



# CITY AND BOROUGH OF SITKA

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

## Minutes - Final

### 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*

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Tuesday, April 28, 2020

6:00 PM

Assembly Chambers

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#### REGULAR MEETING

#### I. CALL TO ORDER

#### II. FLAG SALUTE

#### III. ROLL CALL

Members participated by videoconference.

**Absent:** 1 - Eisenbeisz

**Telephonic:** 6 - Christianson, Knox, Wein, Paxton, Mosher, and Nelson

#### IV. CORRESPONDENCE/AGENDA CHANGES

No agenda changes.

[20-102](#)

Reminders, Calendars, and General Correspondence

#### V. CEREMONIAL MATTERS

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

School Board Vice President Amy Morrison reported that the final budget would be submitted to the city this week. She stated that Dr. Mary Wegner resigned as Superintendent as of June 30 and John Holst would serve as Interim Superintendent for the 2020/2021 school year.

#### VII. PERSONS TO BE HEARD

Charles Dean stated his concerns with the response to the COVID-19 virus. Karen Keating of Big Blue Charters told of concerns with the charter industry, state mandates, and the 14-day quarantine in Sitka.

## VIII. REPORTS

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

Administrator - Leach pointed out Fire Chief Miller's last day was April 30 although he would be staying on as Temporary Interim Fire Chief.

Clerk - Peterson thanked the public for their patience with public participation for Assembly meetings. She told how to provide public comment through the hunker down order.

## IX. CONSENT AGENDA

**A motion was made by Mosher that the Consent Agenda consisting of item A be APPROVED. The motion PASSED by the following vote.**

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

**Absent:** 1 - Eisenbeisz

**A**     [20-096](#)           Approve the minutes of the April 2, 9, and 14 Assembly meetings

## X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS

**B**     [20-095](#)           Reappoint Anne Pollnow to a three-year term on the Historic Preservation Commission in the category of At-Large (request by Assembly Members Mosher and Wein to rescind action taken April 14, 2020)

James Poulson was in support of rescinding the failed appointment and asked the Assembly to reconsider the last vote. Candace Rutledge stated her support to reinstate Ms. Pollnow to the Commission. Donald Lehmann was not in support to reconsider Mr. Pollnow to the Commission. Anne Pollnow stated her concerns of a project that went through the Commission that did not follow state and federal standards with regards to the historic property/building. She noted it was a National Historic Landmark and told of the possibility of destroying the landmark with their project.

Mosher was in support of rescinding. Nelson was not in support of rescinding. Knox was concerned of the process with rescinding. Wein felt the process was appropriate and was in support of rescinding. Paxton noted the importance of respecting those on the commissions and committees.

**A motion was made by Wein to rescind the motion that failed at the April 14 Assembly meeting to reappoint Anne Pollnow to a three-year term on the Historic Preservation Commission in the category of At-Large. The motion FAILED by the following vote.**

**Yes:** 4 - Christianson, Wein, Paxton, and Mosher

**No:** 2 - Knox, and Nelson

**Absent:** 1 - Eisenbeisz

**XI. UNFINISHED BUSINESS:**

- C**     [ORD 20-12](#)     Making supplemental appropriations for Fiscal Year 2020 (Office of Inspector General Anti-Kickback Liability Settlement)

Wein was not in support and stated it was a waste. Christianson felt there could be consequences if not passed. Paxton felt that by not passing the ordinance, it would put the city at risk.

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

**Yes:** 4 - Christianson, Knox, Paxton, and Mosher

**No:** 2 - Wein, and Nelson

**Absent:** 1 - Eisenbeisz

- D**     [ORD 20-13](#)     Amending Title 4 "Revenue and Finance" of the Sitka General code by adding Chapter 4.10 "Alaska Remote Seller Sales Tax"

Nelson was not in support and felt the amount collected was unknown. Wein noted that the city could back out as a member at any time and expenses would be deducted. He felt it was an opportunity to bring in more money. Christianson stated it supported local vendors. He told volunteer online vendors could be lost if they were not approved.

Chief Finance and Administrative Officer Jay Sweeney called attention to the fiscal note. He spoke broadly of potential revenue loss if not passed and stated a vendor could elect to terminate voluntary remittance.

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

**Yes:** 5 - Christianson, Knox, Wein, Paxton, and Mosher

**No:** 1 - Nelson

**Absent:** 1 - Eisenbeisz

**XII. NEW BUSINESS:**

**New Business First Reading**

- E**     [ORD 20-24](#)     An Emergency Ordinance of the City and Borough of Sitka abating any penalties and interest for the first quarter sales tax 2020 filing period until June 30, 2020

Knox noted some businesses could pay on time but that it gave opportunity to delay if needed. He stated that paperwork still needed to be turned in on how much they owed. Nelson felt it went further than what she recommended of requesting penalty and interest be abated. She thought if the business could write a letter it would go far to show the need.

Municipal Administrator John Leach told that no money has been received from the CARES Act, but that the city was scheduled for May 1 as a first distribution. He stated there were three ways the money could be spent and noted it was not intended for lost revenue at this time.

**A motion was made by Knox to amend the emergency ordinance to add, "penalties and interest shall only be abated if the filer (1) submits an abatement request through signed letter declaring need due to COVID-19 circumstances, to the Finance Director or designee, and remits all taxes due for the first quarter, both on or before June 30, 2020, and (2) in that request, certifies by signature financial need for the abatement of penalties and interest."**

**Yes:** 5- Christianson, Knox, Paxton, Mosher, and Nelson

**No:** 1- Wein

**Absent:** 1- Eisenbeisz

Chief Finance and Administrative Officer Jay Sweeney read that the ordinance was a pure abatement for two months and penalty and interest would begin on July 1 if not paid.

**A motion was made by Christianson that this emergency ordinance be APPROVED on FIRST READING AS AMENDED. The motion PASSED by the following vote.**

**Yes:** 5 - Christianson, Knox, Paxton, Mosher, and Nelson

**No:** 1 - Wein

**Absent:** 1 - Eisenbeisz

**F**     [ORD 20-17](#)

Adopting budgets and capital improvement plans for the General Fund, Internal Service Funds, and Special Revenue Funds for the fiscal year July 1, 2020 through June 30, 2021

Wein felt there were not enough adjustments made and reiterated the rate increases. Paxton felt that final numbers wouldn't be known but that a reassessment could take place to make the budget precise. Nelson didn't feel like it would be known how COVID-19 would affect the budget.

Controller Melissa Haley explained the reduction in projected expenses and change in working capital that must include depreciation which was an impact. Municipal Administrator John Leach stated that there had been \$3.2 million cut from the budget based on what was known as a loss in revenue. Chief Finance and Administrative Officer Jay Sweeney told that money from the CARES Act would be used to make payments directly to citizens that had been economically disadvantaged and gave the example of offsetting the electric rates.

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

**Yes:** 5 - Christianson, Knox, Paxton, Mosher, and Nelson

**No:** 1 - Wein

**Absent:** 1 - Eisenbeisz

**G**     [ORD 20-18](#)     Adopting the budget and capital improvement plan for the Electric Fund for the fiscal year July 1, 2020 through June 30, 2021

Chief Finance and Administrative Officer Jay Sweeney explained the projected change to working capital.

**A motion was made by Christianson that this ordinance be APPROVED on FIRST READING. The motion PASSED by the following vote.**

**Yes:** 5 - Christianson, Knox, Paxton, Mosher, and Nelson

**No:** 1 - Wein

**Absent:** 1 - Eisenbeisz

**H**     [ORD 20-19](#)     Adopting the budget and capital improvement plan for the Water Fund for the fiscal year July 1, 2020 through June 30, 2021

**A motion was made by Christianson that this ordinance be APPROVED on FIRST READING. The motion PASSED by the following vote.**

**Yes:** 5 - Christianson, Knox, Paxton, Mosher, and Nelson

**No:** 1 - Wein

**Absent:** 1 - Eisenbeisz

**I**     [ORD 20-20](#)     Adopting the budget and capital improvement plan for the Wastewater Fund for the fiscal year July 1, 2020 through June 30, 2021 and amending Title 15 "Public Utilities" of the Sitka General Code to increase Section 15.04.320 "Rates and Fees"

**A motion was made by Christianson that this ordinance be APPROVED on FIRST READING. The motion PASSED by the following vote.**

**Yes:** 5 - Christianson, Knox, Paxton, Mosher, and Nelson

**No:** 1 - Wein

**Absent:** 1 - Eisenbeisz

**J**     [ORD 20-21](#)     Adopting the budget and capital improvement plan for the Solid Waste Fund for the fiscal year July 1, 2020 through June 30, 2021 and amending Title 15 "Public Utilities" of the Sitka General Code to increase solid waste disposal rates in Section 15.06.020 "Solid Waste Disposal Policy and Rates," Section 15.06.035 "Rates for Treatment and Collection," and Section 15.06.045 "Transfer Station Drop-Off Charges and Special Refuse Collection Charges"

Wein stated the Solid Waste Fund was a long-term contract with a 5.5% increase and a 2.5% increase in the Transfer Station. Paxton told that staff did a professional job of laying out the budget and doing the best we could. Knox felt the community as a whole could bring down the cost. He noted that possible new paradigms had been explored which ended up being more expensive.

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

**Yes:** 4 - Christianson, Knox, Paxton, and Mosher

**No:** 2 - Wein, and Nelson

**Absent:** 1 - Eisenbeisz

**K**     [ORD 20-22](#)     Adopting the budget and capital improvement plan for the Harbor Fund for the fiscal year July 1, 2020 through June 30, 2021

Nelson was in support for first reading, but stated concerns with the increase. Christianson stated by raising rates now, it allowed for less of an increase later. He was inclined to follow the recommendations of the Port and Harbors Commission. Knox agreed to follow the recommendations of the Commission. He stated the rate increases were not sustainable through the current 30-year master plan but noted that other plans needed to be brought forward if the master plan was not going to be followed. He told of inflationary costs for postponing projects into the future. Wein said the harbor system should not be contracted, that it needed to be supported as fishing was part of the fabric of Sitka. He told though the raises were not sustainable, there were a lot of short-term current projects that needed support. Mosher felt the master plan was unsustainable but it didn't mean the harbors needed to be shut down, and stated the plans could be extended out.

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

**Yes:** 5 - Christianson, Knox, Wein, Paxton, and Mosher

**No:** 1 - Nelson

**Absent:** 1 - Eisenbeisz

**L**     [ORD 20-23](#)     Adopting budgets and capital improvement plans for the Airport Terminal Fund, the Marine Service Center Fund, and the Gary Paxton Industrial Park Fund for the fiscal year July 1, 2020 through June 30, 2021

Controller Melissa Haley confirmed that the capital plan did not include a crane for the Gary Paxton Industrial Park. She clarified that the airport terminal information was prior to the reductions in deplanements in Sitka. Municipal Administrator John Leach confirmed that the state was getting money through the CARES Act for airports but was unsure if the money would be distributed to Sitka.

**A motion was made by Mosher that this ordinance be APPROVED on FIRST READING. The motion PASSED by the following vote.**

**Yes:** 5 - Christianson, Knox, Paxton, Mosher, and Nelson

**No:** 1 - Wein

**Absent:** 1 - Eisenbeisz

#### **Additional New Business Items**

**M**     [RES 20-10](#)     Increasing permanent and temporary moorage rates and other harbor fees and charges (*Action on this item was postponed at the April 28 meeting*)

Matt Donohoe stated the fishing industry could not afford moorage rate increases and that the harbor infrastructure scheduled to replace harbors after only 30 years could be

delayed.

Mosher would like for rate increases to be heard more than one reading and suggested postponement in order to give the public more time to comment. Wein was in support for the postponement to allow for the public to weigh in. Knox reminded this was vetted through the Port and Harbors Commission. Nelson was in support of the postponement due to the circumstances with COVID-19.

**A motion was made by Mosher that this resolution be POSTPONED to the May 12 regular Assembly meeting. The motion PASSED by the following vote.**

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

**Absent:** 1 - Eisenbeisz

**N**     [RES 20-09](#)

Authorizing the Municipal Administrator to apply for and execute a grant with the United States Fish and Wildlife Service for \$36,000 to support the Peterson Storm Sewer Rehabilitation Project

Municipal Administrator John Leach commented that this was an additional grant to repair the Peterson Street culvert which would reduce the amount that would be taken from the General Fund.

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

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

**Absent:** 1 - Eisenbeisz

**O**     [20-097](#)

Approve a liquor license renewal application for Sitka Moose Lodge #1350 dba Loyal Order of Moose #1350 at 337 Lincoln Street (possible executive session)

Chief Finance and Administrative Officer Jay Sweeney told of the money owed and of the promissory note. He noted that with the agreement, he was recommending no objection.

Nelson agreed with Sweeney and stated without their license, they wouldn't be able to pay.

**A motion was made by Christianson to approve a liquor license renewal application for Sitka Moose Lodge #1350 dba Loyal Order of Moose #1350 at 337 Lincoln Street and forward this approval to the Alcoholic Beverage Control Board without objection. The motion PASSED by the following vote.**

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

**Absent:** 1 - Eisenbeisz

**P**     [20-098](#)

Approve a month-to-month short-term lease between the City and Borough of Sitka and Maris Inc for space at Sealing Cove parking lot

Wein stated that during his tenure, leases had been favorable beyond fair market value. He found that it was another example to inability to price the city's assets correctly. Nelson felt that economic development was needed and was in support.

Municipal Administrator John Leach noted that the space was typically empty and felt

that some income from the space was better than none.

**A motion was made by Nelson to approve a month-to-month short-term lease between the City and borough of Sitka and Maris Inc for space at Sealing Cove parking lot. The motion PASSED by the following vote.**

**Yes:** 5 - Christianson, Knox, Paxton, Mosher, and Nelson

**No:** 1 - Wein

**Absent:** 1 - Eisenbeisz

**Q**     [20-099](#)           Discussion / Direction on the distribution of Secure Rural Schools Funding

Municipal Administrator John Leach noted in the FY20 budget, Secure Rural Funding was not budgeted as it was not anticipated to receive any funding, however funds had been received. He told that the funding was traditionally split between the city and school and stated that the funds were only allowed for roads and/or schools.

Christianson stated the funding should be split with the schools. Mosher's opinion was to split it half less the PILT funding. Nelson suggested that disclosures should be made, and the school was in need of the funds as well as the roads. Wein wondered if the school district completed their budget process with or without the funding taken into consideration. He felt that the funding could be applied to roads that were in desperate need of remedial care. Christianson disclosed that his wife worked for the school district through a contract. Paxton felt the roads could use the funding.

Chief Finance and Administrative Officer Jay Sweeney clarified that the funds were for FY20 and if not expended would go to the General Fund. He told that if the funds were to go to the school district for their FY21 budget, a supplemental appropriation would be needed.

Consensus was to remain in reserves for now.

**R**     [20-100](#)           Discussion / Direction on amending the order of business for Assembly agendas by moving "Municipal reports from mayor, administrator, attorney, liaisons, clerk and other" to the end of the agenda

Nelson suggested moving reports toward the end of the agenda in the meeting. Wein felt the reports represented a public face and felt that the public was able to hear about the various meetings and what individuals were doing. He stated it was important to know what the Mayor and Administrator reported. Knox noted the value in both keeping it toward the beginning and moving it to the end of the meeting. However, his preference was to keep it toward the beginning of the meeting. Christianson saw value in both options. Mosher felt having reports toward the beginning of the meeting would be more efficient. Christianson and Nelson would bring forward an ordinance to the next regular meeting.

**XIII. PERSONS TO BE HEARD:**

Mary Magnuson an owner of Mean Queen was appreciative for holding the hunker down resolution. She stated the 25% capacity rule needed to be addressed for reopening and offered allowing 50% capacity.

Paxton stated it would be good to get back to regular meetings at Harrigan Hall.



Municipal Administrator John Leach thanked Clerk Sara Peterson for her efforts on Assembly meetings and the extra workload she had.

**XIV. EXECUTIVE SESSION**

None.

**XV. ADJOURNMENT**

A motion was made by Christianson to ADJOURN. Hearing no objections, the meeting ADJOURNED at 8:33 p.m.

ATTEST: \_\_\_\_\_  
Melissa Henshaw, CMC  
Deputy Clerk