

CONSENT AGENDA

POSSIBLE MOTION

**I MOVE TO APPROVE THE CONSENT AGENDA
CONSISTING OF ITEMS A & B**

I wish to remove Item(s) _____

**REMINDER – Read aloud a portion of each item being
voted on that is included in the consent vote.**

Should this item be pulled from the Consent Agenda the following motion is suggested:

POSSIBLE MOTION

I MOVE TO approve the minutes of the
July 28 Assembly meeting.



CITY AND BOROUGH OF SITKA

ASSEMBLY CHAMBERS
330 Harbor Drive
Sitka, AK
(907)747-1811

Minutes - Draft

City and Borough Assembly

Mayor Gary Paxton
Deputy Mayor Steven Eisenbeisz,
Vice Deputy Mayor Kevin Mosher,
Kevin Knox, Dr. Richard Wein, Valorie Nelson, Thor Christianson

Municipal Administrator: John Leach
Municipal Attorney: Brian Hanson
Municipal Clerk: Sara Peterson

Tuesday, July 28, 2020

6:00 PM

Assembly Chambers

REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Knox, Christianson, Mosher, and Nelson participated by videoconference. Mosher left the meeting at 8:55 p.m.

Present: 7 - Christianson, Eisenbeisz, Knox, Wein, Paxton, Mosher, and Nelson

IV. CORRESPONDENCE/AGENDA CHANGES

No agenda changes.

20-155 Reminders, Calendars, and General Correspondence

V. CEREMONIAL MATTERS

20-145 1) Citation - U.S. Coast Guard Day 2) Service Award - Local Emergency Planning Committee Member Donna Callistini

Mayor Paxton presented a Citation to USCG Commanding Officer Brian McLaughlin and Master Chief Joshua Ewing honoring USCG Day, August 4.

Mayor Paxton read and presented a service award to outgoing Local Emergency Planning Committee member Donna Callistini.

VI. SPECIAL REPORTS: Government to Government, Municipal Boards/Commissions/Committees, Municipal Departments, School District, Students and Guests (five minute time limit)

20-153 CBS Utility Director Scott Elder

Utility Director Scott Elder told of his background and provided short/long-term goals and priorities for the Electric Department.

VII. PERSONS TO BE HEARD

Dr. Paul Kraft, University of Alaska Southeast Director, introduced himself, hoped to be a partner with the City, and told of plans for the fall semester.

Linda Marlin expressed concern for the decline in businesses and increased divisiveness in the community.

Volney Smith believed China should be held accountable for the pandemic, spoke to the cost of living in Sitka, and reminded the pandemic would pass.

Scott Saline provided an explanation of institutional racism of the regulatory taking in Sitka.

VIII. CONSENT AGENDA

A motion was made by Wein that the Consent Agenda consisting of items A & B be APPROVED. The motion PASSED by the following vote.

Yes: 7 - Christianson, Eisenbeisz, Knox, Wein, Paxton, Mosher, and Nelson

A 20-147 Approve the minutes of the July 14 Assembly meeting

This item was APPROVED ON THE CONSENT AGENDA.

B 20-146 Approve the following marijuana license renewals for licensee AKO Farms, LLC at 1210 Beardslee Way: 1) marijuana concentrate manufacturing facility, 2) standard marijuana cultivation facility, and, 3) retail marijuana store

This item was APPROVED ON THE CONSENT AGENDA.

IX. BOARD, COMMISSION, COMMITTEE APPOINTMENTS**C 20-148** Reappoint Mary Ann Hall to a three-year term on the Local Emergency Planning Committee in category 6: members of the public

Wein thanked Hall for her continued service.

A motion was made by Mosher that this Item be APPROVED. The motion PASSED by the following vote.

Yes: 7 - Christianson, Eisenbeisz, Knox, Wein, Paxton, Mosher, and Nelson

X. UNFINISHED BUSINESS:**D ORD 20-41** Making supplemental appropriations for fiscal year 2021 (Cares Act Funding Category 2 - Businesses and Nonprofits)

Wein stated the Assembly had received an email from Linda Behnken concerning an omission or question regarding commercial fisheries. Knox, a member of the Working Group, clarified the question had been related to providing business license and EIN information. Knox stated it was not a disqualifier if the applicant did not have a business license or EIN. Christianson wondered of the allocation amount for businesses/nonprofits. Leach reminded that very large businesses had access to federal funding streams. Leach stated the intent was to accept all applications, categorize, and then issue a check after the August 31 closure date. Nelson hoped to publicize the process as best possible.

Volney Smith wished to hear or read the email from Linda Behnken.

A motion was made by Christianson that this Ordinance be APPROVED on SECOND AND FINAL READING. The motion PASSED by the following vote.

Yes: 7 - Christianson, Eisenbeisz, Knox, Wein, Paxton, Mosher, and Nelson

E ORD 20-40 Making supplemental appropriations for fiscal year 2021 (Cares Act Funding Category 3 - New City Funded Relief Programs)

Wein relayed the category was new city funded programs and told of subcategories and amounts: childcare \$500,000; food security \$200,000; support for behavioral/mental health \$300,000; housing support \$750,000, and transitional employment program \$750,000.

Municipal Administrator John Leach spoke to the subcategories and clarified details for childcare, food security, behavioral/mental health, housing support, and the transitional employment program.

Wein wondered how the Assembly would be notified of the process and changes. Leach shared that any subrecipient agreement would come back to the Assembly for input.

A motion was made by Christianson that this Ordinance be APPROVED on SECOND AND FINAL READING. The motion PASSED by the following vote.

Yes: 7 - Christianson, Eisenbeisz, Knox, Wein, Paxton, Mosher, and Nelson

F ORD 20-39 Making supplemental appropriations for fiscal year 2021 (Cares Act Funding Category 4 - City Impact/Mitigation Spending)

Municipal Administrator John Leach spoke to the needs list for city facilities - e.g. sanitation stations, self checkout options, cubicles, personal protective equipment, and technology upgrades.

Wein spoke to concerns with HVAC systems and reminded these systems played a significant role in virus spread. Leach told of treasury guidelines and said the money couldn't be spent on items already budgeted - e.g. HVAC systems. Wein and Eisenbeisz wondered if upgrades to budgeted items would be an allowable use of funds.

A motion was made by Mosher that this Ordinance be APPROVED on SECOND AND FINAL READING. The motion PASSED by the following vote.

Yes: 7 - Christianson, Eisenbeisz, Knox, Wein, Paxton, Mosher, and Nelson

G ORD 20-38 Making supplemental appropriations for fiscal year 2021 (Cares Act Funding

Category 5 - School District)

Linda Marlin wondered why the School District was getting additional money, especially if school wasn't going to be in session.

Wein believed the School District needed to return the Secure Rural Schools funding because it allowed for certain expenditures in a far more efficient manner. The CARES Act money would replace that. Nelson concurred. Knox disagreed and reminded Secure Rural Schools funding could be spent throughout the year and the CARES Act money was to be spent now.

A motion was made by Knox that this Ordinance be APPROVED on SECOND AND FINAL READING. The motion PASSED by the following vote.

Yes: 5 - Christianson, Eisenbeisz, Knox, Paxton, and Mosher

No: 2 - Wein, and Nelson

H ORD 20-37 Making supplemental appropriations for fiscal year 2021 (Cares Act Funding Category 6 - Contingency)

A motion was made by Mosher that this Ordinance be APPROVED on SECOND AND FINAL READING. The motion PASSED by the following vote.

Yes: 7 - Christianson, Eisenbeisz, Knox, Wein, Paxton, Mosher, and Nelson

XI. NEW BUSINESS:

New Business First Reading

I ORD 20-43 Making supplemental appropriations for fiscal year 2021 (*GPIP Haulout*)

Public Works Director Michael Harmon provided an overview and told the idea behind this item was for the haulout to be a city project, to look at grant funding, and to have a plan to address moving forward with or without grant funding. Municipal Administrator John Leach reiterated the supplemental appropriation was to be used for consultant services for the technical analysis and design related to the haulout. In addition, Leach told of the tasks for the Technical Working Group and Haulout Task Force Group. Leach commented specific groups would be represented and consulted throughout the process. Reports from the work groups would be provided to the Gary Paxton Industrial Park Board of Directors.

Christianson wondered what would be gained by moving forward with this now and if it meant the idea of working with a private contractor had been put aside. Paxton reminded all options would be considered. If grant funding wasn't received then there were two options: the private sector or revenue bond. Harmon shared a common theme heard from the industry was that they'd like the City to put in the infrastructure and then they'd be interested in the operational aspects.

Wein reminded the appropriation was for \$100,000 to support specialized consulting services, wondered who the consultant might be, questioned why the previous plans from PND Engineers were no longer valid, and stated a fiscal note related to the cost for utilities was not included. Harmon spoke to past studies at the Park, however, noted the concepts of the past were not the focus of today. He stressed the importance of providing updated information for solid decision making. Further, Harmon

explained utilities hadn't been included because the mission in discussions he'd been a part of was to get started, see what the minimum was and to look at the project in a phased approach. It was possible the utilities could come later by a private developer.

Eisenbeisz expressed concern of backup funding available if the BUILD grant didn't materialize. Harmon shared there could be other funding options although it would be important to have a shovel ready project. In addition, Eisenbeisz voiced concern on having to update reports in the future if the grant wasn't received. Nelson wondered of the current balance in the Southeast Alaska Economic Development Fund. Chief Finance and Administrative Officer Jay Sweeney noted the Fund balance at the end of the last fiscal year was \$3,465,646 and of that \$2,167,073 was cash. Wein reminded the Permanent Fund was not so permanent when looking at the current state of the economy and the value of the dollar. Wein noted at times it was worthwhile to spend money for something tangible in return.

A motion was made by Knox that this Ordinance be APPROVED on FIRST READING. The motion PASSED by the following vote.

Yes: 6 - Christianson, Eisenbeisz, Knox, Wein, Paxton, and Mosher

No: 1 - Nelson

Additional New Business Items

J RES 20-26 Encouraging the people in the City and Borough of Sitka to wear masks or cloth face coverings in public places

Citizens speaking in opposition to the resolution were Dr. David Lam, Marshall Albertson, Linda Marlin, and Volney Smith.

Assembly members offered their respective opinions. Christianson commented the resolution had been revised to use the word encouraged and reminded masks were one tool to help to decrease the spread of COVID-19. He urged citizens to wear masks to protect one another. Wein stated it wasn't unreasonable to encourage citizens to wear masks and reminded cases in Anchorage, with a mask mandate, had peaked. Paxton also reminded this was a resolution encouraging the use of masks. Nelson spoke in opposition and instead favored a statement from the Mayor encouraging the use of masks. Mosher, while understanding of the intention, spoke in opposition. He believed the resolution would create divisiveness and would not promote behavioral change.

A motion was made by Christianson that this Resolution be APPROVED on FIRST AND FINAL READING. The motion PASSED by the following vote.

Yes: 5 - Christianson, Eisenbeisz, Knox, Wein, and Paxton

No: 2 - Mosher, and Nelson

K 20-150 Authorize the Municipal Administrator to execute a Clean Vessel Act grant with ADF&G for \$39,000 to support the Crescent Harbor Float Replacement project

Wein noted this necessary item involved a 25% match (approximately \$13,000) for a sewage lift which was being paid for by the state with use primarily for recreational boating and sports fishing folks in order to have them remove waste.

A motion was made by Mosher that this Item be APPROVED. The motion

PASSED by the following vote.

Yes: 7 - Christianson, Eisenbeisz, Knox, Wein, Paxton, Mosher, and Nelson

L RES 20-25

Approving submittal and execution of Municipal Harbor Facility Grant application to the State of Alaska, Department of Transportation and Public Facilities (DOT&PF) in the amount of \$1,760,000 for the project entitled Eliason Harbor Electrical Replacement

Wein noted this was a \$4.2 million project with a 50% match. If eligible, Sitka would receive \$1.76 million. Wein wondered of the city's realistic chances of receiving the tier 2 grant. Harbormaster Stan Eliason commented it was a gamble and if not received would require an additional appropriation of working capital.

A motion was made by Knox that this Resolution be APPROVED on FIRST AND FINAL READING. The motion PASSED by the following vote.

Yes: 7 - Christianson, Eisenbeisz, Knox, Wein, Paxton, Mosher, and Nelson

M 20-149

Approve the increase of FTE's in the finance department by one new full time position in order to establish the Compliance Officer position and to fund this position by moving a portion (not to exceed \$135,000) of the existing General Fund appropriation that was to pay for debt service of the proposed USDA loan for the Electric Fund to the appropriate personnel budget lines in the finance department budget

Municipal Administrator John Leach provided an overview of the request to establish a Compliance Officer position and the Finance Director succession plan. He spoke to the need to implement GASB 87 requirements relating to capitalization of leases and believed this would be an opportunity to accomplish other short-term needs such as centralized procurement and contracting. He proposed to move the current Chief Finance and Administrative Officer, Jay Sweeney who was nearing retirement, into the role of Compliance Officer. Controller, Melissa Haley, would transition to the position of Finance Director effective September 1. Leach clarified the \$135,000 stated for funding of the Compliance Officer position included benefits and was a permanent position.

Nelson, reminding of financial hardships to come, preferred the Compliance Officer position be a contracted position to avoid paying benefits. Wein concurred and stated the city needed to fiscally hunker down. Christianson spoke in support of streamlining procurement and reminded of the GASB 87 requirement. Knox concurred and reminded past Administrators had spoke to the need. Paxton, while supportive, said he would need to be convinced the position was needed in perpetuity. Mosher spoke in support and reiterated the GASB 87 requirement was an unfunded mandate. Eisenbeisz wished to learn more about the GASB 87 requirements.

A motion was made by Mosher to APPROVE the increase of FTE's in the finance department by one new full time position in order to establish the Compliance Officer position and to fund this position by moving a portion (not to exceed \$135,000) of the existing General Fund appropriation that was to pay for debt service of the proposed USDA loan for the Electric Fund to the appropriate personnel budget lines in the finance department budget. The motion PASSED by the following vote.

Yes: 5 - Christianson, Eisenbeisz, Knox, Paxton, and Mosher

No: 2 - Wein, and Nelson

N 20-151 Approve the CARES Act Small Business and Nonprofit Relief and Recovery grant application and accompanying FAQ

Municipal Administrator John Leach reviewed the application. He said a beta test had been conducted with businesses and nonprofits to try and help address any issues. Robin Sherman, an active member in the nonprofit sector, had also participated in the process. Nelson told of a clerical error. Wein wondered of the process for nonprofits to report how they used the grant money. Leach clarified the reporting was voluntary.

A motion was made by Mosher that this Item be APPROVED. The motion PASSED by the following vote.

Yes: 7 - Christianson, Eisenbeisz, Knox, Wein, Paxton, Mosher, and Nelson

XII. PERSONS TO BE HEARD:

Kevin Knox stated Alaska had the lowest 2020 Census response rate and urged citizens to participate.

XIII. REPORTS

a. Mayor, b. Administrator, c. Attorney, d. Liaison Representatives, e. Clerk, f. Other

Mayor - Paxton told of his attendance at the graveside service for Gil Truitt.

Administrator - Leach reminded of the upcoming birthday of the US Coast Guard, told of the recent mask policy implemented for city facilities, joint letter with Alaska Municipal League to address Alaska Marine Highway needs, and a meeting with Senator Stedman.

Attorney - Hanson shared the Alaska Bar Association had cancelled their 2020 conference and noted the Alaska Court System had delayed trials due to COVID-19.

Liaison Representatives - Wein reported on the Emergency Operation Center and the Sitka Infectious Disease Task Force.

Clerk - Peterson reminded citizens to respond to the 2020 Census, told of the filing deadline for the October 6 Municipal Election, and reviewed available options for voting in the Municipal Election.

XIV. EXECUTIVE SESSION

O 20-152 Financial Matter: Fortress of the Bear - Forbearance Agreement

It was noted Mosher, due to a conflict, would not be participating in the executive session item.

A motion was made by Christianson to go into executive session with Chief Finance and Administrative Officer Jay Sweeney and Controller Melissa Haley under the statutory categories of discussing subjects that tend to prejudice the reputation and character of any person and to discuss matters, the immediate knowledge of which, would adversely affect the finances of the City and Borough of Sitka and invite in, if and when ready, Evy and Les Kinnear of

Fortress of the Bear. The motion PASSED by the following vote.

Yes: 6 - Paxton, Christianson, Knox, Eisenbeisz, Wein, and Nelson

Non-voting: 1 - Mosher

The Assembly was in executive session from 8:55 p.m. to 9:25 p.m. Evy and Les Kinnear joined from 9:10 p.m. to 9:25 p.m.

A motion was made by Wein to reconvene as the Assembly in regular session. The motion PASSED by a unanimous voice vote.

A motion was made by Wein to grant a forbearance agreement to Fortress of the Bear with the terms discussed in executive session. The motion PASSED by the following vote.

Yes: 6 - Christianson, Wein, Eisenbeisz, Nelson, Knox, Mosher, and Paxton

Non-voting: 1 - Mosher

XV. ADJOURNMENT

A motion was made by Christianson to ADJOURN. Hearing no objections, the meeting ADJOURNED at 9:28 p.m.

ATTEST: _____
Sara Peterson, MMC
Municipal Clerk