurred prior to the Effective Date.

14. Assignment. This Agreement may not be assigned by Providence except in whole to an affiliate of Providence, as "affiliate" is defined in AS 10.06.990(2). Each and every provision of this Agreement shall inure to the benefit of and shall be binding upon the successors in interest of Providence and the City.

15. Termination. This Agreement may be terminated as follows:

- (a) Without Cause. Either Party shall have the option, in its sole discretion, to terminate this Agreement by giving the other Party at least twelve (12) months prior written notice of termination.

- (b) Termination by Providence Based on Religious and Ethical Directives. Providence shall not be obligated to provide any services at the Health Care Facilities that are in conflict with the Providence Health & Services Mission and Core Values and the Roman Catholic moral tradition as articulated in such documents as "*The Ethical and Religious Directives for Catholic Health Care Services*," as amended from time to time. Providence shall at all times have the right, power and duty to operate the Health Care Facilities in accordance with, and to make decisions that in Providence's reasonable discretion are necessary or desirable to comply with such Mission and Core Values. If at any time during the Term, as a result of changes to federal or Alaska law or regulations, Providence shall be required to operate the Health Care Facilities in a manner that is not consistent with such Mission and Core Values, then at its option, Providence may terminate this Agreement upon sixty (60) days advance written notice.

- (c) Termination for Cause.

- 1) In the event of a material breach of this Agreement by either Party, other than as described in Section 15(c)(2)-15(c)(5) below, this Agreement may be terminated for cause by providing written notice to the breaching Party, describing the breach that has occurred. The breaching Party shall have thirty (30) days from receipt of such notice to cure the breach and provide evidence of the cure to the other Party. This cure period may be extended by mutual written agreement. If the breach is not cured during such cure period to the reasonable satisfaction of the

non-breaching Party, the Agreement will terminate thirty (30) days following the end of the cure period.

- 2) This Agreement shall automatically terminate, unless otherwise agreed to by both Parties, in the event either Party files a petition in voluntary bankruptcy, makes an assignment for the benefit of creditors, or takes any other action voluntarily or involuntarily under any state or federal statute for the protection of its debtors.
- 3) This Agreement may be terminated immediately if: (i) either Party attempts to limit or otherwise avoid its obligations set forth in Section 13 of this Agreement; (ii) either Party becomes debarred, suspended, or otherwise ineligible to participate in any federal or state healthcare program, including the Medicare and Medicaid programs; or (iii) the City may immediately terminate this Agreement if it is determined that Providence is in breach of Section 22.
- 4) The dissolution or liquidation of Providence, other than as the result of merger, affiliation, or consolidation under conditions permitting continued full compliance with the terms of this Agreement, shall be cause for termination by the City.
- 5) The cessation by Providence of use of the Health Care Facilities for the purposes contemplated hereunder for a period of thirty (30) consecutive days, except for periods when the same may be untenable or where Providence is prevented from carrying out such operations due to circumstances beyond its reasonable control (e.g., war, government enactment, public disaster), shall be cause for termination by the City, and no pro-rated portion of the Annual Fixed Fee shall be owed following such cessation of use.

16. Winding Up. Upon the termination or expiration of this Agreement, the following procedure shall be followed after the effective date of expiration or termination (“Termination Date”):

- (a) Providence shall work cooperatively with the City to facilitate a smooth transition of the operation/management of the Health Care Facilities.
- (b) The City shall retain as its property any equipment at the Health Care Facilities as of the Termination Date to the extent that such equipment was acquired with the City’s funds. The City may purchase, free and clear of any encumbrances, any equipment owned by Providence and used and located primarily at

the Health Care Facilities at its then net book value. Notice of the City's exercise of this option shall be effected by notice given at any time before the Termination Date. Providence shall have the right to remove from the Health Care Facilities, at its expense, any or all equipment owned by Providence that the City has not elected to retain under this paragraph.

- (c) Consistent with the terms of Section 22, Providence shall give the City, or such other person identified by the City, all records required for continued operations of the Health Care Facilities, provided that the City shall ensure that the recipient of any such records complies with, and takes such steps as may be necessary, to permit the transfer of such records under applicable federal or state laws and rules governing the security and the confidentiality of individually identifiable patient healthcare information.
- (d) The Parties shall cooperate so that all licenses and permits incident to operation of the Health Care Facilities can be transferred or changed to an operator identified by the City, including, but not limited to, transfer of or change in information on, permits for, and inventories of alcohol, narcotics, and dangerous drugs. Providence will file a final cost report within forty-five (45) days after termination.
- (e) All accrued revenues and expenses related to the ordinary course of business of the Health Care Facilities shall be the City's. Such expenses shall include any fees owed to Providence under this Agreement and an amount equal to the final biweekly payroll costs. Subject to Section 8 of this Agreement, the City shall not be responsible for (i) accrued but unused leave related to Providence employees rendering services to the Health Care Facilities, except to the extent that such leave was earned during the term of this Agreement; and (ii) sick leave earned prior to the Term of this Agreement. Subject to Section 8 of this Agreement, the City shall be responsible only to pay the regular pension, insurance, and retirement contributions related to Providence employees rendering services to the Health Care Facilities during the Term of this Agreement, but not to pay additional pension benefits, retirement benefits, or any other claims, obligations, or liabilities with respect to Providence's employees.

17. Notices. Any notice permitted or required hereunder shall be in writing and shall be deemed given on the date delivered in person, sent by electronic mail or fax, or deposited in the United States certified or registered mail, postage prepaid, and addressed as follows:

To the City: City of Valdez
 P.O. Box 307
 Valdez, Alaska 99686
 ATTN: City Manager
 Fax: 907-835-4313

To Providence: Providence Health & Services - Washington
dba Providence Health & Services Alaska
3200 Providence Drive
P.O. Box 196604
Anchorage, Alaska 99519-6604
ATTN: Chief Executive, Alaska Region
Fax: 907-212-2884

Such addresses may be changed by either Party by ten (10) days prior written notice to the other Party.

18. Authority. Each individual executing this Agreement on behalf of Providence or the City represents and warrants that he or she is duly authorized to execute and deliver this Agreement on behalf of such Party, that all actions by such organization have been taken to authorize execution, delivery, and performance of this Agreement, and that this Agreement is binding upon such Party. The individuals signing on behalf of Providence further warrant and represent that they are authorized to act on behalf of Providence in all matters relating to this Agreement.

19. Representations and Warranties of Providence. As of the Effective Date, Providence hereby represents and warrants to its knowledge as follows:

- (a) Providence is a Washington non-profit corporation in good standing under the laws of the State of Washington and authorized to do business in Alaska.
- (b) Providence has full corporate power and authority to carry on its business as now conducted and to enter into this Agreement. The execution and delivery of this Agreement has been authorized by proper corporate action, and this Agreement constitutes a valid and legally binding obligation of Providence.
- (c) Except as may have already been obtained, no consent or approval of any trustee or holder of any indebtedness or obligation of Providence, and no consent, approval, permission, authorization, order, or license of any governmental authority, is required to be obtained by Providence for the execution and delivery of this Agreement or any other instrument or agreement required of Providence under this Agreement.
- (d) Providence is not subject to any charter, bylaw, or contractual limitation or provision of any nature whatsoever which in any way limits, restricts, or prevents Providence from entering into this Agreement or from performing any of its obligations hereunder.

- (e) Neither the execution and delivery of this Agreement, and the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the provisions hereto, materially conflicts with, violates, or breaches any charter, bylaw, or stock provision of Providence, any of the material terms, conditions, or provisions of any indenture, instrument, or agreement to which Providence is a party or by which Providence is bound, any statute, rule, or regulation, or any judgment, decree, or order of any court or agency binding on Providence, or constitutes a default under any of the foregoing which has not been waived or consented to in writing by the appropriate party or parties, or results in the creation or imposition of any lien, charge, security interest, or encumbrance of any nature whatsoever upon any of the property or assets of Providence not permitted under the terms of any restriction, agreement, instrument, statute, governmental rule or regulation, court order, judgment, or decree.
- (f) To the knowledge of Providence, there is no action, suit, proceeding, inquiry, or investigation by or before any court, governmental agency, or public board or body pending or threatened against Providence which (i) affects or seeks to prohibit, restrain, or enjoin the execution and delivery of this Agreement, (ii) affects or questions the validity or enforceability of this Agreement, or (iii) questions the power or authority of Providence to carry out the transactions contemplated by, or to perform its obligations under, this Agreement.
- (g) When duly executed, this Agreement will be enforceable against Providence according to its terms, except as may be limited by bankruptcy, insolvency, reorganization, or other laws affecting creditors' rights generally as amended from time to time.
- (h) Any certificate signed by an officer of Providence duly authorized to execute such certificate and delivered pursuant to this Agreement shall be deemed to be a representation and warranty by Providence as to the statements made therein.
- (i) The execution, delivery, or performance of this Agreement or consummation of the transactions contemplated by this Agreement or compliance by Providence with any of the provisions of this Agreement will not violate any statute (including Alaska's Certificate of Need laws), rule, regulation, ordinance, code, order, judgment, ruling, writ, injunction, decree, or award.

20. Representations and Warranties of the City. The City hereby represents and warrants that neither the execution, delivery, nor performance of this Agreement nor the consummation of the transactions contemplated by this Agreement, nor compliance by the City with any of the provisions of this Agreement, will:

- (a) Violate or conflict with any provision of Valdez’s City Charter or any Valdez City Council resolution;
- (b) Violate, conflict with, or result in a breach of any provision of, or constitute a default (or an event which, with notice and/or lapse of time, would constitute a default) under, terminate, accelerate the performance required by, or result in a right of termination or acceleration under any of the terms, conditions or provisions of any material contract, plan, indebtedness, note, bond, indenture, security, or pledge agreement, commitment, license, lease, franchise, permit, agreement, or other instrument or obligation (i) to which the City is a party or (ii) by which the assets relating to the Health Care Facilities are bound;
or
- (c) Violate any statute (including Alaska’s Certificate of Need laws), rule, regulation, ordinance, code, order, judgment, ruling, writ, injunction, decree or award.

21. Parties in Interest. Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon any person, other than the Parties hereto, any right, remedy or claim, legal or equitable, under or by reason of this Agreement, this Agreement being intended to be and being for the sole and exclusive benefit of the Parties hereto.

22. Confidential Information. Providence shall comply with all laws, regulations, directives, or requirements in any form related to operating and managing hospitals and health care facilities, including, but not limited to, the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), the Health Information Technology for Economic and Clinical Health Act (“HITECH”), or the American Recovery and Reinvestment Act of 2009 (“ARRA”), and regulations adopted thereunder. The City shall not have access to Protected Health Information as defined by HIPAA, other than as provided for in Section 16. The City has read 45 C.F.R. 164.504(e), understands Providence’s position is that 45 C.F.R. 164.504(e) applies to this Agreement, and that Providence therefore has the following obligations:

Providence agrees to hold all Protected Health Information that may be shared, transferred, transmitted, or otherwise obtained pursuant to this Agreement strictly confidential, and provide all reasonable protections to prevent the unauthorized use or disclosure of such information, including, but not limited to, the protection

afforded by applicable federal, state, and local laws and/or regulations regarding the security and the confidentiality of patient healthcare information. Providence further agrees to make every reasonable effort to comply with any regulations, standards, or rules promulgated pursuant to the authority of the HIPAA, including those provisions listed below. Providence may use and disclose Protected Health Information when necessary for Providence's proper management and administration (if such use or disclosure is the minimum necessary), to carry out Providence's specific legal responsibilities pursuant to this Agreement, or as required by law. Specifically, Providence agrees as follows to:

- (a) Maintain administrative, physical, and technical safeguards as necessary to ensure that the Protected Health Information is not used or disclosed except as provided herein and to protect the confidentiality, integrity, and availability of Protected Health Information including implementing required procedures with respect to Protected Health Information and the privacy and security rules implementing HIPAA, HITECH, or the ARRA;
- (b) Mitigate, if possible, any harmful effect known to Providence of a use or disclosure of Protected Health Information by Providence or any subcontractor of Providence;
- (c) Ensure that any subcontractors or agents to whom it provides Protected Health Information will agree in writing to substantially similar restrictions and conditions that apply with respect to such information;
- (d) Make available respective internal practices, books and records relating to the use and disclosure of Protected Health Information obtained pursuant to this Agreement to the Department of Health and Human Services or its agents;
- (e) Incorporate any amendments or corrections to Protected Health Information when notified that the information is inaccurate or incomplete;
- (f) Return or destroy all Protected Health Information obtained pursuant to this Agreement that Providence still maintains in any form and not to retain any such Protected Health Information in any form upon termination or expiration of this Agreement, if feasible or, if not feasible, Providence agrees to limit any uses of Protected Health Information after this Agreement's termination or expiration to those specific uses or disclosures that make it necessary for Providence to retain the information;

- (g) Ensure applicable policies are in place for providing access to Protected Health Information to the subject of that information;
- (h) To report to the City, by no later than thirty (30) days, any acquisition, access, use, or disclosure of Protected Health Information, including successful breaches of unsecured Protected Health Information, which is not provided for in the Agreement, and if requested by the City, to report unsuccessful security incidents; and
- (i) Make Protected Health Information and an accounting of disclosures available to the individual who is the subject of the information, to the extent required by HIPAA/HITECH or the ARRA.

Breach of this section shall be considered material.

23. Access to Books and Records. Pursuant to 42 U.S.C. § 13995x(v)(1), until the expiration of four (4) years after the furnishing of services under this Agreement, Providence shall make available, upon written request by the City, the Comptroller of the United States Department of Health and Human Services, or upon request by the Comptroller General of the United States General Accounting Office, or any of their duly authorized representatives, a copy of this Agreement and such books, documents and records as are necessary to certify the nature and extent of the services furnished by Providence under this Agreement. If Providence carries out any of its duties under this Agreement through a subcontract, with a value or cost of ten thousand dollars (\$10,000) or more over a twelve (12) month period, with a related organization of Providence, such subcontract shall contain a clause to the effect that until the expiration of four (4) years after the furnishing of such services pursuant to such subcontract, the related organization shall make available, upon written request by the Secretary of the United States Department of Health and Human Services or upon request by the City, the Comptroller General of the United States General Accounting Office, or any of their duly authorized representatives, a copy of such subcontract and such books, documents and records as are necessary to verify the nature and extent of such costs.

24. Miscellaneous.

- (a) This Agreement constitutes the entire agreement between the Parties with respect to the operation of the Health Care Facilities. Any prior representations and agreements are of no effect. No subsequent alteration, amendment, change, or addition to this Agreement shall be binding upon the City or Providence unless reduced to writing and executed by the Parties.

- (b) This Agreement shall be governed by and construed in accordance with the laws of the State of Alaska, and venue for all disputes shall be in Anchorage, Alaska.
- (c) If any term, covenant, or condition of this Agreement, or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term, covenant or condition to other persons and circumstances shall be valid and enforceable to the fullest extent permitted by law.
- (d) The terms, covenants and conditions hereof shall be binding upon and shall inure to the benefit of the Parties hereto and their respective legal representatives, successors, and assigns.
- (e) The Parties have agreed to form a Health Advisory Council (“HAC”), which shall be comprised of those members as specified in the Health Advisory Council’s Bylaws, as currently in effect or hereinafter amended. During the Term of this Agreement, one HAC member will be eligible to participate as a voting member on the Providence Alaska Region Community Ministry Board, which will vote on the operations of the Health Care Facilities. Such person is designated by the Chairperson of the HAC and its members, but must be approved by Providence. The Parties hereby acknowledge and agree that Providence may require the City to replace its appointee to the Providence Alaska Region Community Ministry Board at any time during the Term of the Agreement. In such event, any such replacement shall be designated by the City, on the recommendation of the HAC Chairperson, and subject to approval by Providence. The City may replace its appointees to the HAC at any time during the Term of the Agreement, provided it provides Providence with at least thirty (30) days advance written notice of such action, and identifies in such notice the replacement person or persons. During the Term of this Agreement, the HAC will provide feedback and guidance to Providence regarding the operation of the Health Care Facilities, provided, however, that all such guidance received shall be non-binding and advisory in nature only.
- (f) Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon any person, firm, or corporation, other than the Parties hereto, any right, remedy or claim, legal or equitable, under or by reason of this Agreement, this Agreement being intended to be and being for the sole and exclusive benefit of the Parties hereto.
- (g) Nothing in this Agreement, and no performance of either Party hereunder shall cause the relationship of the Parties to be that of principal and agent, partners, or joint ventures, or cause the Parties to be

associated in any manner other than as independent contractors. Each Party shall be solely responsible for the workers' compensation, retirement, insurance, or other benefits, if any, afforded to their respective employees.

- (h) The Parties to this Agreement will perform their obligations hereunder consistent with applicable federal, state, and local laws.
- (i) The representations, warranties, and covenants of each Party set forth in this Agreement, including, without limitation, the indemnities and obligations provided for in Sections 5(f), 10(e)- (f), 13, 16, 19, and 20 are separate and distinct obligations of the respective Party, independent of that Party's obligations otherwise provided herein, and shall continue in effect after any termination or expiration of this Agreement, until the completion of those obligations or the expiration of the applicable statute of limitations (with extensions) relating to the causes of action at issue, as applicable.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the dates set forth below.

[SIGNATURES TO FOLLOW]

**PROVIDENCE HEALTH & SERVICES –
WASHINGTON dba Providence Health &
Services Alaska**

BY: _____

DATE: _____

TITLE: _____

FEDERAL ID #: _____

Mailing Address

City, State, Zip Code

Signature of Company Secretary or Attest

Date: _____

**CITY OF VALDEZ, ALASKA
APPROVED:**

Dennis Fleming, Mayor

Date: _____

ATTEST:

Sheri L. Pierce, MMC, City Clerk

Date: _____

RECOMMENDED:

John Douglas, City Manager

Date: _____

APPROVED AS TO FORM:

Brena, Bell & Walker, P.C.

Jake W. Staser

Date: _____

EXHIBIT A

Working Capital and Supplement Calculation Methodology

Daily Operating Expense Calculation:

Providence will calculate the total value of one (1) day’s operating expenses as follows and report this to the City with each annual budget request:

Actual audited operating expenses for the Health Care Facilities for the two (2) immediate preceding years will be averaged together and then divided by three hundred sixty-five (365) days to obtain a base daily number. This base number will then be adjusted for inflation by six percent (6%). This inflation adjusted daily value will be used to determine the adequacy of cash balances for compliance with Section 6 of this Agreement.

Annual City Supplement Calculation:

Providence will calculate the annual City supplement for the Health Care Facilities using the following methodology:

1. Providence prepares a detailed annual operating budget approximately four (4) months before the beginning of the new fiscal year.
2. Assumptions and forecasts are made about the Health Care Facilities’ operations (number of patient visits, reimbursement rates, operating expenses, price increases, etc.) for the coming year, as well as gross revenue, contractual deductions and expenses. Rationale supporting these assumptions and forecasts (i.e. historical trends, etc.) will be reported to the City each year.
3. A resultant net profit or net loss is projected for the upcoming fiscal year.
4. If a net profit is projected the City will not supplement the Health Care Facilities, and excess profits will be used in conformance with Section 6 of this agreement.
5. If a net loss is projected the City will supplement as follows:

Gross Revenue	\$X
Less: Contractuals	\$Y
Less: Expenses (excluding Depreciation)	<u>\$Z</u>
City Supplement Amount (X – Y – Z)	Total

Note: The Annual Fixed Fee is separate from the City supplement calculation and will be paid each year except as provided in Section 6(e).

EXHIBIT B

Insurance Deductible & Co-Insurance Amounts

Pursuant to the Agreement, Providence has agreed to procure or provide certain insurance coverage in connection with its operation of the above facilities on behalf of the City (described herein and in Section 12), which are Reimbursable Expenses under the Agreement.

The facilities are:

- **Providence Valdez Medical Center**
A Critical Access Hospital and nursing home.
- **Providence Valdez Counseling Center**
A community mental health and substance abuse treatment and prevention agency.
- **Providence Valdez Primary Care**
A primary care clinic.

The insurance coverage detailed below as in effect on the Effective Date will need to be acknowledged in writing by the following City officials, and information on annual increases in deductibles or premiums payable for such coverage, if any, shall be made available to the City upon request:

1. City Manager
2. Mayor
3. City Attorney

A. General and Professional Liability

Providence has a program of self-insurance that is fully funded to a 75% confidence level, confirmed by an actuarial consulting firm which specializes in self-insurance programs for healthcare entities. This program will cover up to \$10 million per claim with a \$55 million annual aggregate for all negligent acts of Providence employees within the course and scope of their employment at the above facilities throughout the Term of this Agreement. No tail coverage will be required since this program will remain in full force and effect. There is also an additional \$100 million in reinsurance coverage for General and Professional Liability with “A-” or better Best Rated reinsurers. Providence will keep this or similar coverage in full force and effect.

Insurance-related Reimbursable Expenses will be calculated based upon a System-wide premium allocation formula, which factors in loss payments and open reserves. Insurance has been purchased for the purpose of lowering the amount considered in the premium allocation formula. The premium allocation formula will be presented and explained by Providence Health & Services Alaska’s Chief Financial Officer.

The deductible amount is **\$-0-**.

B. Automobile Coverage

Providence maintains self-insurance coverage for any Providence-owned automobiles. The System-wide premium is calculated per year, per vehicle, including excess insurance. Premiums will vary each year and **renewals occur on June 1 of each year**. Additional premium will be required if there are more or new vehicles subject to coverage. Providence Commercial Reinsurance Coverage sits on top of the self-insurance automobile policy as set for the above.

The deductible amount for this coverage as of the Effective Date is **\$2000** per event, but will increase to \$5000 per occurrence on June 1, 2015.

C. Property / Earthquake Insurance

Providence has replacement value property / earthquake coverage (contents and business interruption) with an “A-” rated carrier. The City will cover and separately insure the structures and buildings.

For most losses, the deductible amount for this coverage as of the Effective Date is **\$500,000**, with a formula-driven (5% of the total values at risk, subject to a minimum of \$500,000) earthquake deductible for any Alaska location.

D. Helipad Coverage

This Providence coverage of up to \$20,000,000 is placed with a commercial insurer, and is based on the number of anticipated helipad landings.

Premium cost is allocated to the facility based on the number of landings. The deductible amount for this coverage is **\$-0-**.

E. Directors and Officers

Providence has commercial coverage through an “A” rated carrier. This policy covers all Providence Director and Officer malfeasance or non-feasance (except illegal or intentional wrong), with a deductible of \$500,000 per claim, as of the Effective Date. The policy also covers employment practices above \$750,000 per claim (including defense costs); amounts above \$250,000 per claim (including defense costs), up to \$750,000 per claim (including defense costs) are covered by the Providence Self-Insured Trust. There are separate deductibles and limits for class actions and antitrust.

The applicable deductible amounts for this coverage as of the Effective Date are:

D&O	\$500,000 for the facility (however this depends on the allegation; in some instances, such as an antitrust allegation there is also a co-insurance amount that is the responsibility of the facility.)
EPL	\$500,000 (\$1,000,000 for physician claims)
Antitrust	\$1,000,000
Class Actions	\$1,500,000

F. Crime (Employee Theft)

Commercial crime coverage is provided through a commercial insurer. The deductible amount for this coverage as of the Effective Date is **\$500,000**.

G. Fiduciary (Employee Benefits.)

Commercial coverage is provided through a commercial insurer. The deductible amount for this coverage as of the Effective Date is **\$100,000**.

H. Workers' Compensation

Providence has a fully funded self-insured trust for its workers' compensation liabilities. There is excess coverage above \$1 million per claim.

Premium allocation will be adjusted by Providence during the year according to loss payments and open claim reserves. Additional information can be obtained from System Risk.

The deductible amount for this coverage is **\$-0-**.

AMENDED AND RESTATED MANAGEMENT AND OPERATING AGREEMENT

THIS MANAGEMENT AND OPERATING AGREEMENT (“Agreement”) is made and entered into by and between THE CITY OF VALDEZ, a municipal corporation (the “City”) and PROVIDENCE HEALTH & SERVICES - WASHINGTON dba PROVIDENCE HEALTH & SERVICES ALASKA, a Washington non-profit corporation authorized to do business in Alaska (“Providence”). The City and Providence may be referred to below collectively as “Parties” and individually as “Party”.

RECITALS

WHEREAS, the City owns and operates the Valdez acute-care hospital (the “Hospital”), the Valdez Extended Care Center, the Valdez Counseling Center, and the Valdez Primary Care Clinic (the “Clinic”) (collectively, the “Health Care Facilities”);

WHEREAS, the City, in the interest of sound fiscal management and to ensure the continued operation of the Health Care Facilities in a professional and efficient manner, has requested that Providence enter into this Agreement to manage and operate the Health Care Facilities;

WHEREAS, the City desires to continue to provide quality and affordable health care to the residents of Valdez;

WHEREAS, the City desires that the Hospital be operated as a stand-alone facility;

WHEREAS, Providence owns and operates a number of health care facilities and nursing homes that are operated in keeping with its philosophy, mission and values;

WHEREAS, Providence desires to manage and operate the Health Care Facilities subject to the terms and conditions contained herein;

WHEREAS, Providence and the City executed a Management and Operating Agreement (“Original Agreement”) effective January 1, 2015.

WHEREAS, the Parties amended the Original Agreement by Amendment No. 1 on January 1, 2016, Amendment No. 2 on December 17, 2019, and Amendment No. 3 on May 31, 2023;

WHEREAS, this Agreement incorporates all previously executed amendments and all other terms of the Original Agreement remain unchanged;

WHEREAS, the Original Agreement provided for one (1) five (5) year extension, which has been exercised by the Parties, and the Original Agreement expires on January 31, 2024;

WHEREAS, this Agreement provides for an additional five-year term beginning January 1, 2025, with one (1) five (5) year option to extend; and

WHEREAS, this Agreement replaces the Original Agreement.

Now, therefore, in consideration of the mutual covenants contained herein, and each of the Parties intending to be legally bound hereby, it is mutually agreed as follows:

1. Appointment; Control; Operations; Limitations.

(a) Appointment; Agreement to Operate/Manage. The City hereby contracts with and appoints Providence to be the sole and exclusive operator and manager of the Health Care Facilities for the term of this Agreement. Providence hereby accepts such appointment and agrees to operate and manage the Health Care Facilities on behalf of the City consistent with the terms of this Agreement and all applicable laws, regulations and ordinances. Subject to the terms herein, including but not limited to Section 13, Providence assumes all the rights, duties, liabilities and obligations, which shall arise out of Providence's operation of the Health Care Facilities. Notwithstanding anything to the contrary, both Parties understand and agree that any and all services provided by Providence during the term of this Agreement shall be provided solely for the benefit of the City. During the term of this Agreement and subject to the other provisions of this Agreement, Providence, shall operate the Health Care Facilities, including without limitation, performing or arranging for the provision of the following:

- 1) Ensure timely deposits into the Accounts (as defined in Section 5) of all receipts and moneys arising from the operation of the Health Care Facilities, and shall make disbursements from such accounts in such amounts and at such times as the same are required;
- 2) Establish all prices, price schedules, rates and rate schedules for the Health Care Facilities;
- 3) Negotiate, prepare and execute any such other contracts reasonably necessary or desirable in connection with the operation of the Health Care Facilities in the usual course of business; provided however the auditing firm to be retained by Providence in connection with preparation of the annual audited financial statements for the Health Care Facilities requires City approval;
- 4) Hire or retain any consultants, accountants, attorneys, or other professional personnel necessary and appropriate to assist Providence in carrying out its duties and responsibilities in accordance with this Agreement;
- 5) Operate the Health Care Facilities in a manner that is consistent with applicable federal, state and local anti-discrimination laws, including the provision of services to persons at the Health Care Facilities without regard to financial circumstances, or race, creed, color, national origin, religion, sex, disability, or any other protected class.
- 6) Operate the Health Care Facilities in a manner consistent with their Medical Staff Bylaws and Rules and Regulations, as applicable. The Parties hereby specifically agree to allow Providence,

- while acting on behalf of the Health Care Facilities, to enter into certain exclusive contracts for the practice of primary care physicians, anesthesiologists, radiologists, pathologists, or other providers for the benefit of the Health Care Facilities;
- 7) Provide provider credentialing services and any and all other services as reasonably required to facilitate and perform credentialing functions (as applicable) at the Health Care Facilities;
 - 8) Employ or otherwise retain and shall be responsible for selecting, hiring, training, supervising, and firing all management, professional, administrative, clerical, secretarial, bookkeeping, accounting, payroll, billing and collections, clinical staff, buildings, grounds and maintenance staff, and other personnel that are reasonably necessary and appropriate for the operation of the Health Care Facilities. Health Care Facilities will maintain parity with geographically competitive market wages, using City of Valdez and related salary scale data to establish salaries for employed personnel.
 - 9) Take all such actions reasonably necessary to cause the Health Care Facilities to continue as participating providers under the Medicare and Medicaid programs;
 - 10) Prepare, execute and file any required documents with governmental or accrediting agencies, including without limitation any Medicare cost reports, provider agreements, and licensing documents; provided, however, that the Medicare cost report consulting firm to be retained by Providence in connection with preparation of the any cost reports for the Health Care Facilities requires City approval;
 - 11) Provide or arrange for the provision of all marketing and public relations services that are reasonably necessary and appropriate for the operation of the Health Care Facilities, as determined by Providence after taking into account the Health Advisory Council's recommendations, if any, related to promoting healthcare and creating awareness of the provision of services and programs by the Health Care Facilities to meet the needs of the local community. The Parties hereby agree that Providence may, during the term of this Agreement, identify the Health Care Facilities as entities under the operational management of Providence;
 - 12) Provide oversight as necessary to assure that building and grounds staff maintain the Health Care Facilities in conformance with applicable fire and life safety codes necessary to maintain each Health Care Facility's respective licensure and accreditation, including but not limited to such standards imposed by the Centers for Medicare & Medicaid Services ("CMS") as a condition of participation in Medicare and/or Medicaid;
 - 13) Subject to the last paragraph of this Section 1 hereof, with written notice to the City, Providence may, in its sole discretion defend, assert, settle, or otherwise dispose of any claims, litigation,

- judgments, or liabilities in connection with the Health Care Facilities, and will notify the City of same;
- 14) Provide to the City Manager an annual budget for each of the Health Care Facilities;
 - 15) Negotiate, contract for and generally supervise the disposal of all medical waste and/or garbage refuse;
 - 16) Conduct medical educational training programs at the Health Care Facilities, including training of students and residents and other medical/technical personnel, in a manner consistent with applicable governmental regulations and Providence's policies; and
 - 17) Unless otherwise specifically provided in this Agreement, Providence shall be responsible for the performance of all other acts reasonably necessary in connection with the operation of the Health Care Facilities in accordance with their approved annual budgets and the terms and conditions of this Agreement.

Notwithstanding anything to the contrary in this Agreement, Providence shall not have authority to bind the City or the Health Care Facilities as to the following matters or to perform any of the following on behalf of the City or the Health Care Facilities without first obtaining approval from the City Manager pursuant to Valdez City Code: (i) any sale, lease, exchange, mortgage, pledge, or other transfer or disposition of any of the assets of any of the Health Care Facilities other than in the ordinary course of business; (ii) any fundamental change in the nature of the Health Care Facilities' businesses; (iii) any merger, consolidation or affiliation of any of the Health Care Facilities with another entity; (iv) any material change with respect to the insurance coverage obtained or provided through Providence, unless such change is beyond Providence's reasonable control; and (v) settle or otherwise dispose of any claims, litigation, judgments or liabilities in connection with the Health Care Facilities in excess of \$40,000.

- (b) Licenses. The City represents that, as of the Effective Date, it has any and all necessary licenses as owner of the Health Care Facilities, and has listed Providence on such licenses as the manager to operate the Health Care Facilities. Providence agrees that it will take all steps necessary to maintain and continue the Health Care Facilities' licenses, permits and certifications for the term of this Agreement. Providence shall provide the City with copies of such licenses, permits and certifications.
- (c) General Control of the Health Care Facilities and Responsibilities Retained by the City. Although the City has contracted day-to-day operations and management of the Health Care Facilities to Providence during the term of this Agreement, the City shall continue to own and have financial responsibility for the real property and premises that house the Health Care Facilities, as well as the

surrounding grounds, ingress/egress, parking, sidewalks, passageways, and all other common areas adjacent to the Health Care Facilities that are City-owned (the “Health Campus”). The City may allow other tenants to use the Health Campus during the Term of this Agreement, so long as such uses do not interfere with the ongoing provision of health care services on the Health Campus by Providence pursuant to the term of this Agreement. The City’s retained responsibilities associated with the Health Campus shall include the following:

- 1) Costs associated with ownership of the real property on which the Health Care Facilities, and their surrounds are located, as well as the completion of any capital or facility improvements related thereto, except for such alterations undertaken by Providence as specifically authorized by the City pursuant to Section 4(d) and which are payable pursuant to the terms of this Agreement;
- 2) Costs associated with the maintenance, alteration, or improvements to the buildings and grounds surrounding the Health Care Facilities, including but not limited to labor-related, equipment, and other costs associated with: grounds maintenance and landscaping for the Health Campus; parking lot maintenance; maintaining traffic flow and signage/indicators for parking and pedestrian areas (e.g., directional striping); snow removal; maintaining safe sidewalks and curbs; and other general maintenance of the grounds, with the exception of front entrance areas maintained by Providence;
- 3) Costs associated with ambulance and delivery vehicles used by the Health Care Facilities;
- 4) Costs associated with equipment used to maintain the exterior grounds associated with the Health Campus;
- 5) Costs associated with maintaining the functional and safe operating conditions, consistent with applicable federal or state statutes, rules, and requirements, of the City-owned real property and capital assets located on the Health Campus, including but not limited to building painting, roofing, siding, plumbing, heating, fire safety, lighting/electrical, and ventilation systems, or other maintenance or repairs.
- 6) Costs associated with utilities serving the Health Campus (e.g., electrical, water, and heating) that are invoiced to the City by Providence for all tenants/users, and which shall be allocated among tenants/users based upon metered electrical use, square footage allocation, or such other mutually agreed upon methodology.

(d) Notifications:

- 1) Official notifications, reports and communications related to this Agreement shall be made to the City via the City Manager.

- (e) Required Notifications: Providence shall notify the City in writing within twenty-four (24) hours of the occurrence of any one or more of the following events:
- 1) Any loss of licensure by the Health Care Facilities;
 - 2) At such time as Providence becomes aware of any material governmental investigation or disciplinary proceeding relating to the Health Care Facilities;
 - 3) Any of the Health Care Facilities becomes debarred, suspended or otherwise ineligible to participate in any federal or state health care program, including the Medicare and Medicaid programs;
 - 4) At such time as Providence becomes aware of any act of nature or any other event which has a material adverse effect on Providence's ability to operate any of the Health Care Facilities.
- (f) Name of Facilities: The Parties hereby agree that during the term of this Agreement the Hospital, the Valdez Counseling Center, and the Valdez Primary Care Clinic shall be identified and signed as the "Providence Valdez Medical Center," the "Providence Valdez Counseling Center," and the "Providence Valdez Primary Care Clinic" respectively. Upon any termination or expiration of this Agreement, Valdez shall immediately remove any reference to Providence from any ongoing signage, letterhead, and other publications or documents relating to the Hospital, the Valdez Counseling Center, and any of the other Health Care Facilities. Nothing in this Agreement shall be construed as providing Valdez with any rights whatsoever to use the name Providence after any termination or expiration of this Agreement.
- (g) Requirements for Providence and City Emergency Medical Services (EMS) Personnel. The Parties hereby agree that during the term of this Agreement they will follow the following requirements with respect to all EMS personnel rendering services on the Health Campus:
- 1) EMS personnel may enter the Health Care Facilities and Health Campus while on duty, to perform their job functions in transporting, escorting, assisting and when called upon to respond to emergencies at the Health Care Facilities.
 - 2) Beyond the regular practice of their responsibilities to transport and hand-off patients to the Hospital staff, specified EMS personnel, with their supervisor/trainer may be located at the Health Care Facilities to take advantage of education or training opportunities, as long as medical and staff routines can be carried out without disruption.
 - 3) In order for EMS personnel to be present on the Health Campus beyond their usual routine of transporting and escorting patients, the Privacy Officer will ensure that each individual has signed a Confidentiality and Privacy Agreement.

- 4) All EMS personnel will comply with all applicable policies and procedures that govern their practices except if there is conflict between agency and/or Providence policies, at which time, reconciliation will be made among the Heads of the departments and to the Valdez Fire Department to ensure standardization of practice and safety of patients/personnel are prioritized at all times.
- 5) EMS personnel will respect and follow the chain of command for decision-making as it relates to their own supervision and in working with Health Care Facility personnel.
- 6) Hospital staff will perform all required duties as outlined in their job description and will not delegate any such duties to non- Hospital staff.
- 7) EMS personnel may only perform functions on Hospital's patients when there are physician orders written specifically for their patients that authorize EMS personnel to perform these clinical tasks (e.g., draw blood work; intubate; start IV's) on them.
- 8) All patients who are subjects of, or included in, EMS personnel training will be consulted for their consent to allow for such training to occur with the patient's involvement.
- 9) EMS Instructors are welcomed to train Health Care Facility staff and physicians to their modalities, equipment and methodologies in early response scenarios, and are welcomed to join in certification offerings such as BLS, ACLS, PALs and NRP at the Hospital. Together with Hospital staff, EMS personnel are permitted to access educational resources and pertinent offerings at Hospital.
- 10) Due to the irregularity of EMS activation and type, any Hospital staff seeking to have more exposure to EMS protocols in early response, or to ride with them during their responses, will have to arrange it on their own time.
- 11) Prior to escorting a patient in an ambulance during a medical evacuation, Hospital staff will be provided with an orientation of the rig and protocols necessary to provide safe care for the patient during the transport.

2. Effective Date and Term. This **Agreement shall become effective on January 1, 2025** (the "Effective Date"). The term of this Agreement shall be five (5) years from the Effective Date unless sooner terminated as provided herein ("Term"). The Parties may extend the Term for an additional five (5) years based upon mutual written agreement. Such renewal (if applicable) shall be on the same terms and conditions of this Agreement.

3. Admission and Treatment Policy. Providence agrees to treat any and all patients presenting for emergency care to the Hospital in accordance with the Emergency Medical Treatment and Labor Act, 42 USC § 1395dd (EMTALA), and to provide or arrange for services to such patients in accordance with the Hospital's available space, qualified personnel, capabilities, and applicable policies and protocols. Providence agrees it shall not discriminate in the admission of patients or delivery of outpatient services on the basis of financial

circumstances, race, creed, color, national origin, religion, sex, disability, or any other protected class. Providence agrees that any patient seeking treatment at any of the Health Care Facilities has the right to choose the health provider(s) and hospital(s) of the patient's preference. Where transfer to another provider is necessary for any reason, Providence agrees to honor such determinations by patients to the extent possible, and will communicate such directives to attending physician(s) and emergency transportation services.

Providence acknowledges the importance to the people of Valdez of being able to receive care and treatment in a local hospital rather than to be transported out of town and agrees that, except to the extent necessary to meet patient choice or the particular health or safety needs of a patient, Providence will not move or cause patients to move to other facilities arbitrarily. The City has the right to request a retrospective review for any disputed transfer, so long as such review is in compliance with applicable laws and rules governing the security and the confidentiality of individually identifiable patient healthcare information.

4. Reimbursable Expenses. Indirect costs associated with administrative and support services provided to the Health Care Facilities by the Providence Alaska Regional Office and Providence System Office (“System Allocations”) are deemed to be recovered in the form of the Annual Fixed Fee as described in Section 7, and will not be billed to the City in addition to the Annual Fixed Fee. Other than for System Allocations, any and all direct and indirect costs, including without limitation those expenses described below, and budgeted and unbudgeted operating or capital costs actually incurred by Providence in connection with its operation of the Health Care Facilities pursuant to this Agreement, shall be deemed “Reimbursable Expenses” subject to the reimbursement provisions of this Agreement:

- (a) Operating Expenses. In accordance with the operating and capital budgets adopted annually, or as otherwise expressly approved by the City, Providence will incur costs generally associated with the operation of Health Care Facilities (“Operating Expenses”). In the event the City and Providence discontinue their contractual relationship, the costs incurred by the Health Care Facilities in winding down and closing out its relationship with the City shall be deemed Operating Expenses which are recoverable as Reimbursable Expenses under this Agreement.
- (b) Supplies. Providence shall be entitled to use, as a part of the operations of the Health Care Facilities, the supplies maintained at the Health Care Facilities on the Effective Date. Providence shall, as part of its Operating Expenses, supply and maintain all expendable hospital/medical supplies as may be required in Providence's discretion for the proper operation of the Health Care Facilities. Upon termination of this Agreement, Providence will leave behind all of the supplies in inventory as well as floor stock items maintained at the Health Care Facilities.

- (c) Equipment Expenses. In accordance with the annual operating and capital budgets, or as otherwise expressly approved by the City, Providence will incur costs to maintain equipment (regardless of ownership), or to purchase replacement or additional equipment, used by Providence in the provision of healthcare services within the Healthcare Facilities (“Equipment Expenses”), which shall be Reimbursable Expenses under this Agreement. The City will retain title to all Health Care Facilities’ equipment owned by the City, and any replacement or additional equipment purchased by Providence under this Section shall be the City’s property and shall be identified as such.
- (d) Alterations. Providence shall have the right to make alterations, additions, improvements and renovations to the Health Care Facilities, the costs of which shall be recoverable as Reimbursable Expenses, provided: 1) Providence shall notify the City with respect to any such work requiring any substantial expenditure; 2) Such work shall not adversely affect the structural integrity of the Health Care Facilities or diminish the value thereof; 3) Any such work shall be performed in a good and workmanlike manner and in conformance with all applicable building, fire and health regulations; 4) The City shall have approved in writing such work in advance, such approval to not be unreasonably withheld; and (5) Such work shall comply with the Little Davis-Bacon Act as set forth in Alaska Statutes Title 36, if applicable.

5. Disposition of Funds, Reporting and Administration.

- (a) Funds originating from the operation of the Health Care Facilities and collected by Providence pursuant to this Agreement shall be received, handled, managed and disposed of as follows:
- 1) Providence shall deposit all funds received by it from the operation of the Health Care Facilities and all amounts advanced by the City in a jointly held bank account or accounts bearing the name of one or more of the Health Care Facilities (hereinafter the “Accounts”) in a bank or trust company approved by the City and Providence. Such funds shall in no event be commingled with other City or Providence funds. Providence shall have no liability or responsibility for any loss resulting from the insolvency, malfeasance or nonfeasance of the bank or banks in which such funds are deposited.
 - 2) Providence has the right to make withdrawals from and use the Accounts for the purposes of operating the Health Care Facilities and performing their obligations hereunder, paying Providence’s compensation hereunder, and paying the Reimbursable Expenses described in Section 4, until the expiration or termination of this Agreement, at which time Providence shall resign as co-signatory for the Accounts.
 - 3) Signatories and approvals as to the amounts on all checks drawn from the Accounts shall be in accordance with the policies and procedures mutually agreed to by Providence and the City.

- (b) Providence will perform all billing and collection activities for the Health Care Facilities' accounts receivables, will process accounts payable, and will provide such other administrative, accounting and clerical services as are necessary. All revenues and cash collections including those from patients, third-party payors and other sources billed and collected by Providence, and arising out of or related to services rendered during the term of this Agreement, or any predecessor agreement(s) between the parties related to the subject matter hereof, and all grants or portions thereof attributed to the Health Care Facilities arising out of or related to the Health Care Facilities during the term of this Agreement, shall be used first to offset Reimbursable Expenses of the Health Care Facilities incurred on or after the Effective Date. Providence shall appropriately collect all amounts billed for services provided at the Health Care Facilities. The excess, if any, of such revenues over such expenses shall accrue to the Accounts, and be applied in the City's sole discretion, to pay debt service on the City's existing revenue bonds related to the Health Care Facilities, the costs of repairs, renewals, improvements or additions to the Health Care Facilities, or to cover past, present or future losses. Providence and the City agree that, in the absence of exigent circumstances, the Accounts will maintain a balance equal to ninety (90) days of operating expenses.
- (c) Providence shall provide the City with audited year-end financial statements for the Health Care Facilities within 120 days after the end of each year. Within ninety (90) days after the end of the fiscal year, Providence shall prepare and deliver to the City an operational report that shall provide information on services provided, new programs and services that have been initiated, programs and services that have been terminated or relocated to other facilities, statistics on patients treated, and other information of interest to the City and the community. Providence shall provide the City with an electronic copy of the report for distribution among the City officials and members of the community. Upon request by the City, Providence will make a representative available to make presentations to the Valdez City Council and community groups concerning the annual report. The information to be shared under this paragraph shall not include protected health information covered by applicable federal or state laws and rules governing the security and the confidentiality of individually identifiable patient healthcare information, including but not limited to the Health Insurance Portability and Accountability Act of 1996 and regulations adopted there under (“HIPAA”).
- (d) Providence shall maintain all financial, medical and hospital records, including admitting registers , schedules of room rentals, patients' insurance records, pertinent hospital personnel records and such other information and records as are necessary to the continued operation of the Health Care

Facilities. Original copies of medical and hospital records shall be maintained and stored at one or more of the Health Care Facilities or at another facility acceptable to Providence. Record retention and destruction will occur in accordance with the Providence Health & Services Retention Guidelines, which are based on state and federal law.

- (e) By no later than fourteen (14) days prior to the Hospital's scheduled City Council budget work session or other budget hearing, or October 15th, whichever is later, of each Operating Year during the term of this Agreement, Providence shall submit and recommend to the City an operating and capital budget for the Health Care Facilities. Providence will use reasonable efforts to operate the Health Care Facilities consistent with their respective budgets. Under the terms of this Agreement, the City shall have the right to review and approve Providence's proposed annual operating and capital budgets, and the City and the Administrator will meet annually or as requested by the City Manager, to discuss which known or projected expenditures for the Health Campus should be approved. Providence shall provide the City with monthly updates comparing each Health Care Facility's actual financial performance to the approved budget during the course of each year to ensure that the City is fully aware of the financial performance of the Health Care Facilities on a monthly basis.

Providence will provide the City with monthly financial reports, including current revenues, expenses and cash flow projections, prepared in accordance with generally accepted accounting principles. The monthly reports shall include comparisons to budgeted amounts and prior year historical analysis comparisons. Providence will provide the City with detailed trial balances of each general ledger account with prior year historical comparisons, upon request. The City shall have access to all financial information related to the Health Care Facilities.

- (f) The City agrees to defend, indemnify and hold Providence harmless against all claims, liability and expense resulting from acts or omissions of any of the Health Care Facilities in connection with any agreements assigned to Providence and relating to the period prior to Providence's management and operation of the Health Care Facilities.

6. Working Capital and Cash Flow.

- (a) Providence will pay Reimbursable Expenses as they become due, using funds from the Accounts. Providence will assure that all Reimbursable Expenses will be paid consistent with the various terms

and conditions of vendors, as well as the annually approved operating and capital budgets or other express City approvals, and applicable regulations.

Notwithstanding the major maintenance or capital improvement projects elected by the City to manage, or agreed upon by the Parties for the City to manage, upon approval of the annual capital budget, Providence may purchase the approved items subject to its internal procurement policies. Capital items not anticipated in the budget with a cost not in excess of \$40,000, require approval from the City manager or designee prior to purchase. Capital items not anticipated in the budget with a cost in excess of \$40,000 require approval from City Council. Capital items are defined as those costing \$5,000 or more. All capital purchases procured in this manner will be the property of the City.

- (b) Throughout the Term of this Agreement, the City shall ensure that sufficient funds are available in the Accounts to pay Reimbursable Expenses, which for purposes of this Section shall mean funds sufficient to cover ninety (90) days of Daily Operating Expenses for the Health Care Facilities, as determined in Exhibit A. Reimbursable Expenses include payment of any and all expenses, debts, obligations, and liabilities incurred by Providence relating to the operation of the Health Care Facilities, other than as expressly excluded under Section 4. In the event Providence provides written notice to the City of an actual or likely shortfall or deficit of such funds outside the annual budgeting process, the City agrees to deposit that amount into the Accounts within thirty (30) days to offset such shortfall or deficit.

- (c) The Parties agree that the City may need to advance an annual supplement to the Health Care Facilities during the term of this Agreement, to offset expected operating shortfalls and/or provide a desired reserve capacity. Prior to each fiscal year, Providence shall forecast its annual Operating Expenses/Revenues and calculate the City's operating supplement pursuant to Exhibit A herein. Supplement requests shall be forwarded to the City in accordance with the City's annual budget schedule. Following adoption of the City budget by the City Council, the City shall pay the entire supplement amount to Providence within the first forty-five (45) days of the City's fiscal year or as otherwise agreed upon by both Parties. In the event (i) the City fails to deposit any required amount under this Section, (ii) the City fails to approve the estimated annual shortfall amount for any Operating Year during the term of this Agreement, or (iii) the Parties are unable to reach mutual agreement in a timely manner (as reasonably determined by Providence) with respect to any Operating Year's estimated annual shortfall amount, Providence may terminate this Agreement by providing the City with thirty (30) days advance written notice of such termination. It is the express

intent that sufficient working capital will be present to preclude the need for Providence to advance or fund working capital.

- (d) The Parties agree that it is desirable to allow for the growth of reserve capacity in the Accounts beyond the minimum set forth herein. Therefore, Providence shall be permitted to use surplus operating revenues to increase the total balance in the Accounts to cover up to one hundred and twenty (120) days of Daily Operating Expenses.
- (e) Surplus operating revenues resulting in Accounts balance in excess of one hundred and twenty (120) days of Daily Operating Expenses shall be applied as follows, (i) to the City's next installment of the Annual Fixed Fee and/or subsequent operating supplement, (ii) to any costs associated with the City's retained responsibilities in Section 1(c) of this Agreement, or (iii) to accumulate in the Accounts for future community health care investments, as determined solely by the City.
- (f) Unused funds from approved major maintenance or capital projects may be repurposed to another approved major maintenance or capital project with written approval by the City Manager.

7. Annual Fixed Fee. For each twelve (12) month period beginning as of the Effective Date and continuing throughout the Term of this Agreement thereafter (each such twelve (12) month period, an "Operating Year"), the City shall pay Providence a periodic fixed fee ("Annual Fixed Fee") as compensation to Providence for its management and administrative services under this Agreement, including all System Allocations, but exclusive of any Reimbursable Expenses directly incurred by Providence under Section 4. The Annual Fixed Fee will be payable by the City in equal monthly installments, in arrears, and will be prorated in any partial Operating Year(s). The Annual Fixed Fee for the initial Operating Year, beginning on the Effective Date, will be a total of Six Hundred Thousand Dollars (\$600,000). For each subsequent Operating Year beginning on or after January 1, 2016, the Annual Fixed Fee will be adjusted annually based on the Consumer Price Index for each twelve-month period (Anchorage, Alaska, All Urban Consumers – Not Seasonally Adjusted, Base:1982-1984. Both Parties understand and agree that the City has other financial obligations to Providence pursuant to the terms of this Agreement.

8. Employment. All personnel of the Health Care Facilities during the term of this Agreement shall be employees of Providence, with the exception of certain temporary labor required from time to time to sustain operations, and EMS personnel employed by the City or other third parties. Providence shall adopt its own employment policies and procedures. Providence agrees to select and hire and individual to serve as the Administrator of the Health care Facilities (the "Administrator). The City shall have the right to participate in, and

ask for a review process regarding, the selection of an Administrator. The Administrator shall be Providence's primary representative with respect to Communications to the City. All of Providence's employee costs related to the provision of services under this Agreement are deemed to be Reimbursable Expenses, except as otherwise noted in Section 4.

9. Medicare and Medicaid Reimbursement. From and after the Effective Date, Providence shall maintain Medicare and Medicaid certification and shall prepare all Medicare/Medicaid cost reports relating to the Health Care Facilities in a timely manner. Providence will meet CMS deadlines and will make cost reports available to the City when complete. All expenses incurred within this Section 9 are considered Reimbursable Expenses and shall be paid as such. The City may elect, as an added Reimbursable Expense, to have the cost reports analyzed by a financial consultant.

10. Site Conditions and Environmental Matters.

- (a) The City will provide to Providence any and all requested documentation regarding the construction or expansion of the Hospital as laid out in the Master Facility Plan (MFP), as suggested by the Mayor's Task Force, and/or as may be approved by the Valdez City Council including but not limited to, plans, drawings, technical specs, and "punch lists" prior to completion. Providence assumes no liability with respect to construction or expansion of the Health Care Facilities, or the condition of the soil or subsoil, or any other conditions of the real property on which the Health Care Facilities are located.
- (b) Providence will not cause or permit the Health Care Facilities to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce, or process any hazardous substances except in compliance with all applicable environmental laws, nor shall Providence cause or permit as a result of any intentional or unintentional act or omission on the part of Providence the release of any hazardous substances on the Property.
- (c) In undertaking their respective obligations under this Agreement, the Parties will at all times and in all respects comply with all applicable environmental laws.
- (d) Providence agrees to immediately notify the City if Providence becomes aware of (i) any hazardous substance or other environmental problem or liability with respect to the Health Care Facilities, or (ii) any lien, action or notice resulting from violation of any of the laws, regulations, ordinances, or orders defined as environmental laws. Providence shall take all actions that are necessary or desirable to clean up any and all hazardous substances released in, on, or under the Health Care Facilities after the Effective Date

and, except as provided in Section 10(e) below, any costs associated thereto shall be a Reimbursable Expense.

- (e) Providence shall indemnify, defend, and hold the City harmless from and against any and all claims, demands, damages, losses, liens, costs, and expenses (including attorneys' fees and disbursements) which accrue to or are incurred by the City arising directly from (i) any activities within the Health Care Facilities during the term of this Agreement caused by Providence's negligence which directly resulted in the Health Care Facilities being contaminated with hazardous substance; (ii) the discovery of hazardous substances at the Health Care Facilities whose presence was caused during the term of this Agreement by Providence's negligence; and (iii) the clean-up of hazardous substances at the Health Care Facilities whose presence was caused during the term of this Agreement by Providence's negligence. Providence's negligence as used in this Section 10(e) includes actions by any officer, agents, contractor or employee of Providence.

- (f) The City shall indemnify, defend, and hold Providence harmless from and against any and all claims, demands, damages, losses, liens, costs, and expenses (including attorneys' fees and disbursements) which accrue to or are incurred by Providence arising directly or indirectly from or out of or in any way connected with (i) any activities within the Health Care Facilities prior to the Effective Date which directly or indirectly resulted in the Health Care Facilities being contaminated with hazardous substances; (ii) the discovery of hazardous substances at the Health Care Facilities whose presence was caused prior to the Effective Date; (iii) the clean-up of hazardous substances on at the Health Care Facilities whose presence was caused prior to the Effective Date; and (iv) the clean-up of hazardous substances at the Health Care Facilities whose presence was caused during the term of this Agreement by the City's negligence. The City's negligence as used in this subsection 10(f) includes actions by any officer, agents, contractor or employee of the City.

11. Condition on Surrender. Upon termination or expiration of this Agreement, Providence shall surrender the Health Care Facilities to the City in substantially the same condition as exists on the Effective Date, except for reasonable wear and tear, depreciation, construction and demolition required or permitted under the terms of this Agreement or previous agreements between the Parties, and damage by fire and other risks covered by the insurance described in Section 12.

12. Insurance.

- (a) Providence shall either obtain or continue occurrence-based, general liability insurance relating to the Health Care Facilities as Providence, in its sole opinion, deems necessary and sufficient, and maintain such liability insurance coverage for the Health Care Facilities during the term of this Agreement. Such insurance shall provide coverage for personal injuries, death, or property damage to the Health Care Facilities in an amount of at least five million dollars (\$5 million) per occurrence and ten million dollars (\$10 million) annual aggregate; provided, however that Providence's reasonable allocated cost for providing or continuing such insurance on the City's behalf shall be deemed a Reimbursable Expense. In addition, Providence shall maintain insurance, in reasonable amounts, subject to reasonable terms, provisions and customary exclusions, for professional liability and workers' compensation for all Providence employees who provide services at the Health Care Facilities pursuant to this Agreement, as described more fully in Exhibit B. Providence shall also maintain automobile, crime, directors and officers, property earthquake and fiduciary insurance coverage (as requested by the City) relating to the Health Care Facilities, and maintain such insurance coverage for the Health Care Facilities during the term of this Agreement. Any insurance obtained or provided by Providence under this Section may be provided by insurance or alternative risk programs which may include self-insurance programs, provided such alternative risk or self-insurance programs are fully funded (as described in Exhibit B) for any reasonably projected liabilities, and contain customary and reasonable deductible and coinsurance amounts. The City hereby acknowledges that Providence has informed it of Providence's insurance's deductible/co-insurance amounts, as required under Exhibit B. The Reimbursable Expenses will include the payment of such deductible/coinsurance amounts. All costs incurred by Providence under the terms of this Section 12(a) shall be deemed Reimbursable Expenses payable by the City pursuant to the terms of this Agreement. The Reimbursable Expenses shall include the payment of such deductibles/co-insurance in the event of any loss or casualty covered under the insurance provided by Providence hereunder.
- (b) The City hereby acknowledges and agrees that upon the earlier of the termination or expiration of this Agreement, Providence shall no longer provide nor arrange for the provision of any insurance of any kind whatsoever to the Health Care Facilities.
- (c) The minimum amounts and types of insurance required under this section shall be subject to revision in accordance with standard insurance practices, in order to provide continuously throughout the Term of this Agreement, a level of protection consonant with good business practice and accepted standards in the industry. Such factors as increases in the cost of living shall be utilized in assessing whether the minimum insurance requirements should be increased.

All insurance policies shall include a waiver of subrogation and shall provide for thirty (30) days notice to the City of cancellation and/or material change in policy terms. All such policies shall be written either by insurance companies legally authorized to do business in the State of Alaska and acceptable to the City, or by self-insurance under the same terms as the policies for healthcare centers or clinics owned or operated by Providence, and acceptable to the City. The City shall be named as an additional insured party on each such policy of insurance, and certificates thereof shall be furnished to the City. Nothing herein shall be construed as a representation by the City as to the sufficiency of any insurance coverage for any purpose.

13. No Assumption of Liability; Indemnification.

- (a) During the term of this Agreement, Providence shall not assume or be liable for any claim, liability, or obligation of the Health Care Facilities, whether known or unknown, fixed or contingent, accrued or unaccrued, arising from Providence's operation of the Health Care Facilities pursuant to this Agreement, except where such claim, liability or obligation arises from Providence's negligence or material breach of this Agreement.
- (b) During the term of this Agreement, the City shall not assume or be liable for any claim, liability or obligation arising from the Health Care Facilities, except where (i) otherwise provided or contemplated during this Agreement, or (ii) such claim, liability or obligation arises from the City's negligence or material breach of this Agreement.
- (c) The Parties will defend, indemnify and hold each other harmless from any loss, claim or damage arising from the negligent acts and omissions of their respective employees, officers and agents, including negligence connected with performing their obligations under this Agreement. In the event that loss or damage results from the conduct of more than one Party, each Party agrees to be responsible for its own proportionate share of the claimant's total damages under the laws of the State of Alaska.
- (d) Providence shall have no obligation for, and the City shall indemnify and hold Providence harmless from and against, any and all liability with respect to any claims resulting from the negligence of the City or its agents or employees, or any claims arising out of acts or omissions which occurred prior to the Effective Date.

14. Assignment. This Agreement may not be assigned by Providence except in whole to an affiliate of Providence, as “affiliate” is defined in AS 10.06.990(2). Each and every provision of this Agreement shall inure to the benefit of and shall be binding upon the successors in interest of Providence and the City.

15. Termination. This Agreement may be terminated as follows:

(a) Without Cause. Either Party shall have the option, in its sole discretion, to terminate this Agreement by giving the other Party at least twelve (12) months prior written notice of termination.

(b) Termination by Providence Based on Religious and Ethical Directives. Providence shall not be obligated to provide any services at the Health Care Facilities that are in conflict with the Providence Health & Services Mission and Core Values and the Roman Catholic moral tradition as articulated in such documents as “*The Ethical and Religious Directives for Catholic Health Care Services*,” as amended from time to time. Providence shall at all times have the right, power and duty to operate the Health Care Facilities in accordance with, and to make decisions that in Providence's reasonable discretion are necessary or desirable to comply with such Mission and Core Values. If at any time during the Term, as a result of changes to federal or Alaska law or regulations, Providence shall be required to operate the Health Care Facilities in a manner that is not consistent with such Mission and Core Values, then at its option, Providence may terminate this Agreement upon sixty (60) days advance written notice.

(c) Termination for Cause.

- 1) In the event of a material breach of this Agreement by either Party, other than as described in Section 15(c)(2)-15(c)(5) below, this Agreement may be terminated for cause by providing written notice to the breaching Party, describing the breach that has occurred. The breaching Party shall have thirty (30) days from receipt of such notice to cure the breach and provide evidence of the cure to the other Party. This cure period may be extended by mutual written agreement. If the breach is not cured during such cure period to the reasonable satisfaction of the non-breaching Party, the Agreement will terminate thirty (30) days following the end of the cure period.
- 2) This Agreement shall automatically terminate, unless otherwise agreed to by both Parties, in the event either Party files a petition in voluntary bankruptcy, makes an assignment for the benefit of creditors, or takes any other action voluntarily or involuntarily under any state or federal statute for the protection of its debtors.

- 3) This Agreement may be terminated immediately if: (i) either Party attempts to limit or otherwise avoid its obligations set forth in Section 13 of this Agreement; (ii) either Party becomes debarred, suspended or otherwise ineligible to participate in any federal or state health care program, including the Medicare and Medicaid programs; or (iii) the City may immediately terminate this Agreement if it is determined that Providence is in breach of Section 22.
- 4) The dissolution or liquidation of Providence, other than as the result of merger, affiliation, or consolidation under conditions permitting continued full compliance with the terms of this Agreement, shall be cause for termination by the City.
- 5) The cessation by Providence of use of the Health Care Facilities for the purposes contemplated hereunder for a period of thirty (30) consecutive days, except for periods when the same may be untenable or where Providence is prevented from carrying out such operations due to circumstances beyond its reasonable control (e.g., war, government enactment, public disaster), shall be cause for termination by the City, and no pro-rated portion of the Annual Fixed Fee shall be owed following such cessation of use.

16. Winding Up. Upon the termination or expiration of this Agreement, the following procedure shall be followed after the effective date of expiration or termination (“Termination Date”):

- (a) Providence shall work cooperatively with the City to facilitate a smooth transition of the operation/management of the Health Care Facilities.
- (b) The City shall retain as its property any equipment at the Health Care Facilities as of the Termination Date to the extent that such equipment was acquired with the City’s funds. The City may purchase, free and clear of any encumbrances, any equipment owned by Providence and used and located primarily at the Health Care Facilities at its then net book value. Notice of the City's exercise of this option shall be effected by notice given at any time before the Termination Date. Providence shall have the right to remove from the Health Care Facilities, at its expense, any or all equipment owned by Providence that the City has not elected to retain under this paragraph.
- (c) Consistent with the terms of Section 22, Providence shall give the City, or such other person identified by the City, all records required for continued operations of the Health Care Facilities, provided that the City shall ensure that the recipient of any such records complies with, and takes such steps as may be

necessary to permit the transfer of such records under, applicable federal or state laws and rules governing the security and the confidentiality of individually identifiable patient healthcare information.

- (d) The Parties shall cooperate so that all licenses and permits incident to operation of the Health Care Facilities can be transferred or changed to an operator identified by the City, including, but not limited to transfer of ,or change in information on, permits for and inventories of alcohol, narcotics and dangerous drugs. Providence will file a final cost report within forty-five (45) days after termination.
- (e) All accrued revenues and expenses related to the ordinary course of business of the Health Care Facilities shall be the City's. Such expenses shall include any fees owed to Providence under this Agreement and an amount equal to the final biweekly payroll costs. Subject to Section 8 of this Agreement, the City shall not be responsible for (i) accrued but unused leave related to Providence employees rendering services to the Health Care Facilities, except to the extent that such leave was earned during the term of this Agreement; and (ii) sick leave earned prior to the Term of this Agreement. Subject to Section 8 of this Agreement, the City shall be responsible only to pay the regular pension, insurance, and retirement contributions related to Providence employees rendering services to the Health Care Facilities during the Term of this Agreement, but not to pay additional pension benefits, retirement benefits, or any other claims, obligations or liabilities with respect to Providence's employees.

17. Notices. Any notice permitted or required hereunder shall be in writing and shall be deemed given on the date delivered in person, sent by electronic mail or fax, or deposited in the United States certified or registered mail, postage prepaid, and addressed as follows:

To the City:	City of Valdez P.O. Box 307 Valdez, Alaska 99686 ATTN: City Manager Fax: 907.835.4313
To Providence:	Providence Health & Services - Washington dba Providence Health & Services Alaska 3200 Providence Drive P.O. Box 196604 Anchorage, Alaska 99519-6604 ATTN: Chief Executive, Alaska Region Fax: 907-212-2884

Such addresses may be changed by either Party by ten (10) days prior written notice to the other Party.

18. Authority. Each individual executing this Agreement on behalf of Providence or the City represents and warrants that he or she is duly authorized to execute and deliver this Agreement on behalf of such Party, that all actions by such organization have been taken to authorize execution, delivery and performance of this Agreement, and that this Agreement is binding upon such Party. The individuals signing on behalf of Providence further warrant and represent that they are authorized to act on behalf of Providence in all matters relating to this Agreement.

19. Representations and Warranties of Providence. As of the Effective Date, Providence hereby represents and warrants to its knowledge as follows:

- (a) Providence is a Washington non-profit corporation in good standing under the laws of the State of Washington and authorized to do business in Alaska.
- (b) Providence has full corporate power and authority to carry on its business as now conducted and to enter into this Agreement. The execution and delivery of this Agreement has been authorized by proper corporate action, and this Agreement constitutes a valid and legally binding obligation of Providence.
- (c) Except as may have already been obtained, no consent or approval of any trustee or holder of any indebtedness or obligation of Providence, and no consent, approval, permission, authorization, order, or license of any governmental authority, is required to be obtained by Providence for the execution and delivery of this Agreement or any other instrument or agreement required of Providence under this Agreement.
- (d) Providence is not subject to any charter, bylaw, or contractual limitation or provision of any nature whatsoever which in any way limits, restricts, or prevents Providence from entering into this Agreement or from performing any of its obligations hereunder.
- (e) Neither the execution and delivery of this Agreement, and the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the provisions hereto, materially conflicts with, violates, or breaches any charter, bylaw, or stock provision of Providence, any of the material terms, conditions, or provisions of any indenture, instrument, or agreement to which Providence is a party or by which Providence is bound, any statute, rule or regulation, or any judgment, decree, or order of any court or agency binding on Providence, or constitutes a default under any of the foregoing which has not been

waived or consented to in writing by the appropriate party or parties, or results in the creation or imposition of any lien, charge, security interest, or encumbrance of any nature whatsoever upon any of the property or assets of Providence not permitted under the terms of any restriction, agreement, instrument, statute, governmental rule or regulation, court order, judgment, or decree.

- (f) To the knowledge of Providence, there is no action, suit, proceeding, inquiry, or investigation by or before any court, governmental agency, or public board or body pending or threatened against Providence which (i) affects or seeks to prohibit, restrain, or enjoin the execution and delivery of this Agreement, (ii) affects or questions the validity or enforceability of this Agreement, or (iii) questions the power or authority of Providence to carry out the transactions contemplated by, or to perform its obligations under, this Agreement.
- (g) When duly executed, this Agreement will be enforceable against Providence according to its terms, except as may be limited by bankruptcy, insolvency, reorganization, or other laws affecting creditors' rights generally as amended from time to time.
- (h) Any certificate signed by an officer of Providence duly authorized to execute such certificate and delivered pursuant to this Agreement shall be deemed to be a representation and warranty by Providence as to the statements made therein.
- (i) The execution, delivery, or performance of this Agreement or consummation of the transactions contemplated by this Agreement or compliance by Providence with any of the provisions of this Agreement will not violate any statute (including Alaska's Certificate of Need laws), rule, regulation, ordinance, code, order, judgment, ruling, writ, injunction, decree, or award.

20. Representations and Warranties of the City. The City hereby represents and warrants that neither the execution, delivery nor performance of this Agreement nor the consummation of the transactions contemplated by this Agreement, nor compliance by the City with any of the provisions of this Agreement, will:

- (a) Violate or conflict with any provision of Valdez's City Charter or any Valdez City Council resolution;
- (b) Violate, conflict with, or result in a breach of any provision of, or constitute a default (or an event which, with notice and/or lapse of time, would constitute a default) under, terminate, accelerate the performance required by, or result in a right of termination or acceleration under any of the terms, conditions or

provisions of any material contract, plan, indebtedness, note, bond, indenture, security or pledge agreement, commitment, license, lease, franchise, permit, agreement, or other instrument or obligation (i) to which the City is a party or (ii) by which the assets relating to the Health Care Facilities are bound; or

(c) Violate any statute (including Alaska’s Certificate of Need laws), rule, regulation, ordinance, code, order, judgment, ruling, writ, injunction, decree or award.

21. Parties in Interest. Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon any person, other than the Parties hereto, any right, remedy or claim, legal or equitable, under or by reason of this Agreement, this Agreement being intended to be and being for the sole and exclusive benefit of the Parties hereto.

22. Confidential Information. Providence shall comply with all laws, regulations, directives or requirements in any form related to operating and managing hospitals and health care facilities, including, but not limited to the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), the Health Information Technology for Economic and Clinical Health Act (“HITECH”), or the American Recovery and Reinvestment Act of 2009 (“ARRA”), and regulations adopted thereunder. The City shall not have access to Protected Health Information as defined by HIPAA, other than as provided for in Section 16. The City has read 45 C.F.R. 164.504(e), understands Providence’s position is that 45 C.F.R. 164.504(e) applies to this Agreement, and that Providence therefore has the following obligations:

Providence agrees to hold all Protected Health Information that may be shared, transferred, transmitted, or otherwise obtained pursuant to this Agreement strictly confidential, and provide all reasonable protections to prevent the unauthorized use or disclosure of such information, including, but not limited to the protection afforded by applicable federal, state and local laws and/or regulations regarding the security and the confidentiality of patient health care information. Providence further agrees to make every reasonable effort to comply with any regulations, standards, or rules promulgated pursuant to the authority of the HIPAA, including those provisions listed below. Providence may use and disclose Protected Health Information when necessary for Providence’s proper management and administration (if such use or disclosure is the minimum necessary), to carry out Providence’s specific legal responsibilities pursuant to this Agreement, or as required by law. Specifically, Providence agrees as follows to:

- (a) Maintain administrative, physical, and technical safeguards as necessary to ensure that the Protected Health Information is not used or disclosed except as provided herein and to protect the confidentiality, integrity, and availability of Protected Health Information including implementing required and procedures with respect to Protected Health Information and the privacy and security rules implementing HIPAA, HITECH, or the ARRA;
- (b) Mitigate, if possible, any harmful effect known to Providence of a use or disclosure of Protected Health Information by Providence or any subcontractor of Providence;
- (c) Ensure that any subcontractors or agents to whom it provides Protected Health Information will agree in writing to substantially similar restrictions and conditions that apply with respect to such information;
- (d) Make available respective internal practices, books and records relating to the use and disclosure of Protected Health Information obtained pursuant to this Agreement to the Department of Health and Human Services or its agents;
- (e) Incorporate any amendments or corrections to Protected Health Information when notified that the information is inaccurate or incomplete;
- (f) Return or destroy all Protected Health Information obtained pursuant to this Agreement that Providence still maintains in any form and not to retain any such Protected Health Information in any form upon termination or expiration of this Agreement, if feasible or, if not feasible, Providence agrees to limit any uses of Protected Health Information after this Agreement's termination or expiration to those specific uses or disclosures that make it necessary for Providence to retain the information;
- (g) Ensure applicable policies are in place for providing access to Protected Health Information to the subject of that information;
- (h) To report to the City, by no later than thirty (30) days, any acquisition, access, use or disclosure of Protected Health Information, including successful breaches of unsecured Protected Health Information, which is not provided for in the Agreement, and if requested by the City, to report unsuccessful security incidents; and

- (i) Make Protected Health Information and an accounting of disclosures available to the individual who is the subject of the information, to the extent required by HIPAA/HITECH or the ARRA.

Breach of this section shall be considered material.

23. Access to Books and Records. Pursuant to 42 U.S.C. § 13995x(v)(1), until the expiration of four (4) years after the furnishing of services under this Agreement, Providence shall make available, upon written request by the City, the Comptroller of the United States Department of Health and Human Services, or upon request by the Comptroller General of the United States General Accounting Office, or any of their duly authorized representatives, a copy of this Agreement and such books, documents and records as are necessary to certify the nature and extent of the services furnished by Providence under this Agreement. If Providence carries out any of its duties under this Agreement through a subcontract, with a value or cost of ten thousand dollars (\$10,000) or more over a twelve (12) month period, with a related organization of Providence, such subcontract shall contain a clause to the effect that until the expiration of four (4) years after the furnishing of such services pursuant to such subcontract, the related organization shall make available, upon written request by the Secretary of the United States Department of Health and Human Services or upon request by the City, the Comptroller General of the United States General Accounting Office, or any of their duly authorized representatives, a copy of such subcontract and such books, documents and records as are necessary to verify the nature and extent of such costs.

24. Miscellaneous.

- (a) This Agreement constitutes the entire agreement between the Parties with respect to the operation of the Health Care Facilities. Any prior representations and agreements are of no effect. No subsequent alteration, amendment, change or addition to this Agreement shall be binding upon the City or Providence unless reduced to writing and executed by the Parties.
- (b) This Agreement shall be governed by and construed in accordance with the laws of the State of Alaska, and venue for all disputes shall be in Anchorage, Alaska.
- (c) If any term, covenant or condition of this Agreement, or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term, covenant or condition to other persons and circumstances shall be valid and enforceable to the fullest extent permitted by law.

- (d) The terms, covenants and conditions hereof shall be binding upon and shall inure to the benefit of the Parties hereto and their respective legal representatives, successors and assigns.
- (e) The Parties have agreed to form a Health Advisory Council (“HAC”), which shall be comprised of those members as specified in the Health Advisory Council’s Bylaws, as currently in effect or hereinafter amended. During the Term of this Agreement, one HAC member will be eligible to participate as a voting member on the Providence Alaska Region Community Ministry Board, which will vote on the operations of the Health Care Facilities. Such person is designated by the Chairperson of the HAC and its members, but must be approved by Providence. The Parties hereby acknowledge and agree that Providence may require the City to replace its appointee to the Providence Alaska Region Community Ministry Board at any time during the Term of the Agreement. In such event, any such replacement shall be designated by the City, on the recommendation of the HAC Chairperson, and subject to approval by Providence. The City may replace its appointees to the HAC at any time during the Term of the Agreement, provided it provides Providence with at least thirty (30) days advance written notice of such action, and identifies in such notice the replacement person or persons. During the Term of this Agreement, the HAC will provide feedback and guidance to Providence regarding the operation of the Health Care Facilities, provided, however, that all such guidance received shall be non-binding and advisory in nature only.
- (f) Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon any person, firm, or corporation, other than the Parties hereto, any right, remedy or claim, legal or equitable, under or by reason of this Agreement, this Agreement being intended to be and being for the sole and exclusive benefit of the Parties hereto.
- (g) Nothing in this Agreement, and no performance of either Party hereunder shall cause the relationship of the Parties to be that of principal and agent, partners, or joint ventures, or cause the Parties to be associated in any manner other than as independent contractors. Each Party shall be solely responsible for the workers’ compensation, retirement, insurance or other benefits, if any, afforded to their respective employees.
- (h) The Parties to this Agreement will perform their obligations hereunder consistent with applicable federal, state and local laws.

- (i) The representations, warranties, and covenants of each Party set forth in this Agreement, including, without limitation, the indemnities and obligations provided for in Sections 5(f), 10(e)- (f), 13, 16, 19, and 20 are separate and distinct obligations of the respective Party, independent of that Party’s obligations otherwise provided herein, and shall continue in effect after any termination or expiration of this Agreement, until the completion of those obligations or the expiration of the applicable statute of limitations (with extensions) relating to the causes of action at issue, as applicable.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the dates set forth below.

[SIGNATURES TO FOLLOW]

**PROVIDENCE HEALTH & SERVICES –
WASHINGTON dba Providence Health &
Services Alaska**

BY: _____

DATE: _____

TITLE: _____

FEDERAL ID #: _____

Mailing Address

City, State, Zip Code

Signature of Company Secretary or Attest

Date: _____

**CITY OF VALDEZ, ALASKA
APPROVED:**

Dennis Fleming, Mayor

Date: _____

ATTEST:

Sheri L. Pierce, MMC, City Clerk

Date: _____

RECOMMENDED:

John Douglas, City Manager

Date: _____

**APPROVED AS TO FORM:
Brena, Bell & Walker, P.C.**

Jake W. Staser

Date: _____

EXHIBIT A

Working Capital and Supplement Calculation Methodology

Daily Operating Expense Calculation:

Providence will calculate the total value of one (1) day’s operating expenses as follows and report this to the City with each annual budget request:

Actual audited operating expenses for the Health Care Facilities for the two (2) immediate preceding years will be averaged together and then divided by three hundred sixty-five (365) days to obtain a base daily number. This base number will then be adjusted for inflation by six percent (6%). This inflation adjusted daily value will be used to determine the adequacy of cash balances for compliance with Section 6 of this Agreement.

Annual City Supplement Calculation:

Providence will calculate the annual City supplement for the Health Care Facilities using the following methodology:

1. Providence prepares a detailed annual operating budget approximately four (4) months before the beginning of the new fiscal year.
2. Assumptions and forecasts are made about the Health Care Facilities’ operations (number of patient visits, reimbursement rates, operating expenses, price increases, etc.) for the coming year, as well as gross revenue, contractual deductions and expenses. Rationale supporting these assumptions and forecasts (i.e. historical trends, etc.) will be reported to the City each year.
3. A resultant net profit or net loss is projected for the upcoming fiscal year.
4. If a net profit is projected the City will not supplement the Health Care Facilities, and excess profits will be used in conformance with Section 6 of this agreement.
5. If a net loss is projected the City will supplement as follows:

Gross Revenue	\$X
Less: Contractuals	\$Y
Less: Expenses (excluding Depreciation)	<u>\$Z</u>
City Supplement Amount (X – Y – Z)	Total

Note: The Annual Fixed Fee is separate from the City supplement calculation and will be paid each year except as provided in Section 6(e).

EXHIBIT B

Insurance Deductible & Co-Insurance Amounts

Pursuant to the Agreement, Providence has agreed to procure or provide certain insurance coverage in connection with its operation of the above facilities on behalf of the City (described herein and in Section 12), which are Reimbursable Expenses under the Agreement.

The facilities are:

- **Providence Valdez Medical Center**
A Critical Access Hospital and nursing home.
- **Providence Valdez Counseling Center**
A community mental health and substance abuse treatment and prevention agency.
- **Providence Valdez Primary Care**
A primary care clinic.

The insurance coverage detailed below as in effect on the Effective Date will need to be acknowledged in writing by the following City officials, and information on annual increases in deductibles or premiums payable for such coverage, if any, shall be made available to the City upon request:

1. City Manager
2. Mayor
3. City Attorney

A. General and Professional Liability

Providence has a program of self-insurance that is fully funded to a 75% confidence level, confirmed by an actuarial consulting firm which specializes in self-insurance programs for healthcare entities. This program will cover up to \$10 million per claim with a \$55 million annual aggregate for all negligent acts of Providence employees within the course and scope of their employment at the above facilities throughout the Term of this Agreement. No tail coverage will be required since this program will remain in full force and effect. There is also an additional \$100 million in reinsurance coverage for General and Professional Liability with “A-” or better Best Rated reinsurers. Providence will keep this or similar coverage in full force and effect.

Insurance-related Reimbursable Expenses will be calculated based upon a System-wide premium allocation formula, which factors in loss payments and open reserves. Insurance has been purchased for the purpose of lowering the amount considered in the premium allocation formula. The premium allocation formula will be presented and explained by Providence Health & Services Alaska’s Chief Financial Officer.

The deductible amount is **\$-0-**.

B. Automobile Coverage

Providence maintains self-insurance coverage for any Providence-owned automobiles. The System-wide premium is calculated per year, per vehicle, including excess insurance. Premiums will vary each year and **renewals occur on June 1 of each year**. Additional premium will be required if there are more or new vehicles subject to coverage. Providence Commercial Reinsurance Coverage sits on top of the self-insurance automobile policy as set for the above.

The deductible amount for this coverage as of the Effective Date is **\$2000** per event, but will increase to \$5000 per occurrence on June 1, 2015.

C. Property / Earthquake Insurance

Providence has replacement value property / earthquake coverage (contents and business interruption) with an “A-” rated carrier. The City will cover and separately insure the structures and buildings.

For most losses, the deductible amount for this coverage as of the Effective Date is **\$500,000**, with a formula-driven (5% of the total values at risk, subject to a minimum of \$500,000) earthquake deductible for any Alaska location.

D. Helipad Coverage

This Providence coverage of up to \$20,000,000 is placed with a commercial insurer, and is based on the number of anticipated helipad landings.

Premium cost is allocated to the facility based on the number of landings. The deductible amount for this coverage is **\$-0-**.

E. Directors and Officers

Providence has commercial coverage through an “A” rated carrier. This policy covers all Providence Director and Officer malfeasance or non-feasance (except illegal or intentional wrong), with a deductible of \$500,000 per claim, as of the Effective Date. The policy also covers employment practices above \$750,000 per claim (including defense costs); amounts above \$250,000 per claim (including defense costs), up to \$750,000 per claim (including defense costs) are covered by the Providence Self-Insured Trust. There are separate deductibles and limits for class actions and antitrust.

The applicable deductible amounts for this coverage as of the Effective Date are:

D&O	\$500,000 for the facility (however this depends on the allegation; in some instances, such as an antitrust allegation there is also a co-insurance amount that is the responsibility of the facility.)
EPL	\$500,000 (\$1,000,000 for physician claims)
Antitrust	\$1,000,000
Class Actions	\$1,500,000

F. Crime (Employee Theft)

Commercial crime coverage is provided through a commercial insurer. The deductible amount for this coverage as of the Effective Date is **\$500,000**.

G. Fiduciary (Employee Benefits.)

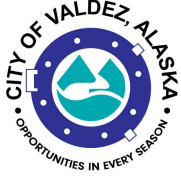
Commercial coverage is provided through a commercial insurer. The deductible amount for this coverage as of the Effective Date is **\$100,000**.

H. Workers' Compensation

Providence has a fully funded self-insured trust for its workers' compensation liabilities. There is excess coverage above \$1 million per claim.

Premium allocation will be adjusted by Providence during the year according to loss payments and open claim reserves. Additional information can be obtained from System Risk.

The deductible amount for this coverage is **\$-0-**.



Legislation Text

File #: 25-0006, **Version:** 1

ITEM TITLE:

Approval of Amendment to Providence Valdez Medical Center 2025 Capital Projects Budget in the Amount of \$400,000

SUBMITTED BY: Casey Dschaak, Acting Finance Director

FISCAL NOTES:

Expenditure Required: \$400,000
Unencumbered Balance: \$7.8MM
Funding Source: PVMC Enterprise Fund

RECOMMENDATION:

Review and approve or provide direction to Providence Management

SUMMARY STATEMENT:

In addition to current capital projects approved by the City Council on November 6th, 2024 PVMC is requesting \$400,000 for the Air Treatment System Replacement. This project was approved in FY22 with the City's Capital Project plan at an estimated cost of \$350,000, though not formally appropriated. Providence now manages all hospital facility Capital Projects, therefore this project is being requested in addition to previously approved Capital Projects approved on November 6th (below)

LTC Expansion	\$7,476,667
Emergency Room	\$568,000
Air Treatment System Replacement	\$400,000 (Added Project)

Costs related to the project have escalated since FY22 (\$350,000). PVMC requests the amount of \$400,000 to fund the current estimated cost of this project.

The Providence Valdez Medical Center (PVMC) Capital Projects Budget includes no cash contributions from the City. The funding source for PVMC capital projects is the PVMC Enterprise Fund derived from accumulated hospital operating surplus.

In addition to current capital projects approved on November 6th, 2024 PVMC is requesting \$400,000 for the Air Treatment System Replacement. This project was approved in FY22 with the City's Capital Project plan, though not formally appropriated as noted by the Appropriation column below. Costs related to the project have escalated since the initial approval and \$400,000 is being requested.



Project Name	Justification	2023 Appropriation Total	Total Estimated Cost	Fiscal Year Requested	Comments
Air Treatment System Replacement	End of lifecycle, due for replacement	\$0	\$350,000	2020	100% design complete / Prov Managed / Prior appropriation
Replace Backup Generator	Generator has experienced failures recently and must be replaced to meet CMS requirements	\$1,250,000	\$1,250,000	2018	City Managed / Transfer Funds after bidding
Sterile Processing Equipment/Room Upgrades	Past end of usable life	\$1,000,000	\$1,000,000	2023	100% design complete / Prov Managed
LTC- 4 Bed Expansion (includes LTC Kitchen Project)	Community health assessment need identified via survey and significant space constraints for current census	\$500,000	\$6,100,000	2023	35% Design request / Prov Managed
Emergency Department Redesign (includes ER Door Upgrade and Entrance Redesign Projects)	Infection Prevention, security, triage	\$2,750,000	\$2,750,000	2023	100% design complete / Prov Managed
CT Replacement	End of usable life	\$250,000	\$1,500,000	2023	Initial Design Request / Prov Managed
Facility-wide cameras	End of usable life and inadequate coverage	\$100,000	\$100,000	2023	100% design complete / Prov Managed
Air Handler 3 Replacement	Obsolete	\$100,000	\$100,000	2023	100% design complete / Prov Managed
Grease Trap Upgrade	Regular back-ups requiring pumping	\$75,000	\$250,000	2023	Initial Design Request
Gas appliances in Dietary	More efficient with gas appliances, Current ovens not working well	\$0	\$150,000	2018	
Automation Up-grade		\$350,000	\$350,000	2022	100% design complete / Prov Managed

Priority Level 1	Total Priority 1	2023 \$5,500,000	Project Totals \$11,450,000
Priority Level 2	Total Priority 2	\$875,000	\$2,450,000
	Grand Total (All priorities)	\$6,375,000	\$13,900,000

This project is being requested in addition to previously approved Capital Projects presented and approved on November 6th (below)

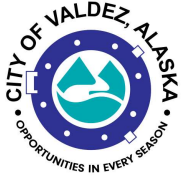
The 2025 Providence Valdez Budget is comprised of:

Operating Budget

- Hospital \$21.9 million
- Counseling Center \$1.0 million
- Capital Equipment unavailable at publication date

Capital Projects

- LTC Expansion \$7,476,667
- Emergency Room \$568,000



Legislation Text

File #: ORD 24-0017, **Version:** 1

ITEM TITLE:

#24-17 - Amending Section 3.12.040 of the Valdez Municipal Code Establishing a Tax Exemption for Economic Development Property. Second Reading. Adoption. **(Reconsideration Requested by Mayor Fleming)**

SUBMITTED BY: Sheri Pierce, City Clerk/ Elise Sorum-Birk, Deputy Clerk/Jake Staser, City Attorney

FISCAL NOTES:

Expenditure Required: n/a
Unencumbered Balance: n/a
Funding Source: n/a

RECOMMENDATION:

Approve Ordinance 24-17 in second reading for adoption.

SUMMARY STATEMENT:

This ordinance would establish an Economic Development Tax Exemption program for the following property types:

- New construction or major renovation (at least 25% increase in value of improvements) in the town center place type (10 years)
- Construction of new residential units in the new townsite neighborhood place type (3 years)

Exemptions would be based on the increase in assessed value directly attributable to the improvements.

Projects would need to have received a certificate of completion or certificate of occupancy to qualify and would need to meet application criteria to qualify.

Ordinance 24-27 is attached for review. State law requires notice that, if enacted, this ordinance may be repealed by voter referendum.

Ordinance 24-27 failed in first reading at the December 3, 2024 regular meeting. Mayor Fleming requested reconsideration at the December 17, 2024 regular meeting.

CITY OF VALDEZ, ALASKA

ORDINANCE #24-17

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, AMENDING SECTION 3.12.040 THE VALDEZ MUNICIPAL CODE ESTABLISHING A TAX EXEMPTION FOR ECONOMIC DEVELOPMENT PROPERTY

WHEREAS, AS 29.45.050(m) provides municipalities discretionary authority to partially or totally exempt all or some types of economic development property from taxation for a designated period; and

WHEREAS, the scope of exemptions allowable under this subsection of state law have been substantially broadened by legislative enactments in 2017, 2022 and 2024; and

WHEREAS, allowing an exemption for economic development property supports goal 2.2 of the 2021 Comprehensive Plan, Plan Valdez, to “encourage redevelopment and new development” by “finding ways to streamline, facilitate and incentivize development . . .to generate higher quality development, new investment in under-performing properties and aging buildings, and new construction”; and

WHEREAS, this program would more specifically accomplish goal 2.2 B to “create an incentive program for the infill and redevelopment of properties already served by public water and sewer”; and

WHEREAS, an economic development tax exemption incentivizing housing and other development on properties located in the New Town Site Neighborhood and Town Center place types will also advance goal 2.3 to “promote, protect, and build quality housing” by “identify[ing] and adopt[ing] strategic housing investment areas” (2.3 A) and “develop[ing] housing-directed incentive programs” (2.3 E); and

WHEREAS, AS 29.45.050(o) allows municipalities to partially or totally exempt all or some types of deteriorated property from taxation for up to 10 years once substantial rehabilitation, renovation, demolition, removal, or replacement of any structure on the property begins; and

WHEREAS, establishing this tax exemption program will support two of the four top City Council priorities for 2025: business, economic and workforce development strategies and housing.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, that the following amendments are made to Section 3.12.040 of the Valdez Municipal Code:

Section 1. Section 3.12.040 is hereby amended to read as follows:

3.12.040 Additional exemptions.

A. Seventy-six thousand one hundred fifty-five dollars of the assessed value or the maximum allowed under state law, whichever is greater, of a principal residence owned and occupied by the taxpayer is exempt from taxation. The city council may by ordinance annually adjust the exemption set forth herein by the amount calculated by the State Assessor to reflect the increase, if any, in the annual average cost of living, using the U.S. Department of Labor CPI-U for Anchorage. (Ord. 24-03 § 1; Ord. 22-12 § 1; Ord. 23-01 § 1)

B. The amount of \$10,000.00 of the assessed value of real property owned and occupied as a permanent place of abode by a resident who provides volunteer firefighting services or volunteer emergency medical services in the city is exempt taxation under this chapter.

To qualify for this exemption, on January 1 of the assessment year a person must be certified as:

1. A current and active volunteer of a State of Alaska recognized first responder service, registered fire department or a certified ambulance service located within the city; and
2. If providing volunteer firefighting services, be certified as a firefighter by the Alaska Department of Public Safety; or
3. If providing volunteer emergency medical services, be certified under AS 18.08.082.

The fire chief shall be responsible for certifying that the volunteer has met the criteria established for this exemption and will submit the names to the city clerk annually on or before January 15.

If two or more individuals are eligible for an exemption for the same property, not more than two exemptions may be granted.

No exemption under this section may be granted except upon written application on a form prescribed by the city clerk. The application must be filed with the city clerk no later than January 15 of the tax year for which the exemption is sought.

C. An amount equal to the increase of assessed value directly attributable to improvements made to properties for economic development purposes may be exempted from property taxes under the conditions listed in this section.

1. The construction of a new structure located in the town center place type may qualify for an exemption under this section for a period of ten years.

2. The major renovation of an existing structure in the town center place type may qualify for an exemption under this section for a period of ten years.

3. The construction of one or more residential units in the new townsite neighborhood place type may qualify for an exemption under this section for a period of three years.

No exemption under this section may be granted except upon written application on a form prescribed by the city clerk. The initial application must be filed with the city clerk no later than January 15 of the tax year for which the exemption is sought.

The city shall require an application annually by the property owner no later than January 15th for each subsequent tax year of the exemption period attesting that the property remains in compliance with this section. Failure to comply with the conditions this section will result in the exemption being deemed invalid for the subject property.

The initial application for exemption shall include:

1. A statement from the property owner regarding how the improvements to the property support economic development in Valdez.

2. Proof that all required permits for the proposed improvements have been issued.

3. An acknowledgment that the property owner is required to comply with all applicable local, state and federal laws.

4. A certificate of occupancy or certificate of completion from the community development department issued after August 13, 2024.

5. An acknowledgement by the applicant that the property will be fully taxable when no longer eligible for exemption under this section.

Qualifying economic development property remains taxable at the full assessed value until a certificate of occupancy or certificate of completion has been issued and the initial exemption application has been approved.

In this section:

1. “Economic development” has the meaning given in AS 29.45.050(m).

2. “Increase in the assessed value directly attributable to improvements” means the difference between the assessed value of improvements on the date of assessment prior to the building permit for the project being issued and the assessed value of improvements on the date of assessment after the certificate of occupancy or certificate of completion has been issued.

3. “Major renovation” means improvements to existing structures on an eligible property that result in at least a 25% increase in the assessed value of improvements on the property.

4. “New townsite neighborhood place type” has the meaning given in the adopted Comprehensive Plan

5. “Town center place type” has the meaning given in the adopted Comprehensive Plan

Section 2. Per state law, if adopted, this ordinance may be repealed by voter referendum.

Section 3. This ordinance shall take effect immediately upon adoption by the Valdez City Council.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, this _____ day of _____, 2024.

CITY OF VALDEZ, ALASKA

ATTEST:

Dennis Fleming, Mayor

Sheri L. Pierce, MMC, City Clerk

First Reading:
Second Reading:
Adoption:
Ayes:
Noes:
Absent:
Abstain:

APPROVED AS TO FORM:

Jake Stasser, City Attorney

Brena, Bell, & Clarkson, P.C



City of
VALDEZ

Overview of Proposed Economic Development Tax Exemption Ordinance

November 19, 2024



Recent Changes to Alaska Statute 29.45.050(m)

Originally limited in scope and applicability, this subsection has been amended by the Alaska Legislature in recent years to broaden the scope of this exemption significantly:

- 2017: SB 100 changed allowable period from “5 years” to “a designated period”
- 2022: HB 411 deleted the existing complex and proscriptive definition of “economic development property” and replaced the definition with the following broad definition: ***“economic development” means an action intended to result in an outcome that causes an increase in, or avoids a decrease of, economic activity, gross domestic product, or the tax base.***
- 2024: Removed language limiting the exemption to the portion of mills above the required local contribution for school districts- making it possible for local governments to fully exempt economic development property from taxation.

AS 29.45.050(m) as Currently Written



“A municipality may by ordinance partially or totally exempt all or some types of economic development property from taxation for a designated period. A municipality may by ordinance permit deferral of payment of taxes on all or some types of economic development property for a designated period. A municipality may apply an exemption or deferral under this subsection to taxes levied for special services in a service area that is supervised by an elected service area board under [AS 29.35.460](#) unless the elected service area board objects to the exemption or deferral by resolution adopted not later than 60 days after the effective date of the municipal ordinance enacting the tax exemption or deferral. A municipality may adopt an ordinance under this subsection only if, before it is adopted, copies of the proposed ordinance made available at a public hearing on it contain written notice that the ordinance, if adopted, may be repealed by the voters through referendum. An ordinance adopted under this subsection must include specific eligibility requirements and require a written application for each exemption or deferral.”

Key requirements for ordinance construction:

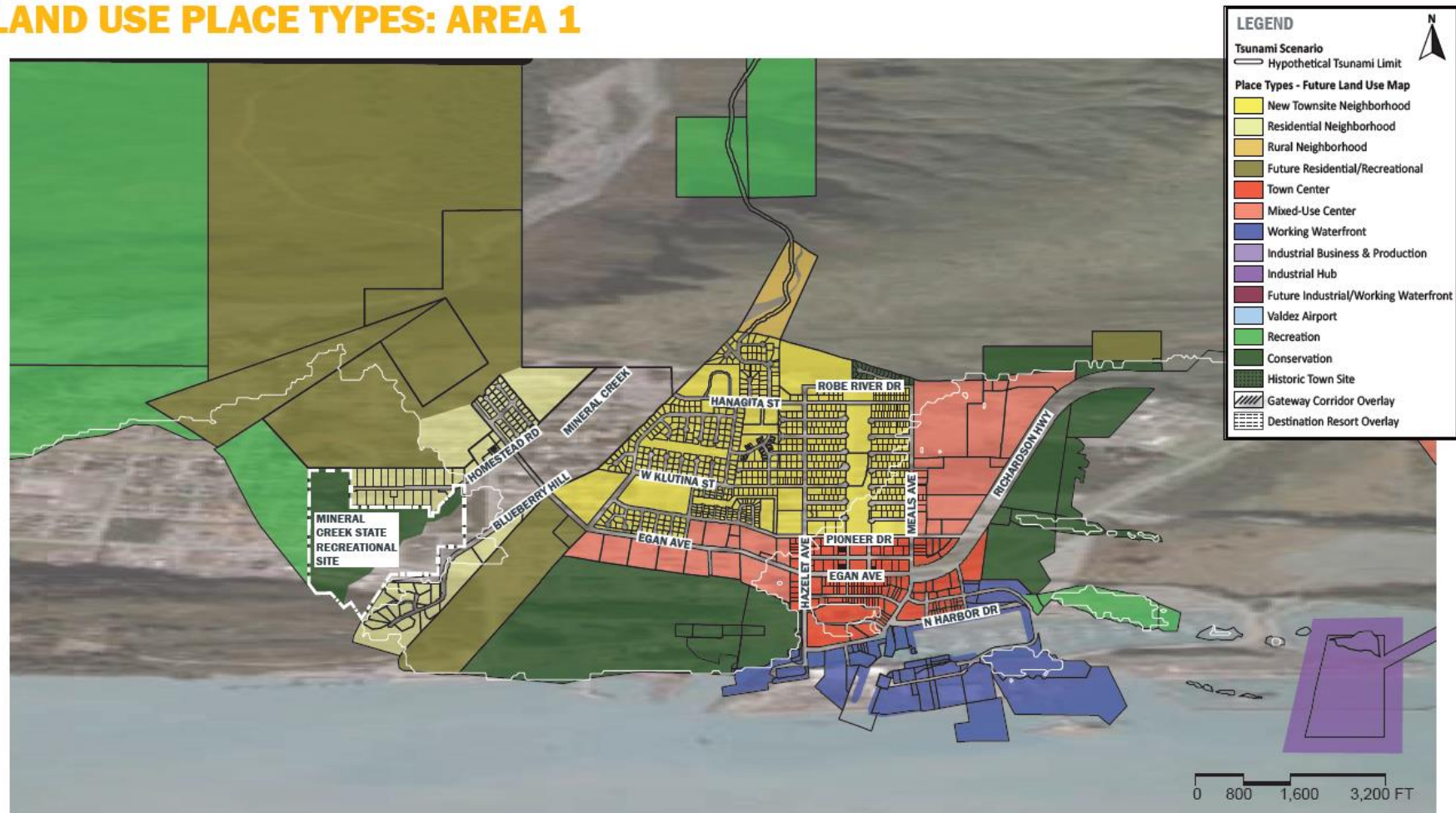
- Define “designated period” for Valdez.
- Identify types of “economic development” that will “cause an increase in” or “avoid a decrease of” economic activity in Valdez.
- Outline specific eligibility requirements.
 - Where is eligible property located?
 - What type of development qualifies?
 - Why?
- Program must require a written application.
- Provide notice at the public hearing that the ordinance may be repealed by voter referendum.



General Staff Recommendations on Framing the Ordinance

- Align with specific goals from the comprehensive plan
 - Have clearly defined areas and parameters
- The effective date and definition of “economic development” mirroring to state law
- Keep the program simple to administer and simple to understand:
 - Grant the exemption administratively rather than Council approving for each property
 - Exemptions only – no deferrals
 - Use same deadlines as other exemptions
 - Clerks and Finance administer
 - Tied to the increase in assessed value attributable to the new construction or renovation
 - Exemption conveys with property for the allowable timeframe
- Start small and expand later
- Tie the exemption to completion of improvements

LAND USE PLACE TYPES: AREA 1



Target Area #1 : Town Center Place Type



Improvements to property located in the downtown area
Goal: Revitalize the downtown area and spur new economic activity

- Tied to town center place type
- Longer time frame (10 years)
- Encouraging mixed use development, increase in multifamily housing and in-fill
- Including new construction and major renovation

Target Area #2 : New Townsite Neighborhood



Encouraging housing development in residential areas:

Goal: Increase the availability of residential units.

- Tied to New Town Neighborhood place type
- Shorter time frame (3 years)
- Encouraging in-fill and housing development where public utilities already exist
- Specific to the creation of new housing units

Plan Valdez Goal 2.2 Encourage redevelopment and new development



Appropriate (re)development that meets the greater needs of the community in an economic and efficient manner. Finding ways to streamline, facilitate, **and incentivize development** will help to generate higher quality development, new investment in under-performing properties and aging buildings, and new construction. Reinvestment programs should include smaller-scale redevelopment efforts and infill development and **feature more target programs to improve building quality, adaptive reuse of parcels and buildings.**

Related Action:

2.2B – Create an incentive program for the infill/redevelopment of properties already served by public water and sewer
Identify programs and eligibility standards to make infill/redevelopment projects more attractive to developers, including regulator and financial incentives such as tax credits/abatements/waivers, waiver, or reduction in permit/plan review fees, expedited review process, and/or flexible zoning regulations. **Priority areas should include the Town Center (red on future land use maps),** and adjacent working waterfront (dark blue) and mixed-use place types (salmon).

Plan Valdez Goal 2.3 Promote, protect and build quality housing



Quality housing is housing that meets community needs including a range of incomes, housing types, and locations; and is built with longevity in mind. Without dedicated resources or programmatic priorities to support more diverse housing types, the city's capacity to help residents find housing best suited to their needs, has been limited. **Adopting a policy direction that promotes an inclusive, diverse, and flexible housing environment will contribute to a capable workforce, retain residents in the community, and help develop a sturdy customer base to sustain local businesses and population.** Various housing options will enable residents to find suitable local housing regardless of income level.

Related Action:

2.3A – **Identify and adopt strategic housing investment areas.** Targeting and scaling programs and policies can increase near-term impact. It is recommended these areas are targeted within **the New Town Site (yellow on future land use maps), Town Center (red)** and Mixed-Use Place Types (salmon).

2.3E – Develop housing directed incentive programs. **Identify programs and eligibility requirements to support new construction and renovation of single-family, multi-family homes, and apartments, as well as conversions of nonresidential buildings to residential units.** Examples include leverage vacant or underutilized city-owned properties, direct investment of public housing funds, tax-increment financing, bonds, revolving loans, tax abatements, density bonuses for in-fill development connected to city utilities, and/or other proven public-private partnership models. **Priority should be placed on new dwellings that increase the efficiency of providing city services.**

An economic development property tax exemption as allowed under AS 29.45.050 (m) aims to support the following goals of the 2021 Comprehensive Plan, Plan Valdez:

- **Goal 2.2** - Encourage redevelopment and new development.
 - “Finding ways to streamline, facilitate and incentivize development will help to generate higher quality development, new investment in under-performing properties and aging buildings, and new construction.”
 - “Create an incentive program for the infill and redevelopment of properties already served by public water and sewer.”
- **Goal 2.3** - Promote, protect, and build quality housing.
 - “Quality housing is housing that meets community needs including a range of incomes, housing types, and locations; and is built with longevity in mind”
 - “Identify and adopt strategic housing investment areas.”
 - “Develop housing-directed incentive programs.”

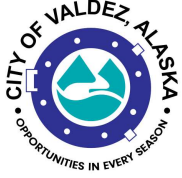
2 key areas to include in the construction of the ordinance:

- 1) Improvements to property located in the downtown area:
 - a. Goal: Revitalize the downtown area and spur new economic activity.
 - b. Tied to town center place type
 - c. Longer time frame (10 years)
 - d. Encouraging mixed use development, increase in multifamily housing and in-fill
 - e. Including new construction and major renovation (at least 25% increase in assessed value of improvements)
- 2) Encouraging housing development in residential areas:
 - a. Goal: Increase the availability of residential units.
 - b. Tied to the New Town Neighborhood place type
 - c. Shorter time frame (3 years)
 - d. Encouraging in-fill and housing development where public utilities already exist
 - e. Specific to the creation of new housing units

Program Requirements

- Allowed for improvements completed after August 13, 2024 (effective date of state law)
- Exemption amount is the difference between the assessed value of improvements before construction and the assessed value of improvements after the project is completed.
- Definition of “economic development” is taken from state law
- Exemption conveys with property for the allowable timeframe
- Exemption is granted only after the project is completed and a certificate of occupancy or certificate of completion is issued

- Economic development property remains taxable at the full assessed value until a certificate of occupancy or certificate of completion has been issued and the initial exemption application has been approved.
- Application deadline is January 15th and initial application requires:
 - A statement from the property owner regarding how the improvements to the property support economic development in Valdez.
 - Proof that all required permits for the proposed improvements have been issued.
 - An acknowledgment that the property owner is required to comply with all applicable local, state and federal laws.
 - A certificate of occupancy or certificate of completion from the community development department issued after August 13, 2024.
 - An acknowledgement by the applicant that the property will be fully taxable when no longer eligible for exemption under this section.
- Once granted, an application is required each year of the exemption to ensure continued compliance with code and tracking of properties
 - If an annual application is not submitted the property owner forfeits the exemption for that tax year but can reapply the next year



Legislation Text

File #: RES 25-0001, **Version:** 1

ITEM TITLE:

#25-01 - Waiving 2025 Annual Fishing Vessel Moorage Fees for Valdez Resident Commercial Fishing Vessels Active During the 2024 Commercial Fishing Season

SUBMITTED BY: Sarah Von Barga, Harbormaster

FISCAL NOTES:

Expenditure Required: Estimated Loss of Harbor Revenue \$49,771

Unencumbered Balance: NA

Funding Source: NA

RECOMMENDATION:

None.

SUMMARY STATEMENT:

The Valdez City Council informally asked that the Ports and Harbor Commission to consider and provide a recommendation on the waiver of 2025 moorage fees for Valdez commercial fishermen due to a disastrous 2024 Pink Salmon commercial fishing season in Prince William Sound.

Staff provided the following information and recommended guidelines to the Ports and Harbor Commission at the meeting on November 18, 2024:

The waiver or credit of fees would result in an estimated \$49,771 negative impact to the Harbor budget. It is unknown at this time if there would be an offset to the possible revenue reduction from the General Fund, federal disaster relief funds, or another source.

Staff recommended that the Ports and Harbor Commission approve the moorage waiver or credit request as presented under the following guidelines:

1. Commercial fishing vessel owners must be local Valdez residents and provide proof of residency by submitting a copy of a State of Alaska issued identification with physical Valdez address.
2. Commercial fishing vessels owners must have a 2024 pink salmon ticket and have actively fished, or attempted to fish, for pink salmon during the 2024 season. A copy of the ticket must be provided.
3. Commercial fishing vessel owners must have a valid 2024 and 2025 commercial fishing license and intend to commercial fish in the 2025 season. Copies of the licenses must be

provided.

4. Applications for a 2025 fee waiver or credit will be accepted no later than March 31, 2025 at the Valdez Harbor Office. The application must include a letter of hardship addressed to the Valdez Harbormaster and copies of the items outlined in items 1-3 above.

The Ports and Harbor Commission recommended against the waiver of moorage fees citing concerns that this action would establish a costly precedence and risk to future harbor revenues.

The commission pointed out that a low return of salmon also creates financial hardship for charter boat operators and the tourism industry by reducing the number of tourists who come to Valdez to fish. Waiving moorage fees for commercial fishermen unfairly elevates the commercial fishery by not considering the impact to the entire local fishing industry.

CITY OF VALEZ, ALASKA

RESOLUTION #25-01

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, WAIVING 2025 ANNUAL FISHING VESSEL MOORAGE FEES FOR VALDEZ RESIDENT OWNERS OF COMMERCIAL FISHING VESSELS ACTIVE DURING THE 2024 SEASON

WHEREAS, the Valdez City Council seeks to mitigate the economic impacts and financial hardships to local commercial fishing vessel owners resulting from the 2024 Pink Salmon Economic Disaster; and

WHEREAS, a waiver or credit of 2025 commercial fishing vessel moorage fees will provide short-term relief and stability to active, local commercial fishermen in Valdez.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, that 2025 commercial fishing vessel annual moorage fees shall be waived for Valdez resident commercial fishing vessel owners under the following guidelines:

Section 1. Commercial fishing vessel owners must be local Valdez residents and provide proof of residency by submitting a copy of a State of Alaska issued identification with a physical Valdez address.

Section 2. Commercial fishing vessel owners must have a 2024 pink salmon ticket and have actively fished, or attempted to fish, for pink salmon during the 2024 season. A copy of the fish ticket must be provided

Section 3. Commercial fishing vessel owners must have valid 2024 and 2025 commercial fishing licenses and intend to commercial fish in the 2025 season. Copies of the licenses must be provided.

Section 4. Applications for a 2025 fee waiver or credit will be accepted no later than March 31, 2025, at the Valdez Harbor Office. The application shall include a letter of hardship addressed to the Valdez Harbormaster and copies of the items outlined in Sections 1-3 of this resolution.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, this 7th day of January 2025.

CITY OF VALDEZ, ALASKA

ATTEST:

Dennis Fleming, Mayor

Sheri L. Pierce, MMC, City Clerk



Harbor Commercial Fishing Moorage

2020 Fees

Business	ITEM	Amount
Sandelin LLC	Harbor Boat Slip (1)	\$2,826.60
North Pacific Marine Services	Harbor Boat Slip (1)	\$2,543.94
Big Dog Fish Company Inc.	Harbor Boat Slip (1)	\$2,779.49
Bill Crump	Harbor Boat Slip (1)	\$2,543.94
Leslie (Les) Allen	Harbor Boat Slip (1) Harbor Transient (1)	\$4,088.94
Paul Sutton	Harbor Boat Slip (1)	\$2,732.38
Sisioohl Marine Inc.	Harbor Boat Slip (1)	\$2,449.72
Robert Fischer	Harbor Boat Slip (1)	\$2,732.38
Meadows Fisheries Corp.	Harbor Boat Slip (1)	\$2,638.16
Sandelin Fisheries Inc.	Harbor Boat Slip (1)	\$2,355.50
Doug R. Jensen	Harbor Boat Slip (1)	\$2,591.05
Alan G. Kapp	Harbor Boat Slip (1)	\$2,402.61
Ray Sutton	Harbor Boat Slip (1)	\$2,355.50
Little Purser Partnership	Harbor Boat Slip (1)	\$2,119.95
Ken Vlasoff	Harbor Boat Slip (1)	\$1,601.74
Tim Hodge	Harbor Boat Slip (1)	\$1,507.52
Shark Tooth Charters	Harbor Boat Slip (1)	\$1,743.07
B.B.S. Kings	Harbor Boat Slip (1)	\$1,554.63
Ninkasi LLC	Harbor Boat Slip (1)	\$2,355.50
Northern Magic Charters	Harbor Boat Slip (1)	\$1,884.40

Business	ITEM	Amount
Nordic Marine Ventures LLC	Harbor Boat Slip (1)	\$1,978.62
Robert H Lohse	Harbor Boat Slip (1)	\$1,413.30
Fish Inc	Harbor Boat Slip (2)	\$7,820.26
Trygve Westergard	Harbor Boat Slip (1)	\$4,711.00
PWS Connection, Inc	Harbor Boat Slip (1)	\$2,826.60
Markusen Fisheries LLC	Harbor Boat Slip (1)	\$2,826.60
Matt Dohner	Harbor Boat Slip (1)	\$2,826.60
Pete Feenstra	Harbor Boat Slip (1)	\$2,826.60
SeaMount Inc.	Harbor Boat Slip (1)	\$2,826.60
Mike Durtschi	Harbor Boat Slip (1)	\$2,355.50
Ackerlund Fisheries INC	Harbor Boat Slip (1)	\$2,543.94
Seascape Inc.	Harbor Boat Slip (1)	\$2,543.94
Bosick Fisheries LLC	Harbor Boat Slip (1)	\$2,355.50
Andrew Babich	Harbor Boat Slip (1)	\$2,732.38
Hatch Family Fishing LLC	Harbor Boat Slip (1)	\$2,355.50
Thomas Lopez	Harbor Boat Slip (1)	\$2,355.50
Tom Lopez	Harbor Boat Slip (1)	\$2,355.50
Alexander Lopez Fisheries Corporation	Harbor Boat Slip (1)	\$2,355.50
Gulf Vessel Management Inc.	Harbor Boat Slip (1)	\$2,591.05
Keogh K Fisheries LLC	Harbor Boat Sli (1)	\$2,355.50
Hayden Markusen	Harbor Boat Slip (1)	\$2,355.50
Jeff Markusen	Harbor Boat Slip (1)	\$2,685.27
Richard (Ricky) Corazza	Harbor Boat Slip (1)	\$2,355.50
Michael Babich	Harbor Boat Slip (1)	\$2,732.38
Robert McDonnell	Harbor Boat Slip (1)	\$2,591.05

Business	ITEM	Amount
Scirroco Inc	Harbor Boat Slip (1)	\$2,355.50
Eli Dexter	Harbor Boat Slip (1)	\$2,355.50
Justice Cousins	Harbor Boat Slip (1)	\$2,355.50
Marcus Fuller	Harbor Boat Slip (1)	\$2,355.50
Morgan Williams	Harbor Boat Slip (1)	\$2,355.50
Dustin Cline	Harbor Boat Slip (1)	\$1,978.62
Nick Crump	Harbor Boat Slip (1)	\$1,978.62
Pacific Dream Fishing INC	Harbor Boat Slip (1)	\$2,732.38
JR Janneck	Harbor Transient (1)	\$2,058.46
Parker Seafood LLC	Harbor Transient (1)	\$3,141.86
Gorbuscha LTD	Harbor Transient (1)	\$3,033.52
	Total	\$141,150.15



Harbor Commercial Fishing Moorage 2025 Fees

Business	ITEM	Amount
North Pacific Marine Services	Harbor Boat Slip (1)	\$3,093.12
Big Dog Fish Company Inc.	Harbor Boat Slip (1)	\$3,379.52
Nicholas Crump	Harbor Boat Slip (1)	\$3,093.12
Just Coz LLC	Harbor Boat Slip (2)	\$5,613.44
Pacific Dream Fishing INC	Harbor Boat Slip (1)	\$3,322.24
Ninkasi LLC	Harbor Boat Slip (1)	\$2,864.00
Sisioohl Marine Inc.	Harbor Boat Slip (1)	\$2,864.00
Sandelin Fisheries Inc.	Harbor Boat Slip (1)	\$2,921.28
Sandelin LLC	Harbor Boat Slip (1)	\$3,379.52
Ray Sutton	Harbor Boat Slip (1)	\$2,864.00
Nordic Marine Ventures LLC	Harbor Boat Slip (1)	\$2,237.76
Robert Lohse	Harbor Boat Slip (1)	\$1,598.40
KAO Fisheries	Harbor Boat Slip (1)	\$1,598.40
Robert McDonnell	Harbor Boat Slip (1)	\$3,322.24
AKFiniti Fishers LLC	Harbor Boat Slip (1)	\$2,864.00
Keogh K Fisheries LLC	Harbor Boat Slip (1)	\$2,864.00
Marcus Fuller	Harbor Boat Slip (1)	\$2,864.00
Martin & Rosemary McCallum	Harbor Boat Slip (1)	\$3,207.68
Satisfaction Fisheries	Harbor Boat Slip (1)	\$2,864.00
Matson Fishing & Films LLC	Harbor Boat Slip (1)	\$2,864.00
Paul (Aaron) Matson	Harbor Boat Slip (1)	\$3,150.40
Richard (Ricky) Corazza	Harbor Boat Slip (1)	\$2,864.00

Mike Durtschi	Harbor Boat Slip (1)	\$2,864.00
Ackerlund Fisheries INC	Harbor Boat Slip (1)	\$3,093.12
Bosick Fisheries LLC	Harbor Boat Slip (1)	\$2,864.00
Day2Day LLC	Harbor Boat Slip (1)	\$2,864.00
Thomas Lopez	Harbor Boat Slip (1)	\$2,864.00
Tom Lopez	Harbor Boat Slip (1)	\$2,864.00
F/V Rigorous LLC	Harbor Boat Slip (1)	\$3,436.80
Michael Babich	Harbor Boat Slip (1)	\$3,436.80
PWS Connection, Inc	Harbor Boat Slip (1)	\$3,436.80
Gorbuscha LTD	Harbor Boat Slip (1)	\$3,436.80
Brady Strate	Harbor Boat Slip (1)	\$3,436.80
Duchess LLC	Harbor Boat Slip (1)	\$6,873.60
Trygve Westergard	Harbor Boat Slip (1)	\$5,728.00
VJ Construction	Harbor Transient (1)	\$2,024.64
Sam Lares	Harbor Transient (1)	\$1,651.68
Parker Seafoods LLC	Harbor Transient (1)	\$3,821.04
	Total	\$120,389.20



January 2, 2025

Dear Harbor Tenant/Transient:

During the period of 2024 where commercial fishing businesses have been significantly impacted by issues related to the pink salmon fishing run, the Valdez Ports and Harbors Department would like feedback from each commercial fishing vessel owner that was unable to fish or had hardship affecting their fishing operations during this season. For local Valdez residents that paid annual moorage, there may be an opportunity to have moorage payments or fees associated with payments to the City of Valdez waived or credited.

Each local commercial fishing vessel owner must fill out the following information and include a letter of hardship, and be received by the Harbormaster no later than March 31, 2025 to be considered eligible.

- Name of Commercial Fishing Business:
- Name of Commercial Fishing Vessel:
- Valid State of Alaska Issued ID Photo:
- Active Commercial Fishing License for 2024/2025
- 2024 Pink Salmon Fish Ticket(s):
- Contact information:
- Phone:
- E-Mail:
- PO Box:
- Physical Address:

Describe the current status of your commercial fishing operations:

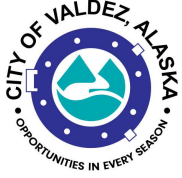
Unable to Commercial Fish _____ Commercial Fishing Hardship/Impact _____

% of Revenue impacted _____

In order to waive or credit fees, action will need to be taken by the Valdez City Council via Resolution. Your timely response to this request would be appreciated so this matter can be presented to Council at a meeting in the near future.

Sincerely,

Jeremy Talbott
Valdez Ports and Harbors Director



Legislation Text

File #: 25-0007, **Version:** 1

ITEM TITLE:

Report: Results of Surplus Auction for 2005 Genie Lift

SUBMITTED BY: John Witte, Public Works Director

FISCAL NOTES:

Expenditure Required: \$0

Unencumbered Balance: \$0

Funding Source: N/A

RECOMMENDATION:

Receive and file.

SUMMARY STATEMENT:

This report is filed in accordance with Valdez Municipal City Code 4.06.020, which states, "Sale of obsolete supplies, equipment or personal property having a fair market value of ten thousand dollars or less shall be reported to the city council."

This report summarizes the results of the recent surplus auction held from December 9 -23 on GovDeals.com. The 2005 Genie Lift, with a fair market value of \$5,000.00, was successfully sold for \$7,600.00.

This auction not only exceeded the estimated value but also contributed positively to the City's financial resources. The proceeds from this sale will be utilized in accordance with the City's budgeting processes.

12:13

87%



CTC Equipment



2011 Genie GS 1930 Electric Scissor Lift

Images may be subject to copyright. [Learn more](#)

4.0/5 (1 user reviews)



CTC Equipment

\$5,900.00

2011 Genie GS 1930 Electric Scissor Lift

Pre-owned

In stock online



Have one to sell? [Sell now](#)

2006 Genie GS-2632 26' Scissor Lift Electric Manlift Aerial Lift Skyjack JLG

30-DAY WARRANTY - BUY FROM A GENE DEALER

Chase Industrial (1009)
75% positive Sellers other items Contact Seller

US \$5,749.99

or Best Offer

\$239.58 for 24 months with [PayPal Credit](#)

Condition: Used

[Buy It Now](#)

[Add to cart](#)

[Make offer](#)

[Add to watchlist](#)



People are checking this out, 2 have added this to their watchlist.



Genie GS-1930 Slab Scissor Lift



FleetNow

\$6,200.00

Used 2017 Genie GS-1930 - Slab Scissor Lift - 405.00...

Pre-owned

See merchant for online availability

\$1,500 delivery Dec 24, 2024 – Jan 6, 2025 · Not eligible for returns

Base price	\$6,200.00
Delivery	+ \$1,500.00
Estimated tax	+ \$0.00
Estimated total	\$7,700.00

[Visit site](#)
[View details](#)



Genie

Model: GS-1930

Serial number: GS3005-72304

Model year: 2005 Manufacture date: 03/22/05

Electrical schematic number: ES0141

Machine unladen weight: 2,714lbs / 1,231kg

Rated work load (including occupants): 500 lb / 227 kg

Maximum allowable inclination of the chassis:

N/A

Gradeability: N/A

Maximum allowable side force: 100 lbs / 445 N

Maximum number of platform occupants: 2

Country of manufacture: USA

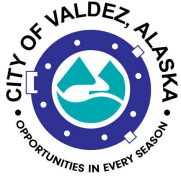
This machine complies with:

ANSI A92.6-

B364.2-01

Genie Industries

18340 NE 76th Street



Legislation Text

File #: 25-0008, **Version:** 1

ITEM TITLE:

Procurement Report: Professional Services Agreement With Agnew::Beck Consulting for a Housing Needs Assessment

SUBMITTED BY: Nicole Chase, Planner

FISCAL NOTES:

Expenditure Required: \$75,400.00

Unencumbered Balance: \$0.00

Funding Source: 001-5500-43400

RECOMMENDATION:

Receive and file.

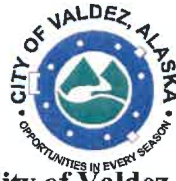
SUMMARY STATEMENT:

The City of Valdez has entered into a Professional Services Agreement (PSA) with Agnew::Beck Consulting for development of a housing needs assessment. The amount of compensation in this PSA is not to exceed \$75,400.00 as was outlined in the quote received from Agnew::Beck Consulting on November 20, 2024 and included in the attached PSA.

In 2021, the Valdez City Council adopted Plan Valdez, a revised comprehensive plan for the community which identified housing as a top priority for the community. In 2020, the city conducted a housing needs assessment which provided information on housing needs at that time. In 2024, the city participated in a regional housing needs assessment, as a part of the Prince William Sound Housing Working Group. This study utilized a handful of stakeholder interviews to refresh the 2020 study based on recent housing developments, but did not do a community survey or comprehensive study of the community's current housing needs.

In order to provide staff and Council Members with updated data to target our ongoing housing efforts, Community Development staff are now pursuing an updated housing needs assessment. This study will gather more specific information regarding what type and number of long- and short-term housing units are needed in Valdez. Staff is working with Agnew::Beck Consulting to develop a robust study that can be updated on a regular basis into the future to continue a data-informed and targeted approach to addressing this priority.

Agreement for Professional Services
Project: Housing Needs Assessment
Contract No. 2303
Cost Code: 001-5500-43400



City of Valdez
Agreement for Professional Services

THIS AGREEMENT between the CITY OF VALDEZ, ALASKA, (“City”) and AGNEW::BECK CONSULTING (“Consultant”) is effective on the 16th day of December, 2024.

All work under this agreement shall be referred to by the following:

Project: Housing Needs Assessment
Contract No.: 2303
Cost Code: 001-5500-43400

Consultant’s project manager under this agreement is Shanna Zuspan.

Consultant’s project manager may not be changed without the written consent of the City.

City’s project manager is Kate Huber.

ARTICLE 1. Scope of Work

1.1 The scope of work to be performed hereunder is more completely described in Appendix A which is incorporated herein by reference.

ARTICLE 2. Compensation

2.1 Compensation shall be paid in accordance with the Basis of Compensation Schedule attached hereto as Appendix B and incorporated herein by reference.

ARTICLE 3. Period of Performance

3.1 The Consultant agrees to commence work under this agreement only as authorized by and in accordance with written notice to proceed and to complete the work in accordance with the Scope of Work (Appendix A).

3.2 The period of performance under this agreement shall end and Consultant shall have completed all work under this agreement by December 31, 2025.

Agreement for Professional Services
Project: Housing Needs Assessment
Contract No. 2303
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ARTICLE 4. Subconsultants

4.1 The Consultant shall be responsible for the performance of all services required under this agreement.

ARTICLE 5. Insurance

5.1 In accordance with the provision contained in the General Conditions (Appendix C), the following minimum limits of insurance coverage are required:

<u>Type of Insurance</u>	<u>Limits of Liability</u>	
	<u>Each Occurrence</u>	<u>Aggregate</u>
Workers' Compensation	Statutory	Statutory
Employers' General	\$ 100,000	\$ 300,000
Commercial General Liability*	\$1,000,000	\$2,000,000
Comprehensive Automobile Liability	\$ 100,000	\$ 300,000
Professional Liability*	\$1,000,000	\$2,000,000

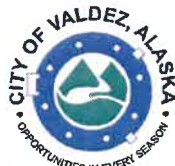
*(including Broad Form Property Damage Coverage and Completed Operations Coverage)

ARTICLE 6. Appendices

6.1 The following appendices are attached to this agreement and incorporated herein:

<u>Appendix</u>	<u>Title</u>
A	Scope of Work
B	Basis of Compensation
C	General Conditions

Agreement for Professional Services
Project: Housing Needs Assessment
Contract No. 2303
Cost Code: 001-5500-43400



IN WITNESS WHEREOF, the parties to this presence have executed this CONTRACT in two (2) counterparts, each of which shall be deemed an original, in the year and day first mentioned above.

AGNEW::BECK CONSULTING:

DocuSigned by:
Shanna Zuspan
871399E9DB17483

Authorized Signature

Shanna Zuspan

Printed name

Date: 12/11/2024 | 1:58 PM PST

Title: Principal Owner

FEDERAL ID #: 54-2076437

645 G Street, Suite 200

Mailing Address

Anchorage, AK 99501

City, State, Zip Code

CITY OF VALDEZ, ALASKA

APPROVED:

DocuSigned by:
John Douglas
1141D75CF002E843F

John Douglas, City Manager

City Manager

Date: 12/16/2024 | 10:18 AM AKST

ATTEST:

Sheri L. Pierce

Sheri L. Pierce, MMC, City Clerk

Date: 12/16/24

RECOMMENDED BY:

Signed by:
Kate Huber
6D5C6830361E4C8...

Kate Huber, Community Development Director

Date: 12/11/2024 | 3:32 PM AKST



APPROVED AS TO FORM:

Brena, Bell & Walker, P.C.

Jake W. Staser

Jake W. Staser

Date: 12/10/24

Agreement for Professional Services
Project: Housing Needs Assessment
Contract No. 2303
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Appendix A

Scope of Work

BASIC SERVICES

Provide all professional services necessary to provide the City of Valdez:

Housing needs assessment for the City of Valdez. The scope of work is more specifically described in the attached proposal which is incorporated herein by reference.

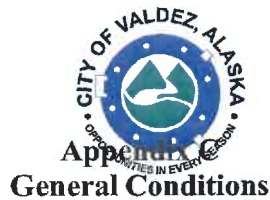
Appendix B

Basis of Compensation

On completion of work and submission of invoices, the City shall pay to consultant the compensation as follows:

Payment shall be made based on the proposed fee as stated in the attached rate schedule effective as of November 20, 2024 and shall not exceed \$75,400.00, without prior authorization by the City as required in Section V of the General Conditions (Appendix C).

Agreement for Professional Services
Project: Housing Needs Assessment
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I. Definitions:

Basic Services: The identified work elements set forth in this Agreement for which the Consultant will receive prime compensation.

Change: An addition to, or reduction of, or other revision in the scope, complexity, character, or duration of the services or other provisions of this Agreement.

City's Project Manager: City's representative in charge of the project(s) and the consultant's primary point of contact for notice(s) to proceed, invoices, correspondence and interface with the City.

Consultant's Project Manager: The Consultant's representative in charge of the project(s) who is directly responsible and engaged in performing the required services.

Extra Services: Any services or actions required of the Consultant above and beyond provisions of this Agreement.

Funding Agency(s): The agency(s) of the federal, state or municipal government which furnishes funds for the Consultant's compensation under this Agreement.

Optional Services: Identifiable and/or indeterminate work elements set forth in this Agreement, which are separate and distinct from those covered by the prime compensation, which the City has the option to authorize.

Prime Compensation: The dollar amount paid to the Consultant for basic services set forth in this Agreement. Prime compensation does not include payment for any optional or extra services.

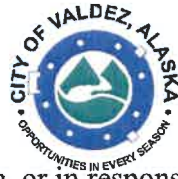
Scope of Work: Basic and optional services required of the Consultant by provisions of this Agreement.

Subconsultant: Any person, firm, corporation, joint venture, partnership or other entity engaged through or by Consultant.

II. Information and Services from Others:

Provisions of information, data, budget, standards, and other materials by the City does not warrant their accuracy or quality nor provide approval of omissions or oversights or of any non-compliance with applicable regulation.

Agreement for Professional Services
Project: Housing Needs Assessment
Contract No. 2303
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The City may, at its election, or in response to a request from the Consultant, furnish information or services from other Consultants. If, in the Consultant's opinion, such information or services are inadequate, the Consultant must notify the City of the specific service or material deemed inadequate and the extent of the inadequacy prior to use in the performance of this Agreement. Unless so notified by the Consultant, the City may assume the information or services provided are adequate.

III. Indemnification

To the fullest extent permitted by law, the Consultant shall indemnify, defend, and hold harmless the City from and against any claim of, or damages, losses, expenses and liability (including but not limited to fees and charges of engineers, architects, attorneys, and other professionals, and court, mediation and/or arbitration costs) for negligent acts, errors, and omissions of the Consultant, Subconsultant, persons or organizations directly or indirectly employed or engaged by Consultant or Subconsultant under this Agreement. The Consultant is not required to indemnify, defend, or hold harmless the City for a claim of, or liability for the independent negligent acts, errors, and omissions of the City. If there is a claim of, or liability for a joint negligent act, error, or omission of the Consultant and the City, the indemnification, defense, and hold harmless obligation of this provision shall be apportioned on a comparative fault basis. In this provision, "Consultant" and "City" include the employees, agents, and contractors who are directly responsible, respectively, to each. In this provision, "independent negligent acts, errors, and omissions" means negligence other than in the City's selection, administration, monitoring, or controlling of the Consultant, or in approving or accepting the Consultant's work.

IV. Insurance:

All of the insurance coverages listed in Article 5 shall be purchased by the Consultant. The City shall be made an additional insured on the Consultants Commercial General Liability policy in connection with the activities related to this contract. The Consultant shall purchase and maintain the Article 5 insurance coverages with limits not less than those specified for the duration of the Agreement. The professional liability insurance shall be maintained in force for one year following the date of final payment for the work performed herein. The amount of the contract may be renegotiated if the insurance premiums for the following year are raised over those in force when the contract was let. Should the professional liability insurance become unavailable during the one year period following the date of final payment, the insurance coverage may be renegotiated between the owner and the Consultant. Insurance coverage shall provide for negligent acts, errors or omissions which the Consultant, employees of the Consultant or Subconsultant may make which produce loss or liability to the Owner and for the protection against loss which results from reliance on the Consultant's products, reports or a combination thereof. Failure to comply with the provision for maintaining the insurance in effect for one year following the date of final payment may be cause for the Owner to refrain from dealing with the Consultant in the future.

Agreement for Professional Services
Project: Housing Needs Assessment
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Cost Code: 001-5500-43400



V. Payments:

The City shall pay to the Consultant the amount of any changes in the cost of insurance that are attributable to the Scope of Work created by change orders.

Payments shall be made in accordance with Appendix B. Consultant shall submit progress invoices to City in duplicate showing the itemized services performed during the invoice period and the charges therefore.

All progress invoices shall be prepared as a percentage of the work is completed except contracts performed on "time and expenses" basis which invoiced amounts shall not exceed the actual charges to the invoice date.

Under no circumstances will City pay for charges in excess of any lump-sum or not-to-exceed contract amount incurred prior to written authorization by City for an increase in the contract amount. Written request for an increase in the contract amount shall be given to City with sufficient notice to allow City to issue formal approval prior to the incurring of excess charges without delay to the work.

On "time and expenses" contract amounts, compensation for work included in the Scope of Work shall be for direct labor costs and the actual cost of reimbursable expenses. Direct labor costs shall be as shown on the current Standard Labor Rates for the Consultant, a copy of which is attached as Appendix D, times a factor of n/a, for services rendered by principals and employees of the firm. Reimbursable expenses mean the actual expenses incurred directly or indirectly in connection with the Project for: transportation and subsistence incidental thereto; obtaining bids or proposals from contractor(s); furnishing and maintaining field office facilities; toll telephone calls and telegrams; reproduction of reports, drawings, specifications, and similar project-related items and, if authorized in advance by City, overtime work requiring higher than regular rates. Reimbursable expenses shall also include the amount billed to Consultant by Subconsultant employed by consultant for such Subconsultants' services and reimbursable expenses times a factor of 1.05.

The sum of payments shall not exceed the allowable compensation stated in this Agreement. In the event items on an invoice are disputed, payment on those items will be withheld until the dispute is resolved.

The Consultant shall submit a final invoice and required documentation for services authorized by each Notice to Proceed within Ninety (90) days after final acceptance by the City. The City will not be held liable for payment of invoices submitted after this time unless prior written approval has been given.

VI. Changes:

Agreement for Professional Services
Project: Housing Needs Assessment
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Changes in the Scope of Work or of services may only be made by written amendment signed by both City and Consultant.

If at any time the City through its authorized representatives, either orally or in writing, requests or issues instructions for extra services or otherwise directs actions which conflict with any provisions of this Agreement, the Consultant shall, within ten (10) days of receipt and prior to pursuing such instructions, notify the City in writing, and to the extent possible, describe the scope and estimated cost of any extra services. Unless so notified by the Consultant, the City may assume such instructions have not changed any provisions of this Agreement nor require additional compensation. No additional payments shall be made to the Consultant without such notice.

VII. Audits and Records:

The Consultant shall maintain records of all performances, communications, documents, and correspondence pertinent to this Agreement, and the City or its authorized representatives shall have the right to examine such records and accounting procedures and practices.

The materials described in the Article shall be made available at the business office of the Consultant, at all reasonable times, for inspection, audit or reproduction by City or any funding agency, for a minimum of three years from the date (a) of final payment under this Agreement (b) final payment upon claims or disputes, and for such longer period, if any, as may be required by applicable statute or other provisions of this Agreement.

VIII. Inspections:

The City, or any funding agency, has the right to inspect, in the manner and at reasonable times it considers appropriate during the period of this Agreement, all facilities, materials and activities of the Consultant in the performance of this Agreement.

IX. Termination or Suspension:

This Agreement may be terminated by either party upon ten (10) day's written notice if the other party fails substantially to perform in accordance with its terms through no fault of the party initiating the termination (default termination). If the City terminates this Agreement, the City will pay the Consultant a sum equal to the percentage of work completed that can be substantiated by the Consultant and the City. If the City becomes aware of any fault or defect in the work of the Consultant or nonconformance with this Agreement, the City will give prompt written notice thereof to the consultant. Should the Consultant's services remain in nonconformance with this Agreement, the percentage of total compensation attributable to the nonconforming work may be withheld.

Agreement for Professional Services
Project: Housing Needs Assessment
Contract No. 2303
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The City at any time may terminate (convenience termination) or suspend this Agreement for its own needs or convenience. In the event of a convenience termination or suspension for more than three months, the Consultant will be compensated for authorized services and authorized expenditures performed to the date of receipt of written notice of termination plus reasonable termination expenses. NO fee or other compensation for the uncompleted portion of the services will be paid, except for already incurred indirect costs which the Consultant can establish and which would have been compensated for over the life of this Agreement, but because of the convenience termination would have to be absorbed by the Consultant without further compensation.

If state or federal funds support this Agreement, settlement in the event of default or convenience termination must be approved by the City and any appropriate state or federal agency.

X. Officials Not to Benefit:

No member of or delegate to Congress, United States Commissioner or other officials of federal, state or local government shall be admitted to any share or part of this Agreement or any benefit to arise therefrom. The Consultant warrants that it has not employed or retained any organization or person, other than a bona fide employee working for the Consultant, to solicit or secure this Agreement and that it has not paid or agreed to pay any consideration contingent upon or resulting from this Agreement.

XI. Independent Consultant:

Except in those instances specifically provided for herein, the Consultant and any of its agents and employees shall act in an independent capacity and not as agents of the City in the performance of the Agreement.

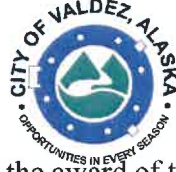
XII. Ownership of Work Products:

Work products produced under this Agreement, except items which have preexisting copyrights, are the property of the City. Payments to the Consultant for services hereunder includes full compensation for all work products, field notes, interim work, reports, and other materials produced by the Consultant and its Subconsultants pertaining to this Agreement. Any re-use the City might make of these work products shall be at the City's own risk and the Consultant shall not incur any liability for the City's re-use of the work products on any project for which they were not intended.

XIII. Subconsultants, Successors and Assigns:

The City must concur in the selection of all Subconsultants for professional services to be engaged in performance of this Agreement.

Agreement for Professional Services
Project: Housing Needs Assessment
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As soon as practicable after the award of the contract, the Consultant shall furnish to the City in writing the names of the proposed Subconsultants for each of the principal portions of the work. The City shall promptly notify the Consultant if it has reasonable objection to any of the proposed Subconsultants. Failure of the City to give prompt notification shall constitute notice of no reasonable objection. The Consultant shall not contract with any Subconsultant to whom the City has made reasonable objection.

If this Agreement includes named firms or individuals, then such firms or individuals shall be employed for the designated services, unless the Agreement is changed by amendment.

The Consultant shall not assign, sublet or transfer any interest in this Agreement without the prior written consent of the City.

The Consultant binds itself, its partners, its Subconsultants, assigns and legal representatives to this Agreement and to the successors, assigns and legal representatives of the City with respect to all covenants of this Agreement.

The Consultant shall include provisions appropriate to effectuate the purposes of this Appendix C in all subcontracts executed to perform services under this Agreement in which subcontract amount exceeds \$40,000.

XIV. Claims and Disputes:

If the Consultant becomes aware, or reasonably should have become aware of any act or occurrence which may form the basis of a claim, the consultant shall immediately inform the City's Project Manager. If the matter cannot be resolved within seven (7) days, the Consultant shall within the next fourteen (14) days submit written notice of the facts which may form the basis of the claim.

In addition, all claims by the Consultant for additional compensation or an extension of the time for performance of any dispute regarding a question of fact or interpretation of this Agreement shall be presented in writing by the Consultant to the City's Project Manager within the next sixty (60) days unless the Project Manager agrees in writing to an extension of time for good cause shown. Good cause shown includes time for the Consultant to prepare the claim, and the City's Project Manager will grant an extension of not more than sixty (60) days for preparation of the claim. The Consultant agrees that unless these written notices are provided, the Consultant shall not be entitled to additional time or compensation for such act, event or condition. The Consultant shall in any case continue diligent performance under this Agreement. The Consultant shall in any case continue to expeditiously accomplish disputed services pending future resolution of the Consultant's claim unless notified by the City to stop work on the disputed matter.

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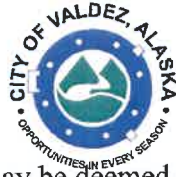
In presenting any claim, the Consultant shall specifically include, to the extent then possible, the following:

- The provisions of this Agreement that apply to the claim and under which it is made.
- The specific relief requested including any additional compensation claimed and the basis upon which it was calculated and/or the additional time requested and the basis upon which it was calculated.
- The claim will be acknowledged in writing by the City's Project Manager. If the claim is not disposed of within sixty (60) days of acknowledgement, provided additional time is not granted in writing by the City's Contract Officer, the claim will be decided by the City's Contract Officer. The Contract Officer reserves the right to make a written request to the Consultant at any time for additional information that the Consultant may possess to support the claims(s). The Consultant agrees to provide the City such additional information within thirty (30) days of receipt for such a request. The City's Contract Officer will allow a reasonable time extension for good cause if presented in writing prior to the expiration of the thirty (30) days. Failure to furnish such additional information constitutes a waiver of claim.
- The Consultant will be furnished a written, signed copy of the Contract Officer's decision within ninety (90) days of receipt of all necessary information from the Contractor upon which to base the decision. The Contract Officer's decision is final and conclusive unless, within thirty (30) days of receipt of the decision, the Consultant delivers a notice of appeal to the City Manager. The notice of appeal shall include specific exceptions to the City's decision including specific provision of this Agreement which the Consultant intends to rely upon on appeal. General assertions that the City's decision is contrary to law or to fact are not sufficient.
- The decision of the City Manager will be rendered within 120 days of notice of appeal and the decision constitutes the exhaustion of contractual and administrative remedies.

XV. Extent of Agreement:

This Agreement, including appendices, represents the entire and integrated Agreement between the City and the Consultant and supersedes all prior negotiations, representations or agreements, either written or oral.

Agreement for Professional Services
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Nothing contained herein may be deemed to create any contractual relationship between the City and any Subconsultants or material suppliers; nor may anything contained herein be deemed to give any third party a claim or right of action against the City or the Consultant that does not otherwise exist without regard to this Agreement.

This Agreement may be changed only by written amendment executed by both the City and the Consultant.

All communications that affect this Agreement must be made or confirmed in writing.

The Consultant receiving final payment will execute a release, if required, relinquishing in full all claims against the City arising out of or by reason of the services and work products furnished under this Agreement.

The Consultant shall pay all federal, state and local taxes incurred by the Consultant and shall require payment of such taxes by any Subconsultant or any other persons in the performance of this Agreement.

XVI. Governing Laws:

This Agreement is governed by the laws of the State of Alaska and such federal and local laws and ordinances as are applicable to work performed. Any litigation arising out of the terms of this Agreement shall be brought in the Third Judicial District, Superior or District Court at Valdez.

XVII. Minimum Wages:

Minimum wages as determined by the Department of Labor shall be paid to all persons performing work on this Contract.

EXHIBIT A

Valdez Housing Needs Assessment	Principal		Senior Manager/ Senior Analyst		Associate/ Project Support		Total
	hours	rate \$220	hours	rate \$165	hours	rate \$135	
December 2024-September 2025							
1. Project Administration							
Initiate the overall project with a Project Team work session to review the process, schedule, and objectives and to begin an inventory of data sources and key research questions. This task also includes time for monthly Project Team check-ins and written progress reports.	8	\$1,760	16	\$2,640	2	\$270	\$4,670
2. Housing Assessment							
2.1 Quantitative Framework + Initial Housing Need Estimate							
Agnew:Beck will compile and organize data sources, as available, related to key analysis areas, such as: - Population and growth trends - Existing housing stock and affordability - Development and permitting trends - Estimates of under/over production by type, location - OPTIONAL: Identify potential growth zones and infill analysis (assuming available GIS data sources) Based on the findings of the secondary data analysis, Agnew:Beck will model the initial housing need for the City of Valdez. This initial estimate will be further refined based on the findings of the Qualitative Framework and Community Housing Survey.	4	\$880	40	\$6,600	40	\$5,400	\$12,880
2.2 Qualitative Framework							
Agnew:Beck will conduct up to 8 key informant interviews and/or develop and deploy an online questionnaire to query key informants and collect qualitative information that will inform the analysis. Interviewing employers specifically will help inform estimated for existing and further workforce housing needs. This approach also builds and updates a comprehensive list of housing contacts and existing and potential partners. This scope of work assumes that these interviews to be conducted virtually via Zoom.	8	\$1,760	16	\$2,640	16	\$2,160	\$6,560
2.3 Community Housing Survey							
Agnew:Beck will design, deploy and analyze results from a communitywide survey tool to identify and give voice to housing perceptions, circumstances, challenges and desired improvements. This task assumes distribution efforts will be implemented with the assistance of the City of Valdez and partners.	16	\$3,520	40	\$6,600	40	\$5,400	\$15,520
2.4 Initial Key Findings Presentation and Project Team Meeting							
Agnew:Beck will develop initial finding presentation based on quantitative and qualitative analysis and review with Project Team. Initial findings will include the housing needs forecast for the city of Valdez broken out by household income and type as well as a graphical representation of the initial findings. Discuss and identify areas for additional refinement and analysis, as needed.	6	\$1,320	20	\$3,300	16	\$2,160	\$6,780
3. Market Analysis							
3.1 Market Data Collection and Analysis							
Agnew:Beck will collect and analyze available residential market data for both rental and for-sale housing, conduct a high level regional wage and industry analysis and compile updated cost of living estimates. Data around the following topics will be collected and analyzed (where available): - current and/or historical rental costs and unit availability - current and/or historical home buying costs and availability - year-over-year and seasonal fluctuations in housing prices and availability by type and location -short term rental trends and utilization -cost of living data -regional wage, industry and employment data This task assumes support and partnership with local real estate professionals and similar sources to collect and review primary quantitative and qualitative information.	6	\$1,320	20	\$3,300	20	\$2,700	\$7,320
3.2 Market Analysis Summary							
Agnew:Beck will compile findings and supporting materials in succinct, graphic market analysis report. Benchmark market data collect for the City of Valdez against like cities Statewide.	2	\$440	14	\$2,310	12	\$1,620	\$4,370
4. Policy Analysis							
4.1 Housing Policy Analysis							
Agnew:Beck will conduct analysis of local plans, trends, tools and policies to determine how development feasibility, financing/lending environment, local and regional policies and land uses influence housing feasibility, and what is working/not working and encourages/discourages needed housing development.	8	\$1,760	16	\$2,640	14	\$1,890	\$6,290
5. Summarize Findings + Final Report							
5.1 Final Housing Needs Assessment Report							
Agnew:Beck will compile the findings from the previous tasks into comprehensive Housing Needs Analysis and Findings Report for review by Project Team. The City will also receive a Housing Needs Assessment workbook that could be updated to housing needs going forward. Agnew:Beck will prepare a final summary presentation as part of the final deliverables.	8	\$1,760	30	\$4,950	30	\$4,050	\$10,760
Travel *							\$0
Expenses **							\$250
TOTAL***	66	\$14,520	212	\$34,980	190	\$25,650	\$75,400

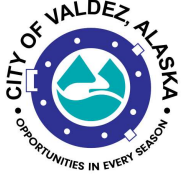
EXCLUSIONS + TERMS

* Travel - Those scope of work does not include any travel but we are open to adding a trip to Valdez at your team's discretion.

** Other Expenses - Include costs for phone and related equipment and services required in the normal performance of the contract. Costs for services required to produce informational, advertising or meeting materials are included in this budget; however, costs for printing, mailing or otherwise distributing these materials, or for paid advertising or other public notices are not included in this budget and would be paid for directly by client, as needed. Digital versions of all final materials will be submitted in an organized manner to the client for future editing, use and reproduction. Rights to final versions of all materials are transferred to the client upon conclusion of the project. A:B reserves the right to use any and all project materials for educational and marketing purposes. A:B reserves the rights to any draft or conceptual materials developed in the course of the project, or other materials specified in the terms of the contract.

*** A:B reserves the right to move budget between tasks, staff and subcontractors so long as costs do not exceed the total budget.

This estimate is good for 90 days from the date of the estimate.



Legislation Text

File #: 25-0009, **Version:** 1

ITEM TITLE:

Report: Merger of AMLJIA and APEI to Single Pool: APRA

SUBMITTED BY: Rhea Cragun, Human Resources Director

FISCAL NOTES:

Expenditure Required: \$0

Unencumbered Balance: \$0

Funding Source: N/A

RECOMMENDATION:

N/A

SUMMARY STATEMENT:

Update on the merger of Alaska Municipal League Joint Insurance Association (AMLJIA) and Alaska Public Entity Insurance (APEI) into a single risk management pool Alaska Public Risk Alliance (APRA) is attached.



1/7/2025

Report: Update on the Merger for AMLJIA and APEI into a single pool APRA

Prepared by: Rhea Cragun, Director Human Resources

The purpose of this report is to provide an update on the merger of Alaska Municipal League Joint Insurance Association (AMLJIA) and Alaska Public Entity Insurance (APEI) into a single risk management pool: Alaska Public Risk Alliance (APRA).

About APRA and what is happening:

“APRA is the *Alaska Public Risk Alliance*, a new risk pool to serve Alaska’s municipalities and school districts. It brings together the two self-insurance programs that have been meeting the needs of Alaska’s communities for almost four decades: Alaska Public Entity Insurance (APEI) and the Alaska Municipal League Joint Insurance Association (AMLJIA).

With unanimous approval of the merger by the Boards of AMLJIA and APEI, followed by near-unanimous approval by the members of both pools, APRA is about to become a reality. The boards and members concluded that joining together makes sense for the public entities of Alaska: that 1 + 1 is greater than 2 when it comes to programs and services, and 1 + 1 is less than 2 when it comes to funding. Experts demonstrated to each pool's leaders that merging makes sense, and members agreed.

Work has begun to bring APRA into being, so it will be ready to provide coverage for all current APEI/AMLJIA members that want to join, effective July 1, 2025. For now, it’s business as usual for AMLJIA and APEI as they serve their respective members. Watch this site for more information as we continue our work.”

[Source: Alaska Public Risk Alliance](#)

Merger Progress

1. Unanimous Board Approval:

In September 2024, the Boards of Directors for AMLJIA and APEI voted unanimously to proceed with the merger into APRA.

2. Member Vote:

In November 2024, the proposed merger was presented to the members of both organizations, receiving near-unanimous approval.

3. State Approvals Required:

Next steps involve submission and approval by the State under: AS 10.20.256 and AS 10.20.231.

4. Implementation Timeline:

AMLJIA and APEI will formally cease operations, and the merger will take effect on July 1, 2025.

Key Benefits of the Merger:

- Enhanced programs and services through pooled resources and expertise.
- Improved cost-efficiency, ensuring long-term financial sustainability.
- Unified support for Alaska's municipalities and school districts.
- The Attached Quick Guide will help to show what can be expected as we move forward in July with APRA. For more detailed information and any current updates see the APRA website <https://alaskarisk.org/>

Quick Guide

What to expect from the APEI/AMLJIA consolidation

What's the same

What's different

Comprehensive coverage that's tailored to the needs of Alaska's municipalities and school districts.



New coverage documents that balance the best of each pool's coverage with the need for price stability and sustainability.

The APEI and AMLJIA staff whom you know and depend on will all be welcomed into APRA.



Members will have the ability to take advantage of expertise offered by staff of both pools.

Comprehensive loss control services to meet member needs. And loss control credits to reward your efforts!



Expanded services in critical areas, as the two pools' loss control programs come together.

Brokers are available to work on behalf of members, providing a range of valuable services.



Members are encouraged, but not required to use a broker's services.

Representation of the members' interests by a board of directors.



A 12-member, elected board of directors with equal representation for municipalities and school districts.

Significant efforts by the pool to keep coverage affordable, and to allocate costs fairly among members.



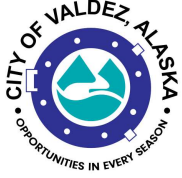
The broader spread of risk and economies of scale can lead to greater price stability.

A wide variety of online and in-person services are provided to members.



The combined staff creates an opportunity for expanded services to all members.

alaskarisk.org



Legislation Text

File #: 25-0010, **Version:** 1

ITEM TITLE:

Monthly Treasury Report: November 2024

SUBMITTED BY: Casey Dschaak, Budget and Financial Analyst

FISCAL NOTES:

Expenditure Required: n/a

Unencumbered Balance: n/a

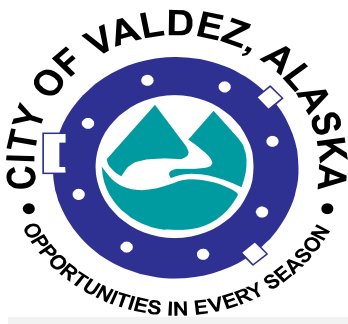
Funding Source: n/a

RECOMMENDATION:

Receive and File

SUMMARY STATEMENT:

Monthly treasury report per Municipal Code

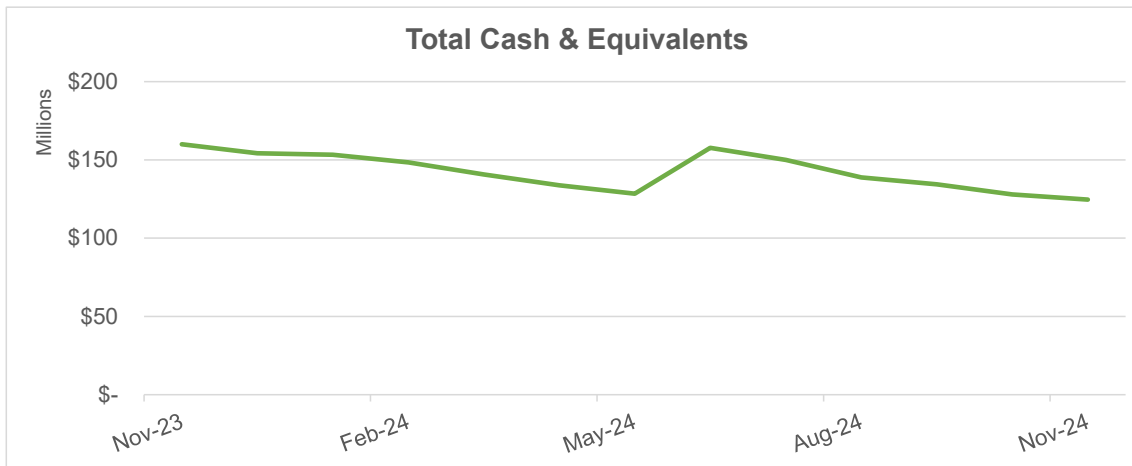
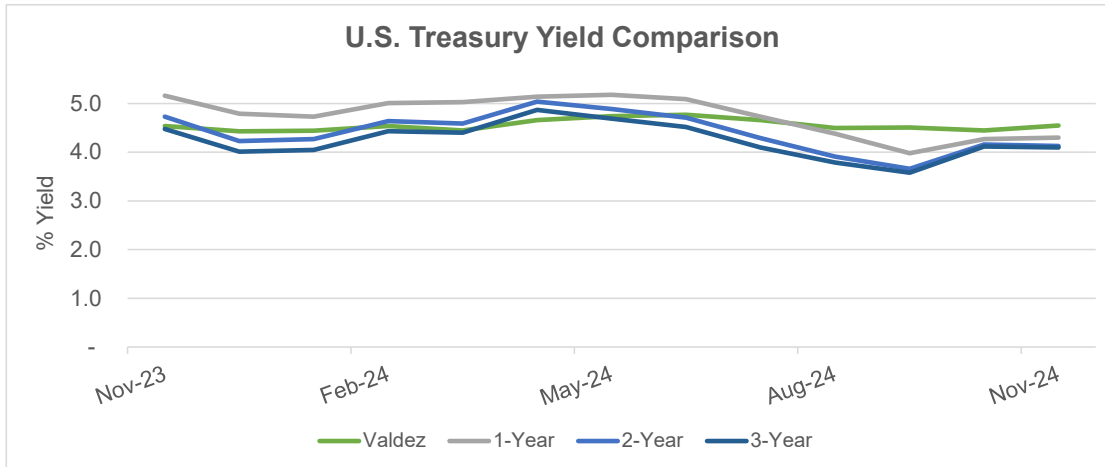


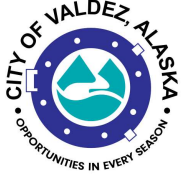
Monthly Treasury Report

Period Ending: **November 30, 2024**

Prepared By: *Casey Dschaak, Financial Analyst*

		<u>Begin Balance</u>	<u>Debits</u>	<u>Credits</u>	<u>End Balance</u>	<u>Yield</u> <small>Notes</small>
Central Treasury		127,908,170	12,884,589	(16,161,564)	124,631,195	4.55%
Central Treasury	Principal	86,157,044	58,952	-	86,215,996	4.75%
Money Market	Wells Fargo	20,323,510	98,045	(2,235,000)	18,186,555	4.65%
SLG Account	USB	20,029,317	59,840	-	20,089,157	3.49%
Checking	Wells Fargo	58,747	7,779,913	(7,906,899)	(68,238)	0.00%
Payroll	Wells Fargo	(10,659)	2,190,159	(2,602,485)	(422,985)	0.00%
Sweep	Wells Fargo	1,350,210	2,697,680	(3,417,180)	630,710	4.80%
Restricted		4,791	4	-	4,795	4.65%
Police	Wells Fargo	4,791	4	-	4,795	4.65%
Total		127,912,961	12,884,592	(16,161,564)	124,635,989	4.55%





Legislation Text

File #: 24-0502, **Version:** 1

ITEM TITLE:

January 2025 Council Calendar

SUBMITTED BY: Elise Sorum-Birk, Deputy City Clerk

FISCAL NOTES:

Expenditure Required: n/a

Unencumbered Balance: n/a

Funding Source: n/a

RECOMMENDATION:

n/a

SUMMARY STATEMENT:

The January 2024 City Council calendar is attached for review.

January 2025

Valdez City Council Calendar

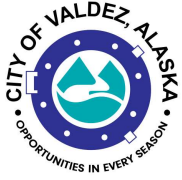


			New Year's Day Holiday ¹	5 p.m. – Beautification Commission ²		
⁵	7 p.m. – Ports and Harbors Commission ⁶	7 p.m. – City Council Regular Meeting ⁷	5 p.m. – Library Board (Library Conference Room) 7 p.m. – Planning & Zoning Commission ⁸			
¹²	6 p.m. – School Board - Work Session 7 p.m. – School Board – Regular Meeting ¹³	6:30 p.m. – Parks & Rec Commission ¹⁴	7 p.m. – Economic Diversification Commission ¹⁵	Noon – VMHA Board ¹⁶		
¹⁹	MLK Day Holiday ²⁰	6 p.m. – City Council Work Session Federal Priorities 7 p.m. – City Council Regular Meeting ²¹	7 p.m. – Planning & Zoning Commission ²²			
²⁶	6 p.m. – School Board - Work Session 7 p.m. – School Board – Regular Meeting ²⁷	6 p.m. - Board & Commissions Training ²⁸				

Note 1: This calendar is subject to change. Contact the Clerk's Office for the most up-to-date information. Strike-thru indicates cancellation of standing meeting.

Note 2: Unless otherwise indicated, all meetings occur in Valdez Council Chambers.

Updated 12.26.24



Legislation Text

File #: 24-0503, **Version:** 1

ITEM TITLE:

Legal Billing Summary - November 2024

SUBMITTED BY: Elise Sorum-Birk, Deputy City Clerk

FISCAL NOTES:

Expenditure Required: N/A

Unencumbered Balance: N/A

Funding Source: N/A

RECOMMENDATION:

Receive and file.

SUMMARY STATEMENT:

Attorney billing summary for November 2024 is attached for City Council review.

BRENA, BELL & WALKER, P.C.

ROBIN O. BRENA, MANAGING ATTORNEY
 JESSE C. BELL
 WILLIAM M. WALKER
 DAVID W. WENSEL
 ANTHONY S. GUERRIERO
 JON S. WAKELAND
 KELLY M. MOGHADAM
 JAKE W. STASER

ATTORNEYS AT LAW

810 N STREET, SUITE 100
 ANCHORAGE, ALASKA 99501
 TELEPHONE: (907) 258-2000
 FACSIMILE: (907) 258-2001
 WEB SITE: BRENALAW.COM

trupe@brenalaw.com

December 15, 2024

City of Valdez
 Attn: John Douglas, City Manager
 P.O. Box 307
 Valdez, AK 99686

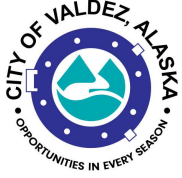
November 2024 Billing Summary Sheet

File No.	Description	Amount
1374-007	City Council	\$2,146.20
1374-008	Capital Facilities	\$422.50
1374-009	Ports & Harbors	\$260.00
1374-010	Finance	\$0.00
1374-011	Administration	\$10,787.31
1374-012	Community Development	\$617.50
1374-014	Escaped Property	\$0.00
1374-014B	Escaped Property Appeal	\$0.00
1374-014C	Escaped Property 2017-2022 Superior Court Appeal Case No. 3AN-22-06115CI Fees \$107,479.31 Additional Costs \$ 1,481.29	\$108,960.60
1374-014D	Escaped Property Original Assessments	\$77,323.30
1374-014F	Super Ct. 2024 Appeal	\$0.00
1374-016	Parks and Recreation	\$0.00
1374-017	Police Department	\$693.36
1374-018	Human Resources CONFIDENTIAL	\$130.00
1374-019	Public Works	\$0.00
1374-029S	Ad Valorem Settlement	\$0.00
1374-030	C-Plan	\$15,708.95
1374-032	Economic Development	\$0.00
1374-036	Code Enforcement	\$16.50
1374-039	Boundary Change Issues	\$617.50
1374-042	Redistricting	\$12,117.21
1374-043A	RCA Order 6 Appeal	\$7,058.29
1374-044A	AK Trappers Association Appeal	\$0.00
1374-044B	AK Trappers (Attorneys' Fee Appeal)	\$7,018.29
1374-046	Foreclosures	\$0.00
1374-049	Alderwood	\$0.00
	TOTAL	\$243,877.51

Contributed-Hour Summary

DO NOT PAY - Fees will be paid from any attorneys' fees award.

File No.	Description	Fees Over Cap
1374-043B	City of Valdez/RCA/Consolidated Appeals of Orders 6 & 17 Superior Ct. Nos. 3AN-20-05915 CI/3AN-21-04104 CI (Consolidated) Work began December 2020 Initial Fee Cap of \$25,000 has been met.	\$276,587.50
1374-043C	City of Valdez/BP-Hilcorp/Dismissal Appeal Supreme Ct. No. S-18178 Work began August 2021	\$315,712.67
1374-043D	City of Valdez/BP-Hilcorp/Constitutional Claimant Fees Appeal, Supreme Ct. No. S-18347 Work began February 2022	\$109,014.39
TOTAL		\$704,314.56



Legislation Text

File #: 25-0011, **Version:** 1

ITEM TITLE:

All America City Award Letter of Intent

SUBMITTED BY: Elise Sorum-Birk, Deputy Clerk

FISCAL NOTES:

Expenditure Required: n/a

Unencumbered Balance: n/a

Funding Source: n/a

RECOMMENDATION:

Receive and file.

SUMMARY STATEMENT:

Attached is the “letter of intent to apply” for the 2025 All America City Award that was submitted on behalf of the City of Valdez.

The 2025 theme for the award is “Strengthening Environmental Sustainability through Inclusive Community Engagement” and Valdez’s application will highlight Meals Hill, Plan Valdez, local workforce development programs (especially in natural resources and mariculture) and city emergency management efforts.

The final application is due February 27, 2025.

Learn more about the award and see past winners here:

[<https://www.nationalcivicleague.org/america-city-award/>](https://www.nationalcivicleague.org/america-city-award/)



December 30, 2024

-delivered by electronic transmission-

2025 All-America City Award- Letter of Intent to Apply

Dear National Civic League staff:

I am writing on behalf of the City of Valdez in the state of Alaska to inform you of our intent to apply for the 2025 All-America City Award.

We believe our community is an excellent candidate for the All-America City Award because of our enduring legacy of fostering resilience and supporting environmental awareness in the wake of natural and manmade disasters. Two events that loom large in our community's history are the 1964 Good Friday Earthquake and the 1989 Exxon Valdez Oil Spill. These tragedies have had a positive outcome in shaping our town's culture into one that values emergency preparedness, environmental stewardship and collaborative planning.

Valdez has a long history of collaborative community driven projects and was previously named an All-America City twice in recognition of these efforts, first in 1965 and then in 1981. In 2024, this collaborative culture is still thriving and continues to drive our town forward. Two recent projects that have involved robust community processes are the efforts to establish the new Nayurluku Park on Meals Hill and the adoption and implementation of the City of Valdez 2021 Comprehensive Plan revision.

The first phase of construction on Nayurluku Park (named for the Sugcestun word meaning "to take care of" or "to guard") at Meals Hill commenced during the 2024 summer building season and will continue this coming summer. Breaking ground on this project was the culmination of a multi-year community project to establish a conservation area and park to protect and maintain this land in perpetuity and prevent any use that will impair, degrade, or interfere with its natural and undisturbed habitat values. Meals Hill, 184-acres of undeveloped land purchased using a grant from the Exxon Valdez Oil Spill Trustee Council, is uniquely positioned along the waterfront, adjacent to the city's residential neighborhoods, waterfront, and west of the downtown core. The final park will include a series of hiking, biking and skiing trails, including accessible trails, to serve residents and visitors alike. Development of this vision and [the Meals Hill Master plan](#) was a community effort that engaged non-profit, city and business stakeholders as well as various outdoor recreation user groups.

The [City of Valdez 2021 Comprehensive Plan Revision, Plan Valdez](#), is a collective vision developed by the community to shape Valdez over the next 20 years. It offers a foundation for determining effective public policy and land use decisions now and into the future. The plan is broken down into themes, goals, and actions that create a framework for informed, directed development and decision making. Plan Valdez outlines short- and long-term planning actions

212 Chenega Ave.
P.O. Box 307
Valdez, AK 99686

Phone: (907) 835-4313

www.valdezak.gov

that will continue to safeguard the city's history and sense of place. This document has guided code revisions (a full zoning code revision and addition of economic development property tax incentives), city council policy priorities (a focus on housing and community planning efforts (the Child Care Crisis Task Force) since its adoption and provides a true north for what we want our town to be.

Additionally, there is a significant focus locally on emergency preparedness with City of Valdez staff being trained in the Incident Command System structure and the city building collaborative relationships with the State of Alaska, United States Coast Guard, the Red Cross and Alyeska Pipeline Service Company. The City of Valdez helped coordinate [a full-scale disaster exercise, AlaskaEx2024](#), in May of 2024.

Technical education and workforce development programs have also been a major community focus in recent years with future looking programs at the local college, Prince William Sound College, focused on topics that support local environmental and economic sustainability efforts like mariculture, marine trades, natural resource management, construction, healthcare and childcare. Additionally, the city and college have partnered with the University of Alaska Fairbanks' Teaching Through Technology (T3) Alaska program to help high school students gain hands on experience in mariculture and the natural sciences in Prince William Sound during summer programs.

Our community contact person will be:

City Clerk Sheri Pierce
Phone: 907-834-3408
Email: clerks@valdezak.gov

We understand the application deadline is **February 27, 2025**. If named a finalist, we commit to bringing a community delegation to Denver, Colorado, for the second part of the application process: a live presentation to a jury at the **2025 All-America City Award Event, June 27-29, 2025**.

Sincerely,

Sheri Pierce
City Clerk, City of Valdez
Phone: 907-834-3408
Email: clerks@valdezak.gov

Elise Sorum-Birk

To: Rebecca Trout
Subject: RE: Letter of Intent to Apply

From: Rebecca Trout <rebeccat@ncl.org>
Sent: Thursday, January 2, 2025 5:19 AM
To: Elise Sorum-Birk <ESorumBirk@ValdezAK.Gov>
Subject: RE: Letter of Intent to Apply

Hi Elise,

Thank you for submitting a Letter of Intent for Valdez! I'm excited to work with you and your team through the 2025 application process and learn more about the initiatives outlined in your LOI.

If you're interested, we can pair you with a mentor community that has previously been designated an All-America City. These mentors can provide guidance on the application criteria, share insights into the review process, and offer feedback on draft applications.

I'm happy to accept your LOI; by submitting your Letter of Intent, you've earned \$100 off the application fee! Use the discount code 'LOI25' at checkout to reduce your fee from \$250 to \$150. Application fees are due by the final submission deadline on February 27, 2025. You can pay online via [our payment page](#) (3.5% card processing fee) or by mailing a check to the address provided on the payment page.

Additionally, if you weren't able to attend our informational webinar on the 26th, you can watch the [recording here](#).

For the latest updates from the National Civic League and All-America City Awards, be sure to follow us on [Facebook](#) and [Twitter](#) and subscribe to our monthly [e-newsletter](#).

Please don't hesitate to reach out if you have any questions. I look forward to receiving your application!



Rebecca Trout
Director, DC Office & All-America City Award
[National Civic League](#)
M [\(571\) 512-2379](tel:(571)512-2379)
E rebeccat@ncl.org

Our mission is to advance civic engagement to create equitable, thriving communities.

