



"Village with a Past, City with a Future"

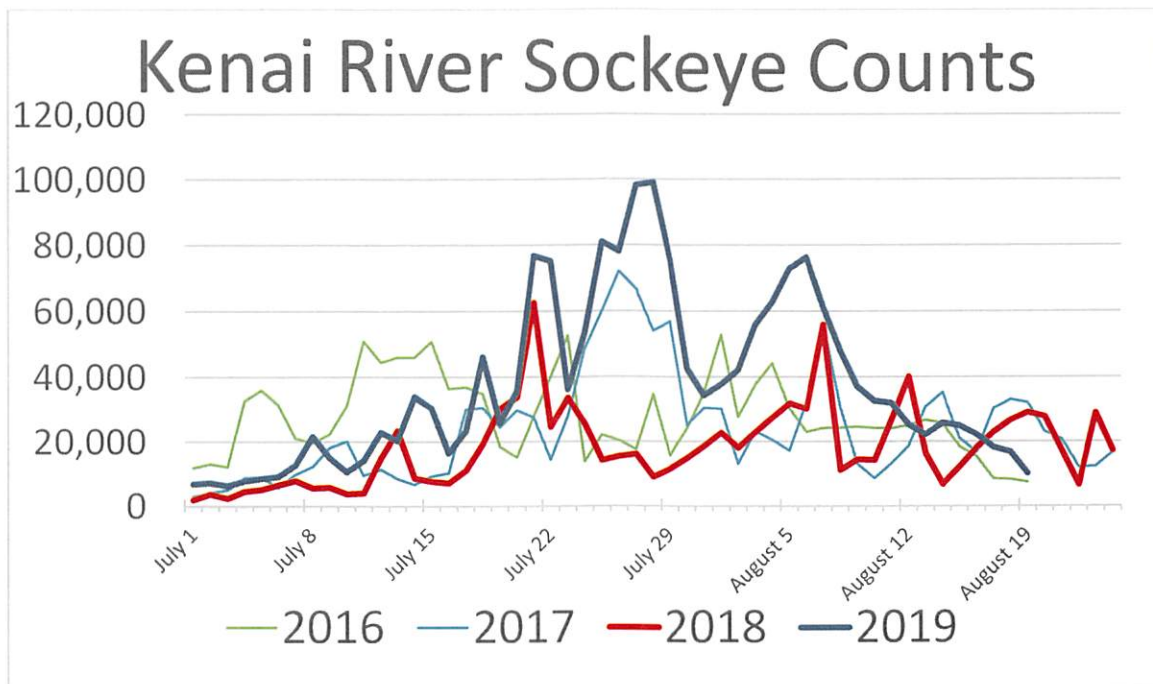
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MEMORANDUM

TO: Mayor Brian Gabriel and Kenai City Council
FROM: Paul Ostrander, City Manager
DATE: October 14, 2019
SUBJECT: 2019 Personal Use Fishery (Dip Net) Report

The Personal Use Fishery took place July 10, 2019 through July 31, 2019. Sockeye escapement to the Kenai River in 2019 was the largest since 2006, and participation in the Fishery increased significantly compared to the previous two years.

The following table depicts the run strength in 2019 relative to the previous three years:



The timing of the 2019 Personal Use Fishery sockeye run trended similarly with historical run timing -- a change from recent years when the peak of the Fishery appeared later than what has been experienced historically. Due to favorable escapement numbers, Fishery participants reported consistently good fishing.

Operations in 2019

The no-wake zone along approximately 6,000 lineal feet of the Kenai River continued to work extremely well this year from the first day of the Fishery until the last. Fishery participants expressed their appreciation for having a portion of the River in which to fish and not be buffeted by the wake from speeding boats.

It is the Administration's intent to continue to manage the no-wake zone in the same manner in the future.

In previous years, the entrance to the south shore via Old Cannery Road was closed through a temporary section-line access closure permit issued to the City by the Alaska Department of Natural Resources. That section line has now been permanently vacated.

Operational Changes in 2019

There were no significant operational changes that occurred in 2019 although one small change is worth noting:

- The entrance to North Beach was improved, widening the access point to allow for safer and easier access for participants and installing permanent power and communications.

Construction of a New Access to the Beach South of the Mouth of the Kenai River

As a component of eliminating conflicts with private property owners and providing enhanced access for the Personal Use Fishery and other recreational users, the City approached the Legislature late in the 2013 session and requested \$2.3 million to fund construction of a new access road and associated infrastructure. The Legislature appropriated \$1.9 million for the project. This access would be constructed to the north of private properties in the area and eliminate alleged trespass issues across private property by Fishery participants and others attempting to access the south shore at the mouth of the Kenai River.

The City purchased property and constructed phase I (gravel surfacing) of the new Royal Street access road in early 2016. The City completed the sale of the surplus properties in 2018 for \$825,000. Initially, the proceeds from that sale could be utilized for additional infrastructure improvements to support the Personal Use Fishery on South Beach only. However, during the 2019 State Legislative Session, the grant language was modified to allow infrastructure improvements on both the North and South Beach. Administration is working on a prioritized list of projects and will be forwarding those projects to Council this winter for consideration.

Dip Net App

In 2018, the City built a Dip Net App for iPhone and Android devices, free to download, that provided up-to-date information on the Fishery, including tide information, fish counts, weather, fee calculators, general Fishery information, webcams, and additional information that was relevant and useful for Fishery participants. The App also allowed the City to provide "push



notifications", with timely information to help improve the experience and safety for anyone that downloaded the App.

The City provided an opportunity for businesses to advertise on the App, an inexpensive way for them to gain exposure to the thousands of Fishery participants. The use of the App was down this year, likely due to lower participation numbers in the Fishery.

Over the last two years, the App has been downloaded over 12,500 times. The City intends to continually improve the App in future years.

2019 Financial Summary

The Council-adopted budget for the P.U. Fishery included revenues of \$437,562, expenditures of \$499,035, and a lapse of \$18,722, netting to revenues under expenditures of (\$42,751). Revenues are projected at \$416,656, and projected expenses are \$369,750, netting to revenues under expenditures of (\$3,094). For the second time, a transfer of \$50,000 was made from the P.U. Fishery Fund to the General Fund to support general operations of the City.

The P.U. Fishery Fund began FY2019 with a fund balance of \$198,794. Given the above, the ending fund balance for FY2020 is projected to be \$195,700.

The purpose of a fund balance is to provide funding for present and future capital expenditures to support City operations during the Fishery, and to safeguard the City's General Fund in the event that the Fishery is closed by emergency order and the City is unable to recoup expenditures.

Personal Use Fishery Fund Management

Prior to FY2014, the City had instituted accounting controls so that expenses and revenues associated with the Personal Use Fishery were identified as discretely separate from other City operations. In many ways, this accounting mirrored the manner in which enterprise funds capture financial information.

The creation of the P.U. Fishery Fund, provides a funding mechanism where Fund balance can be utilized to provide funding for larger one-time capital expenditures or other purposes deemed appropriate by the Council. Fund balance for FY2014 through FY2019 was \$29,063, \$67,662, \$139,936, \$209,896, 293,894, and \$198,794 respectively. The ending Fund balance for FY 2020 is projected to be \$195,700.

Administration believes that the Personal Use Fishery Fund balance is sufficient to support capital expenditures to support City operations during the Fishery and protect the City's General Fund. The continued use of revenues generated from the Fishery to support General Fund capital projects or operations will need to be considered annually during the budget process.

Capital Improvements for the Personal Use Fishery Fund

As the Fishery has evolved, the City of Kenai has responded by creating its overall management plan. A growing component of that plan has been meeting the capital requirements to manage, react, and respond to the needs of the Fishery participants.



The City received a capital grant in 2015 for Kenai River South Beach Dip Net Access, of which there is still a balance of \$786,210. During the 2019 legislative session, a grant language change was made that allows the utilization of these funds for improvements on the North Beach as well.

Given the State of Alaska's fiscal issues, it is doubtful that the City of Kenai will receive additional State grants for capital improvements to respond to Fishery needs in the foreseeable future.

Proposed Changes to the 2020 Fee Structure

Administration does not recommend any changes to the fee structure for the 2020 Personal Use Fishery.

If you have any questions, please contact me at your convenience.



MEMORANDUM

TO: Mayor Brian Gabriel and Kenai City Council
THROUGH: Paul Ostrander, City Manager
FROM: Terry Eubank, Finance Director
DATE: October 3, 2019
SUBJECT: 2019 Dipnet Summary

Dipnet Smartphone App

2019 marked the third year of the Dipnet Kenai smartphone app. Use of the app was down 14% this year, which is confusing given the 15% increase in total transactions. This was also the first year without any advertisers on the app.

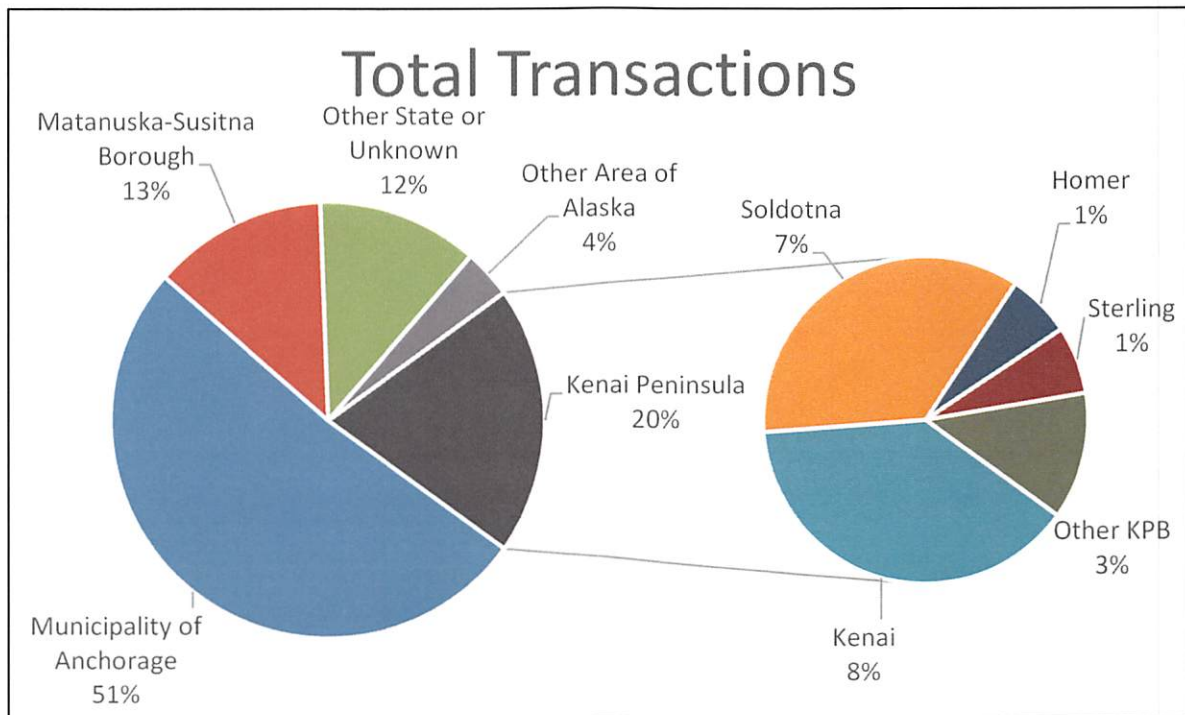
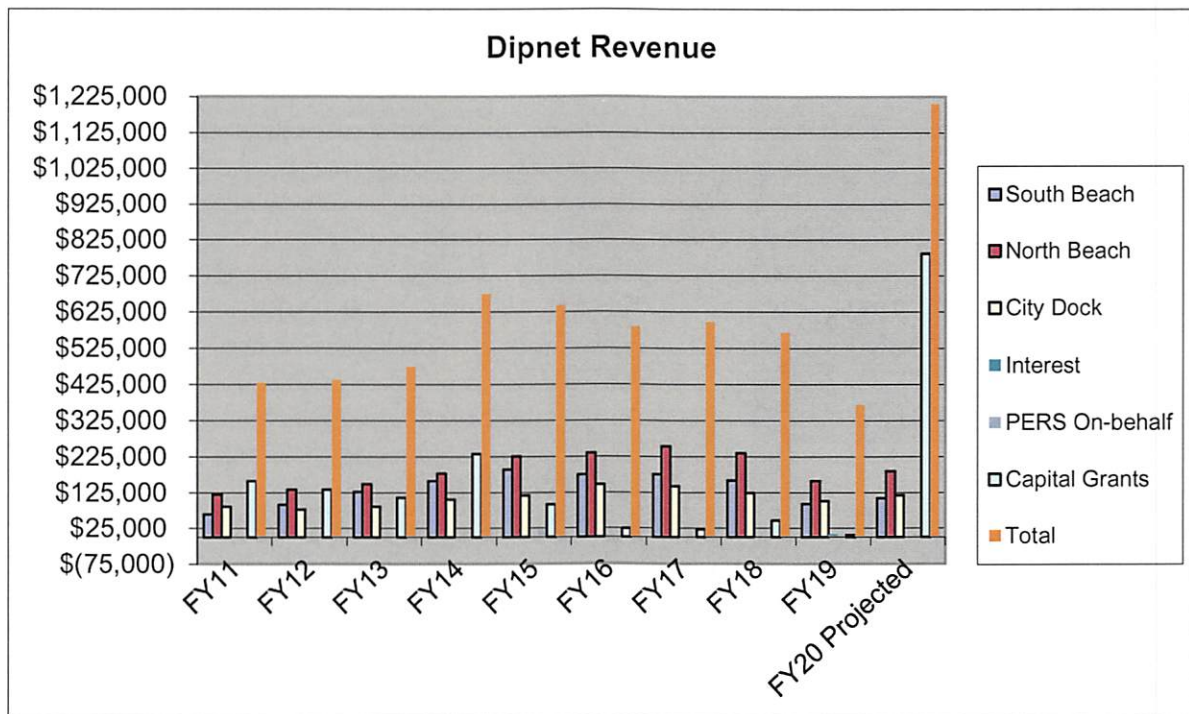
Improvements

During FY19 underground utilities were installed on Spruce St. This project was fairly simple, and has improved the reliability of shack operations and reduced the time for setup and removal of fee stations.

FY20 Revenues

The FY20 fee structure remained the same as that of FY19. FY20 fishery revenues, not including capital grant revenues and net of sales tax and transaction fees, are projected to be \$411,737, \$20,438 less than budgeted and \$59,893 more than FY19 fishery revenues. Capital grant revenue is projected to be \$786,210. A comparison of FY20 fishery revenue to prior years is shown below, the breakdown by site and service for FY14 thru FY20 is based upon actual transactions. Prior year transactions by site and service were estimated. The cashiering system implemented in FY14 provides this level of detail and will enhance future revenue and fee change projections.

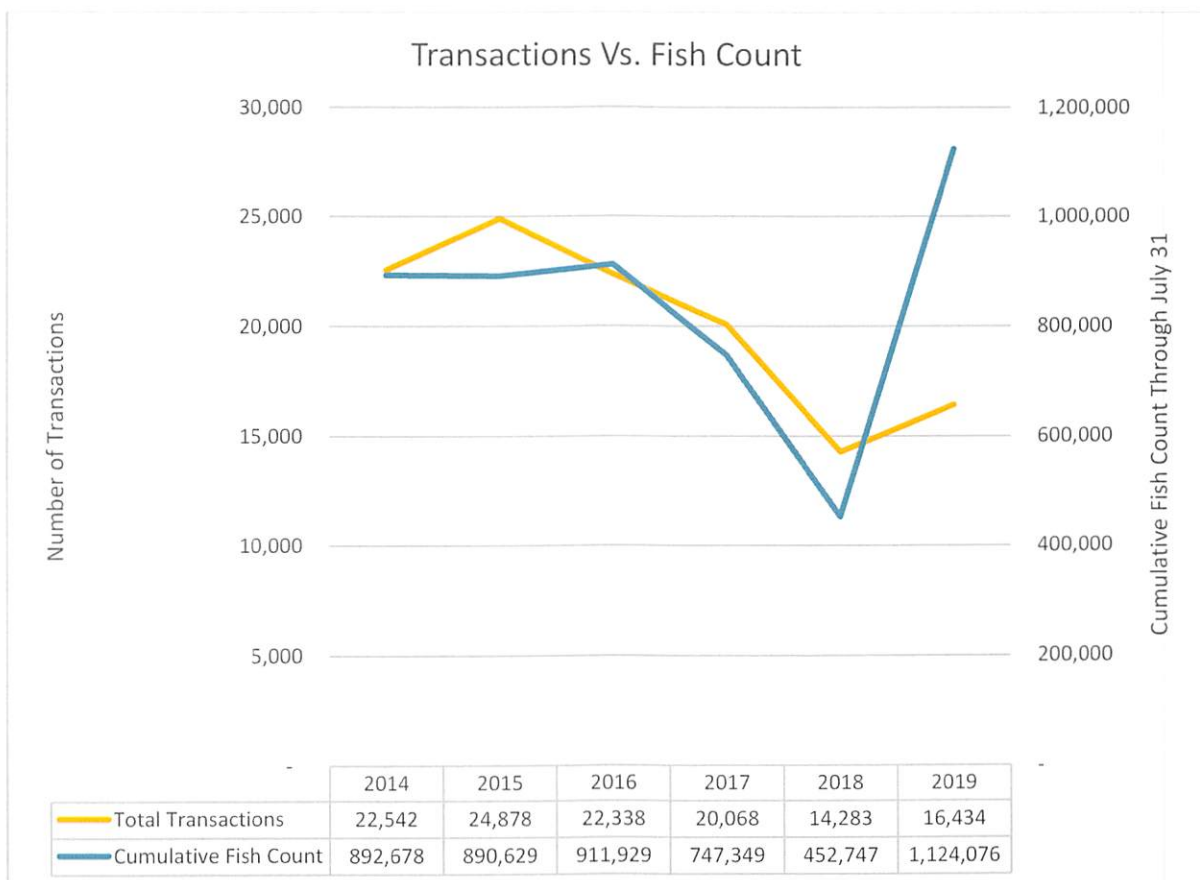
	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20 Projected</u>
South Beach	\$127,265	\$157,074	\$189,226	\$174,260	\$175,439	\$158,665	\$93,448	\$109,081
North Beach	148,481	177,599	226,221	234,140	253,218	234,298	157,293	185,125
City Dock	86,342	105,899	117,064	146,599	142,901	123,612	101,104	117,531
Interest	-	-	680	1,580	671	1,522	7,624	750
PERS On-behalf	-	-	17,437	2,167	2,688	1,546	2,743	4,169
Capital Grants	<u>111,073</u>	<u>233,107</u>	<u>92,043</u>	<u>24,494</u>	<u>21,725</u>	<u>46,920</u>	<u>5,770</u>	<u>786,210</u>
Total	<u>\$473,161</u>	<u>\$673,679</u>	<u>\$642,671</u>	<u>\$583,240</u>	<u>\$596,642</u>	<u>\$566,563</u>	<u>\$367,982</u>	<u>\$1,202,866</u>



Total transactions this year were up 15% from 2018. Transactions are still down 16% from the 5-year average. Transaction levels at the individual locations didn't change significantly, with north beach generating about 50% of all transactions, and the dock and south beach each generating 25% each. Participant numbers were up 28% over the previous year. The percentages of participants from different regions didn't vary significantly from previous years.

Two operational changes were implemented in 2019, both successfully. On south beach, the second fee shack was not staffed. This didn't create significant congestion, and as such it is recommended that in future years only one shack be deployed. The second change was a modification to the software. In past years the busiest time was always between 12:00pm and 1:00pm. This is because anyone who wanted to renew their permit had to wait until after 12:00pm to do so. For 2019 the software was changed to allow users to renew their permits at any time. As a result, the busiest time is now between 5:00am and 6:00am. This is due to day use permits only being available after 5:00am.

Payment of fees by cash was once again the dominant method at 58%, a 1% decrease from last year. Credit card use increased by 1% to 42%, and checks were insignificant. It is expected that credit card payment percentage will continue to grow in future years. Fees paid for credit card acceptance totaled \$4,450 or 2.40%.



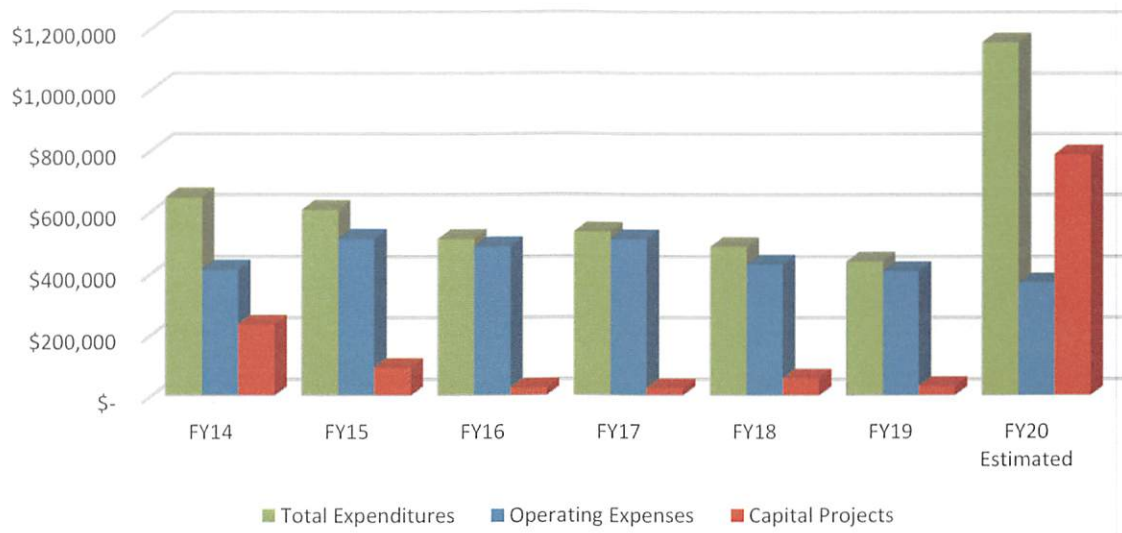
In 2018 a comparison of transactions to the cumulative fish count on July 31st seemed to indicate a correlation between number of fish and number of transactions. However, in 2019 the cumulative fish count was up 36% from the 5-year average and transaction numbers were down 16% from the 5-year average. For a year with the most fish in two decades, our transaction numbers were the second lowest ever recorded. The most recent year with a higher cumulative fish count as of July 31st was in 1992 with a cumulative count of 1,211,907.

FY20 Projected Expenditures

	Council * Adopted FY 2020	Amended Budget	YTD Actual	FY2019 Projected	Projected Variance	% Available
Revenues						
Beach Parking	\$ 146,460	\$ 146,460	\$ 144,330	\$ 144,330	\$ (2,130)	-1.45%
Beach Camping	170,100	170,100	149,788	149,788	(20,312)	-11.94%
Dock Launch & Park	101,600	101,600	105,635	105,635	4,035	3.97%
Dock Parking Only	10,800	10,800	11,736	11,736	936	8.67%
Participant Drop-off Fee	6,715	6,715	4,698	4,698	(2,017)	-30.04%
Interest Earnings	750	750	-	750	-	0.00%
PERS Grant	4,637	4,637	-	4,169	(468)	-10.09%
Other	-	-	-	-	-	0.00%
Credit Card Transaction Fees	(3,500)	(3,500)	(4,450)	(4,450)	(950)	0.00%
Total Revenue	<u>437,562</u>	<u>437,562</u>	<u>411,737</u>	<u>416,656</u>	<u>(20,906)</u>	<u>-4.78%</u>
Expenditures						
Public Safety	\$ 88,051	\$ 88,051	\$ 74,148	\$ 80,160	\$ 7,891	100.00%
Streets	55,235	55,235	26,698	30,512	24,723	100.00%
Boating Facility	64,161	64,161	47,350	52,611	11,550	100.00%
Parks, Recreation & Beautification	245,088	245,088	175,497	206,467	38,621	100.00%
Total Expenditures	<u>452,535</u>	<u>452,535</u>	<u>323,693</u>	<u>369,750</u>	<u>82,785</u>	<u>18.29%</u>
Transfers - Transfer to General Fund	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>0.00%</u>
Total Expenditures & Transfers	<u>502,535</u>	<u>502,535</u>	<u>373,693</u>	<u>419,750</u>	<u>82,785</u>	<u>16.47%</u>
Contribution To/(From) Fund Balance:	(64,973)	(64,973)	38,044	(3,094)	61,879	
Projected Lapse	(18,722)	(18,722)	-	-	(18,722)	
Adjusted (Deficit)/Surplus	<u>(46,251)</u>	<u>(46,251)</u>	<u>38,044</u>	<u>(3,094)</u>	<u>43,157</u>	
Beginning Fund Balance	<u>169,622</u>	<u>198,794</u>	<u>198,794</u>	<u>198,794</u>		
Ending Fund Balance	<u>\$ 123,371</u>	<u>\$ 152,543</u>	<u>\$ 236,838</u>	<u>\$ 195,700</u>		

\$786,210 remains in a State of Alaska Department of Commerce Community and Economic Development grant. The City successfully, with the assistance of Representative Knopp, secured a change in scope making improvements on either the City's north or south beach eligible. It is anticipated these grant funds will be expended in FY2020 and the administration is currently formulating and ranking projects for Council's consideration and final approval.

Expenditures





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MEMORANDUM

TO: Mayor Brian Gabriel and Kenai City Council
THROUGH: Paul Ostrander, City Manager
FROM: Robert J. Frates, Parks & Recreation
DATE: October 2, 2019
SUBJECT: 2019 Dipnet Report

The 2019 Kenai Personal Use Fishery opened July 10 and closed as scheduled on July 31 at 11:59 p.m. The fishery was liberalized by the Alaska Department of Fish & Game (ADF&G) on the week of July 22 to twenty-four hours per day.

There were a few operational changes this year for the department: 1) The City's IT System Manager, Dan Castimore, supervised shack personnel and adjustments were made to the staffing schedule that maximized time and resources; 2) We eliminated one of two temporary beach aid positions. Coverage on the north and south beach was provided on a rotational basis with location sometimes dictated by need. 3) We also reduced the frequency the beaches were raked based on observations from previous years; and, 4) Modifications were made to the dumpster and portable toilet bid to reflect more accurately actual expenses.

The following summarizes the department's most notable contributions and highlights:

- Reinstalled approximately 800 LF of wooden post and chain.
- Assisted ADF&G for placement of informational booth on the north beach.
- Collaborated with IT System Manager Castimore for fee shack staffing assignments; delivering materials and supplies throughout the fishery.
- Installation and removal of temporary signs and fencing.
- Striped the Kenai Little League parking lot.
- Assisted with the placement of portable restrooms and dumpsters.
- Conducted beach raking activities on the north and south beach.
- Collaborated with the KCHS ski team for twice per week clean-up of the north beach.



- Provided restroom cleaning and waste management services to the north and south beaches, including the dock facility.
- Communicated with vendors assigned to handling portable toilets and waste management.
- A total of 44 hours were spent raking the beaches, 241 hours patrolling the north and south beaches, 86 hours performing waste management and restroom cleaning, 85.50 hours installing and removing various signs and 85 hours performing beach cleanup on August 1, 2019.

SPECIFIC OBSERVATIONS

- 1) It was suggested that an educational sign be made and installed on the north beach highlighting why the bluff is important and explaining the damage caused by climbing the bluff.
- 2) This is the second season parking permits were mailed to residents off South Forest Drive and “No Parking” signs installed along the roadways. It was noted that the department did not field any complaints regarding parking in this neighborhood.
- 3) The Dipnet App continues to be a valuable resource, both for the public and staff. In many instances callers can be referred to the app, thus, saving time. The camera feature continues to be a big hit with many positive comments noted.

ESTIMATED REMAINING FY20 FUNDING

- 1) Wages/Benefits
Sufficient funding remains in FY20 to cover personal use fishery expenses related to personnel costs.
- 2) Operating Supplies
Sufficient funding remains in FY20 for anticipated expenses. These expenses would be related to replacing some of the old plastic fencing, acquiring more T-Posts, and the purchase of more sign sleeves and rivets.
- 3) Printing & Binding
Sufficient funding remains in the FY20 printing/binding account. It is anticipated that \$2,500 will be needed for labels, ribbon and door hangers.