

AGENDA  
FOR THE REGULAR MEETING  
OF THE CITY COUNCIL  
FOR THE CITY OF THORNE BAY  
ALASKA,  
COUNCIL CHAMBERS  
CITY HALL  
**TUESDAY**  
May 19, 2015  
6:30p.m.

**The meeting will be preceded by a workshop beginning at 6:00p.m.**  
The public is invited and encouraged to attend

1. CALL TO ORDER:
2. PLEDGE TO FLAG:
3. ROLL CALL:
4. APPROVAL OF AGENDA:
5. MAYOR'S REPORT:
6. CITY ADMINISTRATOR'S REPORT:
7. PUBLIC COMMENTS:
8. COUNCIL COMMENTS:
9. CONSENT AGENDA:

The Consent Agenda includes routine items of business, which may not require separate discussions. When the Mayor calls for public comment on the consent agenda, you may raise your hand and the Mayor will recognize you, asking which item(s) you wish to have removed from the consent agenda for separate discussion and action. Following the removal of any item from the consent agenda, the Council votes on the remaining items in one motion. All items that are removed from the consent agenda will follow the format of Administrative Report, or Public Hearing/Participation and Council Action.

A. MINUTES:

1. Minutes for the April 21, 2015, City Council Meeting, discussion and action item:

10. NEW BUSINESS:

- A. Resolution 15-05-05-01, certifying the annual certified financial statement of revenues and authorized expenditures for the year ending June 30, 2014, discussion and action item:

11. ORDINANCES FOR PUBLIC HEARING:

- A. Ordinance 15-06-02.-01, amending Title 2-Administration and Personnel, Chapter 2.56-City Property, discussion and action item:
- B. Ordinance 15-06-02-02, amending Title 3-Revenue and Finance, discussion and action item:

12. EXPENDITURES EXCEEDING \$2,000.00:

13. EXECUTIVE SESSION:

14. CONTINUATION OF PUBLIC COMMENT:

15. CONTINUATION OF COUNCIL COMMENT:

16. ADJOURNMENT:

Posted: May 13, 2015 – City Hall  
Faxed on May 13, 2015<sup>th</sup> to: SISD, USFS, Thorne Bay School, KRBD, The Port, A&P  
Published on City Website on May 13, 2015 at [www.thornebay-ak.gov](http://www.thornebay-ak.gov)  
Physically posted at on May 15, 2015 at: The Port, Tackle Shack, Riptide and A&P

MINUTES  
FOR THE REGULAR MEETING  
OF THE CITY COUNCIL  
FOR THE CITY OF THORNE BAY  
ALASKA,  
COUNCIL CHAMBERS  
CITY HALL  
**TUESDAY**  
April 21, 2015  
6:30p.m.

**The meeting was preceded by a workshop beginning at 6:00p.m.**

1. **CALL TO ORDER:**

Mayor Gould called the meeting to order at 6:30p.m.

2. **PLEDGE TO FLAG:**

The audience and council stood for the pledge to the flag.

3. **ROLL CALL:**

Gould, McDonald, Minnillo, Edenfield and Hartwell were present. Carlson was excused for work. Slayton was tardy and joined the meeting at 7:05p.m.

4 **APPROVAL OF AGENDA:**

Gould moved to approve the agenda combining items C and D in New Business. McDonald seconded the motion.

**MOTION:** Move to approve the agenda combining items C and D in New Business

**F/S:** Gould/McDonald

**YEAS:** Minnillo, Gould, McDonald, Edenfield and Hartwell

**NAYS:** None

**STATUS:** Motion Passed

5. **MAYOR'S REPORT:**

Mayor Gould reported on the following:

- Improvements the City had made at Davidson Landing in the last 4 years

6. **CITY ADMINISTRATOR'S REPORT:**

Administrator read report. (see attached) In addition to the administrator's report, Benner commented on the following:

- Harbor and Parks position was filled and the city just started mowing around town. Trying to stay on top of it this year.
- In addition to harbor expenditures done at Davidson Landing the City has paid \$50,000 for a cemetery to be located in South Thorne Bay.

7. **PUBLIC COMMENTS:**

Karen Petersen commented on the following:

- Vista Volunteer hired
- Sara Lewis will be doing pressure gage checking and canning questions
- Pathway to prosperity workshop on May 8<sup>th</sup> put on by SeaAlaska

Thom Cunningham commented on the following:

- Seaford's conditional use permit and possible violations
- Inquired when dump day would be

8. COUNCIL COMMENTS:

Harvey McDonald commented on the following:

- IFA dock facility work in progress
- IFA funding came through from the State
- Meeting with Seaford for update on conditional use permit

9. CONSENT AGENDA:

The Consent Agenda includes routine items of business, which may not require separate discussions. When the Mayor calls for public comment on the consent agenda, you may raise your hand and the Mayor will recognize you, asking which item(s) you wish to have removed from the consent agenda for separate discussion and action. Following the removal of any item from the consent agenda, the Council votes on the remaining items in one motion. All items that are removed from the consent agenda will follow the format of Administrative Report, or Public Hearing/Participation and Council Action.

MINUTES:

1. Minutes for the April 7, 2015, Regular City Council Meeting, discussion and action item:
2. Minutes for the March 17, 2015, Regular City Council Meeting, discussion and action item:

Gould moved to approve the consent agenda. Minnillo seconded the motion. There was no further discussion.

MOTION: Move to approve the consent agenda

F/S: Gould/Minnillo

YEAS: Gould, Edenfield, Hartwell, McDonald, and Minnillo

NAYS: None

STATUS: Motion Passed.

10. NEW BUSINESS:

- A. DOWL Presentation, waterfront masterplan, discussion possible action item:

Terry Schoenthal presented on behalf of DOWL for the waterfront development master plan. See attached documents on what was presented.

- B. Authorizing additional boat stalls for Adventure Alaska (Jason Clowar), discussion and action item: Thorne Bay Municipal Code requires authorization from the City Council for one household to have two boat stalls)

Gould moved to approve 9 additional boat stalls for Adventure Alaska (Jason Clowar). Hartwell seconded the motion. There was no further discussion.

MOTION: Move to approve 9 additional boat stalls for Adventure Alaska (Jason Clowar)

F/S: Gould/Hartwell

YEAS: Slayton, Hartwell, Gould, Minnillo, Edenfield and McDonald

NAYS: None

STATUS: Motion Passed.

C. Tackle Shack lease cancellation, discussion and action item:

This item was discussed and acted upon under item D of New Business.

D. Approval of Tackle Shack Lease between Gary and Erica Anderson DBA Tackle Shack, and the City of Thorne Bay, discussion and action item:

Gould moved to approve cancellation of Tackle Shack Lease with Monte and Melody McDonald and approve the new lease of the Tackle Shack land with Gary and Erica Anderson, upon final execution of sale. McDonald seconded the motion. Gould explained the new lease with Gary and Erica Anderson would be the same as the current lease with the McDonald's with some additions of legal wording. The leased premises and amount would remain the same.

**MOTION:** Move to approve cancellation of Tackle Shack Lease with Monte and Melody McDonald and approve the new lease of the Tackle Shack land with Gary and Erica Anderson, upon final execution of sale

**F/S:** Gould/McDonald

**YEAS:** McDonald, Minnillo, Gould, Hartwell, Slayton and Edenfield

**NAYS:** None

**STATUS:** Motion Passed.

D. Resolution 15-04-21-01, requesting Kids Fishing Day be named in memory of Jim Beard, discussion and action item:

Gould moved to approve Resolution 15-04-21-01. McDonald seconded the motion. Mayor Gould read the resolution for the audience: **“RESOLUTION #15-04-21-01**

**To Rename the 23rd Annual Kids Fishing Day Event to  
The Jim Beard Memorial 23rd Annual Kids Fishing Day Event**

**WHEREAS, the City Council is the governing body for the City of Thorne Bay, Alaska; and**

**WHEREAS, James Beard (Fondly remembered as “Beardo”) demonstrated throughout his 30 year career with the Forest Service; his passion, determination, and love for the fisheries education and outreach in order to connect youth and elders, specialists and educators to nature; and because he dedicated his time and endeavors on and off the clock to ensuring the success of the Annual Island Wide Events such as Kids Fishing Day, Earth Day, & Science Fairs 1992 to 2009 on POW mentoring, lecturing, and encouraging local students to engage, participate, and contribute; and**

**WHEREAS, this year is the 23rd Annual Kids Fishing Day Event that has evolved since the first one Beardo hosted for the Thorne Bay Ranger District to engage the island community in the effort to celebrate and remind everyone during the first weeks of Summer the many important lessons shared during the National Kids Fishing Day, National Boating Week, National Get Outdoors and Play; and the more recent Get Up and Move Campaign; and**

**WHEREAS, Kids Fishing Day was Beardo’s favorite event second to Earth Day; and he would spend copious amounts of time preparing the booths, demonstrations, and activities, so that specialists just had to show up to help; seeking prizes and participation from businesses to ensure every child received a reward for going through all the booths; ensuring the BBQ food and servers shared, and created a full day of service giving back and sharing the love and passion for fish and water quality to the families of our great island; and that for one day, regardless of peoples titles, careers, positions, everyone’s focus is turned to the health of the fisheries, watersheds, and communities connecting the youth, elders, specialists and**

educators as they share and experience fisheries, aquatic ecology, and survival themed activities; and

WHEREAS, the majority of Prince of Wales business budget KFD rubber ducky or prize tent prizes every year; youth groups, church groups, 4-H groups, Girl Scout Troops all share buses and rides to attend, residents bring their visiting multi-generational families, the University, Fish and Game, the Tribes, Alaska State Troopers and Search and Rescue, The Health Care Networks, and over 16 partners that have participated in contributing volunteers, booths, demonstrations, activities that continue to evolve and build upon the strong foundation and education and outreach program both funded and unfunded that Beardo strived to build, strengthen, and continue, and in the greatest display of generosity the Beard family has created a “Jim Beard Kids Fishing Day Endowment Fund” with the proceeds of his Estate Sale to contribute to the success of future annual education and outreach events; and

WHEREAS, the City of Thorne Bay community recognizes that together we can send a strong message of the importance of mentors and annual events connecting youth, elders, specialists, and educators to bring together the community to celebrate and share and recognize the great difference USFS mentors make to the youth of not only Thorne Bay, but island wide.

NOW, THEREFORE, WE, the City of Thorne Bay, do request and call upon the USFS Thorne Bay and Craig Ranger Districts to rename and celebrate the 23<sup>rd</sup> Annual Kids Fishing Day Event as the “The Jim Beard Memorial 23<sup>rd</sup> Annual Kids Fishing Day Event and from this day forward as “The Jim Beard Memorial “XX” Annual Kids Fishing Day Event”

PASSED AND APPROVED by a duly constituted quorum, April 21, 2015”

11. EXPENDITURES EXCEEDING \$2,000.00:  
There were no expenditures exceeding \$2,000.00.

12. EXECUTIVE SESSION:  
There was no executive session.

13. CONTINUATION OF PUBLIC COMMENT:  
Karen Petersen commented on the following:

- Prince of Wales draft borough charter at the library for viewing

Tim Lindseth commented on the following:

- David Beard was touched by community
- Thanked the city workers for help with Mr. Beard

Trisha Clowar commented on the following:

- Inquired about the City street sweeper schedule
- Brush around town looking great, requested not take down the mature alders

14. CONTINUATION OF COUNCIL COMMENT:  
Gould commented on the following:

- Draft borough charter is only a draft and the final decision will be made by the public

Minnillo commented on the following:

- Clark property trailer removal and who was the one moving them

City Clerk answered Minnillo's question about the Clark trailer removal and suggested he talk to the Douglas's.

Wayne Benner stated the City would be getting the sweeper from Southeast Road Builders soon to sweep the roads in town.

15. ADJOURNMENT:  
Gould adjourned the meeting at 7:14p.m.

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James Gould, Mayor

ATTEST:

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Teri Feibel, CMC

## ADMINISTRATOR'S REPORT 4-21-15 Wayne Benner

### Meetings Attended and Updates:

1. State Forestry is holding a hearing on the State Forest Management Plan April 24<sup>th</sup>, 6 to 8 pm in Coffman Cove Ferry Terminal.
2. Mining Symposium will be held in Craig at the Craig Tribal building April 28<sup>th</sup> and 29<sup>th</sup>.

### Tasks and Projects:

1. ITS budget time and Teri and I will soon be starting to prepare the FY16 budget. This up-coming budget, with all the known and anticipated State and Federal budget reduction, will require some tough decisions. In Juneau there was a lot of discussion of what happens to programs that cities can no longer fund due to state and federal cutbacks in funding. The three main programs being schools, roads and emergency service. The Good News, Timber Receipt funding for 2013 and 2014 has been hidden in the recent Medicaid Bill just passed in congress.

### New Business:

1. DOWL is here tonight to share some thoughts based on information they have gathered from the survey, public meetings and individual contacts. There will be a public meeting tomorrow night from 6 to 8 pm here in the city council chambers where you can provide your comments.
2. Authorization of additional boat stalls to Adventure Alaska is not a problem and has been done in years past.
3. Monty McDonald has requested the Tackle Shack Lease be cancelled and transferred to Gary and Erica Anderson. A new lease has been prepared and will go into effect upon the final closing of the sale transaction. The new lease with the Andersons follows the same format of the leases used with the Southeast Island School District and the Jennings and incorporates the old Tackle Shack Lease and the Propane Lease into one lease.

### Old Business:

No old business

### Harbor and Parks:

**Streets and Roads:** Clearing of right-of-way is currently underway on Sandy Beach Road Improvement Project. A project funded by the US Forest Service, State of Alaska and Safe Routs to School. The City will be doing a utility hookup and some utility maintenance prior to the road being paved.

**Water and Sewer:** A person has been offered the water/wastewater operator job with a tentative start date of June 1<sup>st</sup>.

**Solid Waste:** Clean up Thorne Bay Day is scheduled for May 16 and flyers will be put out and on the utility bills. I met with Pool Engineering today on the city scrap metal agreement and we also discussed possible storage facilities for scrap metal.

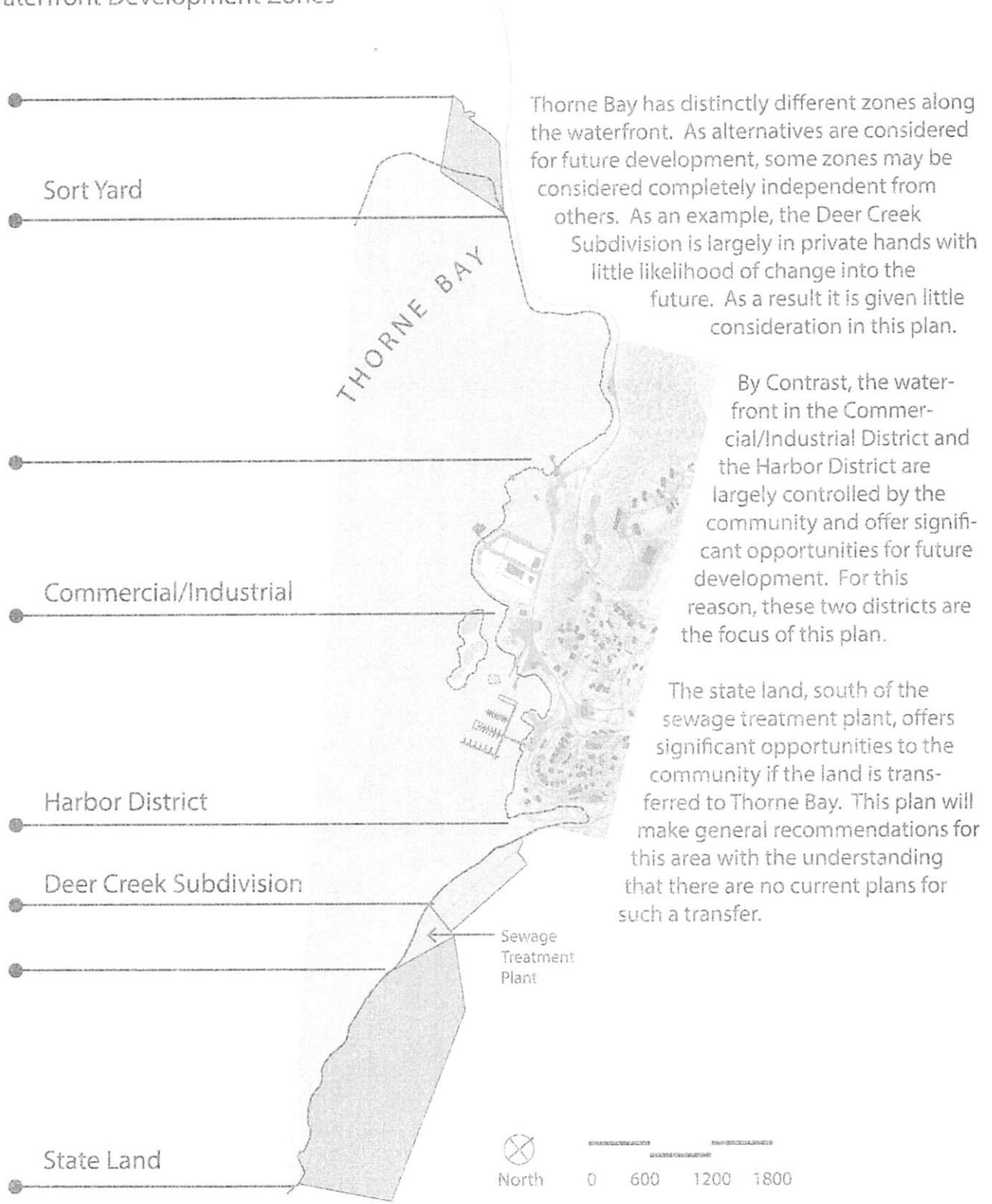
**Law Enforcement:** No Change

**FIRE/EMS:** No Change

**Library:** No Change

# Thorne Bay Waterfront Plan

## Waterfront Development Zones

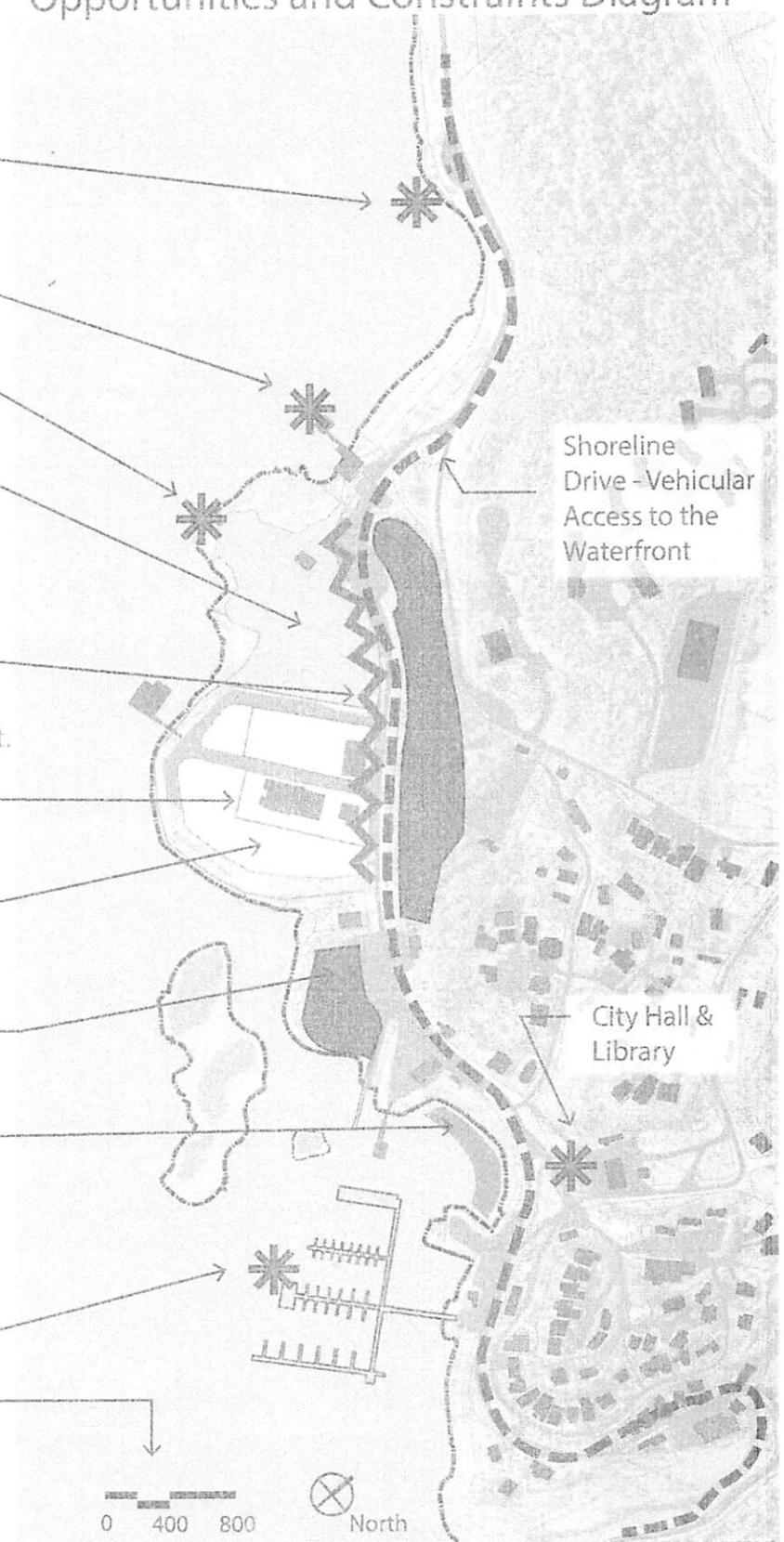


# Thorne Bay Waterfront Plan



## Opportunities and Constraints Diagram

- 1 The Sort Yard  
Approximately 7 acres of land, City-owned and suitable for industrial uses, located at the head of the bay.
- 2 The Claw  
Point of interest and community destination
- 3 Float Plane Arrival Point
- 4 Barge Dock  
Activity hub
- 5 Trans-shipment Area  
Lots of shipping containers. A lot of activity on days when barges arrive
- 6 Conflict Area  
This area conflicts visually and functionally with the adjacent street.
- 7 Southeast Road Builders Inc. Property
- 8 Community-Owned Commercial Area.  
Potential for future development
- 9 Community-Owned Waterfront  
Potential Community Park
- 10 Possible Fill/Development  
Fill into the bay in this location would allow small-scale marine commercial development with associated parking.
- 11 Small Boat Harbor
- 12 54-Acre DNR Tract  
Large tract of developable land may be available to the City of Thorne Bay.





## Opportunities and Constraints

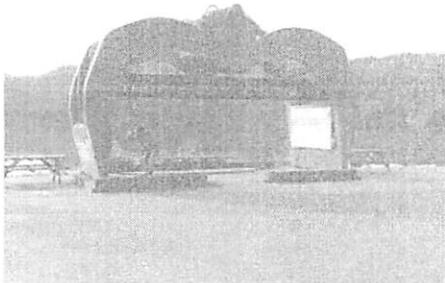
The opportunities and constraints associated with the Thorne Bay waterfront help shape the development of the plan alternatives. The Opportunities and Constraints Diagram shows their relationship to the rest of the community. They are briefly described in the following images and narrative.

### 1 The Sort Yard



The Sort Yard is situated about three-quarters of a mile north of the community core. The area consists of about 7 acres, of which approximately 5 acres are developable. The area is reasonably well protected and has good access to the bay. The area is most suitable for marine industrial or commercial uses. Suggested uses have included dry storage of boats and relocation of the trans-shipment area currently located in town. This area is currently underused and provides an opportunity for future development.

### 2 The Claw



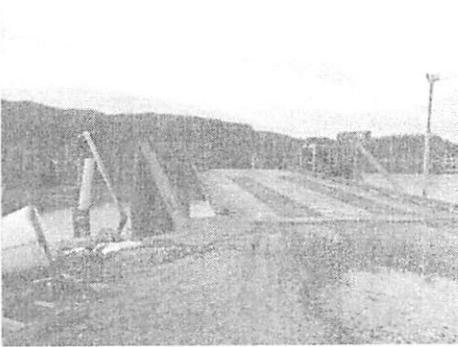
The Claw is an industrial piece of equipment from the height of the logging days in Thorne Bay. It was used to pick up large numbers of logs in a single grab. Today it serves as a focal point for the community. It is located north of the town, about a 20-minute walk from the harbor on a small pull-out from Shoreline Drive. It is an attractive location, but isolated from the community. The Claw represents an opportunity for community branding.

### 3 Float Plane Arrival Point

There are two float plane docks used by commercial carriers in Thorne Bay. One is in the small boat harbor and the other is located on a float that extends from the Post Office and Tackle Shack. These locations provide the first impression for many visitors arriving in town.

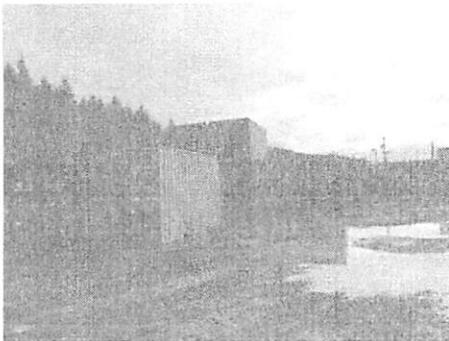
## Opportunities and Constraints

### 4 The Barge Dock



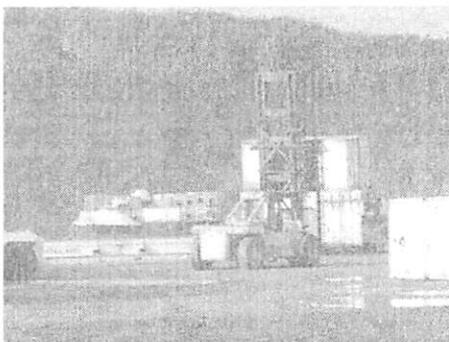
The barge dock is situated at the northwest edge of the trans-shipment area. Virtually all goods shipped to Prince of Wales Island arrive via this dock. There has been discussion within the community of relocating the dock to the sort yard for the purpose of removing this industrial type of use from town. The loading and unloading of barges is interesting to watch for many visitors. There is currently no good vantage point for viewing this activity. The Barge Dock, in its current location, could provide an opportunity as a point of interest for the community.

### 5 Transshipment Area



The trans-shipment area and the dock identified above are privately owned by Samson Tug and Barge. The area is unpaved and often muddy. Many residents consider the area unsightly, which is why some residents have suggested the area be relocated to the sort yard at the head of the bay. The presence of the trans-shipment area is beneficial to the community in that it provides local jobs and people from all over Prince of Wales Island travel to Thorne Bay to pick up goods arriving by barge. This benefits other local commercial enterprises.

### 6 Conflict Area



The conflict area exists adjacent to Shoreline Drive, between the roadway and the industrial uses that exist on the water side of the road. This conflict is both visual and functional. It has been suggested that fencing or screening of some type might buffer these uses from the adjacent community. Although the conflict is not significant to vehicles using shoreline drive, the area does not feel safe or comfortable to pedestrians. There are no pathways adjacent to Shoreline Drive.



## Opportunities and Constraints

### 7 Southeast Road Builders Inc. Property



The property owned by Southeast Road Builders Inc. is in the center of an area currently zoned for commercial use. Southeast Road Builders uses the property for storage and for staging in support of construction projects on Prince of Wales Island. Some members of the community have suggested that this use is not appropriate for this commercially zoned property. The current use is really semi-industrial in character and has discouraged other commercial uses from locating in the area.

### 8 Community-Owned Commercial Area



As seen on the diagram, the property designated in yellow that surrounds the property owned by Southeast Road Builders Inc. is community-owned property. This property is currently leased to Southeast Road Builders. The property is used for storage of materials and equipment and the city gains some income through the lease. These lands are a great opportunity for future development and a strong asset to the community. A narrow strip of road easement approximately 50-feet in width, surrounds the property adjacent to the waterfront. This land ensures future access to the waterfront.

### 9 Community-Owned Waterfront



The community-owned water front area offers a great opportunity for a community park on the waterfront. Unlike most other communities on Prince of Wales Island, Thorne Bay has no such park. The park would be only a seven-minute walk from the harbor and might feature a covered shelter and other attractions. The park would likely be appreciated by residents and visitors alike. The park design should accommodate continued use of the boat ramp, but would remove some trailer and other parking.

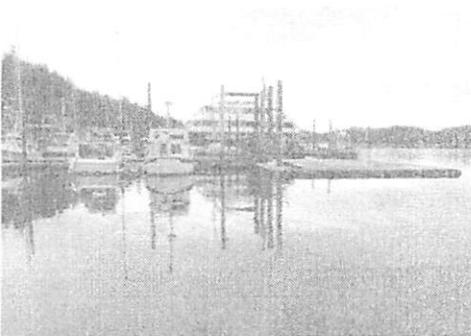
## Opportunities and Constraints

### 10 Possible Fill/Development



The possible fill/development area is shown on the Opportunities and Constraints Diagram and is situated just north of the small boat harbor. The area has been previously permitted for fill, however the permit has expired. Fill material for this project could come from construction of a new library and city hall and mining from local community owned sources. The fill area could support marine-related commercial development or parking in support of development on the land side of Shoreline Drive.

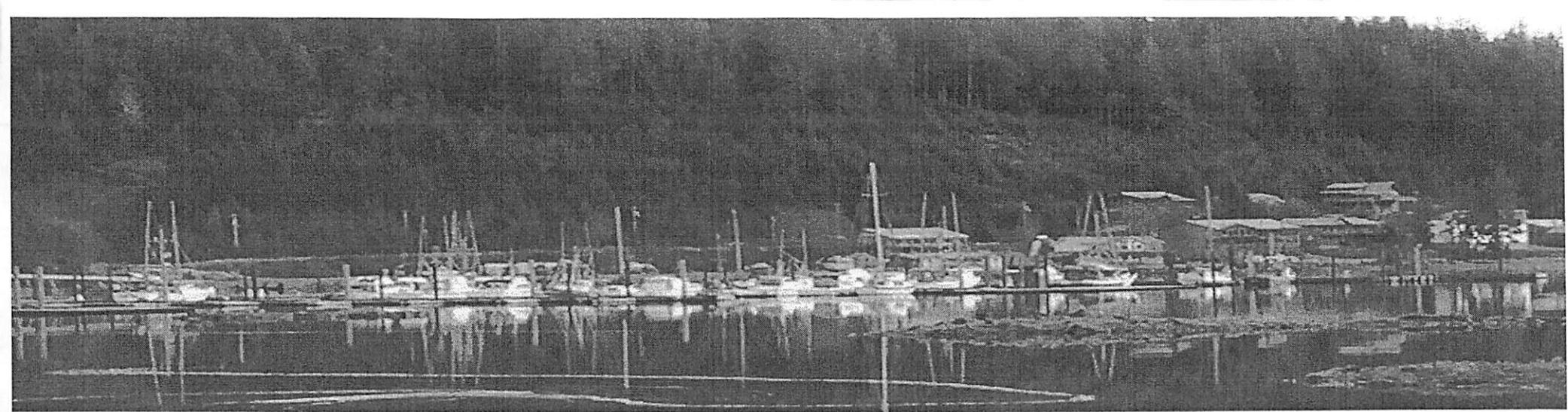
### 11 Small Boat Harbor



The small boat harbor is to some extent the hub of the community. Much of the activity in town revolves around this facility. The harbor and the harbor area represents the first impression to most visitors arriving by both boat and air. With half of the community of Thorne Bay located on the other side of the bay it is a unique transportation hub. Parking associated with the harbor presents some challenges, but opportunities exist to manage this need.

### 12 54-Acre DNR Tract

The 54-acre tract of state owned land located south of the community sewage treatment plant may be available for purchase by the City of Thorne Bay. This wooded parcel of land has attractive waterfront access and includes a considerable amount of developable area. This land could provide a community park, an RV campground, or residential development lots. A variety of options exist for development of this parcel, but such a development is not likely to occur in the near term. The Thorne Bay community should take a long-term view for how this parcel can best serve community goals.



## **PUBLIC MEETING**

### **THORNE BAY HARBOR MASTER PLAN**

**When:** Monday, April 6, 2015  
6PM to 8PM

**Where:** City Hall

Please join us! The planning team will be presenting concepts developed from public comments. Please come by to learn more and provide feedback.

If you cannot attend but would like to get more information or provide comments, please contact:

Wayne Benner, City Administrator      or  
[administrator@thornebay-ak.gov](mailto:administrator@thornebay-ak.gov)  
(907) 828-3380

Irene Gallion, DOWL Senior Project Manager  
[igallion@dowl.com](mailto:igallion@dowl.com)  
(907) 780-3533

CITY OF THORNE BAY  
RESOLUTION 15-05-05-01

A RESOLUTION OF THE CITY COUNCIL FOR THE CITY OF THORNE BAY,  
ALASKA, CERTIFYING THE ANNUAL CERTIFIED FINANCIAL STATEMENT OF  
REVENUES AND AUTHORIZED EXPENDITURES FOR THE YEAR ENDING  
JUNE 30, 2014

WHEREAS, the City Council is the governing body for the City of Thorne Bay, Alaska;  
and

WHEREAS, the City of Thorne Bay, is a recognized second class city; and

WHEREAS, second class cities are required by AS 29.20.640(a)(2) to submit a Certified  
Financial Statement of income and expenditures or audit for the year ending June 30,  
2014, to the Department of Commerce, Community and Economic Development;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Thorne  
Bay, Alaska; that the attached Certified Financial Statement of Thorne Bay, Alaska; for  
the year ending June 30, 2014, and prepared by Teri Feibel, City Clerk, is true and  
complete to the best of our knowledge.

ADOPTED by a duly constituted quorum of the City Council of Thorne Bay, Alaska, this  
5<sup>th</sup> day of May 2015

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James Gould, Mayor

ATTEST:

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Teri Feibel, City Clerk

City of Thorne Bay 2014  
Profit & Loss Budget vs. Actual

July 2013 through June 2014

Admin & Finance

	Budget	Actual
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
Animal Fees	600.00	393.00
ATV Fees	400.00	720.00
Community Revenue Sharing	120,000.00	120,169.00
Copier/Fax	500.00	309.96
Fees & Permits	16,000.00	18,260.76
Fishery Tax Receipts	6,535.00	5,587.65
Land Payment Interest	10,000.00	9,515.61
Land Sales	10,000.00	48,667.56
Landing Fees	7,868.74	2,616.00
Live-aboard Fees	0.00	475.56
Miscellaneous Income	2,500.00	8,476.06
Notary/Lamination	600.00	796.00
Occupancy Tax	0.00	3,093.76
Passport Services	800.00	0.00
Payment in Lieu of Taxes	104,925.00	0.00
Rental	18,500.00	19,508.45
Rock Sales	0.00	1,694.00
Sales Tax	370,000.00	366,549.49
<b>Total Income</b>	<b>669,228.74</b>	<b>606,832.86</b>

**Expense**

Advertising and Promotion	1,100.00	906.00
Bad Debt	4,000.00	0.00
Bank Service Charges	150.00	214.98
Bldg/Grnd Maint Repair	500.00	106.25
Computer/Software	1,000.00	1,940.46
Contract Labor	5,000.00	3,950.00
Credit Card Merchant Fees	1,500.00	2,555.70
Dues and Subscriptions	2,000.00	2,446.30
Electricity	3,325.00	2,567.63
Equipment Maint & Repair	1,000.00	50.80
Equipment Purchase	2,000.00	306.58
Harbor Replacement Fund	5,000.00	0.00
Health Insurance	45,000.00	43,296.24
Heating Fuel	5,000.00	5,543.99
AML/Insurance	10,231.12	13,608.00
Worker's Compensation	1,767.16	1,090.00
Internet Use	1,010.00	900.45
Legal Services	2,000.00	23,282.51
Materials and Supplies	4,500.00	4,555.78



**City of Thorne Bay 2014  
Profit & Loss Budget vs. Actual  
July 2013 through June 2014**

**City Council**

	<b>Budget</b>	<b>Actual</b>
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**Ordinary Income/Expense**

**Income**

<b>Fees &amp; Permits</b>	150.00	115.00
<b>Miscellaneous Income</b>		15.00
<b>National Forest Receipts</b>	3,000.00	3,000.00
<b>Sales Tax</b>		0.90
<b>Total Income</b>	<b>3,150.00</b>	<b>3,130.90</b>

**Expense**

<b>Donations</b>	3,000.00	2,674.00
<b>Dues and Subscriptions</b>	1,350.00	1,144.99
<b>Election Expenses</b>	100.00	0.00
<b>AML/Insurance</b>	3,800.00	0.00
<b>Worker's Compensation</b>	61.86	0.00
<b>Materials and Supplies</b>	500.00	1,415.72
<b>Miscellaneous Expense</b>	100.00	0.00
<b>Payroll taxes</b>	1,744.00	1,777.20
<b>Payroll Expenses - Other</b>	20,000.00	18,235.76
<b>Postage and Freight</b>	100.00	33.82
<b>Telephone</b>	350.00	519.50
<b>Travel Expense</b>	2,500.00	2,533.48
<b>Total Expense</b>	<b>33,605.86</b>	<b>28,334.47</b>

**Net Ordinary Income**

**-30,455.86**

**-25,203.57**

**City of Thorne Bay 2014**  
**Profit & Loss Budget vs. Actual**  
 July 2013 through June 2014  
**Law Enforcement**

	<b>Budget</b>	<b>Actual</b>
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**Ordinary Income/Expense**

**Income**

<b>Animal Fees</b>	500.00	140.00
<b>ATV Fees</b>	50.00	0.00
<b>Fees &amp; Permits</b>	500.00	125.00
<b>Miscellaneous Income</b>	60.00	60.00
<b>National F. Receipt 2013</b>	15,000.00	15,000.00
<b>Total Income</b>	<b>16,110.00</b>	<b>15,325.00</b>

**Expense**

<b>DARE</b>	500.00	0.00
<b>Dues and Subscriptions</b>	20.00	225.00
<b>Electricity</b>	600.00	485.11
<b>Equipment Maint &amp; Repair</b>	1,500.00	12.25
<b>Equipment Purchase</b>	2,000.00	0.00
<b>Heating Fuel</b>	1,000.00	1,038.30
<b>AML/Insurance</b>	1,233.00	1,233.00
<b>Worker's Compensation</b>	127.20	127.20
<b>Materials and Supplies</b>	1,000.00	1,052.13
<b>Miscellaneous Expense</b>	8,000.00	1,028.68
<b>Payroll Taxes</b>	2,000.00	1,285.20
<b>Payroll Expenses - Other</b>	20,160.00	14,731.88
<b>Postage and Freight</b>	200.00	42.85
<b>Telephone</b>	2,086.00	1,984.92
<b>Travel Expense</b>	300.00	95.00
<b>Vehicle Fuel</b>	5,000.00	2,969.88
<b>Vehicle Maintenance</b>	4,000.00	1,807.14
<b>Total Expense</b>	<b>49,726.20</b>	<b>28,118.54</b>

<b>Net Ordinary Income</b>	<b>-33,616.20</b>	<b>-12,793.54</b>
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**City of Thorne Bay 2014**  
**Profit & Loss Budget vs. Actual**  
July 2013 through June 2014

**EMS**

	<b>Budget</b>	<b>Actual</b>
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**Ordinary Income/Expense**

**Income**

<b>EMS Fees</b>		0.00
<b>Income</b>		139.00
<b>Miscellaneous Income</b>		957.00
<b>National Forest R. from 2013</b>	15,000.00	15,000.00
<b>Total Income</b>	<b>15,000.00</b>	<b>16,096.00</b>

**Expense**

<b>Dues and Subscriptions</b>	10.00	35.00
<b>Electricity</b>	1,000.00	953.59
<b>Equipment Maint &amp; Repair</b>	0.00	41.12
<b>Equipment Purchase</b>		153.29
<b>Heating Fuel</b>	700.00	953.25
<b>AML/Insurance</b>	2,306.00	2,306.00
<b>Worker's Compensation</b>	1,966.72	1,858.50
<b>Internet Use</b>	0.00	99.50
<b>Materials and Supplies</b>	2,000.00	2,002.91
<b>Miscellaneous Expense</b>	100.00	0.00
<b>Payroll Taxes</b>	350.00	176.30
<b>Payroll Expenses - Other</b>	3,800.00	5,355.52
<b>Postage and Freight</b>	200.00	194.24
<b>Telephone</b>	1,100.00	1,288.89
<b>Training</b>	1,000.00	-738.79
<b>Travel Expense</b>	200.00	640.00
<b>Vehicle Fuel</b>	800.00	749.26
<b>Vehicle Maintenance</b>	800.00	529.27
<b>Total Expense</b>	<b>16,332.72</b>	<b>16,597.85</b>

<b>Net Ordinary Income</b>	<b>-1,332.72</b>	<b>-501.85</b>
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**City of Thorne Bay 2014  
 Profit & Loss Budget vs. Actual  
 July 2013 through June 2014**

	<b>Fire</b>	
	<b>Budget</b>	<b>Actual</b>
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
<b>Fees &amp; Permits</b>		0.00
<b>Grant Income</b>		3,731.58
<b>Miscellaneous Income</b>	400.00	0.00
<b>National Forest Receipt from FY13</b>	15,000.00	15,000.00
<b>Total Income</b>	<b>15,400.00</b>	<b>18,731.58</b>
<b>Expense</b>		
<b>Donations</b>	300.00	0.00
<b>Electricity</b>	1,200.00	1,325.67
<b>Equipment Maint &amp; Repair</b>	1,000.00	41.13
<b>Equipment Purchase</b>	2,000.00	708.80
<b>Heating Fuel</b>	1,200.00	1,247.13
<b>AML/Insurance</b>	1,941.35	2,016.00
<b>Worker's Compensation</b>	1,866.68	1,858.50
<b>Internet Use</b>	0.00	99.42
<b>Materials and Supplies</b>	1,000.00	639.57
<b>Payroll Taxes</b>	200.00	2.53
<b>Payroll Expenses - Other</b>	1,000.00	531.64
<b>Postage and Freight</b>	300.00	9.84
<b>Telephone</b>	1,000.00	1,004.82
<b>Travel Expense</b>		180.00
<b>Vehicle Fuel</b>	500.00	167.98
<b>Vehicle Maintenance</b>	1,000.00	77.81
<b>Total Expense</b>	<b>14,508.03</b>	<b>9,910.84</b>
<b>Net Ordinary Income</b>	<b>891.97</b>	<b>8,820.74</b>

**City of Thorne Bay 2014**  
**Profit & Loss Budget vs. Actual**  
July 2013 through June 2014  
**Library**

	<b>Budget</b>	<b>Actual</b>
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**Ordinary Income/Expense**

**Income**

<b>Copier/Fax</b>	150.00	141.59
<b>Fees &amp; Permits</b>	80.00	194.16
<b>Grant Income</b>		414.53
<b>Library Deposit</b>	100.00	20.00
<b>Miscellaneous Income</b>	100.00	67.00
<b>National Forest Receipts</b>	5,000.00	5,000.00
<b>Sales Tax</b>	5.00	2.74
<b>Total Income</b>	<b>5,435.00</b>	<b>5,840.02</b>

**Expense**

<b>Bldg/Grnd Maint Repair</b>	200.00	0.00
<b>Books</b>	115.71	0.00
<b>Computer/Software</b>	200.00	109.99
<b>Dues and Subscriptions</b>	100.00	0.00
<b>Electricity</b>	600.00	511.63
<b>Equipment Maint &amp; Repair</b>		21.50
<b>Heating Fuel</b>	800.00	905.31
<b>AML/Insurance</b>	105.00	105.00
<b>Internet Use</b>	500.00	49.45
<b>Materials and Supplies</b>	500.00	442.46
<b>Miscellaneous Expense</b>	350.00	410.36
<b>Payroll Taxes</b>	390.00	921.04
<b>Payroll Expenses - Other</b>	2,200.00	4,519.15
<b>Postage and Freight</b>	150.00	181.74
<b>Telephone</b>	450.00	389.67
<b>Travel Expense</b>		631.00
<b>Total Expense</b>	<b>6,660.71</b>	<b>9,198.30</b>

<b>Net Ordinary Income</b>	<b>-1,225.71</b>	<b>-3,358.28</b>
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**City of Thorne Bay 2014**  
**Profit & Loss Budget vs. Actual**  
 July 2013 through June 2014

**Parks & Rec**

	<b>Budget</b>	<b>Actual</b>
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
Cemetery community dev funds	0.00	0.00
Fees & Permits	0.00	110.00
Misc Income		104.50
Rental	500.00	176.50
Sales Tax	30,000.00	30,000.00
<b>Total Income</b>	<b>30,500.00</b>	<b>30,391.00</b>
<b>Expense</b>		
Contract Labor	4,500.00	0.00
Electricity	1,150.00	1,027.32
Equipment Maint & Repair	1,000.00	298.14
Equipment Purchase	1,500.00	639.46
Heating Fuel	1,500.00	1,317.25
Materials and Supplies	2,500.00	1,505.72
Payroll Taxes	620.00	376.12
Payroll Expenses - Other	10,240.00	7,048.35
Postage and Freight	150.00	61.96
Telephone	0.00	86.94
Vehicle Fuel	1,200.00	1,010.76
Vehicle Maintenance		39.98
<b>Total Expense</b>	<b>24,360.00</b>	<b>13,412.00</b>
<b>Net Ordinary Income</b>	<b>6,140.00</b>	<b>16,979.00</b>

**City of Thorne Bay 2014**  
**Profit & Loss Budget vs. Actual**  
July 2013 through June 2014

	<b>Harbor</b>	
	<b>Budget</b>	<b>Actual</b>
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
Davidson Landing Fees	10,000.00	9,088.67
Fees & Permits	300.00	50.00
Fishery Tax Receipts	0.00	0.00
Grid Fees	500.00	345.75
Harbor Fees	60,000.00	68,082.32
Harbor Replacement	0.00	0.00
Harbor Showers	2,500.00	1,798.00
Live-aboard Fees	4,200.00	4,369.50
Miscellaneous Income	400.00	656.96
Sales Tax	2,500.00	2,542.56
<b>Total Income</b>	<b>80,400.00</b>	<b>86,933.76</b>
<b>Expense</b>		
Contract Labor	1,000.00	300.00
Dues and Subscriptions	200.00	150.00
Electricity	6,000.00	5,290.16
Equipment Maint & Repair	525.00	230.32
Equipment Purchase	1,500.00	72.05
Health Insurance	7,279.92	3,966.19
AML/Insurance	2,573.32	2,579.00
Worker's Compensation	8,464.86	8,104.00
Materials and Supplies	4,000.00	5,101.48
Miscellaneous Expense	0.00	1,432.45
Payroll Taxes	1,000.00	1,291.02
PERS - Other	9,800.00	1,142.09
Payroll Expenses - Other	43,680.00	45,933.76
Postage and Freight	300.00	135.33
Telephone	700.00	614.89
Training	600.00	0.00
Travel Expense	500.00	41.00
Vehicle Fuel	750.00	363.07
Vehicle Maintenance	500.00	15.00
<b>Total Expense</b>	<b>89,373.10</b>	<b>76,761.81</b>
<b>Net Ordinary Income</b>	<b>-8,973.10</b>	<b>10,171.95</b>

**City of Thorne Bay 2014  
Profit & Loss Budget vs. Actual  
July 2013 through June 2014**

**Water**

	<b>Budget</b>	<b>Actual</b>
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
<b>Fees &amp; Permits</b>	300.00	-24.00
<b>Miscellaneous Income</b>	100.00	396.00
<b>Sales Tax</b>	4,416.00	7,905.94
<b>Solid Waste Fees</b>		205.00
<b>Water Fees</b>	120,000.00	117,709.10
<b>Total Income</b>	<b>124,816.00</b>	<b>126,192.04</b>
<b>Expense</b>		
<b>Bldg/Grnd Maint Repair</b>	1,000.00	0.00
<b>Chemicals</b>	14,000.00	7,351.50
<b>Contract Labor</b>	3,500.00	600.00
<b>Dues and Subscriptions</b>	400.00	297.50
<b>Electricity</b>	8,000.00	8,917.67
<b>Equipment Maint &amp; Repair</b>	2,500.00	1,001.45
<b>Equipment Purchase</b>	4,000.00	3,411.72
<b>Health Insurance</b>	9,679.20	7,746.84
<b>Heating Fuel</b>	8,000.00	6,944.14
<b>AML/Insurance</b>	3,416.40	3,527.00
<b>Worker's Compensation</b>	3,299.28	2,475.00
<b>Materials and Supplies</b>	4,000.00	1,271.26
<b>Miscellaneous Expense</b>	0.00	0.00
<b>Payroll Taxes</b>	1,646.00	874.12
<b>PERS - Other</b>	9,342.84	7,044.49
<b>Payroll Expenses - Other</b>	46,966.00	49,311.40
<b>Postage and Freight</b>	4,000.00	2,369.17
<b>Telephone</b>	600.00	350.33
<b>Testing</b>	9,000.00	5,729.22
<b>Training</b>	1,180.00	0.00
<b>Travel Expense</b>	500.00	0.00
<b>Vehicle Fuel</b>	2,500.00	2,082.31
<b>Vehicle Maintenance</b>	1,000.00	0.00
<b>Total Expense</b>	<b>138,529.72</b>	<b>111,305.12</b>
<b>Net Ordinary Income</b>	<b>-13,713.72</b>	<b>14,886.92</b>

City of Thorne Bay 2014  
Profit & Loss Budget vs. Actual  
July 2013 through June 2014

Streets and Roads

	Budget	Actual
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
Equipment Rentals	600.00	0.00
Fees & Permits	0.00	2.00
Miscellaneous Income	100.00	0.00
Sales Tax	65,000.00	65,000.00
<b>Total Income</b>	<b>65,700.00</b>	<b>65,002.00</b>
<b>Expense</b>		
Bldg/Grnd Maint Repair	1,500.00	0.00
Contract Labor	8,000.00	600.00
Dues and Subscriptions	200.00	45.00
Electricity	4,500.00	4,052.08
Equipment Maint & Repair	7,000.00	4,148.99
Equipment Purchase	7,000.00	8,259.91
Equipment Rental	1,500.00	0.00
Health Insurance	40,170.52	46,855.41
Heating Fuel	2,000.00	3,309.92
AML/Insurance	3,847.91	3,993.00
Worker's Compensation	12,298.38	7,202.00
Materials and Supplies	15,000.00	1,479.50
Payroll Taxes	5,000.00	3,935.06
PERS - Other	20,759.00	4,730.38
Payroll Expenses - Other	106,246.40	111,270.80
Postage and Freight	2,000.00	529.22
Training	1,500.00	41.00
Vehicle Fuel	6,000.00	4,516.87
Vehicle Maintenance	10,000.00	977.53
<b>Total Expense</b>	<b>254,522.21</b>	<b>205,946.67</b>
<b>Net Ordinary Income</b>	<b>-188,822.21</b>	<b>-140,944.67</b>

**City of Thorne Bay 2014**  
**Profit & Loss Budget vs. Actual**  
 July 2013 through June 2014

**Solid Waste**

	<b>Budget</b>	<b>Actual</b>
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
Equipment Rentals	300.00	0.00
Fees & Permits		-150.00
Income		2,448.23
Miscellaneous Income	500.00	-0.10
Refundable Deposits		40.38
Sales Tax	5,600.00	4,393.72
Solid Waste Fees	120,000.00	138,183.87
<b>Total Income</b>	<b>126,400.00</b>	<b>144,916.10</b>
<b>Expense</b>		
Bldg/Grnd Maint Repair	1,000.00	629.76
Contract Labor	1,500.00	880.95
Dues and Subscriptions	200.00	110.00
Electricity	7,000.00	8,985.18
Equipment Maint & Repair	8,000.00	7,540.59
Equipment Purchase	26,308.00	13,645.75
Heating Fuel	4,000.00	5,582.37
AML/Insurance	1,499.00	1,499.00
Worker's Compensation	4,884.43	4,594.00
Materials and Supplies	2,000.00	2,403.00
Payroll Taxes	1,250.00	1,548.24
Payroll Expenses - Other	20,000.00	22,530.77
Postage and Freight	1,200.00	1,058.47
Testing	2,500.00	870.00
Training	500.00	182.90
Vehicle Fuel	2,500.00	3,320.80
Vehicle Maintenance	3,000.00	17.99
<b>Total Expense</b>	<b>87,341.43</b>	<b>75,399.77</b>
<b>Net Ordinary Income</b>	<b>39,058.57</b>	<b>69,516.33</b>

CITY OF THORNE BAY  
ORDINANCE 15-06-02-01

AN ORDINANCE OF THE CITY COUNCIL FOR THE CITY OF THORNE BAY,  
ASLASKA, AMENDING TITLE 2-ADMINISTRATION AND PERSONNEL, CHAPTER  
2.56-CITY PROPERTY,

BE IT ENACTED BY THE CITY COUNCIL FOR THE CITY OF THORNE BAY, ALASKA

- Section 1. Classification. This ordinance is of a general and permanent nature, the chapter and section hereby amended shall be added to the Thorne Bay Municipal Code.
- Section 2. Severability. If any provisions of this ordinance or any application thereof to any person or circumstances is held invalid, the circumstances shall not be affected thereby.
- Section 3. Amendment of Chapter. Amending Chapter 2.56-City Property, is hereby added
- Section 4. Effective Date. This ordinance shall become effective upon adoption.

PASSED AND APPROVED June 2, 2015

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James Gould, Mayor

ATTEST:

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Teri Feibel, City Clerk

[Introduction: May 19, 2015]  
[Public Hearing: June 2, 2015]



ARTICLE IV. DISPOSITION OF CITY-OWNED  
PERSONAL PROPERTY

SECTIONS:

- 2.56.400 Value schedule for disposal of personal property.
- 2.56.410 Competitive bidding not required for sale of surplus or obsolete goods.
- 2.56.420 Surplus stock or obsolete supplies, materials or equipment.
- 2.56.430 Declaration of obsolescence.

ARTICLE V. SALE OF NATURAL RESOURCES

- 2.56.500 Power to dispose of natural resources.
- 2.56.510 Natural resources defined.
- 2.56.520 Sale or disposal-Form.
- 2.56.530 Sale of disposal-Rights and powers.
- 2.56.540 Natural resource exchanges.
- 2.56.550 Public sale-When required.
- 2.56.560 Public sale procedures.
- 2.56.570 Minimum acceptable offer.
- 2.56.580 Conditions of sale.

ARTICLE I. REAL PROPERTY ACQUISITION

2.56.010 Acquisition and ownership-Authority. The city may acquire, own and hold real property within or outside the city boundaries by any lawful means or conveyance. (Ord. 85-06-13-02 § 1.01, 1985)

2.56.020 Real property defined. As used in this chapter, "real property" includes any estate in land, tideland, submerged land, easement, right-of-way, lease, permit, license, franchise, future interest, building, fixture or any other right, title or interest in land or a building. (Ord. 98-15 §§ 3(part), 4(part), 1998: Ord. 85-06-13-02 § 1.02, 1985)

2.56.030 Acquisition-Form. A. The city may acquire, own and hold real property by warranty or quitclaim deed, easement, grant, permit, license, deed of trust, mortgage, contract of sale of real property, plat dedication, lease, tax deed, will or

any other lawful method or mode of conveyance or grant. Real property shall be held in the name of "The City of Thorne Bay, Alaska." Any instrument requiring execution by the city shall be signed by the mayor and attested by the city clerk.

B. Only upon a specific resolution of the city council, may the mayor act on its behalf in the acquisition of real property or interest in real property when the property to be acquired is for a valuable consideration.

C. Prior to approval, the mayor is to furnish the council with an abstract of title, an appraisal of the real property, and a review of any problems in acquisition, but the failure to furnish the council with such material shall not affect the validity of any acquisition or purchase of real property by the city.

D. Unless otherwise provided by council, the city shall purchase marketable title in the real property. Unless otherwise provided by ordinance or resolution, or upon council approval of a purchase, the mayor is authorized to obtain title insurance, to execute any instruments and to take all steps necessary to complete and close the purchase and acquisition of the real property. (Ord. 85-06-13-02 § 1.03, 1985)

2.56.040 Eminent domain-Authority. A municipality may, only within its boundaries, exercise the powers of eminent domain and declaration of taking in the performance of a power or function of the municipality under the procedures set out in AS 09.55.250 through 09.55.460. In the case of a second class city, the exercise of power of eminent domain or declaration of taking must be by ordinance that is submitted to the voters at the next general election or at a special election called for the purpose. A majority of the votes on the question is required for approval of the ordinance. (Ord. 88-34 § 5, 1988)

2.56.050 Eminent domain-Adverse possession. The city cannot be divested of title to real property by adverse possession. (Prior code Ch. 45 § 2)

2.56.060 Acquisition and ownership-Rights and powers. The city shall have and may execute all rights and powers in the acquisition, ownership and holding of real property as if the city were a private person. (Ord. 85-06-13-02 § 1.04, 1985)

2.56.070 Acquisition-Dedication of plat. The city may not acquire any real property by means of a dedication by plat unless the dedication of the real property is accepted in

writing and signed by the mayor. (Ord. 85-06-13-02 § 1.05, 1985)

2.56.080 Industrial sites. The city may acquire, own and hold real property, either inside or outside the city boundaries, for sites available for new industries which will benefit the city. (Ord. 85-06-13-02 § 1.06, 1985)

2.56.090 Federal and state aid. The city may apply for, contract and do all things necessary to cooperate with the United States Government and the state of Alaska for the acquisition, holding, improvement or development of real property within and outside the city boundaries. (Ord. 85-06-13-02 § 1.07, 1985)

2.56.100 Real property as security. The city council may pledge, mortgage or otherwise secure city real property for the payment of city bonded or other indebtedness when required, as authorized by law. (Ord. 85-06-13-02 § 1.08, 1985)

## ARTICLE II. REAL PROPERTY SALES BY THE CITY

2.56.110 Applicability. A. The provisions of this chapter shall constitute the formal procedures for the sale or other permanent disposal of real property or an interest in real property owned by the City of Thorne Bay.

2.56.120 Commencement. A. The disposal process will commence upon, and be further governed and controlled by, a non-code ordinance consistent with the procedures set forth herein, and such other terms or conditions as the council may determine, identifying the particular land to be disposed of and the particular disposal method to be used.

B. Lands may not be sold or otherwise permanently disposed of until the land has been classified or zoned and the council had determined (in a non-code ordinance) that the disposal and subsequent use of the land is in the city's best interest.

C. Where a public hearing reveals that a particular upland or tideland disposal may have significant and wide spread public opposition, the council may require approval of the disposal by the qualified voters of the city.

2.56.130 Without warranty. Real property sold, traded, or exchanged shall be conveyed by the city without warranty; except in cases where a land trade with the federal government cannot proceed unless the city agrees to warrant title to the land

being traded by the city, and any such warranty shall be supported by title insurance.

2.56.140 Appraisal required - Minimum price. Except as otherwise provided in this chapter, the mayor or the mayor's designee may sell, exchange or otherwise dispose of real property, or an interest therein, only after a consideration is determined by the council to be in the best interest of the city or an appraisal of the fair market value thereof by a qualified appraiser obtained by the city and conducted within thirty-six (36) months before the date of the sale, or the use of a comparable property appraisal **or sale** within the last thirty-six (36) months may be used to determine the ~~square-foot~~ value of the property as determined by a vote of the city council. The price shall ~~not be less than the fair market value unless~~ **otherwise** as directed by the city council.

2.56.150 Disposal methods. A. Methods. Land may be disposed of by sealed competitive bid, auction, over-the-counter offerings of unsold remnants of any of the aforesaid processes, equal value, exchange, negotiated sale, or such other lawful methods as the council may approve by non-code ordinance for the specific disposal.

B. Negotiated Sales and Exchanges. Upon authorization by the council by non-code ordinance, the Mayor or City Administrator may commence negotiations for the sale or exchange or other disposal of city land. The final terms of a negotiated disposal are subject to approval by the council unless the minimum essential terms and the authority of the mayor to execute the disposal are set forth in the ordinance authorizing negotiations. The negotiated disposal may not be executed until the effective date of the ordinance.

C. Competitive bidding not required. The mayor or the mayor's designee, after council approval by non-code, non-emergency ordinance, may sell exchange or otherwise dispose of the following real property or an interest therein, without giving an opportunity for competitive bidding.

1. Real property, or an interest therein, to be exchanged for other real property, or an interest therein, which is determined by an appraisal prepared by a qualified appraiser obtained by the city to be at least equal in value to the city owned property or the interest therein that is to be exchanged, or appraisal **or sale** of a comparable parcel within the last thirty-six (36) months and approved by the city council, or if the city's property is determined to be greater in value, if the difference is made up in cash or additional property of equivalent value. The equal-value requirement is not mandatory

in transactions with other government entities. The person receiving the city owned property or interest to be exchanged shall pay the cost of the appraisal, plus survey, platting, recording and all other costs to the city attendant to the transaction; except where the exchange is with a governmental entity whose rules prohibit such payment.

2. Sale, lease, donation, exchange or other transfer of real property, or an interest therein, to or with another municipality, a state, or the United States, when and under such terms and conditions as the council, in its sole judgment, deems advantageous to the city.

3. Parcels of real property **that are, adjacent to an existing parcel or** that are substandard in size ~~or configuration under existing zoning~~ may be disposed of by sale or exchange to the legal owner of adjoining property, with such adjoining parcel to be then re-platted to incorporate therein such ~~substantial~~ parcel sold or exchanged. That the sale price or exchange value shall be at least equal to the fair market value of the city-owned or interest therein transferred which may be determined by using the current assessed value of the property, or appraisal **or sale** of a comparable parcel within the last thirty-six (36) months and approved by the city council.

4. Easements may be released to the legal owner of the servient property when and under such terms and conditions as the council, in its sole judgment, deems advantageous to the city.

5. Or a consideration is determined by the council to be in the best interest of the city.

2.56.160 Disposals for public use. A. Disposal to Governmental Agency. The sale or disposal of land may be made to a state or federal agency for less than the appraised value, provided the council approves the terms and conditions of such disposal by ordinance.

B. Disposal to nongovernmental agency. The sale, ~~lease or other~~ disposal of city land may be made to a private, nonprofit corporation at less than fair market value, provided the disposal is approved by the council by ordinance adopted after fourteen days public notice and the land or interest in land is to be used solely for the purpose of providing a service to the public which is supplemental to a governmental service or is in lieu of a service, which could or should reasonably be provided by the state or the city.

2.56.170 Disposal procedures. A. Conduct of Sale. The mayor or his designee shall conduct sales in accordance with the

ordinance approved by the council for a specific sale. The **mayor or his designee** ~~city administrator~~ shall prescribe the procedures for the conduct of the sale to the extent not provided by this chapter or otherwise prescribed by the council for a specific sale.

**B. Advertisement for Parcels requiring competitive bidding.**

1. The city shall publish notice in a newspaper of general circulation once per week for two weeks and the notice in at least three public places within the city at least thirty days prior to the sale date. The notice shall contain a general description of the types and locations of the parcels available, the terms and conditions of purchase, the last day upon which a person may register for the sale, the date, time and place of any sale activities, and the name, address and telephone number of the person or office to contact for sale or registration forms and further information.

2. Public notice as set forth above shall be required prior to all sales or other permanent disposals.

C. Qualifications. To qualify to purchase city lands, an individual must be eighteen years of age or older; a corporation must be registered to do business in the state. No person, corporation or other entity may register or bid if they have failed to remedy a default on a prior sale or lease of city real property, or if they have failed to pay in full the amount of any judgment obtained against them by the city from a court of law.

**D. Conditions of Sale.**

1. The buyer shall pay all closing costs, including fees for preparation of documents, escrow fees and recording fees.

2. The city reserves the right to require, in the event the buyer desires to remove or cause to be removed, merchantable timber, sand or gravel, or other materials, that prior to commencement of such activity, the entire remaining principal and accumulated interest, or any unpaid portion of the purchase price, be paid in full to the city.

3. The city council shall consider placing restrictive covenants, reversionary clauses, performance bond requirements, or other similar restrictions in the deeds, or require the submission of a development plan when deemed reasonably necessary to protect the public health and welfare or to uphold the city's ordinances, costal management plan or other officially adopted land use plans.

E. Subsequent Transfers. Any subsequent transfer or sale of the property by the buyer prior to full payment therefore shall require the prior written approval of the city, followed

by the transferee's assumption of any remaining balance on the original buyer's promissory note and the original buyer's deed of trust to the city. The city may withhold approval based on lack of credit worthiness of the proposed transferee or other commercially reasonable grounds, in which case the sale or transfer shall not be made unless the entire remaining balance due the city is paid in full either prior to or as part of the buyer's sale transaction.

ARTICLE III. LONG TERM LEASE OR SHORT TERM LEASE OF CITY-OWNED REAL PROPERTY

2.56.190 Lands available for leasing - classification of lands.

A. All lands and interest in land owned by the city, including tide and submerged lands, may be leased or rented as hereinafter provided. Thorne Bay R.V. Park, Thorne Bay Harbor Facilities, Parking and other service rented by the day, week, month or year are regulated in other sections of the Thorne Bay Municipal Code.

B. Before accepting applications to lease lands, the city shall have zoned by ordinance or otherwise classified the lands in question for leasing and for particular land uses. No lease shall be granted except for the particular uses for which the tract is zoned or classified. The classification of a tract of leased land may be changed by ordinance after consideration by the ~~planning and zoning commission.~~ **City**

C. No city-owned property shall be leased or otherwise developed prior to the assignment of a particular zone or the repeal of the reserved use classification.

D. Long Term Lease. A long term lease herein referred to as "Lease" may not exceed ~~20~~**30** years. A renewal option exercisable at the discretion of the lessee with approval of the city council may extend a long term lease for an additional periods of time not to exceed ~~20~~**30** years. Long term leases are subject to terms set forth in Article III.

E. Short Term Lease. A short term lease herein referred to as "Rental Agreement" may not exceed ~~4~~**5** years. A renewal option exercisable at the discretion of the lessee with approval of the city council may extend a short term lease for an additional periods of time not to exceed ~~four~~**5** years. Short term leases are subject to the specific short term lease terms set forth in Article III.

2.56.200 Levels of approval required. A. Except as provided in subsection B and C, leases of city-owned property shall be authorized by non-code ordinance.

B. Leases valued at ten thousand dollars or less and for a lease term (including the lessee's rights of renewal) of ~~four~~ 5 years or less, and involving two acres or less, may be authorized by the council by resolution.

C. All short term leases or rental agreements may be authorized by the city council.

2.56.210 Minimum Rent. A. ~~Minimum rate Rent Except for short term leases and lands leased for public use, no land shall be leased for an annual rent less than eight percent of the appraised value of the land and any improvements thereon owned by the city shall be derived through negotiations with the City based on the best interest of the city. All monthly or annual rents or lease payments shall be reviewed and adjusted, at a minimum, every five (5) years unless provisions are spelled out within the lease or rental agreement for automatic adjustments to the rent or lease payments. Facilities for supply utility services shall not be considered as such improvements. The city council may, for a consideration determined by the council to be in the best interest of the city, set annual rent more or less than eight percent of the appraised value.~~

B. Public Use. City lands may be leased **or rented** to any state or federal agency or political subdivision of the state or to a nonprofit organization ~~for less than eight percent of the appraised value, and for a consideration determined by the council to be in the best interest of the city.~~

C. Appraisal. With the exception of the public uses described in paragraph B of this section, **the City Council may determine it is in the best interest of the city, that prior to leasing of** ~~no land shall be leased, or a renewal renewal of a lease issued therefore, unless that the land has been be appraised according to Municipal Code. or a consideration is determined by the council to be in the best interest of the city.~~

D. Short Term Leases. With the exception of the public uses described in paragraph B of this section, all lands leased through a short term lease "rental agreement", or a renewal lease issued therefore, shall be negotiated by the city and approved by the city council.

2.56.220 Term of leases. A. Long Term Lease will be negotiated between the applicant and the city and be for a term not to exceed ~~20~~ 30 years with the option of renewal. The applicant shall state in the application the term desired. In determining whether to grant a lease for the requested term, the

council shall consider the nature, extent and cost of the improvements which the applicant agrees as a condition of the lease to construct thereon, the value of the other relevant factors. The term of any given lease shall depend upon the desirability of the proposed use, the amount of investment and improvements proposed to be made by the lessee, and the nature of the improvements proposed with respect to the durability and time required to amortize the proposed investment. A renewal option exercisable at the discretion of the lessee shall be ~~counted~~ **considered** in determining the term of the lease for purposes of this subsection. B. Short Term Lease will be negotiated between the applicant and the city and be for a term not to exceed ~~4~~**5** years with the option of renewal. The applicant shall state in the application the term desired. In determining whether to grant an agreement for the requested term, the council shall consider the nature, extent and cost of the improvements which the applicant agrees as a condition of the rent to construct thereon, the value of the other relevant factors. The term of any given rental agreement shall depend upon the desirability of the proposed use, the amount of investment and improvements proposed to be made by the renter, and the nature of the improvements proposed with respect to the durability and time required to amortize the proposed investment. A renewal option exercisable at the discretion of the lessee shall be ~~counted~~ **considered** in determining the term of the rental agreement for purposes of this subsection.

2.56.230 Public Notice. Public Notice for competitive leasing shall be given ~~prior to long term leasing of city owned land~~, as stated in Section 2.56.240 of the Thorne Bay Municipal Code. A Thirty day notice shall be given by posting notice thereof in three public places and by publication in a newspaper of general circulation *twice*. The notice must contain the name of the applicant, a brief description of the land, its area and general location, proposed use, term, computed annual minimum rent, limitations if any, a declaration stating the particular method of disposal to be used and the time and place set for a hearing on the proposed lease.

| 2.56.240 **Leasing Land - Negotiated or ~~competitive~~ Competitive leasing.** **A. Negotiated leasing may be conducted with a single prospective lessee or renter through the use of resolution. B. Competitive leasing may be conducted if determined by the City, through a no code ordinance and competitive bidding requirements. Unless the council determines by resolution that a particular leasing transaction should proceed by negotiation with a single prospective lessee,**

~~competitive bidding will be utilized. The city council may elect to forgo competitive bidding requirements for negotiations with a single prospective lessee or renter.~~

2.56.250 Applications, fees, terms, and payments for competitive bidding.

Unless otherwise provided by the council in the ordinance or resolution authorizing the lease of specific lands, the following procedures shall be followed for competitive bidding:

A. Qualifications of applicants or bidders. An applicant or bidder for a lease is qualified if the applicant or bidder:

1. Is eighteen years of age or over;
2. Is a group, association, partnership or corporation which is authorized to conduct business in the State of Alaska; or
3. Is acting as an agent for another meeting one of the above criteria, and has qualified by filing with the administrator or his designee, prior to the time set for the disposition, a power of attorney or a letter of authorization creating such agency. The agent shall represent only one principal, to the exclusion of himself.

B. Applications for lease. All applications for lease of lands shall be filed with the City Clerk on forms provided by the city. Only forms completed in full and accompanied by a one hundred dollar (\$100.00) nonrefundable filing fee will be required for filing. Applications that qualify as a public use as defined in 2.56.210 (B) may be exempted from the filing fee. With every application the applicant shall submit a development plan showing and stating:

1. The purpose of the proposed lease;
2. The use, value and nature of improvements to be constructed;
3. The type of construction;
4. Dates construction is estimated to commence and be completed; and
5. Whether the intended use complies with the zoning and the Thorne Bay land use code.

C. Deposits for Cost. All applications filed with the city clerk will be forwarded to the administrator to determine estimated costs required to handle the application, including, but not limited to one or more of the following: survey, appraisal, and advertising of the proposed lease of the area under application. Upon determination of the estimated costs, said official shall notify the applicant in writing of such costs, and a deposit thereof must be made within thirty calendar

days after the notice is mailed. Failure of the applicant to pay the deposit shall result in the application being cancelled. If the applicant does not accept a lease within thirty-calendar days after it is offered to the applicant, all deposit money spent or encumbered for survey, appraisal or advertising shall be forfeited, and the balance, if any, shall be returned to the applicant. If the land applied for is leased to another, the latter shall be required to pay actual costs of survey, appraisal and advertising, and the original deposit shall be returned to the depositor. The lessee shall be required to pay any excess of costs over deposits, and where the deposit exceeds actual costs, the excess shall be credited to present or future rents under the lease. All survey, appraisal and advertising shall be performed only under the control of the city, and any such work done without such control will not be accepted by the city.

Those applications defined as a public use in 2.56.210 may be exempted from the requirements of this subsection.

2.56.260 Competitive bidding -- Appeals. A. Where competitive bidding is used, the city may either require written sealed bids stating the annual rental amount offered, or hold an auction on the rent amount. Only applicants who have completed the application requirements to the city's satisfaction (including submittal of a development plan and the deposits for cost) shall be qualified to bid. The City may base its award of lease on a combination of factors (including the development plan and the extent to which the proposed project will meet community needs) rather than solely upon rental amount bid. The city reserves the right to reject all bids and return the deposits to the applicants.

B. Appeal. In cases involving competitive bidding, an aggrieved bidder may appeal the determination of the winning bid to the council with five days (excluding Saturday and Sunday) following such determination. Such appeals must be in writing, signed and notarized and contain a short statement of the grounds for appeal. The council shall within thirty days after receipt of a timely appeal review the asserted grounds for appeal and rule on the appeal. The council's decision shall be final.

C. Lease to Successful Bidder. Following the appeal period or the council's ruling, the city administrator shall notify the successful bidder that the city is prepared to issue an appropriate lease. The bidder shall be given thirty calendar days from date of mailing the notice in which to remit to the city clerk any bid balance. Failure to do so shall result in forfeiture of any and all rights previously acquired in the

proposed lease, and in addition, any monies paid or deposited with the city shall be forfeited.

D. Issuance of Lease. After expiration of the appeal period, or after the ruling on the appeal to the council, the administrator shall cause a lease to be issued and executed containing such terms as the council shall have established.

2.56.270 Negotiated leases. ~~Upon authorization by the city council by ordinance or resolution, t~~

The city administrator may commence negotiations **with a single prospective lessee** for the lease of city land. The final terms of a negotiated lease are subject to approval by the council **through a resolution for Short Term Lease and no code ordinance for a Long Term Lease.** ~~unless the minimum essential terms and the authority of the administrator to execute the lease are set forth in the ordinance or resolution authorizing negotiations.~~ The negotiated lease may not be executed until the effective date of the ordinance or resolution.

2.56.280 Rights prior to leasing. A. The filing of an application for a short or long term lease shall give the applicant no right to a lease nor to the use of the land applied for.

B. Any use of city-owned property not authorized by a short or long term lease shall constitute a trespass against the city.

2.56.320 Terms and conditions of long term leases and short term leases (rental agreements). In addition to other applicable provisions of this code, the terms, conditions and covenants following as subsections A. through V. of this section shall govern all long term leases and may govern short term leases (rental agreements) made under the provisions of this chapter and shall be as a matter of law incorporated in all such leases of land made, or issued by the city unless the council by resolution provides otherwise as to a specific lease, and are incorporated as though set out in full in the lease. Each lease shall contain such additional provisions as the council deems necessary to protect the public interest. Violation by the lessee of any duty of lessee's contained in subsections A through V shall be grounds for the city's termination of the lease, if, following written notice to lessee of lessee's breach, lessee has not in thirty days entirely remedied the breach to the city's satisfaction. **All long term and short term leases shall be reviewed every five years**

**throughout the life of all leases. Additions, modifications, adjustments or changes may be made to all leases at the time of review.**

A. Lease Utilization. Leased lands shall be utilized only for purposes within the scope of the applicable land use classification or zoning and the terms of the lease, and in conformity with the ordinances of the city. Utilization or development for other than the allowed uses shall constitute a violation of the lease and subject the lease to cancellation by the city at any time.

B. Adjustment of Rent **for long term or short term leases.** The annual rent payable pursuant to any lease becomes subject to adjustment by the council on the ~~fourth~~**fifth** anniversary of the date of the lease and at each ~~four~~**five** year interval thereafter unless specified otherwise in said lease. The adjusted annual rent shall be computed at that percentage of the fair market value of the land as set by the lease, inclusive of any improvements thereon made by the city, or a consideration is determined by the council to be in the best interest of the city, but exclusive of any portion of value created by expenditures by lessee, except that the value of any improvements credited against rentals shall be included in the value. Such fair market value shall be determined by the City Administrator and reviewed and approved by the council. The lessee may obtain council reconsideration of the council's prior approval of the appraiser's figure for market value by giving written notice of request for reconsideration within ten days after the council's original decision, and by thereafter presenting an alternative appraisal, prepared by a Member of the Appraisal Institute (MAI) within ninety days after the council's original decision. The council shall, upon presentation of the lessee's evidence, within thirty days decide the final market value to be used in adjusting the rent. The new rental amount shall be effective at the beginning of the three-year interval to which it applies.

C. Subleasing. The lessee may sublease lands or any part thereof leased to him hereunder, provided that the lessee ~~first~~ obtains the approval of the council to such sublease. Leases not having improvements thereon shall not be sublet. Subleases shall be in writing, and subject to the terms and conditions of the original lease and such further terms and conditions, as the council may deem appropriate including adjustments to rents and conditions. A copy of the sublease shall be filed with the city administrator.

D. Assignments. The lessee may assign the lease issued to him, provided that the proposed assignment shall be

first approved by the city council under such further terms and conditions as the city council may deem appropriate. The assignee shall be subject to all of the provisions of the original lease, and the assignor shall not be relieved of his obligations there under. A copy of any assignment shall be filed with the city administrator.

E. Modification. Any modification or amendment of a lease shall be in writing, signed by both the city and the lessee. Modification of any lease requires authorization by ordinance or resolution **depending how the lease was issued.** ~~in the case of a lease negotiation with a single prospective lessee.~~

F. Cancellation and Forfeiture.

1. Leases in good standing may be cancelled in whole, or in part, at any time, upon mutual written agreement by lessee and the council. Any lease may, at the council's option, include a term providing that the lease may be terminated by the lessee upon ninety days' notice in writing to the city before the end of an annual rental period **unless stated otherwise in the lease.**

2. If the lessee defaults in the performance or observance of any of the lease terms, covenants or stipulations, or any applicable term of this chapter, or any portion of the city code as applied to the property in question, the lessee is automatically in default on the lease by operation of law.

**Occurring debt with the city shall constitute a default.** If such default continues for thirty calendar days after service upon lessee of written notice of default by the city without remedy of lessee of the default, the council shall take such action as is necessary to protect the rights and best interest of the city, including the exercise of any or all rights after default permitted by the lease. Lessee may remove no improvements during the time the lessee is in default.

3. The city may cancel the lease if the land is used for any unlawful purpose.

4. Failure to make substantial use of the land, consistent with the proposed use, within one year shall with the approval of the council constitute grounds for cancellation. This time period may be extended by the council by resolution.

G. Site contamination Prohibited-Environmental Compliance Required.

1. Any violation, at the site of the leased land, by lessee, or by a third party present upon the land with lessee's permission, of an environmental statute or regulation of the city, state or federal governments shall be grounds for immediate termination of the lease by the city, at the city's

sole discretion. By entering into the lease, the lessee agrees not to make any claim for monetary damages against the city for lease cancellation pursuant to this subsection.

2. The lessee shall at all times manage lessee's activities upon the leased lands, and the activities of third parties present with lessee's permission, so as to positively prevent any and all contamination of the site which would violate any statute or regulation, which could subject the city to enforcement action by a state or federal agency, or which could subject the city to statutory or common law liability, diminish the value of the land, or cause city expenditures for response costs caused by a hazardous substances release.

3. By entering into the lease, the lessee agrees to defend and indemnify the city from and against any and all claims by third parties (including governmental entities and industry pollution-based claims) brought against city by reason of activities on the land during the period of lessee's lease.

4. By entering into the lease, the lessee agrees to reimburse the city for any and all expenses reasonably incurred by the city (including any response or site cleanup costs) because of activities on the land during the period of lessee's lease.

H. Rights of Mortgagee or Lien holder. In the event of cancellation or forfeiture of a lease for cause, the holder of a properly recorded mortgage of the improvements on the land shall be given a duplicate copy of any notice of default in the same manner as notice is given the lessee, provided such mortgagee has given the city clerk notice of such mortgage and the mortgagee's address.

I. Payment of Annual Rentals. Unless otherwise provided by the council by ordinance **or resolution, all the following lease payment schedules shall apply: Annual rentals and lease payments shall be due and payable on the first of the month. Payments not made by the 10<sup>th</sup> of the month shall be considered delinquent.** ~~of five hundred dollars or less shall be paid annually in advance. (Annual rentals of more than five hundred dollars but less than five thousand dollars shall be prorated and paid in advance every calendar quarter.) Annual rentals of five thousand dollars or more shall be prorated and paid in advance each calendar month.~~

J. Entry and Re-entry. In the event the lease is terminated, or in the event that the demised lands, or any part thereof, are abandoned by the lessee during the term, The city or its agent or representative may, immediately or any time thereafter, reenter and resume possession of such lands or such part thereof, and remove all persons and property there from either by summary proceedings or by a suitable action or

proceeding at law without being liable for any damages therefore. No reentry by the city shall be deemed an acceptance of a surrender of the lease.

K. Re-Lease. In the event that a lease is terminated, the city council may offer the lands for lease or other appropriate disposal pursuant to the provisions of this Chapter.

L. Forfeiture of Rental. In the event that the lessee terminates the lease because of any breach, the rental payment last made by the lessee shall be forfeited and retained by the city.

M. Written Waiver. The receipt of rent by the city with knowledge of any breach of the lease by the lessee, or of any default on the part of the lessee in observance or performance of any of the conditions or covenants of the lease, shall not be deemed to be a waiver of any provision of the lease. No failure on the part of the city to enforce any covenant or provision of the lease, nor any waiver of any right thereunder by the city unless in writing, shall discharge or invalidate such covenants or provisions or affect the right of the city to enforce the same in the event of any subsequent breach or default. The receipt by the city of any other sum of money after the termination in any manner, of the term demised, or after the giving by the city of any notice thereunder to effect such termination, shall not reinstate, continue or extend the resultant term therein demised, or destroy, or in any manner impair the efficiency of any such notice or termination as may have been given thereunder by the city to the lessee prior to the receipt of any such sum of money or other consideration, unless so agreed to in writing and signed by the city administrator.

N. Expiration of Lease. Unless the lease is renewed or sooner terminated, as provided herein, the lessee shall peaceably and quietly leave, surrender and yield up unto the Lessor all of the leased land on the last day of the term of the lease.

O. Renewal of Lease.

1. Upon the expiration of the term of any lease, or the cancellation of a lease by mutual consent of all parties, thereto, the council may grant a new lease to the lessee or his assignee who owns valuable improvements thereon, ~~without competitive bidding,~~ provided:

a. The lessee or his assignee makes written application therefore at least ninety days prior to such termination;

b. The lessee is not in default under the lease;

c. The use to which the land is to be put is compatible with the current use classification (or with such new classification as the council may adopt effective at the end of the current lease term) or with the applicable zoning provisions;

d. The lessee's improvements on the leased land are in compliance with applicable building codes, fire and safety codes;

e. The lessee has complied with all requirements of the lease, particularly including the provisions of subsection G of this section, and there are no outstanding and unresolved environmental enforcement actions pertaining to the leased premises;

f. The lessee is current in all monetary obligations to the city, including property taxes, sales taxes, utility bills, and rents for any other lands leased from the city; and

g. Mutually agreeable terms, consistent with the provisions of this chapter governing lease terms, are negotiated by the city and the prospective lessee.

2. Such lease shall be for an annual rent equal to the ~~percentage of the appraised~~ value of the land which is then being charged for new leases or a consideration is determined by the council to be in the best interest of the city, and shall be subject to adjustment on every ~~third~~ **fifth** anniversary

3. Any renewal preference granted the lessee is a privilege, and is neither a right nor bargained for consideration.

P. Removal or Reversion of Improvements upon Termination of Lease. Improvements owned by a lessee may within thirty calendar days after the termination of the lease be removed by him, provided, such removal will not cause injury or damage to the lands or improvements demised; and further provided that the city council may extend the time for removing such improvements in cases where hardship is proven. All periods of time granted the lessee to remove improvements are subject to the lessee paying to the city pro rata lease rentals for such periods. If any improvements and/or chattels are not removed within the time allowed, such improvements and/or chattels shall revert to, and absolute title shall vest in, the city.

Q. Inspection. The lessee shall allow an authorized representative of the city to enter the leased land at any reasonable time for the purposes of inspecting the land and improvements thereon. Upon the city's request, the lessee shall permit an authorized representative of the Alaska Department of Environmental Conservation (ADEC) to make an environmental audit of the leased premises. Notwithstanding any confidentiality

provisions in federal or state law, by entering into the lease, the lessee agrees that the results of any environmental audit of the premises made by or at the order of any state or federal agency shall be made available to the city as land owner.

R. Use of Material. All coal, oil, gas and other minerals, and all deposits of stone, earth or gravel valuable for extraction or utilization, are reserved by the city and shall not be removed from the land except with written permission of the council. The lessee shall not sell or remove for use elsewhere any timber, stone, gravel, peat moss, topsoil, or any other material valuable for building or commercial purposes; provided, however, that material required for the development of the leasehold may be used, if its use is first approved by the council in writing.

S. Rights-of-way. The lessor expressly reserves the right to grant easements or right-of-way across leased land if it is determined in the best interest of the city to do so. If the lessor grants an easement or right-of-way across any of the leased land, the lessee shall be entitled to damages for all lessee-owned improvements destroyed or damaged. Damages shall be limited to improvements only and loss shall be determined by fair market value. Annual rentals may be adjusted to compensate the lessee for the loss of uses.

T. Warranty. The city does not warrant by its zoning, classification or leasing of land that the land is ideally suited for the use authorized under the zoning, classification or lease, and no guaranty is given or implied that it will be profitable to employ the land for said use.

U. Notice or Demand. Any notice or demand, which under the terms of a lease or under any statute must be given or made by the parties thereto, shall be in writing, and be given or made by registered or certified mail, addressed to the other party at the address of record. However, either party may designate in writing such new or other address to which such notice or demand shall thereafter be so given, made or mailed. A notice given hereunder shall be deemed delivered when deposited in the U.S. mails enclosed in a registered or certified mail prepaid envelope addressed as herein provided.

V. Additional Lease Terms. Any lease shall contain such additional limitations, reservations, requirements or special conditions as the council may determine are appropriate to protect the city's interest, including (without limitation) requirements (a) for improvements of a specified kind and value to be constructed or located on the land by the lessee within a specified time period, (b) for the lessee to complete the improvements set forth in the development plan submitted with the lease application within a specified time period, or (c)

requirements that the lessee indemnify the city against the third party claims for personal injury or property damage arising from lessee's occupancy of the land, and support that indemnification with liability insurance naming the city as an additional insured.

#### ARTICLE IV. DISPOSITION OF CITY-OWNED PERSONAL PROPERTY

2.56.400 Value schedule for disposal of personal property.

A. Personal property, other than surplus stock, valued at less than five thousand dollars may be disposed of upon such notice and terms considered reasonable by the mayor, taking into consideration the value of the article, the reason for disposal, and the general preference for disposal by competitive bid. The mayor shall report disposals to the council.

B. Personal property valued at more than five thousand dollars but less than ten thousand dollars may be disposed of upon such notice and terms considered reasonable by the mayor and approved by the city council by resolution, taking into consideration the value of the article, the reason for disposal, and the general preference of disposal by competitive bid.

C. Personal property valued at more than ten thousand dollars, but less than one hundred fifty thousand dollars shall be disposed of in the manner provided for land under one hundred fifty thousand dollars as required in subsection B of Section 2.56.160.

D. Personal property valued at more than one hundred fifty thousand dollars shall be disposed of in the manner provided for land over one hundred fifty thousand dollars as required in subsection C of Section 2.56.160. (Ord. 98-15 §§ 3(part), 4(part), 1998: Ord. 85-06-13-02 § 4.01, 1985)

2.56.410 Competitive bidding not required for sale of surplus or obsolete goods. The mayor may sell the following without giving an opportunity for competitive bidding:

A. Surplus Stock or obsolete supplies, materials or equipment whose total value does not exceed five thousand dollars in a single transaction.

B. Supplies, materials or equipment when sold at a price at least as great as that paid by the city for the same. (Ord. 98-15 §§ 3(part), 4(part), 1998: Ord. 85-06-13-02 § 4.02, 1985)

2.56.420 Surplus stock or obsolete supplies, materials or equipment. A. All city departments shall submit to the mayor or the mayor's designee at such times and in such form as the mayor shall prescribe, reports showing stocks of all supplies,

materials or equipment that are no longer used or that have become obsolete, worn out or scrapped.

B. The mayor or the mayor's designee shall have the authority to transfer surplus stock from one city department to another and provide for proper fiscal transfer of such.

C. The mayor or the mayor's designee, with the approval of the city council by resolution shall have the authority to sell all surplus stock or obsolete supplies, materials or equipment valued at over five thousand dollars in a single transaction, that have become unsuitable for public use, or to exchange the same for or trade-in the same on any new stock, supplies, materials or equipment.

1. Sales of surplus stock or obsolete supplies, materials or equipment valued at over five thousand dollars under this section shall be made to the highest responsible bidder.

2. The mayor or the mayor's designee shall conduct the sale and issue the certificates of sale to the purchaser of surplus stock or obsolete supplies, materials or equipment. (Ord. 98-15 §§ 3(part), 4(part), 1998: Ord. 85-06-13-02 § 4.03, 1985)

2.56.430 Declaration of obsolescence. No surplus stock or obsolete supplies, materials or equipment having a value of more than five thousand dollars may be sold until the city council by resolution shall have declared them obsolete or surplus. (Ord. 98-15 §§ 3(part), 4(part), 1998: Ord. 85-06-13-02 § 4.04, 1985)

#### ARTICLE V. SALE OF NATURAL RESOURCES

2.56.500 Power to dispose of natural resources. Except as provided herein, the city may sell, convey, exchange, transfer, donate, dedicate, direct or assign to use, or otherwise dispose of city-owned natural resources by any lawful means of conveyance. (Ord. 98-15 § 4(part), 1998)

2.56.510 Natural resources defined. As used in this chapter, "natural resources" includes any timber, rock, minerals, water, or other materials created by natural causes. "Natural resources" also includes trees or plants planted by man. (Ord. 98-15 § 4(part), 1998)

2.56.520 Sale or disposal-Form. The city may sell or dispose of natural resources by any lawful means. Any instrument requiring execution by the city shall be signed by

the mayor or the mayor's designee and attested by the city clerk. (Ord. 98-15 § 4(part), 1998)

2.56.530 Sale or disposal-Rights and powers. Except as provided herein, the city shall have and may exercise all rights and powers in the sale and disposal of natural resources as if the city were a private person. The city may sell or dispose of any natural resource, including natural resources acquired or held for or devoted to a public use, when in the judgment of the city council it is no longer required for city purposes. (Ord. 98-15 § 4(part), 1998)

2.56.540 Natural resource exchanges. The city council by resolution may approve the conveyance and exchange of natural resources, **exceeding five thousand dollars**, for equivalent natural resources, or for goods and services subject to such conditions as the council may impose on the conveyance or exchange, whenever, in the judgment of the city council, it is advantageous to the city to make the natural resource exchange. (Ord. 98-15 § 4(part), 1998)

2.56.550 Public sale-When required. Unless otherwise provided in this chapter, natural resources no longer used or useful for a public use or purpose, exceeding five thousand dollars, shall be sold to the highest responsible bidder at a public sale. (Ord. 98-15 § 4(part), 1998)

2.56.560 Public sale procedures. Natural resources of the city, except as otherwise provided in this chapter, shall be sold or otherwise disposed of as follows:

A. The city council shall make a determination that the natural resource exceeding five thousand dollars is no longer used or useful for a public use or purpose and shall recommend that the natural resource be sold.

B. An estimated value of the natural resource shall be made using the best available information to determine current market value.

C. After the estimated value of the natural resource has been determined, the city council may by resolution direct the sale of such natural resource under such terms and conditions as is required, including the minimum offered sales price.

D. Notice of disposition and the manner in which the natural resource is to be disposed of shall be published in a newspaper of general circulation within the city once each week for two successive weeks not less than thirty days prior to the date set for the public sale.

E. Notice shall also be posted in at least three public places within the city for at least thirty days prior to the date set for the public sale.

F. The notice must contain a brief description of the natural resource, its location, terms and conditions of sale, minimum offered sales price, and the time and place set for auction or bid opening. (Ord. 98-15 § 4(part), 1998)

2.56.570 Minimum acceptable offer. If there are no acceptable offers, the mayor, or the mayor's designee may negotiate for the sale of natural resources but the city council must, by resolution, approve the terms, price, and conditions of any such negotiated sale, **exceeding five thousand dollars**, before such sale shall be binding upon the city. (Ord. 98-15 § 4(part), 1998)

2.56.580 Conditions of sale. The city council, in the resolution authorizing the sale of natural resources **exceeding five thousand dollars**, shall set forth the terms and conditions of the public sale. The council reserves the right to reject any and all bids received at the public sale, if the highest bid is below the minimum offered sales price plus the cost of sale or is not made by a responsible bidder. The resolution shall provide if the sale is for cash, or cash deposit and purchase agreement. The city council shall approve any purchase agreement prior to its execution by the city. The approval of any public sale by the council authorizes the mayor or the mayor designee to take all steps and execute all instruments to complete and close the sale. The mayor, or the mayor's designee, shall conduct the sale, and shall give to the buyer a receipt for all moneys received by the city. A purchaser at a public sale who fails to make such other cash payments within the times required by the resolution shall forfeit any cash deposit paid to the city. (Ord. 98-15 § 4(part), 1998)

CITY OF THORNE BAY  
ORDINANCE 15-06-02-02

AN ORDINANCE OF THE CITY COUNCIL FOR THE CITY OF THORNE BAY, ALASKA,  
AMENDING TITLE 3-REVENUE AND FINANCE,

BE IT ENACTED BY THE CITY COUNCIL FOR THE CITY OF THORNE BAY, ALASKA

- Section 1. Classification. This ordinance is of a general and permanent nature, the chapter and section hereby amended shall be added to the Thorne Bay Municipal Code.
- Section 2. Severability. If any provisions of this ordinance or any application thereof to any person or circumstances is held invalid, the circumstances shall not be affected thereby.
- Section 3. Amendment of Section. The title and chapter of Title 3-Revenue and Finance; is hereby amended.
- Section 4. Effective Date. This ordinance shall become effective upon adoption.

PASSED AND APPROVED June 2, 2015

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James Gould, Mayor

ATTEST:

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Teri Feibel, CMC

[Introduction: May 19, 2015]  
[Public Hearing: June 2, 2015]

REVENUE AND FINANCE  
**Chapter 3.17**  
**CONSUMER'S SALES TAX**

**Sections:**

- 3.17.010 Definitions.
- 3.17.011 Delivery charges.
- 3.17.012 Employees/subcontractors--Sale of services.
- 3.17.013 Multijurisdictional services.
- 3.17.020 Levy of tax.
- 3.17.030 Duty of seller to collect.
- 3.17.035 Temporary Suspension of Sales Tax Collection.
- 3.17.040 Tax added to sales price.
- 3.17.050 Unlawful for seller to fail to collect.
- 3.17.051 Collection of sales tax and not due.
- 3.17.060 Tax to be paid quarterly.
- 3.17.065 Registration.
- 3.17.070 Duty to keep books--Investigation.
- 3.17.080 Penalty and interest on delinquent taxes.
- 3.17.085 Sales tax liens.
- 3.17.090 Sale of business--Final return--Liability of purchaser.
- 3.17.100 Exemptions.
- 3.17.110 Sales tax exemption for the elderly.
- 3.17.120 Unlawful to misrepresent exemptions.
- 3.17.130 Use of proceeds of sales tax.
- 3.17.150 Regulations authorized.
- 3.17.180 Protest of tax
- 3.17.190 Forgiveness of uncollected taxes, penalties and interest.
- 3.17.200 Appeals.
- 3.17.210 Clerical errors or omission - refund of sales tax; penalty and interest.

**3.17.010 Definitions.** For the purposes of this chapter, the following words and phrases have the meanings respectively ascribed to them:

(1) "Buyer" or "consumer" means and includes, without limitation on the generality of the terms, every individual, receiver, assignee, trustee in bankruptcy, trust, estate, firm, co-partnership, joint venture, club, company, business trust, corporation, association, society, or any group of individuals acting as a unit, whether mutual, cooperative, fraternal, nonprofit or otherwise.

(2) "Remuneration for services" means and includes the gross remuneration received for furnishing labor and materials for accomplishing a specified result, including travel and adventure services, and rentals of all types, including but not limited to rentals of equipment, buildings, lands and materials. It shall not be construed to include salaries or wages received by an employee from an employer.

(3) "Retail sale" or "sale at retail" means any nonexempt sale of services, rentals, or tangible personal property made to a buyer who intends to use, consume, or receive the item or services purchased for his own personal use as the ultimate consumer **with no intention to sell the item again, whether to be sold in the same form as received, or in the some modified condition or after fabrication or use with some other substance or item.** ~~with no intention to sell the item again, whether to be sold in the same form as received, or in some modified condition or form or after fabrication or use with some other substance or item.~~

Notwithstanding any other provision of this chapter, arrangements made with another person or agent, including, but not limited to, a travel agent, broker, representative, tour operator, tour marketer, or cruise ship line, by a provider of services, rentals or goods to market such services, rentals, or goods, (including travel and adventure services) or to provide such services, rentals or goods to another person, or the transfer to the buyer of the right or privilege to receive or assign such services, rentals or goods, is a taxable sale by such provider, and such provider is a seller for purposes of this chapter. The point of delivery of services, rentals, or tangible property is the point at which the sale is deemed to have occurred except purchase of city harbor privileges as provided in (c) of this section. (a) The sale is subject to the city's sales tax when the point of delivery of tangible personal property is within the city. (b) Where a real estate rental is located or where other rental property is delivered in the city, the sale of the same is subject to the city's sales tax. (c) Where a buyer receives a service within the limits of the city, and the service begins and ends therein, or, where the buyer receives an entire service therein, the sale of the same is subject to the city's sales tax; provided, however, purchase from the city of the privilege to use any harbor facilities owned or operated by the city shall be deemed to be a transaction and sale that shall be taxable unless otherwise made

exempt by this code. (d) A person who furnishes proof, in the form required by the revenue collector, that he has paid a sales tax in some jurisdiction other than ~~the borough or~~ the city, on the sale of services, rentals, or tangible personal property, is required to pay the City's sales tax only to the extent between the amount of the sales tax so paid elsewhere and the amount of the sales tax levied by the City. This paragraph applies to a sales tax levied in any taxing jurisdiction whether in or outside the state.

(4) "Sale for resale" means the sale of tangible personal property to a buyer whose principal business is the resale of the property whether in the same or an altered form and who holds a valid resale certificate issued by the City of Thorne Bay. Sale for resale also means the provision of services to a broker whose principal business is the resale of those services to an ultimate consumer and who holds a valid resale certificate issued by the City of Thorne Bay. Resale certificates do not apply to: travel and adventure services if the sale is to a person who would be entitled to claim the exemption provided by section or supplies purchased by travel and adventure service providers, hotels/motels, lodges, apartment/house rentals, or bed and breakfasts which are not separately charged to the consumer when resold.

(5) "Sales tax" means and includes the tax herein levied on gross revenues derived from all taxable commercial retail sales, rentals and services, including sales of travel and adventure services, said revenues being computed in dollars and cents and the tax payable by the seller, the person performing the services, or the person receiving gross revenues from rentals, to the city.

(6) "Sales price" means and includes the consideration, whether money, credit, rights, or other property expressed in terms of money paid or delivered by a buyer to a seller, all without any deduction on account of the cost of property sold, the cost of materials used, labor costs, discount, delivery costs, or any other expenses whatsoever paid or accrued, and without any deduction on account of losses.

(7) "Seller" means and includes every person making sales at retail, including travel and adventure services, to a buyer or consumer whether as agent, broker or principal, and the term

also means and includes persons performing services for remuneration as well as persons receiving gross revenues derived from rents.

(8) "Single-unit sale" means the sale of a separate, single item or service which is customarily sold, advertised, contracted for sale or sold in the normal course of business as a separate and single item or unit or by a single unit of measurement (i.e., per gallon, ton, hour, day, week, month, foot, sack, yard, pound, piece, group, each, box, set, package, or other common unit of measurement). A single-unit sale shall include a sale by contract, quote, bid or other lump-sum amount only if the sale is based on and computed as a single bid, quote, sum, or package price rather than as an accumulation, sum, or aggregation of prices of separate identifiable or separable unit prices as defined above. For purposes of package tours, every individual in the tour will count as a single unit. For purposes of harbor fees and port dockage, each foot or other measurement of length will count as a single unit.

(9) Travel and adventure services include, but are not limited to, tours and charters on land and water, guide services, admissions, lectures, transportation services (excluding air transportation), and the rental of lodging, aircraft, vehicles, watercraft, and equipment, including fishing, boating, camping and other tour or adventure related goods. Travel and adventure services also include sales of goods incidental or related to such services. Regardless of the location of any marketing, brokering, packaging, re-sale, assignment, or other arrangement and regardless of the beginning or ending of any other related services the point of delivery of a travel and adventure service is within the city if the ultimate consumer of the travel and adventure service receives any such service which begins, ends, or occurs, as described in (c) of subsection (3) above.

**3.17.011 Delivery charges.** (a) Delivery Charges. Delivery charges for services rendered for delivery of any personal property, goods or materials which delivery services both commence and terminate within the city are subject to sales taxes.

(b) Definition. "Delivery charges" means and includes any costs or charges imposed on the sale of freight services, shipping services, courier services, wharfage services, postal services,

excepting postal delivery services rendered by the United States postal service, and any other services related to the delivery or transportation of any personal property, goods or materials of any nature whatsoever. (Ord. 984 §3, 1982) .

**3.17.012 Employees/subcontractors--Sale of services.** (a) The remuneration paid by an employer in the form of wages or salary to an employee for the sale of services by such employee to the employer are not taxable under the provisions of this chapter. Sales of services by contractors, or subcontractors, and any other type of sale of a service by a person other than an employee are taxable unless specifically exempted.

(b) A person shall be deemed to be an employee under the provisions of this chapter if the person claiming to be at employer is withholding a portion of such person's wages or salary in accordance with federal income tax laws and regulations. In the event no amounts are being withheld, it shall be presumed such person is not an employee unless the person claiming to be his employer submits clear and convincing evidence establishing the person's status as an employee.

**3.17.013 Multijurisdictional services.** (a) All services which either commence or terminate within the city, or which are in any part rendered, supplied or provided within the city, shall be-subject to sales tax, except as otherwise provided in this chapter.

(b) Sightseeing charter services and shore excursions by land or water, which are provided by a person in the business of providing such services and are either sold within the city or begin or end within the city are subject to sales tax under this chapter to the maximum extent permitted consistent with state and federal law.

**3.17.020 Levy of tax.** To the fullest extent permitted by law, a sales tax of six percent is hereby assessed and levied on the following sales, except as otherwise specifically exempted under this chapter:

(a) All retail sales, **including yard sales, and sales of similar type items occurring at the same location on a regular basis, catalog and internet sales sold locally or out of the area;**

(b) **All services including the gross receipts earned as commissions by real estate agents for sales occurring**

**within the city limits of Thorne Bay;**(c) All rents and fees paid for the use of real and personal property.

**3.17.030 Duty of seller to collect. (A)** The tax levied under the provisions of this chapter is primarily upon the buyers of the personal property, rentals, or services, but the tax is payable to the city by the seller regardless of whether the seller has collected the same from the buyers. It is the duty of each seller to collect from the buyer or consumer the full amount of the sales tax payable on each taxable sale, service or rental, at the time the property sold is delivered, or when the rentals are collected. Every sale, which is made within the city, unless explicitly exempted by this chapter, or a subsequent ordinance, shall be presumed to be subject to the tax imposed under this chapter in any action to enforce the provisions of this chapter. (Ord. 870 §2(part), 1977)

**(B)** In the specific instances where the tenant is occupying space in a government owned ~~land~~**building**, it is the tenant's obligation to pay the sales tax directly to the City, unless the landlord is willing to voluntarily receive the tax payment and remit to the city. **The landlord shall be responsible for all delinquent or unpaid sales taxes incurred by their tenants.**

**3.17.35 Temporary Suspension of Sales Tax Collection.** The Council may for periods of up to **one month**, suspend the duty of a seller to collect the tax levied under this chapter. The Council may establish regulations, conditions, and limitations on the suspension of the duty to collect the tax. Such regulations, conditions, and limitations may apply the suspension to the sale of certain goods, or services while requiring the collection of the tax on other goods or services.

**3.17.040 Tax added to sales price.** (a) Sellers shall add the sales tax to the sales price, rental, or charge for services. Such sales tax is a debt from the buyer or consumer to the seller until paid, and the same is recoverable at law in the same manner as other debts.

**3.17.050 Unlawful for seller to fail to collect.** (a) Any seller who willfully or intentionally fails, neglects, or refuses to comply with the provision of this chapter is guilty of a misdemeanor punishable by a fine not to exceed five hundred

dollars, or imprisonment, not to exceed thirty days, or both; each act of violation and every day upon which any such violation occurs shall constitute a separate offense.

(b) In addition to the penalties provided elsewhere for violation of this section, a seller who intentionally or recklessly violates this section shall be liable to the city for civil penalties in an amount of three times the amount of sales tax the seller failed to collect.

**3.17.051 Collection of sales tax and not due.** It shall be unlawful and a violation of this title for a person to charge and collect sales tax which is not due under this title. (Ord. 1562 §7, 2006)

**3.17.060 Tax to be paid quarterly.** (a) The tax levied under this chapter is due and payable at the expiration of each quarter of each calendar year. It is the duty and responsibility of every seller liable for the collection of any tax imposed in this chapter, unless otherwise provided herein, to file with the revenue collector upon forms prescribed and furnished by the revenue collector, a return, prepared under oath, setting forth the amount of all sales, taxable and nontaxable, the amount of tax thereon and such other information as the revenue collector may require on such form or forms. The completed and executed return, together with remittance in full for the amount of the tax due, shall be transmitted to and received by an employee working in the revenue collector's department of administrative services on or before 5:00 p.m., local time on the last day of the month succeeding the end of each quarter. If the last day of the month succeeding the end of a quarter is a Saturday, Sunday or a holiday observed by the revenue collector; the completed and executed return and amount of the tax due shall be transmitted and received by 5:00 p.m., local time on the next business day. Returns may be accepted based upon a timely postmark only if the return is sent certified or registered mail and receives a United States Postal Service cancellation on or before the due date. (Ord. 1369, §1, 1997)

(b) Any person who filed or should have filed a sales tax return for the prior quarter shall file a return even though no tax may be due. This return shall show why no tax is allegedly due, or, if the business is sold, then the person to whom it was sold, the date it was sold, and the address and telephone number of the person to whom it was sold.

(c) Sellers failing to comply with the provisions of this

chapter shall, if required by the revenue collector, file and transmit collected sales taxes monthly until such time that they have demonstrated to the revenue collector that they are or will be able to comply with the provisions of this chapter.

(d) Sales tax returns shall be accompanied by proof, satisfactory to the revenue collector, as to claimed exemptions, or exceptions from the tax herein imposed. In the absence of the proof, the sales, rentals, or services shall be deemed to have been taxable.

(e) The burden of establishing any tax exemption is upon the claimant. The city manager shall, from time to time, recommend to the council procedures, regulations and forms to facilitate the proper procedure for filing and claiming exemptions. (Ord. 870 §2(part), 1977)

**3.17.065 Registration.** (a) A person, firm, partnership, corporation or other business entity shall file an application for registration with the revenue collector's department of administrative services on a form provided by that department, prior to making any retail sales, rendering any services, making rentals within the city or the opening of an additional place of business in the city. The completed application shall be returned to that department of administrative services along with a copy of the business entity's Alaska State business license.

(b) Each business entity shall be registered under the advertised name, and each separate business shall be registered under its own account.

(c) A person, corporation or other association that is about to make sales, perform services or make rentals shall first register with the revenue collector's department of administrative services and shall make the deposit of cash or bond required by this section unless the person has been a resident of the City of Thorne Bay for six months prior to registering or the corporation or association is composed of such residents or has been regularly engaged in business within said city for nine of the twelve months preceding registration.

(d) The deposit required under subsection (c) of this section must be an amount determined by the revenue collector that is not less than the maximum amount of sales tax that the person, corporation or other association is likely to be required to collect during any filing period within a year of the date of registration.

(e) The deposit must be refunded by the revenue collector upon written request and a determination by the revenue collector that:

(1) The seller has filed sales tax returns and made full remittance of sales tax owing for the preceding year; or

(2) The seller has filed a statement that the seller has ceased engaging in transactions within the city and has remitted all sales taxes due. The deposit must be refunded by the revenue collector within thirty days of the receipt of the refund request unless the revenue collector has initiated an audit of the seller or has otherwise questioned a return made during the period under construction. The revenue collector shall be responsible for payment and safeguarding of all deposits and for maintaining all records concerning the deposits.

(f) The revenue collector may order the withdrawal from the deposit of the seller the amount that is required to make up for any deficiency or late payment of taxes. No seller may engage in transactions within the city after receipt of written notice that the revenue collector has withdrawn all or a portion of the seller's deposit for application to a delinquent or insufficient payment of sales taxes. Upon the deposit with the revenue collector of funds restoring the deposit to its original amount or such higher amount as the revenue collector determines is appropriate in light of the actual sales experience of the seller, the seller may again engage in transactions. A seller may not deduct the deposit amount from the seller's last or any other sales tax return.

**3.17.070 Duty to keep books--Investigation.** (a) Every seller shall keep and preserve suitable records of all sales made by him, and such other books or accounts as may be necessary for the revenue collector to determine the amount of tax for the collection of which he is liable hereunder. Every such person shall keep and preserve for a period of two years all invoices of goods and merchandise purchased for resale, and all such books, invoices and other records as may be necessary, all of which are open for examination at any reasonable time by the revenue collector, the city manager, city administrator, or his or their designee.

(b) For the purpose of ascertaining the correctness of a return or for the purpose of determining the amount of tax collected or which should have been collected by any person, the city manager

or his designee may hold investigations and hearings concerning any matters covered by this chapter, and may examine any relevant books, papers, records, or memoranda of any such person, and may require the attendance of such person, or any officer or employee of such person. The city manager or his designee has the power to administer oaths and affirmations to such persons, and if any such person, being first duly sworn, refuses to answer any questions put to him by the manager or his designee, the manager may apply to the superior court for an order requiring the person to answer the questions. The city manager may issue subpoenas to compel attendance or to require production of relevant books, papers, records or memoranda. If any person refuses to obey any such subpoena, the city manager may apply to the superior court for an order requiring the person to comply therewith. The city manager is authorized to make arrangements with the City of Thorne Bay, authorizing the city to conduct the investigations and hearings provided herein, including the exercise of all the powers created in this chapter.

(c) In the event the revenue collector is unable to ascertain the tax due to be remitted by a seller by reason of the failure of the seller to keep accurate books, allow inspection, failure to file a return, or falsification of records, the revenue collector may make an estimate of the tax due based upon all of the information available. Notice of the estimate of taxes due shall be furnished by certified mail to the seller and shall become final for the purposes of determining liability of the seller to the city in thirty days unless the seller earlier files an accurate return, supported by satisfactory records, indicating a lesser liability.

**3.17.080 Penalty and interest on delinquent taxes.** (a) In the event a seller fails or neglects to file a return when due, or fails to remit taxes collected, or which should have been collected, in a timely manner as required by this chapter, then such return and tax is delinquent and the revenue collector shall add thereto penalties as follows:

If payment made: Additional Penalty (Percentage of Tax

- (1) Within five working days after delinquency date 6%
- (2) More than five working days up to and including thirty days after delinquency date 15%
- (3) More than thirty days up to and including sixty days after delinquency date 20%
- (4) More than sixty days after delinquency date 25%

(b) Interest shall accrue on the unpaid tax, not including penalty, from the date of delinquency to the date of payment at the rate of one percent per month. All remedies available to the revenue collector to collect taxes, penalties and interest, plus collection costs, shall commence on the date of delinquency. Payments received after the date of delinquency shall be applied first to payment of any collection costs, next an interest, next on penalty, and next on the tax. In the event of partial payment, penalties shall continue to accrue on the unpaid portion of the tax as provided for in (a) of this section. Interest at the rate of one percent per month shall also accrue on any unpaid amount of tax until paid in full

**3.17.085 Sales tax liens.** (a) The sales tax, interest, and penalties imposed by this chapter, and the administrative costs under subsection (f) of this section, shall constitute a lien in favor of the city upon all of the real and personal property of every person making taxable sales subject to this chapter.

(b) The lien imposed by this section arises and attaches at such time as payment becomes delinquent under Section 3.17.080 and continues until the entire amount is satisfied.

(c) If delinquent sales taxes, including interest and penalties, are not paid within ten days from the mailing of notice and demand for payment thereof, a notice of lien may be recorded in the office of the district recorder. Upon recordation, the sales tax lien has priority over all other liens except (1) liens for property taxes and special assessments; (2) liens that were perfected before the recording of the sales tax lien for amounts actually advanced before the recording of the sales tax lien; (3) mechanics, and materialmen's liens for which claims of lien under AS 34.35.070 or notices of right to lien under AS 34.35.064 have been recorded before the recording of the sales tax lien.

(d) An action to foreclose a lien created by this section shall be commenced and pursued in the manner provided for the foreclosure of liens in AS 09.45.170-09.45.220.

(e) The remedy provided in this section is not exclusive and shall be in addition to all other remedies available to the revenue collector to collect the sales taxes, penalties and interest due under this chapter.

(f) Fees for the administrative costs of filing on notices of liens, and releasing of liens shall be:

(1) Filing of notices of lien: twenty-five dollars plus recorder's office filing fee.

(2) Release of liens: twenty-five dollars plus recorder's office filing fee.

(g) If administrative costs for the filing of notices of liens and releasing of liens are imposed and have been collected by the City of Thorne Bay on delinquent sales taxes, including penalties and interest, no additional administrative costs shall be collected under subsection (f) of this section.

**3.17.090 Sale of business--Final return--Liability of purchaser.**

If any seller sells his business to another person, he shall make a final sales tax return within five days after the date of selling the business; and his purchaser, successor, successors, or assigns, shall withhold a sufficient portion of the purchase money to pay the amount of sales taxes, penalties and interest due and unpaid to the city; and provided, further, the purchaser, successor, successors, or assigns are personally liable for the payment of the taxes, penalties and interest, accrued and unpaid to the city or city or both on account of the operation of the business by any former owner, owners, or assigns as shown by the final return or an audit conducted by the city within thirty days of the filing of the final return. Before any such sale is completed, the buyer and seller shall send to the revenue collector, by registered first-class United States mail, postage prepaid, a copy of the notice referred to in AS 45.06.105, which statute is made a part of this chapter, and the notice shall be so sent regardless of whether such notice would have otherwise been required to have been made and sent under the other provisions of AS 45-06.101, et seq., Uniform Commercial Code--Bulk Transfers.

**3.17.100 Exemptions.** The following sales and services are exempt from the sales tax: (a) Retail sales and remuneration for services amounting to less than one hundred twenty-five dollars in any calendar quarter; however, any sales taxes collected shall be remitted;

(b) Casual and isolated sales not made in the regular course of business, **such as yard sales, moving sales, sale of used vehicle or boat;**

(c) Sales of insurance and bonds of guaranty and fidelity;

(d) The agreed value of new or used articles taken in trade as credit or part payment on the sale of new articles shall be deducted from the value of the article being purchased in determining the tax;

(e) Gross receipts derived from sales, services, rentals and

transactions which the municipalities are prohibited from taxing under the Constitution and laws of the United States or the state;

(f) Gross receipts derived from sales initiated by orders received from outside the city where delivery is made outside the city by mail or commercial common carrier;

(g) Gross receipts derived from funeral charges and services, medical, dental, optometric, hospital services, or from sales of prescription medicines oxygen used for medical purposes, blood or blood plasma, artificial devices designed or altered for the use of a particular crippled person, artificial limbs, eyes and organs, hearing aids, prescription eyeglasses, artificial teeth sold by a dentist and materials used by a dentist in treatment, crutches, and wheelchairs; provided, however, services rendered by barbers, cosmeticians and masseurs are not exempt;

(h) (1) Gross receipts from sales, services and rentals to any nonprofit organization or nonprofit institution if such organization or institution is organized exclusively for religious, educational, or charitable purposes, and if such organization or institution has obtained a certificate of exemption as provided for in subsection (2) and displays that certificate of exemption as provided for in subsection (3) below. (2) Any organization or institution described in subsection (1) may apply to the City of Thorne Bay revenue collector for a certificate of exemption. Such application shall be made on forms to be furnished by said revenue collector, and each applicant shall be required to furnish such information as said revenue collector may reasonably require. If the revenue collector determines that the applicant is entitled to an exemption provided for in this section, the revenue collector shall issue or cause to be issued a certificate of exemption which shall be effective as of its date of issue. The revenue collector shall endeavor to issue or deny the exemption within thirty days after the date an application is filed; (3) A buyer seeking to make a purchase entitled to a sales tax exemption under subsection (1) shall display a valid certificate of exemption to the seller at the time of purchase. If the buyer does not so display the required valid certificate of exemption the sale is taxable, and the seller shall collect the sales tax due on the sale.

(i) Gross receipts derived from sales, services and rentals to the United States Government, the state and its political subdivision, and municipalities, or agencies funded by these governments;

(j) Retail sales of food in school and college cafeterias and lunchrooms which are operated primarily for teachers or students and which are not operated for profit;

(l) Gross receipts or proceeds derived from the transportation of students to and from grade or high schools in motor or other vehicles;

(m) Gross receipts derived from sales of real property, excepting **the gross receipts earned as commissions by real estate agents for sales occurring within the city limits of Thorne Bay**; ~~the gross receipts earned as commissions by real estate agents shall be taxable~~;

(n) Dues or fees to nonprofit clubs, labor unions, or fraternal organizations;

(o) Gross receipts derived from veterinary services;

(p) Gross receipts or proceeds derived from sales made directly to consumers or users of newspapers;

(r) Gross receipts derived from sales of educational services by a nonprofit institution in providing a program of learning on a formal study basis in an institution of learning which has an organized curriculum consisting of specific subjects and skills as outlined in the State of Alaska course of study as officially adopted by the State Department of Education for elementary, junior high or senior high schools, for children ages five through eighteen.

(s) Gross receipts derived from sales of day care services for children;

(t) (1) Gross receipts derived from sales where the purchase is made with food coupons, food stamps or other type of certificate issued under 7 U.S.C. Sections 2011-2025 (Food Stamp Act); and (2) Food instruments, food vouchers, or other type of certificate issued under 42 U.S.C. 1786 (Special Supplemental Food Program for Women, Infants, and Children).

(u) That part of the sales price paid by the buyer for travel and adventure services purchased outside the city which is not remitted, directly or indirectly, to the person providing or performing the service and which is a selling cost or commission or similar charge.

(v) Remuneration received for services and materials, including caskets, used or furnished for funerals;

(w) The part of the selling price of a single item of tangible personal property that exceeds seven thousand five hundred dollars (\$7,500.00). A single item is an item sold in a single sale consisting of integrated and interdependent component parts

affixed or fitted to one another in such a manner as to produce a functional whole. It includes optional accessories for such items as boats and automobiles if the accessories are useful or essential for the operation or use of the item, and include in the original transaction/sale;

(x) Airfare or the air charter sales price paid for transportation of persons or on a federal airway but excluding the portions of a sale of flightseeing or round trip air/water/shore excursion travel or adventure services which are not charges for transportation of persons on a federal airway.

(y) Gross receipts in excess of ten thousand dollars derived from ~~sales of material and labor for the clearing of land, excavation, or fill or placement of material on real property for construction of a facility, and sales~~ **the purchase** of building construction materials and labor used in constructing a permanent **residential** building within the city, provided that the improvements are constructed pursuant to a valid sales tax exemption permit issued or renewed no more than one year prior to the sale of transaction being exempted from the tax.

Construction materials shall include: all structural and finish materials for a permanent building used on the lot wherein the building is being constructed, and installation of infrastructure to said building such as water, sewer, power and phone and all parts to said infrastructure. Sales, to qualify for this exemption, shall be recorded by the seller, together with the date, the purchaser's name, and the sales tax exemption permit number. Any purchaser who attempts to avoid paying sales tax by using a sales tax exemption permit number for materials or labor not actually used in the structure for which the permit was issued shall be subject to a civil penalty up to twenty-five percent of the price of the materials or labor involved in the evasive purchase. The cost of the permit will be six hundred dollars;3.16.050(Ordinance 05-09-06-01)(10-03-02-01)

3.17.110 Sales tax exemption for the elderly. (a) Anyone sixty-five years of age or older may apply for and be issued by the city manager or designee a senior citizens sales tax exemption card, for ~~ten~~ **fifty** dollars, to be renewed bi-annually. This card entitles the person to be exempted from the operation of the city's consumer's sales taxes on purchases of all types of property, rentals and services not for use in any trade or business. No seller within the city shall charge or collect the sales tax on exempted purchases from any person who displays such a valid sales tax exempt card. All sellers within the city

shall keep records of such exempt sales and submit quarterly totals of such sales to the revenue collector, together with any other information required by law. To qualify for a tax exempt card a person must **prove they have resided in Alaska as a permanent resident for the past 12 months.** ~~Provide a copy of their Alaska ID or driver's license, and proof they have resided in Alaska, as a permanent resident for the past 12~~ months. **Copy of** ~~received~~ an Alaska Permanent Fund Dividend, **or** documentation required as part of a permanent fund application or other documentation that verifies a person has established permanent residency in Alaska must be submitted to show proof of residency. (Ord. 12-08-07-01)

(A). A spouse under 65 years of age is not eligible for the exemption and cannot purchase anything without the presence of the exempt spouse except as listed in subsection (B) of this section.

(B). No person who has not duly applied for and received such an exemption card may use it to obtain such tax exemption. However, in the case where a person is an invalid or otherwise physically unable to leave their home or dwelling to use the card, the city may issue a special card authorizing another person to use the special card for the benefit of the invalid or otherwise physically unable person to use the card.

**3.17.120 Unlawful to misrepresent exemptions.** Any buyer or consumer who falsely states or in any way misrepresents the use to which merchandise or material is to be put for the purpose of securing tax exemption under the terms of this chapter is guilty of an unlawful act and upon conviction thereof is subject to the penalties provided in section 3.17.060 of this chapter. (Ord. 870 §2(part), 1977)

**3.17.130 Use of proceeds of sales tax.** As of January 1, 2010, Thorne Bay Municipal Sales Tax is 6%. Five sixths (5/6) or eighty-three percent (83%) of the total sales tax collected shall be used for general municipal purposes. One sixth (1/6) or seventeen percent (17%) shall be placed in a savings account at the end of each calendar quarters to be divided 40/60 for community development projects and the maintenance and improvement of streets and roads **owned by the City.** (Ord. 10-01-05-01) (Ord. 85-08-22-01 §2, 1985)

**3.17.150 Regulations authorized.** The city manager or administrator is authorized to prescribe by departmental

regulations the forms to be used and the methods and procedures to be followed by the revenue collector in collecting the taxes. This authorization does not authorize regulations of substance which impose any requirements upon buyers or sellers.

**3.17.180 Protest of tax.** (a) A buyer who protests the payment of the tax levied under this chapter shall pay the tax and shall provide the seller and the revenue collector's director of administrative services with a written statement of protest within five working days of the sale. The written statement shall identify the sale, rental or service that is the subject of the tax protested, the amount of tax paid, the buyer's and seller's name, mailing address, and telephone number and the basis for the protest. (b) If the seller protests his liability for a final assessment under Subsection 3.17.070(c) or if the seller has any other cause of action, grievance or protest concerning the legality, collection or payment of the sales tax, he shall pay the tax under written protest setting forth the basis for the protest. No action for a refund may be maintained nor may a defense to nonpayment be maintained in a civil action unless the amount in dispute has been paid by the seller under written protest filed at or before the time of payment.

**3.17.190 Forgiveness of uncollected taxes, penalties and interest.** (a) The City ~~manager~~**Administrator**, with the consent of the council, may forgive the payment of uncollected sales taxes, interest and penalty thereon and penalties for failure to file owing by a seller to the city upon a determination by the City ~~manager~~**Administrator** that such uncollected sales taxes have never been collected by a substantial portion of a clearly definable class of sellers or which have never been collected on a substantial portion of a clearly defined class or type of transaction or service.

(b) The ~~city~~**City** ~~manager~~**Administrator** may, upon recommendation of the city attorney, authorize forgiveness of uncollected sales taxes, interest and penalty thereon and penalties for failure to file, as part of the compromise and settlement of a disputed claim in an action for collection of such funds.

(c) **The City Administrator, with the consent of the Mayor, may onetime forgive the payment of uncollected sales taxes, interest and penalty thereon and penalties for failure to file owing by a seller to the city upon**

**a determination by the City Administrator that such uncollected sales taxes are the result of a family medical hardship.**

(d) Except as provided in subsection (a) and (b) of this section, the city may not forgive or waive any amount of uncollected sales tax, interest or penalty.

**3.17.200 Appeals.** (a) A seller aggrieved by the action of the revenue collector in fixing the amount of the tax or in imposing a penalty or interest shall appeal to the revenue collector's manager within forty-one calendar days from the date taxes are due and payable under this chapter. A seller who has a cause of action, grievance or protest concerning the legality, collection or payment of the sales tax shall appeal in this manner and within the same forty-one days. All right to an appeal shall be deemed waived if not timely requested as set forth in this subsection.

(b) Contested taxes, penalties and interest that remain unpaid shall continue to accrue penalty and interest as provided by this title until paid. Contested taxes, penalties and interest that are paid and are found to be overpaid shall be refunded with interest at the rate of eight percent from the date of payment.

(c) All appeals shall be filed in writing with the revenue collector's manager and shall contain all of the following information: (1) Name, address, and telephone number of the aggrieved seller; (2) A specific and detailed statement of the amount of tax, interest or penalty contests, the basis and grounds upon which the appeal is made, and all pertinent records, documents, or other evidence substantiating the grounds as stated; (3) A statement of the relief sought; and (4) A statement as to whether a hearing is requested.

(d) Arguments or reasons for failure to timely file a return and remit taxes collected shall not be considered a valid basis or grounds for granting an appeal. The basis and grounds for granting any appeal are limited to:

- (1) The identity of the seller is in error;
  - (2) The amount of the debt is erroneous due to a clerical error (and the nature and extent of the error is specified in the request for a hearing);
  - 3) The seller disputes the denial of exemption(s) for certain sales; or
  - (4) Taxes have been levied and forgiven in accordance with Section 3.17.190.
- (e) A request for appeal is filed on the date it is personally delivered, or if delivered to the revenue

collector's manager by United States mail, the date of the United States Postal Service postmark stamped on the properly addressed cover in which the request is mailed. If the due date falls on a Saturday, Sunday, or a holiday, the due date is the next business day. A current mailing address must be provided to the revenue collector's manager with the request for appeal, and any change in mailing address after the request for appeal is filed must be reported to the revenue collector's manager.

(f) Upon such filing of a written appeal, the revenue collector's manager shall immediately send a copy thereof to the city manager or administrator. The city may provide written information that may be considered in deciding the appeal.

(g) Unless the appellant waives a hearing, the revenue collector's manager or person designated by the revenue collector's manager shall hold a hearing to determine whether a correction is warranted. The revenue collector's manager or designee shall decide the appeal based upon the pertinent records provided by the parties involved or discovered by any investigation ordered by the revenue collector's manager and, if a hearing is requested, any evidence presented at the hearing. If a hearing is requested, the appellant need not appear at the hearing. If the appellant fails to appear, the revenue collector's manager or designee may make a determination based upon the evidence received and any written materials submitted by the appellant. The determination need not make formal findings of fact or conclusions of law, but the written determination shall state the reasons for the decision and indicate the evidence relied upon. Such determination shall be issued no later than ten business days after the date of hearing if a hearing is held or ten days after the appeal is filed if the hearing is waived. Such determination shall be final.

(h) Taxes, penalties, and interest declared to be due in the final determination shall be subject to normal collection action of the city. The amount due must be paid or if the decision of the revenue collector's manager is appealed, a bond to secure payment must be filed with the court in accordance with Alaska Rules of Court, Rules of Appellate Procedure.

(i) Within thirty days after receipt of the final determination, a seller aggrieved by the decision may appeal to the Superior Court in the First Judicial District. The seller shall be given access to the revenue collector's file in the matter for preparation of the appeal. If after the appeal is heard it appears the tax was correct, the court shall confirm the tax. If

incorrect, the court shall determine the amount of the tax and if the seller aggrieved is entitled to recover the tax or part of it, the court shall order the repayment. The city shall then pay the amount due within fourteen days after receipt of a certified copy of the judgment, unless the city requests a stay pending its own appeal.

**3.17.210 Clerical errors or omission - refund of sales tax; penalty and interest.** (a) The revenue collector's director of administrative services may correct manifest clerical errors or omissions at any time they are found and verified.  
(b) If, in payment of taxes legally imposed, a remittance by a seller through error exceeds the amount due, and the revenue collector, on audit of the account in question, is satisfied that this is the case, the city shall refund the excess to the seller with interest at eight percent from the date of payment. A claim for refund filed one year or more after the due date of the tax is forever barred. A copy of the refund audit and entitlement shall be given to the city manager or administrator.